



Bangkok Expressway Public Company Limited



**EXPRESSWAY**

*Lift up your quality life*



**A drive for life**



**EXPRESSWAY**

*Wise up to the energy use*

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เพื่อยกระดับคุณภาพชีวิต

ร่วมทวงใยสิ่งแวดล้อม





# Financial Summary

Financial Summary Consolidated Financial Statement of BECL & its Subsidiary Company

## Financial Highlights

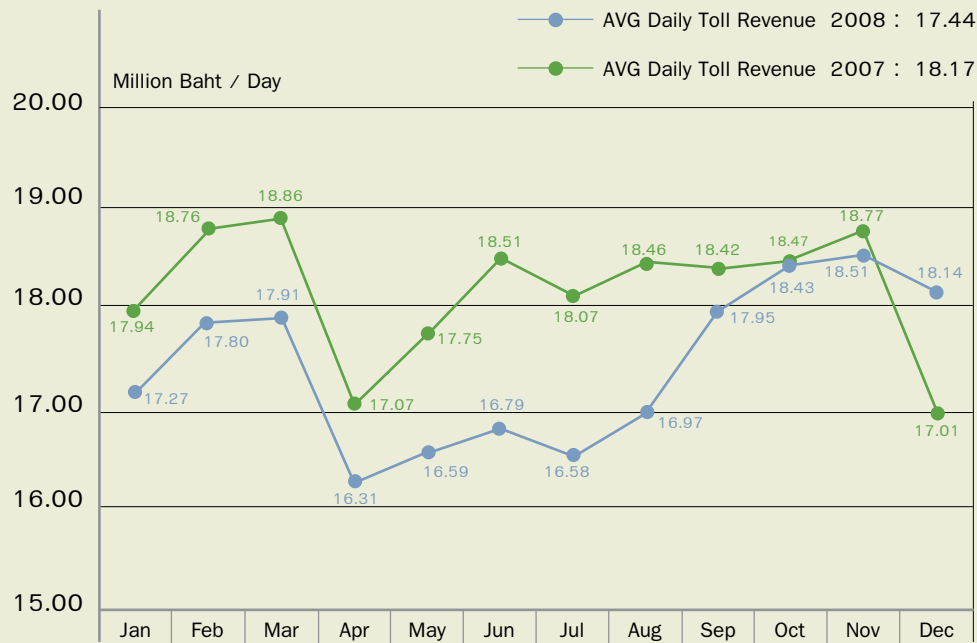
Unit : Million Baht

Consolidated financial statements	For the years ended December 31	
	2008	2007
○ Total assets	43,314	44,305
○ Total liabilities	27,187	28,269
○ Shareholders' equity	16,127	16,036
○ Toll revenue	6,956	7,238
○ Total revenues	7,149	7,289
○ Gross profit	4,883	5,055
○ Net profit	1,444	1,407

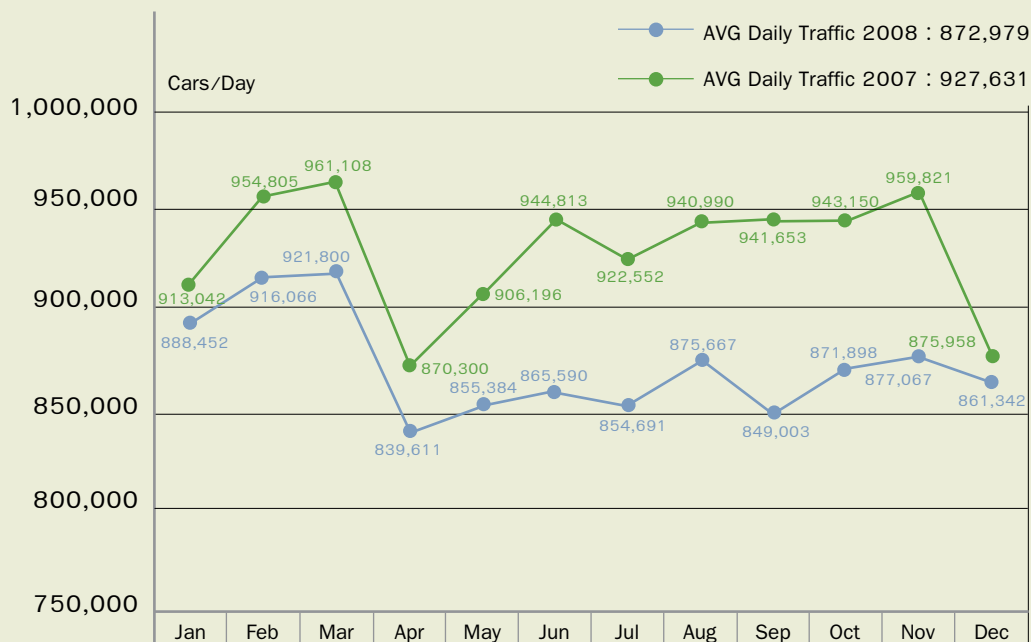
## Financial Ratios

Items	2008	2007
○ Net profit margin (%)	20.20	19.30
○ Return on shareholders' equity (%)	8.98	8.91
○ Return on total assets (%)	3.30	3.12
○ Book value per share (Baht)	20.94	20.83
○ Share issued and paid - up (Million shares)	770	770

### Average Daily Toll Revenue : Chalerm Mahanakorn & Si Rat Expressway



### Average Daily Traffic : Chalerm Mahanakorn & Si Rat Expressway



# Message from the Chairman of the Board of Directors

Throughout 2008, Bangkok Expressway Public Company Limited and its Subsidiary, as service providers of the Si Rat and the Udon Rattaya Expressways, affirmed our commitment to operate our business with intention to help alleviate traffic problem in Bangkok and surrounding provinces, to the utmost satisfaction of the expressway users, subject to the good corporate governance principles for the optimum benefits of all relevant parties, and for the continued improvement of the efficiency of our service. We, in association with the Expressway Authority of Thailand (EXAT), have planned to use the automatic toll collection system for more convenient traveling and alleviating the traffic congestion at the front of toll plazas, expected to be opened for service in and around early 2010.

We continue to maintain our standard in service under the ISO 9001:2000 for Quality Management System. In 2008, we have received the certification of the ISO 14001:2004 for Environmental Management System for the Si Rat Expressway, Rama IX - Srinagarindra Section, and Expressway Control Center Building, from SGS (Thailand) Limited in accordance with the standards of UKAS of England and NAC of Thailand, for the efficient environmental management, good environment in the operations, and the corporate social responsibility, through our commitment and concerted efforts of all divisions in the organization and other relevant organizations.

As for the financial administration, last year, we offered for sale the debentures No. 2 in the amount of Baht 4,000 million, with a term of 3 and 5 years, to repay the existing loan to the banks and to be used as working capital in the operations, increasing financing ratio subject to fixed interest rate, and minimizing the risk from fluctuation of interest rate of long-term loan. This offering of such debentures was successful and attracted a great number of investors.

As for the operational results of the Company and its Subsidiary in 2008, the net earnings amounted to Baht 1,444 million. The Board of Directors has resolved to propose that the Ordinary General Meeting of Shareholders approve the dividend payment for the operational results during July to December 2008 at the rate of Baht 0.60 per share. During the year, the Board of Directors already resolved to approve the interim dividend payment for the operational results for the first six months from January to June 2008 to shareholders at the rate of Baht 0.50 per share, thereby bringing the total dividend for 2008 to Baht 1.10 per share.

The Board of Directors, executives and all staff would like to express our gratitude to all of the shareholders, expressway users, government and private agencies, financial institutions supporting and sponsoring us for their trust in BECL, and we look forward to your continued support.



(Dr. Virabongsa Ramangkura)

Chairman of the Board of Directors



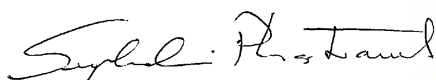
# Report of the Audit Committee

The Audit Committee, as appointed by the Company's Board of Directors, comprises three independent directors, namely, Professor Suphachai Phisitvanich, as the Audit Committee Chairman, General Sampao Choosri and Professor Dr. Kanok Wongtrangan, as Audit Committee Members, with the General Manager of Internal Audit Office as secretary to the Audit Committee.

The Audit Committee thoroughly performed the duties under the scope of duties and responsibilities assigned by the Company's Board of Directors based on its knowledge, ability and independence without any restriction on access to information, in line with the requirements of the Stock Exchange of Thailand, as well as provided advice on various relevant matters, with good cooperation from the Company's executives, internal auditors and the Company's auditor. In the year 2008, the Audit Committee held 6 meetings, with all of its members attending each and every meeting, in association with the executives, internal auditors and the auditor, including scheduling a joint meeting with the auditor without the management, starting from the consideration of the financial statements for the year 2008, the essence of the meeting may be summarized as follows:

- 1. Review of the 2008 annual and quarterly financial statements :** The Audit Committee makes inquiries and takes into account clarifications from the executives and the auditor as to the accuracy and completeness of the financial statements and the sufficient disclosure of information. The Audit Committee is of the opinion in agreement with the auditor that the Company's financial report fairly presents accurate and reliable information in material aspects in compliance with generally accepted accounting principles.
- 2. Review of the internal audit :** The Audit Committee takes into account mission, scope of work, duties and responsibilities, budget and independence of the Internal Audit Office in accordance with the internal auditing guidelines of the Stock Exchange of Thailand, including the approval of the appointment of the General Manager of Internal Audit Office and the secretary to the Audit Committee. The Audit Committee is of the view that the Company's internal audit system is sufficient, proper and efficient in accordance with international standards.
- 3. Review of the Company's compliance with the laws, activities and internal control system :** The Audit Committee is of the view that in respect of assessment of the adequacy, suitability and effectiveness of the internal control system to ensure the fulfillment of the specified objectives, it needs to take into account the internal audit report in comparison with the approved plan which covers the Company's significant work systems and does not have any material faults. The Company properly managed its assets and complied with the Securities and Exchange Act, requirements of the Stock Exchange, laws and regulations pertaining to the Company's business. Authorization and approval were granted in accordance with the specified procedures and criteria in line with the proper internal control system, subject to transparent corporate governance. Moreover, the system was efficiently adjusted in compliance with the changing circumstances.
- 4. Review of and opinions on connected transactions or transactions which might give rise to conflict of interest :** The Audit Committee is of the view that the transactions were justifiably executed for the optimum benefit of the Company's business, subject to transparency, complete and accurate disclosure of information.
- 5. Consideration and appointment of the auditor :** The Audit Committee considers the auditor's performance in the previous year, taking into account the reliability, ability to provide service and advice on accounting standards, audit and certification of financial statements in a timely manner, and then provides its opinion to the Company's Board of Directors to seek approval of the meeting of shareholders to appoint either Miss Rungrana Lertsuvankul or Mr. Sophon Permsiriwallop or Miss Sumalee Reewarabandith or Miss Vissuta Jariyathanakorn or Mrs. Nonglak Pumnoi of Ernst & Young Office Limited as the Company's auditor for the year 2009, with the auditing fee in the amount of not exceeding Baht 873,000.-

Overall, the Audit Committee has fully performed the duties specified in the charter of the Audit Committee as approved by the Board of Directors, and is of the opinion that the Company's financial report and work performance are correct, with the internal control system, internal audit and compliance with the applicable laws, relevant requirements and regulations, as well as proper disclosure of connected transactions and sufficient compliance with the good corporate governance, with transparency and reliability, including continued improvement of its operation systems to ensure the quality and appropriateness with the business circumstances.



(Professor Suphachai Phisitvanich)

Chairman of the Audit Committee



# The Board of Directors



## 1. Dr. Virabongsa Ramangkura

- Chairman of the Board of Directors

### Academic Achievement

- Doctor of Law (Honorary)  
Webster University, St. Louis, USA
- Ph. D. (Economics)  
University of Pennsylvania, USA
- M.A. (Economics)  
University of Pennsylvania, USA
- B.A. Political Science (First Class Honors)  
Chulalongkorn University
- Director Certification Program (DCP)  
Thai Institute of Directors Association

## 2. Prof. Suphachai Phisitvanich

- Director
- Chairman of the Audit Committee
- Chairman of the Corporate Governance and Risk Management Committee

### Academic Achievement

- Honorary Ph.D. (Accounting)  
Thammasat University
- Certificate, National Defence College (Class 32)
- M.B.A. (Finance), Ohio State University, USA
- B.A. (Accounting), Thammasat University
- B.A. (Commerce), Thammasat University
- Director Certification Program (DCP)  
Thai Institute of Directors Association

## 3. Mr. Plew Trivisvavet

- Director
- Chairman of the Executive Board
- Nomination and Remuneration Committee Member

### Academic Achievement

- M.Sc. (Electrical Engineering)  
Osaka University, Japan
- B.Sc. (Electrical Engineering)  
Osaka University, Japan
- Director Certification Program (DCP)  
Thai Institute of Directors Association
- Finance for Non-Finance Director 2004 (FND)  
Thai Institute of Directors Association
- Capital Market Academy Leader Program,  
(Class 4/2007) Capital Market Academy





#### 4. General Sampao Choosri

- Director
- Audit Committee Member
- Chairman of the Nomination and Remuneration Committee Member
- Corporate Governance and Risk Management Committee Member

#### Academic Achievement

- Chulachomklao Royal Military Academy
- Royal Military Academy (Saint Cyr), France
- Director Accreditation Program (DAP) Thai Institute of Directors Association

#### 5. Prof. Dr. Kanok Wongtrangan

- Director
- Audit Committee Member
- Nomination and Remuneration Committee Member

#### Academic Achievement

- Ph.D. (Political Science)  
The Johns Hopkins University, USA
- M.A. (Political Science)  
University of California, USA
- B.S. (Medical Science)  
Chulalongkorn University
- Director Certification Program (DCP)  
Thai Institute of Directors Association

#### 6. Mr. Supong Chayutsahakij

- Director
- Vice Chairman of the Executive Board
- Nomination and Remuneration Committee Member
- Corporate Governance and Risk Management Committee Member

#### Academic Achievement

- Honorary Ph.D. (Management Science)  
Phranakhon Rajabhat University
- Executive Master of Business Administration  
Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Master of Engineering (Electrical)  
University of Tokyo, Japan
- Bachelor of Engineering (Electrical)  
University of Tokyo, Japan
- Director Certification Program (DCP)  
Thai Institute of Directors Association
- Audit Committee Program (ACP)  
Thai Institute of Directors Association

# The Board of Directors



## 7.M.L. Prasobchai Kasemsant

- Director
- Executive Director

### Academic Achievement

- M.S. (Civil Engineering)  
Stanford University, USA
- M.S. (Operations Research)  
Stanford University, USA
- B.S. (Civil Engineering, Mathematics)  
Virginia Military Institute, Virginia, USA
- Director Certification Program (DCP)  
Thai Institute of Directors Association
- Graduate Diploma Program in Public Law  
Thammasat University
- Graduate Diploma Program in International  
Trade Law, Thammasat University

## 8.Mr. Panit Dunnvatanachit

- Director
- Executive Director

### Academic Achievement

- M.B.A. (Finance)  
Washington University, St. Louis, USA
- Bachelor of Arts & Science  
Washington University, St. Louis, USA
- Board and CFO Assessment Program  
Thai Institute of Directors Association
- Director Certification Program (DCP)  
Thai Institute of Directors Association

## 9.Miss Arisara Dharamadhaj

- Director
- Executive Director

### Academic Achievement

- M.B.A., Roosevelt University, USA
- Bachelor of Economics  
University of the Thai  
Chamber of Commerce
- Director Certification Program (DCP)  
Thai Institute of Directors Association



#### 10. Mrs. Vallapa Posyanond

- Director
- Executive Director

##### Academic Achievement

- Bachelor of Business Administration  
American University,  
Washington, D.C., USA
- Director Certification Program (DCP)  
Thai Institute of Directors Association

#### 11. Mr. Sintop Sirisingha

- Director

##### Academic Achievement

- Master of Engineering  
(Transportation Systems)  
Asian Institute of Technology (AIT)
- Bachelor of Engineering (Civil)  
Kasetsart University
- Royal Thai Army War College (Class 49)
- Director Certification Program (DCP)  
Thai Institute of Directors Association
- The Joint State - Private Sectors Regular  
Course Class 20, National  
Defence College of Thailand

#### 12. Mrs. Payao Marittanaporn

- Director
- Executive Director
- Corporate Governance and Risk  
Management Committee Member
- Managing Director

##### Academic Achievement

- M.B.A., Chulalongkorn University
- Higher Diploma in Auditing  
Thammasat University
- Bachelor of Accountancy  
Chulalongkorn University
- Director Certification Program (DCP)  
Thai Institute of Directors Association

As at December 31, 2008



# Management Team

- 1 Mrs. Payao Marittanaporn  
Managing Director
- 2 Mr. Sanguan Kunatinun  
Assistant Managing Director
- 3 Mrs. Sudruthai Prommart  
Assistant Managing Director
- 4 Mrs. Ngamnit Kanokgarnjanar  
Assistant Managing Director
- 5 Mr. Phakpoom Thaweewittayarut  
Senior General Manager of  
Managing Director Office and  
Company Secretary
- 6 Miss Panan Tosuwanthaworn  
Senior General Manager of  
Finance Division

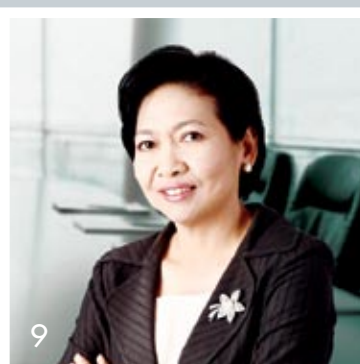




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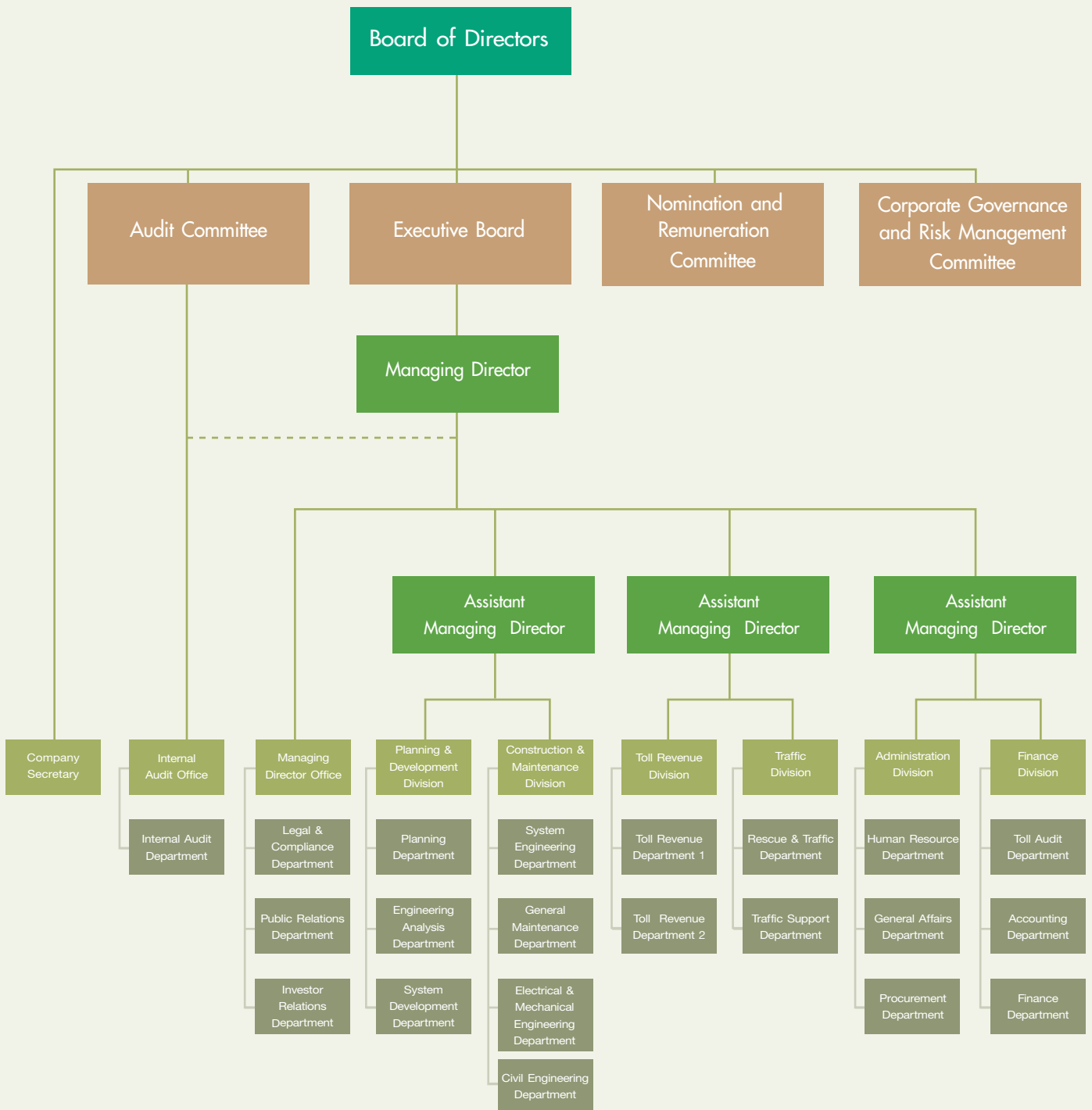
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- 7 **Mr. Phaisan Lertsalaluck**  
General Manager of Traffic Division
- 8 **Miss Vasana Wattananukulchai**  
General Manager of Internal Audit Office
- 9 **Mrs. Wattana Sittiwatayaporn**  
General Manager of Planning & Development Division
- 10 **Mr. Omsyn Pibulwarangkur**  
General Manager of Construction & Maintenance Division
- 11 **Mrs. Supattra Bumnetphan**  
General Manager of Toll Revenue Division
- 12 **Mr. Chalermkiat Sakonwisansak**  
Deputy General Manager of Construction & Maintenance Division
- 13 **Miss. Phenporn Kittiyopars**  
Deputy General Manager of Planning & Development Division

As at January 1, 2009

# Organization Chart

Bangkok Expressway Public Company Limited



As at January 1, 2009



# Environmental Policy

Bangkok Expressway Public Company Limited 's environmental policy is to become a leading company in Thailand which provides the Expressway services and has the management system to facilitate the public transport, subject to good corporate governance principles and corporate social responsibility. The Company is committed to ensuring the environmental management in line with the following guidelines :

1. To give priority to pollution prevention and control by managing and maintaining the Expressways to meet international standards and keeping in mind the environmental impact on motorists, staff and communities;
2. To instill and encourage our staff with an awareness of efficient use of energy and natural resources;
3. To comply with the environment-related laws and regulations;
4. To review the purposes and goals for continued improvement of the environmental management system;
5. To communicate our environmental policy to the public and all parties concerned.

Through the contribution and devotion of all staff. The Company have received the certification of the ISO 14001:2004 for Environmental Management System for the Si Rat Expressway, Rama IX - Srinagarindra Section, and Expressway Control Center Building, from SGS (Thailand) Limited in accordance with the standards of UKAS of England and NAC of Thailand on 14 November 2008.



# Environmental Policy

## Raising Awareness of Environmental Preservation activities

Throughout 2008, The Company organized the Raising Awareness of Environmental Preservation activities, as follows :

### • “Think Green, B Green”

The Company organized the “Think Green, B Green” activity, by bringing the group of executives and staff to jointly plant trees in front of the Company to build up staff’s awareness of utilization of natural resources and jointly campaign for reducing global warming on the occasion of the World Environment Day.



### • “Expressway Promotes Environmental Preservation No. 2”

The Company organized the Expressway Promotes Environmental Preservation No. 2 activity, continuously from the year 2007, by bringing the Company’s staff to participate in the activity to build up awareness of environmental preservation and conservation, namely, to jointly plant bamboos and Sal trees at Bang Phasi Temple, Nakhon Pathom Province; mangrove forest to restore the existing area at Laem Phak Bia Environmental Study, Research and Development Project; and mangrove forest at Tambon Khlong Khon, Sumut Songkram Province.



Plant bamboos and Sal trees at Bang Phasi Temple, Nakhon Pathom Province.



Plant mangrove forest to restore the existing area at Laem Phak Bia Environmental Study, Research and Development Project.



Plant mangrove forest at Tambon Khlong Khon, Sumut Songkram Province.



# Social Activities

Bangkok Expressway Public Company Limited is committed to taking care of the community in all aspects by adhering to good corporate governance for accentuating business performance and increasing the value for shareholders. The Company is also engaged in Corporate Social Responsibility (CSR) activities under the “BECL Elevates the Quality of Life and the Environment”. Following are the details of activities in the year 2008 :

## 1. Good Relationship with Expressway Users

### ● “Temple Tour in Ayudhaya with Expressway”

The Company brought the group of 80 Expressway users to travel together to follow the historical footsteps, by paying respect to the Buddha images, making merit, visiting temples and historical sites in Ayudhaya Province.



### ● “Visiting Amphawa with Expressway on Mother’s Day”

The Company brought 45 motorists from 15 families to jointly experience the riverside way of life and visit Amphawa floating market in Samut Songkram Province in order to strengthen the family relationship on the occasion of the National Mother’s Day.





## Social Activities

### • “Safe Driving with Expressway No. 2”

The Company, in association with the Department of Land Transport and FM 91 Traffic Radio, organized the “Safe Driving with Expressway No. 2” project continuously from the year 2007, by providing training and knowledge relating to driving with safety and fuel saving as well as encouraging compliance with traffic rules, with a number of persons interested in such training.



## 2. Good Relationship with Shareholders

### • “Company Visit” activity

The Company organized the “Company Visit” activity by bringing the group of 191 shareholders to visit the Company as the operator of the Si Rat Expressway and the Udon Rattaya Expressway, by visiting the control center of the Si Rat Expressway and routes as well as tourist attractions at the end of the Expressway at Bangsai Arts and Crafts Centre of H.M. Queen Sirikit of Thailand for shareholders to well understand the business operations and to ensure good relationship between shareholders and the Company.



### 3. Promotion of Learning to Youths



#### ● “Learning Sufficiency Economy with Expressway”

The Company organized this activity for 2 times. The first, took the group of 115 teachers and students from Wat Phasuk Manichak School to visit the Royal Chitralada Projects at the Royal Dusit Palace for youths to learn the utilization of natural resources and agricultural factors for the utmost benefit and to raise their awareness in relation to the sufficiency economy.



The second, The Company took the group of 60 teachers and students from Samakhomsatreethai School to visit the rice farming demonstration of Teacher Thani in Pathum Thani Province for youths to be aware of value of Thai rice, rice farming and to raise their awareness in relation to the sufficiency economy.





## Social Activities

### • “Books for Students in the Southern Border”

The Company, in association with FM 91 Traffic Radio, Ministry of Education, General Insurance and Thai Airways, organized the “Books for Students in the Southern Border” project, to accept donation of books at every Toll Plaza to be provided to schools in the three Southern border provinces which were destroyed by arson causing damage to teaching materials, namely, Narathiwat, Yala and Pattani Provinces.



### • “Expressway Scholarships to Adjacent Schools”

The Company granted scholarships to underprivileged students with good academic records, including funds for school development for educational purposes to schools adjacent to the Expressways, totaling five schools, namely, Chumchon Wat Sadet School, Wat Phasuk Manichak School, Wat Buakhwan School, Rama IX Kanchanaphisek School and Wat Uthaitaram School.





- **BECL Grants Scholarships to Staff's Children**

The Company granted scholarships to staff's children with good academic records at the levels of elementary and high school continuously as the second year.



- **“Expressway Promotes Thai Traditional Arts No. 2”**

The Company took children and staff of EXAT, children of police of Expressway Police Station 2 and children of the Company's staff to watch the Thai puppet (Joe Louis) performance, “Phra Aphai Mani in the scene of Sud Sakorn”, to encourage youths to learn Thai theatrical puppetry and puppetry skills and to strengthen relationship among three agencies at the Nattayasala Hun Lakorn Lek (Joe Louis) Theater.



# First Class Services

Services on the Expressway are the core of BECL's management, therefore, over the past period, BECL has been determined to develop and enhance the efficiency of its services so as to ensure that motorists will be impressed by the convenience, rapidity and cost-efficiency of the services.

In regards to the first class services, BECL provides various services as follows :

## 1. Communications and Facilities

BECL established the expressway system control centers by having communications staff to coordinate with the rescue operation units as well as police officers on the expressway and at the ground level roads so as to service the motorists 24 hours a day. The communications facilities comprise:

### - Closed-circuit Television (CCTV)

Closed-circuit televisions are installed at intervals throughout the Expressway to monitor traffic flow and various events on the Expressway, hence, motorists can be assured of prompt assistance should there be any emergency.







#### - **Emergency Telephones (ETS)**

Emergency telephones are installed at intervals of every 1 kilometer on the Expressway so as to enable motorists to contact communications staff at the control centers by pressing the metal shaft or green button to call the center, then the communications staff pans the closed-circuit television which is nearest to such SOS telephone to the location of such telephone. This enables the communications staff to monitor the calling site and simultaneously, sound and video recorders record the conversation between the motorist and the communications staff.

#### - **Variable Message Sign (VMS)**

BECL publicizes various information on traffic flow and significant events to motorists by VMS which are installed prior to various intersections on the Expressway.

## 2. Traffic Management

Traffic management is a routine operation BECL coordinates with the Traffic Division, EXAT and the police officers at the Si Rat Expressway Police Station so as to ensure rapid and safe passage for motorists, especially at on-off ramps or at any areas with heavily congested traffic. The traffic management facilities comprise :

#### - **Traffic Signs**

BECL has installed traffic signs to ensure the motorists' safe and careful use of the Expressway, namely, speed limits on the Expressway when it is raining or traffic direction indicators.

#### - **Weighing Stations**

BECL takes into account the safety of motorists by providing weighing station so as to control the weight limits in accordance with the legal standards. Any truck loaded in excess of the weight limit will not be allowed to enter the Expressway.

## 3. Rescue and Trailer Services

Should any motorist encounter any accident or engine trouble on the Expressway, the rescue staff will help repair the engine to working condition or if it is unable to be repaired, the staff will help tow such vehicle on the Expressway to exit at the nearest off ramp without any expense, except for :

#### **Fuel Cost**

Should the vehicle be out of gas, the staff will refuel the vehicle to enable such vehicle to exit the Expressway and reach a gas station whereby the rate of gas to be charged at the market rate which is merely approximately Baht 100.- on average.

#### **Chemical Powder Cost**

Should any vehicle encounter any problem causing oil to leak onto the road, it is necessary for the staff to apply chemical powder to clean up such oil spill for the safety of other motorists.

## Useful Telephone Numbers

Accident / Breakdown Car / Traffic Information	Tel.	1543 / 0-2664-6400
Chalerm Mahanakorn Expressway Control Center	Tel.	0-2249-8166
	Fax.	0-2240-0709
Si Rat Expressway Control Center	Tel.	0-2248-7539
		0-2641-4649
		0-2664-6400
	Fax.	0-2248-7563
Chalong Rat Expressway Control Center	Tel.	0-2319-9730-9
	Fax.	0-2319-9742-6
Udon Ratthaya Expressway Control Center	Tel.	0-2567-5700
	Fax.	0-2567-5701
Buraphawithi Expressway Control Center	Tel.	0-2746-9800-4
	Fax.	0-2746-9800-4 ext. 5501
Chalerm Mahanakorn Expressway Police Station	Tel.	0-2249-8007
	Fax.	0-2240-0147
Si Rat Expressway Police Station	Tel. / Fax.	0-2248-6891-5
Chalong Rat Expressway Police Station	Tel.	0-2319-7026-9
		0-2319-7023-9 ext. 4501
Udon Ratthaya Expressway Police Station	Tel.	0-2567-5682-3
Buraphawithi Expressway Police Station	Tel.	0-2746-9800-4 ext. 5005
	Fax.	0-2746-9800-4 ext. 5501
Bangkok Expressway Public Company Limited	Tel.	0-2641-4611
	Fax.	0-2641-4610
Expressway Authority of Thailand	Tel.	0-2579-5380-9
		0-2562-0044
		0-2940-1190
	Fax.	0-2561-2984





# Executive Summary

Bangkok Expressway Public Company Limited (the “Company”) operates the business of construction and management of the Si Rat Expressway (Second Stage Expressway) and its extensions, including related businesses under the Second Stage Expressway Agreement (“SES Agreement”) entered into between the Expressway Authority of Thailand (“EXAT”) (formerly “Expressway and Rapid Transit Authority of Thailand”) and the Company for a contract period of 30 years from 1 March 1990 to 28 February 2020. This Agreement was executed in the form of concession on a BTO (Build, Transfer and Operate) basis, in other words, the Company is responsible for the design, construction and management of the Expressway System while the title to various permanent constructions shall be vested in EXAT. The Si Rat Expressway comprises four Sectors, namely, Sector A (Rama IX - Ratchadapisek), Sector B (Phayathai - Bangkhlo), Sector C (Ratchadapisek - Chaeng Watthana) and Sector D (Rama IX - Srinagarindra). The Company receives toll revenue sharing from the Si Rat Expressway and the Chalem Mahanakorn Expressway (First Stage Expressway) based on the proportions under the respective Agreements, except at 100 percent of toll revenue of Sectors C and D received by the Company throughout the contract period.

Furthermore, Northern Bangkok Expressway Company Limited, the Subsidiary, entered into an agreement with EXAT for construction and management of the Udon Ratthaya Expressway (Bang Pa-in - Pak Kret Expressway) for a contract period of 30 years from 27 September 1996 to 26 September 2026. The Udon Ratthaya Expressway is northbound with a connection to the Si Rat Expressway around Chaeng Watthana Road, passing Bang Phun, Chiang Rak to end at Bang Sai. All toll revenue of the Udon Ratthaya Expressway is retained in full by the Subsidiary throughout the contract period.

The Company’s main policy is to mitigate traffic problems in Bangkok by way of efficient management of the Si Rat Expressway. The Company has started preparing an operation plan with EXAT in the installation of the Electronic Toll Collection system (“ETC”) to enhance the effective collection of tolls at the front of the Toll Plazas and to alleviate the traffic congestion, particularly during the rush hours, which may increase in the future.

The traffic volume of the Expressway in 2008 reduced from last year by 5.89 percent due to the oil price crisis during mid-2008, which resulted in high inflation and economic slowdown, affecting the traveling by the Expressway, as well as the impact of the opening of the Kanchanaphisek Road (Southern Outer Bangkok Ring Road) free of charge. In 2008, EXAT proceeded with issuance of the Notifications of the Ministry of Transport for toll revisions on 1 September 2008 for the Chalem Mahanakorn Expressway and the Si Rat Expressway, and on 1 November 2008 for the Udon Ratthaya Expressway. However, the revised toll rates did not comply with the rates proposed by the Company and the Subsidiary, due to different interpretation of the contractual provisions relating to toll revisions. The Company and the Subsidiary were of the view that the revised toll rates did not comply with the respective Agreements, which rendered the toll revenue to be lower than that should have been received by the Company and the Subsidiary. In this respect, despite the toll revisions, the toll revenue in 2008 decreased by a net amount of Baht 281.63 Million or 3.89 percent as compared to that of the previous year.

In respect of risk management, according to the Credit Facilities Agreement, the interest rate on long-term loans of the Company has changed from fixed rate to floating rate since October 2008. In November 2008, the Company offered debentures in the amount of Baht 4,000 Million with maturity of 3 and 5 years at fixed interest rates, in addition to the Company’s offering of debentures of Baht 7,500 Million in 2007, thereby totaling Baht 11,500 Million. In this regard, Baht 2,000 Million of the proceeds from the issuance of debentures shall be utilized to repay the long-term loans, so as to prevent risk from interest rate fluctuation in money market, as well as minimizing risk from depending on the only source of fund in the type of long-term loans from banks. The remaining Baht 2,000 Million will be reserved to repay the short-term debt instruments which would become due, and to accommodate the current economic circumstances which are highly uncertain.

In respect of the earning results of the Company and the Subsidiary for the period ending 31 December 2008, the Company’s total revenues amounted to Baht 7,149 Million which is lower than that of the previous year by Baht 140 Million or 1.92 percent. However, the consolidated net profits of the Company and the Subsidiary in 2008 amounted to Baht 1,444 Million which is higher than that of the previous year by Baht 37 Million or 2.63 percent.

# 1 Risk Factors

Factors which may give rise to risks towards investment by investors are as follows :

## 1.1 Risk from Insufficient Revenue to Cover Expenditure

Toll revenue is the Company's core revenue, which may be affected by external factors having material impact on toll rates and traffic volume. Should the toll revenue differ from the study or the projections, it may affect the liquidity management in covering the existing financial obligations, such as interest expense, scheduled repayment of loans, operating expenses under the Expressway Agreement, as well as compensation for site acquisition cost to be paid to the Expressway Authority of Thailand ("EXAT") under the Second Stage Expressway Agreement.

The toll rates as specified in the Second Stage Expressway Agreement are to be reviewed every five years in accordance with the increased rate of the consumer price index for Bangkok. As for the past toll revisions on three occasions in 1998, 2003 and 2008, the Company was granted approval to increase toll rates but not at the proposed rates (as per the details in Legal Disputes on pages 49 to 50 and 52 to 53), which in the Company's opinion, did not comply with the Agreement, thereby causing the Company's revenue to be lower than that should have been received. In 2003, the Company remedied such effect by entering into negotiation with the group of lending banks for extension of time for repayment of due loans and request for reduction of interest rate. However, the Second Stage Expressway Agreement provides a dispute settlement procedure in case of any dispute, disagreement, or claim from noncompliance with the Agreement, in respect of which the Company has already proceeded with the specified procedures.

In respect of traffic volume, the Company estimated that there would remain a risk from uncertainty of the traffic volume on the Expressways, which directly affects the Company's revenue. The growth rate of traffic volume in 2008 decreased from that of the previous year at the approximate rate of 5.89 percent, resulting from the opening of the Bang Pli - Suksawad Expressway, constructed and administered by EXAT, for temporary free service since November 2007 onwards. This project connects with the Outer Bangkok Ring Road to complete a full circle. As a result, transport trucks which are not major customers, including some Expressway users who do not wish to enter downtown, use this route instead, resulting in decrease in traffic volume on the Expressways and toll revenue. EXAT is currently constructing the toll collection system, expected to be completed in and around early 2009. The Company has closely monitored the impact and continuously followed up on policies, laws, regulations and traffic management plans by the government. Changes in policies of the government may increase the traffic volume on the Expressway Systems or may give rise to impact in terms of competitors, such as, the opening of new Expressways for service, as well as the construction of flyovers across several intersections in Bangkok and its surrounding areas, the construction of additional roads on the outskirts of Bangkok so as to connect with a range of networks which may render motorists to change their commuting behavior in case where projects are competing roads which would affect the number of service users as well.

The relatively high-priced oil crisis during the middle of 2008 affected most motorists and transport operators in respect of increased traveling costs and partially affected the traffic volume on the Expressways. However, most motorists still find traveling on the Expressways is an essential and better alternative than encountering traffic congestion at-grade.

As for the provision of other public mass transit services, such as, the BTS, which was opened for public service since December 1999, and the metro, which was opened for service since July 2004, the Company has been continuously collecting information and conducting a survey in this regard, which can be concluded that such services have no impact upon the traffic volume of the Company in respect of indirect competition since customers of the BTS and the subway are not the target group of customers who mostly use public transportation, let alone the fact that at present, the networks of the BTS and the metro are limited to their respective service areas only. Behavior of personal car owners may change to a certain extent, but the information obtained from the survey revealed that the Company's revenue is not affected.

## 1.2 Risk Relating to Business Operations under Agreements with Government Sector

Due to the fact that the Company has been doing business with EXAT under the Second Stage Expressway Agreement, different interpretation of the contents and conditions of the Agreement between contractual parties may occur during the business operations. In order to resolve any possible dispute or disagreement, the Agreement provides a dispute settlement procedure. Should the Company and EXAT be unable to settle any dispute, either party may refer such dispute to the Panel for settlement pursuant to the Agreement. If such dispute cannot be settled through the mediation by the Panel, or the decision of the Panel is not unanimous, or the parties fail to comply with such decision, the dispute shall be further referred to arbitration pursuant to the Agreement.

Currently, the Company and the Subsidiary have disputes on different interpretation of several matters with EXAT, such as, adjustment of toll rates and interpretation on determination of the Priority Component Opening Date, which give rise to an impact on the toll revenue sharing.

Other than the disputes on the different interpretation of the Agreement, the Company also has a risk from noncompliance with the Agreement by the contractual party, namely, the Company is obliged to construct collection and distribution roads (CD Roads), provided that EXAT is obliged to deliver the sites to the Company by 18 October 2000. Given the failure on the part of EXAT to deliver the sites to the Company by the specified time, the Company's obligation in respect of such construction has therefore ceased, but the Company is entitled to claim damages from EXAT due to EXAT's inability to deliver the construction sites to the Company within the specified time, as well as the loss of toll revenue if the construction would have been completed as scheduled.

The cessation of such obligation to construct the Collection and Distribution roads resulted in failure of the Company's revenue to meet the projected revenue and had an impact on overall traffic system, as such roads might be able to alleviate traffic problems in downtown. Failure in construction of said roads therefore impaired efficiency in provision of overall traffic services. However, as at 31 December 2008, such dispute has not yet been referred to arbitration proceedings.

The details on other disputes are described in Disputes with EXAT on pages 49 to 55, most of which claim for damages by the Company from EXAT. Therefore, the decision should not materially have any negative risk towards the Company's operational results.

## 1.3 Risk from Interest Rate Fluctuation

The Company had a large amount of debts in the form of long-term loans for investment in construction of the Si Rat Expressway and the extensions under the Second Stage Expressway Agreement. Thus, interest expenses are considered the significant expenditures for the Company. The increased interest rate on loan may affect the Company's operational results. This was because the fixed interest rate of the Credit Facility Agreement executed by the Company in 2003 would be due to change to the floating interest rate, resulting in change in the interest cost in respect of the main credit facility from the fixed interest rate of 5 percent per annum to MLR - 2% per annum from 1 October 2008 onwards, thereby exposing the Company to a risk from interest rate fluctuation or increase in the money market.

However, the Company is aware of such risk, and as such, in August 2007, the Company issued and offered the debentures with maturity of 3, 5 and 7 years in the total amount of Baht 7,500 Million, at the fixed interest rates of 4.20 to 5.20 percent, to repay the long-term loan; and in November 2008, the Company offered the debentures with maturity of 3 and 5 years in the amount of Baht 4,000 Million, at the fixed interest rate of 5.20 to 6.00 percent, to prepay certain portion of the long-term loan and to reserve as working capital in the operations, in order to prevent any risk from interest rate fluctuation and minimizing any risk from depending on the only source of capital in the form of long-term loans from banks.



As at 31 December 2008, the Company had long-term liabilities of Baht 24,883 Million comprising long-term loans at the floating interest rate of Baht 13,383 Million or representing 53.78 percent and debt from issuance of debt instruments at the fixed interest rate of Baht 11,500 Million or representing 46.22 percent.

#### 1.4 Risk from Investment in Northern Bangkok Expressway Company Limited (“Subsidiary”)

The Subsidiary which invested, constructed and operated the Udon Rattaya Expressway (Bang Pa-in-Pak Kret) continuously sustained the operating loss due to an impact from the government policy on the construction of the competing roads, namely, the Don Muang Tollway (National Memorial - Rangsit Section), resulted in the substantially lower volume of vehicles using the Udon Rattaya Expressway than projected. The Subsidiary’s operational results are below projections and remained at a loss. As at 31 December 2008, the Subsidiary had accumulated loss amounting to Baht 4,837 Million and the outstanding liabilities and loans amounting to Baht 10,397 Million, affecting the quality of the Company’s investment funds and assets.

In order to minimize the risk from investment in the Subsidiary, the Company reduced the portion of investment by selling a certain portion of shares held in the Subsidiary to other legal entity, namely Cargo Village Co., Ltd., at the book value as at the selling date, in accordance with the resolution of the 2003 Annual Ordinary General Meeting of Shareholders assigning the Company’s Board of Directors to consider and proceed with such matter. As a result, the Company’s shareholding percentage in the Subsidiary then decreased to 53.33 percent of the registered capital.

On 1 November 2008, the Ministry of Transport issued its Notification on toll revision for the Udon Rattaya Expressway, but such toll revision did not increase at the rate proposed by the Subsidiary, which in the Subsidiary’s opinion, did not comply with the Agreement, thereby causing the Subsidiary’s revenue to be lower than that should have been received. The aforesaid competing roads (as per the details in Legal Disputes on pages 51 to 52) also caused the actual traffic volume to be materially lower than the traffic volume study for making the decision to invest, and the Subsidiary thus continued to face operating losses. Based on such effect, the Subsidiary needs to give discount on tolls for this Expressway to attract more motorists.

#### 1.5 Risk from Investment in Various Companies

Due to the fact that the Company has invested in the construction and management of the Second Stage Expressway System for 30 years which would end on 28 February 2020, with the remaining concession period of 11 years and 2 months, in order to establish long-term return and increase business value to its shareholders so as to enable the Company to continue as a going concern despite the expiration of the Concession Agreement, the Company therefore considered investing in the public utility infrastructure business or in supporting business.

In 2001, the Company invested in Bangkok Metro Public Company Limited (“BMCL”), a company awarded concession from the Mass Rapid Transit Authority of Thailand (MRTA), in respect of investment in the M&E Equipment, together with provision of train operation service and maintenance of the MRTA Initial System for a period of 25 years. As at 31 December 2008, the Company holds shares in BMCL representing 11.91 percent. Furthermore, in 2005, the Company invested in SouthEast Asia Energy Limited (“SEAN”), a company investing in a concession business awarded by the government of the Lao People’s Democratic Republic to carry out design, construction and operation of the Nam Ngum 2 Hydroelectric Power Project for a period of 25 years, with a shareholding proportion as at 31 December 2008 of 16.67 percent; and also invested in Thai Tap Water Supply Public Company Limited (“TTW”) which operates the business of tap water production and distribution to the Provincial Waterworks Authority for a period of 30 years, with a shareholding proportion as at 31 December 2008 of 9.24 percent.

Although the Company has considered that the investment in such companies would derive a favorable return on investment in the long run, the uncertainty of such return on investment may occur due to any change of substantial factors from anticipation, which may affect the said companies' revenue and operations.

BMCL was listed on the Stock Exchange of Thailand on 21 September 2006, rendering its financial costs to decrease, whereby BMCL utilized some portions of funds from the public offering to partially repay the loan and accommodate its liquidity. The delay of the plan for extension projects did affect its operational results. Therefore, in 2008, BMCL has undergone debt restructuring by extending the grace period for repayment of the principal and reduction of interest rates to a fixed interest rate of 3.75 percent per annum until the end of 2012, as well as changing the conditions in the loan agreements in line with cash flow while awaiting the growth of revenue from the extensions. In 2008, BMCL suffered a net operating loss of Baht 1,457 Million. However, the government also established the policy to encourage people to increasingly use the public transport whereby bidding for extension projects would be held so as to expand the metro network, which would increase the volume of passengers in the future for BMCL.

SouthEast Asia Energy Limited ("SEAN") invests in Nam Ngum 2 Power Company Limited which is a contractual party to the Nam Ngum 2 Hydroelectric Power Project Agreement with the government of the Lao People's Democratic Republic, on the BOOT (Build-Own-Operate and Transfer) basis, that is, for design, development, construction and operation of the Nam Ngum 2 Hydroelectric Power Project for a period of 25 years; and is a contractual party to the Power Purchase Agreement with the Electricity Generating Authority of Thailand ("EGAT") for sale of all electricity derived from the Nam Ngum 2 Hydroelectric Power Project to EGAT throughout the concession period of 25 years, whereby the sale price has been agreed upon in advance in order to minimize marketing risks. However, it would be possible that the power production may be lower than the required volume, which would cause the Company to pay penalty due to its inability to produce electricity for EGAT as agreed, and which may affect its revenue accordingly. The electricity production in the Nam Ngum 2 Dam Project would mainly rely on hydroelectric power and in case of less quantity of inflowing water into the system, it may affect the production process. Nevertheless, according to a study of data on the quantity of water in such area during the years 1949-2003, the quantity of water should be sufficient to accommodate the requirement.

Currently, SEAN is constructing the Nam Ngum 2 Dam Project and its progress, as at 31 December 2008, equaled 71.38 percent which is in accordance with the construction plan. It is expected that the construction would be completed for operation as planned, therefore, there would be a low level of risk from a delayed operation commencement. In 2008, SEAN suffered a net operating loss of Baht 65.38 Million since it is in the process of the project construction which has no income but pre-operating expenses.

Thai Tap Water Supply Public Company Limited ("TTW") is a contractual party to the Water Purchase and Sale Agreement with the Provincial Waterworks Authority ("PWA"), on a Build-Own-Operate (BOO) basis, for a period of 30 years, in other words, investing in construction of tap water production system and distribution system for consumers without transfer of ownership in the tap water production system and distribution system to the PWA at the end of the Concession Contract. The risk from investment in TTW may arise from a termination of the Water Purchase and Sale Agreement by the PWA which is TTW's sole customer, which may have an impact on TTW's business operation, financial position and revenue in the future.

TTW commenced the tap water production and distribution since 2004, and its current production capacity for tap water and the water standard complied with the specified plan. It is deemed that TTW is the largest privately owned tap water producer in Thailand and Southeast Asia. Furthermore, TTW also registered its conversion into a public limited company and was listed on the Stock Exchange of Thailand on 22 May 2008.

TTW has been deriving profit from the operation since 2004, whereby in 2008, the Company received dividend from TTW in the total amount of Baht 55.31 Million. TTW derived a net operating profit amounting to Baht 1,358 Million for the year 2008.

## 1.6 Risk from Work Operations

The Company takes into account the risk from operations which may be resulted from primary factors, i.e., personnel, work system, operation system and external factors, which cause error or insufficiency of work procedures, employees, work system or information technology system, including employees' fraud and events or external factors, which may give rise to monetary and non-monetary damage, namely, damage to reputation or security of the Company. Therefore, it is greatly necessary to have a thorough supervision system with due care. The Company has then arranged for a specific unit having duties to monitor and maintain the routes and toll collection system in accordance with the operation standards, which can be assured by the experience and expertise of staff in charge from all divisions, thereby leading to the quality and availability of efficient, complete and continued service.

In addition, the Company also established the preventive measure for the significant structures of the Expressway Systems so as to be used at all times by way of drawing up a plan for inspection of the structures of both the Si Rat Expressway and the Udon Ratthaya Expressway to be in line with the inspection by JMI Pacific Co., Ltd., a designing company with expertise in structural inspection. The monitoring, surveillance and maintenance were conducted to ensure that there would be no impact on the use of the Expressways. With respect to the toll collection system and the communication and traffic control systems which are important to the Company's operations, the Company has provided the preventive maintenance as well as the data backup system, the standby power system and the management of purchase of spare materials. Regarding the toll collection equipment, which has a risk in obsolete technology, making it difficult to procure spare equipment, the Company has thus conducted a study on information and planned to install the replacement equipment and installed the new technology of Electronic Toll Collection system, which is available from several manufacturers. Furthermore, the Company also employed specialists to give advice on technology to ensure modern and quality equipment and system, which would build up all relevant parties' confidence, and cooperated with EXAT to conduct the study on the automatic toll collection system to facilitate the Chalem Mahanakorn Expressway, the Si Rat Expressway and the Chalong Rat Expressway, for the convenience of the services, which would alleviate traffic congestion at the front of the toll plazas, and encourage more motorists to use the Expressways.

## 1.7 Risk from Serious Accidents and Natural Perils

In case there is an event or external factor which results in an emergency, namely, peril, serious accident, earthquake and such events which may be caused by terrorism or sabotage as bombing and riot, the Company requires all units to have emergency plans in response to any events which may suddenly occur as well as arranging for staff training to ensure that the staff in charge would be able to immediately take actions to resolve such emergency. To prevent any serious accident, the Company has controlled and monitored to have the strict compliance with the relevant laws; for example, transportation of chemical substances and passenger trucks without roof are prohibited from accessing the Expressways, and transport trucks need to have complete truck coverings. Moreover, the Company further established the measure for inspection of the routes and their surrounding areas, including cooperation with police officers responsible for the areas around the routes. The Company also adjusted positions and added equipment and tools installed on the Expressways to enhance the capacity of control and surveillance, such as, CCTV cameras, lighting, traffic signboards and information signboards.

However, in order to prevent the impact from possible damage, the Company and the Subsidiary took out insurance against the Property Damage of the Si Rat Expressway and the Udon Ratthaya Expressway, and Business Interruption, including the Public Liability, on a yearly basis.



## 1.8 Risk from Economic Uncertainty

The current economic fluctuations, such as, increased prices of oil and consumer goods, both government and private investment slowdown, termination of employments, and overseas financial institution crisis, are key factors that affect people's consumption, thereby causing the purchasing power to decline. According to past records, the volume of use of Expressways is partially affected, which is considered at a low level, as the Expressways are considered one of the essential public utilities and a better alternative than using the at-grade roads which always encounter traffic congestion, as well as facilitating convenient, rapid and safe traveling and transport of goods. However, in order to minimize the potential risk, the Company has arranged for a specific unit having duties to closely monitor data and analyze the tendency and consequences from economic condition, to set up preventive guidelines and action plans in response to future changes, as well as revising the investment plan in line with the situation and investing in such projects which generate maximum return to the Company.

## 1.9 Risk from Government and Politics

The Company's business operation is under the supervision of EXAT, a government agency depending upon the political uncertainty and changes in government administration from the political party in charge, which may result in changes in policies, relevant laws or regulations, thereby rendering EXAT to be unable to perform its obligations under the Agreement or may require the Company to proceed beyond those specified in the Agreement or undertaking. In order to minimize such effect, the Company has established a joint operation system with the government agencies both at the administrative and operation levels, by means of sharing of sufficient information to ensure good understanding towards each other, as well as closely and regularly monitoring the political situations and changes in policies, especially those relating to the Company's business, and reviewing the strategy and operation plan reasonably suitable for the situations and for their mutual interest in the long run.

## 1.10 Risk in respect of Personnel

The Company has realized the significance and value of personnel towards the Company, as they are key factor to drive our organization to success. The Company gives priority to the personnel risk management, starting from the nomination and selection of good and qualified personnel suitable for the Company. The Company has continuously held staff training courses to provide and improve knowledge, skills and abilities in various fields necessary for performance of work based on each staff's position and designated duties, in order to enhance the potential and opportunity, and to encourage the staff. The consideration of remuneration payment and welfare is appropriate and fair. The operation process and work system are reviewed and revised to ensure preparedness at all times, as well as arranging for a succession plan and established a working group comprising high-level executives to set up guidelines in the selection to ensure the availability of personnel, both in the management and supervisor levels, in order to prevent the risk from shortage of personnel having knowledge, expertise and technical skills for specific work. The Company has arranged for collection of the body of knowledge for specific work and extended the results to the Knowledge Management program. In order to prevent error from work process, the Company has adopted several quality event systems in its work operations, namely, 5S Activity, Work Improvement Activity, Suggestion Event, including Quality Management System ISO 9001 : 2000, in respect of which the Company has passed the quality surveillance and the accreditation has been renewed until 2010, so as to ensure that the Company's work operation system meets the standards, and all events which are significant to the provision of service to Expressway users are controlled by using the Key Performance Indicators (KPI) in monitoring and evaluation, and ISO 14001 : 2004 Environmental Management System, which the Company has received the certification in 2008, in order to ensure our corporate social and environmental responsibility by minimizing and limiting pollutions caused by the operations.

## 2 Nature of Business Operations

### 2.1 Background and Significant Events in 2008

#### 2.1.1 Background

Bangkok Expressway Public Company Limited was founded on 23 December 1987 with registered capital of Baht 100,000. Since the Thai government wished to have the private sector to jointly invest in the development of the national transportation system, including the expansion of expressway network, EXAT therefore invited interested parties to submit proposals for construction and operation of the Si Rat Expressway (Second Stage Expressway Project) to connect to the Chalerm Mahanakorn Expressway (First Stage Expressway Project), with the result that the Company's proposal was accepted by EXAT and also adopted by the Council of Ministers on 20 September 1988. On 22 December 1988, the Company entered into the Second Stage Expressway Agreement with EXAT for the construction and operation of the Si Rat Expressway and its extensions, including related businesses under said Agreement for a period of 30 years from 1 March 1990 until 28 February 2020.

In 1994, the current major shareholder, namely, Kumagai Gumi Company Limited, withdrew itself from the management, and thereafter, the group of local banks and CH. Karnchang Group entered into the management and accepted to purchase all shares held by Kumagai Gumi Company Limited. The Company went public on 23 June 1994 and its ordinary shares were registered as listed securities for trading on the Stock Exchange since 31 August 1995. The Company's present registered capital amounts to Baht 8,000 Million, Baht 7,700 Million of which has been paid up.

On 25 September 1996, the Company established Northern Bangkok Expressway Company Limited (the "Subsidiary"), with 99.99 percent of its registered capital of Baht 3,000 Million fully paid up on 24 December 1999, held by the Company. On 27 September 1996, the Subsidiary entered into the Bang Pa-in - Pak Kret Expressway Agreement with EXAT for the construction and operation of the Udon Rattaya Expressway for a period of 30 years from 27 September 1996 until 26 September 2026. Thereafter, the Subsidiary's registered capital was increased by Baht 3,000 Million on 19 March 2003. Therefore, the Subsidiary's present registered capital amounts to Baht 6,000 Million, Baht 4,860 Million of which has been paid up. The Company's shareholding percentage therein remains 53.33 percent of the registered capital.

On 17 April 1997, the Company entered into the Agreement for the Extension of the Second Stage Expressway, Sector D, for a period of 30 years, with EXAT for the construction and operation of Sector D of the Si Rat Expressway (Rama IX - Srinagarindra) from 17 April 1997 until 16 April 2027.

The Second Stage Expressway Project and the Bang Pa-in - Pak Kret Expressway Project are implemented on a BTO (Build, Transfer and Operate) basis, i.e., upon completion of the Company's design and construction of the Expressway, the title to various permanent constructions shall be vested in EXAT. The provision of such services constitutes a form of public utility services, in which the government sector is usually required to provide to the public. Due to the limited budget of the government sector, the private sector is given the opportunity to jointly invest in such services subject to the conditions set forth by the government. The Company and the Subsidiary entered into the relevant Agreements with EXAT and the Company is granted the right to operate and receive toll revenue based on the ratio as specified in the Agreements. The Agreements have a term of 30 years which may be renewed two times for 10 years each, subject to further negotiation with EXAT.

The Company is granted an investment promotion certificate from the Board of Investment in the operation and construction of the Second Stage Expressway Project, Category 6.28: Concession Road, and the rights and privileges granted to the Company have expired on 1 September 2001. The Subsidiary is granted an investment promotion

certificate from the Board of Investment in the operation and construction of the Bang Pa-in - Pak Kret Expressway Project, Category 7.3 : Concession Road, and the rights and privileges granted to the Subsidiary have expired on 1 December 2006.

### 2.1.2 Significant Events in 2008

1. EXAT proceeded to revise the toll rates under the new Notifications for both the Chalerm Mahanakorn Expressway and the Si Rat Expressway, effective since 1 September 2008, and for the Udon Ratthaya Expressway, effective since 1 November 2008. The Company and the Subsidiary disagreed with the toll rates under the said Notifications of the Ministry of Transport. In this regard, the Company and the Subsidiary have already proceeded in accordance with the procedures under the Agreements for settlement of disputes, and this matter may be referred to the dispute resolution procedures in accordance with the Agreements.
2. The Company and EXAT improved the efficiency in service by making preparations for the Electronic Toll Collection system, which is expected to be opened for service to motorists in 2010.
3. TRIS Rating Co., Ltd., a credit rating agency in Thailand, continued to affirm the ratings of the Company at “A” and the Company’s debt instruments at “A-”.
4. The Company issued and offered debentures in the total amount of Baht 4,000 Million with maturity of 3 and 5 years, at fixed interest rates of 5.2-6.0 percent per annum, to prevent risk from interest rate fluctuations in money market and serve as liquidity reserve during the unusual circumstances in money market, as well as minimizing risk from depending on the only source of fund in the type of long-term loans from banks.
5. The Company received the certification of ISO 14001 : 2004 Environmental Management System from UKAS of England, and NAC of Thailand, from SGS (Thailand) Limited, on 14 November 2008.
6. The Company negotiated with EXAT for settlement of disputes in relation to toll revisions which occurred since 1998. EXAT proposed such criteria and guidelines for settlement of disputes to the consideration of the Council of Ministers. The Council of Ministers resolved to grant approval in principle and authorized EXAT to further negotiate with the Company and the Office of the Attorney-General to prepare a draft agreement for submission to the Council of Ministers’ consideration at a later date.
7. The Arbitral Tribunal rendered an arbitral award on 27 November 2008 requiring EXAT to compensate for the deficient revenue from the projections to Northern Bangkok Expressway Company Limited (NECL, the Subsidiary) in the dispute on competing road with the Udon Ratthaya Expressway (as per the details in Legal Disputes on pages 51 to 52).
8. The Arbitral Tribunal rendered an arbitral award on 15 December 2008 requiring EXAT to pay the toll revenue sharing in respect of the urban network which should have been received by the Company in the dispute on the Priority Component Opening Date under the Second Stage Expressway Agreement (as per the details in Legal Disputes on page 50 to 51).

## 2.2 Overview of Business Operations of the Company and the Subsidiary

### 2.2.1 Overview of Business Operations

The Company and EXAT jointly invested in the Expressway System in Bangkok and its surrounding provinces. The Company was responsible for investment in the construction and operation of the Si Rat Expressway (Second Stage Expressway Project), comprising 4 Sectors, namely, Sector A (Rama IX - Ratchadapisek), Sector B (Phayathai - Bangkoklo), Sector C (Ratchadapisek - Chaeng Watthana) and Sector D (Rama IX - Srinagarindra), covering a total distance of 38.5 kilometers. EXAT invested in the construction and operation of the Chalerm



Mahanakorn Expressway (First Stage Expressway Project), comprising 3 expressway routes, namely, Din Daeng - Port, Bang Na - Port, and Port - Dao Khanong, covering a total distance of 27.1 kilometers.

As for toll collection, Expressway users shall pay tolls at the booths around the on-ramps of the Expressway. EXAT is responsible for the collection of all tolls and share such toll revenue with the Company as specified in the Second Stage Expressway Agreement with effect from the Priority Component Opening Date. The toll revenue from the Chalm Mahanakorn Expressway and the Si Rat Expressway shall be encompassed and shared as per rules of area zoning. This is to say that in the urban network, for the first nine years, the Company and EXAT shall receive the revenue sharing at 60 percent and 40 percent, respectively. For the last nine years, the Company and EXAT shall receive the revenue sharing at 40 percent and 60 percent, respectively. As for the period between the first nine years and the last nine years, the Company and EXAT shall receive the revenue sharing at 50 percent each. For the suburban network, all toll revenue shall be paid to the Company and for the Udon Ratthaya Expressway, all toll revenue shall be paid to the Subsidiary.

Furthermore, the Expressway Systems which are interconnected include :

1. The Chalm Mahanakorn Expressway (First Stage Expressway Project) and the Si Rat Expressway (Second Stage Expressway Project) are connected at two locations, namely, Makkasan Interchange and Bangkhlo Interchange.
2. The Si Rat Expressway (Second Stage Expressway Project) and the Chalong Rat Expressway (Ramindra - At Narong Expressway Project) are connected at Rama IX Interchange.
3. The Chalm Mahanakorn Expressway (First Stage Expressway Project) and the Chalong Rat Expressway (Ramindra - At Narong Expressway Project) are connected around At Narong Road.
4. The Si Rat Expressway (Second Stage Expressway Project) and the Bangkok - Chonburi Motorway are connected around Srinagarindra Road.
5. The Si Rat Expressway (Second Stage Expressway Project) and the Udon Ratthaya Expressway (Bang Pa-in - Pak Kret Expressway Project) are connected around Chaeng Watthana Road.

The Subsidiary constructs and operates the Udon Ratthaya Expressway (Bang Pa-in - Pak Kret Expressway Project) comprising 2 Stages, namely, Stage 1, Chaeng Watthana - Chiang Rak, and Stage 2, Chiang Rak - Bang Sai, connecting to the Si Rat Expressway around Chaeng Watthana Road, covering a total distance of 32 kilometers. As for the inbound route, Expressway users shall pay tolls at the booths around the on-ramps of the Expressway while in respect of the outbound route, Expressway users shall pay tolls at the off-ramps. EXAT is responsible to collect and deliver all tolls to the Subsidiary. At present, all Expressway routes of the Company and the Subsidiary are opened for service.

In 2002, the ratio of toll revenue sharing in respect of the urban network between the Company and EXAT has changed from the Company and EXAT receiving the revenue sharing at 60 percent and 40 percent, respectively, to receiving the revenue sharing at 50 percent each, commencing 2 September 2002.

Expressway (km.)	Area Date	Length	Opening	Revenue	Revenue Sharing Company : EXAT
<b>Chalerm Mahanakorn</b>					
Din Daeng - Port	Urban	8.9	4 Jan 1981	Company and EXAT	- First nine years 60 : 40
Bang Na - Port	Urban	7.9	17 Jan 1983	Company and EXAT	- Period between the first nine years and the last nine years 50 : 50
Port - Dao Khanong	Urban	10.3	8 Aug 1987	Company and EXAT	- Last nine years 40 : 60
<b>Si Rat</b>					
Sector A: Rama IX - Ratchadapisek	Urban	12.4	2 Sept 1993	Company and EXAT	- Last nine years 60 : 40
Sector B: Phayathai - Bangkhlo	Urban	9.4	6 Oct 1996	Company and EXAT	- Period between the first nine years and the last nine years 50 : 50
					- Last nine years 40 : 60
Sector C: Ratchadapisek - Chaeng Watthana	Suburban	8.0	2 Sept 1993	Company	- 100 : 0
Sector D: Rama IX - Srinagarindra	Suburban	8.7	First Section 2 Dec 1998 Second Section 1 Mar 2000	Company	- 100 : 0
<b>Udon Rattaya</b>					
Chaeng Watthana - Chiang RakSuburban	Suburban	22	2 Dec 1998	Subsidiary	- 100 : 0
Chiang Rak - Bang Sai	Suburban	10	1 Nov 1999	Subsidiary	- 100 : 0

With respect to the Chalerm Mahanakorn Expressway and the Si Rat Expressway, the toll rates and the revision of the toll rates every five years shall be in accordance with the Second Stage Expressway Agreement, and the calculation and revision shall be based on the most recent increase of the consumer price index for Bangkok as issued by the Ministry of Commerce over the period since the last such toll increase. Each increase shall be rounded up to the nearest whole multiple of Baht 5, provided that such revision shall not increase by more than Baht 10 during the first 15 years of the Contract Period. If there is an unusually high rate of inflation or an occurrence of Force Majeure or Exceptional Event, the Company and EXAT shall consider the toll revision as appropriate, and the most recent toll revision was made on 1 September 2008. The next toll revision is scheduled to be made on 1 September 2013.

With respect to the Udon Rattaya Expressway, the revision of toll rates every five years shall be based on the most recent increase of the consumer price index for Bangkok as issued by the Ministry of Commerce over the period since the last such toll increase. Each increase shall be rounded up to the nearest whole multiple of Baht 5, provided that such revision shall not increase by more than Baht 15 during the first 15 years of the Contract Period. The first toll revision was made on 1 November 2003 and the most recent toll revision was made on 1 November 2008. The next toll revision is scheduled to be made on 1 November 2013. Furthermore, for the purpose of promotion of use of this Expressway by regular customers, the Subsidiary arranged the sale promotion by way of immediate discount at the toll booths from July 2000, whereby in 2008, discount was given at the rate between 11 to 48 percent.

## Special Toll Rates

Expressways/Toll Plazas	Toll Rates			Note
	4 wheels	6-10 wheels	More than 10 wheels	
Revised toll rates effective since 1 September 2008				
Chalerm Mahanakorn Expressway (First Stage Expressway System) except :	45	70	100	* This is the rate after discount for all types of vehicles from 1 September 2008 until 31 December 2009.
At Narong 1 Toll Plaza (to Bang Na)	35 *	60 *	90 *	
Bang Chak Toll Plaza	15	20	30	
Si Rat Expressway (Second Stage Expressway System) except :	45	70	100	** This is the rate after discount for all types of vehicles from 1 January 2009 until 31 March 2009.
Srinagarindra and Ramkhamhaeng Toll Plazas	25	50	70	
Rama IX and Asoke 3 Toll Plazas	25	50	70	
Rama IX 1 Toll Plaza (Si Rat)	20 **	45 **	65 **	
Prachachuen Toll Plaza (inbound)	55	85	130	
Prachachuen Toll Plaza (outbound)	10	15	30	
Prachachuen 1 Toll Plaza (from Prachachuen Road)	15	20	35	
Prachachuen 2 Toll Plaza (to Prachachuen Road)	15	20	35	
Ngam Wong Wan 1 Toll Plaza (outbound)	15	20	35	
Ngam Wong Wan 2 Toll Plaza (inbound)	15	20	35	
Revised toll rates effective since 1 November 2008				
Udon Ratthaya Expressway				This is the rate after discount for all types of vehicles from 1 November 2008 until 31 December 2009.
Muang Thong Thani Toll Plaza	25	50	75	
Si Saman Toll Plaza	30	60	90	
Bang Phun Toll Plaza	35	70	105	
Chiang Rak Toll Plaza	40	80	120	
Bang Pa-in Toll Plaza	45	90	135	

Although EXAT's issuance of the Notifications of the Ministry of Transport for toll revisions with approval of the Minister of Transport in charge, namely, the toll rates for the Chalerm Mahanakorn Expressway and the Si Rat Expressway were revised on 1 September 2008 and the toll rates for the Udon Ratthaya Expressway were revised on 1 November 2008, the Company and the Subsidiary were of the view that the revised toll rates under the said Notifications did not comply with the provisions of the relevant Agreements.

### 2.2.2 Separation of Operations between the Company and the Subsidiary

The business operations of the Company and the Subsidiary are of the same nature, namely, execution of the Expressway Agreements with EXAT for the construction and operation of the Expressways. In 1996, the Company established the Subsidiary, namely, Northern Bangkok Expressway Company Limited, to operate the Udon Ratthaya Expressway Project. Given the severe financial hardship due to the fact that the actual revenue failed to meet the projections as affected by the competing road since 1998, the Company therefore reengineered the management to minimize expenditures by way of staff downsizing and the Company's operation of the Udon Ratthaya Expressway.



### 2.2.3 Shareholding Structure in the Subsidiary (As at 31 December 2008)

Registered capital of the Subsidiary	Baht	6,000,000,000	
Par value	Baht	10	Per Shares
Paid up	Baht	4,860,000,000	
Ordinary shares		294,000,000	Shares
Preferred shares		306,000,000	Shares
	Total	600,000,000	Shares
BECL holds shares in the Subsidiary		319,999,980	Shares
Ordinary shares		154,000,000	Shares
Preferred shares		165,999,980	Shares

## 2.3 Revenue Structure

Comparison of Revenue of the Company and the Subsidiary in 2006 - 2008

Description	Operated by	2008		2007		2006	
		Million Baht	%	Million Baht	%	Million Baht	%
Urban Expressway							
Chalerm Mahanakorn Expressway (First Stage Expressway)	EXAT	2,569.47	35.94	2,734.84	37.52	2,800.07	39.92
Si Rat Expressway (Second Stage Expressway, Sector A)	Company	1,414.51	19.79	1,398.26	19.18	1,335.63	19.05
Si Rat Expressway (Second Stage Expressway, Sector B)	Company	679.64	9.51	669.92	9.20	649.87	9.27
Total		4,663.62	65.24	4,803.02	65.90	4,785.57	68.24
Suburban Expressway							
Si Rat Expressway (Second Stage Expressway, Sector C)	Company	678.76	9.50	686.64	9.42	660.35	9.42
Si Rat Expressway (Second Stage Expressway, Sector D)	Company	1,038.96	14.53	1,141.94	15.67	928.92	13.25
Udon Ratthaya Expressway (Bang Pa-in - Pak Kret Expressway)	Subsidiary	574.79	8.04	606.37	8.32	568.97	8.11
Total		2,292.51	32.07	2,434.95	33.41	2,158.24	30.78
Total Toll Revenue		6,956.13	97.30	7,237.97	99.31	6,943.81	99.02
Other Revenues <sup>(1)</sup>		192.74	2.70	50.61	0.69	69.05	0.98
Grand Total		7,148.87	100.00	7,288.58	100.00	7,012.86	100.00

Remark : <sup>(1)</sup>Other revenues include gain on sale of investment, interest income, gain on investment, dividend income and others.

## 2.4 Goals of Operations

The Company set its goals with our firm commitments to becoming a leading private company in provision of the Expressway services in Thailand, subject to good management systems to facilitate the public transport in accordance with the good corporate governance principles and the corporate social responsibility. In 2009, the Company has four main policies as follows :

- 1) Encouraging a society to perceive our good corporate image;
- 2) Alleviating traffic problems in Bangkok;
- 3) Securing our good financial standing;
- 4) Improving the efficiency and work quality subject to good corporate governance principles and proper risk management.

### Action Plans

- 1) To organize public relations in respect of the Company's commitments to providing quality services and accountability towards all parties concerned to ensure our good corporate image towards consumers and society as a whole;
- 2) To introduce the Electronic Toll Collection system for service and upgrade various systems and equipment ready for use, including improvements on- and off-ramps and main routes to enhance the efficiency of the Second Stage Expressway;
- 3) To cooperate with EXAT in the management and maintenance of the Second Stage Expressway to optimize its efficiency to the satisfaction of motorists;
- 4) To maintain the liquidity, and efficiently manage short- and long-term investments to generate more revenues, and apply various financial instruments for risk management and reduction of financial costs;
- 5) To follow up and accelerate the settlement of disputes with EXAT to minimize impacts on the operations;
- 6) To maintain an efficient, transparent, and auditable management system subject to the good corporate governance principles and publicize it for an acceptance of nationwide;
- 7) To develop personnel and management system by applying the ISO 9001 : 2000 Quality Management System, and ISO 14001:2004 Environmental Management System to improve the performance and introduce the Performance Management System (PMS) for measurement and evaluation.

In 2009, the Company will start to install the Electronic Toll Collection system for a period of 12 months to ensure the efficiency of the Second Stage Expressway Project. This not only will save time in paying tolls for Expressway users, but also ensure convenience at Toll Plazas through the Electronic Toll Collection system. The Company foresees that this system will improve the efficiency of the service with convenience and rapidity, as well as energy saving and environmental-friendly. The Company thus manages to develop such system for the service, subject to technological feasibility and rules and regulations of EXAT. The Company is willing to invest and provide such quality service which is compatible with the toll collection systems of various projects in the future.

## 3 Business Operations of the Company

### 3.1 Nature of Services

The Company and the Subsidiary provide Expressway services, namely, the Si Rat Expressway (Second Stage Expressway) and the Udon Rattaya Expressway (Bang Pa-in - Pak Kret Expressway) which connect to the Expressway network covering major areas in Bangkok and the surrounding provinces, rendering it convenient for motorists to travel from the North of Bangkok and the surrounding provinces to the South and the East without being required to pass through the congested traffic in the downtown and also ensuring that motorists can reach their destinations faster than using normal routes. The details of the Expressway network connections are as follows :

Description	Length (km.)	Constructed and Operated by
1. Chalerm Mahanakorn Expressway (First Stage Expressway) (Bang Na - Din Daeng - Dao Khanong)	27.1	EXAT
2. Si Rat Expressway (Second Stage Expressway) 2.1 Urban Network (Prachachuen-Phayathai-Bangkhlo-Asoke) 2.2 Suburban Network (Prachacheun-Chaeng Watthana and Asoke-Srinagarindra)	38.5	BECL
3. Udon Rattaya Expressway (Bang Pa-in - Pak Kret Expressway)	32.0	NECL
4. Chalong Rat Expressway (Ramindra - At Narong Expressway)	18.7	EXAT
5. Burapha Withi Expressway (Bang Na - Chonburi Expressway)	55.0	EXAT
6. Bang Pli - Suksawad Expressway (Southern Outer Bangkok Ring Road) and Highway No. 37 (Suksawad-Bang Khun Thien Section)	35.1	EXAT
7. Utraphimuk Elevated Way (Don Muang Tollway)	28.1	Don Muang Tollway Public Company Limited
Total length	234.5	

### 3.2 Marketing and Competition

#### Target Customers and Characteristics

Target customers of the Chalerm Mahanakorn Expressway and the Si Rat Expressway refer to those motorists who desire a convenient and rapid transportation or who desire to shorten the traveling distance to their destinations as well as to avoid the traffic congestion along the normal roads, which is a major problem in Bangkok. Target customers by the types of vehicles using the Expressways in 2008 may be divided into three categories, namely, four-wheeled vehicles; six- to ten-wheeled vehicles; and more than ten-wheeled vehicles. The four-wheeled vehicle customers accounted for the highest ratio of 97.79 percent, while the six- to ten-wheeled vehicle customers and more than ten-wheeled vehicle customers represented 1.94 percent and 0.27 percent, respectively. Revenue was mainly derived from cash representing 85 percent, from coupons representing 13 percent and from Expressway TAG representing 2 percent. The most popular Expressway routes are the urban network in both the First and Second Stage Expressways as they pass through downtown, which may described by areas as follows :



Description	Average Traffic Volume (vehicles/day)	%
1. Chalem Mahanakorn Expressway (First Stage Expressway) (Bang Na - Din Daeng - Dao Khanong)	331,001	24.59 %
2. Si Rat Expressway (Second Stage Expressway)		
2.1 Urban Network (Prachachuen-Phayahai-Bangkhlo-Asoke)	277,686	20.63 %
2.2 Suburban Network (Pracha Cheun-Chaeng Watthana and Asoke-Srinagarindra)	264,292	19.63 %
3. Udon Rathaya Expressway (Bang Pa-in - Pak Kret Expressway)	51,693	3.84 %
4. Chalong Rat Expressway (Ramindra - At Narong Expressway)	100,983 <sup>(1)</sup>	7.50 %
5. Burapha Withi Expressway (Bang Na - Chonburi Expressway)	70,558 <sup>(1)</sup>	5.24 %
6. Bang Pli - Suksawad Expressway (Southern Outer Bangkok Ring Road) and Highway No. 37 (Suksawad-Bang Khun Thien Section)	150,000 <sup>(2)</sup>	11.14 %
7. Utraphimuk Elevated Way (Don Muang Tollway)	100,000 <sup>(3)</sup>	7.43 %
Total Traffic Volume	1,346,213	100 %

<sup>(1)</sup> Source: Expressway Authority of Thailand as at 30 September 2008.

<sup>(2)</sup> Source (approximate figures): Matichon Newspaper dated 27 November 2008.

<sup>(3)</sup> Source (approximate figures): Prachachat Turakij Newspaper dated 17 July 2008.

Given the fact that the provision of Expressway services is considered a form of public service, target customers of the Expressway Systems are broad depending on their transportation purposes. In this respect, the revenue of the Expressway Systems will not rely on any particular group of customers.

### 3.2.1 Marketing Policy and Circumstances

#### Marketing Strategies

The marketing highlight is that the Si Rat Expressway is designed to respond to the transportation needs through the Expressway network which connects to and covers major areas in Bangkok, whether from the Chalem Mahanakorn Expressway and the Si Rat Expressway, as well as the Chalong Rat Expressway (Ramindra - At Narong) which cover the areas from the North to the South and from the West to the East of Bangkok. In addition, the Third Stage Expressway, Southern Route S1 (Bang Na - At Narong), connecting to the Burapha Withi Expressway (Bang Na - Chonburi), and the Chalem Mahanakorn Expressway and the Chalong Rat Expressway, renders the service of the Expressway Systems to become more complete for users to reach their destinations more conveniently and rapidly than using at-grade roads.

The marketing disadvantage is the physical limitation which prevents the release of traffic around the Expressway exists during rush hours, which depends on the traffic on at-grade roads, representing an uncertain factor beyond the Company's control. However, the Company continuously cooperates with traffic police in police stations of such areas to provide assistance in releasing traffic flow, and secures the flow of the traffic volume in the Expressway system by improving various on- and off-ramps to facilitate customers with more convenience, time-saving and better quality of living in their commute in the downtown. Customers should then appreciate these benefits over price factor.

In view of various marketing strategies, the Company has proceeded as follows :

### **1) Expressway Route and Network for Service (Products)**

1. The prime location and connections to major roads in the city allow the Expressway network to respond to the transportation needs of motorists to reach their desired destinations. In this regard, the Company has improved the quality of the routes and its services and given priority to the customers' needs, which will be integrated as key strategies to efficiently accommodate the traffic volume flowing in the system.
2. The feasibility study on improvement of the on- and off-ramps of the Expressways serves as another measure to facilitate the traveling and to continually maintain the quality of the Expressway in terms of engineering safety to meet international standards.
3. In order to improve the services to accommodate more motorists, the Company carried out construction of road surface expansion and additional toll booths at Prachachuen 2 Toll Plaza and Yan Phahon Yothin Toll Plaza, which were completed and opened for service in November 2008. In addition, the Company has also started to improve the toll collection system of Sectors A and C of the Si Rat Expressway and is conducting the feasibility study for construction of additional toll booths at Ngam Wong Wan 2 Toll Plaza, Bang Sue Toll Plaza and Khlong Prapa 1 Toll Plaza, respectively.
4. The study on new routes in response to the growing urbanization in the future, particularly in Bangkok, as well as the study on traveling behavior of motorists are conducted to prepare for the expansion of the scope of the Expressway services, and serve well as additional channels of services in response to needs of the motorists in the future.

The Company also plans to improve signboards regarding the Expressway usage on the at-grade main road and various alleys in Bangkok and its surrounding provinces so as to facilitate motorists to have confidence to access the Expressways. To this effect, the Company focuses on introducing such landmarks adjacent to the on- and off-ramps of the Expressways on the website and various public relations media to confirm the features of the Projects, prime locations and accessibility to motorists.

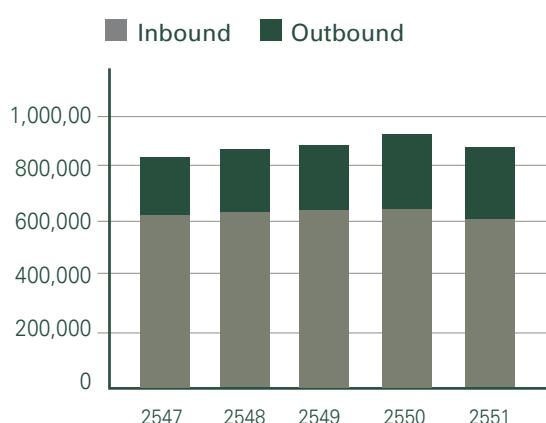
### **2) Toll Rates (Price)**

1. Price or toll rates are agreed upon and specified in the Agreements, including the calculation for revisions of toll rates ahead of time between the contractual parties since the execution of the Agreements for the respective Projects. The rates are considered reasonable and based on the feasibility study for investment of each Project. Under the Second Stage Expressway Agreement and the Bang Pa-in - Pak Kret Agreement, toll rates shall be revised at every five years interval in accordance with changes in consumer price index for Bangkok as announced by the Ministry of Commerce, which serves as the basis of calculation for the intrinsic value of the toll rates during the given periods under the Agreements.
2. The Company continues to provide discount on tolls in 2008 on certain routes for a limited period of time to attract motorists to increasingly use the Expressway services, especially such routes with connections between the Expressway Systems, e.g., Rama 9-1 Toll Plaza (from the Chalong Rat Expressway to enter Sector D of the Second Stage Expressway) and At Narong Toll Plaza (to Bang Na), as well as the entire route of the Udon Raththaya Expressway. This should facilitate motorists who travel a long distance to enjoy more discount than general motorists.

### 3) Distribution Channels (Place)

1. Users of the Chalem Mahanakorn Expressway and the Si Rat Expressway may choose to use the Expressway services from various on- and off-ramps covering major areas in Bangkok throughout the total distance of 65.6 kilometers, both urban and sub-urban. Expressway users shall pay tolls at the on-ramps of toll plazas, totaling 48 locations, 18 toll plazas of the Chalem Mahanakorn Expressway (e.g., Din Daeng, Bang Na, Dao Khanong, Sukhumvit, Rama 4 Toll Plazas, etc.) and 30 toll plazas of the Si Rat Expressway (e.g., Asoke, Rama 9, Srinagarindra, Yommaraj, Surawong, Hua Lamphong, Prapa, Yan Phahon Yothin, Prachachuen, Rama 3, etc.).
2. Traffic volume in the Chalem Mahanakorn Expressway (First Stage Expressway) and the Si Rat Expressway (Second Stage Expressway) in 2008 may be categorized by urban and sub-urban, which equals 70:30

### Traffic Volume of the First and the Second Stage Expressway Systems Average Daily Traffic Volume for Urban and Sub-urban



Unit :	Urban	Sub-urban	Total
Vehicles / Day			
2004	626,058	216,651	842,709
2005	635,933	227,983	863,916
2006	644,473	246,806	891,279
2007	649,866	277,765	927,631
2008	608,687	264,292	872,979

### 3. Payment of Tolls

- Users of the Chalem Mahanakorn Expressway may pay tolls in cash, coupon or Expressway TAG for toll booths equipped with automatic toll collection system.
  - Users of the Si Rat Expressway may pay tolls in cash and coupon at all toll plazas, except Sectors C and D which accept cash only.
  - Users of the Udon Rattaya Expressway shall pay tolls at the on-ramps for the inbound direction and at the off-ramps for the outbound direction. There are five on-ramps and five off-ramps, and tolls must be paid in cash only.
4. The automatic toll collection system, in association with the Expressway Authority of Thailand, serves as a new channel for motorists and facilitate and speed up the toll payment at the front of the Toll Plazas during rush hours, as well as accommodating the increasing traffic volume in the future. The Company expects to complete the installation of the system to be ready for service in early 2010. Furthermore, the Company continuously and regularly cooperates with the Expressway Authority of Thailand to enhance the efficiency of the toll collection during rush hours.

### 4) Sales Promotion and Public Relations (Promotion)

In the sales promotion activities, the Company provides discount on tolls on certain routes within a limited period of time, aimed at attracting target customers to continue to use the Expressway services and eventually become regular customers. In 2008, the Company provided discount at the connection from the Chalong Rat Expressway to Sector D of the Si Rat Expressway at Rama 9-1 Toll Plaza (Si Rat) and at the connection from the Chalong Rat Expressway to the Chalem Mahanakorn Expressway at At Narong 1 Toll Plaza only on the route to Bang Na, including the Udon Rattaya Expressway of the Subsidiary, which continued to provide discount at the rate



between 11 to 48 percent to motorists.

Furthermore, during the remarkable festivals, such as, Songkran Festival and New Year's Festival, the Company also holds activities promoting the use of the Expressways for motorists by cooperating with the Expressway Authority of Thailand to distribute souvenirs to motorists, including arranging for motorist service points at the destination toll plazas, which demonstrated our positive image and relationship with motorists under the theme that we provide good services to customers throughout the routes.

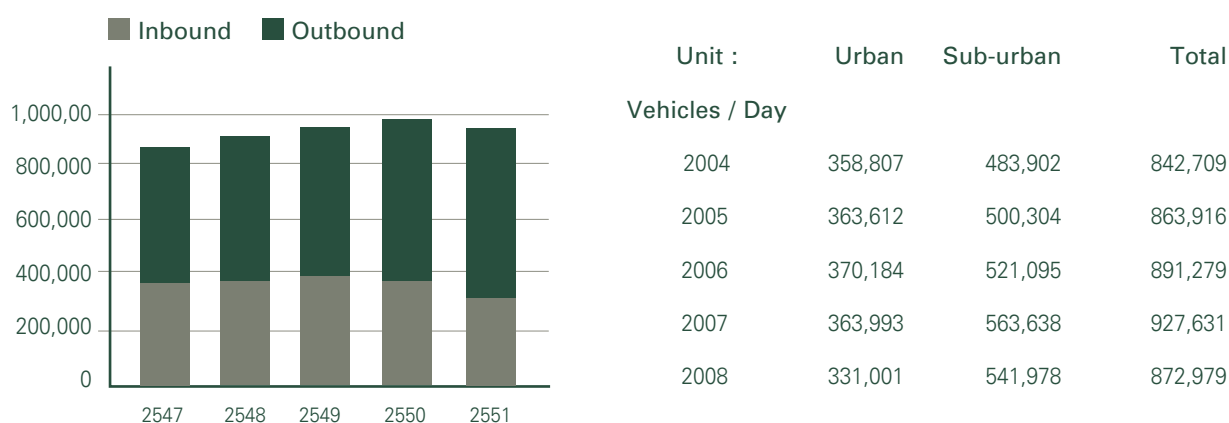
The Company, as a private company that provides the Expressway services, responds to the government policy to promote the "No Phone While Driving" and "No Drunk Driving" campaigns through the "Drive Safety" activities, as well as raising an awareness of energy concerns in traveling under the high-priced oil circumstances. The Company also implemented public relations to convince target customers of the convenient, rapid, economical and safe usage of the Expressways; various quality services on the Expressways; and various sales promotion of the Company, such as, discount on tolls, connections between the Expressways and various routes to facilitate motorists.

The channels of public relations used by the Company to introduce new on- and off-ramps, and to disseminate information, news, discount on tolls, and activities comprise documentary programs on radio and television, radio spot, leaflets, signboards on the Expressway, and our website to introduce Expressway routes to various destinations, including Si Rat bimonthly newsletters as a medium for sharing information and news between the Company and motorists. In 2008, the Company improves the frequency of our customer relations activities with the existing customers to educate, satisfy and attract new customers to use the services more, as well as organizing various social activities throughout the year to ensure the positive attitude of our services towards customers and society.

### 3.2.2 Industry and Competition

The high-priced oil crisis continued from 2006 until mid-2008, which caused the traveling costs in 2008 to rise. Thailand's high inflation which set record in its history amidst the global economic downturn resulted in the national economic recession, particularly late 2008, as evidenced by the continuously declining number of tourists to Thailand. Part of the impact worth noting is the opening of the Bang Pli - Suksawat Expressway (Southern Outer Bangkok Ring Road) for temporary free service since November 2007, which caused the traffic volume of the Expressway Systems to decline relative to the previous year. Currently, the Expressway Authority of Thailand is installing the toll collection system, which is expected to be completed in 2009, while the Company is closely monitoring the circumstances. These events have caused the overall traffic volume of the Chalem Mahanakorn Expressway and the Si Rat Expressway in 2008 to decrease by 5.89 percent as compared to 2007.

#### Traffic Volume of the First and the Second Stage Expressway Systems Average Daily Traffic Volume by Systems



In view of the indirect competition through other public transport systems, despite the services of the Bangkok Transit System of the Bangkok Metropolitan Administration (BTS) and the metro of the Mass Rapid Transit Authority of Thailand (MRTA), the volume of vehicles using the Expressways did not reduce because the majority of customers

of these transportation systems previously used the public transport systems and they are in a different group to those using the Expressway Systems.

### **3.3 Procurement of Products and Services**

#### **3.3.1 Nature of Procurement of Products**

The Expressway Authority of Thailand is an authority responsible for the construction of expressways to provide facilities and rapid traffic and transport in respect of projects in Bangkok and its surrounding provinces. The Expressway Authority of Thailand invites interested parties to participate in the preparation of proposals or accepts bids, in which the Company conducts a project feasibility study and submits proposals or bids to be awarded the project, subject to appropriate return and conditions.

The Expressway Projects under the Second Stage Expressway Agreement, the Bang Pa-in - Pak Kret Expressway Agreement and the Agreement for Extension of the Second Stage Expressway (Sector D) are implemented on a BTO basis. According to the essence of the Agreements, the Expressway Authority of Thailand shall have the duty to determine the characteristics of the Expressways, Expressway routes and areas to be used for construction and arrange for land expropriation for delivery to the Company for construction within the time specified in the Agreements. Thereafter, the Company would carry out construction in accordance with the designs approved by the Expressway Authority of Thailand, subject to the supervision of the quality of construction work by the Expressway Authority of Thailand's Consulting Engineer, Independent Certification Engineer and Independent Design Checker. Upon completion of the construction, the Independent Certification Engineer shall inspect the work and issue Certificate of Completion to evidence that the construction work is complete in accordance with the specified standards and is ready for service, at which time, the Company shall be entitled to obtain toll revenue under the conditions of the Agreements.

In the previous constructions, the Company engaged project managers to carry out construction and operate the Expressway Projects on a lump sum turnkey basis and on a subcontract basis. This was due to the fact that the Expressway Projects are large scale projects which may sustain cost overrun issues and delayed completion of the construction. The lump sum turnkey engagement is intended to prevent such risk. In the engagement of project managers, the Company will select specialists with experience to act as project managers and construction contractor to ensure the accomplishment of quality work on time.

#### **3.3.2 Environmental Impact**

The Company is always environmentally aware. In the construction of the Expressways under the Second Stage Expressway Agreement and the Bang Pa-in - Pak Kret Expressway Agreement, the Company and the Subsidiary shall comply with the measures to prevent pollutions in accordance with the regulations of the National Environment Committee and other relevant laws, which form an integral part of the Agreements. The Company and the Subsidiary implemented the measures and procedures as appropriate for the construction carried out in the urban areas with high populations. In so doing, the Company employs the Segmental Box Girder construction technique which allows it to complete the construction faster than other techniques in those days, so as to prevent any impact to nearby communities and affect the at-grade traffic at the least possible extent during the construction. Furthermore, the Company has no records of committing any environment related offenses.

Even during the course of the current operation of the Expressway Systems, the Company remains concerned about the quality of life of staff, motorists and communities surrounding the Expressways. In 2008, the Company improved its internal procedures to conform to the environmental requirements to apply

for the certification of ISO 14001:2004 Environmental Management System, and eventually obtained such certification from SGS (Thailand) Co., Ltd. on 14 November 2008. The Company's environmental policy is to become a leading company in Thailand which provides the Expressway services and has the management system to facilitate the public transport, subject to good corporate governance principles and corporate social responsibility. The Company is committed to ensuring the environmental management in line with the following guidelines :

1. To give priority to pollution prevention and control by managing and maintaining the Expressways to meet international standards and keeping in mind the environmental impact on motorists, staff and communities;
2. To instill and encourage our staff with an awareness of efficient use of energy and natural resources;
3. To comply with the environment-related laws and regulations;
4. To review the purposes and goals for continued improvement of the environmental management system;
5. To communicate our environmental policy to the public and all parties concerned.

In 2008, the Company assessed the compliance with the environmental impact standards in the annual environmental quality measurement, with the result that the Company's average compliance scores satisfied the law requirements. In this regard, the Company has continued to monitor, particularly such potential environmental issues.

The Company has efficiently improved the use of resources through the energy management measures, e.g., installation of power pressure controllers for the lighting system on the Expressways, electronic controllers for water pumps and air-conditioners, to reduce the unnecessary power consumption and use such efficient electrical equipment to replace the old and defective equipment. In addition, the internal communication system and electronic data storage system have been developed which not only helps minimize the operating costs, but also reduces the global warming.

In terms of environmental management, the Company properly manages various types of wastes in compliance with the environmental law requirements, which are divided into general wastes, recycled wastes and hazardous wastes. Such arrangement should help reduce pollutions from wastes and minimize the volume of wastes as a whole.

As for the quality of effluent from the Expressway Control Center Building, the Company has built a wastewater treatment pond to treat effluent prior to discharge from the Building. The treatment system is done by adding chlorine to the wastewater spilling from the grease trap tank, which is installed to prevent leakage of wastes from cleaning and/or repair of the operating vehicles in the depot and the cleaning areas in the Control Center Building. This has caused the quality of wastewater to be higher than the standards as required by law.

For the purpose of safety, the Company has introduced the electronic systems to report any event, alarm or accident to ensure the rapid rescue operation or solution. The rescue operators are trained to be ready to take action upon occurrence of any such events. Various activities are organized regularly to promote staff to be aware of safety and environment through the internal audio system, e.g., energy-saving, environmental knowledge, global warming, safety and staff health care, etc.

Last year, the Company has trained staff, as well as executives, on knowledge and techniques for environmental management in accordance with the ISO 14001:2004 Environmental Management System, as well as arranging for various activities to raise an awareness of environmental protection in our organization and participating in social contributions with the communities nearby.



## 4 Research and Development

Bangkok Expressway Public Company Limited, as a private company providing the Expressway services, has given priority to the continued study, survey and improvement of expressway routes, under the concept that traveling by the Expressways is part of motorists' daily life. It is thus necessary to improve and develop for better services and to study the project developments, in support of the Company's investment decision to satisfy the needs of all customer groups, in order to facilitate and accommodate motorists' traveling needs to the utmost satisfaction and benefits.

With such intention in mind, the Company has allocated resources and budget for our research and development team, comprising specialists in the fields of traffic engineering, marketing and finance, to conduct study on new projects, both in respect of return on investment and potential impact, by having a special unit responsible to conduct project feasibility study, follow up on movement of traffic volume, as well as conducting assessment of its investment status in various projects, so as to increase the efficiency of its services and generate more revenue to the Company, such as, construction of new expressway, construction of additional on - and off-ramps, and improvement of on- and off-ramps, etc. Moreover, the Company also engaged external specialists to conduct various studies, such as, traffic and construction for each respective project, in order to ensure that the study would be more appropriate and correct and minimize investment risk. In 2008, the Company's budget for research and development amounts to Baht 8.86 Million.

At present, projects which the Company is conducting the feasibility study are:

1. Srinagarindra - Bang Na - Samut Prakan Expressway Project; and
2. Si Rat - Outer Bangkok Ring Road Expressway Project.

## 5 Property Used in Business Operations

### 5.1 Book Value of Property, Plant and Equipment as at 31 December 2008

#### 5.1.1 Bangkok Expressway Public Company Limited

Class of Assets	Net Book Value (Million Baht)
Land (126 rai 2 ngarn 84 square wah)	169.29
Building and construction improvement	4.04
Furniture and fixture	0.71
Tools, instrument and equipment	6.51
Motor vehicles	46.98
<b>Total</b>	<b>227.53</b>

The foregoing land is located at Bang Pa-in Industrial Estate, Amphoe Bang Pa-in, Phra Nakhon Si Ayutthaya Province, which is used as the site of the precasting yard for finished concrete segments during the construction of the Expressways. The Company's head office is located at the Second Stage Expressway Control Center Building, which is part of the Second Stage Expressway Project. Despite the fact that the title to such Building is owned by the Expressway Authority of Thailand, the Company is granted the right to use such Building to operate the Second Stage Expressway Project under the conditions as specified in the Agreement.

#### 5.1.2 Northern Bangkok Expressway Company Limited

Class of Assets	Net Book Value (Million Baht)
Motor vehicles	0.37
<b>Total</b>	<b>0.37</b>

The Subsidiary does not own any property, plant and equipment, but leases a building as its head office located at No. 587, Sutthisarnvinichai Road, Dindaeng Subdistrict, Bangkok 10400. The lease is on a year by year basis at the rental rate of Baht 10,000 per month. The Subsidiary uses the Bang Pa-in - Pak Kret Expressway Control Center Building, which is part of the Bang Pa-in - Pak Kret Expressway Project, to supervise the operations. Despite the fact that the title to such Building is owned by the Expressway Authority of Thailand, the Subsidiary is granted the right to use such Building to operate the Bang Pa-in - Pak Kret Expressway Project under the conditions as specified in the Agreement.

## 5.2 Right to Operate Completed Expressway Sectors as at 31 December 2008

Class of Assets	Net Book Value (Million Baht)
Si Rat Expressway, Sectors A, B and C	20,697.59
Si Rat Expressway, Sector D	6,552.84
Udon Ratthaya Expressway	10,395.99
<b>Total</b>	<b>37,646.42</b>

Given that the Concession Agreements of the two Projects are on a BTO (Build, Transfer and Operate) basis, the title to all Expressways, including various permanent constructions in relation to or used in connection with the Expressway Systems, shall be vested in the Expressway Authority of Thailand immediately upon completion of construction and opening for service. The Company is entitled to utilize such property with the duty to keep such property maintained throughout the term of the Agreements. The Second Stage Expressway Agreement (Si Rat Expressway) has a term of 30 years from 1 March 1990 and may be renewed for two times of 10 years each, subject to the conditions to be agreed upon between the Company and the Expressway Authority of Thailand. The Bang Pa-in - Pak Kret Expressway Project Agreement (Udon Ratthaya Expressway) has a term of 30 years from 27 September 1996 and may be renewed for two times of 10 years each. The Agreement for the Extension of the Second Stage Expressway, Sector D, has a term of 30 years from 17 April 1997. These Agreements require the Company and the Subsidiary to be responsible for costs of traffic management and rescue operation on the Expressways, including expenses of toll collection, on the Si Rat Expressway and the Udon Ratthaya Expressway which shall be paid to EXAT for the said cost, including the costs of maintenance of the Expressways throughout the term of the respective Agreements.

## 5.3 Policies on Investment

The Company has policies to invest in the public utilities or related business in support of the Company's operations and providing opportunities and long-term yields to the Company. As at 31 December 2008, the Company has invested in the following companies :

Unit : Million Baht

Company	Type of business	Registered capital	Paid-up capital	Shareholding percentage	Cost of investment
Northern Bangkok Expressway Company Limited	Construction and management of the Udon Ratthaya Expressway	6,000	4,860	53.33%	2,060
Bangkok Metro Public Company Limited	Concession from the Mass Rapid Transit Authority of Thailand	11,950	11,950	11.91%	1,768
SouthEast Asia Energy Limited	Construction and operation of a hydroelectric power plant	6,607	4,133	16.67%	689
Thai Tap Water Supply Public Company Limited	Production and distribution of tap water	3,990	3,990	9.24%	1,137

1. The Company invested in the establishment of Northern Bangkok Expressway Company Limited (Subsidiary) in the year 1996, by holding 99.99 percent of shares in the Subsidiary. The benefits to be derived by the Company shall be in the form of dividend from investment in shares of the Subsidiary and the Udon Ratthaya Expressway would help increase the traffic volume on the Chalmr Mahanakorn and the Si Rat Expressway Projects, resulting in revenue and profits to both companies in the long run.

Due to the impact on the Subsidiary from the government policy for construction of the competing road, the Subsidiary's revenue did not meet its projection. In this regard, the Subsidiary's operational results continued to sustain loss to the extent that the accumulated loss exceeded its capital, resulting in shareholders' deficit. In 2003, the Subsidiary therefore increased its registered capital by Baht 3,000 Million to become the registered capital of Baht 6,000 Million, of which 25 percent was paid up by the existing shareholders. Until 2008, the Subsidiary called for share payment of 62 percent of the increased registered capital of Baht 3,000 Million. As at 31 December 2008, the Subsidiary has the paid-up registered capital in the amount of Baht 4,860 Million. At present, the Company holds shares in the Subsidiary, representing 53.33 percent of its registered capital.

Since the Company provided the large amount of loans to the Subsidiary and also is the only creditor of the Subsidiary, the Company has therefore assigned its seven executives to be members of the Subsidiary's board of directors, from a total of eight directors of the Subsidiary. In case the Subsidiary would take any actions which may significantly affect the Company, the Subsidiary would be required to seek prior approval from the Company's Board of Directors. Furthermore, the Company is also the contractor for all works of the Subsidiary.

2. The Company invested in Bangkok Metro Public Company Limited (BMCL), a company awarded concession from the Mass Rapid Transit Authority of Thailand (MRTA), to invest in the M&E Equipment, together with providing a train operation service, repair and maintenance of the MRTA Initial System, throughout the 25-year concession period, with the right to receive fare revenue and take various activities to derive revenue from the commercial development at the stations. The benefits to be derived by the Company shall be in the form of dividend from such investment.

BMCL's securities were listed on the Stock Exchange of Thailand on 21 September 2006. As at the end of the year 2008, the Company holds shares in BMCL, representing 11.91 percent of its registered capital.

The Company, in the capacity as a shareholder, sent one representative to be a member of the board of directors of BMCL.

3. The Company invested in SouthEast Asia Energy Limited (SEAN), a company which invested in Nam Ngum 2 Power Company Limited and was awarded concession from the government of the Lao People's Democratic Republic to carry out design, development, construction and operation of the Nam Ngum 2 Hydroelectric Power Project, with a 25-year concession period from the date of commencement of the operation. The benefits to be derived by the Company shall be in the form of dividend from such investment. With respect to the shareholding percentage in Nam Ngum 2 Power Company Limited, 75 percent of shares are held by SEAN, and the remaining 25 percent are held by Electricit du Laos.

During 2008, SEAN called for additional share payment of 45.50 percent of shares held by the Company which have not been fully paid-up, whereby the Company made such share payment in the amount of Baht 243.22 Million. As at the end of the year 2008, the Company holds shares in SEAN, representing 16.67 percent of its registered capital.

The Company, in the capacity as a shareholder, sent one representative to be a member of the board of directors of SEAN.

4. The Company invested in Thai Tap Water Supply Public Company Limited (TTW), which operates the business of production and distribution of tap water to the Provincial Waterworks Authority in the vicinity of Nakhon

Pathom Province and Samut Sakhon Province, under the Water Purchase and Sale Agreement with the Provincial Waterworks Authority with a 30-year contract term from 21 July 2004. The benefits to be derived by the Company shall be in the form of dividend from such investment.

In May 2008, the Stock Exchange of Thailand considered accepting TTW's ordinary shares as listed securities on the Stock Exchange, whereby TTW offered its 1,000 million ordinary shares for sale to the public, comprising 700 million ordinary shares for capital increase and the existing 300 million ordinary shares, whereby the Company jointly offered 37.5 million ordinary shares in TTW held by the Company for sale as well, thereby causing the Company's shareholding percentage in such company to decrease from 12.35 percent to 9.24 percent. In this regard, the Company has gain on such sale in the amount of Baht 37.65 Million.

The Company, in the capacity as a shareholder, sent one representative to be a member of the board of directors of TTW.

## 6 Future Projects

In respect of projects for construction of the extension of the Second Stage Expressway Agreement, the Company is entitled to first be considered if there will be any construction or arrangements in respect of any extension of the Second Stage Expressway System, provided that such arrangements shall provide no less favorable benefits to the Expressway Authority of Thailand than others.

Extension projects comprise:

1. Extension of Sector B+ as a route connecting Sector B1 at Urupong Intersection heading the West to Buddha Monthon and Nakhon Chaisi. However, the said project had affected several communities, and would pass through such areas adjacent to the Rattanakosin Island. The Office of Transport and Traffic Policy and Planning (OTP) therefore conducted study and designed the Phayathai - Buddha Monthon Expressway instead in the State Railway of Thailand area, at Bang Sue - Rama VI route with 6 traffic lanes for a total distance of approximately 17 kilometers.
2. Extension of Sector D+ (Srinagarindra - Bang Na - Samut Prakan Expressway) as a route connecting Sector D at Srinagarindra Road towards the South, passing Bang Na - Trad Road, and ending at Samut Prakan by connecting the Bang Pli - Suksawad Expressway Project for a total distance of approximately 13.8 kilometers.

At present, the Expressway Authority of Thailand has not yet opened any bidding for the aforesaid projects.

## 7 Legal Disputes

### 7.1 THE DISPUTES WITH EXPRESSWAY AUTHORITY OF THAILAND (EXAT)

Currently, the Company and the Subsidiary had a total of 13 disputes with EXAT, divided into the disputes that the Company and the Subsidiary referred to the dispute settlement proceedings under the Agreements and demanded for damages with the total value until the date of submission of the disputes of approximately Baht 13,334.3 Million, against which EXAT counterclaimed in the amount of Baht 15,575 Million; and the disputes that EXAT submitted claims for damages with the total value until the date of submission of the disputes of approximately Baht 24.2 Million, against which the Company counterclaimed in the amount of Baht 5,114 Million, the essence of each dispute was as follows :

#### 7.1.1 Disputes Submitted by the Company and the Subsidiary Claiming for Damages

##### 1. Revision of Toll Rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for the Year 1998

The Company requested an increase of the toll rates for vehicles using the urban network by Baht 10 for four-wheeled vehicles and by Baht 20 for six- to ten-wheeled vehicles and more than ten-wheeled vehicles, and the toll rates for vehicles using the suburban network by Baht 5 for four-wheeled vehicles and by Baht 10 for six- to ten-wheeled vehicles and more than ten-wheeled vehicles.



The Company increased the toll rates under the Agreement in accordance with the Ministry of Interior Notification dated August 27, 1998 at the rates proposed by the Company.

Subsequently, EXAT announced the new toll rates in accordance with the Notification dated 23 October 1998, whereby the revised toll rates in the year 1998 were increased by merely Baht 10 per vehicle for all categories of vehicles using the urban network, without any revision of the toll rates for vehicles using the suburban network.

The Company therefore referred this dispute to the consideration of the Panel and to arbitration in accordance with the procedures of the Agreement.

Having considered the dispute, the first Arbitral Tribunal was of the view that the Notification dated 23 October 1998 was valid. EXAT then referred the dispute to another Arbitral Tribunal demanding the Company to return such payment received for the period from 1 September 1998 to 23 October 1998. The Company denied and asserted that the calculation of the revision of the toll rates in accordance with the Notification dated 27 August 1998 was valid and the Company was therefore entitled to effect the revision of the toll rates in accordance with the Notification dated 27 August 1998.

The Arbitral Tribunal considered such dispute and then issued its arbitral award that the Company was entitled to effect the revision of the toll rates in accordance with the Notification dated 27 August 1998; that EXAT was therefore required to compensate the Company for damages in an amount equal to the difference of the toll rates as actually collected in accordance with the Notification dated 27 August 1998 and the Notification dated 23 October 1998, starting from 24 October 1998 onwards, whereby such compensation for damages might be calculated from the difference of the toll rates under the two Ministry of Interior Notifications for each category of vehicles on a daily basis, until 15 July 2000, which was the date of submission of the dispute, amounting to Baht 360.9 Million plus interest under the Agreement; and to compensate for damages in an amount equal to the difference of the toll rates under the two Notifications, based on the actual volume and categories of vehicles using the Expressway from 16 July 2000 onwards, until the toll rates would be revised in accordance with the Agreement.

EXAT issued a letter refusing to comply with the arbitral award. The Company then filed a petition with the Civil Court of Southern Bangkok requesting for a judgment to enforce compliance with the arbitral award.

On 28 December 2004, the Civil Court of Southern Bangkok issued a judgment confirming the arbitral award, thereby requiring EXAT to compensate the Company for damages until the toll rates would be revised in accordance with the Agreement.

EXAT filed an appeal against the order of the Court of First Instance. On 18 February 2009, the Supreme Court, by resolution of the General Assembly, has issued a judgment reversing the Civil Court of Southern Bangkok's judgment, whereby the arbitral award shall not be enforced on grounds of violation to the public order or good moral of the people due to the fact that such arbitral award overlapped the previous arbitral award which ruled that the Notification of the Ministry of Interior dated 23 October 1998 was legitimate, which remains binding and final between the Company and EXAT.

## **2. Priority Component Opening Date under the Second Stage Expressway Agreement**

The Company completed the construction of the "Priority Component" of the Si Rat Expressway on 13 November 1992, in respect of which the Agreement specified that the date on which the Construction Completion takes place in respect of the Priority Component shall be deemed as the Priority Component Opening Date, and the Company would then be entitled to receive the toll revenue sharing, but EXAT commenced sharing the toll revenue on 2 September 1993, thereby rendering the Company to lose such revenue which should have been received under the Agreement.

EXAT and the Company had different opinions as to which date should be the commencement date for toll revenue sharing.

On 9 July 2001, the Company then referred such dispute to arbitration requesting for an award requiring EXAT to compensate for the deficient revenue plus interest until the date of submission of the dispute in the amount of Baht 3,831.4 Million. In this respect, EXAT raised an objection and counterclaimed in the total amount of Baht 15,575 Million.

On 14 November 2007, the Arbitral Tribunal completed the witness examination. The Company submitted its closing statement to the Thai Arbitration Institute on 14 January 2008. Subsequently, the Chairman of the Arbitral Tribunal (Mr. Kiang Boonpherm) resigned from being the Chairman of the Arbitral Tribunal.

On 27 February 2008, the arbitrators for both parties and the disputing parties selected a new Chairman of the Arbitral Tribunal.

A meeting of all parties was held on 25 September 2008, in which the arbitrators for both parties signed to appoint Professor Somchai Drabyavanija to act as the Chairman of the Arbitral Tribunal. The Chairman of the Arbitral Tribunal required the arbitrators for both parties to provide their opinions in the disputed issues to the Chairman on 6 November 2008. Thereafter, the Chairman would prepare a draft arbitral award and then schedule a meeting of arbitrators for further consideration of the same.

On 15 December 2008, the Arbitral Tribunal rendered its arbitral award on the dispute requiring EXAT to pay the toll revenue sharing for urban network which should have been received by the Company for the period from 13 November 1992 to 2 September 1993, amounting to Baht 1,974.6 Million, calculated for interest up to 30 June 2001, amounting to Baht 1,856.8 Million, totaling Baht 3,831.4 Million, including the interest from 1 July 2001 onwards until the payment would be made in full to the Company. In addition, since EXAT's evidence was groundless, therefore, EXAT's counterclaim was dismissed, and EXAT thus had no right to demand the Company to compensate for such toll revenue as per the counterclaim in the amount of Baht 15,575 million.

### **3. Competing Road with the Udon Rattthaya Expressway**

The Agreement specifies that during the term of the Agreement, should EXAT or the Government put into effect any arrangements for the construction or substantial improvement of any road or highway of an expressway standard within the primary catchment area of the Expressway, which has the effect of reducing the actual volume of traffic using the Expressway or the revenue arising therefrom from the projections, EXAT shall compensate for such effect for the Subsidiary.

Given that the Government granted permission for construction of the Extension of the Elevated Don Muang Tollway Project, from the National Memorial to Rangsit Section, which constituted a competing road under the Agreement and affected the financial position of the Subsidiary, the Subsidiary therefore demanded EXAT to compensate for such effect as per the Independent Certification Engineer's letter certifying the effect upon the Subsidiary.

On 20 December 2004, the Subsidiary then referred such dispute to arbitration requesting for an award requiring EXAT to compensate for the deficient revenue, thereby rendering such damages until the date of submission of the dispute (excluding interest) to Baht 1,790 Million.

In December 2007, the Subsidiary cited the witnesses to testify and the Arbitral Tribunal took evidence out of court at the construction sites of the Udon Rattthaya Expressway and the Don Muang Tollway on 11 December 2007.

In February 2008, EXAT cited the witnesses to testify and stated that there was no witness to testify

on 19 February 2008. The Arbitral Tribunal thus issued an order that the witness examination ended and required both disputing parties to submit their closing statements by 30 May 2008.

On 30 May 2008, the Subsidiary and EXAT submitted their respective closing statements to the Thai Arbitration Institute.

On 27 November 2008, the Arbitral Tribunal rendered its arbitral award on the dispute requiring EXAT to compensate for the deficient revenue from the projection to the Subsidiary for the year 1999 in the amount of Baht 730.8 Million, with interest from 14 June 2000 onwards, until the payment would be made in full, and for the year 2000 in the amount of Baht 1,059.2 Million, with interest from 22 March 2001 onwards, until the payment would be made in full.

#### **4. Issuance of Variation Orders by EXAT**

EXAT issued variation orders for additional construction work and confirmed that EXAT would be responsible for such costs as actually incurred by such orders. The Independent Certification Engineer then issued a letter certifying the additional costs, thereby rendering such damages until the date of submission of the dispute (excluding interest) to Baht 238 Million. Thereafter, EXAT refused to make such payment as certified by the Independent Certification Engineer, thereby resulting in such dispute.

On 3 May 2006, the Panel terminated its consideration since both parties could not reach an agreement. Currently, the Company is preparing to refer such dispute to arbitration pursuant to the procedures under the Agreement.

#### **5. Delayed Opening of Sector D of the Si Rat Expressway and the Udon Rattaya Expressway**

According to the Agreements, the Company and the Subsidiary were required to complete the construction of the Expressways for opening for service within the specified time. However, when the Company and the Subsidiary had completed the construction and the Independent Certification Engineer had issued a letter certifying that the Expressways could be opened for service as a public road, EXAT did not effect the opening of Sector D of the Si Rat Expressway and the Udon Rattaya Expressway for service. Such deferred opening of the Expressways then affected the financial position of the Company and the Subsidiary.

On 8 February 1999, the Panel terminated its consideration of the dispute proposed by the Subsidiary, and on 10 August 1999, the Panel terminated its consideration of the dispute proposed by the Company since both parties could not reach an agreement. Currently, the Company and the Subsidiary are preparing to refer such dispute to arbitration pursuant to the procedures under the Agreements, claiming damages (excluding interest) in the total amount of Baht 85.5 Million.

#### **6. Revision of Toll Rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for the Year 2003**

The Company requested to revise the toll rates under the Second Stage Expressway Agreement which stipulates that the toll rates shall be revised every five year interval. In this regard, EXAT and the Company had different opinions in respect of the rounding up in the calculation of the tolls to be revised, i.e., the Company was of the view that it should be increased to the whole multiple of Baht 5, while EXAT was of the view that if the resultant tolls to be revised were lower than Baht 5, such fraction should be rounded off. As a result, EXAT therefore did not increase the toll rates as proposed by the Company, thereby resulting in such dispute.

On 20 May 2005, the Panel terminated its consideration since both parties could not reach an agreement.

On 14 May 2008, the Company submitted the statement of claim to the Thai Arbitration Institute,

demanding EXAT to compensate the Company for damages caused by the revision of toll rates for the year 2003, which was not in accordance with the Agreement, in the amount of Baht 5,980.3 Million.

EXAT submitted petitions requesting an extension of time for submission of the statement of defense, totaling 9 occasions. The Thai Arbitration Institute ordered granting permission for EXAT to submit its statement of defense by 6 February 2009 and submit a letter of appointment of its arbitrator on the same date.

On 20 January 2009, the Company submitted a letter of appointment of Professor Viraphong Boonyobhas to be the Company's arbitrator.

#### **7. Revision of Toll Rates of Sector D of the Si Rat Expressway for the Year 2003**

The Company requested to revise the toll rates under the Agreement for the Extension of the Second Stage Expressway System (Sector D) which stipulates that the toll rates shall be revised every five year interval. In this regard, EXAT and the Company had different opinions in respect of the rounding up in the calculation of the tolls to be revised, i.e., the Company was of the view that it should be increased to the whole multiple of Baht 5, while EXAT was of the view that if the resultant tolls to be revised were lower than Baht 5, such fraction should be rounded off. As a result, EXAT therefore did not increase the toll rates as proposed by the Company, thereby resulting in such dispute.

On 20 May 2005, the Panel terminated its consideration since both parties could not reach an agreement.

On 24 July 2008, the Company submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages caused by the revision of toll rates for the year 2003, which was not in accordance with the Agreement, in the amount of Baht 1,048.2 Million.

EXAT submitted a petition requesting an extension of time for submission of the statement of defense, totaling 6 occasions. The Thai Arbitration Institute ordered granting permission for EXAT to submit its statement of defense by 12 March 2009.

#### **8. Revision of Toll Rates of the Udon Rattaya Expressway for the Year 2003**

The Subsidiary requested to revise the toll rates under the Bang Pa-in - Pak Kret Expressway Agreement which stipulates that the toll rates shall be revised every five year interval.

In this regard, EXAT and the Subsidiary had different opinions in respect of the rounding up in the calculation of the tolls to be revised, i.e., the Subsidiary was of the view that it should be increased to the whole multiple of Baht 5, while EXAT was of the view that if the resultant tolls to be revised were lower than Baht 5, such fraction should be rounded off. As a result, EXAT therefore did not increase the toll rates as proposed by the Subsidiary, thereby resulting in such dispute.

On 20 May 2005, the Panel terminated its consideration since both parties could not reach an agreement. Currently, the Subsidiary is in the process of concluding damages for preparing to refer such dispute to arbitration pursuant to the procedures under the Agreement.

#### **7.1.2 Disputes Submitted by EXAT Claiming for Damages**

##### **1. Construction of the Collection and Distribution Road (CD Road) under the Second Stage Expressway Agreement**

EXAT was unable to deliver the Site(s) for construction of the CD Road, Rama VI - Ratchadamri Section, to the Company, but still required the Company to have such an obligation to carry out the construction. EXAT then submitted the matter to the Panel to force the Company to admit that the Company still had such obligation to construct the CD Road without any claim for monetary damages.



On 25 June 2001, the Company raised an objection that its obligation to carry out such construction had already ceased, as well as filed a counterclaim for a loss of benefit from the revenue to be derived from such areas, thereby rendering such damages plus interest until the date of submission of the statement of defense to Baht 5,114 Million.

On 7 June 2002, the Panel terminated its consideration since both parties could not reach an agreement.

At present, EXAT has not yet referred this issue to arbitration.

## **2. Liability for Costs Incurred by Such Actions to Remedy Problems from the Si Rat Expressway**

On 4 February 2003, EXAT referred the dispute to the Arbitral Tribunal requiring the Company to be held liable for costs incurred by such actions to remedy problems resulting from the operation of the Si Rat Expressway in the amount of Baht 1.7 Million. In this respect, the Company was of the view that such costs were not within the scope of responsibility of the Company under the Agreement since such problems were not caused by the construction or breach on the part of the Company.

The Arbitral Tribunal signed to appoint Professor Pichaisak Horayangura to act as the Chairman of the Arbitral Tribunal, in replacement of the resigned Chairman. After the appointment of the new Chairman, the Arbitral Tribunal jointly ratified the arbitral proceedings in this dispute previously conducted as the valid proceedings. The Arbitral Tribunal scheduled the additional proceedings by scheduling the witness examination to be conducted in September until November 2008.

EXAT and the Company cited their witnesses to testify as per the scheduled hearings for witness examination in November and December 2008. The witness examination ended on 26 December 2008. The Arbitral Tribunal ordered both disputing parties to submit their respective closing statements on 20 March 2009.

## **3. Liability for Costs Incurred by the Execution of the Works under the Second Stage Expressway Agreement**

On 30 April 2004, EXAT referred the dispute to the Arbitral Tribunal demanding the Company to reimburse the costs incurred by the execution of the Works under the Second Stage Expressway Agreement in the amount of Baht 16.4 Million. The Company was of the view that such costs demanded by EXAT were not within the scope of responsibility of the Company under the Agreement.

On 1 December 2008, the Arbitral Tribunal's meeting initially scheduled the hearings for examination of witnesses for EXAT to be held on 11, 18 and 25 March 2009.

## **4. Costs Regarding the Claim Problems**

On 28 January 2005, EXAT referred the dispute to the Panel demanding the Company to reimburse the costs for construction of access to the land of the complainants through the vicinity of the Si Rat Expressway which EXAT had paid for such construction costs, in the amount of Baht 44,034. The Company was of the view that EXAT was not entitled to claim for such costs since the Company had completed the construction of the Second Stage Expressway System Project in accordance with the approved design until the opening for service.

On 4 August 2005, EXAT referred the dispute to the Panel requiring the Company to reimburse EXAT for such costs already paid for by EXAT for the arrangements of road surface, together with drainage and construction of the free flow drains, in the amount of Baht 273,732. The Company was of the view that such damage was not within the scope of responsibility of the Company under the Agreement since it was not a damage suffered by any third party from the construction or operation of the Si Rat Expressway System.

On 29 August 2006, the Panel terminated its consideration since both parties could not reach an agreement.

On 11 May 2007, EXAT referred both disputes to the Thai Arbitration Institute demanding the Company to reimburse such costs in the total amount of Baht 404,719. The Company submitted a statement of defense against EXAT's statement of claim on 14 September 2007.

On 21 April 2008, the Company submitted a letter to the Thai Arbitration Institute, challenging the appointment of Mr. Thepsit Raktrairong, public prosecutor, as arbitrator by EXAT since it was of the opinion that this was a key factor which might affect the independence and impartiality in the performance of duty in such capacity. At present, the matter is pending further submission to the Arbitral Tribunal to consider such challenge.

The Thai Arbitration Institute has considered such challenge and proposed the matter to the Arbitral Tribunal for further consideration. In this regard, the challenged arbitrator submitted a letter to the Alternative Dispute Resolution Office confirming his independence and impartiality. At present, the consideration of the said challenge has not yet been completed.

Currently, this dispute is pending the Thai Arbitration Institute's scheduling for a meeting of the Arbitral Tribunal and both disputing parties for appointment of the Chairman of the Arbitral Tribunal.

#### **5. Fees for Using the Areas in Si Rat Expressway Control Center Building**

On 24 December 2008, EXAT submitted the statement of claim regarding the use of areas in Si Rat Expressway Control Center Building, with the claimed amount of Baht 5,689,763.87, and required the Company to continuously pay fees for using the areas in such building in the amount of Baht 107,057.30 per month until the Company would deliver or leave such areas.

On 20 January 2009, the Company submitted a petition for extension of time for submission of its statement of defense for another 60 days from 21 January 2009 which was the due date.

Given that the various cases are not yet final, the Company therefore did not record such entries in the financial statements.

## **7.2 LAWSUIT**

The Expressway Authority of Thailand (EXAT) and the Company were sued by Expressway user on grounds of wrongful act in relation to traffic management and safety on the Si Rat Expressway System, whereby EXAT was the first defendant and the Company was the second defendant.

On 26 September 2007, the Court of First Instance adjudged to dismiss the plaintiff's claim. On 8 November 2007, the plaintiff filed an appeal with the Appeal Court and the Court issued an order accepting such appeal on 9 November 2007, in respect of which the Company submitted an answer to the appeal on 25 December 2007. Currently, the case is pending the consideration of the Appeal Court.

However, the Company's management believed that there would be no material impact upon the Company, and as a result, the Company did not make any provision for contingent liabilities in its book.

## 8 Capital Structure

### 8.1 Company Securities

1. The Company has the registered capital of Baht 8,000 Million, comprising 800 million ordinary shares at the par value of Baht 10 per share, Baht 7,700 Million of which has already been paid up, divided into 770 million ordinary shares at the par value of Baht 10 per share.
2. As at 30 December 2008, the Company issued 39,246,213 ordinary shares in the form of Non-Voting Depositary Receipt or NVDR, representing 5.10 percent of all shares of the Company. Such shares entitle their holders to receive dividends from investment in NVDR in the same amount as such dividend received by Thai NVDR Company Limited from the Company, provided that NVDR holders shall not be entitled to vote at any shareholders' meeting of the Company. Investors may check the number of NVDR from the Stock Exchange of Thailand's website at [www.set.or.th/nvdr](http://www.set.or.th/nvdr).
3. The Company proceeded with the issuance and offering of debentures No. 1/2007 in the amount of Baht 7,500 Million, as per the following details :

Type of debentures	:	Unsubordinated and unsecured debentures bearing names of the holders with a debenture holder representative.			
Offering amount	:	7,500,000 units (seven million five hundred thousand units)			
Par value per unit	:	Baht 1,000 (One Thousand Baht)			
Offering price per unit	:	Baht 1,000 (One Thousand Baht)			
Offering value	:	Baht 7,500,000,000 (Seven Billion Five Hundred Million Baht)			
Objective	:	To increase source of capital and minimize risk from fluctuation of interest rate, whereby the Company will use the proceeds from such sales of debentures to make repayment of loans to the bank.			
Issue date of debentures	:	2 August 2007			
Maturity and interest rate	:	Maturity	Amount	Interest Rate	Maturity Date
			(Million Baht)	(Percentage per annum)	
		3 years	3,905	4.20	2 August 2010
		5 years	1,895	4.88	2 August 2012
		7 years	1,700	5.20	2 August 2014
Rating	:	"A-" by TRIS Rating Co., Ltd.			
Lead underwriter, debenture holder representative and registrar	:	KASIKORNBANK Public Company Limited			

4. The Company proceeded with the issuance and offering of debentures No. 1/2008 in the amount of Baht 4,000 Million, as per the following details:

Type of debentures	:	Unsubordinated and unsecured debentures bearing names of the holders with a debenture holder representative.			
Offering amount	:	4,000,000 units (four million units)			
Par value per unit	:	Baht 1,000 (One Thousand Baht)			
Offering price per unit	:	Baht 1,000 (One Thousand Baht)			
Offering value	:	Baht 4,000,000,000 (Four Billion Baht)			
Objective	:	To increase source of capital and minimize risk from fluctuation of interest rate, and use as working capital for the operations.			

Issue date of debentures	:	7 November 2008		
Maturity and interest rate	:	Maturity	Amount	Interest Rate
			(Million Baht)	(Percentage per annum)
		3 years	2,900	5.20
		5 years	1,100	1 <sup>st</sup> -2 <sup>nd</sup> years : 5.20
				3 <sup>rd</sup> -4 <sup>th</sup> years : 5.65
				5 <sup>th</sup> years : 6.00
Rating	:	“A-” by TRIS Rating Co., Ltd.		
Lead underwriter, debenture holder representative and registrar	:	KASIKORNBANK Public Company Limited		

## 8.2 Shareholders

As at 19 September 2008, which is the most recent date the share register book was closed, the major shareholders were as follows.

Shareholders	Ratio of Shareholding	
	Number of Shares	% of total number of shares
(1) CH. Karnchang Public Company Limited and group	129,149,947	16.77
(2) Bangkok Bank Public Company Limited	55,295,390	7.18
(3) Thai NVDR Company Limited	43,116,013	5.60
(4) Krung Thai Bank Public Company Limited	39,172,650	5.09
(5) HSBC (Singapore) Nominees Pte Ltd.	32,604,527	4.23
(6) TMB Bank Public Company Limited	24,257,463	3.15
(7) Norbax Inc., 13	23,883,200	3.10
(8) Mellon Nominees (UK) Limited	19,542,900	2.54
(9) Bangkok Life Assurance Public Company Limited	18,241,300	2.37
(10) United Overseas Bank Public Company Limited	13,421,470	1.74
(11) Social Security Office	9,449,700	1.23
(12) Mr. Narit Chia-Apar	9,396,800	1.22
(13) American International Assurance Company, Limited-APEX	8,665,800	1.13
(14) The Bank of New York (Nominees) Limited	8,322,270	1.08
(15) State Street Bank and Trust Company	6,956,277	0.90
(16) American International Assurance Company, Limited-Tiger	6,945,800	0.90
(17) Nortrust Nominees Ltd.	6,718,000	0.87
(18) Mellon Bank, N.A.	6,548,900	0.85
(19) Government of Singapore Investment Corporation C	6,281,300	0.82
(20) SCB Dividend Stock 70/30 LTF	5,788,400	0.75



Shareholders	Ratio of Shareholding	
	Number of Shares	% of total number of shares
(21) The Bank of New York Nominees Ltd.	5,674,326	0.74
(22) Chase Nominees Limited 1	5,219,800	0.68
(23) Bualuang Long-Term Equity Fund	5,194,500	0.68
(24) Provident Funds of CAT Telecom Public Company Limited and Thailand Post Co., Ltd.	4,961,100	0.64
(25) State Street Bank and Trust Company for London	4,957,600	0.64
(26) Tokyu Construction Company Limited	4,551,150	0.59
(27) The Bank of New York Nominees Ltd A/C Bank of New York	4,542,900	0.59
(28) Gerlach & Co-Dimensional Emerging Markets Value Fund, Inc	4,388,100	0.57
(29) Mr. Chuwit Chitsakul	4,220,000	0.55
(30) Prospect International Co., Ltd.	3,942,700	0.51
Total	521,410,283	67.72
Others	248,598,717	32.28
Grand Total	770,000,000	100.00

Source : The Stock Exchange of Thailand's disclosure in [www.set.or.th](http://www.set.or.th) for shareholders who held the shares by more than 0.5%

### 8.3 Policy on Dividend Payment

The Company has a policy to pay dividend of not less than 40 percent of the total net profit of each year, taking into account the operational results, financial structure, investment and regular payment of dividend to shareholders.

In this regard, the Company's Board of Directors may pay interim dividend to shareholders when it is of the view that the Company has sufficient profit and cash flow to pay dividend. Once the dividend payment has been made, such dividend payment shall be reported to the following Shareholders' Meeting.

Pursuant to the revised conditions of the Credit Facility Agreement, as amended in September 2003, the Company was able to pay dividend to shareholders in the case that the Company's debt service coverage ratio or DSCR on the date of dividend payment is not less than 1.20 and shall not be less than 1.0 after the dividend payment.

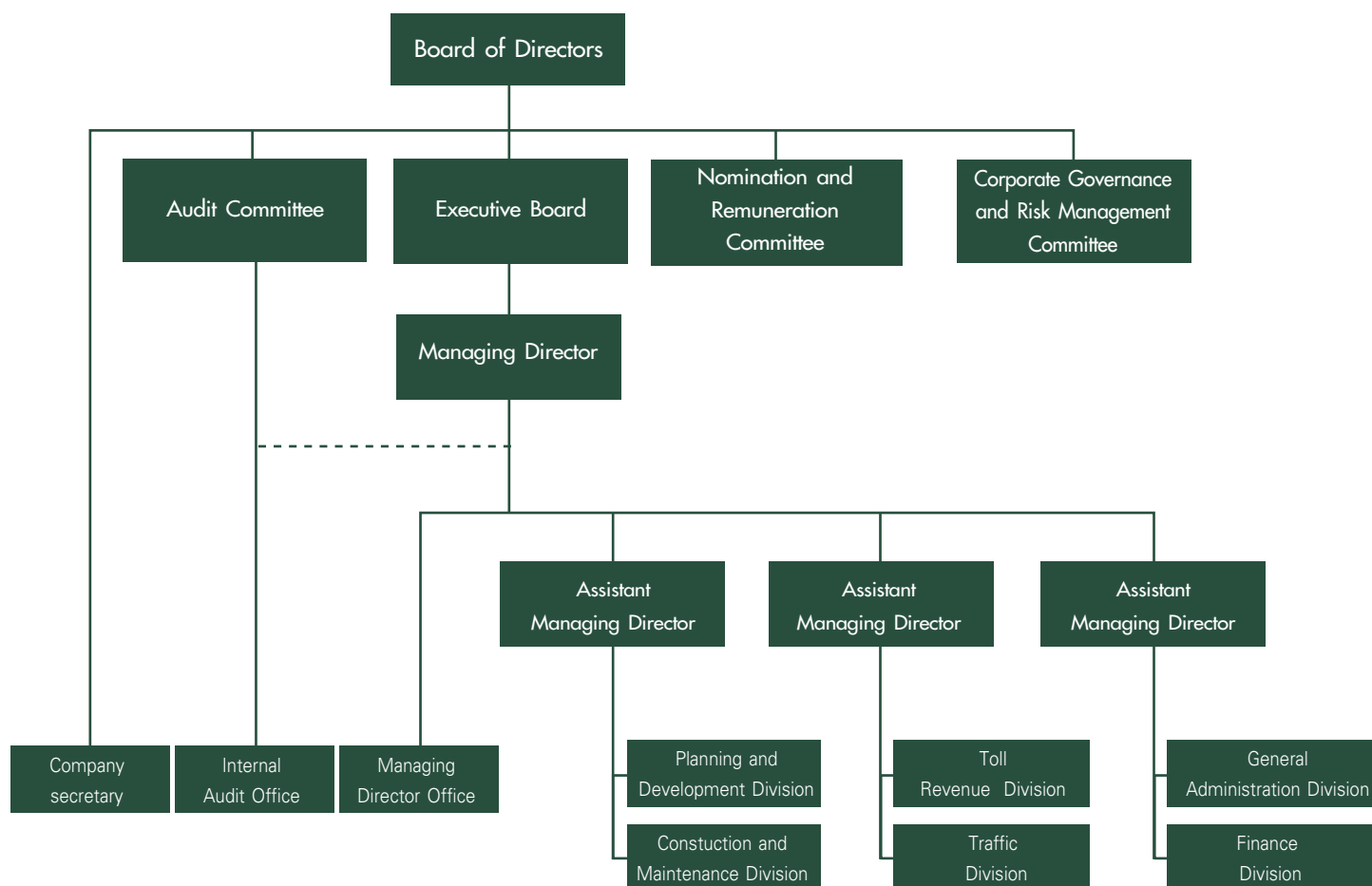
The Company's dividend payments during the past five years are as follows :

Dividend from Operations	Dividend Declared (Million Baht)	Dividend per share (Baht)	Net Profit (Million Baht)	Percentage of Dividend to Net Profit
2004				
- First half	770	1.00	943	82
- Second half	770	1.00	973	79
Total in 2004	1,540	2.00	1,916	80
2005				
- First half	385	0.50	747	52
- Second half	385	0.50	741	52
Total in 2005	770	1.00	1,488	52
2006				
- First half	385	0.50	788	49
- Second half	385	0.50	755	51
Total in 2006	770	1.00	1,543	50
2007				
- First half	385	0.50	735	52
- Second half	462	0.60	672	69
Total in 2007	847	1.10	1,407	60
2008				
- First half	385	0.50	634	61
- Second half	462 <sup>(1)</sup>	0.60 <sup>(1)</sup>	810	57
Total in 2008	847	1.10	1,444	59

<sup>(1)</sup> This is included in the Agenda for the 2009 Annual Ordinary General Meeting of Shareholders on 1 April 2009

## 9 Management

### 9.1 Management Structure



**Remark :** Management Structure as at 31 December 2008

The Company's management structure comprises the Board of Directors and another four subcommittees, namely, the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance and Risk Management Committee, with the Managing Director as the highest executive of the management team, totaling 13 persons.

The structure of the Board of Directors consists of 12 qualified members, comprising: seven executive directors, four independent directors and one non-executive director, constituting a counterbalance from non-executive directors. In this regard, the Company has four independent directors, which represent one-third of all directors.

The list of names of five committees and executives, including authority and duties of the respective committees and the nomination procedures are described as follows :

### 9.1.1 Board of Directors

As at 31 December 2008, the Company's Board of Directors has 12 directors, whose names are listed below :

Name-Surname	Position	Category	Term of Office
1. Dr. Virabongsa Ramangkura	Chairman of the Board of Directors	Independent Director	From 18 April 2008 until the 2011 Annual Ordinary General Meeting of Shareholders
2. Prof. Suphachai Phisitvanich	Director Audit Committee Chairman Corporate Governance and Risk Management Committee Chairman	Independent Director	From 4 April 2007 until the 2010 Annual Ordinary General Meeting of Shareholders
3. Gen. Sampao Choosri	Director Audit Committee Member Nomination and Remuneration Committee Chairman <sup>(1)</sup> Corporate Governance and Risk Management Committee Member	Independent Director	From 5 April 2006 until the 2009 Annual Ordinary General Meeting of Shareholders
4. Prof. Dr. Kanok Wongtrangan	Director Audit Committee Member Nomination and Remuneration Committee Member	Independent Director	From 18 April 2008 until the 2011 Annual Ordinary General Meeting of Shareholders
5. Mr. Plew Trivisvavet	Director Chairman of the Executive Board Nomination and Remuneration Committee Member	Executive Director	From 18 April 2008 until the 2011 Annual Ordinary General Meeting of Shareholders
6. Mr. Supong Chayutsahakij	Director Vice Chairman of the Executive Board Corporate Governance and Risk Management Committee Member Nomination and Remuneration Committee Member	Executive Director	From 5 April 2006 until the 2009 Annual Ordinary General Meeting of Shareholders
7. M.L. Prasobchai Kasemsant	Director Executive Director	Executive Director	From 4 April 2007 until the 2010 Annual Ordinary General Meeting of Shareholders
8. Mr. Panit Dunnvatanachit	Director Executive Director	Executive Director	From 5 April 2006 until the 2009 Annual Ordinary General Meeting of Shareholders
9. Miss Arisara Dharamadhaj	Director Executive Director	Executive Director	From 5 April 2006 until the 2009 Annual Ordinary General Meeting of Shareholders
10. Mrs. Vallapa Posyanond	Director Executive Director	Executive Director	From 4 April 2007 until the 2010 Annual Ordinary General Meeting of Shareholders
11. Mr. Sintop Sirisingha	Director	Non-Executive Director	From 18 April 2007 until the 2010 Annual Ordinary General Meeting of Shareholders
12. Mrs. Payao Marittanaporn	Director Executive Director Corporate Governance and Risk Management Committee Member Managing Director	Executive Director	From 4 April 2007 until the 2010 Annual Ordinary General Meeting of Shareholders



Remark: The executives' profiles appear in Attachment A-6 to A-8.

<sup>(1)</sup> General Sampao Choosri was appointed as Chairman of the Nomination and Remuneration Committee according to the resolution of the Board of Directors' Meeting No. 1/2008 held on 27 February 2008.

In the year 2008, the Board of Directors' Meeting No. 4/2008, held on 26 November 2008, resolved that the term of independent director shall be defined to become stricter than that defined by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, as per the details of independent directors' qualifications as follows :

#### **Qualifications of Independent Directors**

1. Holding no more than 0.5 percent of the paid-up capital of the Company, its parent company, subsidiary, associated company, or legal entity which may have conflict of interest, including such shares held by related persons and other qualifications as stipulated by the Office of SEC.
2. Having no involvement in the management/ not being employee/ staff/ advisor receiving a regular salary/ controller of the Company, its parent company, subsidiary, associated company, subsidiary at the same level or legal entity which may have conflict of interest at present and during the past two years prior to appointment.
3. Having neither relationship by blood or by legal registration in the capacity as parent, spouse, sibling and offspring, including spouse of the offspring, with any executive, major shareholder, controller or person to be nominated as executive or controller of the Company or its subsidiary.
4. Having neither business relationship with the Company, its parent company, subsidiary, associated company, or legal entity which may have conflict of interest at present and during the past two years prior to appointment in the following manners:
  - (1) Provision of professional services, i.e., auditor, other professional service provider receiving fee more than Baht 2 Million per year, such as, legal consultant, financial advisor, property appraiser, etc.
  - (2) Trading/business with a transaction value of Baht 20 Million or more or at least 3 percent of the Company's net tangible asset value, whichever is lower, and, in considering the transaction value, any transactions executed during the past six months prior to the date of this transaction execution shall be included.
5. Not being a director who is appointed as representative of any director, major shareholder or any shareholder who is a related person of any major shareholder of the Company.
6. Not having any other characteristics preventing him/her from giving an independent opinion.

#### **Directors authorized to sign and bind the Company shall be as follows :**

The Company determines four directors authorized to sign and bind the Company, comprising Mr. Plew Trivisvavet, Mr. Supong Chayutsahakij, M.L. Prasobchai Kasemsant and Mrs. Payao Marittanaporn, whereby two of these four directors shall jointly sign and affix the Company's seal.

#### **The Board of Directors' Authority and Duties**

1. Supervising the Company's operations to ensure compliance with laws, detailed objectives and the Articles of Association, as well as resolutions of shareholders' meetings, and protecting the Company's interest based on the good corporate governance principles.
2. Determining policies and directions of the Company's operations and supervising the management to take actions to ensure compliance with the policy with efficiency and effectiveness so as to result in the optimum economic value to the business and great wealth to shareholders.
3. Convening the annual ordinary general meeting of shareholders by no later than four months from the Company's year end account closing date and convening extraordinary general meeting of shareholders as required.
4. Convening the Board of Directors' meetings on a quarterly basis, and each meeting requires at least 60 percent of

all directors. Decisions of the meeting shall be made by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional casting vote.

5. Considering approval for budget for investment and the Company's annual business operations, including monitoring use of the Company's resources.
6. Providing complete, correct and sufficient reports on financial information, the Company's information and general information which are important for shareholders, and affirming the certification of the reported information.
7. Introducing to the Company an internal control system, internal audit and efficient measures to manage risks, as well as following up on such matters on a regular basis.
8. Considering clearly determining and separating roles, duties and responsibilities among the Board of Directors, subcommittees and the management, with regular communication regarding such roles, duties and responsibilities to directors, subcommittee members, the management and staff of the Company.
9. Supervising the Executive Board to comply with the specified policies and the Executive Board is authorized to approve any transaction binding upon the Company in an amount of not exceeding Baht 50 Million per transaction, excluding those transactions giving rise to conflict or interest, including such transactions requiring approval from shareholders as per the regulations of the SEC and the Stock Exchange.

#### **Nomination, Appointment and Term of Office of Directors**

The Nomination and Remuneration Committee shall select and propose qualified persons to hold the position of the Company's directors or nominated persons to be appointed as directors in advance as it deems appropriate to the Board of Directors for submission to the shareholders' meeting, or the Board of Directors' meeting for appointment in accordance with Article 13 of the Articles of Association stipulating that at every annual ordinary general meeting of shareholders, one-third of the number of directors shall vacate their office and if the number of directors is not a multiple of three, then the number nearest to one-third must retire from office. Therefore, the Company's directors shall have a term of office of three years, whereby the retiring directors may be re-elected. In case of nomination and appointment of directors by shareholders, the following criteria and procedures shall apply:

1. Each shareholder has one vote for one share held.
2. Election of directors shall be made on an individual basis, provided that the vote by each individual shareholder shall reflect the number of all shares held by such shareholder at the time of the vote in accordance with Item 1 and no shareholder shall apportion partial vote to any specific candidate.
3. Upon completion of election on an individual basis, the candidates with the highest number of votes in a descending order shall be elected as directors up to the number of directors to be elected or vacancies at that time. More than one candidate having equal votes for the final vacancies shall be appointed by drawing of lots.

#### **9.1.2 Executive Board**

The Board of Directors appointed the Executive Board to assist in providing advice and suggestions to the management and make other arrangements as assigned by the Board of Directors. As at 31 December 2008, the Executive Board comprises seven executive directors as listed below:

- |                              |                                      |
|------------------------------|--------------------------------------|
| 1. Mr. Plew Trivisvavet      | Chairman of the Executive Board      |
| 2. Mr. Supong Chayutsahakij  | Vice Chairman of the Executive Board |
| 3. M.L. Prasobchai Kasemsant | Executive Director                   |
| 4. Mr. Panit Dunnvatanachit  | Executive Director                   |
| 5. Miss Arisara Dharamadhaj  | Executive Director                   |
| 6. Mrs. Vallapa Posyanond    | Executive Director                   |
| 7. Mrs. Payao Marittanaporn  | Executive Director                   |

The Executive Board schedules to meet monthly to consider various matters within the scope of its authority and duties as assigned by the Board of Directors and to consider screening such matters to be proposed to the Board of Directors for consideration and approval.

#### **The Executive Board's Authority and Duties**

1. Delivering guidelines for policy, supervising, providing suggestions and advice for the Managing Director and the management.
2. Setting up business plan, budget and managerial authority of the Company as assigned by the Board of Directors.
3. Inspecting, following up to ensure compliance with the Company's policies and plans with efficiency.
4. Conducting feasibility studies on new projects, such as, project granted by EXAT or under the Second Stage Expressway Agreement.
5. Having power to approve any juristic act binding upon the Company in an amount of not exceeding Baht 50 Million (Fifty Million Baht Only) per act.
6. Having power to approve, appoint, remove, and determine salary and other remunerations, including expenses and facilities of the Company's officers or staff in the position of General Manager or higher, but not including the Managing Director.
7. The Executive Board or the Chairman of the Executive Board shall have power to convene the Executive Board's meetings and/or determine rules and regulations of the meetings as it deems appropriate.
8. Reporting on the Company's operational results to the Board of Directors.
9. Proceeding with other matters as assigned by the Board of Directors from time to time.

#### **Nomination and Appointment of Executive Directors**

The Executive Board shall be appointed by the Board of Directors pursuant to the Articles of Association which specify that one or several directors may be authorized by the Board of Directors to take any action on behalf of the Board of Directors.

#### **9.1.3 Audit Committee**

The Board of Directors appointed the Audit Committee to assist in supervising the Company's business. The General Manager of the Internal Audit Office shall serve as secretary to the Audit Committee.

As at 31 December 2008, the Audit Committee comprises three independent directors as listed below :

- |                                  |                          |                        |
|----------------------------------|--------------------------|------------------------|
| 1. Prof. Suphachai Phisitvanich* | Audit Committee Chairman | (Independent Director) |
| 2. Gen. Sampao Choosri           | Audit Committee Member   | (Independent Director) |
| 3. Prof. Dr. Kanok Wongtrangan   | Audit Committee Member   | (Independent Director) |

\*Serving as Audit Committee member with the knowledge and experience in review of the financial statements.

The Audit Committee shall regularly meet at least every three months with the external auditor, the internal auditor and the management and executives responsible for account and finance, for review of financial statements on a quarterly basis and report to the Board of Directors, or in case the management team would execute any connected transactions or transactions relating to asset acquisition or disposal which shall take into account appropriateness, justification and the utmost benefit of the Company, the Audit Committee may convene additional meeting. whereby in 2008, the Audit committee convened six meetings.

#### **The Audit Committee's Authority and Duties**

1. Reviewing to ensure that the Company's financial reports are accurate and adequate.
2. Reviewing to ensure the Company's internal control system and internal audit system are suitable and effective, considering the independence of the internal audit unit as well as providing opinions on consideration for appointment, transfer, termination of employment of head of the internal audit unit or any other unit responsible for the internal audit.

3. Reviewing to ensure the Company's performance in compliance with the securities and exchange law, requirements of the Stock Exchange and the laws relating to the Company's business.
4. Considering, selecting, submitting for appointment of person who is independent to serve as the Company's auditor, proposing remuneration of such person as well as meeting with the auditor without the management team at least once a year.
5. Considering connected transactions or transactions which may have conflict of interest in compliance with the laws and requirements of the Stock Exchange in order to ensure that such transactions are justified and of the utmost benefit to the Company.
6. Preparing report of the Audit Committee to be disclosed in the Company's Annual Report, whereby such report must be signed by the Audit Committee Chairman.
7. Performing any other activities as assigned by the Board of Directors and approved by the Audit Committee.
8. In performance of duties of the Audit Committee, should there be any finding or doubt as to the following transactions or acts which may materially affect the Company's financial status and operational results, the Audit Committee shall report it to the Board of Directors for revision and correction within the time as the Audit Committee deems it appropriate:
  - 1) Transaction giving rise to a conflict of interest;
  - 2) Fraud or irregularity or material defect in the internal control system;
  - 3) Violation of the securities and exchange law, requirements of the Stock Exchange and the laws relating to the Company's business.

#### **Nomination, Appointment and Term of Office of the Audit Committee**

The Audit Committee shall be appointed by the Board of Directors, as nominated by the Nomination and Remuneration Committee from the Company's independent directors and at least one person thereof shall have accounting and finance knowledge, with a three-year term of office. Any member of the Audit Committee who retires by rotation may be reappointed.

#### **9.1.4 Nomination and Remuneration Committee**

The Board of Directors appointed the Nomination Committee and the Remuneration Committee in November 2007. Subsequently on 27 February 2008, the Board of Directors' Meeting No. 1/2008 resolved to restructure the Nomination Committee and the Remuneration Committee in compliance with the guidelines of the good corporate governance by combining the Nomination Committee and the Remuneration Committee into one committee and resolved to nominate General Sampao Choosri, currently an independent director, to hold the position of Chairman of the Nomination and Remuneration Committee as proposed by the Corporate Governance and Risk Management Committee in accordance with the good corporate governance principles which state that the Chairman of each Committee should be an independent director.

Therefore the Nomination and Remuneration Committee comprises four members as follows:

- |                                |  |                        |
|--------------------------------|--|------------------------|
| 1. General Sampao Choosri      | Nomination and Remuneration Committee Chairman | (Independent Director) |
| 2. Mr. Plew Trivisvavet        | Nomination and Remuneration Committee Member   |                        |
| 3. Prof. Dr. Kanok Wongtrangan | Nomination and Remuneration Committee Member   | (Independent Director) |
| 4. Mr. Supong Chayutsahakij    | Nomination and Remuneration Committee Member   |                        |

In 2008, the Nomination and Remuneration Committee convened one meeting for nomination of qualified persons to be proposed and appointed as directors of the Company to replace the directors who retired by rotation and for review of remuneration of directors for 2008 and bonus for 2007 for submission to the 2008 Annual Ordinary General Meeting of Shareholders for approval.



### **The Nomination and Remuneration Committee's Authority and Duties**

1. Considering criteria and procedures of nomination as well as selecting and proposing qualified persons to hold the position of the Company's directors to the Board of Directors so as to nominate them to the shareholders' meeting, or proposing the nomination to the Board of Directors for consideration and appointment.
2. Considering selecting and proposing a qualified person to hold the position of the Managing Director to the Board of Directors for consideration and appointment.
3. Considering determining criteria for consideration of remuneration of directors and the Managing Director.
4. Considering determining remuneration of directors and proposing the same to the shareholders' meeting for consideration and approval.
5. Considering reviewing salary rates and other remunerations for the Managing Director and proposing the same to the Board of Directors for approval.
6. Proceeding with other matters as assigned by the Board of Directors.

### **Nomination, Appointment and Term of Office of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee shall be appointed by the Board of Directors, with a three-year term of office.

#### **9.1.5 Corporate Governance and Risk Management Committee**

The Board of Directors appointed the Corporate Governance and Risk Management Committee to perform the duty to formulate policies and directions of operations in respect of the good corporate governance of the Company, including business ethics. The Corporate Governance and Risk Management Committee comprises four members as follows :

1. Prof. Suphachai Phisitvanich Corporate Governance and Risk Management Committee Chairman  
(Independent Director)
2. General Sampao Choosri Corporate Governance and Risk Management Committee Member  
(Independent Director)
3. Mr. Supong Chayutsahakij Corporate Governance and Risk Management Committee Member
4. Mrs. Payao Marittanaporn Corporate Governance and Risk Management Committee Member

The Corporate Governance and Risk Management Committee shall regularly meet for following up and evaluating the results of performance in compliance with the good corporate governance principles and risk management plan of the Company. In 2008, the Corporate Governance and Risk Management Committee convened two meetings.

### **The Corporate Governance and Risk Management Committee's Authority and Duties**

1. Studying and following up movement, tendency and performance in respect of the good corporate governance for submission to the Board of Directors for consideration as to appropriateness for adoption as guidelines for the Company's operations.
2. Improving and proposing the good corporate governance policy of the Company, including business ethics, to the Board of Directors.
3. Following up and evaluating the results under the good corporate governance principles of the Company as well as reporting the same to the Board of Directors.
4. Considering policies and work plans relating to risk management for submission to the Board of Directors for consideration.
5. Monitoring and reviewing overall risk management of the Company, strategies for risk management and alert system of all kinds of risk management in order to deal with risks to stay at acceptable level to ensure compliance with the risk management policy of the Company.

6. Reporting risks and operations for minimizing risks to the Board of Directors.
7. Proceeding with other matters as assigned by the Board of Directors.

#### **Nomination, Appointment and Term of Office of the Corporate Governance and Risk Management Committee**

The Corporate Governance and Risk Management Committee shall be appointed by the Board of Directors, with a three-year term of office.

#### **9.1.6 Management Team**

As at 31 December 2008, the management team<sup>(1)</sup> of the Company comprises 13 persons (information of executives appears in Attachment A-6 to A-8) as listed below :

1. Mrs. Payao	Marittanaporn	Managing Director
2. Mr. Sanguan	Kunatinun	Assistant Managing Director
3. Mrs. Sudruthai	Prommart	Assistant Managing Director
4. Mrs. Ngamnit	Kanokgarnjanar	Assistant Managing Director
5. Mr. Phakpoom	Thaweewittayarut	Senior General Manager of Managing Director Office and Company Secretary
6. Miss Panan	Tosuwanthaworn	Senior General Manager of Finance Division
7. Mr. Phaisan	Lertsalaluck	General Manager of Traffic Division
8. Miss Vasana	Wattananukulchai	General Manager of Internal Audit Office
9. Mrs. Wattana	Sittiwattayaporn	General Manager of Planning and Development Division
10. Mr. Omsyn	Pibulwarangkur	General Manager of Construction and Maintenance Division
11. Mrs. Supattra	Bumnetphan	General Manager of Toll Revenue Division <sup>(2)</sup>
12. Mr. Chalermkiat	Sakonwisansak	Deputy General Manager of Construction and Maintenance Division <sup>(2)</sup>
13. Miss Phenporn	Kittiyopars	Deputy General Manager of Planning and Development Division

Remarks <sup>(1)</sup> The management team refers to the definition of the “executive” of the Office of the Securities and Exchange Commission.

<sup>(2)</sup> Effective since 1 January 2009.

#### **The Managing Director’s Authority and Duties**

The Managing Director shall have the duty to control and manage main business of the Company as operator of the Si Rat Expressway (Second Stage Expressway) and the extension under the Second Stage Expressway Agreement with EXAT and monitor all activities of the Company to ensure compliance with resolutions and policies as assigned and suggested by the Board of Directors. In this regard, the Board of Directors shall regularly evaluate performance of duties of the Managing Director for comparison with the target as determined on a yearly basis, whereby the Nomination and Remuneration Committee shall consider remuneration of the Managing Director by assessing from his/her performance in the previous year and proposing the same to the Board of Directors for approval under the criteria.

#### **Nomination of Managing Director and Executives**

As for the position of Managing Director, the Nomination and Remuneration Committee shall consider nominating qualified persons, namely, those who have knowledge and capacities and experience which are useful for management and operations to achieve objectives or targets as determined by the Board of Directors and have well understanding of the Company’s business, whereby the Nomination and Remuneration Committee shall propose the nominations to the Board of Directors for consideration and appointment.

As for any executives at the level of General Manager or higher, the management would propose the nominations to the Executive Board for consideration and appointment.

### 9.1.7 Company Secretary

The Board of Directors appointed Mr. Phakpoom Thaweewittayarut to serve as Company Secretary, effective since 28 November 2007, prior to enforcement of the Securities and Exchange Act (No. 4) B.E. 2551 (2008) (effective on 31 August 2008), with the duties and responsibilities as follows :

1. Providing suggestions to directors relating to provisions of laws, relevant rules and regulations.
2. Monitoring the Company to ensure performance in compliance with laws, Articles of Association, relevant regulations and the good corporate governance principles.
3. Convening meetings as stipulated by laws and Articles of Association, preparing and keeping minutes of meetings, as well as coordinating to ensure efficient performance in compliance with resolutions passed by the Board of Directors or the shareholders' meetings.
4. Monitoring to ensure disclosure of information to regulatory units.
5. Contacting and communicating with shareholders and relevant regulatory units, whereby shareholders may inquire or request any information as needed by contacting at Tel. 0-2641-4611 Ext. 500 or sending questions via email to companysecretary@becl.co.th.
6. Promoting provision of training in various courses and providing information useful for performance of duties of new directors.
7. Proceeding with other matters as assigned by the Board of Directors.

### 9.1.8 Structure of the Board of Directors of Northern Bangkok Expressway Company Limited (Subsidiary)

As at 31 December 2008, the Board of Directors of Northern Bangkok Expressway Company Limited (Subsidiary) has eight qualified members as listed below :

1. Mr. Plew	Trivisvavet	Chairman of the Board of Directors
2. Mr. Supong	Chayutsahakij	Director
3. M.L. Prasobchai	Kasemsant	Director
4. Mr. Panit	Dunnvatanachit	Director
5. Miss Arisara	Dharamadhaj	Director
6. Mrs. Vallapa	Posyanond	Director
7. Mr. Sintop	Sirisingha	Director
8. Mrs. Payao	Marittanaporn	Director

#### Directors authorized to sign and bind the Subsidiary

The Subsidiary determined four directors authorized to sign and bind the Subsidiary, comprising Mr. Plew Trivisvavet, Mr. Supong Chayutsahakij, M.L. Prasobchai Kasemsant and Mrs. Payao Marittanaporn, whereby two of these four directors shall jointly sign and affix the Subsidiary's seal.

### 9.2 Remuneration of Directors and Executives

The Company has considered providing appropriate remuneration for directors and executives as per the criteria of determination of remuneration for directors as follows:

- 1) Remuneration shall be appropriate for and in line with the scope of duties and responsibilities of each director, e.g., as Chairman of the Board of Directors, chairman of each subcommittee and member of the Executive Board, the Audit Committee, the Nomination and Remuneration Committee and the Corporate Governance and Risk Management Committee, who shall receive additional remuneration for such position.
- 2) The level of remuneration shall be sufficient to attract and retain knowledgeable and qualified directors to perform duties for the Company.
- 3) The elements of remuneration are clear, transparent and easy to understand.

In 2008, the remuneration of directors and executives is as follows:

1. Remuneration for directors of the Company comprises office remuneration, For directors, office remuneration for chairman, meeting allowance, allowance and bonus. The total remuneration for directors of the Company in 2008 amounted to Baht 18,296,438, which was in line with the resolution of the 2008 Annual Ordinary General Meeting of Shareholders which approved the remuneration for directors as bonus for directors for 2007 in the amount of not exceeding Baht 7.8 Million and remuneration for directors for the year 2008 in the amount of not exceeding Baht 12 Million, which was approved a facility baht 19.8 Million in total.

Unit : Baht

Name of Director	Position	Office Remuneration and Meeting Allowance for 2008						Bonus for 2007	Total
		Board of Directors	Executive Board	Audit Committee	Nomination & Remuneration Committee	Corporate Governance and Risk Management Committee	office Remuneration		
1. Dr. Virabongsa Ramangkura	Chairman of the Board of Director	400,000	-	-	-	-	1,500,000	910,000	2,810,000
2. Mr. Plew Trivisvavet	Director Chairman of the Executive Board Nomination and Remuneration Committee Member	400,000	475,000	-	25,000	-	500,000	910,000	2,310,000
3. Mr. Supong Chayutsahakij	Director Vice Chairman of the Executive Board Corporate Governance and Risk Management Committee Member Nomination and Remuneration Committee Member	400,000	500,000	-	25,000	50,000	-	650,000	1,625,000
4. M.L. Prasobchai Kasemsant	Director Executive Director	400,000	425,000	-	-	-	-	650,000	1,475,000
5. Miss Arisara Dharamadhaj	Director Executive Director	400,000	500,000	-	-	-	-	650,000	1,550,000
6. Mr. Panit Dunnvatanachit	Director Executive Director	350,000	500,000	-	-	-	-	650,000	1,500,000
7. Mrs. Vallapa Posyanond (with her intention not to receive remuneration)	Director Executive Director	-	-	-	-	-	-	-	-
8. Mrs. Payao Marittanaporn	Director Executive Director Corporate Governance and Risk Management Committee Member Managing Director	400,000	500,000	-	-	50,000	-	650,000	1,600,000

Name of Director	Position	Office Remuneration and Meeting Allowance for 2008						Bonus for 2007	Total
		Board of Directors	Executive Board	Audit Committee	Nomination & Remuneration Committee	Corporate Governance and Risk Management Committee	office Remuneration		
9. Prof. Suphachai Phisitvanich	Director Audit Committee Chairman Corporate Governance and Risk Management Committee Chairman	400,000	-	450,000	-	50,000	250,000	780,000	1,930,000
10. Prof. Dr. Kanok Wongtrangan	Director Audit Committee Member Nomination and Remuneration Committee Member	400,000	-	450,000	25,000	-	-	520,000	1,395,000
11. Gen. Sampao Choosri	Director Audit Committee Member Nomination and Remuneration Committee Chairman Corporate Governance and Risk Management Committee Member	400,000	-	450,000	25,000	50,000	50,000	520,000	1,495,000
12. Mr. Sintop Sirisingha (appointed on 27 February 2007)	Director	350,000	-	-	-	-	-	219,397	569,397
13. Mr. Sutas Sutanchainont (resigned on 22 February 2007)	Director	-	-	-	-	-	-	37,041	37,041
	Total	4,300,000	2,900,000	1,350,000	100,000	200,000	2,300,000	7,146,438	18,296,438

2. Remuneration for directors of the Subsidiary comprises office remuneration for directors and meeting allowance. The total remuneration for eight directors, which was received from the Subsidiary in 2008, amounted to Baht 970,000.

3. Remuneration for executives from the level of Vice Chairman of the Executive Board and the Managing Director downwards to four executive levels ranked below the Managing Director, a total of 14 persons, amounted to Baht 44,819,927.

### 9.3 Corporate Governance

The Company has adhered to the good corporate governance principles for management by always realizing the significance and responsibilities towards the shareholders and the stakeholders of the Company, as evidenced by the awards given to the Company by the organizations and agencies during 2003-2008, as summarized below :

#### 2003

- The Disclosure Report Awards 2003 by the Office of the Securities and Exchange Commission (SEC) as a company with good annual information disclosure;

#### 2004

- According to the result of the survey of corporate governance practices of Thai Listed Companies for the year 2004 conducted by the Thai Institute of Directors Association, the Company was evaluated as one of the top 50 companies in Best Corporate Practice (TOP 50);



## 2005

- According to the result of the survey of corporate governance practices of Thai Listed Companies for the year 2005 conducted by the Thai Institute of Directors Association, the Company was evaluated as one of the top 100 companies in Best Corporate Practice (TOP 100);

## 2006

- The Best Corporate Governance Report Awards in the “SET Awards 2006” hosted by the Stock Exchange of Thailand as one of the companies with the outstanding corporate governance report;
- The Company received a “Very Good” rating from the Thai Institute of Directors Association;

## 2007

- The Best Shareholder Treatment Awards as the best listed company in shareholder treatment, awarded by Thailand Securities Depository Company Limited in association with relevant authorities in the announcement of the results of the Shareholder Awards;
- The honorable awards for the “Board of the Year For Distinctive Practices” in the announcement of the results of the Board of the Year Awards for the years 2006/07 by the Thai Institute of Directors Association in association with the Stock Exchange of Thailand and other relevant authorities for commending the boards of directors having efficient and effective performance;
- The Company received an “Excellent” rating in the assessment of quality of the 2007 Annual Ordinary General Meeting of Shareholders by the Office of the Securities and Exchange Commission;
- The ASEAN Energy Awards 2007 in the category of energy conservation building, whereby the Company was selected by the Ministry of Energy to represent Thailand in the ASEAN competition in Singapore;
- The Thailand Energy Awards 2007, whereby the Company received the outstanding award for energy conservation in the category of non-designated building from the Department of Alternative Energy Development and Efficiency (DEDE), Ministry of Energy.

## 2008

- The Company received an “Excellent” rating in the assessment of quality of the 2008 Annual Ordinary General Meeting of Shareholders by the Office of the Securities and Exchange Commission;
- The Company received a “Very Good” rating from the Thai Institute of Directors Association;
- The Company received the certification of ISO 14001:2004 Environmental Management System from UKAS of England and NAC of Thailand on 14 November 2008.

The Board of Directors has emphasized the significance of compliance with the good corporate governance principles to build up confidence for shareholders, investors and all related parties, and therefore, continued to regularly review the corporate governance policy every year to ensure compliance with the good corporate governance principles for listed companies. The Company’s corporate governance policy is as follows :

### Corporate Governance Policy

#### **1) Shareholders’ Rights**

Encouraging shareholders to exercise their fundamental rights and taking care of shareholders beyond their rights as specified by law without any actions in violation of or depriving shareholders of their rights.

#### **2) Equitable Treatment towards Shareholders**

Supervising and monitoring all shareholders to be equally treated under their fundamental rights, laying down measures to prevent inside information usage for seeking personal interests or others which causes damage to shareholders as a whole.

### 3) Stakeholders' Role

Taking care of stakeholders based on their rights as specified by applicable laws without any actions in violation of or depriving stakeholders of their rights as well as establishing compensation measure in case any stakeholders suffered by damage arising from violation of the rights, promoting cooperation between the Company and stakeholders in order to build up wealth, financial stability and sustainability towards the Company.

### 4) Information Disclosure and Transparency

All activities are undertaken with transparency and open for inspection with sufficient information disclosure to all relevant parties as well as monitoring to ensure disclosure of important information relating to the Company, both financial information and non-financial information, shall be made correctly, completely, timely and transparently through an easy access with equality and reliability.

### 5) The Board of Directors' Responsibilities

The Board of Directors shall perform their duties with honesty and due care for the optimum benefit of the Company and fairness to all shareholders under the good internal control system and suitable risk management, including compliance with the Company's code of ethics.

At present, the Company has adhered to the good corporate governance principles for listed companies, divided into five sections as follows:

#### 9.3.1 Shareholders' Rights

The Company realizes the shareholders' ownership right to control the Company via appointment of the Board of Directors to represent them and their right to decide on significant changes. The Company then promotes the shareholders to exercise their rights with protection of their fundamental rights by way of sufficient access to the Company's information, participation in the shareholders' meeting to vote for appointment of directors, determination of remuneration of directors, appointment of auditor and determination of audit fee, including voting on any important matters of the Company, etc. The Board of Directors clearly establishes the corporate governance policy that the Company shall promote shareholders to exercise their fundamental rights, whereby the Company shall not take any actions in violation of or depriving shareholders of their rights.

In convening the shareholders' meeting, the Company shall arrange for the meeting date which shall not fall on any long holidays or public holidays; and the appropriate meeting time which shall not be too early in the morning or too late in the evening; including the meeting venue which shall be convenient for commuting, such as, close to a metro station or Expressway on-off ramp, and with sufficient parking area, together with route map of the meeting venue. In 2008, the Company held one shareholders' meeting, namely, the 2008 Annual Ordinary General Meeting of Shareholders on 18 April 2008 at the Professor Sangvian Indaravijaya Hall, The Stock Exchange of Thailand Building at 3:00 p.m. In this regard, the Company disseminated notice of the meeting, together with details of each item of the agenda, on the Company's website in advance one month prior to the meeting date, as well as submitting notice of the meeting to Thailand Securities Depository Company Limited, as share registrar of the Company, for delivery to shareholders in advance 14 days prior to the meeting date so as to allow shareholders to have time to consider details of each agenda item. In addition, the delivery of the notice of the meeting also includes details relating to documents in support of the attendance of the meeting and arrangement of duty stamps, free of charge, for shareholders wishing to appoint proxy to attend the meeting. Furthermore, all three proxy forms as specified by law are made available on the Company's website for shareholders to use as appropriate.

In this regard, the Company arranged for reception staff to facilitate the shareholders attending the meeting and provide information to shareholders both before and after the meeting as well as during the meeting, serve

refreshments to shareholders. Furthermore, the Company used the barcode system in the registration and voting for the purpose of convenience and rapidity, as well as facilitating shareholders in case they have any questions during the meeting.

The Board of Directors realizes the significance of attendance of the shareholders meeting for answering questions and taking suggestions of shareholders into consideration. In 2008, all 10 directors attended the said meeting, including the chairmen and all subcommittees, the managing directors and the management teams of the Company and the Subsidiary.

The Company proceeds with the meeting in accordance with the order of the agenda as specified in the notice of the meeting sent to shareholders in advance 30 days, and allow shareholders to express their opinions and make inquiries in each agenda. Before starting the meeting, the chairman of the meeting would clearly inform the shareholders of the voting method and the shareholders' right as follows :

1. One share is one vote. For the agenda items requiring resolutions, resolutions shall be passed by majority of the votes. The agenda item for acknowledgment shall not require any resolution. As for the agenda item for determination of remuneration for directors, resolution shall be passed by votes of not less than two-thirds of the total number of votes of the shareholders who attend the meeting.
2. In case that shareholders have appointed their proxies and voted on various matters, and the officer would collect such votes in computer, whereby the legal advisor would inspect the casting of votes to ensure the transparency and correctness in accordance with the laws and regulations. Proxies would not be required to vote again in the meeting unless the information on such agenda item would change. Any shareholders intending to change their votes shall inform the officer to request for the voting cards.
3. The shareholders attending the meeting in person and intending to vote against or abstain from voting shall use the voting cards as provided by the officer.
4. The shareholders who attend the meeting after the meeting has already commenced shall be granted the right to be able to use their rights to vote on the agenda item which is pending consideration and which resolution has not yet been passed.

In regards to the minutes of the shareholders' meeting, the Company has clearly recorded information relating to the list of directors attending the meeting, material clarifications, questions-answers or opinions in brief, the meeting resolutions, whereby votes were divided into agree, disagree or abstain, which shall be available on the Company's website at [www.becl.co.th](http://www.becl.co.th) within 14 days from the shareholders' meeting date rather than having the shareholders wait until the next meeting.

### **9.3.2 Equitable Treatment towards Shareholders**

The Company realizes the significance of and monitors to ensure treatment towards all shareholders on an equal and fair basis as follows :

1. The shareholders' meeting proceeds in accordance with the order of the agenda as specified in the notice of the meeting without adding any agenda to the meeting without prior notice to the shareholders so that the shareholders have opportunity to study information in support of consideration of each agenda.
2. One independent director is nominated as an option for appointment as proxy of the shareholders for exercising the right to attend and vote on each agenda at the meeting by proxy.
3. Voting cards are provided for every agenda, whereby the Company uses the barcode system in the record and display of the results of casting of votes, as well as arranging the officer to collect the voting cards in the meeting room, and to ensure transparency, the Company has the legal advisor serve as witness in counting the votes.

4. The Company correctly and completely prepares and records the minutes of the meeting and disseminates the same to all shareholders via the Company's website after the minutes have been delivered to the Stock Exchange of Thailand 14 days after the end of the meeting. In addition, the Company also disseminates photographs and audio files of the shareholders' meeting on the Company's website for any interested shareholders.
5. The Company allows shareholders to propose agenda of the shareholders' meeting and nominate qualified persons to be considered and appointed as directors for the annual shareholders' meeting of the Company in advance prior to the meeting, commencing from the 2008 Annual Ordinary General Meeting of Shareholders, whereby the shareholders have been informed via the Stock Exchange of Thailand's website, including criteria for consideration on the Company's website. In this regard, the Board of Directors shall consider the appropriateness of the agenda proposed by the shareholders. As for the persons nominated to be considered and appointed as directors, the management shall propose such nominations to the Nomination and Remuneration Committee for further submission to the Board of Directors and the shareholders' meeting.
6. The Company has established measures to prevent inside information usage for seeking interest of directors and executives by informing all persons of their roles and duties to report their own securities holding, and on securities holding by their respective spouses or minor children who hold securities of the Company; and to report every change in such securities holding from purchase, sale, transfer or acceptance of transfer of securities, to the Securities and Exchange Commission in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (1992) within three days from the date of purchase, sale, transfer or acceptance of transfer of securities, whereby the Company shall give prior warning notice thereof in every meeting of the Board of Directors and the Executive Board. Moreover, directors and executives have also been informed of their duties and responsibilities as specified, including punishments under the Securities and Exchange Act B.E. 2535 (1992). In addition, the Company prohibits executives who have access to inside information from taking any actions contrary to Section 241 of such Act, including relevant rules and regulations.

### 9.3.3 Stakeholders' Role

The Company realizes the significance of rights of every group of all stakeholders, whether inside, such as, staff and executives of the Company and the Subsidiary, or outside, such as, customers, business related persons, lenders, traders, competitors, society and communities, educational institutions adjacent to the Expressways, government sector and other relevant authorities. Any stakeholders wishing to contact or have any comments may directly contact the Company's director or Company Secretary at Tel. 02-641-4611 Ext. 500 or via email to [companysecretary@becl.co.th](mailto:companysecretary@becl.co.th). The Company recognizes support from these stakeholders which could help building up the Company's competitiveness and profitability to result in long-term success for the Company. The Board of Directors has laid down the corporate governance policy that the Company shall treat stakeholders based on their rights as specified by applicable laws without any actions in violation of stakeholders' rights; and has established compensation measures in case any stakeholders sustain any damage arising from violation of the rights, for instance :

1. In terms of customers, the Company has a commitment to provision of quality and trusted service, realizes the significance of the fair treatment towards all customers and has continual work plans for improvement of the Expressway services for motorists to ensure a more rapid and convenient service with standard safety. Rules and regulations of service provision to which the Company has adhered are as follows:

- 1) Providing quality service to satisfy motorists' expectations.
- 2) Ensuring prompt response to motorists' needs, and allowing and facilitating motorists to make any comments or suggestions for service improvement.
- 3) Providing accurate and timely information on service.

2. In respect of person who is related to the business, the Company strictly discharges its duties in accordance with the Agreement with EXAT as contractual party and has fairly treated such business related person, taking into account the equitable treatment, without barrier, special right, discrimination, which are clearly specified in writing in the Company's code of business ethics, through its work rules and regulations in accordance with the ISO 9001:2000 Quality Management System to ensure that the Expressways are always available for service.

3. In respect of traders, the Company has a commitment to procurement of standard goods and service, for the purpose of development and maintenance of sustainable relationship with traders, with the clear objectives of the quality of goods and service worth its value, technical standard and creditability, the Company therefore provides the fair and equal procurement procedures to all traders in compliance with work rules regarding procurement in accordance with the requirements of the ISO 9001 : 2000 Quality Management System, by strictly adhering to the practices as follows:

- 1) Determining criteria for consideration and selection of traders.
- 2) Ensuring competition on the basis of equal information access, without preventing any trader from participating in business competition.
- 3) Preparing contracts in appropriate and standard forms.
- 4) Arranging management and following up system to ensure complete compliance with the contracts, and internal control system to prevent fraud and misconduct in all steps of the procurement procedures.
- 5) Making payments to traders on time in accordance with terms of payment as mutually agreed.
- 6) Not allowing director and/or staff to accept any benefits from traders.
- 7) Evaluating traders on a yearly basis and informing results of evaluation with suggestions for traders to continuously improve the quality of goods and services, and also allowing traders to contact the management to make any complaints if they are unfairly treated.
- 8) Refraining from seeking any trader's secret dishonestly or improperly, such as, bribing director and staff of competitors.
- 9) Refraining from making a serious accusation against traders without reasonable grounds.

4. As for the lenders, the Company has complied with the conditions of the Credit Facilities Agreement at all times to build up confidence of the financial institution lenders who provide financial support to the Company's projects, and has never breached any conditions thereof. Conditions which the Company has complied with and adhered to as follows :

- 1) Strictly complying with conditions of the Credit Facilities Agreement as mutually agreed. In case it is unable to comply with any condition, the lenders shall be informed thereof in advance to jointly seek a solution.
- 2) Equitably and fairly treating towards all lenders on the basis of a win-win solution for both sides.
- 3) Regularly reporting on financial information which is accurate, complete and timely to lenders.
- 4) Refraining from demanding, receiving or accepting engagement for any fraudulent benefits in commercial terms.
- 5) Disclosing information on demand, receipt or acceptance of engagement of any fraudulent benefits, if any, to lenders to resolve the problems fairly and promptly.

In respect of the debenture holders, the Company issues debentures in accordance with applicable requirements, laws and notifications of the Securities and Exchange Commission and strictly complies with



policies, objectives and resolutions of the shareholders' meeting. Also, the Company realizes the significance of its responsibility to fulfill commitments in accordance with the requirements regarding rights and duties of debenture issuer, including relevant contractual conditions.

5. Regarding staff, the Company considers staff as important resource to the Company's success. Therefore, in addition to promoting staff to receive additional training or education for improvement of their skills and capabilities, the Company also designs its organization to ensure the balance between efficiency and happiness for staff to work with safety, good health in pleasant surroundings, with fair remuneration, as well as having the clear performance evaluation through the key performance indicators (KPI) for every significant activity. The Company takes into account the safety to both staff's performance and to motorists by providing regular training to the rescue operators and traffic management staff on the Expressways to ensure the efficient performance and safety, including various quality group activities for staff participation in the improvement of their performance.

- 1) Providing the fair and appropriate benefits to staff according to their respective work competency, by mainly employing staff performance evaluation system for consideration of performance of staff and for motivation of staff to enhance their work competency.
- 2) Creating a participatory and teamwork environment by allowing staff to express their opinions on work performance.
- 3) Ensuring that staff take pride in and engage with the organization by encouraging staff's career development.
- 4) Ensuring equitable, honest, fair appointment, transfer, as well as providing reward and punishment according to knowledge, capacities and appropriateness of such staff.
- 5) Creating surroundings in work areas with good hygiene, safety for life and property of staff and the Company.
- 6) Giving priority to and regularly promoting staff's development of their knowledge and capacities.
- 7) Strictly complying with laws and regulations relating to staff.

6. As for the corporate social and environmental responsibility, the Company intends to jointly develop the capital city, including society and environment of Bangkok to ensure sustainable growth by continuously arranging the social activities, as per the following practices:

- 1) The Company has a policy to operate the business mainly taking into account the environment and impact on society as well as complying with laws and regulations on environment.
- 2) Rapidly and efficiently responding any events having impact on environment and communities caused by the Company's operations by fully cooperating with related government agencies.
- 3) Raising the consciousness and responsibility of staff in relation to environment under the ISO 14001 : 2004 Environment Management System as well as campaigning conservation and consumption of energy and resources with efficiency.
- 4) Communicating, exchanging knowledge and sharing experiences with persons, communities and other agencies for the purpose of participation in conservation of environment, improvement of work procedures to ensure suitability on a continuous and regular basis.

In this regard, the Company suitably organizes various activities and improves procedures to ensure good relationship and cooperation between the Company and such stakeholders. In 2008, the Company organized customer relations activities and social activities as follows :

## 1. Good Relationship with Shareholders

The Company organized the “Company Visit” activity by bringing the group of 191 shareholders to visit the Company as the operator of the Si Rat Expressway and the Udon Rattaya Expressway, by visiting the control center of the Si Rat Expressway and routes as well as tourist attractions at the end of the Expressway at Bangsai Arts and Crafts Centre of H.M. Queen Sirikit of Thailand for shareholders to well understand the business operations and to ensure good relationship between shareholders and the Company.

## 2. Good Relationship with Expressway Users

### 1) “Temple Tour in Ayudhaya with Expressway”

The Company brought the group of 80 Expressway users to travel together to follow the historical footsteps, by paying respect to the Buddha images, making merit, visiting temples and historical sites in Ayudhaya Province.

### 2) “Visiting Amphawa with Expressway on Mother’s Day”

The Company brought 45 motorists from 15 families to jointly experience the riverside way of life and visit Amphawa floating market in Samut Songkram Province in order to strengthen family relationship on the occasion of the National Mother’s Day.

### 3) “Safe Driving with Expressway No. 2”

The Company, in association with the Department of Land Transport and FM 91 Traffic Radio, organized the “Safe Driving with Expressway No. 2” project continuously from the year 2007, by providing training and knowledge relating to driving with safety and fuel saving as well as encouraging compliance with traffic rules, with a number of persons interested in such training.

## 3. Promotion of Learning to Youths

### 1) “Expressway Scholarships to Adjacent Schools”

The Company granted scholarships to underprivileged students with good academic records, including funds for school development for educational purposes to schools adjacent to the Expressways, totaling five schools, namely, Chumchon Wat Sadet School, Wat Phasuk Manichak School, Wat Buakhwan School, Rama IX Kanchanaphisek School and Wat Uthaitaram School, totaling Baht 250,000.

### 2) “Learning Sufficiency Economy with Expressway”

The Company took the group of 115 teachers and students from Wat Phasuk Manichak School to visit the Royal Chitralada Projects at the Royal Dusit Palace for youths to learn the utilization of natural resources and agricultural factors for the utmost benefit and to raise their awareness in relation to sufficiency economy.

The Company took the group of 60 teachers and students from Samakhomsatreethai School to visit the rice farming demonstration of Teacher Thani in Pathum Thani Province for youths to be aware of value of Thai rice, rice farming and to raise their awareness in relation to sufficiency economy.

### 3) “Expressway Promotes Thai Traditional Arts No. 2”

The Company took children and staff of EXAT, children of polices of Expressway Police Station 2 and children of the Company’s staff to watch the Thai puppet (Joe Louis) performance, “Phra Aphai Mani in the scene of Sud Sakorn”, to encourage youths to learn Thai theatrical puppetry and puppetry skills and to strengthen relationship among three agencies at the Nattayasala Hun Lakorn Lek (Joe Louis) Theater.

### 4) “Books for Students in the Southern Border”

The Company, in association with FM 91 Traffic Radio, Ministry of Education, Generali Insurance and Thai Airways, organized the “Books for Students in the Southern Border” project, to accept donation of books at

every Toll Plaza to be provided to schools in the three Southern border provinces which were destroyed by arson causing damage to teaching materials, namely, Narathiwat, Yala and Pattani Provinces.

5) BECL Grants Scholarships to Staff's Children

The Company granted 53 scholarships to staff's children with good academic records at the levels of elementary and high school, totaling Baht 170,000, continuously as the second year.

**4. Raising Awareness of Environmental Preservation**

1) "Expressway Promotes Environmental Preservation No. 2"

The Company organized the Expressway Promotes Environmental Preservation No. 2 activity, continuously from the year 2007, by bringing the Company's staff to participate in the activity to build up awareness of environmental preservation and conservation, namely, to jointly plant mangrove forest to restore the existing area at Laem Phak Bia Environmental Study, Research and Development Project; bamboos and Sal trees at Bang Phasi Temple, Nakhon Pathom Province; and mangrove forest at Tambon Khlong Khon, Sumut Songkram Province, totaling 3,100 trees.

2) "Think Green, B Green"

The Company organized the "Think Green, B Green" activity, by bringing the group of executives and staff to jointly plant trees in front of the Company to build up staff's awareness of utilization of natural resources and jointly campaign for reducing global warming on the occasion of the World Environment Day.

**9.3.4 Information Disclosure and Transparency**

1. The Board of Directors establishes the policy that the Company shall undertake activities with transparency and open for inspection with sufficient information disclosure to all relevant parties as well as monitoring to ensure disclosure of correct, complete, timely and reliable information, and all parties shall be able to easily access such information on an equal basis.

In disclosure of significant information of the Company, other than dissemination under the specified criteria via channels of the Stock Exchange of Thailand, the Company shall also disseminate information on the Company's website, both Thai and English, such as, annual report, annual registration statement (Form 56-1), corporate governance policy, the Company's information, public relations news, by regularly updating the website for users to be able to conveniently access such information in a timely manner and to gain the optimum benefit.

In disclosure of financial report, the Board of Directors shall prepare Report on Responsibilities of the Board of Directors towards the Financial Report to be shown simultaneously with Report of the Auditor, as per the details on page 110

2. The Board of Directors realizes the significance of accurate, complete, transparent, thorough and timely information disclosure relating to the Company, both financial and non-financial data, such as, movement of traffic volume, toll revenue, loan status, financial report, operational results, financial ratio, dividend records and other information having an impact on the value of securities of the Company. This shall be in accordance with the good corporate governance principles, by disseminating such information and news for investors and relevant parties to use the same in support of decision making through various dissemination channels and media of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, including the Company's website at <http://www.becl.co.th> which is available in both Thai and English, together with monthly corporate presentation of information to investors, updated on the 10th day of the following month to be regularly and timely available to all investors. Moreover, an Analyst Consensus made by a group of analysts from many different securities companies is also available through the link on our website at <http://www.settrade.com> in order to assist investors in making their investment decisions.

The Company has also been a member of Thai IR Club since 2005, and has Investor Relations which has the duty to communicate, with the specific team ready to provide information and news to investors and analysts, make appointment, as well as coordinating with investors, shareholders and debenture holders to ensure access to information on an equal basis. In this regard, those interested in investment may contact Khun Suttida Sukhanindr, Investor Relations, at 0-2641-4611 Ext. 530 or 532-533. Investors, who may find it inconvenient to visit the Company's Office No. 238/7, Asoke-Din Daeng Road, Bang Kapi Subdistrict, Huai Khwang District, Bangkok 10310, Thailand, may also arrange a conference call or subscribe for information and news mailing list via the website or submit questions or email to [ir@becl.co.th](mailto:ir@becl.co.th).

Other than disclosure of information under the duty pursuant to the practice and legal requirements, the Company also has the policy to rotate high level executives to participate in providing information and answers to questions to investors so that they would be personally aware of opinions and requirements of Thai and foreign investors. The Managing Director, the Assistant Managing Directors, the Finance Division General Manager and the Company Secretary have always participated in investor relations activities. As for communication within the organization, the Investor Relations Department prepares IR Report, by collecting and summarizing questions and opinions of investors towards business operations of the Company for submission to the executives on a monthly basis in order to present useful suggestions or feedback of investors to the executives for further improvement of the operations.

In 2008, the Company provided reception for 65 company visits and 21 conference calls, arranged for 2 press interviews, 52 press releases and convened meetings with analysts on a quarterly basis at the Company and at the Opportunity Day event organized by the Stock Exchange of Thailand for clarification on the quarterly operational results and for the management to answer questions to investors and the press. Moreover, the Company, in association with the Securities Analysts Association, organized the Roadshow in this year for provision of additional information to securities analysts and the Company also participated in the Thailand Focus 2008 event organized by the Stock Exchange of Thailand, in association with CLSA Securities (Thailand) Limited. In addition, the Company participated in two conferences for presenting information to institutional investors in United Kingdom and Thailand, as well as participating in SET in the city 2008 exhibition held by the Stock Exchange of Thailand for providing information to general public.

The Company organized the Company Visit project for allowing shareholders to visit and meet its management. The Company also publishes Si Rat newsletter for disseminating business information, which has been delivered to all shareholders and debenture holders of the Company bimonthly. In addition, the Company surveyed opinions and requirements of analysts and investors in relation to quality of communication and investor relations activities in 2008 for further improvement.

In 2009, the Company will additionally offer the new audio communication channel by means of TeleConference via Voice Over IP to enable investors around the world to contact [ir@becl.co.th](mailto:ir@becl.co.th) for making an appointment for Voice Over Internet Protocol at lower cost. Furthermore, the Company plans to organize the Road Show abroad, as well as suitably allocating budget for investor relations activities on a yearly basis.

3. In regard to the policy on payment of remuneration for directors and executives, the Company establishes clear and transparent policy on remuneration for directors and the Managing Director, subject to review by the Nomination and Remuneration Committee. The remuneration shall be at the same level as that in the same industry and sufficiently high to retain the qualified directors and the Managing Director, and remuneration for executives, excluding the Managing Director, shall be in accordance with the principles and policies determined by the Executive Board corresponding to the Company's operational results and performance of the executives, as per the details of Remuneration of Directors and Executives on pages 68 to 70.

### 9.3.5 The Board of Directors' Responsibilities

#### 1) The Board of Directors' Structure

The structure of the Board of Directors consists of 12 qualified members, comprising: seven executive directors, four independent directors and one non-executive director, constituting a counterbalance from non-executive directors. In this regard, the Company has four independent directors, which represent one-third of all directors. The Chairman of the Board of Directors is an independent director by the definition of the Stock Exchange of Thailand and has no relationship with the management and is not the Managing Director, so as to separate between the policy making and supervisory duty and the regular managerial duty.

The Company determines qualifications of "independent directors" stricter than the minimum requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Board of Directors has not yet determined the policy on holding the position of director in other companies since, after considering the matter, it deems that all directors of the Company devote their time to regularly attend meetings and provide useful suggestions to the Company. In 2007, the Board of Directors also received the Board of the Year For Distinctive Practices Award for the years 2006/07. Furthermore, the Board of Directors also appointed the Company Secretary in accordance with the guidelines for the good corporate governance principles to perform the duty to provide suggestions relating to various laws and regulations as required by the Board of Directors and to supervise activities of the Board of Directors as well as coordinating to ensure performance in compliance with the Board of Directors' resolutions.

#### 2) Subcommittees

The Company has established four subcommittees to closely monitor and supervise the operation and regularly report to the Board of Directors, namely, the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance and Risk Management Committee. In this regard, the Board of Directors has determined duties and responsibilities of each subcommittee as detailed on pages 63 to 67.

#### 3) Role, Duties and Responsibilities of the Board of Directors

1. The Board of Directors comprises personnel from the business sector and from various professional fields, with leadership, vision, knowledge, ability and experiences in various fields, and has independency on decision making for the optimum benefits to the Company and shareholders as a whole. The Board of Directors participates in determination (or approval) of vision, missions, strategies, targets, business plan and budget of the Company, and supervise the management to take actions to ensure compliance with the business plans and forecast budget with efficiency and effectiveness so as to result in the optimum economic value to the business and build up confidence to shareholders.
2. The Board of Directors has established the corporate governance policy which shall be reviewed at least once a year.
3. The Company has prepared its code of business ethics since 2002, with the approval by the Board of Directors, whereby the code of business ethics contains proper conduct and practices for directors, executives and staff, specifying guidelines for conduct and treatment towards the Company, colleagues, third parties and society, in accordance with the ethics. In this regard, during the past, all directors, executives and staff have been informed and well understood of the proper and ethical conduct and complied with such practices in the performance of their duties in line with the Company's mission, with honesty, integrity and equality, to build up confidence of shareholders and all interested groups, including the public and society.
4. In consideration of any transactions which may have conflict of interest, interested directors shall not attend nor vote on such matter at the meeting.



In respect of risk management, the Board of Directors followed up and acknowledged risk management plan of the Company from the management's report on operational results in every the Board of Directors' meeting and from Report of the Corporate Governance and Risk Management Committee.

In addition, the Company requires that the code of business ethics shall be regularly reviewed. Should the proper conduct and practices in the Company's code of business ethics not cover its business operation, the Company will immediately amend the same to ensure appropriateness. Other than the survey on the compliance with the Company's code of business ethics for directors, executives and staff on a yearly basis, with their signatures to express their responsibility for the compliance with the Company's code of business ethics, the Company has continuously supported training on corporate governance on a yearly basis to high and middle level executives, so as to enhance their knowledge, understanding, visions, and good attitudes towards the Company's management in compliance with the good corporate governance principles to build leadership and succession to the management, as well as the performance of their duties and corporate motivation, with the morality and ethics.

The Board of Directors and executives adhere to the guidelines for the good corporate governance principles by improving their conduct and practices towards interested persons to ensure compliance with such guidelines on a regular basis, e.g., independence of the Chairman of the Board of Directors, giving priority to shareholders to the extent that the Company received an "Excellent" rating of the ordinary general meeting of shareholders from the Office of the Securities and Exchange Commission in association with the Listed Companies Association and the Thai Investors Association in 2007 and 2008 consecutively. Furthermore, all staff has also participated in showing social responsibility by continuously implementing energy conservation project by expanding the scope of the use of electricity, oil, water and papers. As for the environment, in 2008, the Company has implemented the Environment Conservation Expressway Program as the second year, for 4 times, having 562 staff participating in the program or representing 88.23 percent of the Company's staff, to plant a total of 3,100 trees, covering a total of 8 rais.

#### **4) The Board of Directors' Meetings**

The Company shall give prior notice of annual schedule of the Board of Directors' meetings, together with the main agenda, to directors so as to allow directors to be able to manage time to attend the meetings. The Board of Directors shall regularly meet every 3 months and may convene additional meetings as necessary. The Managing Director Office shall deliver the notice of meeting and agenda as clearly pre-determined, for 10 days prior to the meeting date and deliver the supporting documents in advance, so as to allow the Board to review the same prior to the meeting.

The agenda shall be determined by mutual discussion between the Chairman of the Board of Directors and the Managing Director. In the year 2008, the Board convened four regular meetings, and there were also meetings of the Executive Board on every third Wednesday of each month, totaling 12 meetings. Most of the directors were able to attend the meetings, except where they were engaged by urgent business. In every meeting, the Chairman of the Board of Directors shall serve as the chairman of the meeting to ensure each item shall be carefully considered and all directors shall be allowed to express their opinions and take part in discussions. In addition, the high level executives will attend the meeting to clarify the information in the capacity as persons directly relevant to the problems to the satisfaction prior to passing resolution on each item

The meeting attendance of the Board of Directors (attendances/ total number of meetings) is summarized as follows :

Names of Directors	Board of Directors	Executive Board	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Risk Management Committee
1. Dr. Virabongsa Ramangkura	4/4	-	-	-	-
2. Prof. Suphachai Phisitvanich	4/4	-	6/6	-	2/2
3. Gen. Sampao Choosri	4/4	-	6/6	1/1	2/2
4. Prof. Dr. Kanok Wongtrangan	4/4	-	6/6	1/1	-
5. Mr. Plew Trivisvavet	4/4	11/12	-	1/1	-
6. Mr. Supong Chayutsahakij	4/4	12/12	-	1/1	2/2
7. M.L. Prasobchai Kasemsant	4/4	9/12	-	-	-
8. Mr. Panit Dunnvatanachit	3/4	12/12	-	-	-
9. Miss Arisara Dharamadhaj	4/4	12/12	-	-	-
10. Mrs. Vallapa Posyanond	4/4	11/12	-	-	-
11. Mr. Sintop Sirisingha	3/4	-	-	-	-
12. Mrs. Payao Marittanaporn	4/4	12/12	-	-	2/2

## 5) Board Self-Assessment

The Board of Directors has a policy to assess the overall performance of the Board of Directors at least once a year. In 2008, the Company Secretary delivered self-assessment form to each director for considering the overall performance of the Board of Directors so as to use the assessment results for improvement and correction of the Board of Directors' performance. In this regard, the assessment results, divided into six subjects, namely, structure and qualifications of the Board of Directors; role, duties and responsibilities of the Board of Directors; the Board of Directors' meeting, directors' duties; relations with the management; and self-development of directors and development of executives, are summarized as follows :

### 1. Structure and Qualifications of the Board of Directors

Most directors are of the view that the structure and qualifications of the Board of Directors are proper, namely, there are 12 directors, comprising five non-executive directors (four independent directors or one-third of all directors by the definition of the Company's independent directors stricter than that of the Office of the Securities and Exchange Commission) and seven non-executive directors which are suitable to the nature of business operations of the Company. The Board of Directors comprises personnel with sufficient knowledge and experiences in a variety of fields and performed their overall duties efficiently. In this regard, the Board of Directors appointed another four subcommittees, namely, 1) the Audit Committee with the duty to help supervise and monitor the business as well as considering the appropriateness and justifications of various transactions for the optimum benefit of the Company; 2) the Nomination and Remuneration Committee with duty to consider criteria and procedures of nomination of qualified persons to be appointed as the Company's directors based on transparency, fairness, without influence of any persons; and 3) the Corporate Governance and Risk Management Committee with duty to establish policies and directions of operations in respect of the good corporate governance of the Company, including code of business ethics; 4) the Executive Board with the duty to supervise and provide suggestions for management and proceed with other matters as assigned by the Board of Directors.

## **2. Role, Duties and Responsibilities of the Board of Directors**

Most directors are of the view that the role, duties and responsibilities of the Board of Directors are proper, namely, the Board of Directors gives priority and contributes sufficient time to consider significant matters relating to directions of the Company's business operations, review the good corporate governance policy of the Company, as well as ensuring compliance with various policies, review of the code of business ethics, together with monitoring to ensure that no conflict of interest arises from any connected transactions and transactions which may have conflict of interest. The Board of Directors also follows the procedures as specified by taking into account the optimum benefit of the Company. Furthermore, the Board of Directors regularly reviews the internal control system to ensure good and sufficient internal control system and appropriate risk management, as well as following up and monitoring to ensure performance of duties of the management in accordance with the policies as assigned by the Board of Directors.

## **3. The Board of Directors' Meeting**

Most directors are of the view that the Board of Directors' meetings are proper, namely, the Company gives prior notice of annual schedule of the meetings, together with the main agenda, to directors so that they would be able to manage their time to attend every meeting. The number of meetings and agenda are suitable, thereby supporting the Board of Directors to perform duties efficiently and be able to supervise and monitor the Company's business operations with success. Moreover, directors also receive supporting documents prior to each meeting and have sufficient time to study additional information in preparation for each meeting. The supporting documents contain sufficient information for decision making to the benefit of the Company. Furthermore, the atmosphere at each Board of Directors meeting allows all directors to express constructive opinions without any influence of any persons. In addition, directors could fully discuss significant issues at each meeting.

## **4. Directors' Duties**

Most directors are of the view that directors' performance of duties is satisfactory, namely, they are well prepared and sufficiently study information prior to each meeting and regularly attend the meetings. In addition, directors independently provide their opinions and impartially consider various matters and are independent on passing resolutions, including useful suggestions for the Company's operations; and understand the significance of each matter and properly contribute their time to consider such matter and accept different opinions among directors without conflict.

## **5. Relations with the Management**

Most directors are of the view that the relations with the management are proper. Directors could straightforwardly discuss with the Managing Director and maintain good relations with the management, whereby the Managing Director could request directors' advice as necessary and the Board of Directors does not intervene in performance of duties of the management. Moreover, the Board of Directors also participates in solving problems as appropriate in case of the management's performance of duties does not meet the operational plans and forecast budget.

## **6. Self-Development of Directors and Development of Executives**

Most directors are of the view that the self-development of directors and development of executives are satisfactory, namely, directors understand their role, duties and responsibilities, have sufficient knowledge and understanding of the Company's business, pay attention to significant information or news relating to economic and industrial conditions, changes in rules and regulations and the state of competition, which would allow directors to efficiently perform their duties. In this regard, all directors are trained to ensure their understanding of performance of duties in the capacity of directors. Furthermore, in case of new directors, the Board of Directors would have the management provide documents or briefing for the new directors to

understand the business and performance of duties as directors. In addition, the Board of Directors also sets out the succession plan to ensure continuity of performance of duties of the Company's high level executives.

The Corporate Governance and Risk Management Committee shall adopt the self-assessment results of the Board of Directors as information for proposing the practice and guidelines of the Board of Directors in compliance with the good corporate governance principles to the Board of Directors for consideration as appropriate.

## **6) Remuneration for Directors and Executives**

Remuneration for directors : The Company establishes clear and transparent policy on remuneration for directors and the Managing Director, subject to review by the Nomination and Remuneration Committee. The remuneration shall be at the same level as that in the same industry and sufficiently high to retain the qualified directors and the Managing Director.

Remuneration for executives : Remuneration for executives, excluding the Managing Director, shall be in accordance with the principles and policies determined by the Executive Board corresponding to the Company's operational results and performance of the executives.

The amount of remuneration in the year 2008 appears in Remuneration of Directors and Executives on pages 68 to 70.

## **7) Development of Directors and Executives**

### **1. Directors and Executives Training**

The Board of Directors and the high level executives realize the significance of participation in training or seminars in various courses or development of their knowledge and skills. The Board of Directors attends training courses organized by the Thai Institute of Directors Association (IOD), namely, Director Certification Program (DCP), Directors Accreditation Program (DAP), Board Performance Evaluation, The Role of Chairman (RCM), Audit Committee Program (as per Information of Company Executives on pages A-1 to A-8). In this regard, the Company also continues to coordinate with IOD to send its directors to participate in various training courses as provided by IOD.

### **2. Orientation for New Directors**

The Company also arranges for orientation for newly-appointed directors, whereby the Board of Directors assigns the Managing Director, the Company Secretary and the Managing Director Office to meet with newly-appointed directors by convening a meeting with the relevant directors and/or executives and/or officers for clarification and answer to questions, as well as preparing documents and summary information for new directors, such as, information relating to the Company, listed company director's handbook, the good corporate governance principles, code of ethics, power and duties of the Board of Directors, the annual schedule of the Board of Directors' meetings. Furthermore, the Company also has its directors attend training course, as suggested by the Office of the Securities and Exchange Commission, as conducted by the Thai Institute of Directors Association (IOD).

## **8) Succession Plan**

The Board of Directors sets out succession plan in the executive level and in the primary line, by significantly taking into account the performance and potentials of each person. In this regard, the Company makes

preparations for those potential successors in the development of their knowledge, competency and skills as required for their work positions.

The Company sets out succession plan for the high level executives of the Company, by emphasizing on the nomination of personnel since the establishment of the Company for development and preparations through performance evaluation system, and development and preparations for advancement and promotion in accordance with the staff's line of command. The implementation of strategy and succession plan of the high level executives who may be changed or retire to ensure the availability of personnel to succeed to the position is considered a part of the Company's human resource development to determine personnel to replace the high level executive, subject to consideration, approval and appointment of executive, whereby the Nomination and Remuneration Committee's meeting shall review the principles, as well as selecting knowledgeable and qualified person, while the Board of Directors shall consider appointing person at the Managing Director level, and the Executive Board shall consider appointing the executives at the General Manager level and higher. As for the middle level executives and staff, a committee of the high level executives and the middle level executives shall consider promoting in the line of command as appropriate.

The executive who has been determined to succeed to an office shall not only be qualified and experienced in the appropriate field, but shall have also accepted transfer of knowledge and experience as well as attending the additional necessary training courses to be well prepared in the performance of duties in a higher position in the future, and to ensure smooth succession and continued management.

The Company sets up the human resource management system with sufficient allocation and following up of the assessment in respect of nomination process for qualified and knowledgeable person as required, appropriate and fair remuneration, determination of duties and responsibilities, performance of personnel, performance standard, personnel development and efficient communication, to ensure that the staff has knowledge and skills, and the Company's human resource management is efficient and suitable. The Company is implementing the Performance Management System (PMS) on an individual basis in reliance upon the measurement and performance management as per KPI for each officer to be applied to the entire organization, to improve the control results and the following up of the performance.

## 9.4 Control of Inside Information Usage

The Company has policies and procedures for controlling the use of inside information by directors, executives and staff to prevent any occurrence of the use of inside information for personal interests or others. Moreover, the work rules of the Company prohibit staff from disclosing the Company's secrets to third parties or abuse their positions to seek benefits for themselves or for other persons. Any violation of this is deemed to be a disciplinary misconduct subject to employment termination. In the past, there has never been any occurrence of misuse of inside information for personal interests or others. Moreover, the Company has also developed a control system of use of the Company's information by adopting such information security systems as the restriction of access to the Company's information by setting authorization level of staff's access to the Company's information to correspond to their responsibilities.

## 9.5 Personnel

### 9.5.1 Number of Staff

As at 31 December 2008, the Company has a total of 637 staff, comprising personnel in the main line, namely, Toll Revenue Division, Traffic Division, Construction and Maintenance Division, and Planning and Development Division, representing 81.16 percent of all staff, personnel under supervision of the Managing Director Office and the Internal Audit Office, representing 5.81 percent, and personnel in the support line, such as, Administration Division and Finance Division, representing 13.03 percent.



In 2008, the Company has adjusted the organization structure to accommodate various improvements and developments for the management of the Si Rat Expressway, by setting up the Planning and Development Division, to be responsible for analysis and development of the Expressway system, comprising engineer team and traffic consultant, to support the development and improvement of the efficiency of the Expressway routes in the future.

### 9.5.2 Human Resource Development Policy

The Company realizes the significance of continued development of personnel, by focusing on improvement, enhancement and development of competency of the Company's personnel, which is deemed as the main work plans each year, so as to achieve the goal of providing an excellence of service to satisfaction and impression to service users. The Company then sets out work plans and proceeds with personnel development by focusing on the following main aspects :

1. Improvement of competency of work operation in both primary line and support line, particularly in respect of such main line, training course on knowledge of work operation has been provided, in order for staff to have competency and skills in using equipment, tools with specific characteristics for the respective aspects in rescue operation, traffic management, toll collection and maintenance of system and route, to ensure the excellence of service in line with the policy of the Company. Moreover, in 2008, the Company also improves Job Description (JD) with Performance Indicators (PIs) and Key Performance Indicators (KPIs), including Job Competency of each work position, to be used in the performance evaluation as guidelines for improvement of staff's competency.
2. Development of potential of all staff at every level, based on the belief that every person has potential which could be used without limitation if they were provided support and opportunity. The Company thus allows staff to show their potential through various quality activities, such as, 5S, Suggestion System and Work Improvement. In addition, staff who will become executives of the Company in the future will be encouraged to develop their managerial skills by taking Mini MBA course from leading educational institutes, as well as supporting them to further study in a level higher than bachelor degree in the fields relating to their assigned duties or long-term training course in specific fields, including continued study visits in Thailand and overseas.
3. Determination of the succession plan, particularly such work positions in the primary line, showing that the Company focuses on rather internal than outside recruitment, and significantly takes into account the performance and potentials.  
In this regard, the Company makes preparations for those potential successors in the development of their knowledge, competency and skills as required for their work positions.
4. Maintenance of good personnel who have high ability and work potential, whereby the Company would allow for advancement in their career paths by setting out clear criteria to be regularly implemented every year. Moreover, the Company arranges for the individual development plan, especially such personnel at the supervisor level or higher. Furthermore, the Company also sets out the work plan to improve the performance evaluation by using KPIs in the evaluation to ensure concrete results, along with factors in respect of work behavior of staff which would serve as a mechanism to retain competent personnel and for the purpose of development of staff's competency.
5. Given the fact that the Company realizes safety in life and assets of its customers, the Company thus also realizes work safety accordingly, whereby each department shall set out measures relating to proper use of safety equipment as appropriate for each task, as well as providing budget in support of improvement of the efficiency of such equipment to be ready for effective and sufficient use. Moreover, the Company also provides training to its staff on the awareness of safety at work and daily life. In 2008, the Company has

arranged for “safety officers at the supervisor level” training course for the staff in the primary line and related support line, for two days, with a total of 60 participants.

6. The quality of life of staff is deemed as one of the primary objectives of the quality policy by ensuring that the Company complies with such policy. The Company also encourages the roles of the staff welfare committee, beginning with the arrangement for the legitimate election as required by law, so as to ensure that acceptable staff representatives would be elected to perform the duty of inspection of the Company’s treatment of staff under the legal requirements; as well as provision of other benefits than those prescribed by law in a widespread and fair treatment manner, including advice on welfare improvement as appropriate for the changing circumstances. A meeting of the welfare committee, with the presence of the Managing Director and the executives, shall be held at least four times a year, thereby granting the opportunity for the welfare committee to meet with the Company’s highest level executives to provide their opinions, as well as acknowledging the Company’s various policies directly from the executives, creating good understanding towards each other which leads to adjustment and improvement of the Company’s welfare in various aspects to ensure appropriateness, such as, improvement of exercise place to encourage staff to play sports.

Moreover, the Company is still determined to improving the efficiency and quality of work performance, by way of maintenance of the quality of its service provision through the Company’s quality management certification, ISO 9001:2000, which has been certified by SGS (Thailand) Limited in accordance with UKAS Standard of England and NAC Standard of Thailand since 2001 up to the present time. Furthermore, the Company continues to focus on the significance and support of group quality activities, such as, 5S, Suggestion System and Work Improvement, as well as the QCC Day/Quality Day event, which are held every year since 2000. These activities encourage staff to demonstrate their performance of tasks in such activities in the presence of the high level executives, and also encourage their participation in presentation of achievements with external organizations to share knowledge and experience, and to serve as encouragement and positive attitude for their group quality activities in the future.

Other than the continued support of quality activities every year, the Company also supports the development of knowledge beneficial to the activity improvement by training course. In 2008, the Company has arranged for training course in the subject of “Work Improvement by Theme Achievement” for 165 staff of each division to promote such activities.

In regard to the labor relations, the Company encourages and supports budget for leisure activities by allowing staff who are interested in useful activities to form activity group in the form of various clubs, such as, sports club, which would arrange for activities throughout the year, e.g., jogging for good health, as well as participation in running for charity in association with the government sector on various occasions; arrangement of the annual internal sports activity, so as to encourage staff to work out and then select the Company’s athletes to participate in sports competition with external organizations to gain more experience. Furthermore, there is also a music club for recreation and encouragement of the expression of artistic and performance talents as well as allowing staff to perform their shows in various events of the Company.

With respect to staff’s participation, the Company realizes the significance of life quality of not only the staff but also the motorists and the society around the Expressway routes, by focusing on the adoption of ISO 14001 Environment Management System as guideline in the environment preservation. The Company has arranged for training course for all staff at executive level, supervisor level and operation level, to make preparations in various training courses as follows :

- 1) “ISO 14001:2004 Implementation & Document” course, with 57 participants;

- 2) “Introduction and Awareness to ISO 14001:2004” course, with 200 participants;
- 3) “ISO 14001:2004 Internal Environment Auditing” course, with 84 participants;
- 4) “Knowledge of ISO 14001:2004 of the Company” course, with 575 participants.

The Company and staff, as Thai people, realize the national energy problems and deem it as a duty to jointly conserve energy. According to participation in the Energy Conservation Project in association with the Department of Alternative Energy Development and Efficiency (DEDE), the Ministry of Energy, since 1 March 2006 until the present, the Company’s staff have continually engaged into energy conservation activities, whereby in 2008, it has been included in the Company’s policy on environment which shall be continuously implemented and improved, as follows:

1. Arranging the activities and training for staff’s awareness of energy conservation;
2. Studying and analyzing factors affecting the use of energy;
3. Studying the energy saving methods without any effect on the efficiency in the Company’s business operation nor reducing the staff’s quality of life;
4. Proposing the concept of energy conservation and prepare the action plan;
5. Adapting the achieved practical guidelines as part of routine operation.

#### 9.5.3 Benefits

In order to determine the appropriate and competitive remuneration, to maintain the good and competent staff to work with the organization, the Company participated in the survey of wages and remuneration with the institute conducting wage survey every year. Therefore, it can be assured that the Company determines the fair and appropriate remuneration to the staff. Moreover, the Company has planned to improve the performance evaluation by the Performance Management System (PMS) to increase staff’s knowledge and skills and to determine fair remuneration for work performance for each staff. In addition to such remuneration for work performance, including various benefits as provided by law, the Company also realizes the significance of the quality of life of staff, therefore, the Company provides additional benefits in relation to health for staff by way of provision of Engerix-B vaccination to staff who have no immunity from such disease, including the yearly general medical examination and cancer examination to the staff.

Furthermore, the Company also provides security to staff in case of leaving employment or retirement, by establishing a provident fund, whereby the Company also arranges group life insurance for staff, so as to ensure security for staff family accordingly.

## 10 Internal Control

The Board of Directors has always realized the significance of its internal control system by authorizing the Audit Committee comprising independent directors to audit the evaluation of the internal control system, whereby the Internal Audit Office directly reporting to the Audit Committee performs the duty to audit the work operation system in various departments of the Company as per the annual audit plan approved by the Audit Committee to ensure each department’s efficient and effective performance of work and optimized use of the Company’s resources. This also includes the control of the work performance, the timely, accurate and reliable financial reports, as well as the compliance with the policy in accordance with the laws and regulations of the government agencies. Furthermore, the efficiency of the control system is regularly reviewed to ensure the optimum benefit to the shareholders from the business operation based on the fairness in terms of benefits to all interested persons. In addition, the Audit Committee shall have the duties to consider, select and submit for appointment of the auditor, including

remuneration of the auditor, consider disclosure of the Company's connected transactions or any transactions which may give rise to any conflicts of interest to be accurate and complete.

In regard to risk management, the Company has major concern on this matter by authorizing the Corporate Governance and Risk Management Committee to take into account various risk factors currently sustained or threatened to be sustained in the future by the Company to analyze impact and possibility of such risks and to determine measures to prevent and deal with such risks. The efficiency of the risk management system is reviewed and evaluated every year, and for every time when the risk level has changed, the results are regularly monitored. The significant risk factors are described in Risk Factors on pages 26 to 31.

In 2008, the Audit Committee convened six meetings, whereby the executives of the Company attended all such meetings. The Board of Directors and the Audit Committee have evaluated the internal control system as per the internal control adequacy evaluation form, comprising five components, i.e., organization structure and environment, risk management, control of the performance of work of the management team, information and communication system, follow-up system for the performance of work along with the audit results of the Internal Audit Office, and concluded that the Company's internal control system was considered adequate and appropriate to the business operation without material fault in the internal control system; and it could prevent improper or unauthorized use by executives or employees of the property of the Company and the Subsidiary. The financial report of the Company was made in accordance with the generally accepted accounting principles. Disclosure of information in the financial report was accurate and reliable. The Company's business operation was in accordance with the law on securities and exchange and other applicable laws.

Furthermore, the Board of Directors, the Audit Committee and the auditor were of the opinion that the Company's business operation was in accordance with the transparent corporate governance principles, its internal control system was suitable, efficient and capable of preventing improper or unauthorized use by executives or employees of the property of the Company.

## 11 Connected Transactions

### 11.1 Principles

Transactions with persons who may have conflict of interest are subject to the conditions and criteria in the ordinary course of business. The execution of connected transactions and transactions with conflict of interest are in accordance with the regulations of the Stock Exchange of Thailand.

In the consideration and approval of any connected transaction, the Company shall propose such matter to the Board of Directors' Meeting, in which the directors having any involvement which may give rise to a conflict of interest shall not be entitled to attend and vote on such matter. Furthermore, the Audit Committee, as assigned by the Board of Directors, shall consider the disclosure of the Company's information in respect of the connected transaction or the transaction which may have conflict of interest, to ensure accuracy and completeness.

In respect of transactions with general commercial terms which the Company and its Subsidiary have or may have in the future, the Company has already requested approval in principle from the Board of Directors' Meeting No. 4/2008 on 26 November 2008. In this regard, the Audit Committee's Meeting No. 6/2008 on 12 November 2008 already considered justification and nature of the transactions.

## 11.2 Connected Transactions of the Company and the Subsidiary with Persons who May Have Conflict of Interest for 2008 and 2007

Person/Legal Entity who May Have Conflict of Interest	Relationship	Nature of Transactions	Transaction Value (Baht) in Consolidated Financial Statements		Transaction Description	Opinions of the Audit Committee on Necessity/Justification of Transactions
			31 December 2008	31 December 2007		
1. CH. Karnchang Public Company Limited	<ul style="list-style-type: none"> <li>- This is a related company.</li> <li>- The company is the major shareholder of the Company representing 15.32 percent of its registered capital as at 19 September 2008.</li> <li>- The Chairman of the Executive Board and Chief Executive Officer of CH. Karnchang Public Company Limited, namely, Mr. Plew Trivisvavet, serves as Chairman of the Executive Board of the Company and Chairman of the Executive Board of Northern Bangkok Expressway Company Limited (Subsidiary).</li> </ul>	<p>1.1 Transactions with the Company</p> <ul style="list-style-type: none"> <li>- Repair of the structure, and road surface improvement of the Si Rat Expressway, Sector C and on- and off-ramps, Sector A</li> <li>- Inspection and repair of the structure of the Si Rat Expressway, and road surface improvement of the Si Rat Expressway, Sector A</li> <li>- Inspection, repair and improvement of the Si Rat Expressway, Sector D</li> </ul>	8,502,390	25,023,412	<ul style="list-style-type: none"> <li>- On 4 December 2008, the Company executed a contract engaging CH. Karnchang Public Company Limited to repair the structure and improve the road surface of the Si Rat Expressway, Sector C, and on- and off-ramps, Sector A, in the total value of Baht 135,670,891.20, with a contract term of 14 months from the date of the contract signing.</li> <li>- On 29 August 2007, the Company executed a contract engaging CH. Karnchang Public Company Limited to inspect and repair the structure of the Si Rat Expressway and improve the road surface of the Si Rat Expressway, Sector A, in the total value of Baht 127,620,708, with a contract term of 12 months from the date of the contract signing. The Company gave written notice of variation in the total value of Baht 6,173,199.</li> </ul>	<p>The prices of the works are reasonable and lower than the prices assessed by the independent consulting company. In addition, the contractor has expertise and experience in construction of the Si Rat Expressway, and as such, it should be capable to carry out the works properly and is well-prepared to promptly start the works.</p>



Person/Legal Entity who May Have Conflict of Interest	Relationship	Nature of Transactions	Transaction Value (Baht) in Consolidated Financial Statements		Transaction Description	Opinions of the Audit Committee on Necessity/Justification of Transactions
			31 December 2008	31 December 2007		
-	Director and Executive Vice President of CH. Karnchang Public Company Limited, namely, Mr. Prasert Marittanaporn, is the spouse of Mrs. Payao Marittanaporn, Managing Director of the Company and Acting Managing Director of its Subsidiary.	1.2 Transaction with its Subsidiary - Office space rental	120,000	120,000	- The Subsidiary executed an office space lease contract, at the rental rate of Baht 10,000 per month, with a contract term on a yearly basis.	- The rental rate is reasonable and comparative to market rate, and is considered a connected transaction with general commercial terms in accordance with the principles approved by the Board of Directors.

Person/Legal Entity who May Have Conflict of Interest	Relationship	Nature of Transactions	Transaction Value (Baht) in Consolidated Financial Statements		Transaction Description	Opinions of the Audit Committee on Necessity/Justification of Transactions
			31 December 2008	31 December 2007		
2. SouthEast Asia Energy Limited	<p>- This is a related company, namely, the Company holds shares in SouthEast Asia Energy Limited representing 16.67 percent of its registered capital.</p> <p>- The Company and SouthEast Asia Energy Limited have CH. Karnchang Public Company Limited as their common major shareholder, whereby CH. Karnchang Public Company Limited holds shares representing 15.32 percent of the Company's registered capital as at 19 September 2008 and CH. Karnchang Public Company Limited holds shares in SouthEast Asia Energy Limited representing 38.00 percent of its registered capital as at 31 December 2008.</p>	<p>2.1 Transaction with the Company</p> <p>- Loan and interest receivable</p>	33,075,982	8,819,386	<p>- On 4 September 2007, the Company signed the Shareholders' Loan Agreement which is considered a subordinated loan under the shareholding proportion in the amount of not exceeding Baht 31.25 Million at the interest rate of the average MLR + 1% of three lending banks of SouthEast Asia Energy Limited, with the due date of repayment of the principal, together with interest, within 18 months or the date of Financial Closing of the Project, whichever occurs first.</p>	<p>- This is considered a financial support under the shareholding proportion and the interest rate equals the loan interest rate of the existing creditors of SouthEast Asia Energy Limited.</p> <p>- The objective of the loan is to be used for survey and development of new project which would enhance the capacity of the Nam Ngum 2 Project of SouthEast Asia Energy Limited which would be beneficial to the Company as a shareholder.</p>

Person/Legal Entity who May Have Conflict of Interest	Relationship	Nature of Transactions	Transaction Value (Baht) in Consolidated Financial Statements		Transaction Description	Opinions of the Audit Committee on Necessity/Justification of Transactions
			31 December 2008	31 December 2007		
-	Chairman of the Board of Directors of SouthEast Asia Energy Limited, namely, Dr. Virabongsa Ramangkura, serves as Chairman of the Board of Directors of the Company.	- Provision of the financial support in the form of Cash Deficiency Support (CDS)	-	-	- On 20 May 2006, the Company signed the Equity Contribution Agreement to provide financial support under the shareholding proportion, totaling in the amount of not exceeding Baht 557 Million, divided into 4 cases as follows: 1) Equity contribution for corporate income tax burden from the profit of business in Lao in case SouthEast Asia Energy Limited is not granted an exemption in accordance with the Double Tax Treaty between Lao and Thailand, in the amount of not exceeding Baht 156 Million. 2) Equity contribution for corporate income tax burden in case SouthEast Asia Energy Limited is not granted an investment promotion by the Board of investment, in the amount of not exceeding Baht 244 Million.	- The amount of the financial support is based on reasonable calculation and is under the shareholding proportion.
-	Chairman of the Executive Board of SouthEast Asia Energy Limited, namely, Mr. Plew Trivisavet, serves as Chairman of the Executive Board of the Company and Chairman of the Executive Board of the Subsidiary.					
-	Director of SouthEast Asia Energy Limited, namely, Mr. Prasert Marittanaporn, is the spouse of Mrs. Payao Marittanaporn, Managing Director of the Company and Acting Managing Director of the Subsidiary.					

Person/Legal Entity who May Have Conflict of Interest	Relationship	Nature of Transactions	Transaction Value (Baht) in Consolidated Financial Statements		Transaction Description	Opinions of the Audit Committee on Necessity/Justification of Transactions
			31 December 2008	31 December 2007		
					<p>3) Equity contribution for the deficient revenue in case of construction of the Nam Ngum 3 Hydroelectric Power Plant which affects the power generation of the Nam Ngum 2 Project rendering SouthEast Asia Energy Limited unable to comply with the conditions relating to the loan, in the amount of not exceeding Baht 94 Million.</p> <p>4) Provision of additional financial support to SouthEast Asia Energy Limited in the amount of not exceeding Baht 63 Million in case Nam Ngum 2 Power Company Limited, as the Co-Borrower, defaults on repayment of the loan or is unable to comply with the conditions relating to the loan.</p>	

Person/Legal Entity who May Have Conflict of Interest	Relationship	Nature of Transactions	Transaction Value (Baht) in Consolidated Financial Statements		Transaction Description	Opinions of the Audit Committee on Necessity/Justification of Transactions
			31 December 2008	31 December 2007		
3. CH. Karnchang-Tokyu Construction Co., Ltd.	<p>- The Company and CH. Karnchang-Tokyu Construction Co., Ltd. have CH. Karnchang Public Company Limited as their common major shareholder, whereby CH. Karnchang Public Company Limited holds shares representing 15.32 percent of the Company's registered capital as at 19 September 2008 and CH. Karnchang Public Company Limited holds share representing 55.00 percent of CH. Karnchang-Tokyu Construction Co., Ltd.'s registered capital.</p> <p>- Chairman of the Board of Directors of CH. Karnchang-Tokyu Construction Co., Ltd., namely, Mr. Plew Trivisavet, serves as Chairman of the Executive Board of the Company and Chairman of the Executive Board of Northern Bangkok Expressway Company Limited (Subsidiary)</p>	<p>3.1 Transaction with the Company</p> <p>- Construction of toll booths in Gate 25 at Prachachuen 2 Toll Plaza (Inbound)</p>	7,088,241	-	<p>- On 22 January 2008, the Company executed a contract engaging CH. Karnchang-Tokyu Construction Co., Ltd. to construct toll booths in Gate 25 at Prachachuen 2 Toll Plaza (Inbound), in the total value of Baht 7,088,241, with a contract term of four months from the date of the contract signing.</p>	<p>- The price of the work is reasonable and lower than the price assessed by the independent consulting company.</p>



## 12 Financial Status and Operational Results

### Summary of the Report of the Audit Committee

The Audit Committee is of the opinion that the financial statements of Bangkok Expressway Public Company Limited were prepared in accordance with generally accepted accounting principles. The disclosure of information in the financial report is accurate and reliable. The Company's internal control system was adequate and proper to the nature of its business without material fault.

### Summary of the Report on Responsibilities of the Board of Directors towards the Financial Report

The Board of Directors of Bangkok Expressway Public Company Limited is of the opinion that the financial statements for the year 2008 of the Company and the Subsidiary, which have been reviewed by the Audit Committee in conjunction with the management, and audited by the Company's auditor, present fairly, in all material respects, the financial status and operational results in accordance with generally accepted accounting principles.

### Summary of the Report of the Auditor

Ernst & Young Office Limited, as the auditor for the Company and the Subsidiary, has audited the consolidated balance sheets of Bangkok Expressway Public Company Limited and the Subsidiary as at 31 December 2008 and 2007, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the periods then ended, and has also audited and reviewed the separate financial statements of Bangkok Expressway Public Company Limited for the same periods, and is of the opinion that the financial statements and the consolidated financial statements as referred to above present fairly, in all material respects, the financial position of Bangkok Expressway Public Company Limited and the Subsidiary, and of Bangkok Expressway Public Company Limited, as at 31 December 2008 and 2007, their operational results and cash flows for the periods then ended in accordance with generally accepted accounting principles.

### 12.1 Financial Statements of Bangkok Expressway Public Company Limited and the Subsidiary

The financial status and operational results comprise the operational results from the audited financial statements for the year 2008 in comparison with the operational results from the audited financial statements for the years ended 31 December 2007 and 2006.

(Unit : Baht)

Consolidated Balance Sheets	2008		2007		2006	
	Amount	Percent	Amount	Percent	Amount	Percent
Assets						
Current assets						
Cash and cash equivalents	131,099,191	0.30	99,748,872	0.23	236,233,362	0.52
Current investments	2,398,370,332	5.54	1,028,130,918	2.32	312,515,124	0.68
Other current assets						
Advance payments under service contract	19,075,275	0.04	15,389,594	0.04	6,528,944	0.01
Prepaid expenses	7,519,178	0.02	6,383,019	0.01	3,760,287	0.01
Withholding tax deducted at source	5,769,804	0.01	6,005,696	0.01	541,730	0.01
Others	15,273,728	0.03	5,591,935	0.01	6,076,566	0.01
Total current assets	2,577,107,508	5.94	1,161,250,034	2.62	565,656,013	1.24
Non-current assets						
Long-term loans to and interest receivable from related companies	33,075,982	0.08	8,819,386	0.02	-	-
Other long-term investments	2,799,292,213	6.46	3,180,576,069	7.18	3,025,817,347	6.62
Property, plant and equipment, net	227,892,769	0.53	229,423,060	0.51	249,247,973	0.54
Rights to operate completed expressway sectors, net	37,646,423,546	86.91	39,697,704,732	89.60	41,877,901,172	91.56
Intangible assets, net	3,730,635	0.01	3,745,753	0.01	3,890,788	0.01
Other non-current assets						
Deposits	6,719,658	0.02	16,187,978	0.04	16,088,123	0.03
Others	20,223,896	0.05	6,984,149	0.02	382,074	0.00
Total non-current assets	40,737,358,699	94.06	43,143,441,127	97.38	45,173,327,477	98.76
Total assets	43,314,466,207	100.00	44,304,691,161	100.00	45,738,983,490	100.00

(Unit : Baht)

Consolidated Balance Sheets	2008		2007		2006	
	Amount	Percent	Amount	Percent	Amount	Percent
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	691,616,657	1.60	880,401,693	1.99	-	-
Trade accounts payable	30,398,493	0.07	33,248,443	0.08	30,871,546	0.07
Current portion of long-term loans	3,229,280,000	7.46	2,792,750,000	6.30	2,646,720,000	5.79
Other current liabilities						
Corporate income tax payable	264,146,052	0.61	226,305,019	0.51	298,642,184	0.65
Value added tax payable	40,377,182	0.09	33,869,032	0.08	36,993,095	0.08
Accrued interest	174,966,225	0.40	143,623,759	0.32	-	-
Other payables	15,337,240	0.04	7,682,459	0.02	8,529,974	0.02
Retention guarantees	14,938,896	0.03	12,073,737	0.03	19,130,331	0.04
Others	34,283,109	0.08	39,867,666	0.08	52,237,563	0.11
Total current liabilities	4,495,343,854	10.38	4,169,821,808	9.41	3,093,124,693	6.76
Provision for compensation for site acquisition cost	1,038,170,000	2.40	1,171,870,000	2.65	1,382,090,000	3.02
Long-term loans, net	10,153,987,600	23.44	15,427,297,600	34.82	25,736,297,600	56.27
Unsecured debentures	11,500,000,000	26.55	7,500,000,000	16.93	-	-
Total non-current liabilities	22,692,157,600	52.39	24,099,167,600	54.40	27,118,387,600	59.29
Total liabilities	27,187,501,454	62.77	28,268,989,408	63.81	30,211,512,293	66.05
Shareholders' equity						
Registered capital	8,000,000,000	18.47	8,000,000,000	18.06	8,000,000,000	17.49
Issued and paid up capital	7,700,000,000	17.78	7,700,000,000	17.38	7,700,000,000	16.83
Premium on ordinary shares	4,848,492,969	11.19	4,848,492,969	10.94	4,848,492,969	10.60
Unrealized loss on changes in value of investments	(794,983,335)	(1.84)	(288,962,855)	(0.65)	(160,690,327)	(0.35)
Retained earnings						
Appropriated - statutory reserve	617,412,679	1.43	543,412,665	1.22	473,087,511	1.03
Unappropriated	3,756,042,440	8.67	3,232,758,974	7.30	2,666,581,044	5.84
Total shareholders' equity	16,126,964,753	37.23	16,035,701,753	36.19	15,527,471,197	33.95
Total liabilities and shareholders' equity	43,314,466,207	100.00	44,304,691,161	100.00	45,738,983,490	100.00

(Unit : Baht)

Consolidated Income Statments	2008		2007		2006	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenues						
Toll revenue	6,956,134,844	97.30	7,237,968,432	99.31	6,943,815,622	99.02
Other income						
Interest income	6,699,302	0.10	14,978,672	0.21	16,472,439	0.23
Dividend income	55,312,500	0.77	20,312,500	0.28	24,880,000	0.35
Gain on sale of investment	126,543,785	1.77	7,658,830	0.10	10,222,677	0.15
Others	4,182,550	0.06	7,659,689	0.10	17,465,727	0.25
Total revenues	7,148,872,981	100.00	7,288,578,123	100.00	7,012,856,465	100.00
Expenses						
Amortization of rights to operate completed expressway sectors	2,073,293,642	29.00	2,182,759,650	29.95	2,116,192,189	30.18
Provision for compensation for site acquisition cost	566,300,000	7.92	489,780,000	6.72	421,220,000	6.01
Selling expenses	790,628,734	11.06	672,680,715	9.23	622,718,587	8.87
Administration expenses	363,657,704	5.09	321,904,599	4.41	364,870,391	5.20
Loss on impairment of investment	-	-	-	-	13,282,309	0.19
Total expenses	3,793,880,080	53.07	3,667,124,964	50.31	3,538,283,476	50.45
Income before financial expenses and income tax	3,354,992,901	46.93	3,621,453,159	49.69	3,474,572,989	49.55
Financial expenses	(1,329,797,733)	(18.60)	(1,612,418,881)	22.12	(1,258,292,646)	17.94
Corporate income tax	(580,911,688)	8.13	(602,531,194)	(8.27)	(673,073,244)	9.60
Net income for the period	1,444,283,480	20.20	1,406,503,084	19.30	1,543,207,099	22.01
Basic earnings per share						
Net income	1.88		1.83		2.00	

(Unit : Baht)

Consolidated Statements of Cash Flows	2008	2007	2006
<b>Cash flows from operating activities :-</b>			
Net income before tax	2,025,195,168	2,009,034,278	2,216,280,343
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:-			
Depreciation and amortization	2,101,389,328	2,218,418,007	2,148,534,011
Gain on sale of investment	(126,543,985)	(7,658,830)	(10,222,677)
Gain on sale of equipment	(498,014)	(3,281,590)	(2,257,032)
Provision for compensation for site acquisition cost	566,300,000	489,780,000	421,220,000
Loss on impairment of investment	-	-	13,282,309
Interest income	(6,699,302)	(14,978,672)	(16,472,439)
Dividend income	(55,312,500)	(20,312,500)	(24,880,000)
Interest expenses	1,265,213,020	1,358,664,707	1,243,361,179
Income from operating activities before changes in operating assets and liabilities	5,769,043,715	6,029,665,400	5,988,845,694
Decrease (increase) in operating assets			
Other current asset	(14,349,526)	(14,793,359)	918,398
Other non-current assets	2,234,255	(6,003,599)	173,458
Increase (decrease) in operating liabilities			
Trade accounts payable	(2,849,950)	2,376,897	3,403,519
Value added tax payable	6,508,150	(3,124,063)	358,845
Other payables	7,654,781	(847,515)	5,026,237
Other current liabilities	(2,719,398)	(19,426,492)	(4,933,583)
Cash paid for compensation for site acquisition cost	(700,000,000)	(700,000,000)	(500,000,000)
Cash flows from operating activities	5,065,522,027	5,287,847,269	5,493,792,568
Interest income	410,029	4,762,865	13,832,566
Income tax payment	(548,840,458)	(680,874,055)	(682,031,521)
Net cash flows form operating activities	4,517,091,598	4,611,736,079	4,825,593,613



Consolidated Statements of Cash Flows (continued)	2008	2007	2006
<b>Cash flows from (used in) investing activities :-</b>			
Increase in current investments	(1,281,347,518)	(707,956,964)	(249,264,173)
Cash received from sale of long-term investments	156,425,985	-	320,222,678
Increase in other long-term investments	(243,510,720)	(283,031,250)	(1,266,054,853)
Cash payment for long-term loans to related company	(22,500,000)	(8,750,000)	-
Interest income	4,378,569	10,146,421	-
Dividend received	55,312,500	20,312,500	24,880,000
Purchase of equipment	(26,252,096)	(14,517,415)	(27,285,236)
Cash received from sale of equipment	652,266	6,112,400	5,337,527
Additional construction of Second Stage Expressway and Bang Pa-in - Pak Kret Expressway	(22,012,456)	(2,563,210)	(9,282,572)
Increase in intangible assets	(452,420)	(363,795)	(2,010,331)
Net cash flows used in investing activities	(1,379,305,690)	(980,611,313)	(1,203,456,960)
<b>Cash flows from financing activities :-</b>			
Increase (decrease) in bank overdrafts	-	-	(6,749,483)
Cash received from short-term loans from financial institutions	975,787,495	1,326,607,084	-
Cash payment for short-term loans from financial institutions	(1,200,000,000)	(450,000,000)	-
Cash received from issuance of debentures	4,000,000,000	7,500,000,000	-
Cash payment for long-term loans	(4,836,780,000)	(10,162,970,000)	(2,580,000,000)
Cash received from long-term loans	-	-	1,000,000,000
Interest expenses	(1,198,443,084)	(1,211,246,340)	(1,243,361,179)
Dividend paid	(847,000,000)	(770,000,000)	(770,000,000)
Net cash flows used in financing activities	(3,106,435,589)	(3,767,609,256)	(3,600,110,662)
Net increase (decrease) in cash and cash equivalents	31,350,319	(136,484,490)	22,025,991
Cash and cash equivalents at beginning of period	99,748,872	236,233,362	214,207,371
Cash and cash equivalents at end of period	131,099,191	99,748,872	236,233,362

## 12.2 Financial Ratios of Consolidated Financial Statements

	Unit	2008	2007	2006
<b>LIQUIDITY RATIO</b>				
1. Liquidity Ratio	Times	0.57	0.28	0.18
2. Quick Ratio	Times	0.56	0.27	0.18
3. Cash Flow Ratio	Times	0.79	0.95	1.18
4. Accounts Payable Turnover	Times	N.A.	N.A.	N.A.
5. Average Debt Servicing Period	Day	N.A.	N.A.	N.A.
<b>PROFITABILITY RATIO</b>				
6. Gross Profit Margin	%	70.19	69.84	69.52
7. Cash to Profitability Ratio	%	238.34	244.48	233.74
8. Net Profit Margin	%	20.20	19.30	22.01
9. Return on Equity	%	8.98	8.91	10.14
<b>EFFICIENCY RATIO</b>				
10. Return on Assets	%	3.30	3.12	3.34
11. Return on Fixed Assets	%	9.10	8.80	8.52
12. Assets Turnover	Times	0.16	0.16	0.15
<b>FINANCIAL POLICY RATIO</b>				
13. Debt to Equity Ratio	Times	1.69	1.76	1.95
14. Interest Coverage Ratio	Times	4.18	3.97	4.44
15. Obligation Serviceability Ratio	Times	1.67	1.20	1.08
16. Net Debt to EBITDA	Times	4.57	4.86	5.29
<b>Per Share DATA</b>				
17. Book Value per Share	Baht	20.94	20.83	20.17
18. Net Earnings per Share	Baht	1.88	1.83	2.00
19. Dividend per Share	Baht	1.10	1.10	1.00

Remark :

- 1) Items 1 - 3 : As toll revenue is received daily in cash while the loan would be repaid at the end of each month out of the net cash receipts, therefore, the liquidity ratio would not affect the Company's debt serviceability.
- 2) Items 4 - 5 : Most of accounts payable of the Company and the Subsidiary were incurred by the costs of repair and maintenance and the operation costs while the costs of goods sold represented the amortization of the right to operate the completed expressway sectors. Therefore, it is not possible to calculate the accounts payable turnover and the average debt servicing period which contain analytical connotation.
- 3) Payment of dividends for the year 2008 is at the discretion of the 2009 Annual Ordinary General Meeting of Shareholders on 1 April 2009. However, the Company made payment of interim dividends at the rate of Baht 0.50 per share in October 2008.

## 12.3 Management Discussion and Analysis of Financial Status and Operational Results

### 12.3.1 Operational Results

In the year 2008, the Company and its subsidiary had the net profit in the amount of Baht 1,444 Million, whereby toll revenue of year 2008 resulting from an opening for toll-free service of the Southern Outer Bangkok Ring Road and also the economic slow down together with fuel price crisis during the second and third quarter of this year causing a decrease in toll revenue. However, the Company has had a toll adjustment since September 1, 2008, which leads to a decreasing in toll revenue by Baht 282 Million or 3.90 percent from last year. Nevertheless total expenses has also decreased by Baht 177 Million when compared to the previous year, this was mainly due to the pre-payment fee which has its lower rate than that of last year, also the less amount of pre-payment. The net profit increased by Baht 37 Million or 2.63% when compared to the year 2007.

Summary of the significant operational results

	2008	2007	(Unit : Million Baht)	
			Changes	
			Amount	%
Toll Revenues	6,956	7,238	(282)	-3.90
Other Revenues	193	51	142	278.43
Total Revenues	7,149	7,289	(140)	-1.92
Total Expenses	5,705	5,882	(177)	-3.01
Net profit	1,444	1,407	37	2.63
Earning per share (Baht)	1.88	1.83	0.05	

#### Revenues

In the year 2008, the Company and its subsidiary had the total revenues in the amount of Baht 7,149 Million, representing a decrease by Baht 140 Million or 1.92 percent from the previous year, with material particulars as follows :

1. Toll revenue amounted to Baht 6,956 Million, representing a decrease by Baht 282 Million or 3.90 percent, as compared to the previous year. This was mainly due to the opening of Southern Outer Bangkok Ring Road for toll-free service since the mid of November 2007 and also the economic slow down together with high fuel price crisis during second and third quarter in this year causing a decrease in toll revenue. Although the fuel price has decreased in the forth quarter and the toll had been adjusted since September 2008, the political instability and the global financial turbulence had made the 2008 toll revenue lower than that of the previous year. However, the Southern Outer Bangkok Ring Road is currently installed the toll collection system by the Expressway Authority of Thailand (EXAT) and expected to be opened for use at the beginning of year 2009. The toll of Bang Pa In - Pakkret Expressway had also been adjusted commencing November 2008, Company and it subsidiary will fully experience from the toll adjustment in year 2009. The details of toll revenue in the year 2008 are classified into routes as follows :

	2008	2007	(Unit : Million Baht)	
			Changes	
			Amount	%
First Stage Expressway System	2,569	2,735	(166)	-6.07
Second Stage Expressway System				
Sector A (Rama IX – Ratchadapisek)	1,414	1,398	16	1.14
Sector B (Phayathai – Bang Khlo)	680	670	10	1.49
Sector C (Ratchadapisek – Chaeng Watthana)	679	687	(8)	-1.16
Sector D (Rama IX – Srinagarindra)	1,039	1,142	(103)	-9.02
Total Second Stage Expressway System	3,812	3,897	(85)	-2.18
Bang Pa-In – Pak Kret Expressway System	575	606	(31)	-5.12
Total	6,956	7,238	(282)	-3.90

2. Other incomes, amounting to Baht 193 Million contain interest income and benefits incurred from the cash management of toll revenue which amounted to Baht 96 Million, dividend income from Thai Tap Water Supply Public Company Limited (TTW) which amounted to Baht 55 Million and other amounted to Baht 4 Million.

## Expenses

Pursuant to Thai Accounting Standards No.35 (Revised 2007) “Presentation of Financial Statements” becomes in effect for financial statements with annual period beginning on or after 1 January 2008. The company and its subsidiary, therefore, have classified the expenses in Profit and Loss statement in accordance with the mentioned Accounting Standard and also reclassified the Profit and Loss statement for year 2007 for a comparison purpose.

The company and its subsidiary’s business are to manage expressways which were built and transferred the ownership to the Expressway Transit Authority of Thailand. The company and its subsidiary have a right to operate then receive tolls under the SES Concession Agreement and the Bang Pa In - Pakkret Concession Agreement. Thus, the construction cost for those expressways becomes a Cost of Good Sold which was recorded gradually in Profit and Loss statement under the “Amortization of rights to operate completed expressway sectors. The expenses of direct expenses for customers, toll collection expenses, traffic management expenses, and facilitated and safety expenses on expressways are classified as “Selling expenses”. Other administration expenses supporting for expressways’ business are classified as “Administration expense” ;whereas, “Financial cost” is derived from Interest expenses and other financial fees.

In the year 2008, the Company and its subsidiary had the total expenses in the amount of Baht 5,705 Million, representing a decrease by Baht 177 Million or 3.01 percent from the previous year, with material particulars as follows :

	2008	2007	(Unit : Million Baht)	
			Changes Amount	%
Amortization of rights to operate completed expressway sectors	2,073	2,183	(110)	5.04
Provision for compensation for site acquisition cost	566	490	76	15.51
Selling expenses	791	673	118	17.53
Administration expenses	364	322	42	13.04
Financial cost	1,330	1,612	(282)	-17.49
Corporate Income Tax	581	602	(21)	-3.49
Total expenses	<u>5,705</u>	<u>5,882</u>	<u>(177)</u>	<u>-3.01</u>

1. Amortization of rights to operate the completed expressway sectors was Baht 2,073 Million representing decrease by Baht 110 Million or 5.04 percent due to the decrease in volume of vehicles using the expressways.
2. Provision for compensation for site acquisition cost was Baht 566 Million, representing an increase by Baht 76 Million or 15.51 percent. 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. In the year 2008, the Company has made payment of Baht 700 Million to EXAT.
3. Selling expenses was Baht 791 Million, representing an increase by Baht 118 Million or 17.53 percent. The expenses were mainly from repair and maintenance cost of the Expressway, including with the expenditures from toll collection and traffic management.
4. Administration expenses was Baht 364 Million, representing an increase by Baht 42 Million or 13.04 percent. The expenses were mainly from the expenses supporting to the operations on the expressways.

5. Financial cost was Baht 1,330 Million, representing decrease by Baht 282 Million or 17.49 percent. The details of financial expenses are as following:
- 5.1 Interest expenses, in the year 2008, the Company and its subsidiary has interest expenses in the amount of Baht 1,265 Million, representing decrease by Baht 94 Million or 6.92 percent from the previous year, as a result of loan repayments and a reduction in financial costs from issuing debentures since August 2007 and November 2008.
- 5.2 The prepayment fee in the amount of Baht 65 Million, illustrating the decrease by Baht 188 or 74.31% from the previous year. This is because of lower prepayment rate than previous year and less amount of prepayment.
6. In the year 2008, Corporate income tax for the Company was Baht 581 Million, representing decrease by Baht 21 Million or 3.49 percent as a result of a decrease in toll revenues.

### 12.3.2 Financial Status

#### Assets

Total assets of the Company and its subsidiary as at 31 December 2008 were at the amount of Baht 43,315 Million, representing a decrease by Baht 990 Million or 2.23 percent. The details of significant increases and decreases as compared to the previous year ended as follows :

	2008	2007	(Unit : Million Baht)	
			Changes Amount	%
Cash, cash equivalents, and current investments	2,529	1,128	1,401	124.20
Current Assets	48	34	14	41.18
Other long-term investment	2,799	3,180	(381)	-11.98
Property, plant and equipment, net	228	229	(1)	-0.44
Right to operate completed expressway sector, net	37,647	39,698	(2,051)	-5.17
Others	64	36	28	77.78
Total Assets	<u>43,315</u>	<u>44,305</u>	<u>(990)</u>	<u>-2.23</u>

1. Cash, cash equivalents, and current investments amounted to Baht 2,529 Million, representing an increase by Baht 1,401 Million or 124.20 percent for the repayment of short term notes as well as the reserve for working capital. In this regard, the company has invested in short term fund that can generate good returns.
2. Other long-term investments amounted to Baht 2,799 Million, representing decrease by Baht 381 Million or 11.98 percent as follows :

	Proportion of shareholding	Investment Value (at Cost)	(Unit : Million Baht)
			Market Value (at Dec 31, 2008)
BMCL	11.91%	1,768	569
TTW	9.24%	1,138	1,541
SEAN	16.67%	689	689
Total Investment		<u>3,595</u>	<u>2,799</u>

- 2.1 Investment in Bangkok Metro Public Company Limited (BMCL), the company that was granted concession from the Mass Rapid Transit Authority of Thailand, as at December 31, 2008 amounted to Baht 569 Million, representing a decrease by Baht 913 Million as a result of the adjustment in the value of investment according to its market price. As at December 31, 2008, the Company held BMCL's shares representing 11.91 percent of its paid-up capital.



- 2.2 Investment in Thai Tap Water Supply Public Company Limited (TTW), which is the company operating the business of production and distribution of tap water to the Provincial Waterworks Authority, as at December 31, 2008 amounted to Baht 1,541 Million, representing an increase by Baht 288 Million as a result of the adjustment in the value of investment according to its market price at the amount of Baht 404 Million. In accordance with the Stock Exchange of Thailand (SET) approved a listing of the ordinary shares of TTW in May 2008, the Company, an existing TTW's shareholder, sold 37.5 million ordinary shares to the public. Thus, the Company's proportion of investment in TTW decreased from 12.35 percent to 9.24 percent of its paid-up capital.
- 2.3 Investment in South East Asia Energy Limited (SEAN), which is the company obtaining concession from the Lao PDR Government for construction and operation of the Nam Ngum 2 Hydroelectric Power Plant, as at December 31, 2008 amounted to Baht 689 Million representing an increase by Baht 244 Million from the previous year resulting from a calling for its partial-paid capital on Jan 2, 2008. SEAN also decreased its registered share capital from Baht 8,809 Million to Baht 6,607 Million so as to increase its registered share capital in Nam Ngum 2 Power Company Limited (the subsidiary of SEAN). As a result, the Company's proportion of investment in SEAN increased from 12.50 percent to 16.67 percent of its registered share capital.
3. Right to operate completed expressway sectors decreased from the previous year ended by Baht 2,051 Million because the recording of the amortization expenses in the income statement based on the volume of vehicles using the expressways at the amount of Baht 2,073 Million and the additional recording of its right to operate completed expressway sectors increase amounting to Baht 22 Million from toll plaza installment and improvement at Pracha Chuen Toll Plaza 2 and Phahon Yothin Toll Plaza.

## Liabilities

Total Liabilities of the Company and its subsidiary as at December 31, 2008 amounted to Baht 27,188 Million, representing a decrease by Baht 1,081 Million or 3.82 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's end :

	(Unit : Million Baht)			
	31 December 2008	31 December 2007	Changes Amount	Changes %
Short-term loans from financial institutions	692	880	(188)	-21.36
Trade accounts payable and other current liabilities	575	497	78	15.69
Provision for compensation for site acquisition cost	1,038	1,172	(134)	-11.43
Long-term loans	13,383	18,220	(4,837)	-26.55
Unsecured debentures	11,500	7,500	4,000	53.3
Total Liabilities	<u>27,188</u>	<u>28,269</u>	<u>(1,081)</u>	<u>-3.8</u>

1. Short-term loans from financial institutions decreased by Baht 188 Million from the redemptions of bill of exchange that are due.
2. Provision for compensation for site acquisition cost had a decrease of Baht 134 Million. This is due to a decrease in the provision for compensation in the amount of Baht 700 Million from actual payments to Expressway Authority of Thailand (EXAT) and an increase of additional provision during the year in the amount of Baht 566 Million.

3. Long-term loans had decreased by Baht 4,837 Million from the repayment of loans in the ordinary course under the Credit Facilities Agreement made at the end of each month amounting to Baht 2,837 Million and also a prepayment in the amount of Baht 2,000 Million.
4. Debentures increased by Baht 4,000 Million from an issuance debentures in November 2008, consisting of :
  - 3-year debenture amounting to Baht 2,900 Million
  - at a fixed rate of 5.20 percent per annum
  - 5-year debenture amounting to Baht 1,100 Million
  - with 1st – 2nd year at a fixed rate of 5.20 percent per annum
  - 3rd – 4th year at a fixed rate of 5.65 percent per annum
  - 5th year at a fixed rate of 6.00 percent per annum

In order to prevent the fluctuation of long term loan interest rate risk and to reserve for repayment of short term debentures and liquidity reserve for working capital, because the company's cash inflow has been affect from the opening for toll-free service of the Southern Outer Bangkok Ring Road since the end of 2007 and also the political instability and economic slow down.

### Shareholders' Equity

Total shareholders' equity of the Company and its subsidiary as at December 31, 2008 is equal to Baht 16,127 Million, representing an increase by Baht 91 Million or 0.57 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)

	31 December 2008	31 December 2007	Changes Amount	%
Issued and paid-up share capital	7,700	7,700	-	-
Premium on ordinary shares	4,848	4,848	-	-
Unrealized gain (loss) on changes in value of investments	(795)	(289)	(506)	175.09
Retained earnings	4,374	3,777	597	15.8
Total shareholders' equity	<u>16,127</u>	<u>16,036</u>	<u>91</u>	<u>0.57</u>

1. Unrealized gain (loss) on changes in value of investments is an adjustment of investment value in accordance with its market price. In the year 2008, it had an increase adjustment on the value of investment in TTW in the amount of Baht 404 million and a decrease adjustment on the value of investment in BMCL of Baht 910 million.
2. Retained earnings increased from the net profit from operations for the year 2008 amounted to Baht 1,444 Million, but it decreased from dividend payment Baht 847 Million or Baht 1.10 per share that consists of dividend payment for the operational results of second half of the year 2007 amounting to Baht 0.60 per share and dividend payment for the operational results of the first half of the year 2008 amounting to Baht 0.50 per share.

## Cash Flow

(Unit : Million Baht)

Source of Fund Amount	Amount	Use of Fund	Amount
Cash flows from operating activities			
before interest expenses	4,517		
Cash received from :-		Cash payment :	
Debentures issuance	4,000	Payment for loans - net	5,061
Sales of investments in TTW and other	156	Deposit Short-term investments	1,281
Interest received from cash management	4	Interest payment	1,198
Dividend receive from TTW	55	Dividend payment	847
		Investment in SEAN	266
		Loan to SEAN	23
		Investment in fixed assets	48
Total	<u>8,732</u>	Total	<u>8,701</u>
		Increase in cash	31
		Cash and cash equivalent at beginning of period	100
		Cash and cash equivalents as at the end of year 2008	<u>131</u>

In the year 2008, the Company and its subsidiary generated cash flow from operating amounting to Baht 4,517 Million, whereby the Company has utilized cash in investing activities amounting Baht 1,380 Million. These are in the form of short-term and long-term investments in the amount of Baht 1,368 Million, loans to SEAN at the amount of Baht 23 Million used for surveying and developing purposes and investing in fixed assets in the amount of Baht 48 Million. In the meanwhile, the company has the interest income and dividend income Baht 59 Million. In respect to net financing activities, the Company utilized cash amounting to Baht 3,106 Million, resulting from long-term loans repayment of Baht 4,837 Million in total, comprising of the ordinary repayment at the amount of Baht 2,837 Million which used the cash generated from its operation and from long-term loans prepayment at the amount of Baht 2,000 Million which used the cash received from debentures issuance. Payment for Short-term loans from financial institutions in the amount of Baht 224 Million. During the year 2008, the Company also has interest payment in the amount of Baht 1,198 Million, dividend payment in the amount of Baht 847 Million. The Company and its subsidiary has a net cash increased at the amount of Baht 31 Million in the year 2008, and has cash and cash equivalents from the beginning of the year amounting to Baht 100 Million. Therefore, cash and cash equivalents at the end of year 2008 is equal to Baht 131 Million.

## Financial Ratios

	2008	2007
Net Profit Margin	20.20%	19.30 %
Return on Equity	8.98%	8.91 %
Return on Total Assets	3.30%	3.12 %
Interest Coverage (times)	4.18	3.97
Debt to Equity (times)	1.69	1.76

## 12.4 Remuneration of Auditor

In the year 2008, the Company engaged Ernst & Young Office Limited as the Company's auditor in accordance with the resolution of the 2008 Annual Ordinary General Meeting of Shareholders, which was held on 18 April 2008. The remuneration received by the auditor from the Company and the Subsidiary is as follows:

1. Audit fee

Bangkok Expressway Public Company Limited)	Baht	820,000
Northern Bangkok Expressway Company Limited	Baht	240,000
Total	Baht	<u>1,060,000</u>

2. In the preceding accounting year, the Company and the Subsidiary did not incur any non-audit service fee of Ernst & Young Office Limited or any business related to the auditor or Ernst & Young Office Limited.

## 13 Other Related Information

### Reference

Securities Registrar	:	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building 4th and 7th Floors, Ratchadapisek Road Klongtoey Subdistrict Klongtoey District, Bangkok 10110 Telephone 0-2229-2800 Fax 0-2359-1262-3 Capital Market Academy Building 2/7 Moo 4 (North Park Project) Vibhavadi Rangsit Road Thungsonghong Subdistrict, Laksi District, Bangkok 10210 Telephone 0-2596-9000 Fax 0-2832-4994-6
Auditor	:	Ernst & Young Office Limited 33rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road Bangkok 10110 Telephone 0- 2264-0777 / 0-2661-9190 Fax 0-2264-0789-90 / 0-2661-9192
Legal Consultant	:	The Legists Ltd. 990 Abdulrahim Place, 9th Floor Rama IV Road, Silom Subdistrict Bangrak District, Bangkok 10500 Telephone 0-2636-1111 Fax 0-2636-0000
Financial Advisor	:	Advisory Plus Company Limited 1550 Thanapoom Tower, 10th Floor New Petchburi Road, Makasan Subdistrict Ratthewi District, Bangkok 10400 Telephone 0-2652-7858-64 Fax 0-2652-7867

### Regular Financial Institution Contact

Krung Thai Bank Public Company Limited, Bangkok Bank Public Company Limited, The Siam Commercial Bank Public Company Limited, TMB Bank Public Company Limited and Siam City Bank Public Company Limited extended credit facilities to the Company as at 31 December 2008 in the total amount of Baht 13,427,297,600 while the Company had total deposits as at 31 December 2008 in the total amount of Baht 95,643,881.04.

## 14 Report on Responsibilities of the Board of Directors towards the Financial Report

The Company's Board of Directors realizes the significance of its duties and responsibilities in supervising the Company's business to ensure good management in accordance with laws, detailed objectives and the Company's Articles of Association, as well as resolutions of the shareholders' meetings with integrity and prudence. The Board of Directors protects the benefits of the Company, shareholders and general investors by ensuring that the Company's financial report contains accurate and full accounting records that reflect the Company's actual financial status and operational results.

The Company's Board of Directors establishes the Audit Committee comprising independent directors fully qualified in accordance with the requirements of the Stock Exchange of Thailand to review and ensure accuracy and sufficiency of the financial report, including accurate and complete disclosure of connected transactions or transactions with possible conflict of interest, in compliance with the requirements of the Stock Exchange of Thailand and relevant rules and regulations. In this regard, the Audit Committee has already reported its performance to the Company's Board of Directors.

The Company's Board of Directors is of the opinion that the financial statements for the year 2008 of the Company and the Subsidiary, which have been reviewed by the Audit Committee in conjunction with the management, and audited by the Company's auditor, reflect accurate financial status and operational results as appropriate in material aspects in accordance with generally accepted accounting principles.



(Dr. Virabongsa Ramangkura)  
Chairman of the Board of Directors



(Mrs. Payao Marittanaporn)  
Managing Director



Information of Company Executives (As at 31 December 2008)

Name-Surname- Position	Age (Years)	Education/Training	Share- holding Ratio (%)	Family Relationship Among Executives	Work Experience for the Past 5 Years		
					Period	Position	Organization
1 Dr. Virabongsa Ramangkura Chairman of the Board of Directors	65	<ul style="list-style-type: none"> <li>- Doctor of Law (Honorary) Webster University, St. Louis, USA</li> <li>- Ph. D. (Economics) University of Pennsylvania, USA</li> <li>- M.A. (Economics) University of Pennsylvania, USA</li> <li>- B.A. Political Science (First Class Honors) Chulalongkorn University</li> <li>- Director Certification Program (DCP 43/2004) Thai Institute of Directors Association</li> </ul>	-	-	2006 - present 2005 - present 2004 - present 1995 - present 2006 - Mar 2008 2005 - Feb 2007 2005 - May 2007	<ul style="list-style-type: none"> <li>- Chairman of the Board of Directors</li> <li>- Director</li> <li>- Chairman of the Board of Directors</li> <li>- Director</li> <li>- Audit Committee Member</li> <li>- President</li> <li>- Chairman of the Executive Board</li> <li>- Member of the National Legislative Assembly</li> <li>- Chairman of the Board of Directors</li> <li>- Advisor to the Board of Directors</li> <li>- Advisor to the Chairman of the Executive Board</li> </ul>	SouthEast Asia Energy Limited  IRPC Public Company Limited Finansa Public Company Limited  Bangkok Airways Co., Ltd. Polyplex (Thailand) Public Company Limited Thai-Lao Association Ministry of Foreign Affairs Advance Agro Public Company Limited  The National Legislative Assembly  Export-Import Bank of Thailand  Wang Kanai Group
2 Prof. Suphachai Phisitvanich Director Chairman of the Audit Committee Chairman of the Corporate Governance and Risk Management Committee	68	<ul style="list-style-type: none"> <li>- Honorary Ph.D. (Accounting) Thammasat University</li> <li>- Certificate, National Defence College (Class 32)</li> <li>- M.B.A. (Finance) Ohio State University, USA</li> <li>- B.A. (Accounting) Thammasat University</li> <li>- B.A. (Commerce) Thammasat University</li> <li>- Director Certification Program (DCP 38/2003) Thai Institute of Directors Association</li> </ul>	-	-	2007 - present 2006 - present 2004 - present 2003 - present 2005 - 2008 2004 - 2008 2004 - Sept 2006 2001 - Mar 2003	<ul style="list-style-type: none"> <li>- Chairman of the Board of Directors</li> <li>- Chairman of the Board of Directors</li> <li>- Chairman of the Board of Directors</li> <li>- Chairman of the Board of Directors and Chairman of the Audit Committee</li> <li>- Chairman of the Audit Committee</li> <li>- Chairman of the Audit Committee</li> <li>- Chairman of the Board of Directors</li> <li>- Appellate Committee Member</li> <li>- Police Commission Member</li> <li>- Chairman of the Board of Directors</li> </ul>	AIRA Securities Public Company Limited  Sena Saithong Company Limited  Samart I-Mobile Public Company Limited  Matching Studio Public Company Limited  CPPC Public Company Limited  Business Development Bank (Shanghai-China) Merit Land Company Limited  Office of the Securities and Exchange Commission (SEC) The Royal Thai Police Krung Thai Bank Public Company Limited

Information of Company Executives (As at 31 December 2008)

Name-Surname- Position	Age (Years)	Education/Training	Share- holding Ratio (%)	Family Relationship Among Executives	Work Experience for the Past 5 Years		
					Period	Position	Organization
3 General Sampao Choosri Director Audit Committee Member Chairman of the Nomination and Remuneration Committee Corporate Governance and Risk Management Committee Member	67	- Chulachomklao Royal Military Academy - Royal Military Academy (Saint Cyr), France - Directors Accreditation Program (DAP) Thai Institute of Directors Association	-	-	2001 - present 2000 - present 2000 - 2001	- Chairman of the Executive Board - Chairman of the Executive Board - Supreme Commander	Dhospaak Company Limited Thai Agro Exchange Company Limited Ministry of Defence
4 Prof. Dr. Kanok Wongtrangan Director Audit Committee Member Nomination and Remuneration Committee Member	56	- Ph.D. (Political Science) The Johns Hopkins University, USA - M.A. (Political Science) University of California, USA - B.S. (Medical Science), Chulalongkorn University - Director Certification Program (DCP 50/2004) Thai Institute of Directors Association	0.0013	-	2007 - present 2006 - Nov 2007 2004 - Oct 2006 2003 - Sept 2006 1997 - 2003	- Independent Academician - Chairman of Advisory Committee to the Governor of Bangkok - Chairman of the Board of Directors - Chief Executive Officer - Chief Operation Officer & President	Bangkok Metropolitan Administration The Krungthep Thanakom Co., Ltd. Siam FamilyMart Company Limited Robinson Department Store Public Company Limite
5 Mr. Plew Trivisavet Director Chairman of the Executive Board Nomination and Remuneration Committee Member Authorized Signatory Director	63	- M.Sc. (Electrical Engineering) Osaka University, Japan - B.Sc. (Electrical Engineering) Osaka University, Japan - Director Certification Program (DCP 50/2004) Thai Institute of Directors Association - Finance for Non-Finance Director 2004 (FND), Thai Institute of Directors Association - Capital Market Academy Leader Program Class 4/2007, Capital Market Academy	0.0065	-	2006 - present 2004 - present 2006 - present 1998 - present 1994 - present	- Chairman of the Board of Directors - Director - Chairman of the Executive Board - Chairman of the Board of Directors and Chairman of the Executive Board - Chairman of the Executive Board and Chief Executive Officer	Thai Tap Water Supply Public Company Limited SouthEast Asia Energy Limited Bangkok Metro Public Company Limited CH. Karnchang Public Company Limited
6 Mr. Supong Chayutsahakij Director Vice Chairman of the Executive Board Nomination and Remuneration Committee Member Corporate Governance and Risk Management Committee Member Authorized Signatory Director	67	- Honorary Ph.D. (Management Science) Phranakhon Rajabhat University - Executive Master of Business Administration Sasin Graduate Institute of Business Administration of Chulalongkorn University - Master of Engineering (Electrical) University of Tokyo, Japan - Bachelor of Engineering (Electrical) University of Tokyo, Japan - Director Certification Program (DCP 8/2001), Thai Institute of Directors Association - Audit Committee Program (ACP 17/2007) Teijin Polyester (Thailand) Limited	-	-	Jan 2008 - present 2006 - present 2004 - present 2002 - present 1994 - 2003 1968 - 1994	- Director and Executive Director - Chairman of the Institute - Director and Audit Committee Committee Member - Chairman of the Board of Directors - Chairman of the Board of Directors - Chairman of the Board of Directors - Director - Managing Director Company Limited - Deputy Director of Administration Department	SouthEast Asia Energy Limited Thai-Nichi Institute of Technology Siam Steel International Public Company Limited BMCL Network Limited Metro Mall Development Ltd. Triads Networks Co., Ltd. Bangkok Metro Public Company Limited Bangkok Expressway Public Thai Institute of Directors Association

Information of Company Executives (As at 31 December 2008)

Name-Surname- Position	Age (Years)	Education/Training	Share- holding Ratio (%)	Family Relationship Among Executives	Work Experience for the Past 5 Years		
					Period	Position	Organization
7 M.L. Prasobchai Kasemsant Director Executive Director Authorized Signatory Director	53	<ul style="list-style-type: none"> <li>- M.S. (Civil Engineering) Stanford University, USA</li> <li>- M.S. (Operations Research) Stanford University, USA</li> <li>- B.S. (Civil Engineering, Mathematics) Virginia Military Institute, Virginia, USA</li> <li>- Director Certification Program (DCP 33/2003) Thai Institute of Directors Association</li> <li>- Graduate Diploma Program in Public Law (2007) Thammasat University</li> <li>- Graduate Diploma Program in International Trade Law (2007) Thammasat University</li> </ul>	-	-	<p>Present</p> <p>2005 - 2006</p> <p>2004 - 2005</p> <p>2001 - 2004</p> <p>2003 - 2005</p> <p>1999 - 2003</p> <p>1995 - 2001</p>	<ul style="list-style-type: none"> <li>- Chief of the Office of Inspector General</li> <li>- Chief of Staff Officer to the Chief of Joint Staff</li> <li>- Staff Officer to the Minister of Defence</li> <li>- Deputy Commanding General, Intelligence School</li> <li>- Director</li> <li>- Director</li> <li>- Director, Foreign Liaison Division</li> </ul>	<p>Ministry of Defence</p> <p>Office of Supreme Commander Ministry of Defence</p> <p>Ministry of Defence</p> <p>The Royal Thai Army</p> <p>SouthEast Asia Energy Limited</p> <p>Bangkok Metro Public Company Limited</p> <p>Directorate of Intelligence, The Royal Thai Army</p>
8 Mr. Panit Dunnvatanachit Director Executive Director	52	<ul style="list-style-type: none"> <li>- M.B.A. (Finance) Washington University, St. Louis, US</li> <li>- Bachelor of Arts &amp; Science Washington University, St. Louis, USA</li> <li>- Board and CFO Assessment Program Thai Institute of Directors Association</li> <li>- Director Certification Program (DCP 10/2001) Thai Institute of Directors Association</li> </ul>	0.0035	-	<p>2000 - present</p> <p>2000 - present</p> <p>2002 - Jan 2006</p> <p>1998 - 2005</p> <p>1999 - 2005</p> <p>2000 - 2004</p>	<ul style="list-style-type: none"> <li>- Assistant General Manager</li> <li>- Director and Member of the Executive Committee</li> <li>- Director and Member of the Executive Committee</li> <li>- Director and Member of the Executive Committee</li> <li>- Director</li> <li>- Chairman of the Executive Board</li> </ul>	<p>Bangkok Bank Public Company Limited</p> <p>CBNP (Thailand) Limited</p> <p>Advance Agro Public Company Limited</p> <p>Asia Credit Public Company Limited</p> <p>Asia Credit Securities Company Limited</p> <p>Asia Credit Public Company Limited</p>
9 Mrs. Vallapa Posyanond Director Executive Director	54	<ul style="list-style-type: none"> <li>- Bachelor of Business Administration American University, Washington, D.C., USA</li> <li>- Director Certification Program (DCP 92/2007) Thai Institute of Directors Association</li> </ul>	-	-	<p>Nov 2008 - present</p> <p>2006 - Oct 2008</p> <p>2003 - 2005</p> <p>1998 - 2003</p>	<ul style="list-style-type: none"> <li>- Executive Vice President SME Management Group</li> <li>- Executive Vice President, Corporate Banking 2</li> <li>- Head of Corporate Banking 8</li> <li>- Senior Vice President Corporate Finance Department</li> </ul>	<p>TMB Bank Public Company Limited</p> <p>The Industrial Finance Corporation of Thailand (IFCT)</p>
10 Miss Arisara Dharamadhaj Director Executive Director	51	<ul style="list-style-type: none"> <li>- M.B.A., Roosevelt University, USA</li> <li>- Bachelor of Economics University of the Thai Chamber of Commerce</li> <li>- Director Certification Program (DCP 75/2006) Thai Institute of Directors Association</li> </ul>	-	-	<p>2005 - present</p> <p>2000 - 2005</p>	<ul style="list-style-type: none"> <li>- Assistant Managing Director, Corporate Banking 3</li> <li>- Department Director and Project Financing Analysis Department Manager</li> </ul>	<p>Krung Thai Bank Public Company Limited</p> <p>Thai Institute of Directors Association</p>

Information of Company Executives (As at 31 December 2008)

Name-Surname- Position	Age (Years)	Education/Training	Share- holding Ratio (%)	Family Relationship Among Executives	Work Experience for the Past 5 Years		
					Period	Position	Organization
11 Mr. Sintop Sirisingha Director	54	<ul style="list-style-type: none"> <li>- Master of Engineering (Transportation Systems) Asian Institute of Technology (AIT)</li> <li>- Bachelor of Engineering (Civil) Kasetsart University</li> <li>- Royal Thai Army War College, Class 49</li> <li>- Director Certification Program (DCP 92/2007) Thai Institute of Directors Association</li> <li>- The Joint State Private Sectors Regular Course Class 20, National Defence College of Thailand</li> </ul>	0.00034	-	<ul style="list-style-type: none"> <li>Mar 2006 - present</li> <li>May 2004 - 2006</li> <li>Dec 2003 - 2004</li> <li>1997 - 2003</li> </ul>	<ul style="list-style-type: none"> <li>- Deputy Governor for Technical Affairs</li> <li>- Deputy Governor for Construction and Maintenance Acquisition</li> <li>- Deputy Governor for Administration</li> <li>- Director of Project Planning Department</li> </ul>	The Expressway Authority of Thailand
12 Mrs. Payao Marittanaporn Director Executive Director Corporate Governance and Risk Management Committee Member Managing Director Authorized Signatory Director	51	<ul style="list-style-type: none"> <li>- M.B.A. Chulalongkorn University</li> <li>- Higher Diploma in Auditing Thammasat University</li> <li>- Bachelor of Accountancy Chulalongkorn University</li> <li>- Director Certification Program (DCP 48/2004) Thai Institute of Directors Association</li> </ul>	-	-	<ul style="list-style-type: none"> <li>2007 - present</li> <li>Dec 2004 - 2006</li> <li>Apr 2003 - 2006</li> <li>1997 - 2003</li> </ul>	<ul style="list-style-type: none"> <li>- Managing Director</li> <li>- Managing Director</li> <li>- Deputy Managing Director</li> <li>- Assistant Managing Director, Administration Line</li> </ul>	<ul style="list-style-type: none"> <li>Bangkok Expressway Public Company Limited</li> <li>Northern Bangkok Expressway Company Limited</li> <li>Bangkok Expressway Public Company Limited</li> </ul>
13 Mr. Sanguan Kunatinun Assistant Managing Director	48	<ul style="list-style-type: none"> <li>- M.B.A. Thammasat University</li> <li>- Bachelor of Engineering Chulalongkorn University</li> <li>- Director Certification Program (DCP 101/2008) Thai Institute of Directors Association</li> </ul>	-	-	<ul style="list-style-type: none"> <li>2006 - present</li> <li>2006 - Jan 2008</li> <li>2003 - 2006</li> <li>2002</li> <li>2001</li> </ul>	<ul style="list-style-type: none"> <li>- Assistant Managing Director</li> <li>- Acting General Manager of Construction and Maintenance Division</li> <li>- General Manager of Project Division</li> <li>- Deputy General Manager of Project Division</li> <li>- Deputy General Manager of Business Development Division</li> </ul>	Bangkok Expressway Public Company Limited
14 Mrs. Sudruthai Prommart Assistant Managing Director	45	<ul style="list-style-type: none"> <li>- M.B.A. (Financial Accounting) Northrop University, Inglewood California, USA</li> <li>- Bachelor of Business Administration Assumption University</li> </ul>	-	-	<ul style="list-style-type: none"> <li>2007 - present</li> <li>2003 - 2006</li> <li>1997 - 2002</li> </ul>	<ul style="list-style-type: none"> <li>- Assistant Managing Director</li> <li>- General Manager of Traffic Control Division</li> <li>- Deputy General Manager of Operation Division</li> </ul>	Bangkok Expressway Public Company Limited,

Information of Company Executives (As at 31 December 2008)

Name-Surname- Position	Age (Years)	Education/Training	Share- holding Ratio (%)	Family Relationship Among Executives	Work Experience for the Past 5 Years		
					Period	Position	Organization
15 Mrs. Ngarnit Kanokgamjanar Assistant Managing Director Acting General Manager of Administration Division	53	- M.B.A. The National Institute of Development Administration - B.A. (Economics) Thammasat University	-	-	Dec 2007 - present 2008 - Dec 2008 2003 - 2007 1998 - 2002	- Assistant Managing Director and Acting General Manager of Administration Division - Acting Manager of General Affairs Department - General Manager of Administration Division - Deputy General Manager of Administration Division	Bangkok Expressway Public Company Limited
16 Mr. Phakpoom Thaweewittayarat Senior General Manager of Managing Director Office Company Secretary	42	- M.B.A. Thammasat University - Bachelor of Laws Chulalongkorn University - Bachelor of Accountancy Chulalongkorn University - Certified Public Accountant (CPA) - Certified Internal Auditor (CIA) - Director Certification Program (DCP 102/2008) Thai Institute of Directors Association	-	-	Jan 2008 - Present 2007 2005 - 2006 Jan - Mar 2005 2002 - 2004 1999 - 2001	- Senior General Manager of Managing Director Office and Company Secretary - General Manager of Internal Audit Office - General Manager of Managing Director Office - Deputy General Manager of Managing Director Office - Deputy General Manager of Internal Audit Office - Senior Manager of Internal Audit Office	Bangkok Expressway Public Company Limited
17 Miss Panan Tosuwanthaworn Senior General Manager of Financial Division	41	- Master of Accountancy Thammasat University - Bachelor of Accountancy Thammasat University	-	-	Jan 2008 - Present 2006 - 2007 2004 - 2005 2001 - 2003 2000 - 2001	- Senior General Manager of Finance Division - General Manager of Finance Division - Deputy General Manager of Finance Division - Senior Manager of Accounting Department - Manager of Accounting Department	Bangkok Expressway Public Company Limited
18 Mr. Phaisan Lertsalaluck General Manager of Traffic Division	45	- Master's Degree in Energy Technology King Mongkut's University of Technology Thonburi - Bachelor of Engineering King Mongkut's Institute of Technology Thonburi	-	-	Aug 2007 - present 2004 - Jul 2007 Sept 2003 - Dec 2003 2000 - 2003	- General Manager of Traffic Division - General Manager of Maintenance Division - Deputy General Manager of Maintenance Division - Manager of Engineering Department	Bangkok Expressway Public Company Limited  Trip Hors Limited Partnership
19 Miss Vasana Wattananukulchai General Manager of Internal Audit Office	47	- Master of Business Administration The National Institute of Development Administration - Bachelor of Accountancy Bangkok University	-	-	Jan 2008 - present 2006 - 2007 2003 - 2005 1998 - 2002	- General Manager of Internal Audit Office - General Manager of Toll Revenue Division - Deputy General Manager of Toll Revenue Division - Senior Manager of Finance Operation Department	Bangkok Expressway Public Company Limited

Information of Company Executives (As at 31 December 2008)

Name-Surname- Position	Age (Years)	Education/Training	Share- holding Ratio (%)	Family Relationship Among Executives	Work Experience for the Past 5 Years		
					Period	Position	Organization
20 Mrs. Wattana Sittiwattayaporn General Manager of Planning and Development Division	45	- M.B.A. Thammasat University - Bachelor of Accountancy Thammasat University	-	-	Jan 2008 - present  2005 - 2007  2004 2003  2001	- General Manager of Planning and Development Division - Deputy General Manager of Internal Audit Office - Toll Revenue Division - Senior Manager of Toll Collection Department - Senior Manager of Procurement Department	Bangkok Expressway Public Company Limited
21 Mr. Omsyn Pibulwarangkur General Manager of Construction & Maintenance Division	47	- M.B.A. The National Institute of Development Administration - Master of Information Engineering NIGATA University, Japan - Bachelor of Engineering King Mongkut's Institute of Technology Ladkrabang	-	-	Feb 2008 - present  2007 - Jan 2008  2003 - 2006 2001 - 2002	- General Manager of Construction & Maintenance Division - Deputy Director, IT and HR Department - IT Department Manager - Deputy IT Department Manager	Bangkok Expressway Public Company Limited  JVC Manufacturing (Thailand) Co., Ltd.
22 Mr. Supattra Bumnetphan General Manager of Toll Revenue Division*	47	- Master of Public Administration The National Institute of Development Administration - Bachelor of Political Science Chiang Mai University	-	-	Present*  2007 - Dec 2008  2005 - 2007 2002 - 2004  1999 - 2001	- General Manager of Toll Revenue Division - Deputy General Manager of Toll Revenue Division - Senior Manager of Toll Collection Department - Senior Manager of Managing Director Office - Manager of Management Office	Bangkok Expressway Public Company Limited
23 Mr. Chalermkiat Sakonwisansak Deputy General Manager of Construction & Maintenance Division*	46	- Bachelor of Engineering Rajamangala University of Technology	-	-	Present*  2003 - Dec 2008 2003 - Aug 2003	- Deputy General Manager of Construction & Maintenance Division - Maintenance Division - Deputy General Manager of Engineering Division	Bangkok Expressway Public Company Limited
24 Miss Phenporn Kittiyopars Deputy General Manager of Planning and Development Division	42	- Bachelor of Science (Statistics) Silpakorn University	-	-	Jan 2008 - Present  2004 - 2007  2001 - 2003	- Deputy General Manager of Planning and Development Division - Senior Manager of Information Technology Department - Manager of Information Technology Department	Bangkok Expressway Public Company Limited

\*Held the position Since 1 January 2009



Executives Holding Positions in the Subsidiary and Related Company

Name of Director	Company	Subsidiary	Related Company		
			Bangkok Metro Public Company Limited	Thai Tap Water Supply Public Company Limited	SouthEast Asia Energy Limited
1. Dr. Virabongsa Ramangkura	X	-	-	-	X
2. Mr. Plew Trivisvavet	/, //	X, //	X, //	X	/, //
3. Mr. Supong Chayutsahakij	/, //	/, //	/, //	-	/, //
4. M.L. Prasobchai Kasemsant	/, //	/, //	-	-	-
5. Mr. Panit Dunnvatanachit	/, //	/, //	-	-	-
6. Miss Arisara Dharamadhaj	/, //	/	-	-	-
7. Mrs. Vallapa Posyanond	/, //	/	-	-	-
8. Mr. Sintop Sirisingha	/	/	-	-	-
9. Mrs. Payao Marittanaporn	/, //	/, //	-	-	-

Remark

1. / = Director; X = Chairman of the Board of Directors; // = Executive Director
2. Related company shall refer to the definition of a legal entity of parties who may have conflict of interest as per the Notification of the Securities and Exchange Commission No. GorJor. 40/2540.

Information of Directors in the Subsidiary

Name of Director	Northern Bangkok Expressway Company Limited
1. Mr. Plew Trivisvavet	X, //
2. Mr. Supong Chayutsahakij	/, //
3. M.L. Prasobchai Kasemsant	/, //
4. Mr. Panit Dunnvatanachit	/, //
5. Miss Arisara Dharamadhaj	/
6. Mrs. Vallapa Posyanond	/
7. Mr. Sintop Sirisingha	/
8. Mrs. Payao Marittanaporn	/, //

Remark

1. / = Director; X = Chairman of the Board of Directors; // = Executive Director
2. Subsidiary shall refer to material subsidiary, namely, having revenue exceeding 10 percent of total revenue as per the consolidated income statement of the most recent accounting year.

# Report and consolidated financial statements

To the shareholders of Bangkok Expressway Public Company Limited

I have audited the accompanying consolidated balance sheets of Bangkok Expressway Public Company Limited and its subsidiary as at 31 December 2008 and 2007, and the related consolidated statements of income, changes in shareholders equity and cash flows for the years then ended, and the separate financial statements of Bangkok Expressway Public Company Limited for the same years. These financial statements are the responsibility of the management of the Company and its subsidiary as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Expressway Public Company Limited and its subsidiary and of Bangkok Expressway Public Company Limited as at 31 December 2008 and 2007, the results of their operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to the matter as discussed in Note 1.3 to the financial statements, the subsidiary has consistently suffered from operation losses over a number of years, and as at 31 December 2008 has a deficit of Baht 4,837 million (2007: Baht 4,591 million), and the Company has substantial loans to this subsidiary as described in Note 7 to the financial statements. These conditions indicate the existence of a material uncertainty which could give rise to doubt as to the ability of the subsidiary to continue as a going concern and could have an impact on the operations of the Company.



Rungnapa Lertsuwankul  
Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited  
Bangkok : 25 February 2009

# Balance sheets

Bangkok Expressway Public Company Limited and its subsidiary

As at 31 December 2008 and 2007

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2008	2007	2008	2007
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	131,099,191	99,748,872	121,631,955	91,259,939
Current investments	6	2,398,370,332	1,028,130,918	2,392,648,054	1,016,901,485
Amounts due from subsidiary company	7	-	-	2,247,000	2,247,000
Other current assets					
Advance payments under service contract	7	19,075,275	15,389,594	19,075,275	15,389,594
Prepaid expenses	7	7,519,178	6,383,019	4,738,316	3,486,160
Withholding tax deducted at source		5,769,804	6,005,696	-	-
Others		15,273,728	5,591,935	14,303,319	4,607,373
<b>Total current assets</b>		<b>2,577,107,508</b>	<b>1,161,250,034</b>	<b>2,554,643,919</b>	<b>1,133,891,551</b>
<b>Non-current assets</b>					
Investment in subsidiary company	8	-	-	-	-
Long-term loans to and interest receivable					
from related companies	7	33,075,982	8,819,386	10,427,572,418	10,668,315,822
Other long-term investments, net	7, 9	2,799,292,213	3,180,576,069	2,799,292,213	3,180,576,069
Property, plant and equipment, net	10	227,892,769	229,423,060	227,526,429	228,319,890
Rights to operate completed expressway sectors, net	11	37,646,423,546	39,697,704,732	27,250,436,525	28,997,817,155
Intangible assets, net	12	3,730,635	3,745,753	3,730,635	3,745,753
Other non-current assets					
Deposits		6,719,658	16,187,978	3,515,460	12,995,480
Others		20,223,896	6,984,149	13,657,361	6,423,311
<b>Total non-current assets</b>		<b>40,737,358,699</b>	<b>43,143,441,127</b>	<b>40,725,731,041</b>	<b>43,098,193,480</b>
<b>Total assets</b>		<b>43,314,466,207</b>	<b>44,304,691,161</b>	<b>43,280,374,960</b>	<b>44,232,085,031</b>

The accompanying notes are an integral part of the financial statements.

# Balance sheets (continued)

Bangkok Expressway Public Company Limited and its subsidiary

As at 31 December 2008 and 2007

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2008	2007	2008	2007
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	13	691,616,657	880,401,693	691,616,657	880,401,693
Trade accounts payable	7	30,398,493	33,248,443	28,940,134	32,125,919
Current portion of long-term loans	7, 14	3,229,280,000	2,792,750,000	3,229,280,000	2,792,750,000
Other current liabilities					
Corporate income tax payable		264,146,052	226,305,019	264,146,052	226,305,019
Value added tax payable		40,377,182	33,869,032	36,839,076	31,306,162
Accrued interest		174,966,225	143,623,759	174,966,225	143,623,759
Other payables		15,337,240	7,682,459	12,257,645	4,909,369
Retention guarantees	7	14,938,896	12,073,737	14,857,282	10,616,779
Others	7	34,283,109	39,867,666	31,568,639	34,112,875
<b>Total current liabilities</b>		<b>4,495,343,854</b>	<b>4,169,821,808</b>	<b>4,484,471,710</b>	<b>4,156,151,575</b>
<b>Non-current liabilities</b>					
Provision for compensation for site acquisition cost	24.1	1,038,170,000	1,171,870,000	1,038,170,000	1,171,870,000
Long-term loans, net of current portion	7, 14	10,153,987,600	15,427,297,600	10,153,987,600	15,427,297,600
Debentures	15	11,500,000,000	7,500,000,000	11,500,000,000	7,500,000,000
<b>Total non-current liabilities</b>		<b>22,692,157,600</b>	<b>24,099,167,600</b>	<b>22,692,157,600</b>	<b>24,099,167,600</b>
<b>Total liabilities</b>		<b>27,187,501,454</b>	<b>28,268,989,408</b>	<b>27,176,629,310</b>	<b>28,255,319,175</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
800,000,000 ordinary shares of Baht 10 each					
		8,000,000,000	8,000,000,000	8,000,000,000	8,000,000,000
Issued and paid-up					
770,000,000 ordinary shares of Baht 10 each					
		7,700,000,000	7,700,000,000	7,700,000,000	7,700,000,000
Premium on ordinary shares		4,848,492,969	4,848,492,969	4,848,492,969	4,848,492,969
Unrealised loss					
Revaluation deficit on changes in value of investment					
		(794,983,335)	(288,962,855)	(794,983,335)	(288,962,855)
Retained earnings					
Appropriated - statutory reserve					
	16	617,412,679	543,412,665	617,412,679	543,412,665
Unappropriated					
		3,756,042,440	3,232,758,974	3,732,823,337	3,173,823,077
<b>Total shareholders' equity</b>		<b>16,126,964,753</b>	<b>16,035,701,753</b>	<b>16,103,745,650</b>	<b>15,976,765,856</b>
<b>Total liabilities and shareholders' equity</b>		<b>43,314,466,207</b>	<b>44,304,691,161</b>	<b>43,280,374,960</b>	<b>44,232,085,031</b>

The accompanying notes are an integral part of the financial statements.

# Income statements

Bangkok Expressway Public Company Limited and its subsidiary  
For the years ended 31 December 2008 and 2007

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2008	2007	2008	2007
<b>Revenues</b>					
Toll revenue	18	6,956,134,844	7,237,968,432	6,381,347,673	6,631,602,395
Other income					
Interest income	7	6,699,302	14,978,672	379,014,827	405,850,385
Dividend income	7	55,312,500	20,312,500	55,312,500	20,312,500
Gain on investments	9, 19	126,543,785	7,658,830	125,950,940	6,950,834
Others	7	4,182,550	7,659,689	29,379,746	32,571,953
<b>Total revenues</b>		<b>7,148,872,981</b>	<b>7,288,578,123</b>	<b>6,971,005,686</b>	<b>7,097,288,067</b>
<b>Expenses</b>					
Amortisation of rights to operate completed expressway sectors	11	2,073,293,642	2,182,759,650	1,769,393,086	1,855,172,303
Provision for compensation for site acquisition cost	24.1	566,300,000	489,780,000	566,300,000	489,780,000
Selling expenses	7	790,628,734	672,680,715	689,308,804	570,677,238
Administrative expenses	7	363,657,704	321,904,599	347,797,188	321,644,375
Loss on impairment of investment		-	-	209,999,993	299,999,990
<b>Total expenses</b>		<b>3,793,880,080</b>	<b>3,667,124,964</b>	<b>3,582,799,071</b>	<b>3,537,273,906</b>
<b>Income before finance cost and corporate income tax</b>					
		3,354,992,901	3,621,453,159	3,388,206,615	3,560,014,161
Finance cost	7	(1,329,797,733)	(1,612,418,881)	(1,327,294,653)	(1,609,915,780)
<b>Income before corporate income tax</b>		<b>2,025,195,168</b>	<b>2,009,034,278</b>	<b>2,060,911,962</b>	<b>1,950,098,381</b>
Corporate income tax		(580,911,688)	(602,531,194)	(580,911,688)	(602,531,194)
<b>Net income for the year</b>		<b>1,444,283,480</b>	<b>1,406,503,084</b>	<b>1,480,000,274</b>	<b>1,347,567,187</b>
<b>Basic earnings per share</b>					
Net income	19	1.88	1.83	1.92	1.75

The accompanying notes are an integral part of the financial statements.

# Statements of changes in shareholders' equity

Bangkok Expressway Public Company Limited and its subsidiary  
For the years ended 31 December 2008 and 2007

(Unit : Baht)

## Consolidated financial statements

	Issued and paid-up share capital	Premium on ordinary shares	Revaluation deficit on changes in value of investments	Retained earnings		Total
				Appropriated statutory reserve	Unappropriated	
<b>Balance as at 31 December 2006</b>	7,700,000,000	4,848,492,969	(160,690,327)	473,087,511	2,666,581,044	15,527,471,197
<b>Expenses recognised directly in equity :</b>						
Investment in available-for-sale securities						
Loss recognised in shareholders' equity	-	-	(128,272,528)	-	-	(128,272,528)
<b>Net expenses recognised directly in equity</b>	-	-	(128,272,528)	-	-	(128,272,528)
Net income for the year	-	-	-	-	1,406,503,084	1,406,503,084
<b>Total income and expenses for the year</b>	-	-	(128,272,528)	-	1,406,503,084	1,278,230,556
Dividend paid (Note 23)	-	-	-	-	(770,000,000)	(770,000,000)
Unappropriated retained earnings						
transferred to statutory reserve (Note 16)	-	-	-	70,325,154	(70,325,154)	-
<b>Balance as at 31 December 2007</b>	7,700,000,000	4,848,492,969	(288,962,855)	543,412,665	3,232,758,974	16,035,701,753
<b>Balance as at 31 December 2007</b>	7,700,000,000	4,848,492,969	(288,962,855)	543,412,665	3,232,758,974	16,035,701,753
<b>Expenses recognised directly in equity :</b>						
Investment in available-for-sale securities						
Loss recognised in shareholders' equity	-	-	(506,020,480)	-	-	(506,020,480)
<b>Net expenses recognised directly in equity</b>	-	-	(506,020,480)	-	-	(506,020,480)
Net income for the year	-	-	-	-	1,444,283,480	1,444,283,480
<b>Total income and expenses for the year</b>	-	-	(506,020,480)	-	1,444,283,480	938,263,000
Dividend paid (Note 23)	-	-	-	-	(847,000,000)	(847,000,000)
Unappropriated retained earnings						
transferred to statutory reserve (Note 16)	-	-	-	74,000,014	(74,000,014)	-
<b>Balance as at 31 December 2008</b>	7,700,000,000	4,848,492,969	(794,983,335)	617,412,679	3,756,042,440	16,126,964,753

The accompanying notes are an integral part of the financial statements.



# Statements of changes in shareholders' equity

Bangkok Expressway Public Company Limited and its subsidiary  
For the years ended 31 December 2008 and 2007

(Unit : Baht)

## Separate financial statements

	Issued and paid-up share capital	Premium on ordinary shares	Revaluation deficit on changes in value of investments	Retained earnings		Total
				Appropriated statutory reserve	Unappropriated	
<b>Balance as at 31 December 2006</b>	7,700,000,000	4,848,492,969	(160,690,327)	473,087,511	2,666,581,044	15,527,471,197
<b>Expenses recognised directly in equity :</b>						
Investment in available-for-sale securities						
Loss recognised in shareholders' equity	-	-	(128,272,528)	-	-	(128,272,528)
<b>Net expenses recognised directly in equity</b>	-	-	(128,272,528)	-	-	(128,272,528)
Net income for the year	-	-	-	-	1,347,567,187	1,347,567,187
<b>Total income and expenses for the year</b>	-	-	(128,272,528)	-	1,347,567,187	1,219,294,659
Dividend paid (Note 23)	-	-	-	-	(770,000,000)	(770,000,000)
Unappropriated retained earnings						
transferred to statutory reserve (Note 16)	-	-	-	70,325,154	(70,325,154)	-
<b>Balance as at 31 December 2007</b>	<u>7,700,000,000</u>	<u>4,848,492,969</u>	<u>(288,962,855)</u>	<u>543,412,665</u>	<u>3,173,823,077</u>	<u>15,976,765,856</u>
<b>Balance as at 31 December 2007</b>	7,700,000,000	4,848,492,969	(288,962,855)	543,412,665	3,173,823,077	15,976,765,856
<b>Expenses recognised directly in equity :</b>						
Investment in available-for-sale securities						
Loss recognised in shareholders' equity	-	-	(506,020,480)	-	-	(506,020,480)
<b>Net expenses recognised directly in equity</b>	-	-	(506,020,480)	-	-	(506,020,480)
Net income for the year	-	-	-	-	1,480,000,274	1,480,000,274
<b>Total income and expenses for the year</b>	-	-	(506,020,480)	-	1,480,000,274	973,979,794
Dividend paid (Note 23)	-	-	-	-	(847,000,000)	(847,000,000)
Unappropriated retained earnings						
transferred to statutory reserve (Note 16)	-	-	-	74,000,014	(74,000,014)	-
<b>Balance as at 31 December 2008</b>	<u>7,700,000,000</u>	<u>4,848,492,969</u>	<u>(794,983,335)</u>	<u>617,412,679</u>	<u>3,732,823,337</u>	<u>16,103,745,650</u>

The accompanying notes are an integral part of the financial statements.

# Statements of cash flows

Bangkok Expressway Public Company Limited and its subsidiary

For the years ended 31 December 2008 and 2007

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<b>Cash flows from operating activities</b>				
Net income before tax	2,025,195,168	2,009,034,278	2,060,911,962	1,950,098,381
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities :				
Depreciation and amortisation	2,101,389,328	2,218,418,007	1,796,751,942	1,889,986,950
Gain on investments	(126,543,785)	(7,658,830)	(125,950,940)	(6,950,834)
Gain on sales of equipment	(498,014)	(3,281,590)	(498,014)	(3,005,069)
Provision for compensation for site acquisition	566,300,000	489,780,000	566,300,000	489,780,000
Loss on impairment of investment	-	-	209,999,993	299,999,990
Interest income	(6,699,302)	(14,978,672)	(379,014,827)	(405,850,385)
Dividend income	(55,312,500)	(20,312,500)	(55,312,500)	(20,312,500)
Interest expenses	1,265,213,020	1,358,664,707	1,265,213,020	1,358,664,707
Income from operating activities before changes in operating assets and liabilities	5,769,043,915	6,029,665,400	5,338,400,636	5,552,411,240
Decrease (increase) in operating assets				
Amounts due from subsidiary company	-	-	-	(107,000)
Other current assets	(14,349,526)	(14,793,359)	(14,479,534)	(13,627,586)
Other non-current assets	2,234,255	(6,003,599)	2,245,956	(6,003,600)
Increase (decrease) in operating liabilities				
Trade accounts payable	(2,849,950)	2,376,897	(3,185,785)	4,224,810
Value added tax payable	6,508,150	(3,124,063)	5,532,914	(3,110,678)
Other payables	7,654,781	(847,515)	7,348,276	(1,894,524)
Other current liabilities	(2,719,398)	(19,426,492)	1,696,267	(8,298,939)
Cash paid for compensation for site acquisition	(700,000,000)	(700,000,000)	(700,000,000)	(700,000,000)
Net cash flows from operating activities	5,065,522,227	5,287,847,269	4,637,558,730	4,823,593,723
Cash received for interest income	410,029	4,762,865	364,370	6,506,788
Cash paid for corporate income tax	(548,840,458)	(680,874,055)	(543,070,655)	(674,868,359)
<b>Net cash flows from operating activities</b>	<b>4,517,091,798</b>	<b>4,611,736,079</b>	<b>4,094,852,445</b>	<b>4,155,232,152</b>

The accompanying notes are an integral part of the financial statements.

# Statements of cash flows (continued)

Bangkok Expressway Public Company Limited and its subsidiary  
For the years ended 31 December 2008 and 2007

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<b>Cash flows from investing activities</b>				
Increase in current investments	(1,281,347,518)	(707,956,964)	(1,287,447,518)	(697,556,964)
Increase in investment in subsidiary company	-	-	(209,999,993)	(299,999,990)
Cash received from sales of long-term investments	156,425,985	-	156,425,985	-
Increase in other long-term investments	(243,510,720)	(283,031,250)	(243,510,720)	(283,031,250)
Cash paid for long-term loans to related company	(22,500,000)	(8,750,000)	(22,500,000)	(8,750,000)
Cash received from long-term loans to related company	-	-	219,367,000	295,514,750
Cash received for interest income	4,378,569	10,146,421	422,372,612	462,545,929
Dividend income	55,312,500	20,312,500	55,312,500	20,312,500
Purchase of equipment	(26,252,096)	(14,517,415)	(26,252,096)	(14,517,415)
Cash received from sale of equipment	652,266	6,112,400	652,266	5,808,662
Additional construction of Second Stage Expressway	(22,012,456)	(2,563,210)	(22,012,456)	(2,563,210)
Increase in intangible assets	(452,420)	(363,795)	(452,420)	(363,795)
<b>Net cash flows used in investing activities</b>	<b>(1,379,305,890)</b>	<b>(980,611,313)</b>	<b>(958,044,840)</b>	<b>(522,600,783)</b>
<b>Cash flows from financing activities</b>				
Cash received from short-term loans from financial institutions	975,787,495	1,326,607,084	975,787,495	1,326,607,084
Cash paid for short-term loans from financial institutions	(1,200,000,000)	(450,000,000)	(1,200,000,000)	(450,000,000)
Cash received from issuance of debentures	4,000,000,000	7,500,000,000	4,000,000,000	7,500,000,000
Cash paid for long-term loans	(4,836,780,000)	(10,162,970,000)	(4,836,780,000)	(10,162,970,000)
Cash paid for interest expenses	(1,198,443,084)	(1,211,246,340)	(1,198,443,084)	(1,211,246,340)
Cash paid for dividend	(847,000,000)	(770,000,000)	(847,000,000)	(770,000,000)
<b>Net cash flows used in financing activities</b>	<b>(3,106,435,589)</b>	<b>(3,767,609,256)</b>	<b>(3,106,435,589)</b>	<b>(3,767,609,256)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>31,350,319</b>	<b>(136,484,490)</b>	<b>30,372,016</b>	<b>(134,977,887)</b>
Cash and cash equivalents at beginning of year	99,748,872	236,233,362	91,259,939	226,237,826
<b>Cash and cash equivalents at end of year</b>	<b>131,099,191</b>	<b>99,748,872</b>	<b>121,631,955</b>	<b>91,259,939</b>
Supplemental cash flows information				
Non-cash items consist of : -				
Unrealised loss on changes in value of investments	506,020,480	128,272,528	506,020,480	128,272,528

The accompanying notes are an integral part of the financial statements.

# Notes to consolidated financial statements

Bangkok Expressway Public Company Limited and its subsidiary  
For the years ended 31 December 2008 and 2007

## 1 General information

### 1.1 Corporate information

Bangkok Expressway Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. It is principally engaged in the construction and management of the Second Stage Expressway System (SES) and other extensions, including other related business, under the SES agreement with the Expressway Authority of Thailand (EXAT), for a period of 30 years commencing on 1 March 1990 and expiring on 28 February 2020. The Company has the right to extend the contract period for two further periods of 10 year each upon such terms and conditions as may then be agreed by the parties. The SES consists of Sectors A, B, C and D.

The Company’s registered address is 238/7 Asoke-Dindaeng Road, Bangkapi, Huaykwang, Bangkok.

### 1.2 Revision of toll rates

1.2.1 The Second Stage Expressway System agreement and the Extension of Second Stage Expressway System (Sector D) agreement stipulate that EXAT and Bangkok Expressway Public Company Limited, as counterparties have common obligations to consider a revision of the toll rates of the First and Second Stage Expressway Systems and the Second Stage Expressway System (Sector D) every five years, within six months of the toll review date. The revised toll rates became effective as from 1 September 2008.

On 15 August 2008, the Ministry of Communications issued Ministry of Communications Notification regarding the toll rates for the First and Second Stage Expressway Systems and the Second Stage Expressway System (Sector D), to become effective from 1 September 2008. However, the Company believes that the adjusted toll rates under this notification is contrary to the agreements. The Company is currently proceeding with its right opposition and seeking for compensation based on agreements.

1.2.2 The Bang Pa-In - Pakkret Expressway System agreement stipulates that EXAT and Northern Bangkok Expressway Company Limited (“the subsidiary”) as counterparties, have common obligations to consider a revision of the toll rates of the Bang Pa-In - Pakkret Expressway System every five years, within six months of the toll review date. The revised toll rates became effective as from 1 November 2008.

On 15 August 2008, the Ministry of Communications issued Ministry of Communications Notification regarding the toll rates for the Bang Pa-In - Pakkret Expressway, to become effective from 1 November 2008. However, the subsidiary believes that the adjusted toll rates under this notification is contrary to the agreements. The subsidiary is currently proceeding with its right opposition and seeking for compensation based on agreement.

### 1.3 Assumption of preparation of the financial statements

The subsidiary company has consistently faced operating losses over a number of years and as at 31 December 2008 has a deficit of Baht 4,837 million (2007: Baht 4,591 million). Although these conditions raise substantial doubt about the subsidiary’s ability to continue as a going concern, the management is considering measures to restructure the operations of the subsidiary and believe that these will resolve the problems being faced. For this reason, the financial statements of the subsidiary company as incorporated in the accompanying consolidated financial statements were prepared on the going concern basis, and hence do not include any of the adjustments that might result should the subsidiary company be unable to continue as a going concern.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Bangkok Expressway Public Company Limited (“the Company”) and its subsidiary company, Northern Bangkok Expressway Company Limited (“the subsidiary”). The details are as follows: -

Company's name	Nature of business	Country of incorporation	Proportion of investment as at 31 December		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
			2008 %	2007 %	2008 %	2007 %	2008 %	2007 %
Northern Bangkok Expressway Company Limited	Operation and of management Bang Pa-In-Pakkret Expressway	Thailand	42.39	39.78	24	24	8	8

The financial statements of Northern Bangkok Expressway Company Limited are included in the consolidated financial statements since the Company is able to exercise management control over this company.

In January 2008, the subsidiary called up an additional 7% of the value of the 300 million shares held by the Company (par value of Baht 10 each), a total of Baht 210 million. The Company made payment of this share subscription on 19 February 2008. As a result, the Company's proportion of investment increased from 39.78% to 42.39% of its paid-up share capital.

As at 31 December 2008, the Company invested in 320 million shares of the subsidiary company, represented 53.33% of the subsidiary's shares issued of 600 million shares.

- b) The subsidiary is fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and the subsidiary have been eliminated from the consolidated financial statements.

- 2.3 The separate financial statements, which present investment in subsidiary presented under the cost method, have been prepared solely for the benefit of the public.

## 3. Adoption of new accounting standards

### 3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows.

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards became effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these standards and believes that TAS 29 (revised 2007), TAS 31 (revised 2007), TAS 43 (revised 2007) and TAS 49 (revised 2007) are not relevant to the business of the Company, while TAS 25 (revised 2007), TAS 33 (revised 2007), TAS 35 (revised 2007), TAS 39 (revised 2007), TAS 41 (revised 2007), and TAS 51 do not have any significant impact on the financial statements for the current year, except for the separate presentation of selling expenses and administrative expenses, which the Company already implemented in 2007.

### 3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of new accounting standards as follows.

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

## 4. Significant accounting policies

### 4.1 Revenue and expense recognition

Toll revenue represent the invoiced value, excluding value added tax, of service rendered.

Interest income from a subsidiary company is recognised as interest accrues based on the effective rate method.

Dividend income is recognised when the right to receive the dividends is established.

Expenses are recognised on an accrual basis.

### 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 4.3 Investments

a) Investments in securities held for trading are stated at fair value. Gains or losses arising from changes in the carrying amounts of securities are included in determining income.

b) Investments in available-for-sale securities are stated at fair value. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.



- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
- d) Investment in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- e) Investment in subsidiary company are accounted for in the separate financial statements using the cost method. The fair value of marketable securities is based on the latest bid price of the last working day year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the required rate of return or the yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

#### 4.4 Property, plant and equipment and depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of the building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives : -

Building and construction improvement	5 years
Furniture and fixture	5 years
Tools, instruments and equipment	3 and 5 years
Vehicles	5 and 10 years

Depreciation is included in determining income.

No depreciation has been provided for land.

#### 4.5 Amortisation of rights to operate completed expressway sectors

The rights to operate completed expressway sectors are amortised as expenses in income statements with the number of actual vehicle volume. The amortisation of rights to operate completed expressway sectors is calculated as follows : -

Annual amortisation	=	Net rights to operate completed expressway sectors x Percentage of the number of vehicle volume for the year
Percentage of the number of vehicle volume for the year	=	Current year's number of actual vehicle volume <del>-(Current year's number of actual vehicle volume + Projected vehicle volume after current year to the remaining years of the agreement)</del>
Net rights to operate completed expressway sectors	=	Total actual cost of rights to operate completed expressway sectors - Accumulated amortisation

#### 4.6 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the useful economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the useful lives of intangible assets with finite useful lives is as follows.

Computer software	10	years
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#### 4.7 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### 4.8 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment, rights to operate completed expressway sectors and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

#### 4.9 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

#### 4.10 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

The Company has recorded its provision for compensation for the cost of site acquisition to be paid to the Expressway Authority of Thailand as expenses in each year throughout the period of the contract.

#### 4.11 Periodic maintenance

All annual maintenance costs are charged directly to the income statement in the year on which they are incurred. The independent specialists have stated that if annual repairs are carried out in accordance with the specified standard, there will be no requirement for major maintenance. As a result, no further amounts are set aside as provision for maintenance.

#### 4.12 Income tax

The income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

### 5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows :

#### Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

#### Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

#### Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company’s plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### Amortisation of rights to operate completed expressway sectors

In determining amortisation of rights to operate completed expressway sectors, the management has to project vehicle volume after current year for the remaining years of the agreement. Vehicle volume is projected based on the number of vehicles as assessed by an independent appraiser, and adjusted by comparison to actual vehicle volume. However, the actual vehicle volume in the future could differ from the estimate depending upon changes in external factors that may affect toll rates and vehicle volume.

#### Litigation

The Company and its subsidiary have contingent liabilities as a result of litigation. The Company’s management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

## 6. Current investments

(Unit : Baht)

	Consolidated financial statements				Separate financial statements			
	2008		2007		2008		2007	
	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value
Unit trusts	2,332,990,613	2,398,370,332	811,518,986	813,256,769	2,327,271,440	2,392,648,054	800,289,751	802,027,336
Debt securities due within one year	-	-	214,802,234	214,874,149	-	-	214,802,234	214,874,149
	<u>2,332,990,613</u>	<u>2,398,370,332</u>	<u>1,026,321,220</u>	<u>1,028,130,918</u>	<u>2,327,271,440</u>	<u>2,392,648,054</u>	<u>1,015,091,985</u>	<u>1,016,901,485</u>

## 7. Related party transactions

During the years, the Company and its subsidiary had significant transactions with its related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit : Thousand Baht)

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2008	2007	2008	2007	
Transactions with subsidiary company					
Payment for additional share subscription					
Northern Bangkok Expressway					
Company Limited	-	-	210,000	300,000	300,000,000 shares of Baht 0.70 each (2007: 300,000,000 shares of Baht 1 each)
Cash receipt from repayment of long-term					
loans and interest receivable					
Northern Bangkok Expressway					
Company Limited	-	-	265,000	357,000	
Interest receipt on long-term loans					
Northern Bangkok Expressway					
Company Limited	-	-	372,361	390,914	At the rates of 2.31% - 5.11% per annum (2007: 2.25% to 5% per annum)
Management income					
Northern Bangkok Expressway					
Company Limited	-	-	25,200	25,200	Baht 2,100,000 per month
Transactions with related companies					
Dividend income					
Thai Tap Water Supply Public					
Company Limited	55,313	20,313	55,313	20,313	368,750,000 shares of Baht 0.15 each (2007: 406,250,000 shares of Baht 0.05 each)
Interest receipt on long-term loans					
SouthEast Asia Energy Limited	1,757	69	1,757	69	At rate of MLR+1% per annum

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2008	2007	2008	2007	
Second Stage Expressway maintenance expenses					
CH. Karnchang Public Company Limited	117,273	68,550	117,273	68,550	Stated in the agreement and compared to the amounts as estimated by independent consultant
CH. Karnchang-Tokyu Construction Company Limited	7,088	-	7,088	-	Contracted price
Total	124,361	68,550	124,361	68,550	
Rental expenses					
CH. Karnchang Public Company Limited	120	120	-	-	Baht 10,000 per month
Financial fee					
Krungthai Bank Public Company Limited	5,500	5,500	3,000	3,000	Baht 3,000,000 per annum and Baht
TMB Bank Public Company Limited	1,200	1,200	1,200	1,200	100,000 per month
Total	6,700	6,700	4,200	4,200	
Prepayment fee					
Krungthai Bank Public Company Limited	13,795	76,684	13,795	76,684	At the rate of 2% for prepayment of credit tranches Gor, Khor, Kor, Jor and Shor (2007: At the rate of 3% for prepayment of credit tranches Gor, Khor, Kor and 2% of prepayment of credit tranches Jor, Shor)
Bangkok Bank Public Company Limited	10,149	56,412	10,149	56,412	
TMB Bank Public Company Limited	5,725	31,820	5,725	31,820	
Total	29,669	164,916	29,669	164,916	
Interest payment on long-term loans					
Krungthai Bank Public Company Limited	294,178	417,255	294,178	417,255	At the rate of 5%, MLR-1% and MLR-1.5%
Bangkok Bank Public Company Limited	216,410	306,951	216,410	306,951	
TMB Bank Public Company Limited	122,071	173,143	122,071	173,143	
Total	632,659	897,349	632,659	897,349	
Payment for additional share subscription					
SouthEast Asia Energy Limited	243,222	283,031	243,222	283,031	45,000,000 shares of Baht 4.55 each and 60,112,500 shares of Baht 0.64 each (2007: 45,000,000 shares of Baht 2.95 each and 60,112,500 shares of Baht 2.50 each)
Payment for long-term loan					
SouthEast Asia Energy Limited	22,500	8,750	22,500	8,750	In proportion to its shareholding, in total not more than Baht 31.25 million

The balances of the accounts as at 31 December 2008 and 2007 between the Company and those related companies are as follows:

(Unit : Baht)

	Relationship	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Cash and cash equivalents					
Krungthai Bank Public Company Limited*	*The Company's	22,566,218	21,875,286	20,296,442	21,321,045
Bangkok Bank Public Company Limited*	director has	2,446	2,446	2,446	2,446
TMB Bank Public Company Limited*	authority	65,335,483	10,472,126	63,095,015	9,615,510
Total	in bank	87,904,147	32,349,858	83,393,903	30,939,001
Amounts due from subsidiary company					
Northern Bangkok Expressway Company Limited	Subsidiary	-	-	2,247,000	2,247,000
Advance payment under service contract					
CH. Karnchang Public Company Limited	Common directors	19,075,275	15,389,594	19,075,275	15,389,594
Prepaid expenses					
Krungthai Bank Public Company Limited*	*The Company's	3,230,108	3,230,108	925,000	925,000
	director has				
	authority in bank				
Long-term loans to and interest receivable from related companies					
Northern Bangkok Expressway Company Limited	Subsidiary	-	-	10,394,496,436	10,659,496,436
SouthEast Asia Energy Limited	Common directors	33,075,982	8,819,386	33,075,982	8,819,386
Total		33,075,982	8,819,386	10,427,572,418	10,668,315,822
Other long-term investments					
Bangkok Metro Public Company Limited	Common directors	569,163,963	1,482,260,319	569,163,963	1,482,260,319
SouthEast Asia Energy Limited	Common directors	688,753,250	445,531,250	688,753,250	445,531,250
Thai Tap Water Supply Public Company Limited	Common directors	1,541,375,000	1,252,784,500	1,541,375,000	1,252,784,500
Total		2,799,292,213	3,180,576,069	2,799,292,213	3,180,576,069
Accounts payable and other current liabilities					
CH. Karnchang Public Company Limited	Common directors	8,110,093	10,362,139	7,732,924	10,352,139
Retention guarantees					
CH. Karnchang Public Company Limited	Common directors	9,604,663	8,814,547	9,604,663	7,406,628
CH. Karnchang-Tokyu Construction Company Limited	Common directors	354,412	-	354,412	-
Total		9,959,075	8,814,547	9,959,075	7,406,628
Long-term loans and current portion of long-term loans					
Krungthai Bank Public Company Limited*	*The Company's	4,615,484,715	6,284,383,108	4,615,484,715	6,284,383,108
Bangkok Bank Public Company Limited*	director has	3,395,345,495	4,623,060,714	3,395,345,495	4,623,060,714
TMB Bank Public Company Limited*	authority in bank	1,915,222,815	2,607,741,392	1,915,222,815	2,607,741,392
Total		9,926,053,025	13,515,185,214	9,926,053,025	13,515,185,214



Long-term loans and current portion of long-term loans (only principal) are summarised below.

(Unit : Thousand Baht)

	Consolidated and separate financial statements	Interest rate
<b>Long-term loans and current portion of long-term loans</b>		
Balance as at 31 December 2007	13,515,185	5% and MLR-1.5% per annum
Less : Payment during the year	(3,589,132)	
Balance as at 31 December 2008	9,926,053	5%, MLR-1% and MLR-1.5% per annum

During the year 2008, movements of long-term loans to and interest receivable from related companies were as follow : -

(Unit : Thousand Baht)

	Consolidated financial statements				
	31 December 2007	Increase during the year	Decrease during the year	31 December 2008	Interest reate
SouthEast Asia Energy Limited					
Long - term loans	8,750	22,500	-	31,250	MLR+1%
Interest receivable	69	1,757	-	1,826	per annum
Total	8,819	24,257	-	33,076	

(Unit : Thousand Baht)

	Separate financial statements				
	31 December 2007	เพิ่ม during the year	Decrease during the year	31 December 2008	Interest rate
Northern Bangkok Expressway Copany Limited					
Long-term loans	8,823,606	-	(219,367)	8,604,239	2.31% to
Interest receivable	1,835,890	372,361	(417,994)	1,790,257	5.11% per
Total	10,659,496	372,361	(637,361)	10,394,496	annum
SouthEast Asia Energy Limited					
Long-term loans	8,750	22,500	-	31,250	MLR+1%
Interest receivable	69	1,757	-	1,826	per annum
Total	8,819	24,257	-	33,076	
Grand total	10,668,315	396,618	(637,361)	10,427,572	

On 4 September 2007, the Company entered into the Shareholders' Loan Agreement with other major shareholders of SouthEast Asia Energy Limited, whereby the Company agreed to provide loans to SouthEast Asia Energy Limited in proportion to its shareholding (12.5%), or in total not more than Baht 31.25 million, to be used for conducting a survey and development of its project, and to be drawn down in 6 installments. The loans are subject to interest at MLR+1% per annum and payment of principal and interest is to be made in full on the earlier of the Financial Closing of the Project date and a date 18 months after the drawdown date.

On 13 February 2009, the Company received a letter from SouthEast Asia Energy Limited requesting an extension of its debts repayment under the Shareholders' Loan Agreement dated 4 September 2007 by another 12 months from the due date until 4 March 2010. On 25 February 2009, a meeting of the Board of Directors approved the extension.

### Directors' remuneration

During the year 2008, the Company and its subsidiary paid meeting allowances and gratuities to their directors totaling Baht 19 million (the Company only: Baht 18 million) (2007: Baht 20 million, the Company only: Baht 19 million).

## 8. Investment in subsidiary company

This represents investments in the ordinary shares and preference shares of Northern Bangkok Expressway Company Limited which operates the Bang Pa-In - Pakkret Expressway. This subsidiary was incorporated in Thailand.

Details of investments in subsidiary as presented in separate financial statements are as follows :

(Unit: Million Baht)

Company's name	Registered capital		Paid-up capital		Proportion of investment		Cost method	
	2008	2007	2008	2007	2008 %	2007 %	2008	2007
Northern Bangkok Expressway Company Limited	6,000	6,000	4,860	4,650	42.39	39.78	2,060	1,850
Less : Allowance for impairment of investment							(2,060)	(1,850)
Investment, net							-	-

The Company treats Northern Bangkok Expressway Company Limited as a subsidiary company since the Company has authority in relation to the setting of the subsidiary company's financial and operational policies.

In January 2008, the subsidiary company called up an additional 7% of the value of the 300 million shares held by the Company (par value of Baht 10 each), a total of Baht 210 million. The Company made payment of this share subscription on 19 February 2008, the Company's proportion of investment increased from 39.78% to 42.39% of its paid-up share capital.

As at 31 December 2008, the Company invested in 320 million shares the subsidiary company, represented 53.33% of the subsidiary's shares issued of 600 million shares.

In January 2009, the subsidiary company called up an additional 10% of the value of the 300 million shares held by the Company (par value of Baht 10 each), a total of Baht 300 million. The Company made payment of this share subscription on 17 February 2009, the Company's proportion of investment increased from 42.39% to 45.74% of its paid-up share capital.

The assets of the subsidiary company such as deposits at banks, current investments, rights in the Bang Pa-In - Pakkret Expressway System and rights in toll revenues and beneficiary rights under insurance policies are secured against such loans from the Company. However, the subsidiary company is able to make withdrawals from deposit at banks and trading of current investments for use as regular operating expenses.

## 9. Other long-term investments

(Unit : Million Baht)

Company's name	Nature of business	Incorporated country	Consolidated and separate financial statements									
			Registered capital		Paid-up capital		Proportion of shareholding		Cost		Fair value	
			2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<u>Investment in marketable equity securities</u>												
Bangkok Metro Public Company Limited	MRT concession	Thailand	11,950	11,950	11,950	11,950	11.91	11.93	1,768	1,771	569	1,482
Unrealised loss on changes in value of investment									(1,199)	(289)		
									569	1,482		
Thai Tap Water Supply Public Company Limited	Manufacture and distribution of treated water	Thailand	3,990	3,990	3,990	3,290	9.24	12.35	1,137	1,253	1,541	-
Unrealised profit on changes in value of investment									404	-		
									1,541	1,253		
<u>Other investments</u>												
SouthEast Asia Energy Limited	Manufacture and distribution of electricity	Thailand	6,607	8,809	4,133	3,564	16.67	12.50	689	446	-	-
Investment, net									2,799	3,181		

### Bangkok Metro Public Company Limited

During the current year, the Company sold 2.6 million shares of Bangkok Metro Public Company Limited and recorded losses on sales of investment of Baht 0.7 million in the income statements of the current year. As a result of the sale of such investment, the Company's proportion of investment decreased from 11.93% to 11.91%.

The 220 million ordinary shares of Bangkok Metro Public Company Limited which were purchased from an existing shareholder have been pledged to secure of long-term loans of such company.

A silent period has been imposed for the 955 million ordinary shares of Bangkok Metro Public Company Limited, although they will be released from such commitment in March and September of every year and will be fully released within the year 2009.

### Thai Tap Water Supply Public Company Limited

On 26 September 2006, the Extraordinary General Meeting of the shareholders of Thai Tap Water Supply Public Company Limited passed a resolution to increase its registered share capital from Baht 3,250 million to Baht 3,990 million through the issuance of 740 million new ordinary shares with a par value of Baht 1 each, consisting of 40 million shares for allocation to its directors, management and employees, and 700 million shares for allocation to the public. Thai Tap Water Supply Public Company Limited registered the resulting increase in its registered share capital with the Ministry of Commerce on 24 October 2006.

On 28 November 2006, the meeting of the Company's Board of Directors approved the sale of 37.5 million ordinary shares of Thai Tap Water Supply Public Company Limited to the public at the price fixed by that company for its Initial Public Offering ("IPO") but not less than its average cost of investment.

On 3 December 2007, Thai Tap Water Supply Public Company Limited allotted the 40 million new ordinary shares (par value of Baht 1 each) to its directors, management and employees, and registered the increase in its paid up shares to Baht 3,290 million with the Ministry of Commerce on 18 December 2007. As a result, the Company's proportion of investment decreased from 12.50% to 12.35%.

In May 2008, the Stock Exchange of Thailand (“SET”) approved a listing of the ordinary shares of Thai Tap Water Supply Public Company Limited. This Company launched an IPO of 1,000 million shares, consisting of 700 million additional ordinary shares and 300 million existing ordinary shares at Baht 4.20 per share. The Company sold 37.5 million ordinary shares of such company at Baht 4.20 per share, a total of Baht 157.5 million. As a result, there was a gain on the sale of the investment of Baht 38.4 million and this was recorded in the income statements. The Company’s proportion of investment then decreased from 12.35% to 9.24%. Following the listing of the shares of Thai Tap Water Supply Public Company Limited, a 1-year silent period was imposed on the 288.18 million shares held by the Company as from the initial trading date of the shares on the SET. The Company can sale those shares after 6 months from the initial trading date.

The Company has pledged its 325 million ordinary shares of Thai Tap Water Supply Public Company Limited with group of lenders to secure long-term loans.

### **SouthEast Asia Energy Limited**

On 3 November 2005, the Company entered into the shareholders agreement with other shareholders of SouthEast Asia Energy Limited. The significant contents of the shareholders agreement were as follows :

- 1) Each shareholder agreed to subscribe to additional shares in proportion to its existing shareholding if SouthEast Asia Energy Limited increases its registered share capital from Baht 400 million to Baht 9,400 million.
- 2) Each shareholder agreed not to sell, assign, transfer, pledge or in anyway dispose of or put under encumbrance any shares of that company, except with the prior written consent of other shareholders.
- 3) Each shareholder agreed not to sell its shares of SouthEast Asia Energy Limited, whether directly or indirectly, unless and until that company is listed on the Stock Exchange of Thailand.

On 26 May 2006, the Company entered into an Equity Contribution Agreement with SouthEast Asia Energy Limited and Nam Ngum 2 Power Company Limited (co-borrower), other shareholders and lenders of SouthEast Asia Energy Limited. Under the agreement, the Company agrees to provide equity contributions to such company in proportion to its shareholding, or in total not more than Baht 494 million, in 3 cases, as follows : -

- 1) Equity contribution for tax liabilities of not more than Baht 156 million which may arise if such company fails to obtain the application of the Lao-Thai Double Tax Treaty.
- 2) Equity contribution for BOI Indemnification Amount of not more than Baht 244 million which may arise if such company fails to obtain the BOI Promotion Certificate from the Board of Investment.
- 3) Equity Contribution for Revenue Deficiency from Construction of the Nam Ngum 3 Hydropower plant of not more than Baht 94 million if the Nam Ngum 3 project is likely to negatively impact the energy production level of that company’s system and subsequently results in that company’s becoming unable to comply with its obligations under the Financing Documents.

In addition, the Company agrees to provide additional equity contributions to that company of not exceeded Baht 63 million if the co-borrower of that company defaults in payment of its loan or unable to comply with its obligation under the Financing Documents.

On 19 September 2007, the Extraordinary General Meeting of the shareholders of SouthEast Asia Energy Limited passed a resolution to decrease its registered share capital from Baht 8,809 million to Baht 6,607 million (660.7 million ordinary shares of Baht 10 each). Such reduction was made in order to remove the 25% of shares held by the Electricite du Laos, or 220.2 million shares of Baht 10 each, and to transfer them to Nam Ngum 2 Power Company Limited (“the subsidiary of SouthEast Asia Energy Limited”) as share capital in accordance with SouthEast Asia Energy Limited’s obligations under the Concession Agreement and under the long-term loan agreements, whereby it is to transfer all of its rights and obligations under the Project Documents to its subsidiary. Upon completion, the SouthEast Asia Energy Limited and Electricite du Laos owned 75% and 25% of the shares of Nam Ngum 2 Power Company

Limited, respectively. SouthEast Asia Energy Limited registered the decrease in its registered share capital with the Ministry of Commerce on 2 January 2008. As a result, the Company's proportion of investment in that company increased from 12.50% to 16.67%.

During the current year, SouthEast Asia Energy Limited called up an additional 45.5% of the value of 45 million shares held by the Company which were not fully paid (par value of Baht 10 each), a total of Baht 204.8 million and the Company called up an additional 6.4% of the value of 60.1 million shares held by the Company which were not fully paid (par value of Baht 10 each), a total of Baht 38.5 million. The Company has already made payment of these shares.

In December 2008, SouthEast Asia Energy Limited called up an additional 2.7% of the value of 60.1 million shares held by the Company which were not fully paid (par value of Baht 10 each), a total of Baht 16.2 million. The Company has already made payment of these shares in January 2009.

The 110.1 million ordinary shares of SouthEast Asia Energy Limited have been pledged to secure of long-term loans of such company.

## 10. Property, plant and equipment

(Unit : Baht)

	Consolidated financial statements					
	Land	Building and construction improvement	Furniture and fixture	Tools, instrument and equipment	Motor vehicles	Total
<b>Cost</b>						
31 December 2007	169,288,000	8,218,605	9,041,524	44,352,879	215,829,373	446,730,381
Acquisitions	-	66,400	401,323	3,065,130	22,719,243	26,252,096
Disposals	-	-	(150,549)	(3,262,044)	(3,499,272)	(6,911,865)
31 December 2008	169,288,000	8,285,005	9,292,298	44,155,965	235,049,344	466,070,612
<b>Accumulated depreciation</b>						
31 December 2007	-	2,644,537	8,383,836	36,750,977	169,527,971	217,307,321
Depreciation for the year	-	1,600,246	347,145	4,138,466	21,542,291	27,628,148
Accumulated depreciation for disposals	-	-	(150,484)	(3,254,042)	(3,353,100)	(6,757,626)
31 December 2008	-	4,244,783	8,580,497	37,635,401	187,717,162	238,177,843
<b>Net book value</b>						
31 December 2007	169,288,000	5,574,068	657,688	7,601,902	46,301,402	229,423,060
31 December 2008	169,288,000	4,040,222	711,801	6,520,564	47,332,182	227,892,769
<b>Depreciation for the year (included in selling and administrative expenses)</b>						
2007						31,511,517
2008						27,628,148

(Unit : Baht)

	Consolidated financial statements					
	Land	Building and construction improvement	Furniture and fixture	Tools, instrument and equipment	Motor vehicles	Total
<b>Cost</b>						
31 December 2007	169,288,000	8,183,455	8,066,399	40,976,471	208,806,953	435,321,278
Acquisitions	-	66,400	401,323	3,065,130	22,719,243	26,252,096
Disposals	-	-	(150,549)	(3,262,044)	(3,499,272)	(6,911,865)
31 December 2008	169,288,000	8,249,855	8,317,173	40,779,557	228,026,924	454,661,509
<b>Accumulated depreciation</b>						
31 December 2007	-	2,609,389	7,408,966	33,397,404	163,585,629	207,001,388
Depreciation for the year	-	1,600,246	347,145	4,123,829	20,820,098	26,891,318
Accumulated depreciation for disposals	-	-	(150,484)	(3,254,042)	(3,353,100)	(6,757,626)
31 December 2008	-	4,209,635	7,605,627	34,267,191	181,052,627	227,135,080
<b>Net book value</b>						
31 December 2007	169,288,000	5,574,066	657,433	7,579,067	45,221,324	228,319,890
31 December 2008	169,288,000	4,040,220	711,546	6,512,366	46,974,297	227,526,429
<b>Depreciation for the year (included in selling and administrative expenses)</b>						
2007						30,667,808
2008						26,891,318

As at 31 December 2008, the Company and its subsidiary have certain of plant and equipment which have been fully depreciated but are still in use. The original cost of those assets amounted to Baht 162 million (2007 : Baht 105 million) and the Company only amounted to Baht 152 million (2007 : Baht 101 million).

The Company has mortgaged land with structures thereon with a net book value as at 31 December 2008 of Baht 169 million (2007: Baht 169 million) as collateral for credit facilities granted by group of lenders.

## 11. Rights to operate completed expressway sectors

(Unit : Baht)

	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
31 December 2007	60,700,768,360	47,905,457,139
Increase during the year	22,012,456	22,012,456
31 December 2008	60,722,780,816	47,927,469,595
<b>Accumulated amortisation of rights to operate completed expressway sectors</b>		
31 December 2007	21,003,063,628	18,907,639,984
Amortisation for the year	2,073,293,642	1,769,393,086
31 December 2008	23,076,357,270	20,677,033,070
<b>Net book value</b>		
31 December 2007	39,697,704,732	28,997,817,155
31 December 2008	37,646,423,546	27,250,436,525
<b>Amortisation expenses included in income statements for the year</b>		
2007	2,182,759,650	1,855,172,303
2008	2,073,293,642	1,769,393,086



Rights to operate completed expressway sectors represent the cost of construction of the Second Stage Expressway and Bang Pa-In - Pakkret Expressway. It is stated at cost less accumulated amortisation.

The Company has transferred its rights in the Second Stage Expressway to secure long-term loans.

## 12. Intangible assets

Details of intangible assets which are computer software are as follows :

(Unit : Baht)

	Consolidated and separate financial statements	
	2008	2007
Cost	4,518,616	4,328,821
Additions	452,420	363,795
Disposals	-	(174,000)
	4,971,036	4,518,616
Less : Accumulated amortisation	(1,240,401)	(772,863)
Net book value	3,730,635	3,745,753
Amortisation expenses included in the income statements for the year	467,538	352,230

## 13. Short-term loans from financial institutions

Short-term loans from financial institutions represented bills of exchange which the Company issued to 2 local commercial banks without collateral, and with maturities of 6 months and 9 months from the issue dates.

## 14. Long-term loans

(Unit : Baht)

	Credit (Million Baht)	Objective	Interest rate	Period of repayment	Balance as at 31 December	
					2008	2007
Tranche Gor	29,888.40	Refinance remaining long-term loans (Drew down on 30 September 2003)	4.0% p.a. for first three years 5.0% p.a. for next two years MLR - 2% from the sixth year onward	Within August 2015	10,768,670,267	14,629,066,863
Tranche Khor	4,997.63	Lending to subsidiary company to repay its long-term loans from commercial banks (Drew down on 30 September 2003)	4.0% p.a. for first three years 5.0% p.a. for next two years MLR - 2% from the sixth year onward	Within August 2015	1,797,322,171	2,443,140,659
Tranche Kor	1,000.00	Working capital (Drew down on 4 March 2004)	2.50% p.a. for first year 3.25% p.a. for next two years 5.00% p.a. for the fourth and fifth year MLR - 2.0% from the sixth year onward	Within August 2015	368,888,784	498,743,999
Tranche Ngor	120.00	Working capital	MOR of commercial bank granting	Within September 2016	-	-
Tranche Jor*	530.00	Purchase of shares of Thai Tap Water Supply Public Company Limited (Drew down on 19 June and 31 August 2006)	MLR - 1.5% for first two years MLR - 1.0% for next two years MLR - 0.5% for the fourth and fifth year MLR from the sixth year onward	To be repaid monthly from May 2007 to April 2012	237,639,117	344,022,354
Tranche Shor	470.00	Payment for land expropriation to EXAT under the concession agreement (Drew down on 19 June and 31 August 2006)	MLR - 1.5% for first two years MLR - 1.0% for next two years MLR - 0.5% for the fourth and fifth year MLR from the sixth year onward	To be repaid monthly from May 2007 to April 2012	210,747,261	305,073,725
Total	37,006.03				13,383,267,600	18,220,047,600
Less : Current portion for long-term loans					(3,229,280,000)	(2,792,750,000)
Long-term loans, net					10,153,987,600	15,427,297,600

\* The agreement stipulated conditions for mandatory prepayment if the Company sells all or some of the shares or receives dividend from shares of Thai Tap Water Supply Public Company Limited which were pledged under the credit facilities agreement, whereby the Company is to use all of those cash received to make prepayment of debt to the group of lenders.

The MLR used in calculation of interest on loans is the average of the rates of the commercial banks which grant credit line to the Company.

Movements in the long-term loans account during the year ended 31 December 2008 are summarised below.

(Unit : Thousand Baht)

Consolidated and separated financial statements	
Balance as at 1 January 2008	18,220,048
Less: Repayment during the year	(4,836,780)
Balance as at 31 December 2008	<u>13,383,268</u>

In February 2009, the Company agreed with the existing group of lenders to amend the reinstate credit facilities agreement dated 14 June 2006 with the existing group of lenders to adjust the repayment schedule to be in accordance with the change in cash flows resulting from the issuance of the debentures.

Under the loan agreement, the Company must comply with normal financial covenants relating to various matters, such as the maintenance of debt service coverage ratio, debt to equity ratio, shareholding proportion in subsidiary company, dividend payment and conditions for mandatory prepayment. In this respect, the Company has the total financial expenses of Baht 2.4 million per year which they must pay to the agents of the lenders (2007 : Baht 2.4 million).

As at 31 December 2008, the overdraft credit facilities of the Company which have not yet been drawn down amounted to Baht 120 million (2007 : Baht 120 million).

The long-term loans are secured by assets of the Company such as land and structure thereon, rights under the Second Stage Expressway Agreement, rights in toll revenues, beneficiary rights under insurance policies and pledge of a part of shares of Thai Tap Water Supply Public Company Limited.

## 15. Debentures

- 15.1 On 2 August 2007, the Company issued debenture No. 1/2550, comprising 7.5 million unsubordinated, unsecured, registered debentures, with debentureholders' representative, with a par value of Baht 1,000 each, or a total of Baht 7,500 million. The issuance of such debenture is one part of a total issue of Baht 36,000 million which was approved by Extraordinary General Meeting of the shareholders No. 1/2546 on 3 September 2003. The debentures which were issued this time consisted of :

Tranche	Tenor of debenture	Maturity date	Interest rate (% per annum)	Amount (Million Baht)
1	3 years	2 August 2010	4.20	3,905
2	5 years	2 August 2012	4.88	1,895
3	7 years	2 August 2014	5.20	1,700
			Total	<u>7,500</u>

The Company used the funds received from the issuance of the above debentures, a total of Baht 7,500 million, to make prepayment of its long-term loans, together with a prepayment fee of Baht 222.3 million. This was presented included in the finance cost in the income statements for the year 2007.

- 15.2 On 7 November 2008, the Company issued debenture No. 1/2551, comprising 4 million unsubordinated, unsecured, registered debentures, with debentureholders' representative, with a par value of Baht 1,000 each, or a total of Baht 4,000 million. The issuance of such debenture is one part of a total issue of Baht 36,000 million which was approved by the Extraordinary General Meeting of the shareholders No. 1/2546 on 3 September 2003. The debentures which were issued this time consisted of :

Tranche	Tenor of debenture	Maturity date	Interest rate (% per annum)	Amount (Million Baht)
1	3 years	7 November 2011	5.20%	2,900
2	5 years	7 November 2013	Years 1-2 : 5.20%	1,100
			Years 3-4 : 5.65%	
			Year 5 : 6.00%	
			Tota	4,000

The Company used the funds received from the issuance of the above debentures, a total of Baht 2,000 million, to make prepayment of its long-term loans, together with a prepayment fee of Baht 40 million. This was presented included in the finance cost in the income statements for the current year.

Movements in the debentures account during the year ended 31 December 2008 are summarised below.

(Unit : Thousand Baht)

Consolidated and separate financial statements	
Balance as at 1 January 2008	7,500,000
Add : Issuance of debenture during the year	4,000,000
Balance as at 31 December 2008	11,500,000

## 16. Statutory reserve

Pursuant to Section 116 of the Public Company Limited Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution.

## 17. Expenses by nature

Significant expenses by nature are as follow :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Depreciation and amortisation	2,101,389,328	2,218,418,007	1,796,751,942	1,889,986,950
Provision for compensation for site acquisition cost	566,300,000	489,780,000	566,300,000	489,780,000
Salary, wages and other employee benefits for EXAT's staff	385,897,804	350,780,068	315,805,481	285,575,354
Salary, wages and other employee benefits for the Company's staff	254,452,268	236,185,683	254,452,268	236,185,683
Expenses with respect to facilitation and safety on expressway	377,937,720	288,202,315	340,832,624	245,290,680

## 18. Toll revenues

Under the Construction and Management of the Second Stage Expressway System (SES) Contract, the Company and its subsidiary company and EXAT agreed to share toll revenues receive from the First Stage Expressway System (FES), the Second Stage Expressway System (SES) and the Bang Pa-In - Pakkret Expressway as follows : -

	The Company %	EXAT %
<u>Urban Network (FES and SES Sectors A and B)</u>		
(a) First 9 years from the "Priority Component Opening Date" (PCOD) (already expired)	60	40
(b) Last 9 years ending 28 February 20203	40	60
(c) Period between (a) and (b) above	50	50
<u>Suburban Network (SES Sector C)</u>		
(a) The earlier of the PCOD to the completion of SES Sector B or 19 October 1996	60	40
(b) Period after (a) above until end of contract period	100	Nil
<u>Suburban Network (SES Sector D)</u>		
From the construction completion date of relevant Sections until end of contract period (21 April 2027)	100	Nil
<u>The Bang Pa-In - Pakkret Expressway</u>		
From the construction completion date of relevant Sections until end of contract period (26 September 2026)	100	Nil

Effective from 2 September 2002, the ratio for the sharing of toll revenue from urban expressways (the First Stage Expressway System and Sectors A and B of the Second Stage Expressway System) between the Company and the Expressway Authority of Thailand was changed from 60 : 40 to 50 : 50.

As further share of toll revenues (derived from the FES only) is due to the Company for the period from the Priority Component Opening Date, as defined by the contract with EXAT, up to 2 September 1993. However, no such amount has been included in the financial statements because the determination of the Priority Component Opening Date and the applicable rates of toll are matters of dispute between the Company and EXAT as discussed in Note 25.1.

## 19. Gain on investments

Gain on investments consisted of :

(Unit : Baht)

	Consolidated financial statements		Separate financial statement	
	2008	2007	2008	2007
Unrealised gain on revaluation of current investments	64,316,512	3,291,815	64,263,125	3,202,978
Gain on sales of current investments	24,575,384	4,367,015	24,035,926	3,747,856
Gain on sales of long-term investments	37,651,889	-	37,651,889	-
Total	126,543,785	7,658,830	125,950,940	6,950,834

## 20. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

## 21. Segment information

The Company's and its subsidiary's operations involve a single industry segment, the construction and operation of expressways, and are carried on only in Thailand. As a result, all of the revenues, operating income and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

## 22. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the Fund monthly at the rates of 5% - 10% of basic salary. The fund, which is managed by TISCO Securities Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2008, the Company contributed Baht 13.7 million (2007: Baht 9.7 million) to the fund.

## 23. Dividend

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)	Paid on
Dividend from the operating results of the period July to December 2007	Annual General Meeting of the shareholders on 18 April 2008	462	0.60	30 April 2008
Dividend from the operating results of the period January to June 2008	Meeting of the Board of Directors on 3 September 2008	385	0.50	2 October 2008
Total dividend paid in 2008		847	1.10	
Dividend from the operating results of the period July to December 2006	Annual General Meeting of the shareholders on 4 April 2007	385	0.50	4 May 2007
Dividend from the operating results of the period January to June 2007	Meeting of the Board of Directors on 3 September 2008	385	0.50	26 September 2007
Total dividend paid in 2007		770	1.00	

## 24. Commitments

- 24.1 The Company is committed to make payments totaling Baht 16,816 million to compensate the Expressway Authority of Thailand for site acquisition costs through a following series of payment commencing from the fifteenth year to the thirtieth year of the contract, or year 2004 to year 2019 as stipulated in the Second Stage Expressway Agreement.

(Unit : Million Baht)

<u>Year of payment</u>	<u>Amount</u>
Contract year 15 (2004)	100
Contract year 16 (2005)	300
Contract year 17 (2006)	500
Contract year 18 (2007)	700
Contract year 19 (2008)	700
Contract year 20 (2009)	800
Contract year 21 (2010)	1,200
Contract year 22 (2011)	1,200
Contract year 23 (2012)	1,200
Contract year 24 (2013)	1,200
Contract year 25 (2014)	1,200

(Unit : Million Baht)

<u>Year of payment</u>	<u>Amount</u>
Contract year 26 (2015)	1,500
Contract year 27 (2016)	1,500
Contract year 28 (2017)	1,500
Contract year 29 (2018)	1,600
Contract year 30 (2019)	1,616
	<u>16,816</u>

As at 31 December 2008, the Company has a commitment of compensation for site acquisition cost of Baht 14,516 million (2007: Baht 15,216 million) and already set up reserve for such provision amounting to Baht 1,038 million (2007: Baht 1,172 million) in the balance sheets.

- 24.2 As at 31 December 2008, the Company has a commitment in respect of the uncalled portion of investment in Northern Bangkok Expressway Company Limited of approximately Baht 1,140 million (2007: Baht 1,350 million). However, in February 2009, the Company made payment for additional share subscription of Northern Bangkok Expressway Company Limited for a total of Baht 300 million (as detailed in Note 8).
- 24.3 As at 31 December 2008, the Company has a commitment of Baht 412.4 million in respect of the uncalled portion of investment in SouthEast Asia Energy Limited (2007: Baht 655.6 million). However, in January 2009, the Company made payment for additional share subscription of SouthEast Asia Energy Limited for a total of Baht 16.2 million (as detailed in Note 9).
- 24.4 As at 31 December 2008, the Company has commitments of up to Baht 557 million in respect of its undertaking to provide equity contributions to SouthEast Asia Energy Limited in proportion to its shareholding in that company (as detailed in Note 9).
- 24.5 As at 31 December 2008, the Company has commitments amounting to Baht 108 million (2007: Baht 87 million) payable in respect of improvement, repairment and inspection agreements for the Second Stage Expressway System with CH. Karnchang Public Company Limited.
- 24.6 As at 31 December 2008, the Company and its subsidiary have commitments totaling Baht 10 million in respect of various service contracts (the Company only : Baht 10 million) (2007 : Baht 8 million, the Company only : Baht 8 million).
- 24.7 As at 31 December 2008, there were outstanding bank guarantees of Baht 9.4 million issued by a bank on behalf of the Company in respect of electricity usage.

## 25. The disputes with Expressway Authority of Thailand (EXAT)

Currently, the Company and the subsidiary had a total of 13 disputes with EXAT, divided into the disputes that the Company and the subsidiary referred to the dispute settlement proceedings under the Agreements and demanded for damages with the total amount until the date of submission of the disputes of approximately Baht 13,334.3 million, against which EXAT counterclaimed in the amount of Baht 15,575 million; and the disputes that EXAT submitted claims for damages with the total amount until the date of submission of the disputes of approximately Baht 24.2 million, against which the Company counterclaimed in the amount of Baht 5,114 million, the essence of each dispute was as follows :

### 25.1 Disputes submitted by the Company and the subsidiary claiming for damages

#### 25.1.1 Revision of toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for the year 1998

The Company requested an increase of the toll rates for vehicles using the urban network by Baht 10 for four-wheeled vehicles and by Baht 20 for six-wheeled to ten-wheeled vehicles and more than



ten-wheeled vehicles, and the toll rates for vehicles using the suburban network by Baht 5 for four-wheeled vehicles and by Baht 10 for six-wheeled to ten-wheeled vehicles and more than ten-wheeled vehicles.

The Company increased the toll rates under the Agreement in accordance with the Ministry of Interior Notification dated 27 August 1998 at the rates proposed by the Company.

Subsequently, EXAT announced the new toll rates in accordance with the Notification dated 23 October 1998, whereby the revised toll rates in the year 1998 were increased by merely Baht 10 per vehicle for all categories of vehicles using the urban network, without any revision of the toll rates for vehicles using the suburban network.

The Company therefore referred this dispute to the consideration of the Panel and to arbitration in accordance with the procedures under the Agreement.

Having considered the dispute, the first Arbitral Tribunal was of the view that the Notification dated 23 October 1998 was valid. EXAT then referred the dispute to another arbitration demanding the Company to return such payment received for the period from 1 September 1998 to 23 October 1998. The Company denied and asserted that the calculation of the revision of the toll rates in accordance with the Notification dated 27 August 1998 was valid and the Company was therefore entitled to effect the revision of the toll rates in accordance with the Notification dated 27 August 1998.

The Arbitral Tribunal considered such dispute and then issued its arbitral award that the Company was entitled to effect the revision of the toll rates in accordance with the Notification dated 27 August 1998; that EXAT was therefore required to compensate the Company for damages in an amount equal to the difference of the toll rates as actually collected in accordance with the Notification dated 27 August 1998 and the Notification dated 23 October 1998, starting from 24 October 1998 onwards, whereby such compensation for damages might be calculated from the difference of the toll rates under the two Ministry of Interior Notifications for each category of vehicles on a daily basis, until 15 July 2000, which was the date of submission of the dispute, amounting to Baht 360.9 million plus interest under the Agreement; and to compensate for damages in an amount equal to the difference of the toll rates under the two Notifications, based on the actual volume and categories of vehicles using the Expressway from 16 July 2000 onwards, until the toll rates would be revised in accordance with the Agreement.

EXAT issued a letter refusing to comply with the arbitral award. The Company then filed a petition with the Civil Court of Southern Bangkok requesting a judgment to enforce compliance with the arbitral award.

On 28 December 2004, the Civil Court of Southern Bangkok issued a judgment confirming the arbitral award, thereby requiring EXAT to compensate the Company for damages until the toll rates would be revised in accordance with the Agreement.

EXAT filed an appeal against the order of the Court of First Instance. On 18 February 2009, the Supreme Court, by resolution of the General Assembly, has issued a judgment reversing the Civil Court of Southern Bangkok's judgment, whereby the arbitral award shall not be enforced on grounds of violation to the public order or good moral of the people due to the fact that such arbitral award overlapped the previous arbitral award which ruled that the Notification of the Ministry of Interior dated 23 October 1998 was legitimate, which remains binding and final between the Company and EXAT.

#### 25.1.2 Priority Component Opening Date under the Second Stage Expressway Agreement

The Company completed the construction of the "Priority Component" of the Si Rat Expressway on 13 November 1992, in respect of which the Agreement specified that the date on which the

Construction Completion takes place in respect of the Priority Component shall be deemed as the Priority Component Opening Date, and the Company would then be entitled to receive the toll revenue sharing, but EXAT commenced sharing the toll revenue on 2 September 1993, thereby rendering the Company to lose such revenue which should have been received under the Agreement.

EXAT and the Company had different opinions as to which date should be the commencement date for toll revenue sharing.

On 9 July 2001, the Company then referred such dispute to arbitration requesting an award requiring EXAT to compensate for the deficient revenue plus interest until the date of submission of the dispute in the amount of Baht 3,831.4 million. In this respect, EXAT raised an objection and counterclaimed in the total amount of Baht 15,575 million.

On 14 November 2007, the Arbitral Tribunal completed the witness examination. The Company submitted its closing statement to the Thai Arbitration Institute on 14 January 2008. Subsequently, the Chairman of the Arbitral Tribunal (Mr. Kiang Boonpherm) resigned from being the Chairman of the Arbitral Tribunal.

On 27 February 2008, the arbitrators for both parties and the disputing parties selected a new Chairman of the Arbitral Tribunal.

A meeting of all parties was held on 25 September 2008, in which the arbitrators for both parties signed to appoint Professor Somchai Drabyavanija to act as the Chairman of the Arbitral Tribunal. The Chairman of the Arbitral Tribunal required the arbitrators for both parties to provide their opinions in the disputed issues to the Chairman on 6 November 2008. Thereafter, the Chairman would prepare a draft arbitral award and then schedule a meeting of arbitrators for further consideration of the same.

On 15 December 2008, the Arbitral Tribunal rendered its arbitral award on the dispute requiring EXAT to pay the toll revenue sharing for urban network which should have been received by the Company for the period from 13 November 1992 to 2 September 1993, amounting to Baht 1,974.6 million, calculated for interest up to 30 June 2001, amounting to Baht 1,856.8 million, totaling Baht 3,831.4 million, including the interest from 1 July 2001 onwards until the payment would be made in full to the Company. In addition, since EXAT's evidence was groundless, therefore, EXAT's counterclaim was dismissed, and EXAT thus had no right to demand the Company to compensate for such toll revenue as per the counterclaim in the amount of Baht 15,575 million.

#### 25.1.3 Competing road with the Udon Rattaya Expressway

The Agreement specified that during the term of the Agreement, should EXAT or the Government put into effect any arrangements for the construction or substantial improvement of any road or highway of an expressway standard within the primary catchment area of the Expressway, which has the effect of reducing the actual volume of traffic using the Expressway or the revenue arising therefrom from the projections, EXAT shall compensate the subsidiary for such effect.

Given that the Government granted permission for construction of the Extension of the Don Muang Tollway Project, from the National Memorial to Rangsit Section, which constituted a competing road under the Agreement and affected the financial position of the subsidiary, the subsidiary therefore demanded EXAT to compensate for such effect as per the Independent Certification Engineer's letter certifying the effect upon the subsidiary.

On 20 December 2004, the subsidiary then referred such dispute to arbitration requesting an award requiring EXAT to compensate for the deficient revenue, thereby rendering such damages until the date of submission of the dispute (excluding interest) to Baht 1,790 million.

In December 2007, the subsidiary cited the witnesses to testify and the Arbitral Tribunal took evidence out of court at the construction sites of the Udon Rattaya Expressway and the Don Muang Tollway on 11 December 2007.

In February 2008, EXAT cited the witnesses to testify and stated that there was no witness to testify on 19 February 2008. The Arbitral Tribunal thus issued an order that the witness examination ended and required both disputing parties to submit their closing statements by 30 May 2008.

On 30 May 2008, the subsidiary and EXAT submitted their respective closing statements to the Thai Arbitration Institute.

On 27 November 2008, the Arbitral Tribunal rendered its arbitral award on the dispute requiring EXAT to compensate for the deficient revenue from the projection to the subsidiary for the year 1999 in the amount of Baht 730.8 million, with interest from 14 June 2000 onwards, until the payment would be made in full, and for the year 2000 in the amount of Baht 1,059.2 million, with interest from 22 March 2001 onwards, until the payment would be made in full.

#### 25.1.4 Issuance of variation orders by EXAT

EXAT issued variation orders for additional construction work and confirmed that EXAT would be responsible for such costs as actually incurred by such orders. The Independent Certification Engineer then issued a letter certifying the additional costs, thereby rendering such damages until the date of submission of the dispute (excluding interest) to Baht 238 million. Thereafter, EXAT refused to make such payment as certified by the Independent Certification Engineer, thereby resulting in such dispute.

On 3 May 2006, the Panel terminated its consideration since both parties could not reach an agreement. Currently, the Company is preparing to refer such dispute to arbitration pursuant to the procedures under the Agreement.

#### 25.1.5 Delayed opening of Sector D of the Si Rat Expressway and the Udon Rattaya Expressway

According to the Agreements, the Company and the subsidiary were required to complete the construction of the Expressways for opening for service within the specified time. However, when the Company and the subsidiary had completed the construction and the Independent Certification Engineer had issued a letter certifying that the Expressways could be opened for service as a public road, EXAT did not effect the opening of Sector D of the Si Rat Expressway and the Udon Rattaya Expressway for service. Such deferred opening of the Expressways then affected the financial position of the Company and the subsidiary.

On 8 February 1999, the Panel terminated its consideration of the dispute proposed by the subsidiary, and on 10 August 1999, the Panel terminated its consideration of the dispute proposed by the Company since both parties could not reach an agreement. Currently, the Company and the subsidiary are preparing to refer such dispute to arbitration pursuant to the procedures under the Agreements, claiming damages (excluding interest) in the total amount of Baht 85.5 million.

#### 25.1.6 Revision of toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for the year 2003

The Company requested to revise the toll rates under the Second Stage Expressway Agreement which stipulates that the toll rates shall be revised every five year interval. In this regard, EXAT and the Company had different opinions in respect of the rounding up in the calculation of the tolls to be revised, i.e., the Company was of the view that it should be increased to the whole multiple of Baht 5, while EXAT was of the view that if the resultant tolls to be revised were lower than Baht 5, such fraction should be rounded off. As a result, EXAT therefore did not increase the toll rates as proposed

by the Company, thereby resulting in such dispute.

On 20 May 2005, the Panel terminated its consideration since both parties could not reach an agreement

On 14 May 2008, the Company submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages caused by the revision of toll rates for the year 2003, which was not in accordance with the Agreement, in the amount of Baht 5,980.3 million.

EXAT submitted petitions requesting an extension of time for submission of the statement of defense, totaling 10 occasions. The Thai Arbitration Institute ordered granting permission for EXAT to submit its statement of defense by 28 February 2009 and submit a letter of appointment of its arbitrator on the same date.

On 20 January 2009, the Company submitted a letter of appointment of Professor Viraphong Boonyobhas to be the Company's arbitrator.

#### 25.1.7 Revision of toll rates of Sector D of the Si Rat Expressway for the year 2003

The Company requested to revise the toll rates under the Agreement for the Extension of the Second Stage Expressway System (Sector D) which stipulates that the toll rates shall be revised every five year interval. In this regard, EXAT and the Company had different opinions in respect of the rounding up in the calculation of the tolls to be revised, i.e., the Company was of the view that it should be increased to the whole multiple of Baht 5, while EXAT was of the view that if the resultant tolls to be revised were lower than Baht 5, such fraction should be rounded off. As a result, EXAT therefore did not increase the toll rates as proposed by the Company, thereby resulting in such dispute.

On 20 May 2005, the Panel terminated its consideration since both parties could not reach an agreement.

On 24 July 2008, the Company submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages caused by the revision of toll rates for the year 2003, which was not in accordance with the Agreement, in the amount of Baht 1,048.2 million.

EXAT submitted a petition requesting an extension of time for submission of the statement of defense, totaling 6 occasions. The Thai Arbitration Institute ordered granting permission for EXAT to submit its statement of defense by 12 March 2009.

#### 25.1.8 Revision of toll rates of the Udon Ratthaya Expressway for the year 2003

The subsidiary requested to revise the toll rates under the Bang Pa-in - Pak Kret Expressway Agreement which stipulates that the toll rates shall be revised every five year interval.

In this regard, EXAT and the subsidiary had different opinions in respect of the rounding up in the calculation of the tolls to be revised, i.e., the subsidiary was of the view that it should be increased to the whole multiple of Baht 5, while EXAT was of the view that if the resultant tolls to be revised were lower than Baht 5, such fraction should be rounded off. As a result, EXAT therefore did not increase the toll rates as proposed by the subsidiary, thereby resulting in such dispute.

On 20 May 2005, the Panel terminated its consideration since both parties could not reach an agreement. Currently, the subsidiary is in the process of concluding damages for preparing to refer such dispute to arbitration pursuant to the procedures under the Agreement.

## 25.2 Disputes submitted by EXAT claiming for damages

#### 25.2.1 Construction of the Collection and Distribution Road (CD Road) under the Second Stage Expressway Agreement

EXAT was unable to deliver the Site(s) for construction of the CD Road, Rama VI - Ratchadamri Section, to the Company, but still required the Company to have such an obligation to carry out the construction.

EXAT then submitted the matter to the Panel to force the Company to admit that the Company still had such obligation to construct the CD Road without any claim for monetary damages.

On 25 June 2001, the Company raised an objection that its obligation to carry out such construction had already ceased, as well as filed a counterclaim for a loss of benefit from the revenue to be derived from such areas, thereby rendering such damages plus interest until the date of submission of the statement of defense to Baht 5,114 million.

On 7 June 2002, the Panel terminated its consideration since both parties could not reach an agreement.

At present, EXAT has not yet referred this issue to arbitration.

#### 25.2.2 Liability for costs incurred by such actions to remedy problems from the Si Rat Expressway

On 4 February 2003, EXAT referred the dispute to the Arbitral Tribunal requiring the Company to be held liable for costs incurred by such actions to remedy problems resulting from the operation of the Si Rat Expressway in the amount of Baht 1.7 million. In this respect, the Company was of the view that such costs were not within the scope of responsibility of the Company under the Agreement since such problems were not caused by the construction or breach on the part of the Company.

The Arbitral Tribunal signed to appoint Professor Pichaisak Horayangura to act as the Chairman of the Arbitral Tribunal, in replacement of the resigned Chairman. After the appointment of the new Chairman, the Arbitral Tribunal jointly ratified the arbitral proceedings in this dispute previously conducted as the valid proceedings. The Arbitral Tribunal scheduled the additional proceedings by scheduling the witness examination to be conducted from September until November 2008.

EXAT and the Company cited their witnesses to testify as per the scheduled hearings for witness examination in November and December 2008. The witness examination ended on 26 December 2008.

The Arbitral Tribunal ordered both disputing parties to submit their respective closing statements on 20 March 2009.

#### 25.2.3 Liability for costs incurred by the execution of the works under the Second Stage Expressway Agreement

On 30 April 2004, EXAT referred the dispute to the Arbitral Tribunal demanding the Company to reimburse the costs incurred by the execution of the works under the Second Stage Expressway Agreement in the amount of Baht 16.4 million. The Company was of the view that such costs demanded by EXAT were not within the scope of responsibility of the Company under the Agreement.

On 1 December 2008, the Arbitral Tribunal's meeting initially scheduled the hearings for examination of witnesses for EXAT to be held on 11, 18 and 25 March 2009.

#### 25.2.4 Costs regarding the claim problems

On 28 January 2005, EXAT referred the dispute to the Panel demanding the Company to reimburse the costs for construction of access to the land of the complainants through the vicinity of the Si Rat Expressway which EXAT had paid for such construction costs in the amount of Baht 44,034. The Company was of the view that EXAT was not entitled to claim for such costs since the Company had completed the construction of the Second Stage Expressway System Project in accordance with the approved design until the opening for service.

On 4 August 2005, EXAT referred the dispute to the Panel requiring the Company to reimburse EXAT for such costs already paid for by EXAT for the arrangements of road surface, together with drainage and construction of the free flow drains, in the amount of Baht 273,732. The Company was of the view that such damage was not within the scope of responsibility of the Company under the Agreement since it was not a damage suffered by any third party from the construction or operation of the Si Rat Expressway System.

On 29 August 2006, the Panel terminated its consideration since both parties could not reach an agreement.

On 11 May 2007, EXAT referred both disputes to the Thai Arbitration Institute demanding the Company to reimburse such costs in the total amount of Baht 404,719. The Company submitted a statement of defense against EXAT's statement of claim on 14 September 2007.

On 21 April 2008, the Company submitted a letter to the Thai Arbitration Institute, challenging the appointment of Mr. Thepsit Raktrairong, public prosecutor, as arbitrator by EXAT since it was of the opinion that this was a key factor which might affect the independence and impartiality in the performance of duty in such capacity. At present, the matter is pending further submission to the Arbitral Tribunal to consider such challenge.

The Thai Arbitration Institute has considered such challenge and proposed the matter to the Arbitral Tribunal for further consideration. In this regard, the challenged arbitrator submitted a letter to the Alternative Dispute Resolution Office confirming his independence and impartiality. At present, the consideration of the said challenge has not yet been completed.

On 28 January 2009, a meeting of the Arbitral Tribunal was held for consideration and selection of the Chairman of the Arbitral Tribunal and consideration of the challenge to the appointment of EXAT's arbitrator. In this regard, the person who had been contacted to be the Chairman of the Arbitral Tribunal withdrew himself from being the Chairman.

At present, the disputing parties are in the process of selecting a new Chairman of the Arbitral Tribunal.

#### 25.2.5 Fees for using the areas in Si Rat Expressway Control Center Building

On 24 December 2008, EXAT submitted the statement of claim regarding the use of areas in Si Rat Expressway Control Center Building, with the claimed amount of Baht 5,689,763.87, and required the Company to continuously pay fees for using the areas in such building in the amount of Baht 107,057.30 per month until the Company would deliver or leave such areas.

On 20 February 2009, the Company submitted a petition for extension of time for submission of its statement of defense for another 60 days from the due date on 20 February 2009.

Given that the various cases are not yet final, the Company therefore did not record such entries in the financial statements.

## 26. Lawsuit

The Expressway Authority of Thailand (EXAT) and the Company were sued by Expressway user on grounds of wrongful act in relation to traffic management and safety on the Si Rat Expressway System, whereby EXAT was the first defendant and the Company was the second defendant.

On 26 September 2007, the Court of First Instance adjudged to dismiss the plaintiff's plaint. On 8 November 2007, the plaintiff filed an appeal with the Appeal Court and the Court issued an order accepting such appeal on 9 November 2007, in respect of which the Company submitted an answer to the appeal on 25 December 2007. Currently, the case is pending the consideration of the Appeal Court.



However, the Company's management believed that there would be no material impact upon the Company, and as a result, the Company did not make any provision for contingent liabilities in its book.

## 27. Subsequent event

On 25 February 2009, the meeting of the Board of Directors passed a resolution to propose a dividend payment for the year 2008 of Baht 1.10 per share to the Annual General Meeting of the Company's shareholders for their approval. The Company paid an interim dividend of Baht 0.50 per share on 2 October 2008 and will pay a final dividend of Baht 0.60 per share within April 2009. The payment of the final dividend is dependent on an approval being granted by the shareholders.

## 28. Financial instruments

### 28.1 Financial risk management and policies

The Company and its subsidiary's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments : Disclosure and Presentations", principally comprise cash and cash equivalents, loans, investments, short-term loan, long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

#### Interest rate risk

Interest rate risk is the risk that future fluctuations in market interest rates will affect the operating results and cash flows of the Company and its subsidiary.

The Company and its subsidiary's exposure to interest rate risk relates primarily to its cash at banks and long-term loans and debentures which are subject to interest. The Company and its subsidiary do not use derivatives to manage its interest rate risk. Details of long-term loans and debentures are set out in Note 14 and Note 15, respectively.

As at 31 December 2008, the significant financial assets and liabilities classified by type of interest rate and, for those financial assets and liabilities carrying interest at fixed rates, by the contractual repricing or maturity date (whichever is earlier) are as follows : -

	Consolidated financial statements						Interest rate (% p.a.)
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
	(Million Baht)						
Financial assets							
Cash and cash equivalents	-	-	-	125	6	131	0.50% - 2.00%
Current investments	-	-	-	2,398	-	2,398	2.55% - 3.48%
Long-term loans and interest receivable from related companies	-	-	-	31	2	33	MLR+1%
Other long-term investments, net	-	-	-	-	-	2,799	2,799
	-	-	-	2,554	2,807	5,361	
Financial liabilities							
Short-term loans from financial institutions	692	-	-	-	-	692	3.34% - 4.28%
Trade accounts payable	-	-	-	-	30	30	-
Long-term loans	-	-	-	13,383	-	13,383	MLR-1% and MLR-2%
Debentures	-	9,800	1,700	-	-	11,500	Note 15
	692	9,800	1,700	13,383	30	25,605	

	Separate financial statements						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
	(Million Baht)						
Financial assets							
Cash and cash equivalents	-	-	-	117	5	122	0.50% - 2.00%
Current investments	-	-	-	2,393	-	2,393	2.55% - 3.48%
Amounts due from subsidiary company	-	-	-	-	2	2	-
Long-term loans and interest receivable from related companies	-	-	-	8,636	1,792	10,428	MLR+1% and 2.31% - 5.11%
Other long-term investments, net	-	-	-	-	2,799	2,799	-
	-	-	-	11,146	4,598	15,744	
Financial liabilities							
Short-term loans from financial institutions	692	-	-	-	-	692	3.34% - 4.28%
Trade accounts payable	-	-	-	-	29	29	-
Long-term loans	-	-	-	13,383	-	13,383	MLR-1% and MLR-2%
Debentures	-	9,800	1,700	-	-	11,500	Note 15
	692	9,800	1,700	13,383	29	25,604	

## Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at 31 December 2008, the Company and its subsidiary do not have any financial assets and liabilities in foreign currencies.

## Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations, resulting in a financial loss to the Company and its subsidiary.

As at 31 December 2008, the Company and its subsidiary are not exposed to credit risk in relation to the provision of service as they receive payment from customers in cash.

## 28.2 Fair values of financial instruments

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The methodology of fair value measurement depends upon the characteristics of the financial instrument. For those financial instruments which are regarded as being traded in an active market, fair value has been determined based on the latest quoted market price. If however the appropriate quoted market price cannot be determined, the fair value is determined using an appropriate valuation technique such as discounted cash flow.

Set out below is a comparison, by category of carrying amount and fair value, of the financial assets and liabilities as of 31 December 2008.

(Unit : Million Baht)

	Carrying amount	Fair value
<b>Financial assets</b>		
Cash and cash equivalents	131	131
Current investments	2,398	2,398
Other long-term investments, net	2,799	2,773
<b>Financial liabilities</b>		
Short-term loans from financial institutions	692	692
Trade accounts payable	30	30
Long-term loans	13,383	10,534
Debentures	11,500	11,624

The Company and its subsidiary establish fair value of their financial instruments by adopting the following methods and assumptions :

- For financial assets and liabilities which have short-term maturity, including cash and cash at banks, and trade accounts payable, the carrying amounts at the balance sheet date are considered to be a reasonable approximation of their fair value.
- For marketable debts and equity securities, fair value is based on the latest bid price as quoted in the market.
- For non-marketable debt and equity securities, fair value is estimated based on the carrying amount in the balance sheet, net asset value of the securities or a discounted cash flow, as the case may be.
- For long-term loans and debentures with fixed interest rate, fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For long-term loans carrying interest at the rate approximate to the market rate, the carrying amount in the balance sheet approximate fair value.

## 29. Capital management

The primary objectives of the Company and its subsidiary's capital management are to ensure that they have an appropriate financing structure and preserves the ability to continue their business as a going concern.

According to the balance sheet as at 31 December 2008, the Group's debt-to-equity ratio was 1.7 : 1 (2007: 1.8 : 1) and the Company's was 1.7 : 1 (2007 : 1.8 : 1).

## 30. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2009.

# Company Issuing Securities

Company Issuing Securities	:	Bangkok Expressway Public Company Limited (having initial as “BECL”)
Business Operation	:	Construction and management of the Si Rat Expressway and its extensions, including related businesses as described in the Second Stage Expressway Agreement entered into between Bangkok Expressway Public Company Limited and the Expressway Authority of Thailand.
Head Office	:	No. 238/7 Asoke-Din Daeng Road, Bang Kapi Subdistrict, Huai Khwang District, Bangkok 10310
Company Registration No.	:	0107537002320 (Former No. BorMorJor.479)
Registered Capital	:	Baht 8,000 Million, Baht 7,700 Million of which is paid up.
Telephone No.	:	0-2641-4611
Fax No.	:	0-2641-4610
Homepage	:	<a href="http://www.becl.co.th">www.becl.co.th</a>
E-mail	:	<a href="mailto:webmaster@becl.co.th">webmaster@becl.co.th</a>



