

(Translation)

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

Bangkok Expressway Public Company Limited and Its Subsidiary Company

Operational Results

In the third quarter of the year 2009, the Company and its subsidiary had a net profit of Baht 482 Million, increased by Baht 167 Million or 53.02 percent from the same quarter of the previous year. The increase in revenues resulted from the increase in the toll revenues which effected from the additional number of the vehicles to the system according to the opening of new roads, the toll hikes on September 1, 2008, dividend income from long-term investments, the decrease of interest rate of long-term loans adjusted by lenders, and the decrease in principle amounts from loan repayments. Other expenses apart from financial costs had increased from non-cash expenses such as amortization of rights to operate completed expressway sectors and provision for compensation for site acquisition cost. Corporate income tax increased for nine-month period of the year 2009, the Company and its subsidiary had the cumulative net profit of Baht 1,363 Million, representing an increase from the same period of the previous year by Baht 413 Million or 43.47 percent.

Summary of Operational Results

For the third quarter of the year 2009 and the year 2008

	(Unit: Million Baht)			
	3 rd Quarter		Changes	
	Year 2009	Year 2008	Amount	%
Toll revenues	1,924	1,714	210	12.25
Total revenues	1,983	1,733	250	14.43
Total expenses	1,501	1,418	83	5.85
Net profit	482	315	167	53.02
Earning per share (Baht)	0.63	0.41	0.22	

Summary of Operational Results

For the nine-month period of the year 2009 and the year 2008

	(Unit: Million Baht)			
	For the nine months		Changes	
	Year 2009	Year 2008	Amount	%
Toll revenues	5,634	5,109	525	10.28
Total revenues	5,760	5,180	580	11.20
Total expenses	4,397	4,230	167	3.95
Net profit	1,363	950	413	43.47
Earning per share (Baht)	1.77	1.23	0.54	

(Translation)

The increase/decrease of revenues and expenses for the third quarter of the year 2009 and the year 2008 are summarized below: -

Revenues

In the third quarter of the year 2009, the Company and its subsidiary had the total revenues in the amount of Baht 1,983 Million, increased by Baht 250 Million or 14.43 percent from the same quarter of the previous year, with material particulars as follows:

1. Toll revenues amounted to Baht 1,924 Million, increased by Baht 210 Million or 12.25 percent due to the additional number of the vehicles and toll adjustment since September 1, 2008. 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. The collection of Bang Pli – Suksawad toll fee has partially brought some motorists back to the First and the Second Stage Expressway system. However, Toll rates of suburban area have been influenced by positive physical alteration factors, such as the opening of The Government Complex Commemorating His Majesty, the extension of Chalong Rat Expressway, and the opening of new roads, which generate the additional number of the vehicles to the system. The details of toll revenues are classified into routes as follows:

	(Unit: Million Baht)			
	3rd Quarter		Changes	
	2009	2008	Amount	%
First Stage Expressway System	710	635	75	11.81
Second Stage Expressway System				
Sector A (Rama IX – Ratchadapisek)	398	350	48	13.71
Sector B (Phayathai – Bang Khlo)	190	169	21	12.43
Sector C (Ratchadapisek – Chaeng Watthana)	179	169	10	5.92
Sector D (Rama IX – Srinagarindra)	<u>285</u>	<u>256</u>	<u>29</u>	<u>11.33</u>
Total Second Stage Expressway System	1,052	944	108	11.44
Bang Pa-In – Pak Kret Expressway System	<u>162</u>	<u>135</u>	<u>27</u>	<u>20.00</u>
Grand Total	<u>1,924</u>	<u>1,714</u>	<u>210</u>	<u>12.25</u>

2. Other incomes amounting to Baht 59 Million, increased by Baht 40 Million or 210.53 percent, mainly from dividend incomes of Thai Tap Water Supply Public Company Limited (TTW).

(Translation)

Expenses

In the third quarter of the year 2009, the Company and its subsidiary had the total expenses in the amount of Baht 1,501 Million, increased by Baht 83 Million or 5.85 percent from the same quarter of the previous year, with material particulars as follows:

	(Unit: Million Baht)			
	3 rd Quarter		Changes	
	Year 2009	Year 2008	Amount	%
Amortization of rights to operate completed expressway sectors	578	508	70	13.78
Provision for compensation for site acquisition cost	163	142	21	14.79
Selling expenses	218	225	(7)	-3.11
Administration expenses	76	77	(1)	-1.30
Directors and managements' remuneration	12	12	-	-
Financial cost	267	310	(43)	-13.87
Corporate income tax	<u>187</u>	<u>144</u>	<u>43</u>	<u>29.86</u>
Total expenses	<u>1,501</u>	<u>1,418</u>	<u>83</u>	<u>5.85</u>

1. Amortization of rights to operate the completed expressway sectors increased Baht 70 Million or 13.78 percent due to the impact of economic recession including the opening of new roads and new transportation system. At the early of the year 2009, the Company had revised a number of projected traffic volumes towards the end of the concession agreement that caused a higher amortization expenses.
2. Provision for compensation for site acquisition costs increased compared to the same period of the previous year. Such provisions were recorded to deduct the cost of the present value of compensation to EXAT. The payment of the first installment under the Second Stage Expressway System Agreement was made in the year 2004 and the other payments are committed to pay on the 1st of March and the 1st of September in each year. In this year, the Company has already paid compensation for site acquisition of Baht 800 Million to EXAT.
3. Selling expenses decreased by Baht 7 Million or 3.11 percent, mainly from repair and maintenance costs of the expressways because of a revision of maintenance program. However, the maintenance program should have been completed within year 2010.
4. Administration expenses decreased by Baht 1 Million or 1.30 percent, mainly due to the decrease in office expenses that support for toll operation.
5. Financial costs decreased by Baht 43 Million or 13.87 percent, from lower interest expenses due to a reduction in the interest rate of long-term loans from the lenders, and the decrease in principle amounts from loan repayments.
6. Corporate income tax increased by Baht 43 Million or 29.86 percent, as a result of an increase in net profit from operation.

(Translation)

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

The Company and its subsidiary had revenue for the first nine-month period of the year 2009 in total Baht 5,760 Million, increasing by Baht 580 Million or 11.20 percent from the previous year. Main income from toll revenues increased by Baht 525 Million or 10.28 percent due to an increasing of traffic volumes in toll road, and the toll adjustment since September 1, 2008. Other incomes increased from dividend incomes of Thai Tap Water Supply Public Company Limited (TTW). Total expenses including interest expenses and corporate income tax amounted to Baht 4,397 Million, increased by Baht 167 Million or 3.95 percent, due to non-cash expenses, and the corporate income tax increased relative to an increase in net profit.

Financial Status

Assets

Total Assets of the Company and its subsidiary as at September 30, 2009 amounted Baht 42,833 Million, decreased by Baht 482 Million or 1.11 percent from the previous year ended. Following are the details of significant increases and decreases as compared to the previous year ended:

	30 September 2009	31 December 2008	Changes	
			Amount	%
Cash, cash equivalents, and current investments	2,851	2,529	322	12.73
Advance payments under service contract	42	19	23	121.05
Current Assets	31	29	2	6.90
Other long-term investments	3,592	2,799	793	28.33
Property, plant and equipment, net	242	228	14	6.14
Construction in process	68	13	55	423.08
Right to operate completed expressway sector, net	35,949	37,647	(1,698)	-4.51
Others	<u>58</u>	<u>51</u>	<u>7</u>	<u>13.73</u>
Total Assets	<u>42,833</u>	<u>43,315</u>	<u>(482)</u>	<u>-1.11</u>

1. Cash, cash equivalents, and current investments increased by Baht 322 Million or 12.73 percent from the previous year ended; whereby, the Company has invested in short-term fund that can generate good returns.
2. Advance payments under service contract increased by Baht 23 Million or 121.05 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.

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3. Other long-term investments increased by Baht 793 Million or 28.33 percent from the previous year ended, as a result of the adjustment in the value of investments according to their market prices of Bangkok Metro Public Company Limited (BMCL), Thai Tap Water Supply Public Company Limited (TTW) and from calling for an additional paid-up capital in South East Asia Energy Limited (SEAN). The details as at September 30, 2009 are as follows:-

(Unit : Million Baht)

	Proportion of shareholding	Investment Value at Cost	Market Value		Difference	
			30 September 2009	31 December 2008	Amount	%
BMCL	11.88%	1,764	1,164	569	595	104.57
TTW	9.24%	1,137	1,519	1,541	(22)	-1.43
SEAN	16.67%	<u>909</u>	<u>909</u>	<u>689</u>	<u>220</u>	<u>31.93</u>
Total Investment		<u>3,810</u>	<u>3,592</u>	<u>2,799</u>	<u>793</u>	<u>28.33</u>

4. Construction in process increased by Baht 55 Million or 423.08 percent from the previous year ended, as a result of The Electronics Toll Collection System (ETC) Project which expected to be completed in within year 2010.
5. Rights to operate completed expressway sectors decreased by Baht 1,698 Million or 4.51 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 September 30, 2009 amounted to Baht 25,651 Million, decreased by Baht 1,537 Million or 5.65 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 September 2009	31 December 2008	Changes	
			Amount	%
Short-term loans from financial institutions	-	692	(692)	-100.00
Trade accounts payable and other current liabilities	382	311	71	22.83
Accrual Corporate income tax	165	264	(99)	-37.50
Provision for compensation for site acquisition cost	727	1,038	(311)	-29.96
Long-term loans	10,877	13,383	(2,506)	-18.73
Unsecured debentures	<u>13,500</u>	<u>11,500</u>	<u>2,000</u>	<u>17.39</u>
Total Liabilities	<u>25,651</u>	<u>27,188</u>	<u>(1,537)</u>	<u>-5.65</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 decreased by Baht 99 Million or 37.50 percent from the payment of income tax payable for the last six months of year 2008 amounted to Baht 264 Million, the recording of income tax payable during the year 2009 amounted to Baht 492 Million and the payment of income tax for the first six month of year 2009 amounted to Baht 327 Million.
3. Provision for compensation for site acquisition costs had a net decrease of Baht 311 Million or 29.96 percent due to an actual payment of compensation on the 1st of March and the 1st of September 2009 in the amount of Baht 800 Million to the Expressway Authority of Thailand (EXAT) and an increase of additional provision for compensation during the period in the amount of Baht 489 Million.
4. Long-term loans decreased by Baht 2,506 Million or 18.73 percent from the repayment of loans in the ordinary course under the Credit Facilities Agreement amount of Baht 2,405 Million and an early payment in the amount of Baht 101 Million.
5. Unsecured debentures increased by Baht 2,000 Million from the issuance in September 2009. The debentures were issued for liquidity reserve purpose which will be paid for the Company's obligations and operations. The mentioned unsecured debentures details are as follow:

Unsecured debenture for 3.5 years amounted to Baht 1,000 Million with fix interest rate of 4.10 percent per annum.

Unsecured debenture for 4.0 years amounted to Baht 1,000 Million with fix interest rate of 4.25 percent per annum.

Shareholders' Equity

Total shareholders' equity of the Company and its subsidiary as at September 30, 2009 is equal to Baht 17,182 Million, increased by Baht 1,055 Million or 6.54 percent from the end of the previous year. The details of significant increases and decreases as compared to the previous year ended as follows:

(Unit : Million Baht)

	30 September	31 December	Changes	
	2009	2008	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	(218)	(795)	577	-72.58
Retained earnings	4,851	4,373	478	10.93
Total shareholders' equity	<u>17,182</u>	<u>16,127</u>	<u>1,055</u>	<u>6.54</u>

(Translation)

1. Unrealized loss on changes in value of investments is the adjustment in value of investments according to their market prices. For the first nine-month of year 2009, investment in BMCL had an increase in the amount of Baht 599 Million; whereas, 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 nine-month period of the year 2009 amounted to Baht 1,363 Million, but it decreased from dividend payment of Baht 886 Million or Baht 1.15 per share that consists of dividend payment of 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 amounting to Baht 462 million or Baht 0.60 per share. And the dividend payment of the first six-month of the year 2009 on September 24, 2009 in accordance with the resolution passed by the Board of Directors Meeting on August 26, 2009 amounting to Baht 424 million or Baht 0.55 per share.

Cash Flow

For the first nine-month period of the year 2009, the Company and its subsidiary generated cash flows from operating amounting to Baht 3,453 Million, whereby the company used in investing activities amounted to Baht 575 Million from the short-term and long-term investments in the amount of Baht 608 Million, investment in construction in process of Electronic Toll Collection System (ETC) and fixed assets in the amount of Baht 81 Million and the dividend received from TTW amounted Baht 114 Million. In respect to net financing activities, the Company and its subsidiary used net cash of Baht 2,931 Million for the short-term loans and the long-term loans repayments of Baht 3,206 Million in total. During the period, the Company had interest payment of loans and debentures amounted to Baht 839 Million, and a dividend payment of Baht 886 Million. However, The Company received cash from debentures issuance in the amount of Baht 2,000 Million. The Company and its subsidiary had net cash decreased at the amount of Baht 53 Million. Therefore, cash and cash equivalents as at September 30, 2009, adjusted from the beginning of the period of Baht 131 Million, are equal to Baht 78 Million.

Financial Ratios

	3rdQuarter 2009	3rdQuarter 2008
Net Profit Margin	25.06%	18.40%
Return on Equity *	11.17%	8.80%
Return on Total Assets *	4.36%	3.22%
Interest Coverage (times)	5.85	4.17
Debt to Equity (times)	1.49	1.64

* Annualized