

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

EY 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 2014, 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 2014, 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 2014 in comparison with the operational results from the financial statements for the years ended 31 December 2013 and 2012.

(Unit: Baht)

Statements of Financial Position	2014		2013 (Restated)		2012 (Restated)	
	Amount	percent	Amount	percent	Amount	percent
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	1,820,452,846	3.29	837,995,541	1.78	261,656,094	0.59
Current investments	2,347,869,300	4.25	774,541,118	1.65	2,937,978,113	6.67
Other receivables	-	-	-	-	30,912,257	0.07
Advance payment under service contract	2,196,746	0.00	9,620,484	0.02	9,749,139	0.02
Other current assets	128,880,414	0.24	53,979,947	0.11	55,411,588	0.13
<b>Total current assets</b>	<b>4,299,399,306</b>	<b>7.78</b>	<b>1,676,137,090</b>	<b>3.56</b>	<b>3,295,707,191</b>	<b>7.48</b>
<b>Non-current assets</b>						
Investments in associates	8,893,834,811	16.09	9,464,970,540	20.12	2,269,620,908	5.15
Other long-term investments	4,779,105,931	8.65	2,484,366,135	5.28	4,460,908,575	10.13
Long-term loans to and interest receivable from related companies	-	-	-	-	42,738,596	0.10
Investment properties	120,357,493	0.22	120,357,493	0.26	120,357,493	0.27
Building and equipment	134,877,753	0.24	127,809,748	0.27	250,282,701	0.57
Construction in process	10,744,375,635	19.44	2,901,838,672	6.17	25,786,093	0.06
Rights to operate completed expressway sectors	23,146,990,149	41.88	25,564,276,311	54.33	28,305,131,772	64.25
Rights to use sites for expressway construction	1,611,877,302	2.92	1,894,676,285	4.03	2,184,551,698	4.96
Intangible assets	30,671,687	0.06	34,344,631	0.07	39,483,799	0.09
Advance payment under expressway construction contract	1,235,250,000	2.23	2,031,750,000	4.32	2,250,000,000	5.11
Deferred financial fee	-	-	-	-	60,496,185	0.14
Deferred tax assets	257,099,515	0.47	716,269,198	1.52	733,207,714	1.66
Other non-current assets	21,807,549	0.02	35,051,859	0.07	19,219,622	0.03
<b>Total non-current assets</b>	<b>50,976,247,825</b>	<b>92.22</b>	<b>45,375,710,872</b>	<b>96.44</b>	<b>40,761,785,156</b>	<b>92.52</b>
<b>Total assets</b>	<b>55,275,647,131</b>	<b>100.00</b>	<b>47,051,847,962</b>	<b>100.00</b>	<b>44,057,492,347</b>	<b>100.00</b>

(Unit: Baht)

Statements of Financial Position (continued)	2014		2013 (Restated)		2012 (Restated)	
	Amount	percent	Amount	percent	Amount	percent
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Short-term loan from financial institution	2,000,000,000	3.62	-	-	-	-
Trade and other payables	1,571,857,961	2.84	939,189,671	2.00	227,320,702	0.52
Payable from purchase of investment - due within 1 year	313,695,000	0.57	400,000,000	0.85	-	-
Current portion of long-term loans	-	-	810,323,512	1.72	1,996,000,000	4.53
Current portion of debentures	3,000,000,000	5.43	2,700,000,000	5.74	5,100,000,000	11.58
Income tax payable	308,734,049	0.56	203,546,236	0.43	150,776,958	0.34
Current portion of provision for compensation for site acquisition cost	1,500,000,000	2.71	1,200,000,000	2.55	1,200,000,000	2.72
Other current liabilities	336,406,493	0.61	221,341,132	0.47	248,982,733	0.56
<b>Total current liabilities</b>	9,030,693,503	16.34	6,474,400,551	13.76	8,923,080,393	20.25
<b>Non-current liabilities</b>						
Payable from purchase of investment - due over 1 year	-	-	313,695,000	0.67	-	-
Long-term loans, net of current portion	2,829,831,902	5.12	336,568,859	0.72	810,323,512	1.84
Debentures, net of current portion	16,384,594,851	29.64	15,386,250,596	32.70	11,096,624,703	25.19
Provision for compensation for site acquisition cost, net of current portion	5,262,381,698	9.52	6,419,521,698	13.64	7,239,751,698	16.43
Provision for long-term employee benefits	129,598,451	0.23	113,752,334	0.24	86,008,478	0.20
<b>Total non-current liabilities</b>	24,606,406,902	44.51	22,569,788,487	47.97	19,232,708,391	43.66
<b>Total liabilities</b>	33,637,100,405	60.85	29,044,189,038	61.73	28,155,788,784	63.91
<b>Shareholders' equity</b>						
Registered capital	8,000,000,000	14.47	8,000,000,000	17.00	8,000,000,000	18.16
Issued and paid-up capital	7,700,000,000	13.93	7,700,000,000	16.36	7,700,000,000	17.48
Premium on ordinary shares	4,848,492,969	8.77	4,848,492,969	10.30	4,848,492,969	11.00
Retained earnings						
Appropriated - statutory reserve	800,000,000	1.45	800,000,000	1.70	800,000,000	1.82
Unappropriated	6,860,888,118	12.41	4,964,332,104	10.55	1,040,147,679	2.36
Other components of shareholders' equity	1,357,109,174	2.46	(322,881,644)	-0.68	1,508,489,979	3.42
Equity attributable to shareholders of the Company	21,566,490,261	39.02	17,989,943,429	38.23	15,897,130,627	36.08
Non-controlling interests of the subsidiary	72,056,465	0.13	17,715,495	0.04	4,572,936	0.01
<b>Total shareholders' equity</b>	21,638,546,726	39.15	18,007,658,924	38.27	15,901,703,563	36.09
<b>Total liabilities and shareholders' equity</b>	55,275,647,131	100.00	47,051,847,962	100.00	44,057,492,347	100.00

(Unit: Baht)

Income Statements	2014		2013 (Restated)		2012 (Restated)	
	Amount	percent	Amount	percent	Amount	percent
<b>Revenues</b>						
Toll revenue	8,485,017,698	92.69	8,039,909,679	71.06	7,732,222,618	83.82
Other income						
Interest income	41,230,197	0.45	49,284,638	0.44	58,849,981	0.64
Dividend income	-	-	-	-	173,312,500	1.88
Gain on investments	536,651,350	5.86	308,968,887	2.73	1,197,520,734	12.98
Gain on fair value adjustment of investment from changing status of investment	-	-	2,808,340,500	24.82	-	-
Others	91,564,815	1.00	107,421,913	0.95	62,412,573	0.68
<b>Total revenues</b>	<b>9,154,464,060</b>	<b>100.00</b>	<b>11,313,925,617</b>	<b>100.00</b>	<b>9,224,318,406</b>	<b>100.00</b>
<b>Expenses</b>						
Amortization of rights to operate completed expressway sectors	2,701,205,694	29.51	2,752,578,966	24.33	2,735,674,982	29.66
Compensation for site acquisition cost	625,658,983	6.83	669,645,413	5.92	703,354,099	7.62
Selling expenses	1,101,541,468	12.03	1,148,066,085	10.15	1,142,891,340	12.39
Administrative expenses	644,196,457	7.04	621,346,210	5.49	564,327,153	6.12
Loss on write-off of fixed assets	-	-	103,012,196	0.91	-	-
<b>Total expenses</b>	<b>5,072,602,602</b>	<b>55.41</b>	<b>5,294,648,870</b>	<b>46.80</b>	<b>5,146,247,574</b>	<b>55.79</b>
<b>Profit before share of profit from investments in associates, finance cost and income tax expenses</b>	<b>4,081,861,458</b>	<b>44.59</b>	<b>6,019,276,747</b>	<b>53.20</b>	<b>4,078,070,832</b>	<b>44.21</b>
Share of profit from investments in associates	546,426,651	5.97	400,610,330	3.54	16,419,233	0.18
<b>Profit before finance cost and income tax expenses</b>	<b>4,628,288,109</b>	<b>50.56</b>	<b>6,419,887,077</b>	<b>56.74</b>	<b>4,094,490,065</b>	<b>44.39</b>
Finance cost	670,972,034	7.33	800,702,429	7.07	828,902,000	8.99
<b>Profit before income tax expenses</b>	<b>3,957,316,075</b>	<b>43.23</b>	<b>5,619,184,648</b>	<b>49.67</b>	<b>3,265,588,065</b>	<b>35.40</b>
Income tax expenses	697,419,091	7.62	458,745,669	4.06	814,320,641	8.83
<b>Profit for the year</b>	<b>3,259,896,984</b>	<b>35.61</b>	<b>5,160,438,979</b>	<b>45.61</b>	<b>2,451,267,424</b>	<b>26.57</b>

(Unit: Baht)

Income Statements (continued)	2014		2013 (Restated)		2012 (Restated)	
	Amount	percent	Amount	percent	Amount	percent
<b>Profit attributable to:</b>						
Equity holders of the Company	3,205,556,014	35.02	5,147,296,420	45.50	2,457,900,487	26.65
Non-controlling interests of the subsidiary	54,340,970	0.59	13,142,559	0.11	(6,633,063)	-0.08
	3,259,896,984	35.61	5,160,438,979	45.61	2,451,267,424	26.57
<b>Earnings per share</b>						
Basic earnings per share						
Profit attributable to equity holders of the Company	4.16		6.68		3.19	

(Unit: Baht)

Statements of Comprehensive Income	2014		2013 (Restated)		2012 (Restated)	
	Amount	percent	Amount	percent	Amount	percent
<b>Profit for the year</b>	3,259,896,984	35.61	5,160,438,979	45.61	2,451,267,424	26.57
<b>Other comprehensive income:</b>						
Gain on changes in value of available-for-sale investments, net of income tax	1,681,745,623	18.37	438,094,089	3.88	1,680,820,667	18.23
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 of associate, net of income tax	(1,754,805)	-0.02	(32,687,712)	-0.29	-	-
Actuarial loss, net of income tax	-	-	(6,511,995)	-0.06	-	-
<b>Other comprehensive income for the year</b>	1,679,990,818	18.35	(1,837,883,618)	-16.24	1,680,820,667	18.23
<b>Total comprehensive income for the year</b>	4,939,887,802	53.96	3,322,555,361	29.37	4,132,088,091	44.80
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	4,885,546,832	53.37	3,309,412,802	29.25	4,138,721,154	44.87
Non-controlling interests of the subsidiary	54,340,970	0.59	13,142,559	0.12	(6,633,063)	-0.07
	4,939,887,802	53.96	3,322,555,361	29.37	4,132,088,091	44.80

(Unit: Baht)

Statements of Cash Flows	2014	2013 (Restated)	2012 (Restated)
<b>Cash flows from operating activities</b>			
Profit before tax	3,957,316,075	5,619,184,648	3,265,588,065
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortization	2,746,057,601	2,823,947,212	2,804,721,597
Amortization of financial fee	21,491,782	8,955,687	4,421,779
Gain on investments	(536,651,350)	(308,968,887)	(1,197,520,734)
Gain on fair value adjustment of investment from changing status of investment	-	(2,808,340,500)	-
Loss (gain) on sales and write-off of fixed assets	(4,519,007)	101,315,887	(5,403,339)
Compensation for site acquisition cost	625,658,983	669,645,413	703,354,099
Provision for long-term employee benefits	17,188,197	21,399,961	11,640,070
Share of profit from investments in associates	(546,426,651)	(400,610,330)	(16,419,233)
Dividend income	-	-	(173,312,500)
Interest income	(41,230,197)	(49,284,638)	(58,849,981)
Interest expenses	623,599,355	757,339,166	801,126,453
Income from operating activities before changes in operating assets and liabilities	6,862,484,788	6,434,583,619	6,139,346,276
Decrease (increase) in operating assets			
Other receivables	-	30,912,257	63,087,743
Other current assets	(77,032,173)	4,670,993	(7,995,865)
Other non-current assets	(563,640)	(414,826)	(2,553,596)
Increase (decrease) in operating liabilities			
Trade and other payables	(36,221,009)	46,419,563	7,998,224
Other current liabilities	110,830,522	(29,221,457)	(94,184,440)
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	5,659,498,488	5,286,950,149	4,905,698,342
Cash received for interest income	20,704,737	31,222,824	40,577,957
Cash paid for income tax	(482,576,117)	(391,487,748)	(818,481,296)
<b>Net cash flows from operating activities</b>	<b>5,197,627,108</b>	<b>4,926,685,225</b>	<b>4,127,795,003</b>

(Unit: Baht)

Statements of Cash Flows (continued)	2014	2013 (Restated)	2012 (Restated)
<b>Cash flows from investing activities</b>			
Decrease (increase) in current investments	(1,543,142,652)	2,223,093,504	148,722,649
Cash paid for purchase of investment in associate	(400,000,000)	(2,600,000,000)	(2,730,000,000)
Cash received from sales of investments in associates	1,097,300,894	261,560,273	-
Cash received from sales of other long-term investment	-	159,235,058	2,788,954,594
Increase in other long-term investments	(265,106,250)	(1,143,223,538)	(72,450,000)
Cash received from long-term loans to related companies	-	31,250,000	-
Cash received from interest income	21,897,342	30,109,207	39,704,765
Cash received from dividend income	524,972,500	444,207,500	173,312,500
Cash received from sales of equipment	4,631,499	1,819,197	5,460,981
Purchase of equipment	(44,683,660)	(44,514,959)	(48,575,312)
Cash paid for expressway construction	(6,611,423,591)	(2,042,479,105)	(2,394,788,509)
Increase in intangible assets	(3,675,800)	(2,376,251)	(4,942,500)
<b>Net cash flows used in investing activities</b>	<b>(7,219,229,718)</b>	<b>(2,681,319,114)</b>	<b>(2,094,600,832)</b>
<b>Cash flows from financing activities</b>			
Cash paid for financial fee	(14,143,028)	(22,264,748)	(68,293,261)
Cash received from short-term loan from financial institution	2,000,000,000	-	-
Cash received from issuance of debentures	4,000,000,000	7,000,000,000	3,000,000,000
Cash received from long-term loans	2,400,000,000	400,000,000	-
Cash paid for redemption of debentures	(2,700,000,000)	(5,100,000,000)	(1,895,000,000)
Repayments of long-term loans	(726,064,970)	(1,996,000,000)	(1,142,790,000)
Cash paid for interest expenses	(646,732,087)	(734,161,916)	(777,313,870)
Dividend paid	(1,309,000,000)	(1,216,600,000)	(1,016,400,000)
<b>Net cash flows from (used in) financing activities</b>	<b>3,004,059,915</b>	<b>(1,669,026,664)</b>	<b>(1,899,797,131)</b>
<b>Net increase in cash and cash equivalents</b>	<b>982,457,305</b>	<b>576,339,447</b>	<b>133,397,040</b>
Cash and cash equivalents at beginning of year	837,995,541	261,656,094	128,259,054
<b>Cash and cash equivalents at end of year</b>	<b>1,820,452,846</b>	<b>837,995,541</b>	<b>261,656,094</b>

## 13.2 Financial Ratios of Financial Statements

	Unit	2014	2013 (Restated)	2012 (Restated)
<b>LIQUIDITY RATIO</b>				
1. Liquidity Ratio	Times	0.48	0.26	0.37
2. Quick Ratio	Times	0.46	0.25	0.36
3. Cash Flow Ratio	Times	0.70	0.62	0.68
4. Accounts Payable Turnover	Times	N.A.	N.A.	N.A.
5. Average Debt Servicing Period	Day	N.A.	N.A.	N.A.
<b>PROFITABILITY RATIO</b>				
6. Gross Profit Margin	%	68.16	65.76	64.62
7. Cash to Profitability Ratio	%	169.88	205.58*	192.23
8. Net Profit Margin	%	35.61	27.65*	26.57
9. Return on Equity	%	16.44	13.85*	16.70
<b>EFFICIENCY RATIO</b>				
10. Return on Total Assets	%	6.37	5.16*	5.65
11. Return on Fixed Assets	%	24.48	18.95*	17.51
12. Assets Turnover	Times	0.18	0.19*	0.21
<b>FINANCIAL POLICY RATIO</b>				
13. Debt to Equity Ratio	Times	1.55	1.61	1.77
14. Interest Coverage Ratio	Times	11.75	8.44*	8.58
15. Obligation Serviceability Ratio	Times	2.12	0.76	1.32
16. Net Debt to EBITDA	Times	4.02	3.19*	3.64
<b>Per Share DATA</b>				
17. Book Value per Share	Baht	28.01	23.36	20.65
18. Net Earnings per Share	Baht	4.16	6.68	3.19
19. Dividend per Share	Baht	2.50	1.60	1.50

### 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 2014 is at the discretion of the 2015 Annual Ordinary General Meeting of Shareholders on 2 April 2015. However, the Company made payment of interim dividends at the rate of Baht 0.80 per share in September 2014.

\* In order to provide the true Company's performance from normal operation, the net profit of 2013 that has been used for the ratio calculation does not include the gain on fair value adjustment from changing status of investment in TTW.

## 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 2014 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

17 February 2015



(Mrs. Payao Marittanaporn)

Managing Director

17 February 2015

## **14. Management Discussion and Analysis**

### **14.1 Management Discussion and Analysis**

#### **Operational Results**

In 2014, the Company had the net profit attributable to equity holders in the amount of Baht 3,206 Million, when compared with a net profit from normal operation from 2013 at an amount of Baht 2,339 Million, the profit was increased by Baht 867 Million or 37.07 percent from the increase in toll revenue, income from investment and a decrease in finance cost. However, when compared with the net profit of the previous year, which included accounting gain on fair value adjustment from changing status of investment in TTW Public Company Limited (TTW) in the amount of Baht 2,808 Million which was the non-cash item, the profit decreased by Baht 1,941 Million or 37.71 percent due to no fair value adjustment transaction in 2014.

Toll revenue had increased comparing to the previous year. Even though the effect of political situation at the beginning of 2014 led to the decrease in traffic volume that used the expressway for the first six-month period of 2014, however, the consequence of the improvement in economic for the last six-month period of 2014 resulted in the growth of traffic. Also, additional traffic of the Connected Ramp between the Second Stage Expressway System (Sector D) and Chaturathit Road after the opening on May 2, 2014 has gradually increased traffic volume into the system. Therefore, traffic volume has increased by 0.35 percent in 2014. Moreover, the effect of toll rate revision had resulted in the Company realized full year effect in toll revenue for 2014 resulting to the increase in toll revenue by Baht 445 Million or 5.53 percent.

For the expenses, excluding finance cost had increased from the previous year only Baht 15 Million or 0.26 percent. Finance cost decreased from the previous year by Baht 130 Million or 16.23 percent due to the principle repayment during the period and the issuance of debentures with lower interest rate.

For the construction of the Si Rat-Outer Ring Road Expressway Project, the Company had managed the risk of construction cost overrun by entering into an engagement agreement with the contractor on the Fixed Cost Lump Sum Turnkey contract. As at December 2014, the construction in process was at the rate of 45.62 percent in accordance with the plan and expected to be completed as per the contract by the year 2016.

### Summary of Operational Results between 2014 and 2013

(Unit: Million Baht)

	2014	2013	Changes	
		(Restated)*	Amount	%
Toll revenue	8,485	8,040	445	5.53
Accounting gain from non-cash item				
Gain on fair value adjustment from changing status of investment	-	2,808	(2,808)	-100.00
Other income	669	466	203	43.56
Expenses (excluding finance cost)	5,769	5,754	15	0.26
Finance cost	671	801	(130)	-16.23
Share of profit from investments in associates, net	546	401	145	36.16
Profit attributable to the Company	3,206	5,147	(1,941)	-37.71
Earnings per share attributable to the Company (Baht)	4.16	6.68	(2.52)	

\*According to the adoption of Financial Reporting Standard Interpretations No.12  
“Service Concession Arrangements”

### Toll Revenue

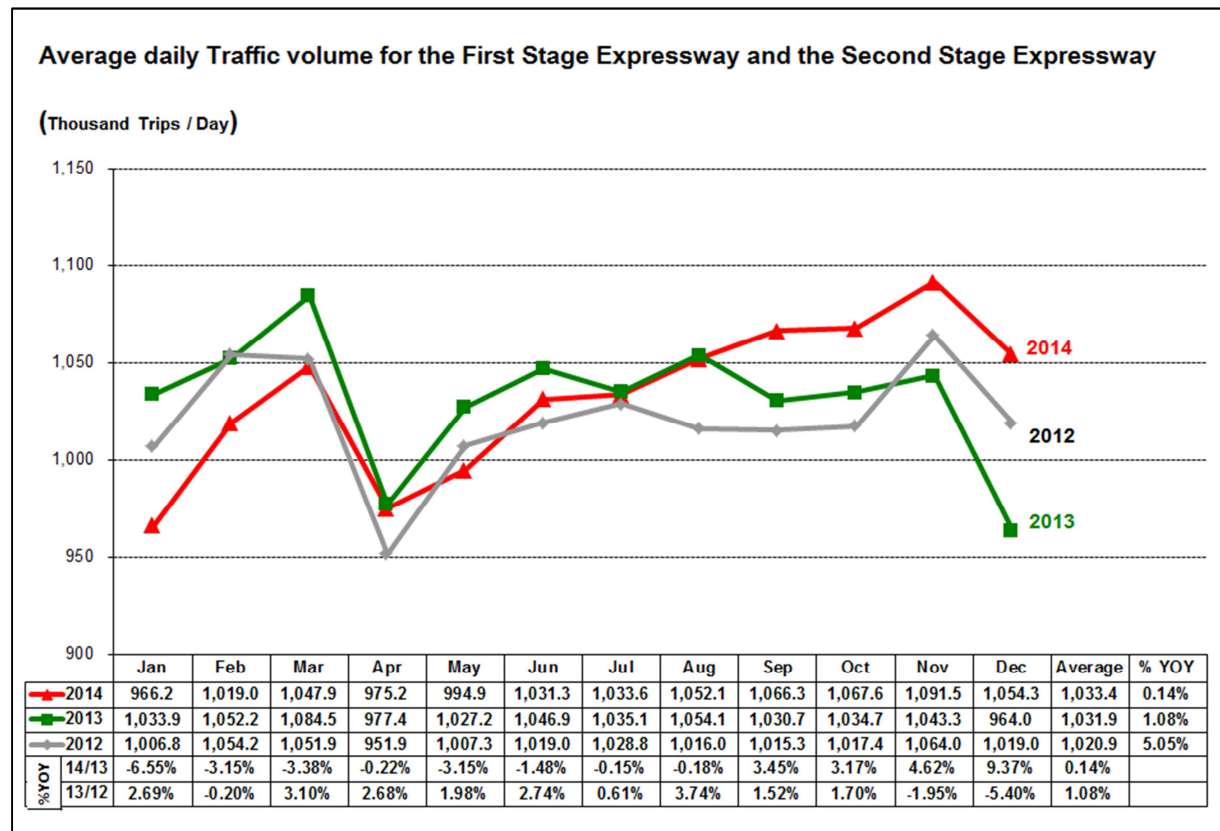
In 2014, the Company and its Subsidiary had the toll revenue in the amount of Baht 8,485 Million, representing an increase from the previous year by Baht 445 Million or 5.53 percent. Even though the effect of political situation in the beginning of the year 2014 led to the decrease in traffic volume that used the expressway for the first six-month period, but the consequence of the improvement in economic resulted in the growth in traffic for the last six-month period. Also, with additional traffic of the Connected Ramp between the Second Stage Expressway System (Sector D) and Chaturathit Road after the opening on May 2, 2014 has gradually increased traffic volume into the system. Moreover, the toll rate revision for the urban expressway in September 2013 had resulted in the Company realized full year effect in toll revenue in this year, whereas, only four months effect for the previous year. Thereby, resulting in the increase in toll revenue by Baht 362 Million or 5.18 percent.

For the Bang Pa-in - Pak Kret Expressway, the traffic volume increased on the average of 2,400 trips/day or 3.57 percent from the previous year. Moreover, when taken into account the effect of toll rate revision of this route in November 2013, the toll revenue in this year increased by Baht 83 Million or 7.90 percent comparing to the previous year.

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

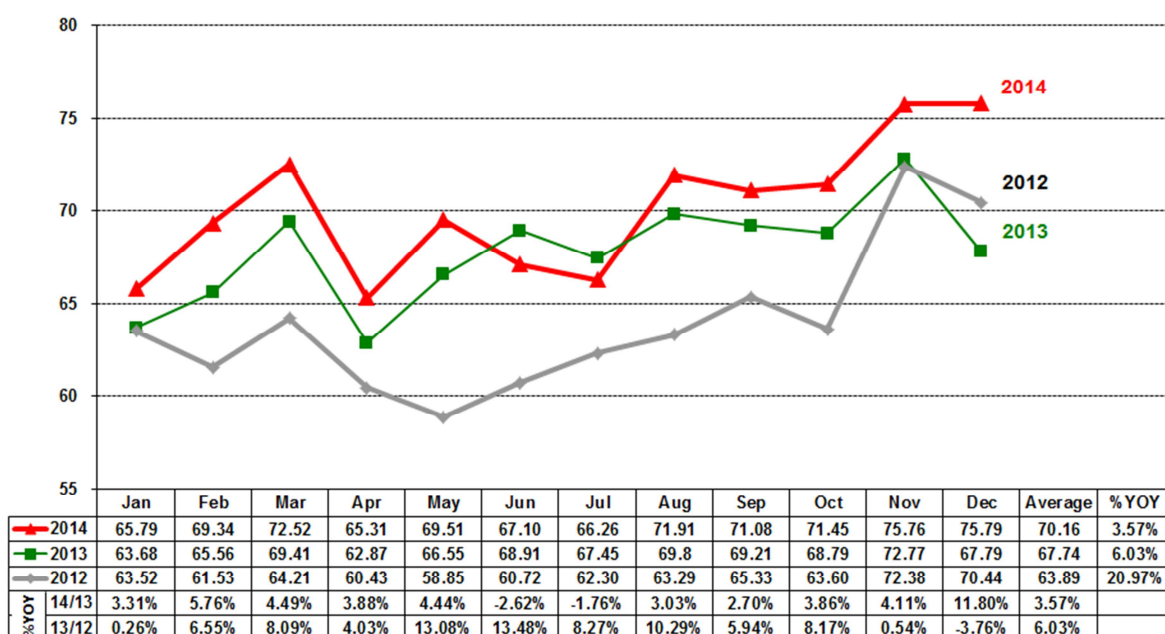
(Unit: Million Baht)

	2014	2013	Changes	
			Amount	%
<b>First Stage Expressway</b>	<b>2,702</b>	<b>2,564</b>	<b>138</b>	<b>5.38</b>
<b>Second Stage Expressway</b>				
Sector A (Rama IX - Ratchadapisek)	1,557	1,463	94	6.43
Sector B (Phayathai - Bangkhlo)	742	703	39	5.55
Sector C (Ratchadapisek - Chaeng Watthana)	899	867	32	3.69
Sector D (Rama IX - Srinagarindra)	<u>1,452</u>	<u>1,393</u>	<u>59</u>	<u>4.24</u>
Total Second Stage Expressway	<u>4,650</u>	<u>4,426</u>	<u>224</u>	<u>5.06</u>
<b>Total First and Second Stage Expressway</b>	<b>7,352</b>	<b>6,990</b>	<b>362</b>	<b>5.18</b>
<b>Bang Pa-in - Pak Kret Expressway</b>	<b><u>1,133</u></b>	<b><u>1,050</u></b>	<b><u>83</u></b>	<b><u>7.90</u></b>
<b>Grand Total</b>	<b><u>8,485</u></b>	<b><u>8,040</u></b>	<b><u>445</u></b>	<b><u>5.53</u></b>



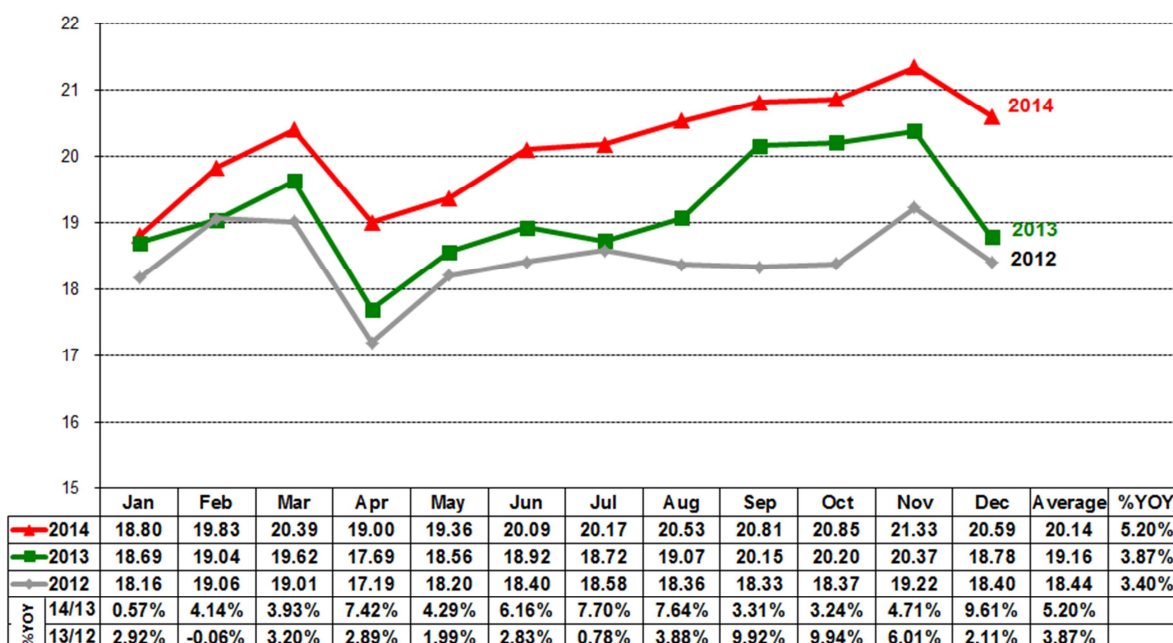
### Average daily Traffic volume for the Bang Pa-in – Pak Kret Expressway

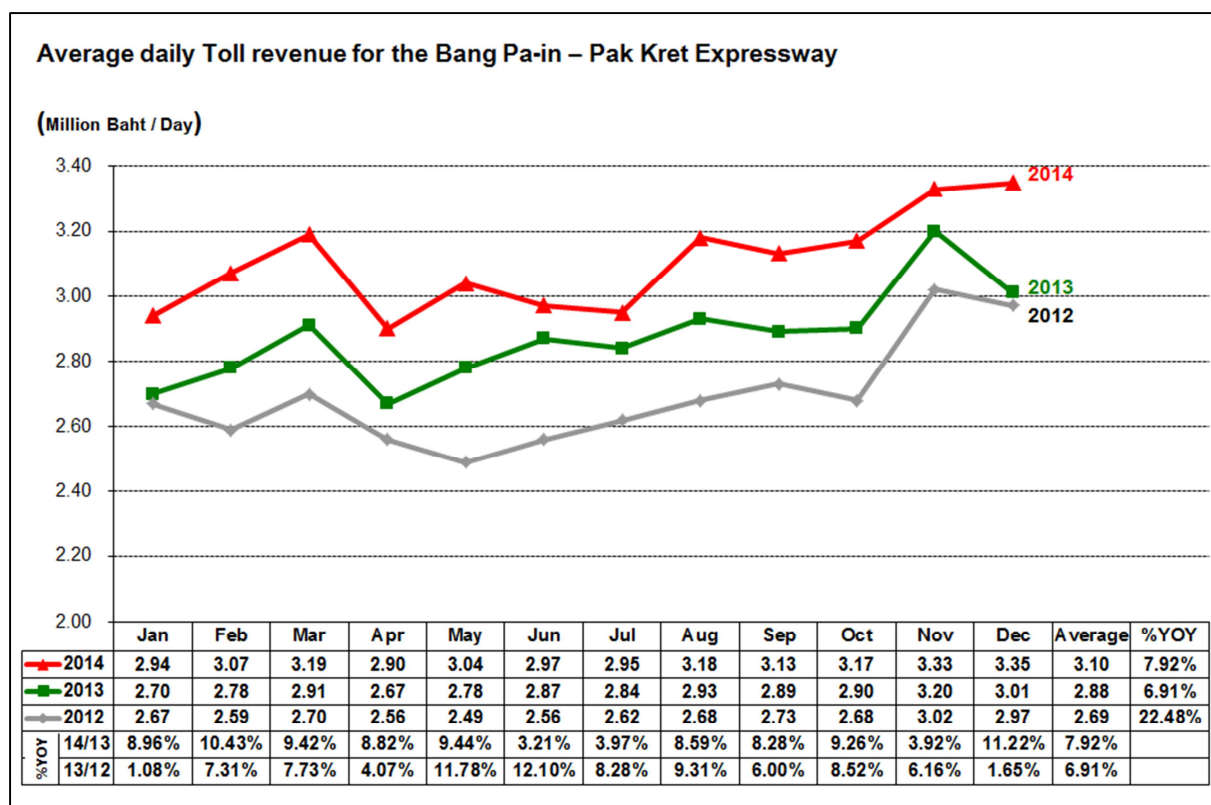
(Thousand Trips / Day)



### Average daily Toll revenue for the First Stage Expressway and the Second Stage Expressway

(Million Baht / Day)





## Other income

In 2014, the Company and its Subsidiary had other income in the amount of Baht 669 Million, representing an increase from the previous year by Baht 203 Million or 43.56 percent, mainly from the realized gain from sales of investments in TTW and CKP in the amount of Baht 506 Million; whereas, in 2013 the Company had gain from sales of investment in CKP in the initial public offering amounting to Baht 274 Million.

## Expenses (excluding finance cost)

In 2014, the Company and its Subsidiary had the expenses (excluding finance cost) in the amount of Baht 5,769 Million, representing an increase from the previous year by Baht 15 Million or 0.26 percent which summarized as follows:

(Unit: Million Baht)

	2014	2013	Changes	
		(Restated)	Amount	%
Amortization of rights to operate completed expressway sectors	2,701	2,753	(52)	-1.89
Compensation for site acquisition cost	626	670	(44)	-6.57
Selling expenses	1,101	1,148	(47)	-4.09
Administrative expenses	644	621	23	3.70
Loss on write-off of fixed assets	-	103	(103)	-100.00
Income tax expenses	697	459	238	51.85
Total expenses	5,769	5,754	15	0.26

1. Amortization of rights to operate completed expressway sectors was Baht 2,701 Million, representing a decrease from the previous year by Baht 52 Million or 1.89 percent. Although the traffic volume was nearly the same as the previous year according to the revision of forecasted traffic that has been appraised by independence traffic engineering in the beginning of this year, it was resulted in the decrease in the amortization per car.

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

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

2. Compensation for site acquisition cost was Baht 626 Million, according to the Company's adoption of Financial Reporting Standard Interpretations No.12 "Service Concession Arrangements" which was effective on January 1, 2014. This adoption has resulted in the new calculation of Baht 626 Million to be recorded in the compensation mentioned above. The Company also restated the prior year's financial statements, presented as comparative information as though the Company and its Subsidiary had initially recognized this standard.
3. Selling expenses were Baht 1,101 Million, representing a decreased by Baht 47 Million or 4.09 percent, mainly decreased from repair and maintenance cost of the Expressways' structure as per regular maintenance plan which had less construction volume than the previous year.
4. Administrative expenses were Baht 644 Million, representing an increase by Baht 23 Million or 3.70 percent. The main expense was office expenses that support for toll operation.
5. Loss on write-off of fixed assets decreased in full amount due to the Company write-off net book value of Easy Pass in the amount of Baht 103 Million to be an expense in 2013, instead of recording Easy Pass as an asset and calculated the depreciation based on the useful live. 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 but there was no such transactions in this year.
6. Income tax expenses were Baht 697 Million, representing an increase by Baht 238 Million or 51.85 percent which aligned with the increase of Company's tax profit.

## Finance Cost

In 2014, the Company and its Subsidiary had the finance cost in the amount of Baht 671 Million, representing a decrease from the previous year by Baht 130 Million or 16.23 percent due to the principle repayment and the issuance of debentures during the year with lower interest rate than the ones that had been matured.

**Share of profit from investments in associates, net**

(Unit: Million Baht)

	<b>2014</b>	<b>2013</b>	<b>Changes</b>	
		(Restated)	<b>Amount</b>	<b>%</b>
Share of profit from investment in TTW	597	482	115	23.86
Less: Amortization of asset from				
Purchase Price Allocation	<u>(149)</u>	<u>(134)</u>	<u>(15)</u>	<u>-11.19</u>
Share of profit from investment in TTW, net	448	348	100	28.74
Share of profit from investment in CKP	<u>98</u>	<u>53</u>	<u>45</u>	<u>84.91</u>
Total	<u>546</u>	<u>401</u>	<u>145</u>	<u>36.16</u>

In 2014, the Company and its Subsidiary had share of profit from investments in associates in the amount Baht 546 Million comprising the share of profit from investment in TTW in the amount of Baht 597 Million deducted with amortization of asset from Purchase Price Allocation as according to Financial Reporting Standard No.3 Business Combination for Baht 149 Million, ending with the net amount of Baht 448 Million and share of profit from investment in CKP in the amount of Baht 98 Million.

**Financial Position**
**Assets**




Total assets of the Company and its Subsidiary as at December 31, 2014 amounted to Baht 55,276 Million, representing an increase from the end of the previous year by Baht 8,224 Million or 17.48 percent. The details of significant increases and decreases as compared to the end of the previous year are as follows:

(Unit: Million Baht)

	<b>December 31, 2014</b>	<b>December 31, 2013</b>	<b>Changes</b>	
		(Restated)	<b>Amount</b>	<b>%</b>
Cash, cash equivalents, and current investments	4,168	1,613	2,555	158.40
Investment in associates	8,894	9,465	(571)	-6.03
Other long-term investments, net	4,779	2,484	2,295	92.39
Investment properties	120	120	-	-
Building and equipment, net	135	128	7	5.47
Construction in process	10,744	2,902	7,842	270.23
Rights to operate completed expressway sectors, net	23,147	25,564	(2,417)	-9.45
Rights to use sites for expressway construction, net	1,612	1,895	(283)	-14.93
Advance payment under expressway construction contract	1,235	2,032	(797)	-39.22
Deferred tax assets, net	257	716	(459)	-64.11
Others	<u>185</u>	<u>133</u>	<u>52</u>	<u>39.10</u>
Total assets	<u>55,276</u>	<u>47,052</u>	<u>8,224</u>	<u>17.48</u>

1. Cash, cash equivalents, and current investments amounted to Baht 4,168 Million, representing an increase from the end of the previous year by Baht 2,555 Million or 158.40 percent, mainly from cash received from the issuance of promissory note which the Company had reserved for redemption of debentures that due in the beginning of 2015.

2. Investment in associates and Other long-term investments

Investment Project	 <b>TTW</b> TTW Plc.	 <b>CKP</b> CK Power Plc.	 <b>BMCL</b> Bangkok Metro Plc.	 <b>XPCL</b> Xayaburi Power Co.,Ltd.
Nature of Business	Manufacture and distribution of treated water	Investment in electricity business	Mass Transit Operator	Manufacture and distribution of electricity
Investment Type	TTW : BOO PTW : BOOT TWO : Operational Agreement	Holding Company	Blue Line : AOT Purple Line : ATO Concession	BOOT Concession
% of Possession as of December 31, 2014	19.66%	19.40%	10.00%	7.50%
Concession date	2004	-	2004	-
Concession period	30 years	-	25 years	29 years
Customer	PWA Industrial Estates	-	Public	EGAT/EDL
Registered capital (MB.)	3,990	5,500	20,500	26,861
Paid-up Capital (MB.)	3,990	5,500	20,500	9,325

- 2.1 Investment in associates amounted to Baht 8,894 Million, representing the investment in TTW Public Company Limited (TTW) and CK Power Public Company Limited (CKP).

The details of Investments in associates as at December 31, 2014 are as follows:-

(Unit: Million Baht)

Proportion of Shareholding		Carrying amounts based on equity method		Changes	
		December 31, 2014	December 31, 2013	Amount	%
TTW	19.66%	6,878	7,157	(279)	-3.90
CKP	19.40%	<u>2,016</u>	<u>2,308</u>	<u>(292)</u>	<u>-12.65</u>
Total		<u>8,894</u>	<u>9,465</u>	<u>(571)</u>	<u>-6.03</u>

2.1.1 TTW is a company incorporated in manufacture and distribution of treated water. The investment in TTW had been changed from “Other long-term investment” to “Investment in associates” since February 2013. In 2014, the Company had received dividend from TTW for an amount of Baht 525 Million or at Baht 0.65 per share and recorded share of profit in the net amount of Baht 448 Million according to Company’s portion of investment. During the third and fourth quarter, the Company sold some shares of TTW. As a result of the sales of investment, the Company had gain on sales in the amount of Baht 80 Million which recorded as other income in the statement of income.

2.1.2 CKP is a holding company with diversified portfolio, investing in businesses that operate in production and distribution of electricity which come from various sources of energy. In 2014, the Company had recorded the share of profit according to Company’s portion of investment, amounted to Baht 98 Million. During the third and fourth quarter, the Company sold some shares of CKP. As a result of the sales of investment, the Company had gain on sales in the amount of Baht 426 Million which recorded as other income in the statement of income.

2.2 Other long-term investments amounted to Baht 4,779 Million. The details of long-term investments as at December 31, 2014 are as follows:

(Unit: Million Baht)

	Proportion of Shareholding	Fair Value December 31, 2014	Fair Value December 31, 2013	Changes Amount	%
BMCL	10.00%	4,080	2,050	2,030	99.02
XPCL	7.50%	<u>699</u>	<u>434</u>	<u>265</u>	<u>61.06</u>
Total		<u>4,779</u>	<u>2,484</u>	<u>2,295</u>	<u>92.39</u>

2.2.1 Investment in BMCL increased from the end of the previous year by Baht 2,030 Million or 99.02 percent from the adjustment of investment value according to the market price of the security at the end of the accounting period.

2.2.2 Investment in XPCL increased from the end of the previous year by Baht 265 Million or 61.06 percent from the payment of additional investment as the Company’s portion of shareholding.

- Construction in process amounted to Baht 10,744 Million, representing a net increased from the end of the previous year by Baht 7,842 Million from the progress of the construction of the Si Rat - Outer Ring Road Expressway Project which increased from the end of the previous year by Baht 8,013 Million. This project has the total project value of Baht 25,500 Million approximately which is expected to be completed in 2016. Moreover, the construction of the Connected Ramp between the Second Stage Expressway System (Sector D) and Chaturathit Road that had been carried from the previous year had increased by Baht 113 Million. The project has officially opened for public used at the beginning of May 2014 and therefore, the Company had transferred the construction in process to Rights to operate completed expressway sectors amounted to Baht 284 Million.
- Rights to operate completed expressway sectors amounted to Baht 23,147 Million, representing a net decrease from the end of the previous year by Baht 2,417 Million or 9.45 percent. This was resulted from the recording of amortization expenses in the statement of income based on the volume of vehicles using the Expressways amounting to

Baht 2,701 Million and an increased by Baht 284 Million from the transferred of the construction of the Connected Ramp between the Second Stage Expressway System (Sector D) and Chaturathit Road.

5. Rights to use sites for expressway construction amounted Baht 1,612 Million was recorded as according to the Company's adoption of Financial Reporting Standard Interpretations No.12 "Service Concession Arrangements" which was effective on January 1, 2014. The Company has to recognize the land value of the expressway by using the fair value of the compensation for site acquisition cost that Company has the obligation with the Expressway Authority of Thailand (EXAT) under the concession of the Second Stage Expressway System. The company has to recognize the fair value of such obligation as intangible asset under the account "Rights to use sites for expressway construction". Also, the Company restated the prior year's financial statements, presented as comparative information as though the Company and its Subsidiary had initially recognized this standard.
6. Advance payment under expressway construction contract amounted to Baht 1,235 Million, representing a decrease from the end of the previous year by Baht 797 Million or 39.22 percent which was aligned with the construction payment according to the work progress of the Si Rat-Outer Ring Road Expressway Project.
7. Deferred tax assets net amounted to Baht 257 Million, representing a decrease from the end of the previous year by Baht 459 Million or 64.11 percent, which mainly came from the calculation of deferred tax liability relating to the incremental adjustment of investment fair value in BMCL at the end of the accounting period which was recognized in Other components of shareholders' equity.

## Liabilities

Total liabilities of the Company and its Subsidiary as at December 31, 2014 amounted to Baht 33,637 Million, representing an increase from the end of the previous year by Baht 4,593 Million or 15.81 percent. The details of significant increases and decreases as compared to the end of the previous year are as follows:

	December 31, December 31,		(Unit: Million Baht)	
	2014	2013 (Restated)	Changes Amount	%
Short-term loan from financial institution	2,000	-	2,000	N/A
Trade accounts payable and other current liabilities	1,907	1,159	748	64.54
Income tax payable	309	204	105	51.47
Share payable	314	714	(400)	-56.02
Long-term loans	2,830	1,147	1,683	146.73
Debentures	19,385	18,086	1,299	7.18
Provision for compensation for site acquisition cost	6,762	7,620	(858)	-11.26
Provision for long-term employee benefits	<u>130</u>	<u>114</u>	<u>16</u>	<u>14.04</u>
Total liabilities	<u>33,637</u>	<u>29,044</u>	<u>4,593</u>	<u>15.81</u>

1. Short-term loan from financial institution amounted to Baht 2,000 Million, totally increased from the end of the previous year from the issuance of promissory note which the Company had reserved for redemption of debentures that due in the beginning of 2015.
2. Trade accounts payable and other current liabilities amounted to Baht 1,907 Million, representing an increase by Baht 748 Million or 64.54 percent, mainly from the payment for the Si Rat - Outer Ring Road Expressway Project.
3. Income tax payable amounted to Baht 309 Million, representing a net increase by Baht 105 Million or 51.47 percent, from the recording of income tax payable during the year amounted to Baht 505 Million, meanwhile the payment of income tax for the last six-month of the year 2013 and the first six-month of the year 2014 amounted to Baht 204 Million and Baht 196 Million, respectively.
4. Share payable amounted to Baht 314 Million, representing accrued expense from purchase of an additional 439 Million ordinary shares of TTW from CH. Karnchang Public Company Limited at a price of Baht 3,314 Million. As at December 31, 2014, the Company had already made payment of Baht 3,000 Million and the remaining is to be paid in 1 installment in April 2015.
5. Long-term loans amounted to Baht 2,830 Million, representing a net increase by Baht 1,683 Million or 146.73 percent from the withdrawal of loan for the Si Rat - Outer Ring Road Expressway Project amounting to Baht 1,400 Million and loan for working capital amounting to Baht 1,000 Million as per an extension of loan agreements. There was also the repayment of loans in the ordinary course of the payment schedule in the amount of Baht 726 Million.
6. Debentures amounted to Baht 19,385 Million, representing a net increase by Baht 1,299 Million or 7.18 percent due to issuance of debentures in February 2014 amounted to Baht 4,000 Million, with the details as follows:

<u>No.</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
1/2014	3 years	Baht 3,000 Million	Fixed interest rate at 3.59 p.a.
1/2014	5 years	Baht 1,000 Million	Fixed interest rate at 4.35 p.a.

The proceed from the issuance of debentures No. 1/2014 for 3 years is reserved for redemption of debentures amounted to Baht 2,700 Million with interest rate at 3.70 and 5.20 p.a. which due in April and August 2014, and for issuance of 5 years debenture is reserved for construction payment for the Si Rat - Outer Ring Road Expressway Project. The interest cost of the 5 years debenture is capitalized as construction cost instead of expensed in the statement of income according to the accounting principle.

7. As at December 31, 2014, The Company had interest bearing debts including short-term loan, long term loans and debentures for the total amount of Baht 24,215 Million. Therefore, the significant expense of the Company is interest expense. As a result, the Company has a risk on the fluctuation of interest rate in the money market or any increases. However, the Company has managed the risk by structuring short-term loan, long term loans and debentures into 74 percent of the total short-term loan, long term loans and debentures on the fixed interest rates and 26 percent on the floating interest rates. In the case that interest rate increases by 1 percent, the Company's interest expense will be increasing by Baht 63 Million a year.

Short-term loan, long term loans and debentures are classified by the maturity dates which were presented based on the date shown in statement of financial position as follow:

(Unit: Million Baht)

	Fixed interest rates				Floating interest rate				Grand
	Within	1-5	Over	Total	Within	1-5	Over	Total	
	1 year	years	5 years		1 year	years	5 years		
Short-term loan	2,000	-	-	2,000	-	-	-	-	2,000
Long-term loans	-	84	-	84	-	1,000	1,800	2,800	2,884
Debentures	<u>1,000</u>	<u>12,900</u>	<u>2,000</u>	<u>15,900</u>	<u>2,000</u>	<u>1,500</u>	<u>-</u>	<u>3,500</u>	<u>19,400</u>
Total	<u>3,000</u>	<u>12,984</u>	<u>2,000</u>	<u>17,984</u>	<u>2,000</u>	<u>2,500</u>	<u>1,800</u>	<u>6,300</u>	24,284
Less Deferred financial fee of loans and debentures									<u>(69)</u>
Loans and debentures- net									<u>24,215</u>

8. Provision for compensation for site acquisition cost amounted Baht 6,762 Million was recorded as according to the Company's adoption of Financial Reporting Standard Interpretations No.12 "Service Concession Arrangements" which was effective on January 1, 2014. The Company has to record compensation for site acquisition cost that Company has the obligation with the Expressway Authority of Thailand (EXAT) under the Second Stage Expressway System for an amount of Baht 16,816 Million. The company has to recognize the liability of such obligation under the account "Provision for compensation for site acquisition cost". Also, the Company restated the prior year's financial statements, presented as comparative information as though the Company and its Subsidiary had initially recognized this standard.

For the actual payments, the first payment that was paid by the Company was commencing from 2004 as stipulated in the agreement and the payment will be on every March 1 and September 1 of every year. The Company had already made payment for such compensation amounted to Baht 9,100 Million. For 2014, the Company has a commitment of compensation for site acquisition of Baht 1,200 Million, in which had already been paid to the Expressway Authority of Thailand.

## Shareholders' Equity

Total shareholders' equity of the Company and its Subsidiary as at December 31, 2014 amounted to Baht 21,639 Million, representing an increase from the end of the previous year by Baht 3,631 Million or 20.16 percent. The details of significant increases and decreases as compared to the end of the previous year are as follows:

	(Unit: Million Baht)			
	December 31, 2014	December 31, 2013 (Restated)	Changes Amount	%
Issued and paid-up share capital	7,700	7,700	-	-
Premium on ordinary shares	4,848	4,848	-	-
Other components of shareholders' equity	1,357	(323)	1,680	520.12
Retained earnings				
Retained earnings - as previously reported		10,598		
Cumulative effect of changes in accounting policy		(4,833)		
Retained earnings	7,662	5,765	1,897	32.91
Non-controlling interests of the subsidiary	72	18	54	300.00
Total shareholders' equity	<u>21,639</u>	<u>18,008</u>	<u>3,631</u>	<u>20.16</u>

- Other components of shareholders' equity were mainly from an adjustment of investment value in BMCL in accordance with the market prices which was presented in the net amount of deferred tax.
- Retained earnings increased from the net profit from operations for 2014 amounted to Baht 3,206 Million. However, it decreased from dividend payment for the second half of the year 2013 amounting to Baht 693 Million or Baht 0.90 per share on May 22, 2014 and dividend payment for the first half of the year 2014 on September 18, 2014 amounting to Baht 616 Million or Baht 0.80 per share.

## Cash Flows

In 2014, the Company and its Subsidiary generated cash flows from operating activities amounting to Baht 5,197 Million, utilized cash of Baht 7,219 Million from investing activities due to (1) 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 6,611 Million, (2) investment in current investments in the amount of Baht 1,543 Million, (3) paid for purchase of TTW shares in the amount of Baht 400 Million, (4) investment in XPCL in the amount of Baht 265 Million, (5) acquisition of fixed assets in the net amount of Baht 44 Million, (6) cash receipt from sales of investments in TTW and CKP in the amount of Baht 1,097 Million and (7) receipts of dividend and interest from investments in the amount of Baht 547 Million.

The Company and its Subsidiary had net cash of Baht 3,004 Million from financing activities due to (1) issuance of debentures amounting to Baht 4,000 Million, (2) withdrawal of long-term loans amounting to Baht 2,400 Million, (3) withdrawal of short-term loan amounting to Baht 2,000 Million, (4) redemption of debentures amounting to Baht 2,700 Million, (5) dividend payment amounting to Baht 1,309 Million, (6) repayment of long-term loans amounting to Baht 726 Million, and (7) interest payment and payment of financial fee amounting to Baht 661 Million.

As at December 31, 2014, the Company and its Subsidiary had cash and cash equivalents amounting to Baht 1,820 Million, representing an increase from the end of the previous year by Baht 982 Million.

#### Significant Financial Ratios\*

	Unit	2014	2013** (Restated)
Net Profit Margin	%	35.61	27.65
Return on Equity	%	16.44	13.85
Return on Total Assets	%	6.37	5.16
Interest Coverage	times	11.75	8.44
Debt to Equity	times	1.55	1.61

In 2014, the Company had Net Profit Margin at 35.61 percent, increased when compared to 27.65 percent Net Profit Margin of the previous year. The main reason was from the toll rate revision and the decrease in finance cost which led to the increase in Net Profit Margin.

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 8.44 times in 2013 to 11.75 times in 2014. In addition, Debt to Equity ratio was at 1.55 times in 2014 which decreased from 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.

\*\* In order to provide the true company's performance from normal operation, the net profit of 2013 that has been used for the ratio calculation does not include the gain on fair value adjustment from changing status of investment in TTW.