

Part 3: Financial Position and Operational Results**13. Financial Highlights****Summary of the Report of the Auditor**

Ernst & Young Office Limited, as the auditor for the Company and its Subsidiary, has audited the consolidated statement of financial position of Bangkok Expressway Public Company Limited and its Subsidiary as at 31 December 2013, and the consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, including a summary of significant accounting policies and other explanatory information, and has also audited the separate financial statements of Bangkok Expressway Public Company Limited for the same period. The auditor is of the opinion that the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Expressway Public Company Limited and its Subsidiary, and of Bangkok Expressway Public Company Limited, as at 31 December 2013, their operational results and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

13.1 Financial Statements of Bangkok Expressway Public Company Limited and its Subsidiary

The financial position and operational results comprise the operational results from the audited financial statements for the year ended 31 December 2013 in comparison with the operational results from the audited financial statements for the years ended 31 December 2012 and 2011.

(Unit: Baht)

Statement of Financial Position	2013		2012 (Restated)		2011 (Restated)	
	Amount	percent	Amount	percent	Amount	percent
Assets						
Current assets						
Cash and cash equivalents	837,995,541	1.87	261,656,094	0.63	128,259,054	0.33
Current investments	774,541,118	1.73	2,937,978,113	7.10	3,014,319,406	7.80
Other receivables	-	-	30,912,257	0.07	94,000,000	0.24
Advance payment under service contract	9,620,484	0.02	9,749,139	0.02	5,729,368	0.01
Other current assets	53,979,947	0.12	55,411,588	0.14	69,671,303	0.18
Total current assets	1,676,137,090	3.74	3,295,707,191	7.96	3,311,979,131	8.56
Non-current assets						
Investment in associated company	9,464,970,540	21.12	2,269,620,908	5.48	18,707,925	0.05
Other long-term investments	2,484,366,135	5.54	4,460,908,575	10.78	3,875,946,874	10.02
Long-term loans to and interest receivable from related companies	-	-	42,738,596	0.10	40,124,089	0.10
Investment properties	120,357,493	0.27	120,357,493	0.29	120,357,493	0.31
Building and equipment	127,809,748	0.29	250,282,701	0.60	263,700,420	0.68
Construction in process	2,901,838,672	6.47	25,786,093	0.06	-	-
Rights to operate completed expressway sectors	25,564,276,311	57.03	28,305,131,772	68.40	30,926,664,653	79.98
Intangible assets	34,344,631	0.08	39,483,799	0.10	41,652,525	0.11
Advance payment under expressway construction contract	2,031,750,000	4.53	2,250,000,000	5.44	-	-
Advance for compensation for site acquisition cost	317,070,000	0.71	177,180,000	0.43	-	-
Deferred financial fee	-	-	60,496,185	0.15	-	-
Deferred tax assets	67,359,676	0.15	67,322,715	0.16	62,589,543	0.16
Other non-current assets	35,051,859	0.07	19,219,622	0.05	7,814,645	0.03
Total non-current assets	43,149,195,065	96.26	38,088,528,459	92.04	35,357,558,167	91.44
Total assets	44,825,332,155	100.00	41,384,235,650	100.00	38,669,537,298	100.00

(Unit: Baht)

Statement of Financial Position (continued)	2013		2012 (Restated)		2011 (Restated)	
	Amount	percent	Amount	percent	Amount	percent
Liabilities and shareholders' equity						
Current liabilities						
Trade and other payables	939,189,671	2.10	227,320,702	0.55	195,509,895	0.51
Payable from purchase of investment - due within 1 year	400,000,000	0.89	-	-	-	-
Current portion of long-term loans	810,323,512	1.81	1,996,000,000	4.82	1,142,790,000	2.96
Current portion of debentures	2,700,000,000	6.02	5,100,000,000	12.32	1,895,000,000	4.90
Income tax payable	203,546,236	0.45	150,776,958	0.36	182,660,977	0.47
Other current liabilities	221,341,132	0.50	248,982,733	0.61	341,332,273	0.86
Total current liabilities	5,274,400,551	11.77	7,723,080,393	18.66	3,757,293,145	9.70
Non-current liabilities						
Payable from purchase of investment - due over 1 year	313,695,000	0.70	-	-	-	-
Provision for compensation for site acquisition cost	-	-	-	-	75,740,000	0.20
Long-term loans, net of current portion	336,568,859	0.75	810,323,512	1.96	2,806,323,512	7.26
Debentures, net of current portion	15,386,250,596	34.32	11,096,624,703	26.81	13,200,000,000	34.14
Provision for long-term employee benefits	113,752,334	0.25	86,008,478	0.21	76,203,308	0.20
Deferred tax liabilities	559,473,560	1.25	620,591,001	1.50	624,804,941	1.62
Total non-current liabilities	16,709,740,349	32.27	12,613,547,694	30.48	16,783,071,761	43.42
Total liabilities	21,984,140,900	49.04	20,336,628,087	49.14	20,540,364,906	53.12
Shareholders' equity						
Registered capital	8,000,000,000	17.85	8,000,000,000	19.33	8,000,000,000	20.69
Issued and paid-up capital	7,700,000,000	17.18	7,700,000,000	18.61	7,700,000,000	19.91
Premium on ordinary shares	4,848,492,969	10.82	4,848,492,969	11.72	4,848,492,969	12.54
Retained earnings						
Appropriated - statutory reserve	800,000,000	1.78	800,000,000	1.93	800,000,000	2.07
Unappropriated	9,797,864,435	21.86	6,186,051,679	14.95	4,941,804,112	12.78
Other components of shareholders' equity	(322,881,644)	-0.72	1,508,489,979	3.64	(172,330,688)	-0.45
Equity attributable to shareholders of the Company	22,823,475,760	50.92	21,043,034,627	50.85	18,117,966,393	46.85
Non-controlling interests of the subsidiary	17,715,495	0.04	4,572,936	0.01	11,205,999	0.03
Total shareholders' equity	22,841,191,255	50.96	21,047,607,563	50.86	18,129,172,392	46.88
Total liabilities and shareholders' equity	44,825,332,155	100.00	41,384,235,650	100.00	38,669,537,298	100.00

(Unit: Baht)

Statement of Income	2013		2012 (Restated)		2011 (Restated)	
	Amount	percent	Amount	percent	Amount	percent
Revenues						
Toll revenue	8,039,909,679	71.06	7,732,222,618	83.82	7,308,190,551	95.51
Other income						
Interest income	49,284,638	0.44	58,849,981	0.64	62,677,441	0.82
Dividend income	-	-	173,312,500	1.88	129,062,500	1.69
Gain on investments	308,968,887	2.73	1,197,520,734	12.98	16,064,535	0.21
Gain on fair value adjustment of investment from changing status of investment	28,08,340,500	24.82	-	-	-	-
Gain on sales of fixed assets	1,696,408	0.01	5,403,339	0.06	112,207,879	1.47
Others	105,725,505	0.94	57,009,234	0.62	23,588,299	0.30
Total revenues	11,313,925,617	100.00	9,224,318,406	100.00	7,651,791,205	100.00
Expenses						
Amortization of rights to operate completed expressway sectors	(2,752,578,966)	-24.33	(2,735,674,982)	-29.66	(2,515,329,075)	-32.87
Provision for compensation for site acquisition cost	(1,060,110,000)	-9.37	(947,080,000)	-10.27	(842,020,000)	-11.00
Selling expenses	(1,148,066,085)	-10.15	(1,142,891,340)	-12.39	(1,035,567,817)	-13.54
Administrative expenses	(621,346,210)	-5.49	(564,327,153)	-6.11	(472,297,396)	-6.17
Loss on write-off of fixed assets	(103,012,196)	-0.91	-	-	-	-
Total expenses	(5,685,113,457)	-50.25	(5,389,973,475)	-58.43	(4,865,214,288)	-63.58
Profit before share of profit from investments in associates, finance cost and income tax expenses	5,628,812,160	49.75	3,834,344,931	41.57	2,786,576,917	36.42
Share of profit from investments in associates	400,610,330	3.54	16,419,233	0.18	8,666,714	0.11
Profit before finance cost and income tax expenses	6,029,422,490	53.29	3,850,764,164	41.75	2,795,243,631	36.53
Finance cost	(800,702,429)	-7.08	(828,902,000)	-8.99	(896,443,228)	-11.72
Profit before income tax expenses	5,228,720,061	46.21	3,021,862,164	32.76	1,898,800,403	24.81
Income tax expenses	(380,652,751)	-3.36	(767,847,660)	-8.32	(509,050,977)	-6.65
Profit for the year	4,848,067,310	42.85	2,254,014,504	24.44	1,389,749,426	18.16

(Unit: Baht)

Statement of Income (continued)	2013		2012 (Restated)		2011 (Restated)	
	Amount	percent	Amount	percent	Amount	percent
Profit attributable to:						
Equity holders of the Company	4,834,924,751	42.73	2,260,647,567	24.51	1,407,753,967	18.40
Non-controlling interests of the subsidiary	13,142,559	0.12	(6,633,063)	-0.07	(18,004,541)	-0.24
	4,848,067,310	42.85	2,254,014,504	24.44	1,389,749,426	18.16
Earnings per share						
Basic earnings per share						
Profit attributable to equity holders of the Company	6.28		2.94		1.83	

(Unit: Baht)

Statement of Comprehensive Income	2013		2012 (Restated)		2011 (Restated)	
	Amount	percent	Amount	percent	Amount	percent
Profit for the year	4,848,067,310	42.85	2,254,014,504	24.44	1,389,749,426	18.16
Other comprehensive income:						
Gain (loss) on changes in value of available-for-sale investments	438,094,089	3.87	1,680,820,667	18.22	(614,503,804)	-8.03
Reversal of gain on change in value of available-for-sale investment due to transfer of investment from other long-term investment to investment in associate	(2,236,778,000)	-19.77	-	-	-	-
Unrealized loss from cash flow hedges	(32,687,712)	-0.29	-	-	-	-
Actuarial loss	(6,511,995)	-0.05	-	-	-	-
Other comprehensive income for the year	(1,837,883,618)	-16.24	1,680,820,667	18.22	(614,503,804)	-8.03
Total comprehensive income for the year	3,010,183,692	26.61	3,934,835,171	42.66	775,245,622	10.13
Total comprehensive income attributable to:						
Equity holders of the Company	2,997,041,133	26.49	3,941,468,234	42.73	793,250,163	10.37
Non-controlling interests of the subsidiary	13,142,559	0.12	(6,633,063)	-0.07	(18,004,541)	-0.24
	3,010,183,692	26.61	3,934,835,171	42.66	775,245,622	10.13

(Unit: Baht)

Statement of Cash Flows	2013	2012	2011
Cash flows from operating activities			
Profit before tax	5,228,720,061	3,021,862,164	1,898,800,403
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortization	2,823,947,212	2,804,721,597	2,575,485,437
Gain on investments	(308,968,887)	(1,197,520,734)	(16,064,535)
Gain on fair value adjustment of investment from changing status of investment	(2,808,340,500)	-	-
Gain on sales of investment properties	-	-	(106,736,368)
Gain on sales of fixed assets	101,315,887	(5,403,339)	(5,471,511)
Write-off of fixed assets	-	-	83,512,871
Loss on other write-off	-	-	5,133,983
Provision for compensation for site acquisition	1,060,110,000	947,080,000	842,020,000
Provision for long-term employee benefits	21,399,961	11,640,070	10,514,754
Share of profit from investments in associates	(400,610,330)	(16,419,233)	(8,666,714)
Interest income	(49,284,638)	(58,849,981)	(62,677,441)
Dividend income	-	(173,312,500)	(129,062,500)
Interest expenses	757,339,166	801,126,453	873,254,530
Income from operating activities before changes in operating assets and liabilities	6,425,627,932	6,134,924,497	5,960,042,909
Decrease (increase) in operating assets			
Other receivables	30,912,257	63,087,743	(94,000,000)
Other current assets	4,670,993	(7,995,865)	10,154,995
Other non-current assets	(414,826)	(2,553,596)	(612,748)
Increase (decrease) in operating liabilities			
Trade and other payables	46,419,563	7,998,224	(11,230,865)
Other current liabilities	(29,221,457)	(94,184,440)	12,573,373
Cash paid for compensation for site acquisition cost	(1,200,000,000)	(1,200,000,000)	(1,200,000,000)
Cash flows from operating activities	5,277,994,462	4,901,276,563	4,676,927,664
Cash received for interest income	31,222,824	40,577,957	1,369,752
Cash paid for corporate income tax	(391,487,748)	(818,481,296)	(647,369,072)
Net cash flows from operating activities	4,917,729,538	4,123,373,224	4,030,928,344

(Unit: Baht)

Statement of Cash Flows (continued)	2013	2012	2011
Cash flows from investing activities			
Decrease (increase) in current investments	2,223,093,504	148,722,649	(1,041,314,233)
Increase in investment in associate	(2,600,000,000)	(2,730,000,000)	(42,000,000)
Cash received from sales of investment in associate	261,560,273	-	12,000,000
Cash received from sales of other long-term investments	159,235,058	2,788,954,594	-
Increase in other long-term investments	(1,143,223,538)	(72,450,000)	(104,455,115)
Cash received from long-term loans to related companies	31,250,000	-	-
Cash received from interest income	30,109,207	39,704,765	31,608,458
Cash received from dividend income	444,207,500	173,312,500	129,062,500
Cash received from sales of investment properties	-	-	155,666,875
Cash received from sales of equipment	1,819,197	5,460,981	7,126,339
Purchase of equipment	(44,514,959)	(48,575,312)	(70,541,458)
Cash paid for expressway construction	(2,042,479,105)	(2,394,788,509)	(48,501,915)
Increase in intangible assets	(2,376,251)	(4,942,500)	(39,044,323)
Net cash flows used in investing activities	(2,681,319,114)	(2,094,600,832)	(1,010,392,872)
Cash flows from financing activities			
Cash received from issuance of debentures	7,000,000,000	3,000,000,000	2,900,000,000
Cash paid for redemption of debentures	(5,100,000,000)	(1,895,000,000)	(2,900,000,000)
Cash received from long-term loans	400,000,000	-	-
Cash paid for long-term loans	(1,996,000,000)	(1,142,790,000)	(1,081,664,088)
Cash paid for financial fee	(13,309,061)	(63,871,482)	-
Cash paid for interest expenses	(734,161,916)	(777,313,870)	(871,586,288)
Cash paid for dividend	(1,216,600,000)	(1,016,400,000)	(1,039,500,000)
Net cash flows used in financing activities	(1,660,070,977)	(1,895,375,352)	(2,992,750,376)
Net increase in cash and cash equivalents	576,339,447	133,397,040	27,785,096
Cash and cash equivalents at beginning of year	261,656,094	128,259,054	100,473,958
Cash and cash equivalents at end of year	837,995,541	261,656,094	128,259,054

13.2 Financial Ratios of Financial Statements

	Unit	2013	2012 (Restated)	2011 (Restated)
LIQUIDITY RATIO				
1. Liquidity Ratio	Times	0.32	0.43	0.88
2. Quick Ratio	Times	0.31	0.41	0.84
3. Cash Flow Ratio	Times	1.18	0.83	0.82
4. Accounts Payable Turnover	Times	N.A.	N.A.	N.A.
5. Average Debt Servicing Period	Day	N.A.	N.A.	N.A.
PROFITABILITY RATIO				
6. Gross Profit Margin	%	65.76	64.62	65.58
7. Cash to Profitability Ratio	%	158.69	211.15	243.65
8. Net Profit Margin	%	42.73	24.51	18.40
9. Return on Equity	%	22.04	11.55	7.58
EFFICIENCY RATIO				
10. Return on Total Assets	%	11.22	5.65	3.56
11. Return on Fixed Assets	%	28.17	16.87	12.21
12. Assets Turnover	Times	0.26	0.23	0.19
FINANCIAL POLICY RATIO				
13. Debt to Equity Ratio	Times	0.96	0.97	1.13
14. Interest Coverage Ratio	Times	12.17	8.36	6.59
15. Obligation Serviceability Ratio	Times	1.21	1.34	1.55
16. Net Debt to EBITDA	Times	2.21	2.57	3.04
Per Share DATA				
17. Book Value per Share	Baht	29.64	27.33	23.53
18. Net Earnings per Share	Baht	6.28	2.94	1.83
19. Dividend per Share	Baht	XX	1.50	1.30

Remarks:

- Items 1 - 3: As toll revenue is received daily in cash while the loan would be repaid at the end of each month out of the net cash receipts, therefore, the liquidity ratio would not affect the Company's debt serviceability.
- Items 4 - 5: Most of accounts payable of the Company and its Subsidiary were incurred by the costs of repair and maintenance and the operating costs while the cost of sales represented the amortization of the rights to operate the completed expressway sectors. Therefore, it is not possible to calculate the accounts payable turnover and the average debt servicing period which contain analytical connotation.
- Payment of dividends for 2013 is at the discretion of the 2014 Annual Ordinary General Meeting of Shareholders on 23 April 2014. However, the Company made payment of interim dividends at the rate of Baht 0.70 per share in September 2013.

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

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

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

The Company's Board of Directors is of the opinion that the financial statements for 2013 of the Company and the Subsidiary, which have been reviewed by the Audit Committee in conjunction with the management, and audited by the Company's auditor, reflect accurate financial status and operational results as appropriate in material aspects in accordance with generally accepted accounting principles.



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



(Mrs. Payao Marittanaporn)
Managing Director

14. Management Discussion and Analysis for 2013

Operational Results

In 2013, the Company had the net profit attributable to equity holders in the amount of Baht 4,835 Million, representing an increase from the previous year by Baht 2,575 Million or 113.94 percent, mainly from the purchase of the additional shares in Thai Tap Water Supply Public Company Limited (TTW) which lead to the change in accounting record from long-term investment to investment in associated company. As a result, there was a gain on fair value adjustment from changing status of investment in the amount of Baht 2,808 Million, and the record of share of profit from investment in TTW amounting to Baht 348 Million. Moreover, the co-sale of the initial public offering (IPO) of CK Power Public Company Limited (CKP) which generated gain on sales of investment before tax amounting to Baht 274 Million. However, in the previous year, the Company had extraordinary item from gain on sale of investment before tax in SouthEast Asia Energy Limited (SEAN) amounting to Baht 1,156 Million.

However, the total traffic volume in 2013 increased from the previous year by average 11,000 trips per day or 1.40 percent, even though, there were the political gathering in the fourth quarter of the year 2013, the revision of toll rates and the decreased in number of tourists. Toll revenue increased from the previous year by 3.98 percent which is more than the increased in traffic volume resulting from the revision of toll rates.

The expenses, excluding finance cost, decreased from the previous year by Baht 92 Million or 1.49 percent from the decrease in cash expenses amounting to Baht 325 Million, whereas, the non-cash expenses increased amounting to Baht 233 Million. Finance cost decreased from the previous year by Baht 28 Million due to the principle repayment and the issuance of debentures with lower interest rate during the year.

For the construction of Si Rat-Outer Ring Road Expressway Project, the Company had policy to manage risk from construction cost overrun by entering into an engagement agreement with the contractor on the Fixed Cost Lump Sum Turnkey basis. As of December 2013, the construction in process was at the rate of 12.31 percent which was earlier than the plan by 1.21 percent and expected to be completed by the end of year 2016.

Summary of Operational Results between 2013 and 2012

	2013	2012 (Restated)*	(Unit: Million Baht)	
			Changes Amount	%
Toll revenue	8,040	7,732	308	3.98
Gain on fair value adjustment of investment from changing status of investment	2,808	-	2,808	N/A
Gain on sale of investment in CKP / SEAN	274	1,156	(882)	-76.30
Other income	192	336	(144)	-42.86
Expenses (excluding finance cost)	6,066	6,158	(92)	-1.49
Finance cost	801	829	(28)	-3.38
Share of profit from investments in associates, net	401	17	384	2,258.82
Net profit attributable to the Company	4,835	2,260	2,575	113.94
Earnings per share attributable to the Company (Baht)	6.28	2.94	3.34	

* According to the adoption of accounting standard No.12 Income Taxes

Toll Revenue

In 2013, the Company and its Subsidiary had the toll revenue in the amount of Baht 8,040 Million, representing an increase from the previous year by Baht 308 Million or 3.98 percent according to the continued increase in traffic volume, a significant increase in volume of new vehicles registered in Bangkok including the urbanization nearby the expressway and the development of areas around the expressway routes, especially in the suburban expressways, thereby resulting in the rise of traffic volume to the Expressway system. Although there was the decrease in traffic volume in some routes in the fourth quarter of the year 2013 according to the political gathering and the decreased in number of tourists which affected to the traffic volume in some routes. However, the total traffic volume in 2013 increased from the previous year by average 11,000 trips per day or 1.40 percent. Comprising with the revision of toll rates on September 1, 2013 for the Si Rat Expressway, the toll rates increased for all classes of wheels which is classified in detail as the toll rates for 4 wheels-car and 6-10 wheels-car increased by Baht 5 and the toll rates for more than 10 wheels-car increased by Baht 10 for the urban expressway. The toll rates for suburban expressway only in Sector D increased by Baht 5 for 6-10 wheels-car and more than 10 wheels-car. The revision of toll rates on November 1, 2013 for the Udon Rattaya Expressway, the toll rates for 6-10 wheels-car increased by Baht 5 and more than 10 wheels-car increased by Baht 10. Thereby, resulting in the growth of toll revenue is higher than the growth of traffic volume.

The details of toll revenue are classified into routes as compared to the previous year as follows:

(Unit: Million Baht)

	2013	2012	Changes	
			Amount	%
First Stage Expressway	2,564	2,464	100	4.06
Second Stage Expressway				
Sector A (Rama IX - Ratchadapisek)	1,463	1,416	47	3.32
Sector B (Phayathai - Bangkhlo)	703	675	28	4.15
Sector C (Ratchadapisek - Chaeng Watthana)	867	851	16	1.88
Sector D (Rama IX - Srinagarindra)	<u>1,393</u>	<u>1,342</u>	<u>51</u>	<u>3.80</u>
Total Second Stage Expressway	4,426	4,284	142	3.31
Bang Pa-in - Pak Kret Expressway	<u>1,050</u>	<u>984</u>	<u>66</u>	<u>6.71</u>
Grand Total	<u>8,040</u>	<u>7,732</u>	<u>308</u>	<u>3.98</u>

Other income

In 2013, the Company and its Subsidiary had other income in the amount of Baht 192 Million, representing a decrease from the previous year by Baht 144 Million or 42.86 percent, due to TTW has been changed to associated company at the beginning of the year. As stated in Accounting standard, the Company had to change the revenue recognition from dividend income which recorded in the previous year by Baht 173 Million to share of profit from investment in associate which recorded in this year by Baht 348 Million. Also, the subsidiary received insurance compensation from flood amounting to Baht 48 Million

Expenses (excluding finance cost)

In 2013, the Company and its Subsidiary had the expenses (excluding finance cost) in the amount of Baht 6,066 Million, representing a decrease from the previous year by Baht 92 Million or 1.49 percent, which summarized as follows:

(Unit: Million Baht)

	2013	2012	Changes	
		(Restated)	Amount	%
Amortization of rights to operate completed expressway sectors	2,753	2,736	17	0.62
Provision for compensation for site acquisition cost	1,060	947	113	11.93
Selling expenses	1,148	1,143	5	0.44
Administrative expenses	621	564	57	10.11
Loss on write-off of fixed assets	103	-	103	N/A
Income tax expenses	<u>381</u>	<u>768</u>	<u>(387)</u>	<u>-50.39</u>
Total expenses	<u>6,066</u>	<u>6,158</u>	<u>(92)</u>	<u>-1.49</u>

1. Amortization of rights to operate completed expressway sectors was Baht 2,753 Million, representing an increase by Baht 17 Million or 0.62 percent according to the increased in traffic volume.

The amortisation of rights to operate completed expressway sectors is calculated as follows:

Annual amortisation	=	Net rights to operate completed expressway sectors x Percentage of the number of vehicle volume for the year
Percentage of the number of vehicle volume for the year	=	$\frac{\text{Current year's number of actual vehicle volume}}{(\text{Current year's number of actual vehicle volume} + \text{Projected vehicle volume after current year to the remaining years of the agreement})}$
Net rights to operate completed expressway sectors	=	Total actual cost of rights to operate completed expressway sectors - Accumulated amortisation

2. Provision for compensation for site acquisition cost was Baht 1,060 Million, representing an increase from the previous year by Baht 113 Million or 11.93 percent. This provision was recorded to deduct the cost of the present value of compensation to the Expressway Authority of Thailand. Actual payments of the first installment under the Second Stage Expressway System Agreement were made in 2004 and were committed to pay on the 1st of March and the 1st of September each year. In 2013, the Company was obliged to pay a compensation for site acquisition cost amounting to Baht 1,200 Million, and had already made payment to the Expressway Authority of Thailand.
3. Selling expenses were Baht 1,148 Million, representing an increase by Baht 5 Million or 0.44 percent, which mainly were repair and maintenance cost of the Expressways' structure based on maintenance schedule.

4. Administrative expenses were Baht 621 Million, representing an increase by Baht 57 Million or 10.11 percent, which mainly were office expenses that support for toll operation and consultant fee for the study of new project feasibility.
5. Loss on write-off of fixed assets was Baht 103 Million as the Company write-off net book value of Easy Pass to be an expense in this year. The reason was that the Expressway Authority of Thailand cancelled the deposits for Easy Pass. Therefore, according to the Accounting Standard, this cannot be defined as an asset of the Company. However, in the previous year, the Company had recorded Easy Pass as an asset and calculated the depreciation based on the useful live.
6. Income tax expenses were Baht 381 Million, representing a decrease by Baht 387 Million or 50.39 percent according to the applicable tax rate at 20 percent in this year but at 23 percent in 2012. Moreover, the Company had income tax expenses from sale of investment in SouthEast Asia Energy Limited (SEAN) amounting to Baht 380 Million in the previous year.

Finance Cost

In 2013, the Company and its Subsidiary had the finance cost in the amount of Baht 801 Million, representing a decrease from the previous year by Baht 28 Million or 3.38 percent from the decrease in interest expense amounting to Baht 44 Million according to the principle repayment and the issuance of debentures with lower interest rate; whereas, the commitment fee relating to the Si Rat - Outer Ring Road Expressway Project which cannot capitalized in the construction cost as stated in Accounting Standard, was recorded as finance cost since September 2012.

Share of profit from investments in associates

	2013	2012	(Unit: Million Baht)	
			Changes	
			Amount	%
Share of profit from investment in TTW	482	-	482	N/A
Less: Amortization of asset from				
Purchase Price Allocation	(134)	-	(134)	N/A
Share of profit from investment in TTW, net	348	-	348	N/A
Share of profit from investment in CKP	53	17	36	211.76
Total	401	17	384	2,258.82

In 2013, the Company and its Subsidiary had share of profit from investments in associates in the amount Baht 401 Million comprising of share of profit from investment in TTW in the amount of Baht 482 Million, deducted with amortization of asset from Purchase Price Allocation in the amount of Baht 134 Million according to Financial Reporting Standard No. 3 Business Combination, totaling share of profit from investment in TTW presented in income statement in the net amount of Baht 348 Million and share of profit from investment in CKP in the amount of Baht 53 Million.

Financial Status

Assets

Total assets of the Company and its Subsidiary as at December 31, 2013 amounted to Baht 44,825 Million, representing an increase from the end of the previous year by Baht 3,441 Million or 8.31 percent. The details of significant increases and decreases as compared to the end of the previous year are as follows:

	December 31, 2013	December 31, 2012 (Restated)	(Unit: Million Baht) Changes	
			Amount	%
Cash, cash equivalents, and current investments	1,613	3,200	(1,587)	-49.59
Investments in associates	9,465	2,270	7,195	316.96
Other long-term investments, net	2,484	4,461	(1,977)	-44.32
Long-term loans to and interest receivable from related companies	-	43	(43)	-100.00
Investment properties	120	120	-	-
Building and equipment, net	128	250	(122)	-48.80
Construction in process	2,902	26	2,876	11,061.54
Rights to operate completed expressway sectors, net	25,564	28,305	(2,741)	-9.68
Advance payment under expressway construction contract	2,032	2,250	(218)	-9.69
Deferred tax assets	67	67	-	-
Others	<u>450</u>	<u>392</u>	<u>58</u>	<u>14.80</u>
Total assets	<u>44,825</u>	<u>41,384</u>	<u>3,441</u>	<u>8.31</u>

1. Cash, cash equivalents, and current investments amounted to Baht 1,613 Million, representing a decrease from the end of the previous year by Baht 1,587 Million or 49.59 percent as a result of repayment.
2. Investments in associates amounted to Baht 9,465 Million, representing investments in CK Power Public Company Limited (CKP) and Thai Tap Water Supply Public Company Limited (TTW).

The details of investments in associates as at December 31, 2013 are as follow:-

(Unit: Million Baht)

	Proportion of Shareholding	Cost	Carrying amounts based on equity method		Changes	
			December 31, 2013	December 31, 2012	Amount	%
TTW	20.24%	7,259	7,157	-	7,157	N/A
CKP	23.22%	<u>2,554</u>	<u>2,308</u>	<u>2,270</u>	<u>38</u>	<u>1.67</u>
Total		<u>9,813</u>	<u>9,465</u>	<u>2,270</u>	<u>7,195</u>	<u>316.96</u>

- 2.1 TTW, a public company incorporated in manufacture and distribution of treated water. Investment in TTW was changed from “Other long-term investment” to “Investment in associated company” according to the purchase of 11% additional shares of TTW in February 2013. As a result of the purchase of such investment, the Company's proportion of investment is 20.24%.
- 2.2 CKP, a holding company in manufacture and distribution of energy from various sources. In July 2013, the Company sold 20.60 million shares of CKP in the initial public offering (IPO). As a result, the Company's proportion of investment decreased from 30% to 23.22%. The Company had gain on sale of investment and gain on deemed disposal of investment in associate totaling Baht 274 million.
3. Other long-term investments amounted to Baht 2,484 Million, representing investments in Bangkok Metro Public Company Limited (BMCL) and Xayaburi Power Company Limited (XPCL)

The details of long-term investments as at December 31, 2013 are as follows:

(Unit: Million Baht)						
	Proportion of Shareholding	Cost	Fair Value		Changes	
			December 31, 2013	December 31, 2012	Amount	%
TTW	-	-	-	3,374	(3,374)	-100.00
BMCL	10.00%	2,340	2,050	940	1,110	118.09
XPCL	7.50%	<u>434</u>	<u>434</u>	<u>147</u>	<u>287</u>	<u>195.24</u>
Total		<u>2,774</u>	<u>2,484</u>	<u>4,461</u>	<u>(1,977)</u>	<u>-44.32</u>

- 3.1 Investment in TTW decreased from the end of the previous year by Baht 3,374 Million according to the change of investment in TTW to be associated company since February 2013.
- 3.2 Investment in BMCL increased from the end of the previous year by net of Baht 1,110 Million or 118.09 percent from the Company's additional investments per its current shareholding of 10 percent amounting Baht 855 Million and the adjustment of the investment value according to the market price of the security. According to the increase in BMCL's share capital from Baht 11,950 Million to Baht 20,500 Million at the end of 2013, the Company's proportion of investment in BMCL is 10.00 percent.
- 3.3 Investment in XPCL increased from the end of the previous year by Baht 287 Million from the additional investment.
4. Construction in process amounted to Baht 2,902 Million, representing the construction of the Si Rat - Outer Ring Road Expressway Project and the Connected Ramp between the Second Stage Expressway System (Sector D) and Chaturathit Road. The progress of the constructions are in accordance with the plan.
5. Rights to operate completed expressway sectors amounted to Baht 25,564 Million, representing a decrease from the end of the previous year by Baht 2,741 Million or 9.68 percent because of the recording of amortization expenses in the statement of income based on the volume of vehicles using the Expressways.

Liabilities

Total liabilities of the Company and its Subsidiary as at December 31, 2013 amounted to Baht 21,984 Million, representing an increase from the end of the previous year by Baht 1,648 Million or 8.10 percent. The details of significant increases and decreases as compared to the end of the previous year are as follows:

	December 31, December 31, 2013 2012 (Restated)		(Unit:Million Baht) Changes Amount %	
Trade accounts payable and other current liabilities	1,160	476	684	143.70
Corporate income tax payable	204	151	53	35.10
Deferred tax liabilities	559	620	(61)	-9.84
Payable from purchase of investment	714	-	714	N/A
Long-term loans	1,147	2,806	(1,659)	-59.12
Debentures	18,086	16,197	1,889	11.66
Provision for long-term employee benefits	<u>114</u>	<u>86</u>	<u>28</u>	<u>32.56</u>
Total liabilities	<u>21,984</u>	<u>20,336</u>	<u>1,648</u>	<u>8.10</u>

1. Trade accounts payable and other current liabilities amounted to Baht 1,160 Million, representing an increase by Baht 684 Million or 143.70 percent, mainly from the payment for the Si Rat - Outer Ring Road Expressway Project.
2. Corporate income tax payable amounted to Baht 204 Million, representing a net increase by Baht 53 Million or 35.10 percent, from the recording of income tax payable during the year amounted to Baht 366 Million, meanwhile the payment of income tax for the last six-month of the year 2012 and the first six-month of the year 2013 amounted to Baht 151 Million and Baht 162 Million, respectively.
3. Deferred tax liabilities as at December 31, 2013 amounted to Baht 559 Million, and as at December 31, 2012 amounted to Baht 620 Million, according to the adoption of accounting standard No.12 Income Taxes which is effective for fiscal years beginning on or after January 1, 2013. Therefore, the Company restated the prior year's financial statements, presented as comparative information as though the Company and its subsidiary had initially recognized the tax effects since the beginning.
4. Payable from purchase of investment amounted to Baht 714 Million, representing accrued expense from purchase of an additional 439 Million ordinary shares of TTW from CH. Karnchang Public Company Limited at the price of Baht 3,314 Million. The Company made the payment of Baht 2,600 Million during the year, and the remaining is to be paid in 3 installments in every 6 months.
5. Long-term loans amounted to Baht 1,147 Million, representing a net decrease by Baht 1,659 Million or 59.12 percent mainly from the repayment of loans in the ordinary course of the payment schedule in the amounted of Baht 2,059 Million and withdrawal of loan for the Si Rat - Outer Ring Road Expressway Project amounting to Baht 400 Million.

6. Debentures amounted to Baht 18,086 Million, representing a net increase by Baht 1,889 Million or 11.66 percent, the Company issued Baht 7,000 Million debentures during the year 2013 with the details as follows:

<u>No.</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
1/2013	3 years	Baht 2,000 Million	Fixed interest rate at 3.60 p.a.
1/2013	5 years	Baht 2,000 Million	Fixed interest rate at 4.03 p.a.
1/2013	7 years	Baht 1,000 Million	Fixed interest rate at 4.36 p.a.
2/2013	3 years	Baht 1,000 Million	Fixed interest rate at 3.60 p.a.
3/2013	5 years	Baht 1,000 Million	Fixed interest rate at 4.70 p.a.

The proceeds from the issuance of debentures are reserved for redemption of debentures that due in 2013 amounting Baht 5,100 Million and for construction payment for the Si Rat - Outer Ring Road Expressway Project.

As at December 31, 2013, Long-term loans and debentures are classified by the maturity date which were presented based on the date shown in statement of financial position as follow:

	Fixed interest rates				Floating interest rate			Grand Total
	Within	1-5	Over		Within	1-5		
	1 year	years	5 years	Total	1 year	years	Total	
Long-term loans	810	-	-	810	-	400	400	1,210
Debentures	<u>2,700</u>	<u>9,900</u>	<u>2,000</u>	<u>14,600</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>18,100</u>
Total	<u>3,510</u>	<u>9,900</u>	<u>2,000</u>	<u>15,410</u>	<u>3,500</u>	<u>400</u>	<u>3,900</u>	<u>19,310</u>

Shareholders' Equity

Total shareholders' equity of the Company and its Subsidiary as at December 31, 2013 amounted to Baht 22,841 Million, representing an increase from the end of the previous year by Baht 1,793 Million or 8.52 percent. The details of significant increases and decreases as compared to the end of the previous year are as follows:

	December 31, December 31,		Changes	
	2013	2012 (Restated)	Amount	%
Issued and paid-up share capital	7,700	7,700	-	-
Premium on ordinary shares	4,848	4,848	-	-
Other components of shareholders' equity	(323)	1,509	(1,832)	-121.40
Retained earnings	10,598	6,986	3,612	51.70
Non-controlling interests of the subsidiary	<u>18</u>	<u>5</u>	<u>13</u>	<u>260.00</u>
Total shareholders' equity	<u>22,841</u>	<u>21,048</u>	<u>1,793</u>	<u>8.52</u>

1. Other components of shareholders' equity were an adjustment of investment value in BMCL in accordance with the market prices and unrealized gain (loss) from cash flow hedges of associate.
2. Retained earnings increased from the net profit from operations for the year 2013 amounted to Baht 4,835 Million. However, it decreased from dividend payment amounted to Baht 1,217 Million which consisted of dividend payment for the operational results for the last six-month of the year 2012 on May 20, 2013 amounting to Baht 678 Million or Baht 0.88 per share and dividend payment for the operational results for the first six-month of the year 2013 on September 24, 2013 amounting to Baht 539 Million or Baht 0.70 per share, and decreased from change in estimation of provision for long-term employee benefits amounted to Baht 6 Million.

Cash Flows

In 2013, the Company and its Subsidiary generated cash flows from operating activities amounting to Baht 4,917 Million, utilized cash of Baht 2,681 Million from investing activities due to (1) investment in associated company in the amount of Baht 2,600 Million, (2) investment in the Si Rat - Outer Ring Road Expressway Project and the Connected Ramp between the Second Stage Expressway System (Sector D) and Chaturathit Road in the amount of Baht 2,042 Million, (3) investment in long-term investments in the amount of Baht 1,143 Million, (4) acquisition of fixed assets in the net amount of Baht 45 Million, (5) withdrawal current investments in the amount of Baht 2,223 Million, (6) receipts of dividend and interest from investments in the amount of Baht 506 Million, (7) sales of investment in associate amounting to Baht 261 Million, and (8) sales of investment in other company amounting to Baht 159 Million.

The Company and its Subsidiary utilized cash of Baht 1,660 Million from financing activities due to (1) redemption of debentures amounting to Baht 5,100 Million, (2) repayment of long-term loans amounting to Baht 1,996 Million, (3) dividend payment amounting to Baht 1,217 Million, (4) interest payment and financial fee amounting to Baht 747 Million, (5) issuance of debentures amounting to Baht 7,000 Million, and (6) drawdown of long-term loan amounting to Baht 400 Million.

As at December 31, 2013, the Company and its Subsidiary had cash and cash equivalents amounting to Baht 838 Million, representing an increase from the end of the previous year by Baht 576 Million.

Significant Financial Ratios*

	Unit	2013	2012 (Restated)
Net Profit Margin	%	42.73	24.51
Return on Equity	%	22.04	11.54
Return on Total Assets	%	11.22	5.65
Interest Coverage	times	11.62	8.28
Debt to Equity (times)	times	0.96	0.97

In 2013, the Company had Net Profit Margin at 42.73 percent, Return on Equity at 22.04 percent and Return on Total Assets at 11.22 percent which had significant increase when compared to the previous year (2012). These were the result of the change in accounting record from long-term investment to investment in associated company which led to Company recognized the gain on fair value adjustment for the amount of Baht 2,808 Million. However, the profit from Company's normal operation was growth at the normal rate.

Principle repayment during the year together with the new debentures issuance at the lower interest rate had made Company's interest cost lower than the previous year. As a result, the Interest Coverage ratio was increased from 8.28 times in 2012 to 11.62 times in 2013. In addition, Debt to Equity ratio in 2013 was at 0.96 times which was around the same rate of the previous year.

*The operational results were calculated based on the consolidated financial statements which consist of the operation of Expressway business, the manufacture and distribution of treated water business and Electricity production business. Therefore, there was no similar type of business in the industry that can be used as a benchmark for comparison.