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

EY Office Limited, as the auditor for the Company and its subsidiaries, has audited the consolidated statement of financial position of Bangkok Expressway and Metro Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statement of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statement of Bangkok Expressway and Metro Public Company Limited as at 31 December 2018. 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 and Metro Public Company Limited and its subsidiaries, and of Bangkok Expressway and Metro Public Company Limited, as at 31 December 2018, their operational results and cash flow for the year then ended in accordance with Thai Financial Reporting Standards.

(Unit : Baht)

Statement of financial position	2018		2017		2016	
	Amount	Percent	Amount	Percent	Amount	Percent
Assets						
Current assets						
Cash and cash equivalents	526,200,490	0.51	2,627,062,725	2.66	777,001,145	0.94
Current investments	1,282,474,987	1.24	1,449,457,222	1.47	5,941,349,949	7.18
Bank deposit for unearned fare box revenue	150,016,110	0.14	-	-	-	-
Trade and other receivables	514,055,818	0.50	426,286,028	0.43	1,614,563,463	1.95
Receivable from sales of investment	-	-	-	-	756,834,379	0.91
Current portion of receivable under the concession agreement	1,649,683,274	1.59	1,649,683,274	1.67	-	-
Other current assets	94,158,489	0.08	127,581,197	0.12	129,541,368	0.16
Total current assets	4,216,589,168	4.06	6,280,070,446	6.35	9,219,290,304	11.14
Non-current assets						
Receivable under the concession agreement, net of current portion	10,860,414,888	10.46	12,510,098,163	12.65	-	-
Investments in associates	6,368,744,918	6.13	9,592,230,802	9.70	9,667,680,300	11.68
Other long-term investments	6,688,646,612	6.44	1,654,862,090	1.67	1,237,849,790	1.50
Investment properties	120,357,493	0.12	120,357,493	0.12	120,357,493	0.15
Building and equipment	323,936,668	0.31	361,168,428	0.37	340,732,838	0.41
Rights to operate expressway sectors	35,146,019,997	33.85	38,448,873,562	38.87	41,551,825,215	50.19
Rights to use sites for expressway construction	390,198,219	0.38	719,073,059	0.73	1,020,623,701	1.23
Intangible asset under concession agreement of the MRT Blue Line Project	35,427,555,680	34.12	25,954,096,373	26.24	17,048,090,154	20.59
Project cost of the MRT Chalong Ratchadham Line	654,691,451	0.63	666,742,626	0.67	627,255,954	0.76
Prepaid project remuneration	3,495,195,243	3.37	2,487,433,243	2.51	1,614,607,949	1.95
Other intangible assets	84,777,999	0.08	75,257,871	0.08	68,228,569	0.08
Deferred tax assets	6,312,191	0.01	4,997,667	0.01	201,887,940	0.24
Other non-current assets	47,468,811	0.04	44,103,679	0.03	67,132,878	0.08
Total non-current assets	99,614,320,170	95.94	92,639,295,056	93.65	73,566,272,781	88.86
Total assets	103,830,909,338	100.00	98,919,365,502	100.00	82,785,563,085	100.00

(Unit : Baht)

Statement of financial position (continued)	2018		2017		2016	
	Amount	Percent	Amount	Amount	Percent	Amount
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	2,814,594,224	2.71	3,629,184,736	3.67	4,715,775,247	5.70
Trade and other payables	1,683,472,969	1.62	2,107,884,865	2.13	898,075,149	1.08
Current portion of long-term loans from financial institutions	3,041,760,069	2.93	3,808,760,069	3.85	2,066,750,000	2.50
Current portion of debentures	5,000,000,000	4.82	-	-	-	-
Unearned fare box revenue	163,117,129	0.16	138,261,714	0.14	111,971,378	0.14
Deposits on stored value ticket	65,265,286	0.06	54,367,547	0.05	43,313,997	0.05
Income tax payable	69,746,084	0.07	62,132,371	0.06	31,444,025	0.04
Current portion of provision for compensation for site acquisition cost	1,546,891,698	1.49	1,600,000,000	1.62	1,500,000,000	1.81
Other current liabilities						
Retention guarantees	45,609,821	0.04	19,917,415	0.02	70,983,137	0.09
Value added tax payable	76,044,732	0.07	56,978,843	0.06	31,237,795	0.04
Withholding tax deducted at source payable	90,510,248	0.09	94,180,664	0.10	1,929,000	0.01
Others	9,826,997	0.01	11,156,420	0.01	86,277,548	0.09
Total current liabilities	14,606,839,257	14.07	11,582,824,644	11.71	9,557,757,276	11.55
Non-current liabilities						
Long-term loans from financial institutions, net of current portion	18,373,779,608	17.70	25,801,112,363	26.08	16,952,402,523	20.48
Debentures, net of current portion	33,169,822,210	31.95	28,170,623,095	28.48	23,167,912,861	27.99
Derivative financial liabilities	21,808,675	0.02	52,954,374	0.05	18,608,408	0.02
Provision for compensation for site acquisition cost, net of current portion	-	-	1,411,401,698	1.43	2,817,151,698	3.40
Provision for long-term employee benefits	686,898,092	0.65	483,787,045	0.49	471,043,876	0.57
Deferred tax liabilities	1,353,842,048	1.30	217,152,225	0.22	-	-
Other non-current liabilities	5,892,925	0.01	20,211,885	0.02	17,982,160	0.02
Total non-current liabilities	53,612,043,558	51.63	56,157,242,685	56.77	43,445,101,526	52.48
Total liabilities	68,218,882,815	65.70	67,740,067,329	68.48	53,002,858,802	64.03

(Unit : Baht)

Statement of financial position (continued)	2018		2017		2016	
	Amount	Percent	Amount	Amount	Percent	Amount
Shareholders' equity						
Share capital						
Registered						
15,285,000,000 ordinary shares of Baht 1 each	15,285,000,000	14.72	15,285,000,000	15.45	15,285,000,000	18.46
Issued and paid-up						
15,285,000,000 ordinary shares of Baht 1 each	15,285,000,000	14.72	15,285,000,000	15.45	15,285,000,000	18.46
Premium on ordinary shares	5,816,938,084	5.60	5,816,938,084	5.88	5,816,938,084	7.03
Capital deficit from change in shareholding in subsidiaries	(75,770,451)	-0.07	(32,148,702)	-0.03	(32,148,702)	-0.04
Retained earnings						
Appropriated - statutory reserve	1,232,890,000	1.19	1,077,490,000	1.09	928,690,000	1.12
Unappropriated	12,133,780,735	11.69	8,948,481,343	9.05	7,763,596,451	9.38
Other components of shareholders' equity	1,105,927,958	1.06	(27,575,760)	-0.03	(72,824,264)	-0.09
Equity attributable to shareholders of the Company	35,498,766,326	34.19	31,068,184,965	31.41	29,689,251,569	35.86
Non-controlling interests of the subsidiaries	113,260,197	0.11	111,113,208	0.11	93,452,714	0.11
Total shareholders' equity	35,612,026,523	34.30	31,179,298,173	31.52	29,782,704,283	35.97
Total liabilities and shareholders' equity	103,830,909,338	100.00	98,919,365,502	100.00	82,785,563,085	100.00

(Unit : Baht)

Income statement	2018		2017		2016	
	Amount	Percent	Amount	Amount	Percent	Amount
Revenues						
Revenue from expressway business	10,173,901,910	53.30	9,956,687,741	64.68	9,300,724,132	70.28
Revenue from rail business	4,736,002,363	24.81	4,520,903,061	29.37	3,230,064,080	24.41
Revenue from commercial development business	704,536,036	3.69	675,836,158	4.39	573,349,010	4.33
Other income						
Gains on sale of investments	499,393,573	2.62	11,887,334	0.07	11,929,580	0.09
Gain on reclassification of investment	2,496,266,396	13.08	-	-	-	-
Interest income	450,618,868	2.36	175,173,105	1.14	68,199,690	0.52
Others	26,601,445	0.14	52,743,740	0.35	49,128,131	0.37
Total revenues	19,087,320,591	100.00	15,393,231,139	100.00	13,233,394,623	100.00
Expenses						
Cost of expressway business	1,837,541,483	9.63	1,735,419,841	11.27	1,511,964,604	11.43
Cost of rail business	3,541,571,456	18.55	3,352,428,083	21.78	2,371,420,998	17.92
Cost of commercial development business	169,940,207	0.89	177,294,401	1.15	200,057,169	1.51
Amortisation on rights to operate completed expressway sectors and compensation for site acquisition cost	4,036,823,398	21.15	3,694,893,202	24.00	3,470,883,807	26.23
Amortisation on intangible asset under concession agreement of the MRT Blue Line Project	188,047,080	0.99	246,289,965	1.60	440,076,422	3.33
Selling expenses	111,421,323	0.58	95,313,153	0.62	92,585,157	0.70
Administrative expenses	1,252,317,805	6.56	1,049,120,611	6.82	892,214,665	6.73
Total expenses	11,137,662,752	58.35	10,350,759,256	67.24	8,979,202,822	67.85
Profit before share of profit from investments in associates, finance cost and income tax expenses	7,949,657,839	41.65	5,042,471,883	32.76	4,254,191,801	32.15
Share of profit from investments in associates	432,797,238	2.27	405,916,311	2.63	347,349,465	2.62
Profit before finance cost and income tax expenses	8,382,455,077	43.92	5,448,388,194	35.39	4,601,541,266	34.77
Finance cost	(1,857,460,775)	-9.74	(1,610,435,067)	-10.46	(1,425,748,566)	-10.77
Profit before income tax expenses	6,524,994,302	34.18	3,837,953,127	24.93	3,175,792,700	24.00
Income tax expenses	(1,189,146,759)	-6.23	(695,602,106)	-4.52	(562,927,698)	-4.26
Profit for the year	5,335,847,543	27.95	3,142,351,021	20.41	2,612,865,002	19.74

(Unit : Baht)

Income statement (continued)	2018		2017		2016	
	Amount	Percent	Amount	Amount	Percent	Amount
Profit attributable to:						
Equity holders of the Company	5,317,038,037	27.86	3,123,129,324	20.29	2,605,854,468	19.69
Non-controlling interests of the subsidiaries	18,809,506	0.09	19,221,697	0.12	7,010,534	0.05
	5,335,847,543	27.95	3,142,351,021	20.41	2,612,865,002	19.74
Basic earnings per share						
Profit attributable to equity holders of the Company	0.35		0.20		0.17	

(Unit : Baht)

Statement of comprehensive income	2018		2017		2016	
	Amount	Percent	Amount	Amount	Percent	Amount
Profit for the year	5,335,847,543	27.95	3,142,351,021	20.41	2,612,865,002	19.74
Other comprehensive income						
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>						
Unrealised gain (loss) from cash flow hedges, net of income tax	24,916,559	0.13	(27,476,773)	-0.18	(14,886,726)	-0.11
Unrealised gain on valuation of available-for-sale securities, net of income tax	1,112,425,756	5.83	-	-	-	-
Share of other comprehensive income of associate recognised due to reclassification of investment	(37,094,724)	-0.19	-	-	-	-
Share of other comprehensive income from associates	33,256,127	0.17	72,725,277	0.47	23,010,920	0.17
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax	1,133,503,718	5.94	45,248,504	0.29	8,124,194	0.06
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>						
Actuarial gain, net of income tax	10,711,355	0.06	45,830,261	0.30	(134,132,646)	-1.01
Share of other comprehensive income from associates	-	-	(2,635,896)	-0.01	13,580	0.00
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of income	10,711,355	0.06	43,194,365	0.29	(134,119,066)	-1.01
Other comprehensive income for the year	1,144,215,073	6.00	88,442,869	0.58	(125,994,872)	-0.95
Total comprehensive income for the year	6,480,062,616	33.95	3,230,793,890	20.99	2,486,870,130	18.79
Total comprehensive income attributable to:						
Equity holders of the Company	6,461,253,110	33.85	3,213,133,396	20.87	2,479,859,596	18.74
Non-controlling interests of the subsidiaries	18,809,506	0.10	17,660,494	0.12	7,010,534	0.05
	6,480,062,616	33.95	3,230,793,890	20.99	2,486,870,130	18.79

(Unit : Baht)

Cash flow statement	2018	2017	2016
Cash flows from operating activities			
Profit before tax	6,524,994,302	3,837,953,127	3,175,792,700
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Amortisation and depreciation	3,866,567,954	3,544,655,128	3,422,513,416
Allowance for doubtful debt	(272,590)	272,590	471,546
Gains on sale of investments	(499,393,573)	(11,887,334)	(11,929,580)
Unrealised gain on change in value of investments	(10,442,237)	(29,720,956)	(19,160,863)
Gain on reclassification of investment	(2,496,266,396)	-	-
Loss (gain) on disposals/write-off of equipment, intangible asset under concession agreement of the MRT Blue Line			
Project and other intangible assets	(1,639,242)	6,028,232	1,197,724
Project remuneration expense	355,662,416	384,806,190	503,539,074
Compensation for site acquisition cost	464,364,839	495,800,643	550,049,984
Provision for long-term employee benefits	220,232,028	76,747,586	63,285,807
Share of profit from investments in associates	(432,797,238)	(405,916,311)	(347,349,465)
Unrealised loss (gain) on exchange rate	102,702	(105,460)	509,200
Interest income	(450,618,868)	(175,173,105)	(67,646,250)
Interest expenses	1,662,162,353	1,572,881,432	1,173,937,460
Financial fees	98,665,000	-	-
Profit from operating activities before changes in operating assets and liabilities	9,031,321,450	9,296,341,762	8,445,210,753
Operating assets (increase) decrease			
Bank deposit for unearned fare box revenue	(150,016,110)	-	-
Trade and other receivables	(43,104,677)	155,095,799	(1,530,393,882)
Receivable under the concession agreement	1,649,683,275	412,420,819	-
Other current assets	85,434,222	101,986,629	118,245,333
Other non-current assets	(3,438,527)	13,393,495	(59,034,205)
Cash paid for project remuneration	(1,350,459,625)	(1,252,089,706)	(1,167,855,334)
Operating liabilities increase (decrease)			
Trade payables and other payables	21,244,663	8,049,920	27,111,561
Unearned fare box revenue	24,855,415	26,290,336	21,997,482
Deposits on stored value ticket	10,897,739	11,053,550	8,575,064
Other current liabilities	27,513,762	(8,194,092)	(14,279,907)
Other non-current liabilities	(14,318,960)	2,229,724	1,002,021
Cash paid for long-term employee benefits	(10,325,738)	(7,740,208)	(3,733,720)
Cash paid for compensation for site acquisition cost	(1,600,000,000)	(1,500,000,000)	(1,500,000,000)
Net cash flows from operating activities	7,949,286,889	7,258,838,028	4,346,845,166
Cash received from interest income	452,272,207	139,602,025	14,076,604
Cash paid for income tax	(334,491,602)	(248,930,830)	(515,595,620)
Net cash flows from operating activities	8,067,067,494	7,149,509,223	3,845,326,150

(Unit : Baht)

Cash flow statement (continued)	2018	2017	2016
Cash flows from investing activities			
Cash received from sales of current investments	13,949,038,43	19,366,871,411	18,982,197,653
Cash paid for purchase of current investments	(13,767,671,038)	(14,833,370,394)	(24,401,743,246)
Cash paid for purchase of investments in subsidiary	(60,284,267)	-	-
Cash received from sales of investments in associates	540,351,710	-	46,971,310
Cash received from sales of other long-term investment	2,075,443,606	-	-
Increase in other long-term investments	(107,436,375)	(417,012,300)	(324,762,300)
Cash received from sales of investment before amalgamation	-	769,741,462	600,000,000
Cash received from sales of equipment and intangible asset under concession agreement of the MRT Blue Line Project	3,215,729	7,706,184	8,074,075
Purchase of equipment	(23,042,080)	(89,131,306)	(233,477,194)
Advance payment for purchase of equipment	-	(77,040)	(83,400)
Cash received from interest income	4,676,477	21,484,010	12,907,263
Cash received from dividend income	493,938,904	551,455,191	498,953,704
Cash paid for project cost of the MRT Chalong Ratchadham	(390,955)	(65,000,000)	(362,076,317)
Cash paid for intangible asset under concession agreement of the MRT Blue Line Project	(9,963,513,656)	(7,906,570,615)	(412,493,534)
Cash paid for expressway construction	(284,809,045)	(130,085,647)	(5,732,648,468)
Interest expenses capitalised as cost of projects	(181,764,061)	(48,805,714)	(301,989,908)
Increase in other intangible assets	(30,649,444)	(25,644,761)	(43,075,180)
Net cash flows used in investing activities	(7,352,896,064)	(2,798,439,519)	(11,663,245,542)
Cash flows from financing activities			
Cash received form short-term loan from financial institution	10,000,000,00	-	10,400,000,000
Repayment of short-term loans from financial institutions	(10,816,000,000)	(1,088,000,000)	(28,090,000,000)
Cash received from long-term loans from financial	5,300,000,000	500,000,000	12,344,000,000
Repayment of long-term loans from financial institutions	(13,475,010,069)	(3,536,448,559)	(10,759,185,781)
Cash received from issuance of debentures	10,000,000,00	5,000,000,000	23,500,000,000
Cash paid for redemption of debentures	-	-	(300,000,000)
Cash paid for financial fees	(181,553,849)	(8,219,329)	(67,423,644)
Interest paid	(1,655,419,747)	(1,534,140,236)	(1,081,644,863)
Dividend paid	(1,987,050,000)	(1,834,200,000)	(1,834,200,000)
Net cash flows from (used in) financing activities	(2,815,033,665)	(2,501,008,124)	4,111,545,712
Net increase (decrease) in cash and cash equivalents	(2,100,862,23)	1,850,061,580	(3,706,373,680)
Cash and cash equivalents at beginning of year	2,627,062,725	777,001,145	4,483,374,825
Cash and cash equivalents at end of year	526,200,490	2,627,062,725	777,001,145

13.2 Significant Financial Ratios

	Unit	2018	2017	2016
LIQUIDITY RATIO				
1. Liquidity Ratio	Time	0.20	0.46	0.96
2. Quick Ratio	Time	0.19	0.45	0.87
3. Cash Flow Ratio	Time	0.52	0.68	0.21
PROFITABILITY RATIO				
4. Gross Profit Margin	%	37.40	39.25	38.99
5. Cash to Profitability Ratio	%	65.77	75.11	49.53
6. Net Profit Margin	%	20.35	20.45	19.69
7. Return on Equity	%	9.90	10.31	8.87
EFFICIENCY RATIO				
8. Return on Total Assets	%	3.76	3.75	3.25
9. Return on Fixed Assets	%	10.57	10.81	10.40
10. Assets Turnover	Time	0.18	0.18	0.16
FINANCIAL POLICY RATIO				
11. Interest Bearing Debt to Equity Ratio	Time	1.34	1.37	1.30
12. Interest Coverage Ratio	Time	7.41	6.06	6.61
13. Net Debt to EBITDA	Time	6.00	5.72	5.96
Per Share DATA				
14. Book Value per Share	Baht	2.32	2.03	1.94
15. Net Earnings per Share	Baht	0.35	0.20	0.17
16. Dividend per Share	Baht	0.15	0.13	0.11

Note The Company has not presented Accounts Receivable Turnover, Average Collection Period, Accounts Payable Turnover, Average Debt Servicing Period and Cash Cycle because these ratios are not appropriated for consideration of the Company's operation according to the amount of accounts receivable and accounts payable which are not significant for the Company's nature of operation.

Not include transaction related to the novation of the M&E systems under the concession agreement of the MRT Chalong Ratchadham Line Project which the MRTA is fully responsible for both loan repayment and interest expense in accordance to the concession agreement and gain on fair value adjustment of investment due to reclassification which was recorded in the third quarter of the year 2018.

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, 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 appointed 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 2018 of the Company and the Subsidiaries, 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
27 February 2019

Mrs. Payao Marittanaporn
Managing Director
27 February 2019

14. Management Discussion and Analysis

Significant events

1. On March 30, 2018, Bangkok Expressway and Metro Public Company Limited (“the Company”) had refinanced long term loans for the Si Rat-Outer Ring Road Expressway Project (SOE) for total of Baht 10,000 Million with floating interest rate by issuing debentures with fixed interest rate from 2.05 to 3.01 percent per annum to reduce financial cost and risk management from floating interest rate. As a result, the Company has saved interest expense approximately by Baht 510 - 940 Million through the concession agreement period.
2. On June 28, 2018, the Company sold all 7.5 percent of investment in Xayaburi Power Company Limited (XPCL) to CK Power Public Company Limited (CKP) with total gains on sale of investment in the amount of Baht 184 Million, net of corporate income tax.
3. On July 16, 2018, the Company sold 111.2 million shares of CK Power Public Company Limited (CKP) to an unrelated company. As a result, the interest in the equity of CKP decreased from 19.34 percent to 17.83 percent. Following this sale, the Company reclassified the investment in CKP from investment in associated company to investment in available-for-sale securities, which consistent with the investment proportion and the purpose of the Company investment. The Company recorded gain on fair value adjustment of investment due to reclassification in the amount of Baht 2,030 Million, net of corporate income tax.
4. On September 21, 2018, the Supreme Administrative Court rendered the judgement of dispute regarding the competing road with the Udon Rattaya Expressway which Northern Bangkok Expressway Company Limited (NECL), the subsidiary of the Company, requiring Expressway Authority of Thailand (EXAT) to compensate for the revenue which decreased from the estimation as a result of its impacts from the competing road.

On October 2, 2018, the Council of Ministers then passed the resolution requiring that such state agency shall conduct negotiations with its disputing parties to mitigate the damage of the state and to ensure the justice for the people, provided that such negotiations shall be conducted transparently and legitimately by mainly taking into account the benefits of the nation. In this regard, EXAT and the Company/the subsidiary have reached a mutual agreement to settle the disputes in the best interests of the state, people and in fairness to both contractual parties. *(Please see details in notes of financial statement for the year 2018)*

EXAT and the Company/the subsidiary have agreed to settle the disputes under the Second Stage Expressway Agreement, the Agreement for the Extension of the Second Stage Expressway System (Sector D), and the Bang Pa-in - Pak Kret Expressway Agreement which have the total value of approximately Baht 137,517 Million, by means of review and amendment of the three Concession Agreements to be extended to end in 2057, toll rates shall be revised at a fixed rate to increase every 10 years and the Company shall have the duty to invest in improvement of the Second Stage Expressway in the total amount of approximately Baht 31,500 Million to solve the traffic congestion problem after the report of the Environmental Impact Assessment (EIA) of EXAT has been approved. In this regard, EXAT would propose the negotiation results to the Council of Ministers for consideration and approval in accordance with the process required by the Private Investment in State Undertakings Act B.E.2556 (2013). Nevertheless, there would be a change in the aforementioned guidelines as proposed.

EXAT and the Company/the subsidiary will sign the Amendment Agreements of the existing Concession Agreements after obtaining the approval from the shareholders’ meeting and after obtaining the consent from the Council of Ministers.

5. On September 30, 2018, the Company has operated the Connection between the Si Rat-Outer Ring Road Expressway and the Northbound Si Rat Expressway (heading to Chaeng Watthana), approximately 360 meters, which is more convenient for the expressway users of the Si Rat - Outer Ring Road Expressway (Inbound) heading to Ngam Wong Wan, Chaeng Watthana and continuing to the Udon Rattaya Expressway heading to Muang Thong and Bang Pa-in by turning left before Bang Sue Interchange near the Suburban Metro Maintenance Center which can reduce travel time from using local road and traffic congestion on Kamphaeng Phet 2 Road.

Overview Operational Results

In the year 2018, the Company had the net profit attributable to equity holders of the Company in the amount of Baht 5,317 Million representing an increase from the previous year by Baht 2,194 Million or 70.3 percent from gain on fair value adjustment of investment due to reclassification, net of tax, in the amount of Baht 2,030 Million which is the non-cash gain and gain from operation increased by Baht 164 Million from the increase in revenue and the decrease in financial cost.

The Company had revenue from Expressway business of Baht 10,174 Million, representing an increase by Baht 217 Million or 2.2 percent, revenue from Rail business of Baht 4,736 Million representing an increase by Baht 215 Million or 4.8 percent and revenue from Commercial Development business of Baht 705 Million representing an increase by Baht 30 Million or 4.4 percent. In addition, interest income amounted to Baht 435 Million was received from the MRTA under the concession agreement of the MRT Chalong Ratchadham Line Project (MRT Purple Line), which the Company had recorded since the fourth quarter of the year 2017 where the income is equal to the interest expense from the long term loan for investing in the MRT Purple Line. The MRTA is fully responsible for both loan repayment and interest expense in accordance to the concession agreement.

Cost of service amounted to Baht 9,775 Million representing an increase by Baht 569 Million or 6.2 percent mainly from the increase in repair and maintenance expense in accordance to the schedule together with the increase in amortization on rights to operate completed expressway sectors and amortization on intangible asset under concession agreement of the MRT Blue Line Project (non-cash expenses) which inline to the increase in traffic volume and ridership.

Selling and administrative expenses amounted to Baht 1,364 Million representing an increase by Baht 220 Million or 19.2 percent mainly from the pre-operating expense of the new project which cannot be recorded as cost of construction according to accounting standard and employee expense from legal severance pay rates for retirement according to the draft of a new Labour Protection Act.

Financial cost amounted to Baht 1,857 Million representing an increase by Baht 246 Million or 15.3 percent, mainly from interest expense amounting to Baht 435 Million from long term loan for investing in the MRT Purple Line which the MRTA is fully responsible according to the concession agreement (same amount of interest income as described above). However, if not included this transaction, financial cost decreased by Baht 189 Million from principle repayment and refinancing long term loan of SOE at the end of the first quarter of this year resulting to the decrease in financial cost.

Segmental performance

1. Expressway business

The Company had revenue from Expressway business of Baht 10,174 Million, representing an increase from the previous year by Baht 217 Million or 2.2 percent, mainly from the increase in toll revenue from SOE. In the year 2018, SOE average traffic volume was at 56,090 trips/day representing an increase by 12 percent when compared to the previous year in accordance to expressway users learning behavior, together with the opening of the Connection between the Si Rat-Outer Ring Road Expressway and the Northbound Si Rat Expressway (heading to Chaeng Watthana) on September 30, 2018. For the First Stage Expressway (FES) and the Second Stage Expressway (SES), toll revenue was slightly increased from the previous year. For the Bang Pa-in - Pak Kret Expressway (Sector C+), toll revenue increased by 5.3 percent due to the expansion of suburban area resulting to the traffic volume increased. Sector C+ average traffic volume in the year 2018 was at 91,076 trips/day representing an increase by 5.7 percent when compared to the previous year.

Cost of service for operation of Expressway business consisted of costs of toll, amortization of rights to operate completed expressway sectors and compensation for site acquisition cost. For the year 2018, the cost was at Baht 5,875 Million, representing an increase from the previous year by Baht 445 Million or 8.2 percent mainly from the amortization of rights to operate completed expressway sectors.

2. Rail business

The Company had revenue from Rail business of Baht 4,736 Million, representing an increase from the previous year by Baht 215 Million or 4.8 percent mainly from farebox revenue of the MRT Blue Line resulting from the connection between the MRT Purple Line Project and the MRT Blue Line Project in August 2017 which convenience and time efficiency for passengers as a result ridership of both projects increased. The average ridership of the MRT Blue Line Project in the year 2018 was at 311,538 trips/day representing an increase from the previous year by 5.5 percent and the average ridership per working days was at 360,735 trips/day representing an increase from the previous year by 5.5 percent.

Cost of Rail business consisted of costs of farebox, O&M cost and amortization of intangible asset under the MRT Blue Line Project. For the year 2018, the cost was at Baht 3,687 Million, representing an increase from the previous year by Baht 127 Million or 3.6 percent mainly from the repair and maintenance expense.

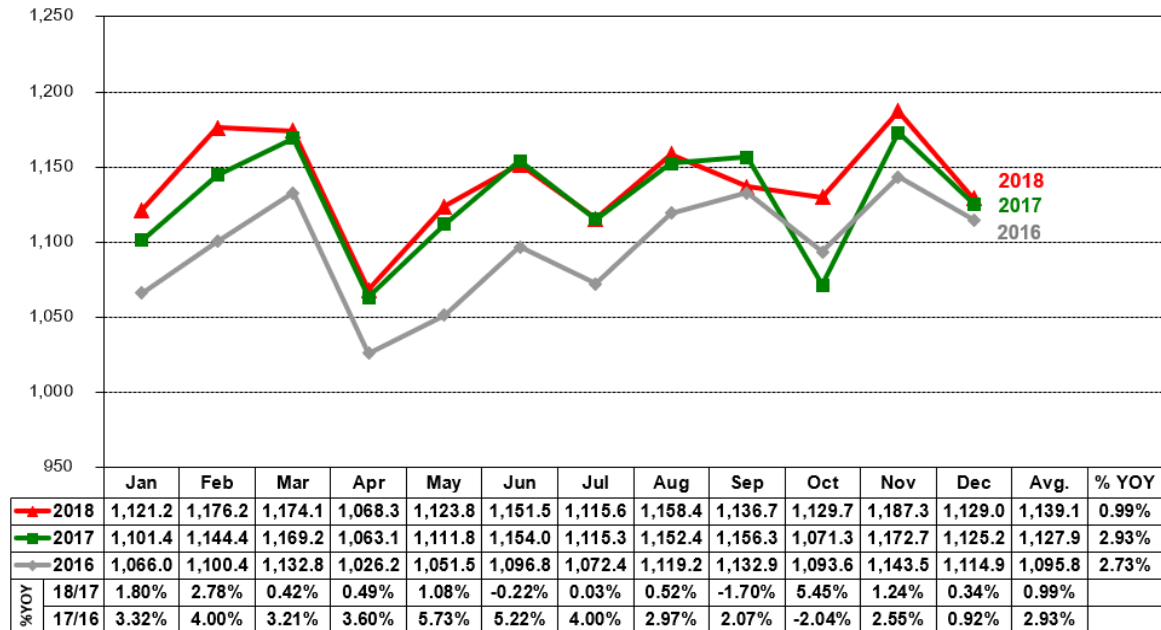
3. Commercial Development Business

In the year 2018, total commercial development revenue was Baht 705 Million, representing an increase from the previous year by Baht 30 Million or 4.4 percent from the increase in retail and advertising revenue.

Cost of Commercial Development business for the year 2018 was at Baht 213 Million, representing a decrease from the previous year by Baht 3 Million or 1.4 percent.

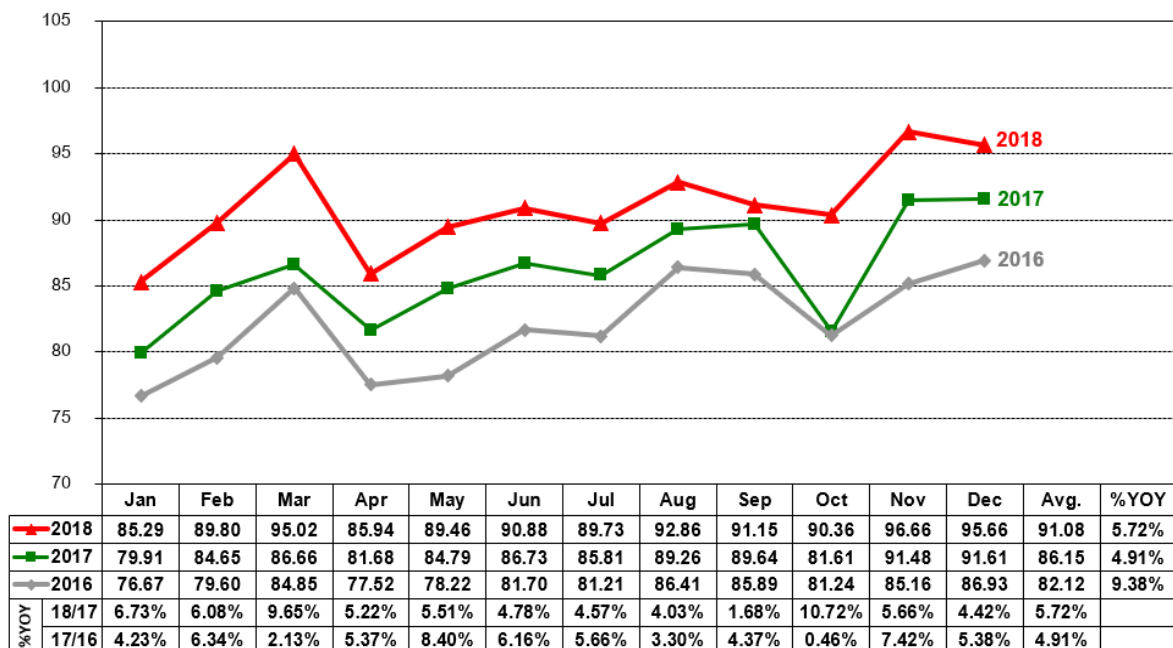
**Average Daily Traffic Volume for the First Stage Expressway, the Second Stage Expressway
and the Si Rat-Outer Ring Road Expressway**

(Thousand Trips / Day)



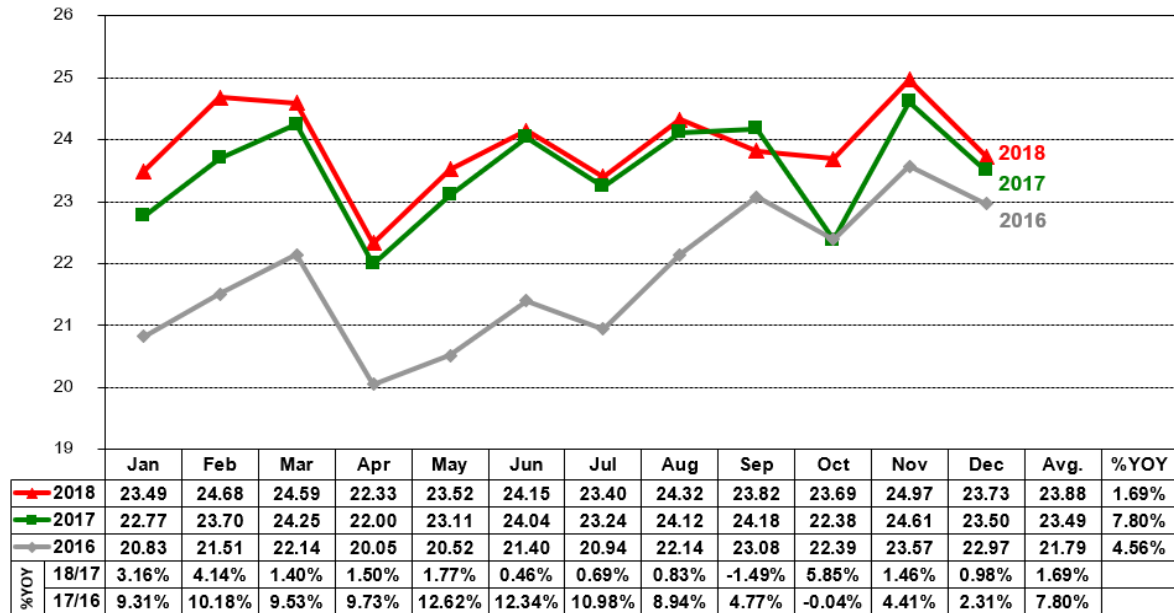
Average Daily Traffic Volume for the Bang Pa-in - Pak Kret Expressway

(Thousand Trips / Day)



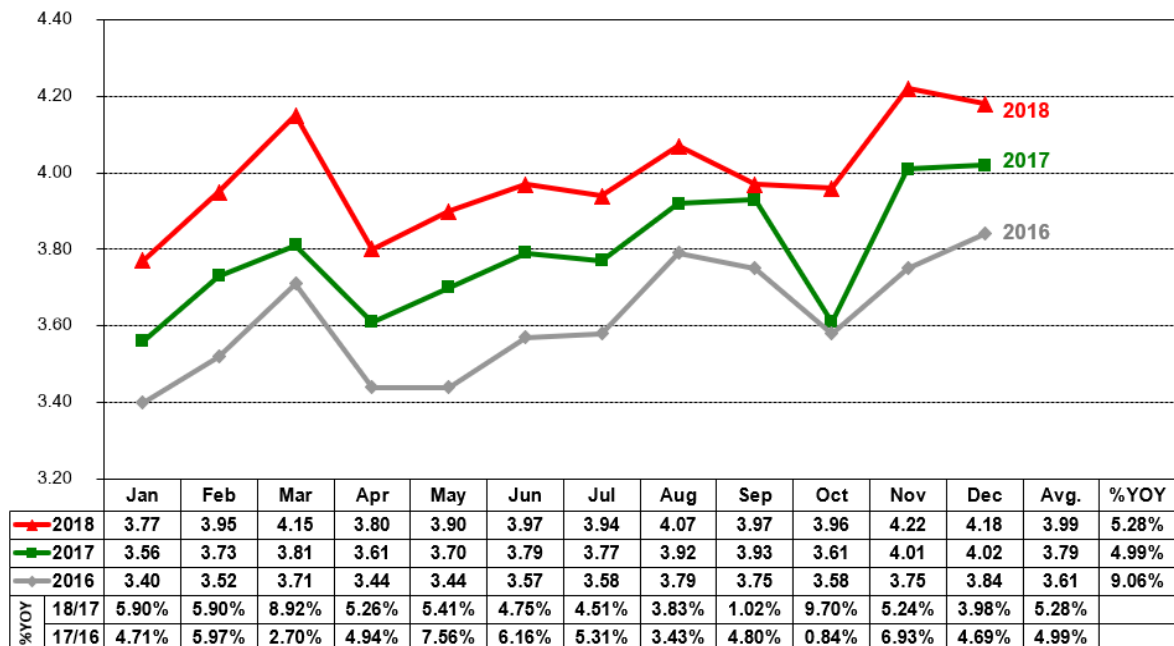
**Average Daily Toll Revenue for the First Stage Expressway, the Second Stage Expressway
and the Si Rat-Outer Ring Road Expressway**

(Million Baht / Day)



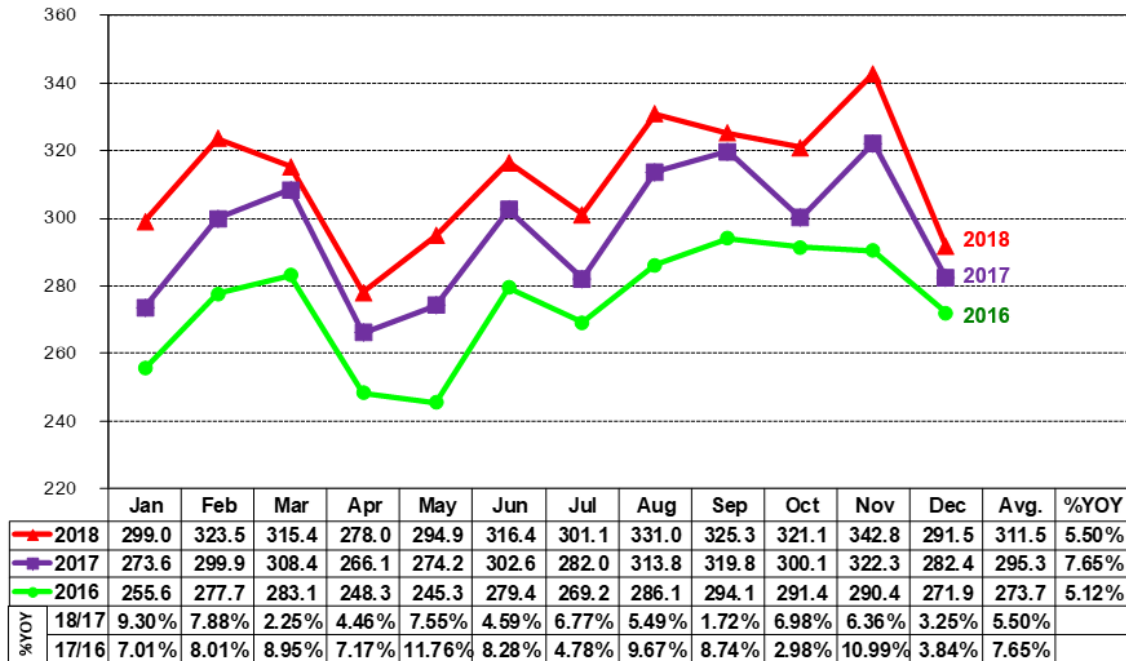
Average Daily Toll Revenue for the Bang Pa-in - Pak Kret Expressway

(Million Baht / Day)



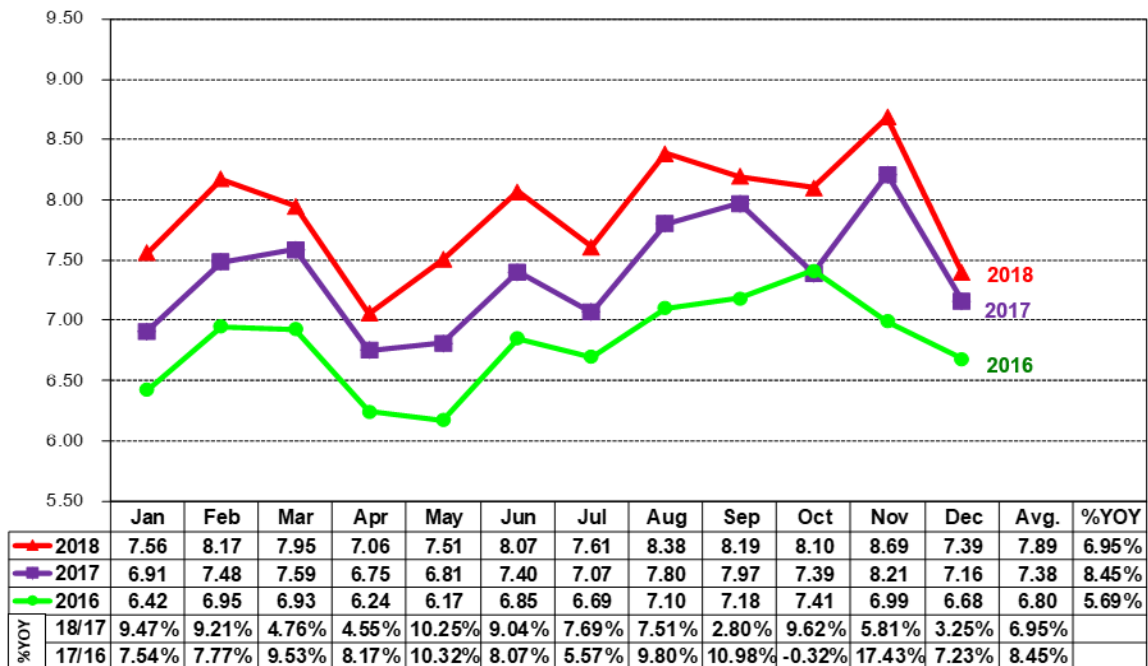
Average Daily Ridership for Blue Line

(Thousand Trips / Day)



Average Daily Farebox Revenue for Blue Line

(Million Baht / Day)



Financial Position

As at December 31, 2018, the Company and its subsidiaries had total assets amounted to Baht 103,831 Million, representing an increase by Baht 4,912 Million or 5 percent when compared with total assets as at December 31, 2017 mainly from the increase in construction in process of the Blue Line Extension Project. Total liabilities amounted to Baht 68,219 Million, representing an increase by Baht 479 Million or 0.7 percent. Total shareholders' equity amounted to Baht 35,612 Million, representing an increase from the previous year by Baht 4,433 Million or 14.2 percent when compared to the end of the year 2017 resulted from the net profit from operation.

Cash Flows

For the year 2018, the Company and its subsidiaries generated cash flows from operating activities amounting to Baht 8,067 Million. Cash used in investing activities amounting to Baht 7,353 Million detailed as follow; (1) payment for the M&E equipment of the MRT Blue Line Project in the amount of Baht 10,145 Million, (2) investment in the Si Rat-Outer Ring Road Expressway Project in the amount of Baht 285 Million, (3) acquisition of fixed assets and other assets in the net amount of Baht 51 Million, (4) cash receipt from sales of investments and addition investment in subsidiary in the net amount of Baht 2,448 Million and (5) dividend received and interest income in the amount of Baht 680 Million. The Company and its subsidiaries utilized cash of Baht 2,815 Million from financing activities due to (1) repayment of long term loans in the net amount of Baht 8,175 Million, (2) dividend payment in the amount of Baht 1,987 Million, (3) payment of interest and finance cost in the amount of Baht 1,837 Million, (4) repayment of short term loan in the net amount of Baht 816 Million and (5) received from issuance of debentures in the amount of Baht 10,000 Million.

As at December 31, 2018, the Company and its subsidiaries had cash and cash equivalents amounting to Baht 526 Million, representing a decrease from the end of the previous year by Baht 2,101 Million.

Significant Financial Ratios*

For the year 2018, the Company had Net Profit Margin ratio at 20.35 percent, Return on Equity ratio at 9.90 percent, Return on Total Assets ratio at 3.76 percent which was nearly to the previous year, Debt to Equity ratio at 1.59 times and Net Interest Bearing Debt to Equity ratio at 1.34 times which was lower than the rate stated in the loan and debenture agreements at 2.5 times.

* The operational results were calculated based on the consolidated financial statements which consist of the Expressway Business, Rail Business, Commercial Development 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.

Not include transaction related to the novation of the M&E systems under the concession agreement of the MRT Chalong Ratchadham Line Project which the MRTA is fully responsible for both loan repayment and interest expense in accordance to the concession agreement and gain on fair value adjustment of investment due to reclassification which was recorded in the third quarter of the year 2018.