

Part 1 Business Operations

1. Business Policy and Overview

Bangkok Expressway Public Company Limited (the “Company”) was founded on 23 December 1987 with a registered capital of Baht 100,000. Subsequently, 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.

1.1 Overview of Business Operations of the Company

1. The Company’s construction and operation of the Si Rat Expressway were initiated by the fact that 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, the Expressway Authority of Thailand (“EXAT”) therefore invited interested parties to submit proposals for construction and operation of the Si Rat Expressway (Second 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. The Company entered into the Second Stage Expressway System Agreement with EXAT on 22 December 1988 for the construction and operation of the Si Rat Expressway (Second Stage Expressway) and its extensions, including related businesses under the Second Stage Expressway System Agreement with EXAT for a period of 30 years from 1 March 1990, and the Company subsequently entered into the Agreement for the Extension of the Second Stage Expressway System, Sector D, for a period of 30 years from 17 April 1997.
2. 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 held by the Company. On 19 March 2003, the Subsidiary’s registered capital was increased by Baht 3,000 Million, totaling Baht 6,000 Million, Baht 5,250 Million of which has been paid up. The Company’s shareholding percentage therein remains 53.33 percent of the registered capital. The Subsidiary entered into the Agreement with EXAT for the construction and operation of the Udon Rathaya Expressway (Bang Pa-in - Pak Kret Expressway) for a period of 30 years from 27 September 1996. The Udon Rathaya Expressway is northbound and continues from the Si Rat Expressway around Chaeng Watthana Road and passes Bang Phun, Chiang Rak and ends at Bang Sai.
3. In 2012, the Company was granted the concession for implementation of the Si Rat - Outer Ring Road Expressway in accordance with the Council of Ministers’ approval for the Company to implement the Project on 4 September 2012. On 14 September 2012, the Company entered into the Si Rat - Outer Ring Road Expressway Project Concession Agreement with EXAT, for a period of 30 years from 15 December 2012, with a construction period of 48 months and the remaining period for opening for service and toll collection. The route starts from Kanjanapisek Road around Mahasawat Water Treatment Plant heading eastbound along the right of way of the existing Southern railway, crossing the Chao Phraya River at the Rama VI Bridge and connecting with the Si Rat Expressway around the North of the Mo Chit 2 Bus Terminal, for a total distance of 16.7 kilometers.

The Second Stage Expressway Project, the Bang Pa-in - Pak Kret Expressway Project, and the Si Rat - Outer Ring Road Expressway Project are implemented on a BTO (Build, Transfer and Operate) basis, i.e., the Company and the Subsidiary invested in the design, construction and operation of the Expressways, while 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 are 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 twice for 10 years each, for the Second Stage Expressway Project and the Bang Pa-in - Pak Kret Expressway Project, subject to further negotiation with EXAT.

Implementation of the Expressway Projects

1) The Si Rat Expressway Project

The Company and EXAT jointly invested in the Expressway System in Bangkok and its vicinity. 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 9 - Ratchadapisek), Sector B (Phayathai - Bangkoklo), Sector C (Ratchadapisek - Chaeng Watthana) and Sector D (Rama 9 - Srinagarindra), covering a total distance of 38.5 kilometers. EXAT invested in the construction and operation of the Chalerm Mahanakorn Expressway (First Stage Expressway), 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 shares 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 Chalerm 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, namely, Sector C and Sector D of the Si Rat Expressway, all toll revenue shall belong to the Company throughout the period of the Agreement.

2) The Si Rat - Outer Ring Road Expressway

The Company shall have the duty in design and construction, supply and installation of various equipment and systems, including the operation, service and maintenance of the expressway, together with toll collection, in consideration of the right to receive toll revenue and other revenues (if any) throughout the concession period, whereby the Company shall be responsible for investment and all operating expenses throughout the concession period, and share consideration with or provide benefits to the State to be agreed upon in the Concession Agreement, with a project value of Baht 25,491 Million.

The Company shall have the right to receive toll revenue throughout the concession period, whereby the toll rates and revisions shall be agreed upon in the Agreement.

The Concession Agreement shall have a term of 30 years from the date specified by EXAT in the Notice to Proceed (NTP), namely, 15 December 2012, divided into

Phase 1 : Design and construction of the expressway, supply and installation of electrical and mechanical system equipment, toll collection system, communications system and traffic controlling system, and other systems related to the expressway, for the construction period of not exceeding 48 months from 15 December 2012 as the date specified by EXAT in the NTP.

Phase 2 : Operation and provision of service, such as, toll collection, rescue operation and maintenance of the expressway, starting from the opening of the Project until the end of the concession period.

The Company has commenced the construction on 15 December 2012, whereby the initial works include site preparations, survey and design, with 12.31 percent progress as at 31 December 2013.

Routes and Characteristics

1. The Project starts from Kanjanapisek Road near Chim Phli Interchange, and then uses the right of way of the Western railroad crossing the Chao Phraya River at the Rama VI Bridge to Bang Sue, and connects to the Si Rat Expressway at the North of the Mo Chit 2 Bus Terminal, for a total distance of approximately 16.7 kilometers.
2. The Project is an elevated expressway with six traffic lanes in each direction. The construction will employ the Pre-cast Segment Box Girder technology. There are 8 connections. The on-off ramps will have two traffic lanes in each direction, totaling six locations.
3. The Project will have 10 toll plazas, divided into six inbound toll plazas and four outbound toll plazas.

3) The Udon Ratthaya Expressway (pursuant to the Bang Pa-in - Pak Kret Expressway Agreement)

The Subsidiary constructs and operates the Udon Ratthaya Expressway (Bang Pa-in - Pak Kret Expressway) 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. All toll revenue in respect of the Udon Ratthaya Expressway shall belong to the Subsidiary.

1.2 Overview of the Company's Operation Policies

Vision : Bangkok Expressway Public Company Limited is determined to become a leading private company which provides the Expressway services, subject to good management systems to ensure the safe and impressive services to facilitate the public transport, along with quality management systems for continued improvement towards public recognition in accordance with the good corporate governance principles and the corporate social responsibility.

Mission: Bangkok Expressway Public Company Limited foresees transportation needs in Bangkok that will grow along with our country development; whereas, we currently have a shortage of infrastructure, i.e., a transportation business. This results in severe traffic congestion in major cities, such as, Bangkok and its vicinities.

The Company has intended to alleviate heavy traffic congestion in Bangkok. The Company has invested around Baht 50,000 Million in developing our expressway network under the Second Stage Expressway Project linked to the First Stage Expressway System covering the heart of Bangkok city. Moreover, the Bang Pa-in - Pak Kret Expressway Project was linked to the outskirts of Bangkok area with some other provinces nearby. With our more than 25 years of business experience, in 2012, the Company was then granted the concession for the Si Rat - Outer Ring Road Expressway Project, which represents the Company's further investment of more than Baht 25,000 Million.

Currently, the daily traffic volume that regularly uses the Expressways in respect of the First Stage Expressway, the Second Stage Expressway and the Udon Ratthaya Expressway nearly reached 1 million vehicles. The Company still maintains the quality and road safety standard throughout the Expressway routes. Moreover, the Company has continuously had project developments for our customers' convenience, time saving, driving with safety standard and energy-saving.

Goals of Operations

The Company has set its goals of 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. The Company has four main policies as follows:

1. Promoting social recognition of 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.

To ensure the Company's business operations in compliance with the main policies, the Company has implemented the strategies and main action plans in 2013 as follows:

1. The Company carried out the construction of the Si Rat - Outer Ring Road Expressway and various related works, with progress according to schedule;
2. The Company proceeded in accordance with the procedures under the Second Stage Expressway System Agreement and the Bang Pa-in Pak Kret Expressway

Agreement for the toll rate revisions for the Si Rat Expressway on 1 September 2013 and for the Udon Rattaya Expressway on 1 November 2013;

3. The Company conducted the feasibility study and made preparations for investment in the expressway and connecting road projects, including priority infrastructure projects under the government's policy;
4. The Company cooperated with EXAT in the management and maintenance of the Si Rat Expressway, with good relationship, to optimize its efficiency to the satisfaction of motorists;
5. The Company followed up and accelerated the settlement of disputes with EXAT to minimize impacts on the operations;
6. The Company maintained the liquidity and efficiently managed short-term and long-term investments to generate more revenues, and use various financial instruments for risk management, including reduction of finance cost;
7. The Company made public relations of its commitment to quality of services and responsibility towards concerned persons in all sectors by way of social activities to ensure the good image in the eyes of the service users and society as a whole;
8. The Company maintained an efficient, transparent, and auditable management system subject to the good corporate governance principles, including the Quality Management System (ISO 9001), Environmental Management System (ISO 14001), and developed the information system with state-of-the-art technology to enhance the capacity of performance.

1.3 Significant Changes and Developments

The Company has a main policy to alleviate traffic problems in Bangkok, by way of the efficient management of the Si Rat Expressway. The Company has improved the Expressway to ensure convenience and safety for the Expressway users and also continued to enhance the efficiency of the services, as follows:

1. The Company, in association with EXAT, introduced the Electronic Toll Collection system or Easy Pass since 2010 to speed up toll payments at the Toll Plazas and to alleviate the accumulated traffic, particularly during rush hours. In 2013, the Company added a total of 25 Easy Pass lanes to meet the government's target of opening Easy Pass lanes up to 50 percent of all lanes. Currently, there are a total of 66 Easy Pass lanes on the Si Rat Expressway. The utilization of Easy Pass continued to increase, with a daily average utilization of Easy Pass during the business days in December 2013 at 33.54 percent of four-wheeled traffic volume.
2. The Company is aware of the traffic problem crisis in many areas of Bangkok. The areas in which the Company would further help alleviate the traffic problems were around the Rama 9 Bridge and Chaturathit Road, Section C. The Company, in association with EXAT and Bangkok Metropolitan Administration (BMA), have constructed a connecting road between Sector D of the Si Rat Expressway and Chaturathit Road, Section C, to help release the congested traffic and to facilitate the travelling to the Suvarnabhumi Airport. The construction commenced on February 2013, and it is expected to be opened for service in and around mid-2014.

Significant Changes in 2013

1. EXAT revised the toll rates under the Announcement of the Ministry of Transport dated 2 August 2013. The new toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway came into effect from 1 September 2013 and of the Udon Rattaya Expressway came into effect from 1 November 2013. The next toll revisions shall take place in 2018.
2. The Company accepted the delivery of the sites for the construction of the Si Rat - Outer Ring Road Expressway according to the schedule under the Agreement, in respect of the sites of the State Railway of Thailand and the private sector, except the sites that overlap with the SRT Red Line Project (Bang Sue - Rangsit) of the State Railway of Thailand, which are currently pending coordination with relevant authorities. There remains certain sites of the private sector to be delivered by EXAT under the Agreement on 15 March 2014 and 15 June 2014 accordingly.
3. On 1 February 2013, the Company signed a contract engaging CH. Karnchang - Tokyu Construction Co., Ltd. to carry out the construction of a connecting road between Sector D of the Si Rat Expressway and Chaturathit Road, Section C, for a construction period of 16 months and with a total value of Baht 254 Million.
4. The Company continuously opened more Easy Pass lanes to accommodate the increasing number of Easy Pass users. In 2013, the Company opened 10 Easy Pass lanes for all day long service at 10 toll plazas of the Si Rat Expressway and additionally installed the Easy Pass system for service at designated period at 15 toll plazas, 15 lanes. This was in line with the policies of EXAT and the Ministry of Transport to open Easy Pass lanes up to 50 percent of all lanes for service.
5. In February 2013, the Company additionally acquired 438.90 million ordinary shares in Thai Tap Water Supply Public Company Limited (TTW) from CH. Karnchang Public Company Limited, at the price of Baht 7.55 per share, amounting to Baht 3,314 Million, thereby increasing the Company's shareholding in TTW from 9.24 percent to 20.24 percent of its registered capital.
6. In July 2013, CK Power Public Company Limited (CKP) launched an initial public offering of 220 million ordinary shares, in respect of which the Company jointly sold 20.6 million ordinary shares in CKP at the price of Baht 13 per share, thereby reducing the Company's shareholding in CKP from 30 percent to 23.22 percent of its registered capital.
7. In December 2013, the Company exercised the right to acquire 855.05 million capital increase ordinary shares in Bangkok Metro Public Company Limited (BMCL) according to its shareholding percentage, at the price of Baht 1 per share, to maintain its shareholding percentage at 10 percent of its registered capital of Baht 20,500 Million.
8. In 2013, the Company issued new debentures on three occasions in the total amount of Baht 7,000 Million, namely, two issues in March 2013 in the amount of Baht 6,000 Million, and one issue in November 2013 in the amount of Baht 1,000 Million, per the details as follows:

In March 2013, the Company issued and offered Debentures No. 1/2013, Series 1, with a maturity of three years, in the amount of Baht 2,000 Million, at the fixed interest rate of 3.60 percent per annum; Series 2, with a maturity of five years, in the amount of Baht 2,000 Million, at the fixed interest rate of 4.03 percent per annum; and Series 3, with a maturity of seven years, in the amount of Baht 1,000 Million, at the fixed interest rate of 4.36 percent per annum; and Debentures No. 2/2013, with a maturity of three years, in the amount of Baht 1,000 Million, at the fixed interest rate of 3.60 percent per annum, for the purpose of repayment of

debentures due for redemption in March, May, June, September and November 2013 and financing the construction cost under the Project Management Agreement of the Si Rat - Outer Ring Road Expressway Project.

In November 2013, the Company issued and offered Debentures No. 3/2013, with a maturity of five years, in the amount of Baht 1,000 Million, at the fixed interest rate of 4.70 percent per annum to finance the construction cost under the Project Management Agreement of the Si Rat - Outer Ring Road Expressway Project.

9. In April 2013, TRIS Rating Co., Ltd., a credit rating agency in Thailand, reviewed and continued to affirm the rating of the Company at “A” and maintained the rating of the Company’s debt instruments at “A”.

1.4 Shareholding Structure of Company Group

1.4.1 Policy on Separation of Operations between the Company and its Subsidiary

The business operations of the Company and the Subsidiary are of the same nature, namely, construction and operation of the Expressways. Given the Subsidiary’s severe financial hardship due to the fact that the actual revenue failed to meet the projections as affected by the competing road with the Udon Ratthaya Expressway since 1998, the Subsidiary therefore reengineered the management to minimize expenditures by way of staff downsizing and engagement of the Company to carry out the operation of the Udon Ratthaya Expressway.

1.4.2 Shareholding Structure of Company Group

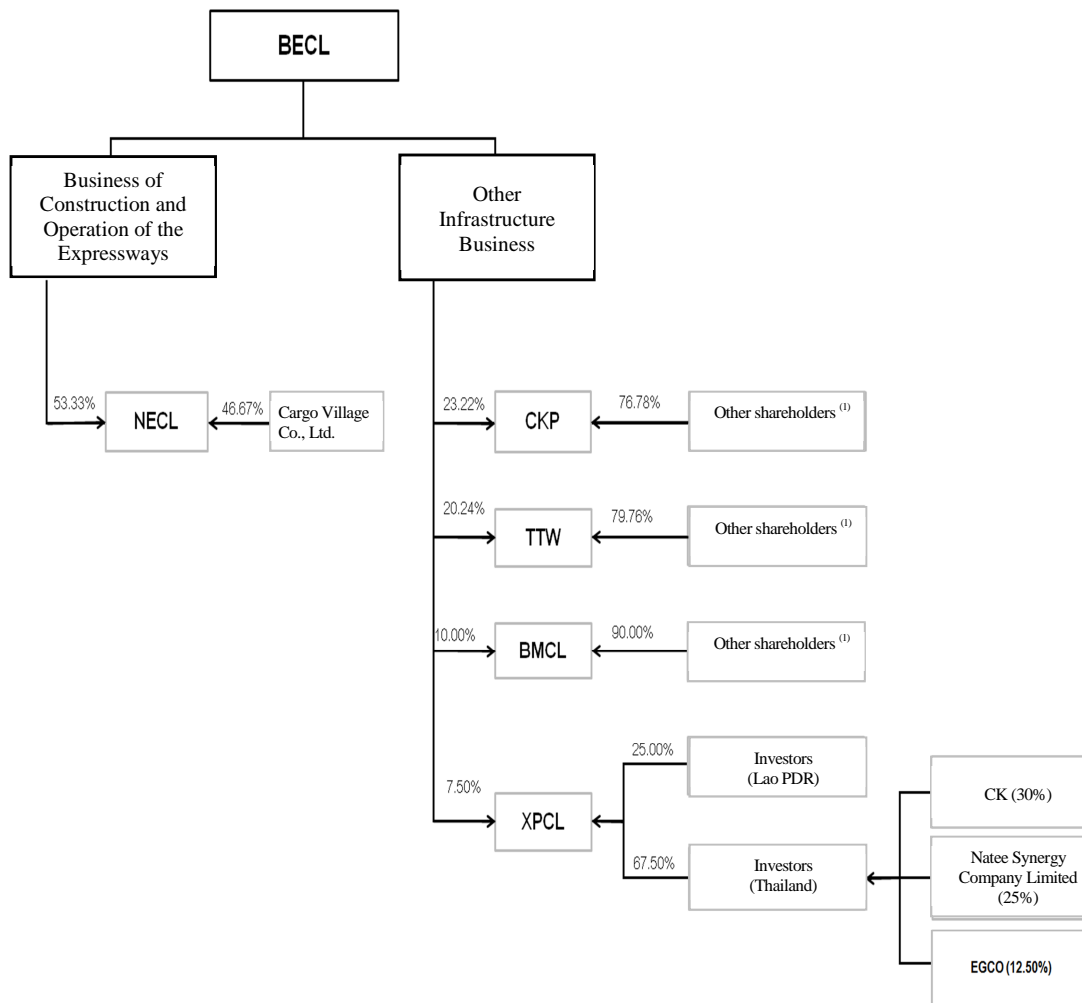
The Company has a policy to invest in the infrastructure business or businesses supporting the operations of the Company and to open up opportunities and generate returns in the long run for the Company. The Company then made investments as at 31 December 2013 as follows:

1. Names and shareholdings in companies in which the Company has invested

Unit : Million Baht

Company Name	Business Nature	Registered Capital	Paid-up Capital	Shareholding	Investment Cost
Northern Bangkok Expressway Company Limited	Construction and operation of the Udon Ratthaya Expressway	6,000	5,250	53.33%	2,450
CK Power Public Company Limited	Holding company	5,500	5,500	23.22%	2,554
Thai Tap Water Supply Public Company Limited	Tap water production and distribution	3,990	3,990	20.24%	4,451
Bangkok Metro Public Company Limited	MRT service provider	20,500	20,500	10.00%	2,340
Xayaburi Power Company Limited	Construction and operation of the hydroelectric power project	26,861	5,790	7.50%	434

2. Chart of Shareholding Structure of Company Group as at 31 December 2013



Remark: ⁽¹⁾ Shareholders as listed in www.set.or.th

1.4.3 Shareholding Structure in Northern Bangkok Expressway Company Limited (Subsidiary) as at 31 December 2013

Registered capital of the Subsidiary	Baht	6,000,000,000	
Par value	Baht	10	per share
Paid-up	Baht	5,250,000,000	
Ordinary shares		294,000,000	shares
Preferred shares		306,000,000	shares
	Total	600,000,000	shares
Bangkok Expressway Public Company Limited holds shares in the Subsidiary			
		319,999,980	shares
Ordinary shares		154,000,000	shares
Preferred shares		165,999,980	shares

2. Nature of Business Operations

2.1 Nature of Services

Bangkok Expressway Public Company Limited and Northern Bangkok Expressway Company Limited 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 its vicinity, rendering it convenient for motorists to travel from the North of Bangkok 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. By 2016, the opening for service of the Si Rat - Outer Ring Road Expressway Project would connect to the West of Bangkok to complete the service coverage in all directions. The details of the Expressway network connections are as follows:

Expressway System	Length (kilometers)	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 (Prachachuen - Chaeng Watthana and Asoke - Srinagarindra)	38.5	BECL
3. Udon Rattaya Expressway (Bang Pa-in - Pak Kret)	32.0	NECL
4. Uttaraphimuk Elevated Way (Don Muang Tollway)	28.0	Don Muang Tollway Public Company Limited
5. Chalong Rat Expressway including its Extension (Ramindra - At Narong and Ramindra - Outer Ring Road)	37.7	EXAT
6. Burapha Withi Expressway (Bang Na - Chonburi)	55.0	EXAT
7. Kanjanapisek Expressway (Bang Pli - Suksawad) and Highway No. 37 (Suksawad - Bang Khun Thien Section) including a connecting road to the Industrial Ring Road	37.8	EXAT
8. Si Rat - Outer Ring Road Expressway (project under construction)	16.7	BECL
Total length	272.8	

2.1.1 Revenue Structure

Comparison of Revenue of the Company and the Subsidiary in 2011-2013:

Description	Operated by	2013		2012		2011	
		Million Baht	%	Million Baht	%	Million Baht	%
Urban Expressway ⁽¹⁾							
Chalerm Mahanakorn Expressway (First Stage Expressway)	EXAT	2,564	22.66	2,463.81	26.71	2,411.46	31.52
Si Rat Expressway (Second Stage Expressway, Sector A)	Company	1,463	12.93	1,415.50	15.35	1,409.67	18.42
Si Rat Expressway (Second Stage Expressway, Sector B)	Company	703	6.20	674.69	7.31	654.14	8.55
Total		4,730	41.81	4,554.00	49.37	4,475.27	58.49
Suburban Expressway							
Si Rat Expressway (Second Stage Expressway, Sector C)	Company	867	7.66	851.31	9.23	797.86	10.43
Si Rat Expressway (Second Stage Expressway, Sector D)	Company	1,393	12.31	1,342.52	14.55	1,233.52	16.13
Udon Ratthaya Expressway (Bang Pa-in - Pak Kret Expressway)	Subsidiary	1,050	9.28	984.39	10.67	801.54	10.46
Total		3,310	29.25	3,178.22	34.45	2,832.92	37.02
Total toll revenue		8,040	71.06	7,732.22	83.82	7,308.19	95.51
Other income							
Gain on adjustment of fair value of investment from changing status of investment		2,808	24.82	-	-	-	-
Gain on investments		309	2.73	1,197.52	12.98	16.06	0.21
Others ⁽²⁾		157	1.39	294.58	3.20	327.54	4.28
Total revenues		11,314	100.00	9,224.32	100.00	7,651.79	100.00

Remarks: ⁽¹⁾ The ratio of toll revenue sharing between the Company and EXAT at 50:50 was changed to 40:60 on 1 March 2011.

⁽²⁾ Other income refers to interest income, dividend income and others.

2.1.2 Toll Revenue Sharing

Effective from 1 March 2011, the Company and EXAT have received the toll revenue sharing in respect of the urban network at 40 percent and 60 percent, respectively, while the Company has received all toll revenues for the suburban network, in accordance with the terms of the Agreements.

Expressway	Network	Length (km.)	Opening Date	Revenue	Revenue Sharing Company : EXAT
Chalerm Mahanakorn					
Din Daeng - Port	Urban	8.9	4 Jan 1981	Company and EXAT	- 60:40 for the first nine years
Bang Na - Port	Urban	7.9	17 Jan 1983	Company and EXAT	- 50:50 for the period between the first nine years and the last nine years
Port - Dao Khanong	Urban	10.3	8 Aug 1987	Company and EXAT	- 40:60 for the last nine years
Si Rat					
Sector A: Rama 9 - Ratchadapisek	Urban	12.4	2 Sept 1993	Company and EXAT	- 60:40 for the first nine years
Sector B: Phayathai - Bangkhlo	Urban	9.4	6 Oct 1996	Company and EXAT	- 50:50 for the period between for the first nine years and the last nine years
Sector C: Ratchadapisek - Chaeng Watthana	Suburban	8.0	2 Sept 1993	Company	- 100:0
Sector D: Rama 9 - Srinagarindra	Suburban	8.7	Section 1 2 Dec 1998 Section 2 1 Mar 2000	Company	- 100:0
Si Rat - Outer Ring Road	Suburban	16.7	The construction has commenced on 15 December 2012, which is expected to complete within 48 months.	Company	- 100:0
Udon Ratthaya					
Chaeng Watthana - Chiang Rak	Suburban	22	2 Dec 1998	Subsidiary	- 100:0
Chiang Rak - Bang Sai	Suburban	10	1 Nov 1999	Subsidiary	- 100:0

2.1.3 Toll Rates

Expressway/Toll Plaza	Toll Rates (Baht/Trip)		
	4 wheels	6-10 wheels	More than 10 wheels
Chalerm Mahanakorn Expressway (First Stage Expressway)	50	75	110
Except: At Narong 1 Toll Plaza (to Bang Na)	40*	65*	100*
Si Rat Expressway (Second Stage Expressway)	50	75	110
Except: Srinagarindra and Ramkhamhaeng Toll Plazas Rama 9 and Asoke 3 Toll Plazas Rama 9-1 Toll Plaza (Si Rat)	25	55	75
Prachachuen Toll Plaza (inbound)	60	90	140
Prachachuen Toll Plaza (outbound)	10	15	30
Prachachuen 1 Toll Plaza (from Prachachuen Road) Prachachuen 2 Toll Plaza (to Prachachuen Road) Ngam Wong Wan 1 Toll Plaza (outbound) Ngam Wong Wan 2 Toll Plaza (inbound)	15	20	35
Si Rat - Outer Ring Road Expressway	50**	80**	115**
Udon Raththaya Expressway	45	100	150
Except: Muang Thong Thani Toll Plaza	35***	90***	140***
Bang Pa-in Toll Plaza	55	120	180

Remarks: * This is the rate after Baht 10 discount for all types of vehicles until 31 December 2014.

** This rate is effective from the opening date for service of the Project for five years.

*** This is the rate after Baht 10 discount for all types of vehicles until 31 December 2014.

The revision of the toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway is in accordance with the Second Stage Expressway Agreement, which shall be made every five years, and the calculation and revision shall be based on the most recent increase of the Consumer Price Index of Bangkok as issued by the Ministry of Commerce. 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. The most recent toll revision was made on 1 September 2013 and the next toll revision is scheduled to be made on 1 September 2018.

The revision of the toll rates of the Si Rat - Outer Ring Road Expressway is in accordance with the Concession Agreement for Investment, Design, Construction, Management, Operation and Maintenance of the Si Rat - Outer Ring Road Expressway Project, which shall be made every five years from the date of service operation of the Project for five years, at the rates of Baht 15, Baht 25 and Baht 35 for four-wheeled vehicles, six-wheeled to ten-wheeled vehicles; and more than ten-wheeled vehicles, respectively.

With respect to the Udon Raththaya Expressway, the revision of toll rates every five years shall be based on the most recent increase of the Consumer Price Index of Bangkok as issued by the Ministry of Commerce. 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 latest toll revision was made on 1 November 2013. The next toll revision is scheduled to be made on 1 November 2018.

Although EXAT's issuance of the Notifications of the Ministry of Transport for toll revisions with approval of the Deputy Minister of Transport in charge, namely, the toll rates for the Chalmahachak Expressway and the Si Rat Expressway were revised on 1 September 2013 and the toll rates for the Udon Rattaya Expressway were revised on 1 November 2013, 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 Marketing and Competition

Target Customers and Characteristics

Target customers of the Chalmahachak 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 in Bangkok and its vicinity. The customers by the types of vehicles using the Expressways in 2013 may be divided into four-wheeled vehicles; six-wheeled to ten-wheeled vehicles; and more than ten-wheeled vehicles, which accounted for 97.75 percent, 1.98 percent and 0.27 percent, respectively. The traffic volume during 1 January to 31 December 2013 using the Expressways may be described by areas as follows:

Expressway System	Average Traffic Volume (trips/day)	%
1. Chalmahachak Expressway (First Stage Expressway) ⁽¹⁾ (Bang Na - Din Daeng - Dao Khanong)	370,034	22.91
2. Si Rat Expressway (Second Stage Expressway)		
2.1 Urban Network (Prachachuen - Phayathai - Bangkhlo - Asoke)	321,299	19.89
2.2 Suburban Network (Prachachuen - Chaeng Watthana and Asoke - Srinagarindra)	340,577	21.08
3. Udon Rattaya Expressway (Bang Pa-in - Pak Kret)	67,741	4.19
4. Chalong Rat Expressway (Ramindra - At Narong and Ramindra - Outer Ring Road) ⁽¹⁾	180,682	11.18
5. Burapha Withi Expressway (Bang Na - Chonburi) ⁽¹⁾	134,900	8.35
6. Kanjanapisek Expressway (Bang Pli - Suksawad) ⁽¹⁾ and Highway No. 37 (Suksawad - Bang Khun Thien Section)	200,386	12.40
Total Traffic Volume	1,615,619	100

Remark : ⁽¹⁾ Source: Expressway Authority of Thailand.

Given the fact that the provision of Expressway services is considered a form of public service for motorists requiring convenient, rapid and safe traveling, as target customers of the Expressway Systems, customers are broad depending on their destinations, residences and workplaces. In this respect, the revenue of the Expressway Systems will not depend on any particular group of customers.

2.2.1 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 Chalmr 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. Motorists may use the Expressway to connect to the Burapha Withi Expressway (Bang Na - Chonburi), and the Chalmr Mahanakorn Expressway and the Chalong Rat Expressway, thereby rendering 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 exits 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 coordinates with traffic police in police stations of such areas, including linking video signal from CCTVs on the Expressway to police stations of such areas, to provide assistance in releasing and facilitating traffic flow in the Expressway Systems by improving various on- and off-ramps for motorists to save time and facilitate motorists with more convenience and better quality of living in their commute in the downtown. Motorists 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 Expressways in terms of engineering safety to meet international standards.
3. The Company has continuously monitored the traffic volume statistics to enhance the efficiency of its Easy Pass service as appropriate in order to improve the service provision and accommodate the increased volume of Expressway users. In 2013, the Company has added 25 Easy Pass lanes at various Toll Plazas on the Si Rat Expressway to accommodate the increased volume of Easy Pass users. In addition, the Company has moved the Easy Pass lanes at Prachachuen Toll Plaza (inbound) and Asoke 4 Toll Plaza to the right lane for more convenience and safety of the Easy Pass service users and to

minimize the cross traffic between the cash lanes and the Easy Pass lanes, which will mitigate the traffic congestion at the front of the toll plazas.

4. The study on new routes in response to the 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.
5. The Company has added communication channels on traffic information via Smart Traffic and Variable Message Signs (VMS) to keep motorists informed of the traffic conditions on Expressways, as well as suggesting routes on Expressways for more convenience and rapidity.
6. The Company also plans to improve signboards regarding the Expressway usage on the at-grade main road and various alleys in Bangkok and its vicinity so as to facilitate motorists and boost confidence to access and use 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 ensure that customers, as the Expressway users, would travel more conveniently and rapidly.

2) Toll Rates (Price)

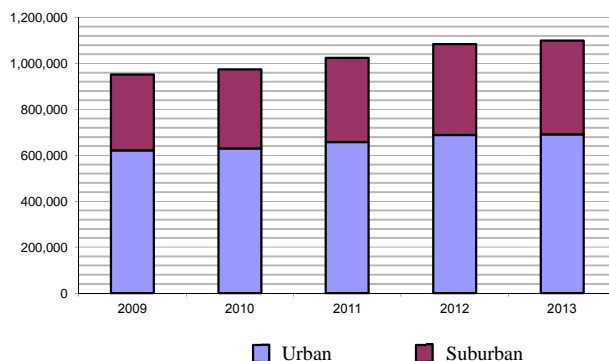
1. Toll rates are agreed upon and specified in the Agreements, including the calculation for revisions of toll rates ahead of time. It is mutually agreed that the rates are considered reasonable and based on the feasibility study for investment of each Project. Under the Second Stage Expressway Agreement 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 of 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 2013 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), which the Company provided discount until 31 August 2013, and At Narong 1 Toll Plaza (to Bang Na), which the Company will provide discount until 31 December 2014, as well as the route of the Udon Ratthaya Expressway at Si Saman Toll Plaza and Bang Phun Toll Plaza, which the Subsidiary provided discount until 31 October 2013, and Muang Thong Thani Toll Plaza, which the Subsidiary will provide discount until 31 December 2014.

3) Distribution Channels (Place)

1. Traffic volume in the Chalerm Mahanakorn Expressway (First Stage Expressway), the Si Rat Expressway (Second Stage Expressway) and the Udon Ratthaya Expressway (Bang Pa-in - Pak Kret Expressway) in 2013 may be categorized by urban and suburban, which equals 63:37.

**Average Daily Traffic Volume for Urban and Suburban
(The First, the Second Stage Expressway Systems and
the Bang Pa-in - Pak Kret Expressway)**

(Unit: Trips/Day)



	Urban	Suburban	Total
2009	621,503	331,005	952,508
2010	630,032	344,131	974,163
2011	658,276	366,317	1,024,593
2012	688,139	396,626	1,084,765
2013	691,333	408,318	1,099,651

2. Payment of Tolls

2.1 Users of the Chalerm 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 suburban. Expressway users shall pay tolls at the on-ramps of toll plazas, totaling 48 locations, 18 toll plazas of the Chalerm 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, Khlong Prapa, Yan Phahon Yothin, Prachachuen, Rama 3, etc.). Users may pay tolls in two channels, in cash, or via the Electronic Toll Collection system (Easy Pass).

2.2 Users of the Udon Rattaya Expressway which connects to the Expressway System towards the North of Bangkok has a total distance of 32 kilometers, with 10 toll plazas, 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.

3. Electronic Toll Collection System

The Company, in association with EXAT, introduces the Electronic Toll Collection system in the toll collection, in order to serve 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. In this regard, EXAT has launched the Electronic Toll Collection system (Easy Pass) for service on 31 January 2010 for the Chalerm Mahanakorn Expressway (First Stage Expressway), the Chalong Rat Expressway (Ramindra-At Narong-Outer Bangkok Ring Road) and Kanjanapisek Expressway (Bang Pli-Suksawad), and on 25 July 2010 for the Si Rat Expressway (Second Stage Expressway). After the Company's opening for service of Easy Pass, the Easy Pass service then covers all Expressway networks, as a result, in December 2013, the average volume of vehicles using Easy Pass on working days for the Chalerm Mahanakorn Expressway and the Si Rat Expressway is approximately 350,019 trips per day, representing 32.40 percent of the four-wheeled vehicles. In addition, the introduction of Easy Pass also enhances

the efficiency of the toll collection during rush hours, that is, the existing toll collection in cash accounts for 450 trips per hour, when using Easy Pass, it is presently found that Easy Pass is able to collect tolls at a maximum rate of 959 trips per hour, compared with the maximum toll collection capacity based on Easy Pass at 1,200 trips per hour. Furthermore, the Company continuously and regularly cooperates with EXAT to enhance the efficiency of the toll collection during rush hours. To promote more Easy Pass usage, EXAT has set a policy to cancel the deposits for Easy Pass cards and Smart Cards against damage or loss since 14 July 2012.

In the interest of convenience to the Easy Pass users, the Company arranged for the Easy Pass Fast Service, including film cutting service for Easy Pass installation and testing, whereby the Expressway users are able to bring their cars to use the services at the Easy Pass Fast Service, free of charge, at Bangkok Expressway Public Company Limited, Asoke-Dindaeng Road, during the office hours from 9:00 - 17:00 hours.

4) Sales Promotion and Public Relations (Promotion)

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 2013, the Company provided discount at the connection from the Chalongsat Expressway to the Chulabhorn Mahanakhon 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 to motorists at Muang Thong Thani Toll Plaza.

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 EXAT to distribute souvenirs to motorists, including arranging for motorist service points, which demonstrated our positive image and relationship with motorists under the theme that we provide the best 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, special activities for lucky motorists, discount on tolls, connections between the Expressways and various routes to facilitate motorists.

The channels of public relations used by the Company to disseminate information comprise documentary programs on radio and television, radio spot, leaflets, Variable Message Signs (VMS), and our website: www.bec1.co.th, as well as social media (www.facebook.com/bangkokexpressway), including Si Rat bimonthly newsletters as a medium for sharing information and news between the Company and motorists. In 2013, the Company improves the frequency of our customer relations activities with the existing customers and stakeholders on the occasion of the 25th anniversary in 2012, 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.

In 2013, the Company, together with EXAT, arranged for the Easy Pass Movie Ticket Giveaway program, as a marketing campaign for the Easy Pass customers to publicize the top-up channels and increase the number of the Easy Pass top-up service via ATM and online banking with Krung Thai Bank, Bangkok Bank, KASIKORNBANK and Siam Commercial Bank, which provides marketing privileges to the Easy Pass customers.

In addition, during 1 September 2013 to 31 December 2013, EXAT granted an additional three percent per top-up to the Easy Pass users, for example, for a Baht 1,000 top-up, the value in the card will be Baht 1,030, in order to attract more Easy Pass customers.

2.2.2 Industry and Competition

Despite Thailand's economic recession since mid-2013, the tax refund campaign for first-time car buyers under the government's policy, along with the marketing campaigns organized by automotive industrial operators, accounted for the increased number of new cars registered in 2013, and the traffic volume using the Expressways. According to the information of the Department of Land Transport, in 2013, the number of new cars registered (inclusive of all types of cars) in Bangkok area is as high as 610,174 vehicles, which is more than 604,539 vehicles in 2012, thereby bringing the cumulative number of cars in Bangkok to a total of 5,010,006 vehicles. Comparing to the road space in Bangkok for a total distance of approximately 5,400 - 5,500 km., the available road space to accommodate the volume of vehicles in Bangkok is lower. In 2013, the average speed of cars running on the roads throughout Bangkok during rush hours is 21.7 kilometers per hour. In case of raining and flood, the speed would be reduced to 20 kilometers per hour. Given the increased volume of vehicles in the next five years, the average speed of cars would be reduced from 21.7 kilometers per hour to 15-17 kilometers per hour and would be lower accordingly (source: Post Today Newspaper, 5 August 2013 Issue, and Daily World Today Newspaper, 11 August 2013 Issue).

In view of the indirect competition through other public transport systems, despite the services of the Bangkok Mass 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. Moreover, the total distance for service of the mass transit railway system covers only 84.25 kilometers, divided into 36.25 kilometers for BTS (including the Extension of Sukhumvit Line, On Nut - Bearing, and the Wongwian Yai - Bang Wa Extension), 20 kilometers for the metro and 28 kilometers for Airport Link, covering merely certain part of Bangkok. According to the following up on the impacts upon the volume of vehicles using the Expressways due to the opening for service of the Airport Link since August 2010, these factors did not materially affect the volume of vehicles using the Expressways since the number of service users was relatively low. As for the Bangkok Mass Transit System for the Extension of Sukhumvit Line (On Nut - Bearing), for a distance of 5.25 kilometers, which was opened for service since 12 August 2011, it slightly affected the volume of vehicles using the Expressways, namely, at Bang Na Toll Plaza and Sukhumvit 62 Toll Plaza. However, three MRT projects are pending construction, namely, the Purple Line Project, North (Bang Yai - Bang Sue), for a distance of 23 kilometers, which would be postponed for opening for service in 2016; the Blue Line Project (Bang Sue - Tha Phra and Hua Lamphong - Bang Khae), for a total distance of 55 kilometers, which would be completed in 2017; and the Light Green Line (Bearing - Samut Prakan), which would be completed in 2016.

According to the analysis, these projects under construction would allow the motorists to avoid at-grade roads to increasingly use the Expressways, and when such projects are opened for service, the Company would closely monitor the impacts.

2.3 Procurement of Products and Services

2.3.1 Nature of Procurement of Products

EXAT is an authority responsible for the construction of expressways to provide service for convenient, rapid and safe traffic, as well as to mitigate traffic problems. EXAT invited interested parties to submit investment proposals, the Company then conducted feasibility study and submitted its proposals for investment in projects with appropriate return and conditions.

The Expressway Projects under the Second Stage Expressway Agreement, the Bang Pa-in - Pak Kret Expressway Agreement, the Agreement for Extension of the Second Stage Expressway (Sector D), and the Concession Agreement for the Si Rat - Outer Ring Road Expressway Project are implemented on a BTO basis. According to the essence of the Agreements, EXAT 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 EXAT, subject to the supervision of the quality of construction work by EXAT'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 completed 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. 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.

With respect to the Si Rat - Outer Ring Road Expressway Project, the Company and EXAT executed the Concession Agreement for Investment, Design, Construction, Operation, Service and Maintenance of the Project on 14 September 2012, for a concession period of 30 years from 15 December 2012 to 15 December 2042, and with a construction period of not exceeding 48 months. EXAT shall determine the Expressway route and areas to be used for construction and arrange for land expropriation for delivery to the Company within the specified time. The Company shall have the duty to carry out the design and construction in accordance with the designs approved by EXAT, subject to the supervision of the quality of construction work by EXAT's Engineer and Independent Certification Engineer. 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 completed in accordance with the specified standards and is ready for service. The Company engaged CH. Karnchang Public Company Limited, as specialist with experience in construction and management of all Expressway projects under the concessions of the

Company, to act as project manager and construction contractor as well as operator of the Project on a lump sum turnkey basis.

Under this Concession Agreement, the Company shall have the right to manage and provide service, e.g., toll collection, rescue operation and maintenance, whereby the Company shall be entitled to receive all tolls throughout the concession period.

2.3.2 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 pollution 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, which includes the current construction of the Si Rat - Outer Ring Road Expressway Project.

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 addition, since 2008, the Company has 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) Limited on 14 November 2008, and continued to review for renewal of the certificate of such Environmental Management System. 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 2013, the Company continued to maintain the ISO 14001 : 2004 Environmental Management System, by following up possible environmental issues, as well as optimizing the use of natural resources through its continued energy management measures, such as, using the 30-watt Light-emitting Diode or LED technology instead

of the existing 250-watt Metal Halide technology on both the Si Rat Expressway and inside the Company's premises, in order to save energy, not to mention the LED technology's longer useful life, thereby minimizing repair and maintenance on the Expressways; alleviating the traffic congestion on the Expressways, as well as minimizing air pollution and global warming.

Given the features of such LED technology, the Company has conducted a study and test on the use of LED technology instead of the lighting on roads. Should such project succeed, it would help save energy substantially.

With respect to the environmental management, the Company has an engineering analysis agency comprising knowledgeable and skilled personnel in traffic engineering and safety on the Expressways to conduct studies on impacts from various factors. A traffic simulation has been made for study of the suitability in the improvement of physical characteristics at the front areas of toll plazas, as well as inspection of road safety; analysis of risk areas on Expressways; study of features and patterns in the installation of safety equipment, in order to improve the Expressways to ensure the maximum safety for motorists, as well as minimizing environmental impact. The Company has applied such study results as follows:

1. The safety on Expressways has been improved by inspecting and assessing the safety of the gore areas and installing safety equipment, e.g., crash cushions, cushion tanks, flexible guide posts, cold plastic red color road paint to alert for high accident risk areas.
2. More Easy Pass lanes have been added in response to the increased traffic volume in the Easy Pass lanes. After EXAT's policy on cancellation of the Easy Pass card deposit, the use of Easy Pass service has increased, which necessitates more Easy Pass lanes to accommodate the increased traffic volume, and as a result, motorists can save their commute time and fuels.
3. Traffic and Easy Pass signboards have been improved to provide suggestions to Expressway users for convenience and rapidity in passing through the Easy Pass lanes.

In addition, the Company has continued to provide training for 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.

2.4 Works Pending Delivery

24.1 The Construction of the Si Rat - Outer Ring Road Expressway Project

The Company has started the construction since 15 December 2012, for the construction period of not exceeding 48 months, with the project value of Baht 25,491 Million. As at 31 December 2013, the construction progressed 12.31 percent, as compared to 11.10 percent as per the construction plan under the Agreement. It is expected to be opened for service by December 2016.

2.4.2 The Project for Construction of the Connecting Road between the Si Rat Expressway (Sector D) and Chaturathit Road (Section C)

The Company has constructed the connecting road between the Si Rat Expressway (Sector D) and Chaturathit Road (Section C) to allow motorists from Chaturathit Road or New Petchburi Road or City Airport Terminal (CAT), wishing to travel to the East and the Suvarnabhumi Airport, to use the road connecting with the Si Rat Expressway (Sector D) from Chaturathit Road to enter the Si Rat Expressway (Sector D) behind Asoke 3 Toll Plaza. This would be more convenient and save the commute time for motorists. The construction started on 1 February 2013, for a construction period of not exceeding 16 months. As at 31 December 2013, the construction progressed 65.95 percent. It is expected to be opened for service by mid-2014.

3. Risk Factors

The Company realizes the significance of the management of risks from business operations under the changes of internal and external factors affecting its operational results. The risk management is considered a key instrument in the business administration to ensure efficient achievement to promote its competitiveness, as well as a key factor of the Good Governance, the Company thus arranges for the systematic risk management, monitoring and measures to minimize risks continuously, whereby the Corporate Governance and Risk Management Committee is appointed for policy-level consideration, with the Management having duty to supervise the overall risk management process of the organization and responsible for routine work instead of the Corporate Governance and Risk Management Committee, in order to perform duties to monitor, evaluate and prepare risk management report at a work unit level to the Board of Directors for information.

In addition, a risk management handbook and a risk management plan have been made as guidelines in the operations, and the monitoring, evaluation and review of risks have been regularly conducted to be in line with the ever changing internal and external circumstances, including the backup plan for every unit to proceed in case of emergency, in order to ensure prompt action in solving problems and coordination with relevant units at all times. Risk factors which may materially affect the Company's business operations are as follows:

3.1 Concession Risk

3.1.1 Risk Relating to Business Operations under Agreements with Government Sector

The Company operates the construction and management of the Si Rat Expressway (Second Stage Expressway) and extensions, including related businesses under the Second Stage Expressway Agreement executed with the Expressway Authority of Thailand ("EXAT"), whereby 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, the dispute shall be further referred to arbitration pursuant to the Agreement.

Currently, the Company and the Subsidiary have disputes with EXAT on different interpretation of several matters, such as, adjustment of toll rates and responsibility for costs under the Agreements.

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 the 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 congestion in downtown. Failure in construction of said roads therefore impaired efficiency in provision of overall traffic services. As at 31 December 2013, such dispute has not yet been referred to arbitration proceedings. However, the Company has given notice to EXAT to reserve its right to reduce the compensation for site acquisition cost to EXAT in proportion to the areas actually delivered to the Company by EXAT.

The details on other disputes are described in Disputes with EXAT on pages 5-1 to 5-5, most of the major claim on high value damages are made by the Company from EXAT. Therefore, the decision should not materially have any negative risk towards the Company's operational results. However, pursuant to the Si Rat - Outer Ring Road Expressway Agreement, both parties have agreed to minimize conflicts in interpretation, e.g., the toll revision will be based on fixed amounts.

3.1.2 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.

The fact that the Company has been granted an opportunity from the public sector in the operation, service and maintenance of the Si Rat - Outer Ring Road Expressway Project for a period of 30 years thus signifies a certain level of trust placed in the Company.

3.2 Financial Risk

3.2.1 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 and serviceability 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 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 of Bangkok. The Ministry of Transport issued its Notification on the new toll rates dated 2 August 2013, effective from 1 September 2013. As for the past toll revisions, the Company was granted approval to increase toll rates but not at the proposed rates (as per the details in Legal Disputes on pages 5-3 to 5-4), which in the Company's opinion, did not comply with the Agreement, thereby causing its 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 estimates that there remains a risk from uncertainty of the traffic volume on the Expressways, which directly affects its revenue. 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 include the opening of new Expressways for service, as well as the repair and maintenance of flyovers across several intersections in Bangkok and its vicinity, the construction of additional roads on the outskirts of Bangkok so as to form a range of networks. Some projects will support and facilitate more motorists to use the Expressways or help increase the traffic volume on the Expressway Systems or may give rise to impact in the form of competing roads from motorists' change in their commuting behavior in case where projects are competing roads which would affect the number of motorists on the Expressways as well.

The average daily traffic volume of the Chalmr Mahanakorn Expressway, the Si Rat Expressway and the Udon Rattaya Expressway in 2013 was 1,099,651 trips per day, representing an increase from 1,084,765 trips per day of the previous year or 1.37 percent. In the last quarter of 2013, the traffic volume was affected by political rallies and the increased toll rates of the Chalmr Mahanakorn Expressway and the Si Rat Expressway, effective from 1 September 2013 and of the Udon Rattaya Expressway, effective from 1 November 2013. However, with the positive factor from the government's economic stimulus measure by way of tax refund campaign for first-time car buyers in the previous year, the number of new cars registered in Bangkok substantially increased, and as a result, the overall traffic volume using the Expressways thus continued to increase from the previous year. The average daily toll revenue in 2013 was Baht 22.026 Million per day which increased from the average of Baht 21.126 Million per day of the previous year, representing an increase by 4.26 percent which was more than the growth rate of the traffic volume as a result of the increase of toll rates.

As for the other public mass transit services, such as, the BTS, which was opened for public service since December 1999, the Extension of Silom Line, which was opened for service since May 2009, the Extension of Sukhumvit Line (On Nut - Bearing), which was opened for service since August 2011, 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 its traffic volume in respect of indirect competition. This is because customers of the BTS and the metro are not the target group of customers using the Expressways and they would 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, and have not yet covered major areas in response to most people's transportation demand in Bangkok. Although the behavior of personal car owners may change to a certain extent, the information obtained from the survey revealed that the Company's revenue is not affected. However, with respect to the policy on the extension of the mass transit system network of both the MRT Purple Line and the SRT Red Line which are under construction, the Company has already arranged for a unit to closely monitor the effects which might give rise to the traffic volume.

With respect to the Suvarnabhumi Airport Rail Link, which was opened for service since August 2010, comprising a route running parallel to Sector D of the Si Rat Expressway (Second Stage Expressway), according to the continued monitoring, the traffic volume of Sector D of the Expressway, Rama 9 - Srinagarindra, may be slightly affected. Despite the baggage check-in and air check-in services which have been launched since January 2011, there was minimal impact to the said Expressway route. However, the Company keeps monitoring the impact on the Expressway traffic and believes that in the future, more passengers will get off at Makkasan Terminal Station or City Airport Terminal (CAT) near the on-ramps of Sector A of the Si Rat Expressway around Asoke 2 Toll Plaza, which would serve to accommodate the traffic volume from such project to conveniently and rapidly arrive at Bangkok downtown and others. At present, the Company is constructing a connecting road from Makkasan Station to enter Sector D of the Si Rat Expressway at Asoke 3 Toll Plaza, in order to accommodate the traffic volume heading eastbound and the Suvarnabhumi Airport more smoothly, conveniently and rapidly. It is scheduled to be opened for service in and around mid-2014.

3.2.2 Risk from Interest Rate Fluctuation

The Company has a large amount of debts in the form of long-term loans in the amount of Baht 19,310 Million as at 31 December 2013 for investment in construction of the Si Rat Expressway and the extensions under the Second Stage Expressway Agreement, including the Si Rat - Outer Ring Road Expressway Project. Thus, interest expenses are considered the significant expenditures for the Company. The increased interest rates on loans may affect the Company's operational results due to the fact that the interest cost in respect of the certain credit facility was at the floating interest rate, thereby exposing the Company to a risk from interest rate fluctuation or increase in the money market. However, the Company has already managed such risk from interest rate fluctuation, whereby at present, the Company's long-term loan structure as at 31 December 2013 comprises approximately 69 percent for loans at fixed interest rates and approximately 31 percent for loans at floating interest rate. Should the interest rate increase by 1 percent, the Company's interest expenses would increase by merely Baht 60 Million per year.

3.3 Investment Risk

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

The Subsidiary which invested, constructed and operated the Udon Ratthaya 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 road, namely, the Don Muang Tollway (National Memorial - Rangsit Section), resulted in the substantially lower volume of vehicles using the Udon Ratthaya Expressway than projected. The Subsidiary’s operational results are below projections and remain at a loss. As at 31 December 2013, the Subsidiary had accumulated loss amounting to Baht 5,069.46 Million and the outstanding liabilities and loans from its parent company amounting to Baht 8,158.71 Million, affecting the quality of the Company’s investment funds and assets.

On 1 November 2003, 1 November 2008 and 1 November 2013, the Ministry of Transport issued its Notifications on toll revision for the Udon Ratthaya 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 road 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.

3.3.2 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 which the contract period nearly ends, 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 Project Agreement, and based on its experience as investor in the construction and management of the Second Stage Expressway System, which is a public infrastructure business in the form of concession awarded by the government sector, the Company therefore considered investing in the public infrastructure business or in supporting business, in order to establish long-term return and increase business value to its shareholders, as follows:

1) Bangkok Metro Public Company Limited (“BMCL”)

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.

BMCL was listed on the Stock Exchange of Thailand on 21 September 2006, rendering its financial costs to decrease, whereby BMCL utilized some proceeds 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 underwent 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 opening for service of the MRT Blue Line Extension (Hua Lamphong - Bang Khae and Bang Sue - Tha Phra), which started the construction in April 2011 and was scheduled for completion and opening for service in late 2016. On 2 October 2012, the Mass Rapid Transit Authority of Thailand (MRTA) issued a letter notifying that the committee for selection of private entity to participate in State undertaking selected BMCL to invest in the M&E Systems and supply rolling stock and operate the MRT Purple Line Project (Bang Yai - Bang Sue Section), and on 4 September 2013, the Agreement was executed to engage BMCL as the operator of the MRT Purple Line. Therefore, the network would extend from the existing project, which would result in an increased volume of passengers.

In November 2013, BMCL increased its registered capital from Baht 11,950 Million to Baht 20,500 Million, by issuing new 8,550 million ordinary shares, at the par value of Baht 1 each. The proceeds have been used for debt repayment and acquisition of the additional M&E Systems, for business expansion and enhancement of the service efficiency. As at 31 December 2013, the Company holds 10 percent of shares in BMCL.

2) Xayaburi Power Company Limited (“XPCL”)

In 2011, the Company invested in Xayaburi Power Company Limited (XPCL), 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 Xayaburi Hydroelectric Power Project for a period of 29 years. In June 2013, XPCL increased its registered capital from Baht 16,250 Million to Baht 26,861 Million, by issuing new 1,061 million ordinary shares, at the par value of Baht 10 each. As at 31 December 2013, the Company holds 7.50 percent of shares in XPCL.

As the Xayaburi Hydroelectric Power Project is a large-scale construction project on the Mekong River, with a large size of investments, which takes eight years to complete the construction, delay in construction and cost overrun may take place. In this regard, the execution of the construction contract with a construction company with expertise and experience, at a lump sum fixed price, may help minimize the risk for the Company. As for the marketing risk, the execution of the Power Purchase Agreement with the Electricity Generating Authority of Thailand (“EGAT”) on a take or pay basis, whereby the sale price has been agreed upon in advance, would serve to minimize the risk. However, uncertainty to some extent in the power production may occur should the quantity of inflowing water into the system for power production fails to meet the projection, which may affect the revenue and return on investment of shareholders, including the risk of penalty under the Power Purchase Agreement. Nevertheless, according to a study conducted by an expert based on the statistics over the past 46 years, together with the simulation conducted by Asian Institute of Technology (AIT), it was found that the quantity of water should be sufficient for power production, with the current production capacity at 1,285 Megawatts. On 7 November 2012, the groundbreaking ceremony was held for the

Project. In addition, the Government of the Lao People's Democratic Republic officially announced that the design had been revised in order to address concerns of environmentalists from its neighboring countries, and as a result, the Project can then be implemented according to plan.

3) CK Power Public Company Limited (“CKP”)

In 2011, the Company jointly invested in the establishment of CK Power Public Company Limited (CKP) to operate its core business by holding shares in other companies (Holding Company). CKP holds shares in SouthEast Asia Energy Limited (SEAN), a company investing in Nam Ngum 2 Power Company Limited as a party to the Concession Agreement for the (Nam Ngum 2) Hydroelectric Power Project with the Government of the Lao People's Democratic Republic; and also holds shares in Bangkhenchai Co., Ltd. (BKC), Nakhon Ratchasima Solar Co., Ltd. (NRS) and Chiangrai Solar Co., Ltd. (CRS), companies investing in the solar photovoltaic power plants; as well as Bangpa-in Cogeneration Limited (BIC), a company investing in the cogeneration power plant.

In July 2013, the Stock Exchange of Thailand considered accepting CKP's ordinary shares as listed securities on the Stock Exchange. CKP made a public offering of 220 million shares, comprising new 180 million ordinary shares for capital increase and the existing 40 million ordinary shares, at the offering price of Baht 13 each. The Company also offered for sale its 20.6 million shares in CKP, and as a result, the Company's shareholding in CKP decreased from 30 percent to 23.22 percent.

3.4 Operational Risk

3.4.1 Risk from Delayed Construction and Operation of the Si Rat - Outer Ring Road Expressway Project

The 2012 Annual Ordinary General Meeting of Shareholders which was held on 25 April 2012 resolved to grant approval for the Company to invest in the Si Rat - Outer Ring Road Expressway Project, which would continue from and expand the existing Expressway network currently being operated by the Company; and also grant approval for the Company to engage CH. Karnchang Public Company Limited as project manager for construction of the Expressway.

On 14 September 2012, the Company executed the Concession Agreement for Investment, Design, Construction, Operation, Service and Maintenance of the Si Rat - Outer Ring Road Expressway Project with the Expressway Authority of Thailand (EXAT), for a period of 30 years, with a construction period of not exceeding 48 months from the date of EXAT's Notice to Proceed. On the same day, the Company executed the Agreement for Engagement of CH. Karnchang Public Company Limited as Project Manager and also executed the Credit Facility Agreement for the Project with a lending bank group.

The risk for the Project at this stage would involve construction and liquidity issues. As for the construction, the Company executed the Agreement with CH. Karnchang Public Company Limited, which has

expertise and experience in the construction and management of the Expressway Projects on a lump sum turnkey basis, with fixed construction cost, and as a result, the Company would not be exposed to any risk from cost overrun. As at 31 December 2013, the construction progressed 12.31 percent, as compared to 11.10 percent per the construction plan, or representing 1.21 percent ahead of schedule. In respect to the liquidity for construction, the Company executed the Credit Facility Agreement with the lending bank group in the amount of Baht 10,000 Million, and approved Baht 19,000 Million debentures, which are considered sufficient for the project operation. As at the end of 2013, the Company has made a loan drawdown of Baht 400 Million and issued Baht 4,000 Million debentures.

3.4.2 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 available for full-time service 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 its 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.

3.4.3 Risk from Toll Collection System Malfunction

In 2010, the Company has launched the Electronic Toll Collection system or Easy Pass system for service, which is a new standard method of toll payment using state-of-the-art technology to solve traffic congestion problem at the front of the toll plazas, together with the toll collection system by cash. The Company cooperated with EXAT to provide such service to facilitate the Chalerm Mahanakorn Expressway, the Si Rat Expressway, the Chalong Rat Expressway, the Burapha Withi Expressway and the Southern Kanjanapisek 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.

The risk from non-functional toll collection system equipment may arise by various causes, such as, non-functional electrical system due to power outage from the Metropolitan Electricity Authority, error processing by the operating system or computer virus infection in the system which destroys data in the operating system, including hacking to destroy data and information, thereby causing damage to the system, etc. In this regard, the Company gives high priority to such risk management by arranging for power backup system, security system for access to significant systems by third parties, determination of authorization levels of access to information and equipment, and installation of virus scan software and data backup system in the operating system to ensure instant substitution. As for the Easy Pass system, backup servers have been provided for key operations in the system at the Control Center, namely, Application Server, Gateway Server, Point of Sale and Maintenance Server. The duration of the data transmission from Easy Pass lanes to the Central System and the duration of the card balance data transmission from the Central System to Easy Pass lanes have been reviewed daily. The alert system via SMS in case of any system error at the Control Center has been installed for prompt attention of the system operators in charge. Regarding the toll collection equipment by cash, which previously had a risk in obsolete technology, making it difficult to procure spare equipment, the Company thus completely installed the replacement equipment in all lanes since 2012 and it is expected to be available for service until the end of the concession period.

In June 2013, after the Easy Pass card deposit was cancelled and more Easy Pass lanes were added to 50 percent of all lanes in accordance with the government's policy, the average daily traffic volume increased accordingly from 1.5 hundred thousand records per day in 2010 to more than 4.5 hundred thousand records per day in 2013. The Central System has been designed to support the data transmission up to merely 2.5 hundred thousand records per day, therefore, the Central System processing became slow, resulting in inaccurate Easy Pass value display and top-up error. Later in early August 2013, EXAT solved such problems by software upgrade to the Central System for data transmission up to 1 million records per day, and as a result, the unsettled toll records would be automatically debited in the accounts so as to display accurate values.

In order to prevent the accumulation of substantial unsettled toll records, the Company and EXAT conducted a daily review of toll record volume in the system at the Control Center in comparison with the Central System. EXAT also arranged for a working group to regularly monitor the operation of the Central System, to ensure that the system performs efficiently. In this regard, the Company developed software for storage of data on transmission durations from Easy Pass lanes on the Si Rat Expressway System to the Central System, in order to check the efficiency of the data transmission system to ensure rapid operation without accumulating unsettled records.

3.4.4 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, including gathering of activities for inciting public unrest, the Company requires all units to have emergency plans in response to any events which may suddenly occur and arrange for staff training to ensure that the staff in charge would

be able to immediately take actions to resolve such emergency, as well as establishing a unit for monitoring, warning and coordinating with relevant agencies to prevent the occurrence of any serious accident. The Company, together with EXAT as traffic officers on the Expressway, has controlled and monitored for strict compliance with the relevant laws; for example, transportation of hazardous 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, installation of crash cushions and rumble strips, CCTV cameras, lighting, traffic signboards and information signboards.

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

Due to the flood crisis in 2011, several toll plazas of the Udon Ratthaya Expressway of the Subsidiary were affected by such disaster. The Company had plans to prevent possible damage in advance in order to ensure that the Expressways would be ready for normal service to the public as soon as possible; for example, removal of various significant and essential M&E equipment in the management of the Expressways for storage at the safe place from floodwater, construction of strong cement walls to prevent water force from destroying, as well as leaking which might cause damage to immovable significant equipment, stocking of spare parts to prevent subsequent shortage, including taking out insurance against Property Damage arising from such flood situation, etc. As a result of its management of risks by using an emergency plan to prevent such damage and handle the flood crisis through preparedness at its best effort, together with insurance against such damage, the damage which occurred to the Subsidiary could be minimized.

3.4.5 Risk from Political Unrest

During November 2013 until the end of 2013, there were political rallies throughout Bangkok, affecting the Expressway users at certain on- and off-ramps located near the protest venues. The Company and EXAT have arranged for an emergency backup plan in response to any violence and impact of the protest on the Expressway service. The emergency backup plan involves staff rehearsals for all relevant units to resolve problems, as well as establishing a unit to follow up alerts and coordinate with relevant public agencies to monitor and immediately take actions to resolve such event. The Company is certain the Expressway service will become strategic routes for commuting during such crisis.

3.4.6 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. It 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 executive 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 continuously improve work process.

The Company has adopted several quality event systems in its work operations, namely, 5S Activity, QCC Activity, Suggestion Event, including ISO 9001:2008 Quality Management System, in respect of which the Company has been passing the quality surveillance since 2004 to date, so as to ensure that its work operation control 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 been receiving the certification since 2008 to date, in order to ensure our corporate social and environmental responsibility. During 16-17 May 2013 and on 29 November 2013, SGS (Thailand) Limited, a certification body in respect of the Quality Management System and the Environmental Management System, has conducted a surveillance audit for both Systems and a recertification audit of ISO 9001:2008 Quality Management System. As a result, the auditor from SGS (Thailand) Limited was of the view that the Company continued to maintain ISO 14001:2004 Environmental Management System, and for the ISO 9001:2008 Quality Management System, the Company complied with the standard requirements and the certification was thus renewed for another three years.

4. Property Used in Business Operations

4.1 Significant Characteristics of Fixed Assets / Title

4.1.1 Rights to Operate Completed Expressway Sectors

The costs of construction of the Second Stage Expressway System and the Bang Pa-in - Pak Kret Expressway Project, comprise:

Class of Assets	Net Book Value (Million Baht) as at 31 December 2013
Si Rat Expressway, Sectors A, B and C	12,307
Si Rat Expressway, Sector D	4,988
Udon Ratthaya Expressway	8,269
Total	25,564

Remark: The Company has assigned the rights to operate the Second Stage Expressway System as security for long-term loans.

Given that the Expressway Agreements above 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 EXAT 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 EXAT. The Agreement for the Extension of the Second Stage Expressway, Sector D, has a term of 30 years from 17 April 1997. 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. These Agreements require the Company and the Subsidiary to be responsible for expenses relating to toll collection, traffic management and rescue operation on the Si Rat Expressway and the Udon Ratthaya Expressway which shall be paid to EXAT, including the costs of maintenance of the Expressways throughout the term of the Agreements.

4.2 Investment in Other Companies

4.2.1 Policy on Investment and Management in the Subsidiary

The Company aims to operate its business as the Expressway service provider and to be an investment holding company in parallel, by investing in the public utilities or related business in support of its operations and providing opportunities and long-term yields to the Company. The investment policy shall be as follows:

1. To invest in projects or acquire ordinary shares in project operators, in a

manner of long-term investments;

2. To invest up to the minimum proportion to allow the Company to participate in setting out policies, monitoring and reviewing operations of such companies so invested;
3. Not to invest in any project giving rise to environmental impact or contrary to the good moral of the society.

As at 31 December 2013, the Company has invested in the following companies:

1. Northern Bangkok Expressway Company Limited (“Subsidiary”)

The Company invested in the establishment of Northern Bangkok Expressway Company Limited (Subsidiary) in 1996, by holding 99.99 percent of shares in the Subsidiary. The benefits to be derived shall be in the form of dividend from investment in shares of the Subsidiary and the Udon Rattaya Expressway would help increase the traffic volume on the Chalerm 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 2013, the Subsidiary called for share payment of 75 percent of the increased registered capital of Baht 3,000 Million. As at 31 December 2013, the Subsidiary has the paid-up registered capital in the amount of Baht 5,250 Million. At present, the Company holds shares in the Subsidiary, representing 53.33 percent of its registered capital. Since the Company provided a large amount of loans for the Subsidiary and also is the only creditor of the Subsidiary, the Company has therefore assigned its six executives to be members of the Subsidiary’s board of directors, from a total of seven 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’ Meeting. Furthermore, the Company is also the contractor for all works of the Subsidiary.

2. Bangkok Metro Public Company Limited (“BMCL”)

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. During 2013, BMCL increased its registered capital from Baht 11,950 Million to Baht 20,500 Million. In order to maintain the shareholding percentage, the Company acquired additional shares in BMCL as per its shareholding in the amount of Baht 855 Million, and as a result, as at the end of 2013, the Company holds shares in BMCL, representing 10.00 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. Currently, BMCL has a plan to expand its service to the MRT Purple Line Project which would connect with the MRT Blue Line at Bang Sue station, currently operated by BMCL, including other extension lines in the future.

3. Thai Tap Water Supply Public Company Limited (“TTW”)

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. In 2007, TTW invested in Pathum Thani Water Co., Ltd., representing 98 percent of its registered capital, whereby such company operates the business of production and distribution of tap water in the vicinity of Pathum Thani and Rangsit, under the Water Purchase and Sale Agreement with the Provincial Waterworks Authority with a 25-year contract term from 15 October 1998. Currently, TTW expanded its business by producing and selling tap water and providing water treatment service for industrial areas. TTW’s securities were listed as listed securities on the Stock Exchange of Thailand on 22 May 2008. In addition, in 2011, TTW invested in the energy business by holding 30 percent of shares in CK Power Public Company Limited, a company investing in other companies operating the energy business. The benefits to be derived by the Company from investment in TTW shall be dividend income.

On 19 December 2012, the Board of Directors’ Meeting No. 5/2012 was of the view that TTW was a company with stability and low risk in the business operations, and the investment in TTW would provide long-term yields, and therefore resolved to grant approval for proposing the matter to the Extraordinary General Meeting of Shareholders No. 1/2013 on 6 February 2013 for consideration and approval for the Company to acquire additional 438.9 million ordinary shares in TTW, representing 11 percent of its registered capital, at the price of Baht 7.55 per share, totaling Baht 3,313.7 Million. Upon combination with the existing 368.8 million shares in TTW held by the Company, the Company would hold a total of 807.7 million shares in TTW or representing 20.24 percent of its registered capital.

Such acquisition of shares changed TTW’s status to be an associated company, and as a result, the Company recognized gain on adjustment of value of investment in the existing proportion held by the Company to fair value in the consolidated statement of income in the amount of Baht 2,808 Million under the item “gain on fair value adjustment of investment from

changing status of investment” and reversed gain on change in value of available-for-sale investment due to transfer of investment from other long-term investment to investment in associate, in the amount of Baht 2,237 Million, in the statement of comprehensive income. In 2013, the Company received dividend from TTW in a total amount of Baht 444 Million, which was recorded as income in the Company’s separate financial statements and recognized the share of profit from TTW, net of amortization of intangible assets due to the allocation of the acquisition price, in the amount of Baht 347 Million in the consolidated statement of income. Given the Company’s increased shareholding in TTW, the Company would have an additional director in TTW, totaling two directors in TTW.

4. CK Power Public Company Limited (“CKP”)

The Company jointly invested in the establishment of CK Power Public Company Limited (CKP), which operates core business by investing in other companies operating the energy business. As at 31 December 2013, CKP invested by holding shares representing 56 percent in SouthEast Asia Energy Limited; 30 percent in Nakhon Ratchasima Solar Co., Ltd.; 30 percent in Chiangrai Solar Co., Ltd.; 100 percent in Bangkhenchai Co., Ltd.; and 65 percent in Bangpa-in Cogeneration Limited. The benefits to be derived by the Company shall be in the form of dividend from investment. In July 2013, the Stock Exchange of Thailand accepted CKP’s ordinary shares as listed securities on the Stock Exchange. CKP made a public offering of 220 million shares, comprising new 180 million ordinary shares for capital increase and the existing 40 million ordinary shares, at the offering price of Baht 13 each. The Company also offered for sale its 20.6 million shares in CKP, at the price of Baht 13 each, totaling Baht 268 Million, and as a result, the Company’s shareholding in CKP decreased from 30 percent to 23.22 percent. The Company recognized gain on sale of investments in CKP and gain on deemed disposal of investments in associate in the amount of Baht 274 Million in the consolidated statement of income for 2013. In 2013, the Company recognized share of profit from CKP in the amount of Baht 53 Million. The Company, in the capacity as a shareholder, sent two representatives to be members of the board of directors of CKP.

5. Xayaburi Power Company Limited (“XPCL”)

The Company invested in Xayaburi Power Company Limited (XPCL), a company which was awarded the concession from the Government of the Lao People’s Democratic Republic for design, development, construction and operation of the Xayaburi Hydroelectric Power Project, with a 29-year concession period from the Commercial Operation Date. The benefits to be derived by the Company shall be in the form of dividend from such investment. As at the end of 2013, the Company holds shares in XPCL, representing 7.50 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 XPCL. All ordinary shares in XPCL held by the Company have been pledged as security of long-term loan of XPCL.

4.3 Building and Equipment

4.3.1 Bangkok Expressway Public Company Limited

Class of Assets	Net Book Value (Million Baht) as at 31 December 2013
Building and construction improvement	12.93
Furniture and fixture	1.86
Tools, instruments and equipment	14.89
Vehicles	97.11
Total	126.79

Remark: Free of any encumbrance.

The Company's head office is located at the Second Stage Expressway Control Center Building, No. 238/7 Asoke-dindaeng Road, Bangkok Subdistrict, Huaykwang District, Bangkok 10310, which is part of the Second Stage Expressway Project. Despite the fact that the title to such Building is owned by EXAT, 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.

4.3.2 Northern Bangkok Expressway Company Limited

Class of Assets	Net Book Value (Million Baht) as at 31 December 2013
Vehicles	1.02
Total	1.02

Remark: Free of any encumbrance.

The Subsidiary does not own any property, plant and equipment, but leases a building as its head office located at No. 587, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, 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 EXAT, 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.

4.4 Construction in Process of the Si Rat - Outer Ring Road Expressway Project

On 25 April 2012, the 2012 Annual Ordinary General Meeting of Shareholders resolved to grant approval for the Company to invest in the Si Rat - Outer Ring Road Expressway Project. On 14 September 2012, the Company executed the Concession Agreement for Investment, Design, Construction, Management, Operation and Maintenance of the Si Rat - Outer Ring Road Expressway Project with the Expressway Authority of Thailand, for a concession period of 30 years, and the Project Management Agreement for the Si Rat - Outer Ring Road Expressway Project with CH. Karnchang Public Company Limited. The construction period shall not exceed

48 months, which commenced on 15 December 2012. The value of construction in process as at 31 December 2013 was Baht 2,731 Million. The construction progressed 12.31 percent in line with the plan. In this regard, such construction in process is free of any encumbrance.

4.5 Investment Property

The Company has land with an area of 90 rai 38 square wah, 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 concrete segments during the construction of the Si Rat Expressway. The book value of Baht 120.36 Million of such land was recorded at cost as at 31 December 2013. Such land has been used to secure credit facilities extended by the group of lenders.

5. Legal Disputes

5.1 Disputes with the Expressway Authority of Thailand (EXAT)

Currently, the Company and its Subsidiary have a total of 14 disputes with EXAT, which were referred to the consideration of the Arbitral Tribunal in accordance with the dispute settlement procedures under the Agreements and in the Administrative Court, divided into the disputes that the Company and its Subsidiary referred to the dispute settlement proceedings under the Agreements to claim damages in the total amount until the dates of submission of the disputes of approximately Baht 28,179.8 Million; and the disputes submitted by EXAT claiming damages in the total amount until the dates of submission of the disputes of approximately Baht 15.8 Million, with key summaries of the respective disputes as follows:

5.1.1 Disputes submitted by the Company and its Subsidiary claiming damages

1. 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 specifies 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 was the Priority Component Opening Date, from which EXAT was obliged under the Agreement to commence sharing the toll revenue with the Company onwards.

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 15,575.4 Million.

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, and EXAT’s counterclaim was dismissed. EXAT thus had no right to demand the Company to compensate for such toll revenue as per the counterclaim in the amount of Baht 15,575.4 Million. In this regard, EXAT issued a letter refusing to comply with the arbitral award.

On 20 April 2009, EXAT submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award or order refusing to enforce compliance with the arbitral award. On 19 October 2011, the Company submitted a petition to the Central Administrative Court requesting a judgment to enforce compliance with the arbitral award as another case, with the disputed amount of Baht 5,021.1 Million.

On 13 September 2013, the Central Administrative Court adjudged to dismiss EXAT's petition requesting the Court to revoke the arbitral award and adjudged to enforce the Company's petition by 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, with interest under the Agreement calculated from 13 November 1992 up to 30 June 2001, amounting to Baht 1,856.8 Million, including the interest calculated from 1 July 2001 up to the date on which the Company submitted the petition to the Court, namely, 19 October 2011, amounting to Baht 1,189.7 Million, thereby bringing a total of the toll revenue sharing together with interest to Baht 5,021.1 Million, to the Company, as well as requiring EXAT to pay the default interest on the principal until the payment would be made in full to the Company, whereby EXAT shall make such payment in full within 60 days from the date on which the case is final.

On 11 October 2013, EXAT lodged an appeal against the Central Administrative Court's judgment with the Supreme Administrative Court. At present, the Company is preparing its answer to the appeal for submission to the Supreme Administrative Court.

2. Competing road with the Udon Rathaya 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 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. 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 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 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.

In this regard, EXAT issued a letter to the Subsidiary, confirming that the arbitral award was illegitimate; and the enforcement of such arbitral award was considered a violation to the public order and good moral of the people, EXAT was thus unable to comply with such arbitral award.

On 3 March 2009, EXAT submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award, and the Subsidiary submitted its answer to such petition to the Central Administrative Court.

On 1 September 2011, the Subsidiary submitted a petition to the Central Administrative Court requesting a judgment to enforce compliance with the arbitral award as another case, with the disputed amount of Baht 3,296.7 Million.

On 3 May 2013, the Central Administrative Court adjudged to dismiss EXAT's petition requesting the Court to revoke the arbitral award and the Central Administrative Court also issued a judgment to enforce compliance with the arbitral award, thereby requiring EXAT to compensate for revenue reduced from that estimated to the Subsidiary for the year 1999 in the amount of Baht 730.8 Million and for the year 2000 in the amount of Baht 1,059.2 Million together with interest until the said payment would be made in full.

On 31 May 2013, EXAT lodged an appeal against the Central Administrative Court's judgment in both cases with the Supreme Administrative Court. The Supreme Administrative Court then issued an order accepting EXAT's appeal in both cases. In this regard, the Subsidiary already submitted its answer to EXAT's appeal in both cases to the Supreme Administrative Court on 18 October 2013. At present, it is pending the Supreme Administrative Court's consideration.

3. Issuance of variation orders by EXAT

EXAT issued variation orders for certain construction work of the Si Rat Expressway and confirmed that EXAT would be responsible for such costs as actually incurred by such orders. The Independent Certification Engineer subsequently issued a letter certifying the additional costs in the total amount of Baht 238 Million (excluding interest). EXAT refused to make such payment as certified by the Independent Certification Engineer.

On 9 December 2009, the Company submitted a statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate for damages caused by EXAT's issuance of three variation orders for total construction costs and expenses of Baht 209.1 Million, together with interest until the date of submission of the statement of claim in the amount of Baht 173.4 Million, thereby bringing the principal with interest to a total of Baht 382.5 Million.

On 20 December 2013, the Arbitral Tribunal rendered its award requiring EXAT to pay the construction costs and expenses as per such variation orders in the total amount of the principal with interest of Baht 382.5 Million, including the interest on the principal in the amount of Baht 209.1 Million, calculated from the day following the date of submission of the statement of claim until the said payment would be made in full to the Company. In this regard, the Company may, within three years, submit a petition to the court of competent jurisdiction requesting the court to enforce the arbitral award; while EXAT may submit a petition for revocation of the arbitral award to the court of competent jurisdiction within 90 days from the date of receipt of the copy of the arbitral award.

4. Revision of toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for 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 calculation of the tolls to be revised, and as such, EXAT issued the toll rate notification which did not increase the toll rates as proposed by the Company.

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 2003, which was not in accordance with the Agreement. On 27 March 2009, the Company submitted a petition for amendment to the statement of claim in respect of the figures of the toll rates for 2003 based on the Ministry of Interior Notification dated 23 October 1998 in accordance with the Supreme Court Judgment, thereby bringing the total damages claimed by the Company against EXAT, together with interest up to 31 March 2008, to Baht 4,368 Million. At present, it is in the course of witness examination.

5. Revision of toll rates of Sector D of the Si Rat Expressway for 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 calculation of the tolls to be revised, and as such, EXAT issued the toll rate notification which did not increase the toll rates as proposed by the Company.

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 total amount of Baht 1,048.2 Million.

On 31 October 2013, the Company submitted a statement to the Thai Arbitration Institute, requesting the consideration for scheduling a meeting of both disputing parties for appointment of the Chairman of the Arbitral Tribunal, determination of disputed issues, burden of proof, and arbitration proceedings.

6. Revision of toll rates of the Udon Ratthaya Expressway for 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 calculation of the tolls to be revised, and as such, EXAT issued the toll rate notification which did not increase the toll rates as proposed by the Subsidiary.

On 22 October 2013, the Subsidiary submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Subsidiary for damages, together with interest, in the total amount of Baht 908.7 Million, and interest shall be calculated on a daily basis on the principal of the damages in the amount of Baht 561.9 Million from the day following the date of submission of the statement of claim until EXAT would compensate the Subsidiary for the principal of such damages, together with interest in full.

At present, it is awaiting EXAT's submission of its statement of defense to the Thai Arbitration Institute.

7. Revision of toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for 2008

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 calculation of the tolls to be revised, and as such, EXAT issued the toll rate notification which did not increase the toll rates as proposed by the Company.

On 13 June 2013, the Company submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages, together with interest calculated up to 31 May 2013, in the total amount of Baht 9,091.8 Million, and interest shall be calculated on the principal of the damages in the amount of Baht 7,909.6 Million calculated from 1 June 2013 onwards until EXAT would compensate the Company for such damages, together with interest in full; and also demanding EXAT to compensate for damages from 1 June 2013 onwards until EXAT would adjust and apply the toll rates in accordance with the rates as proposed by the Company under the Agreement, together with interest on the principal of such damages.

On 16 October 2013, EXAT submitted its statement of defense to the Thai Arbitration Institute.

On 12 December 2013, the Arbitral Tribunal scheduled the first meeting of both disputing parties for mediation or determination of the arbitration proceedings. Both disputing parties agreed to conduct the mediation and the arbitration proceedings in parallel.

8. Revision of toll rates of Sector D of the Si Rat Expressway for 2008

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 calculation of the tolls to be revised, and as such, EXAT issued the toll rate notification which did not increase the toll rates as proposed by the Company.

On 28 June 2013, the Company submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages, together with interest calculated up to 31 May 2013, in the total amount of Baht 4,062.8 Million, and interest shall be calculated on the principal of the damages in the amount of Baht 3,557.8 Million from 1 June 2013 onwards until EXAT would compensate the Company for the principal of such damages, together with interest in full; and also demanding EXAT to compensate for damages from 1 June 2013 onwards until EXAT would adjust and apply the toll rates in accordance with the rates as proposed by the Company under the Agreement, together with interest on the principal of such damages. In this regard, EXAT submitted its statement of defense to the Thai Arbitration Institute on 21 November 2013.

5.1.2 Disputes submitted by EXAT claiming damages

EXAT referred six disputes to the Arbitral Tribunal requiring the Company and its Subsidiary to be held liable for costs, which the Company and its Subsidiary were of the view that such costs were not within their scope of responsibility under the Agreements, in the total amount of Baht 15.8 Million.

The Arbitral Tribunal rendered its arbitral award on two disputes, as follows:

5.1.2.1 Additional construction work

On 25 September 2009, the Arbitral Tribunal issued its arbitral award on one dispute, requiring the Company to reimburse EXAT for the amount advanced by EXAT for mitigation of damage for complainants, in the amount of Baht 1.7 Million. On 14 January 2010, the Company submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award. Subsequently, on 22 February 2012, EXAT submitted a petition requesting compliance with the arbitral award to the Central Administrative Court as another case.

The Central Administrative Court scheduled a hearing of its judgment on 28 August 2013, whereby the Court was of the view that there was no ground for the Court to revoke the arbitral award, and as such, the Company's petition was dismissed. Having considered the current facts, the Company deemed it appropriate not to lodge an appeal against the Central Administrative Court's judgment with the Supreme Administrative Court.

As for the case where EXAT submitted the petition requesting compliance with the arbitral award, the Central Administrative Court scheduled 8 November 2013 to be the fact inquiry termination date. At present, it is pending the consideration of the Administrative Court.

5.1.2.2 Cost of arrangements of the entrance-exit and resolution of complaints

On 23 January 2014, the Arbitral Tribunal issued its arbitral award ruling that EXAT may not exercise a right of claim demanding the Company to pay the cost of arrangements of the entrance - exit and the cost of road construction, together with drainage and free flow drains, totaling Baht 404,728.82, therefore dismissed EXAT's claims and requests.

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

5.2 Lawsuit

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. Subsequently, on 8 November 2007, the plaintiff filed an appeal with the Appeal Court. The Appeal Court rendered its judgment on 24 April 2012 requiring EXAT and the Company to jointly compensate the plaintiff in a total amount of Baht 2.3 Million, with interest at the rate of 7.5% per annum, from 21 May 2005 onwards until the payment would be made in full. In this regard, the Company, EXAT and the plaintiff lodged their respective appeals with the Supreme Court. At present, the case is pending the Supreme Court's consideration.

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

6. General Information and Other Significant Information

6.1 General Information

(1) General information of the Company

Company Issuing Securities	: Bangkok Expressway Public Company Limited (“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	: 238/7 Asoke-dindaeng Road, Bangkapi Subdistrict, Huaykwang District, Bangkok 10310
Company Registration No.	: 0107537002320 (formerly, BorMorJor.479)
Registered Capital	: Baht 8,000 Million, Baht 7,700 Million of which is paid up.
Telephone	: 0 2641 4611
Fax	: 0 2641 4610
Homepage	: www.becl.co.th
E-mail	: webmaster@becl.co.th

(2) Legal entities in which the Company holds 10 percent of shares or more

Company Issuing Securities	: Northern Bangkok Expressway Company Limited (“NECL”)
Business Operation	: Construction and management of the Udon Ratthaya Expressway
Head Office	: 587 Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400
Registered Capital	: Baht 6,000 Million, Baht 5,250 Million of which is paid up.
Shareholding Percentage	: 53.33 percent
Telephone	: 0 2641 4647
Fax	: 0 2641 4646

Company Issuing Securities : **Thai Tap Water Supply Public Company Limited (“TTW”)**

Business Operation : **Production and distribution of water supply to the Provincial Waterworks Authority (PWA)**

Head Office : No. 30/130 Moo 12, Buddhamonthon 5 Road, Tambon Rai Khing, Amphoe Samphran, Nakhon Pathom Province 73210

Registered Capital : Baht 3,990 Million, Baht 3,990 Million of which is paid up.

Shareholding Percentage : 20.24 percent

Telephone : 0 2811 7526

Fax : 0 2420 6064

Homepage : www.thaitap.com

Company Issuing Securities : **Bangkok Metro Public Company Limited (“BMCL”)**

Business Operation : **Concession from the Mass Rapid Transit Authority of Thailand**

Head Office : 189 Rama IX Road, Huai Khwang Subdistrict, Huai Khwang District, Bangkok 10310

Registered Capital : Baht 20,500 Million, Baht 20,500 Million of which is paid up.

Shareholding Percentage : 10.00 percent

Telephone : 0 2354 2000

Fax : 0 2354 2020

Homepage : www.bangkokmetro.co.th

Company Issuing Securities : **CK Power Public Company Limited (“CKP”)**

Business Operation : **Holding Company**

Head Office : 587, Viriyathavorn Building, 19th Floor, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400

Registered Capital : Baht 5,500 Million, Baht 5,500 Million of which is paid up.

Shareholding Percentage : 23.22 percent

Telephone : 0 2691 9720-2

Fax : 0 2691 9723

(3) Reference

Securities Registrar : Thailand Securities Depository Company Limited

62 The Stock Exchange of Thailand Building
4th and 7th Floors, Rachadapisek 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 : EY Office Limited
(Formerly : Ernst & Young Office Limited)**

193/136-137 Lake Rajada Office Complex,
33rd Floor
New Rajadapisek Road
Klongtoey, Bangkok 10110
Telephone : 0 2264 0777 / 0 2661 9190
Fax : 0 2264 0789-90

Legal Advisor : 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, Makkasan Subdistrict
Ratchathewi District, Bangkok 10400
Telephone : 0 2652 7858-64
Fax : 0 2652 7867

Regularly Contacted Financial Institutions :**Krung Thai Bank Public Company Limited**

10 Sukhumvit Road, Klongtoey Subdistrict
Klongtoey District, Bangkok 10110
Telephone : 0 2208 8045
Fax : 0 2256 8147

Bangkok Bank Public Company Limited

333 Silom Road, Bangrak Subdistrict
Bangrak District, Bangkok 10500
Telephone : 0 2626 4056
Fax : 0 2626 4959

Siam Commercial Bank Public Company Limited

9 Ratchadaphisek Road, Chatuchak Subdistrict
Chatuchak District, Bangkok 10900
Telephone : 0 2544 1828
Fax : 0 2937 7645

TMB Bank Public Company Limited

3000 Phaholyothin Road, Chatuchak Subdistrict
Chatuchak District, Bangkok 10900
Telephone : 0 2299 1561
Fax : 0 2299 2611

Thanachart Bank Public Company Limited

1101 New Petchburi Road, Makkasan Subdistrict
Ratchathewi District, Bangkok 10400
Telephone : 0 2208 6301
Fax : 0 2253 5704

KASIKORNBANK Public Company Limited

1 Rat Burana Road, Rat Burana Subdistrict
Rat Burana District, Bangkok 10140
Telephone : 0 2470 6221

6.2 Other Significant Information -