

(Translation)

Bangkok Expressway Public Company Limited and Its Subsidiary Company

Description and Analysis of Financial Status and Operational Results for the year 2005

1. Operational Results

Bangkok Expressway Public Company Limited and its subsidiary (“BECL”) have operating profit increasingly and especially when the company has cut down its financial cost. In the year 2005, the Company and its subsidiary, therefore, have a net profit at the amount of Baht 1,488 Million, representing an increase by 7.20 percent comparing with Baht 1,388 Million of normal operating profit which has been excluded the result of tax shield from selling of the investment in a subsidiary company in the year 2004. However the net profit for the year 2005 decrease by Baht 428 Million or 22.32 percent, as compared with the previous year.

Summary of the Significant Operational Results

(Unit: Million Baht)

	<u>2005</u>	<u>2004</u>	<u>Change</u>	
			<u>amt.</u>	<u>%</u>
Toll Revenue	6,715	6,550	165	2.52
Total Revenue	6,734	6,601	133	2.02
EBITDA	5,477	5,465	12	0.22
Net Profit (excluded taxation from selling off the investment in a subsidiary company)	1,488	1,388	100	7.20
Net Profit	1,488	1,916	-428	-22.32
EPS (Baht)	1.93	2.49	-0.56	-22.32

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1.1 Revenue

In the year 2005, the Company and its subsidiary have the total revenue at the amount of Baht 6,734 Million, representing an increase by Baht 133 Million or 2.02 percent from the previous year, with material particulars as follows:

- (1) Although there was a substantial increasing in oil price in the world market last year, these affected company with a very small impact in toll revenue. Toll revenue in total amounted to Baht 6,715 Million, representing an increase by Baht 165 Million or 2.52 percent from the same period of last year as follows :

(Unit: Million Baht)

	<u>2005</u>	<u>2004</u>	<u>Change</u>	
			<u>amt.</u>	<u>%</u>
FES	2,752	2,727	25	0.92
SES				
Sector A (Rama IX – Ratchadapisek)	1,326	1,304	22	1.69
Sector B (Phayathai – Bangkhlo)	645	635	10	1.57
Sector C (Ratchadapisek – Chaeng Watthana)	624	628	-4	-0.64
Sector D (Rama IX – Srinagarindra)	834	739	95	12.86
Bang Pa-in – Pak Kret	<u>534</u>	<u>517</u>	<u>17</u>	<u>3.29</u>
Total	<u>6,715</u>	<u>6,550</u>	<u>165</u>	<u>2.52</u>

- After the S1 project, a connection between Atnarong to Bang Na, has been opened for public use at the end of June 2005, traffic volume of First Stage Expressway System (FES) at Bang Na and Bang Chak Toll plaza has been increased significantly from the prior year. Moreover, the tolls promotion outcome from Utrabhimook Expressway also brings a higher traffic volume feeding into FES at Dindaeng and Dindaeng 1 Toll plaza accordingly. In total, traffic volume of FES has been increased by 1.34 percent and the toll revenue resulting from the mentioned above is approximately Baht 25 Million or 0.92 percent.

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- Traffic volume of Sector A and B under the Second Stage Expressway System (SES) have been increased by 1.84 and 2.00 percent respectively because there is a growth in demand for using the expressway from urban motorists who have wished to discharge from a traffic congestion in general area of Bangkok. The toll revenue of Sector A and B have been increased by Baht 22 Million and 10 Million or 1.69 percent and 1.57 percent respectively from the previous year.

- Although Sector C should have had an impact mainly from a reduction in toll from the Utrabhimook Expressway, traffic volume of Sector C has been hardly dropped by 0.58 percent comparing to the prior year. This was due to the opening of Prachacheun flyover since October 2005. A lot of motorists have acknowledged and driven on this new short cut directly to Vibhavadee Rangsit Highway. In total, toll revenue of this sector slightly drops by Baht 4 Million or 0.64 percent as compared to the year before.

- Traffic volume of Sector D under the SES has a continuous impressive growth at the rate of 13.65 percent year-on-year basis. It may have some slightly switching impact from Sector D back to Bang Na area after the opening of S1 project.

- The Bang Pa-in – Pak Kret Expressway, Sector C+, also has an impact from a reduction in tolls of Utrabhimook Expressway in last year and another impact from an increasing in tolls at Chaeng Rak and Bang Pa-In toll plaza. This impact causes a small dropping in traffic volume of this Sector by 1.75 percent. But, toll revenue has been increased by Baht 17 Million or 3.29 percent comparing with the year before.

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- (2) Other revenues amounting to Baht 19 Million reduced from the prior year Baht 31 Million are mainly from accounting profit from selling of subsidiary in the year 2004 but none in this year.

1.2 Expenses

In the year 2005, the Company and its subsidiary have expenses at the amount of Baht 3,322 Million, increasing by Baht 103 Million or 3.19 percent from the previous year, with material particulars as follows:

- (1) Amortization of rights to operate the completed expressway sectors amounted to Baht 2,035 Million, increasing by Baht 47 Million or 2.36 percent, in accordance with the increase in the volume of vehicles using the expressways.
- (2) Provision for compensation for site acquisition cost amounted to Baht 360 Million, increasing by Baht 54 Million or 17.66 percent. Such provision was recorded to cut the cost of the present value of the compensation to be paid to the Expressway and Rapid Transit Authority of Thailand. Actual payment has been made to Expressway Transit and Rapid Authority of Thailand (ETA) commencing from the year 2004. In this year, the company has made actual payment in total Baht 300 Million.
- (3) Operating and administrative expenses amounted to Baht 927 Million, increasing by Baht 2 Million or 0.22 percent. This was due to the increase in expenditure for toll collection and traffic control system as well as for repairing and maintaining the expressway.

1.3 Interest Expenses

In the year 2005, the Company and its subsidiary incurred interest expenses at the amount of Baht 1,240 Million, representing a reduction by Baht 86 Million or 6.49 percent from the previous year, as a result of loan repayment.

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1.4 Corporate Income Tax

In the year 2005, the Company was liable to pay a corporate income tax amounting to Baht 684 Million, representing an increase by Baht 476 Million or 228.85 percent. This was due to tax shield incurred from selling off the investment in a subsidiary company in the previous year but none in this year.

2. Financial Status

2.1 Assets

The total assets of the Company and its subsidiary as at December 31, 2005 were at the amount of Baht 46,784 Million, with the details of significant increases and decreases as follows:

2.1.1 Cash and cash equivalent and temporary investment funds, decreased by Baht 541 Million due to the dividend payment and investment.

2.1.2 Increased a Long-term investment, the Company had invested additionally in projects as follows:-

- Additional invested in Bangkok Metro Public Company Limited (BMCL) amounting to Baht 493 Million. As at December 31, 2005, the Company holds shares in BMCL, representing increase from 15.55 percent to 19.65 percent of its the paid-up capital.
- Invested in SouthEast Asia Energy Company Limited (SEAN) who have received a Build-Own-Operate-Transfer concession from Government of Laos Republic to design, construct, and operate a 615 megawatt hydropower plant (Nam Ngum2) for the concession period of 25 years commencing from a Commercial opening date amounting to Baht 22 Million, this equivalent to 12.50 percent of its registered capital.
- Invested in Thai Tap Water Supply Company Limited (TTW) amounting to Baht 420.50 Million, equivalent to 4.83 percent of its registered capital.

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2.1.3 Construction in progress is the constructing of a flyover crossing Prachacheun Road so that it will alleviate traffic congestion from off-ramp at Prachachuen Road which has been completed and transferred to rights to operate the completed expressway sectors at the end of third quarter. The flyover opened for public use commencing from October 1, 2005.

2.1.4 Rights to operate the completed expressway sectors decreased by Baht 1,923 Million, as a result of amortization expenses from the volume of vehicles using the expressway.

2.2 Liabilities

Total liabilities of the Company and its subsidiary as at December 31, 2005 were at the amount of Baht 31,869 Million. As compared with the previous year, the liabilities reduced by Baht 1,906 Million, representing 5.64 percent, resulting mainly from loan repayment, long-term loan representing 94 percent of total liabilities. All of the Company's long term loan mentioned above is in Thai Baht currency borrowed from local financial institutions. Such loan has already been fixed its interest rate for protecting a risk of interest rate increase from the money market. A repayment of such loan shall be made at the end of each month.

2.3 Shareholders' Equity

Shareholders' equity of the Company and its subsidiary as at December 31, 2005 was at the amount of Baht 14,915 Million, representing a increase by Baht 332 Million or 2.28 percent, as compared with the previous year, with material particulars as follows:

2.3.1 Net profit from operations for the year 2005, amounted to Baht 1,488 Million.

Dividend payment, the Company paid dividend payment of Baht 770 Million or Baht 1 per share for the operational results of the period July to December 2004 on May 4, 2005 in accordance with the resolution passed by the Annual General Meeting of shareholders. And the company also paid the dividend Baht 385 Million or Baht 0.50 per share for the operational

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results of the period January to June 2005 on September 22, 2005 in accordance with the resolution passed by Board Of Director no.3/2005.

The Company has a registered capital at the amount of Baht 8,000 Million and has authorized and paid-up capital at the amount of Baht 7,700 Million, with appropriated accumulated profit of Baht 396 Million and unappropriated accumulated profit of Baht 1,970 Million.

3. Cash Flow

For the year 2005, the Company and its subsidiary generated cash flow from operations amounting to Baht 3,843 Million. The Company has utilized the majority of cash to repay loan of Baht 2,193 Million, pay a dividend of Baht 1,150 Million and invested in companies that have high potential of return on investment in long term i.e. investment in BMCL, SEAN, TTW totaling Baht 935 Million.

4. Financial Ratios

	<u>2005</u>	<u>2004</u>
Net Profit Margin on Sales	22.10%	29.03%
Return on Equity	10.09%	13.13%
Return on Total Assets	3.13%	3.91%
Interest Coverage (times)	4.65	4.30
Debt to Equity (times)	2.14	2.32