

ANNUAL REPORT 2003

BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED



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Bangkok Expressway Public Company Limited and Northern Bangkok Expressway Company Limited (Subsidiary) operate the business of construction and management of the Si Rat Expressway (Second Stage Expressway) and its extensions, and the Udon Rattaya Expressway (Bang Pa-in - Pak Kret Expressway), including related businesses under the Second Stage Expressway Agreement entered into between the Expressway and Rapid Transit Authority of Thailand and the Company for a contract period of 30 years from 1 March 1990 to 28 February 2020, and under the Bang Pa-in - Pak Kret Expressway Agreement entered into between the Expressway and Rapid Transit Authority of Thailand and the Subsidiary with a contract period of 30 years from 27 September 1996 to 26 September 2026. These Agreements were executed in the form of concession on a BTO (Build, Transfer and Operate) basis, in other words, the Company is responsible for the design, construction and management of the Expressways while the title to various permanent constructions shall be vested in the Expressway and Rapid Transit Authority of Thailand.

The Company presently maintains registered capital of Baht 8,000 Million, Baht 7,700 Million of which is paid up. The Subsidiary presently maintains registered capital of Baht 6,000 Million, Baht 3,750 Million of which is paid up. The Company holds shares in the Subsidiary representing 83.33 percent of its registered capital. The Company's shareholding structure primarily comprises the CH. Karnchang Group, Bangkok Bank Group, Krung Thai Bank Group, Siam Commercial Bank Group and Thai Military Bank Group, with good cooperation between the Company and its shareholders over the past period.

The Si Rat Expressway comprises four Sectors, namely Sector A (Rama IX - Ratchadapisek), Sector B (Phayathai - Bangkhlo), Sector C (Ratchadapisek - Chaeng Watthana) and Sector D (Rama IX - Srinagarindra) while the Udon Rattaya Expressway comprises two Stages, namely Stage 1, Chaeng Watthana - Bang Phun - Chiang Rak, and Stage 2, Chiang Rak - Bang Sai. This Udon Rattaya Expressway connects to the Si Rat Expressway at Chaeng Watthana Road.

In terms of services, the Company provides facilities to Expressway users by adding toll booths at Prachachuen Toll Plaza and improving the on-ramps at Yommaraj Toll Plaza, including cooperation with Bangkok Metropolitan Administration to expand the exit to Mahanakorn Road and improve the exit to Rama IX Road, so as to alleviate traffic congestion around such areas. In respect of report and traffic inquiries on the Expressways, the Company added another telephone number, namely 0-2664-6400, with five automatic telephone lines and staff providing 24 hour call center service.

Moreover, the Company is also committed to improve the performance of its personnel and work quality by implementing the quality management system, namely the ISO project, 5S, QCC, Suggestion System. On 22 August 2001, the Company obtained an ISO 9001:2000 certification from SGS (Thailand) Limited in accordance with UKAS Standard of England and NAC Standard of Thailand.

In view of the operational results in the year 2003, the Company and the Subsidiary earned a net profit from their operations in the total amount of Baht 1,233 Million, as compared to a net profit of Baht 878 Million last year, representing an improved operational result by Baht 355 Million or 40 percent.

However, there are risk factors which may affect the Company's operations, such as, risk from interest rate fluctuation, risk relating to business operations under agreements with government

sector, risk from national political and economic circumstances affecting traffic volume, risk from failure to meet the projected revenue and risk from noncompliance with the relevant agreements by contractual party. The Company has arranged for preventative measures to deal with any such possible issues. Through feasibility study for the operations, good cooperation with the relevant authorities and good management, the Company remains confident to maintain its standard services with good quality alongside its proper financial position.

In respect of the corporate governance, the Company's Board of Directors realizes the responsibility towards the shareholders to protect shareholders' interest and allow the shareholders to equally acknowledge the Company's information. As a result, the Company was selected by the Securities and Exchange Commission as an admirable company and a masterprint of quality information disclosure for listed companies.

The Company is also ranked by Thai Institute of Directors Association as one of top 50 companies with the best corporate governance evaluation results.



Company Issuing Securities	: Bangkok Expressway Public Company Limited (having initial as "BECL")
Business Operation	: Construction and management of Si Rat Expressway and its extensions, including related businesses as described in the Second Stage Expressway Agreement entered into between Bangkok Expressway Public Company Limited and the Expressway and Rapid Transit Authority of Thailand.
Head Office	: No. 238/7 Asoke-Dindaeng Road, Bangkokpi Subdistrict, Huaykwang District, Bangkok 10310
Company's Registration No.	: BorMorJor.479
Registered Capital	: Baht 8,000 Million, Baht 7,700 Million of which is paid up.
Telephone No.	: 0-2641-4611
Fax No.	: 0-2641-4610
Homepage	: http://www.becl.co.th
E-mail	: webmaster@becl.co.th

1. Risk Factors

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

(1) Risk from Interest Rate Fluctuation

As at 31 December 2003, the Company and the Subsidiary had long term loans from financial institutions in the amount of Baht 33,735 Million. The interest expenses on said loans were material to the Company's operations and 1 percent change in the interest rate would affect the Company's expenses by about Baht 340 Million.

In 2003, the Company entered into an amendment to the existing Credit Facility Agreement and a new Credit Facility Agreement with another commercial bank. The credit provided by the existing creditors is in the amount of Baht 34,886 Million with fixed interest rate of 4 percent per annum for the first three years, 5 percent per annum for the following two years and the floating rate of MLR -2.0% for the sixth year onwards. The new credit facility amounting to Baht 1,000 Million bears interest at the rate of 2.50 percent per annum for the first year, 3.25 percent per annum for the following two years and 5.0 percent per annum for the fourth and fifth years, and, subsequently, the interest rate would become the floating rate of MLR -2.0%.

The conditions of the amendment to the Credit Facility Agreement in 2003 caused the interest expenses to be lower than those of the existing credit facility and prevented risk from the increased interest rate during the initial five year period.

(2) Risk Relating to Business Operations under Agreements with Government Sector

Different interpretation of the contents and conditions of the Second Stage Expressway Agreement between the contractual parties, namely the Company and the Expressway and Rapid Transit Authority of Thailand, may occur during the business operations. With an aim to resolving any dispute or disagreement which may arise, the Agreement provides a dispute settlement procedure. Should the Company and the Expressway and Rapid Transit Authority of Thailand be unable to settle any dispute,

either party may refer such dispute to the Panel for settlement pursuant to the Agreement. If such dispute cannot be settled through the mediation by the Panel, or the decision of the Panel is not unanimous, or the parties fail to comply with such decision, the dispute shall be further referred to arbitration pursuant to the Agreement. Currently, there is disagreement on different interpretation of several matters, namely 1. adjustment of toll rates for the suburban expressway and toll rates for 6 or more wheeled vehicles; 2. schedule of commencement date for the Priority Component; and 3. adjustment of toll rates for the First and Second Expressway Systems, and the Second Stage Expressway System (Sector D) in accordance with the Ministry of Transport Notification which came into effect on September 1, 2003, as detailed in Clauses 12.1, 12.2 and 13.1 of Notes to Financial Statements.

(3) Risk from National Political and Economic Circumstances Affecting Traffic Volume

Changes in policies, laws or regulations by the government, including economic problems of the country may result in a lower volume of vehicles using the Expressways. During the years 1994-1997, the actual volume of vehicles using the Chalerm Mahanakorn Expressway (First Stage Expressway) and the Si Rat Expressway are higher than the forecast volume based on the study which was conducted by M.V.A. (Asia) Ltd. and examined by Chula Unisearch of Chulalongkorn University. Since the outset of economic crisis of the country in the year 1998, the volume of vehicles using the Chalerm Mahanakorn Expressway and the Si Rat Expressway was continually declining to be lower than the forecast volume by approximately 8 percent until the year 2003.

The Udon Rattthaya Expressway was affected by the government policies on construction of competing roads, causing the volume of vehicles to be substantially lower than the forecast volume. Traffic engineering experts conducted a new study on the volume of vehicles and found that the traffic volume based on the new study dropped by more than 50 percent during the first 3-5 years and the difference will decrease once the traffic volume of all Expressway Systems becomes more busy.

(4) Risk from Failure to Meet the Projected Revenue

The Company estimated the projected revenue based on the traffic volume as conducted by the experts and the toll rates as specified in the relevant Expressway Agreements, which are to be reviewed every five years in accordance with the increased rate of consumer price index for Bangkok. The failure to meet the projected revenue of the Company due to the reduced traffic volume caused by the economic climate and the reduced competitiveness of the Company as well as impacts of competitors, toll review not in compliance with the relevant Agreements, and so on, may result in the Company's weakened ability to repay the loans and may also affect the compliance with the conditions of the Credit Facility Agreements in respect of default on debt repayment and maintenance of the ratio of liabilities to shareholders' equity.

With respect to the traffic volume, the Company improved work efficiency by implementing quality activities and preparing public relations plan to increase the volume of motorists, through television, radio, printed matters and various activities throughout the year 2003. In addition, the Company also provided additional

on-off ramps of the Expressway Systems, giving rise to an increase in traffic volume in the year 2003 by 6.26 percent from the year 2002.

As for the provision of the same mode of mass transit services, such as the BTS, which has been opened for public service since December 1999 up to the present time, the Company has been continuously collecting information and conducting a survey in this regard, and discovered that such services has no impact upon the traffic volume of the Company. For the subway which was scheduled to be opened for service in April 2004, the Company expected that it would not significantly impact the traffic volume, since the customers of the BTS and the subway mostly use public transportation. Behavior of personal car owners may change to a certain extent, but it is expected that the Company would be slightly affected. However, in 2004, the Company plans to improve its service efficiency to provide customers with more convenience and rapidity.

(5) Risk from Noncompliance with the Relevant Agreements by Contractual Party

The Company is obliged to construct collection and distribution roads (CD Roads), provided that the Expressway and Rapid Transit Authority of Thailand is obliged to deliver the sites to the Company by 18 October 2000. Given the failure on the part of the Expressway and Rapid Transit Authority of Thailand to deliver the sites to the Company by the specified time, the Company's obligation in respect of such construction has therefore ceased, but the Company is entitled to claim damages from the Expressway and Rapid Transit Authority of Thailand, such as, the loss of revenue from the relevant Expressways due to the Expressway and Rapid Transit Authority of Thailand's inability to deliver the construction sites to the Company within the specified time. As at 31 December 2003, such dispute has not yet been referred to arbitration proceedings.

However, the cessation of obligation to construct the collection and distribution roads resulted in failure of the Company's revenue to meet the projected revenue and had an impact on overall traffic system, as such roads might be able to alleviate traffic problems in downtown. Failure in construction of said roads therefore impaired efficiency in provision of overall traffic services.

(6) Risk from Investment in Northern Bangkok Expressway Company Limited (Subsidiary)

The Company's operating results are below that projected and there continuously remain loss as per the reasons described in Clause (3), affecting the Company's investment funds and assets. However, the Company still plans to improve the return on such investment as approved by the 2001 Annual Meeting of Shareholders to merge businesses between Bangkok Expressway Public Company Limited and Northern Bangkok Expressway Company Limited. In this regard, the Expressway and Rapid Transit Authority of Thailand, as contractual party, is considering giving consent to the merger.

In order to minimize the risk from investment, in December 2003, the Company sold a portion of shares held in Northern Bangkok Expressway Company Limited to

other legal entity, namely Cargo Village Co., Ltd., at the book value as at the selling date, in the amount of 100 million shares, in accordance with the resolution of the 2003 Annual Ordinary General Meeting of Shareholders assigning the Company's Board of Directors to consider and proceed with such matter. As a result, the Company's shareholding percentage in the Subsidiary then decreased from 99.99 percent in 2002 to 83.33 percent as at 31 December 2003.

2. Nature of Business Operations

(1) Background

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

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

On 25 September 1996, the Company established Northern Bangkok Expressway Company Limited, with 99.99 percent of its registered capital of Baht 3,000 Million fully paid up on 24 December 1999, held by the Company. On 27 September 1996, Northern Bangkok Expressway Company Limited entered into the Bang Pa-in - Pak Kret Expressway Agreement with the Expressway and Rapid Transit Authority of Thailand for the construction and operation of the Udon Rattaya Expressway for a period of 30 years from 27 September 1996 until 26 September 2026. Thereafter, the Subsidiary's registered capital was increased by Baht 3,000 Million on 19 March 2003, Baht 750 Million of which has been paid up. Therefore, the Subsidiary's present registered capital amounts to Baht 6,000 Million, Baht 3,750 Million of which has been paid up.

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

The Second Stage Expressway Project, the Bang Pa-in - Pak Kret Expressway Project and the Sector D Expressway Project are implemented on a BTO (Build, Transfer and Operate) basis, namely, the Company invests in the design, construction and management of the Expressway System, and the title to various permanent constructions relating to or used in the Expressway System shall be passed on to the Expressway and Rapid Transit Authority of Thailand. The Company is entitled to receive remuneration in the form of toll revenue sharing as specified in the Agreements.

(2) Overview of Business Operations of the Company and the Subsidiary

(2.1) Overview of Business Operations

The Company and the Expressway and Rapid Transit Authority of Thailand jointly invested in the Expressway System in Bangkok and its surrounding provinces. The Expressway and Rapid Transit Authority of Thailand invested in the construction and operation of the Chalerms Mahanakorn Expressway comprising 3 expressway routes, namely Din Daeng - Port, Bang Na - Port, and Port - Dao Khanong, covering a total distance of 27.1 kilometers. The Company was responsible for investment in the construction and operation of the Si Rat Expressway, comprising 4 Sectors, namely, Sector A (Rama IX - Ratchadapisek), Sector B (Phayathai - Bangkhlo), Sector C (Ratchadapisek - Chaeng Watthana) and Sector D (Rama IX - Srinagarindra), covering a total distance of 38.5 kilometers. The Chalerms Mahanakorn and the Si Rat Expressway are connected at the Makkasan Interchange and Bangkhlo Interchange. Expressway users shall pay tolls at the booths around the on-ramps of the Expressway. The Expressway and Rapid Transit Authority of Thailand is responsible for the collection of all tolls and share such toll revenue with the Company. In addition, the Expressway and Rapid Transit Authority of Thailand and the Department of Highways jointly constructed a connecting road between Sector D of the Si Rat Expressway and the Motorway at Srinagarindra Road with a project value of Baht 361 Million. The Company and the Department of Highways were jointly responsible for the construction costs at the ratio of 54.036 percent to 45.964 percent.

Northern Bangkok Expressway Company Limited constructs and operates the Udon Rattaya Expressway comprising 2 Stages, namely Stage 1, Chaeng Watthana - Chiang Rak, and Stage 2, Chiang Rak - Bang Sai, connecting to the Si Rat Expressway around Chaeng Watthana, covering a total distance of 32 kilometers. As for the inbound route, Expressway users shall pay tolls at the booths around the on-ramps of the Expressway while in respect of the outbound route, Expressway users shall pay tolls at the off-ramps. The Expressway and Rapid Transit Authority of Thailand is responsible to collect and deliver all tolls to the Company. At present, all Expressway routes of the Company and the Subsidiary are opened for service.

In respect to the revenue sharing between the Company and the Expressway and Rapid Transit Authority of Thailand as specified in the Second Stage Expressway Agreement with effect from the Priority Component Opening

Date, the toll revenue from the Chalerm Mahanakorn Expressway and the Si Rat Expressway shall be encompassed and shared as per rules of area zoning. This is to say that in the urban network, for the first nine years, the Company and the Expressway and Rapid Transit Authority of Thailand shall receive 60 percent and 40 percent, respectively. For the last nine years, the Company and the Expressway and Rapid Transit Authority of Thailand shall receive 40 percent and 60 percent, respectively. As for the period between the first nine years and the last nine years, the Company and the Expressway and Rapid Transit Authority of Thailand shall receive 50 percent each. For the suburban network, all toll revenue shall be paid to the Company and for the Udon Rattahaya Expressway, all toll revenue shall be paid to the Subsidiary.

In the year 2002, the ratio of toll revenue sharing in respect of the urban network between the Company and the Expressway and Rapid Transit Authority of Thailand has changed from the Company and the Expressway and Rapid Transit Authority of Thailand receiving 60 percent and 40 percent, respectively, to receiving 50 percent each, commencing 2 September 2002.

Expressway	Area	Length (km.)	Opening Date	Revenue	Revenue Sharing Company : ETA
Chalerm Mahanakorn		27.1			
Din Daeng - Port	Urban	8.9	4.1.24	Company and ETA	- first nine years 60:40
Bang Na - Port	Urban	7.9	17.1.26	Company and ETA	- period between the first nine years and the last nine years 50:50
Port - Dao Khanong	Urban	10.3	8.8.30	Company and ETA	- last nine years 40:60
Si Rat		38.5			
Rama IX - Ratchadapisek	Urban	12.4	2.9.36	Company and ETA	
Phayathai - Bangkhlo	Urban	9.4	6.10.39	Company and ETA	
Ratchadapisek - Chaeng Watthana	Suburban	8	2.9.36	Company	
Rama IX - Srinagarindra	Suburban	8.7	First Section 2.12.41 Second Section 1.3.43	Company	
Udon Rattahaya		32			
Chaeng Watthana - Chiang Rak	Suburban	22	2.12.41	Subsidiary	
Chiang Rak - Bang Sai	Suburban	10	1.11.42	Subsidiary	

With respect to the Chalerm Mahanakorn Expressway and the Si Rat Expressway, the toll rate and the revision of the toll rate every five years shall be in accordance with the relevant Agreements, and the calculation and revision shall be based on the most recent increase of the consumer price index for Bangkok as issued by the Ministry of Commerce. Each increase shall be rounded up to the nearest Baht 5, provided that such revision shall not increase by more than Baht 10 during the first 15 years of the Contract Period. If there is an unusually high rate of inflation or an occurrence of Force Majeure

or Exceptional Event, the Company and the Expressway and Rapid Transit Authority of Thailand shall consider the toll revision as appropriate, and the most recent toll revision was made on 1 September 2003.

With respect to the Udon Rattaya Expressway, the revision of toll rate every five years shall be based on the most recent increase of the consumer price index for Bangkok as issued by the Ministry of Commerce. Each increase shall be rounded up to the nearest Baht 5, provided that such revision shall not increase by more than Baht 15 during the first 15 years of the Contract Period. The first toll revision was made on 1 November 2003. Furthermore, for the purpose of promotion of use of this Expressway by regular customers, the Subsidiary arranged the sale promotion by way of immediate discount at the rate of 20-50 percent at the toll booths from July 2000. From January 2001, the Subsidiary gave an increased discount of 25-50 percent until the year 2004.

The power to approve the toll revision is vested in the Minister of Transport. However, the Company was of the view that the toll revision on 1 September and 1 November 2003 were not in accordance with the provisions of the relevant Agreements.

(2.2) Separation of Operations between the Company and the Subsidiary

The business operations of the Company and the Subsidiary are of the same nature, namely execution of the Expressway Agreements with the Expressway and Rapid Transit Authority of Thailand for the construction and operation of the Expressways. In the year 1996, the Company established the Subsidiary, namely Northern Bangkok Expressway Company Limited, to operate the Udon Rattaya Expressway Project. Given the severe financial hardship due to the fact that the actual revenue failed to meet the forecast as affected by the competition since the year 1998, the Subsidiary therefore reengineered the management to minimize expenditures by way of staff downsizing and hiring the Company to operate the Udon Rattaya Expressway.

(2.3) Shareholding Structure in the Subsidiary

Registered Capital of the Subsidiary	Baht	6,000,000,000	
Par value	Baht	10	per share
Paid up	Baht	3,750,000,000	
Ordinary shares		294,000,000	shares
Preferred shares		306,000,000	shares
	Total	600,000,000	shares
BECL holds shares in the Subsidiary		499,999,980	shares
Ordinary shares		244,000,000	shares
Preferred shares		255,999,980	shares

(3) Revenue Structure

Comparison of Revenue of the Company and the Subsidiary

Description	Operated by	Year 2003		Year 2002		Year 2001	
		Million Baht	%	Million Baht	%	Million Baht	%
Urban Expressway							
Chalerm Mahanakorn Expressway (First Stage Expressway)	ETA	2,749.62	44.46	3,098.12	48.78	3,120.32	52.49
Si Rat Expressway (Second Stage Expressway, Sectors A and B)	Company	1,898.26	30.70	2,045.51	32.20	1,955.20	32.89
Total		4,647.88	75.16	5,143.63	80.98	5,075.52	85.38
Suburban Expressway							
Si Rat Expressway (Second Stage Expressway, Sector C)	Company	592.57	9.58	534.71	8.42	453.17	7.62
Si Rat Expressway (Second Stage Expressway, Sector D)	Company	536.10	8.67	344.78	5.43	175.23	2.95
Udon Rattthaya Expressway (Bang Pa-in - Pak Kret Expressway)	Subsidiary	407.37	6.59	328.40	5.17	240.82	4.05
Total		1,536.04	24.84	1,207.89	19.02	869.22	14.62
Grand Total		6,183.92	100.00	6,351.52	100.00	5,944.74	100.00

- Note:
1. Revenue sharing between the Company and the Expressway and Rapid Transit Authority of Thailand for the First and the Second Stage Expressways, Sectors A and B, which are in the urban area, changed from 60:40 to 50:50 commencing 2 September 2002.
 2. Phase 1 and Phase 2 of Sector D of the Second Stage Expressway was opened for service on 2 December 1998 and 1 March 2002 respectively and was connected with Bangkok-Chon Buri Road (Motorway) since March 2002.

(4) Goals of Operations

In the year 2003, the Company set its goals in four areas as follows, Service, Survival, Image and Improvement.

Service: The Company is committed to playing a role in alleviating traffic problems in Bangkok and accordingly is determined to carry out and complete construction of all Expressways under the relevant Agreements in a timely fashion. After connecting Sector D of the Si Rat Expressway with Bangkok - Chon Buri Road (Motorway) which was completed and open for service since March 2002 as scheduled by the Company, motorists from the East of Bangkok are able to use Sector D of the Si Rat Expressway and urban expressways to reach the center of Bangkok faster. In addition to the construction of the main routes of the Expressways, the Company has conducted studies in relation to improvement of on-off ramps to ensure better traffic flow. The Company also built additional toll booths at Asoke 1 and Hua Lamphong Toll Plazas, allowing faster access to the Systems up to 600 vehicles per minute in rush hours. In addition, the off-ramp to Silom Road was expanded from two lanes to three lanes and the Company also cooperated with Bangkok Metropolitan Administration to expand the off-ramp to Rama IV Road from three lanes to four lanes.

In the year 2003, the Company expanded the on-ramp at Yommaraj Toll Plaza, enabling motorists to enter and exit the System faster and more convenient. Furthermore, the Company added toll booths at Prachachuen Toll Plaza and

coordinated with the Expressway and Rapid Transit Authority of Thailand to open all available toll booths during the rush hours, so as to facilitate motorists. The Company also coordinated with traffic police, both those who are responsible for the Expressways and roads at grade, to alleviate traffic flow around the Expressway off-ramps.

Moreover, the Company has added another telephone number, namely 0-2664-6400, with five automatic telephone lines, for emergency reports and traffic condition inquiries, and arranged staff to provide services throughout 24 hours, so as to ensure more services for the motorists.

Survival: The Company is determined to strengthen the Company's status so as to ensure its survival. During the national economic hardship, the Company strictly controlled its costs and endeavored to generate more income through the satisfaction of customers, construction of full Expressway services and modifications of on-off ramps as well as implementing marketing plans for motorists to become familiar with the service routes. These activities were successful as evidenced by an increased traffic volume. However, income in the year 2003 was lower than the year 2002 by 2.37 percent, due to change in ratio of revenue sharing between the Company and the Expressway and Rapid Transit Authority of Thailand from 60:40 to 50:50 commencing on 2 September 2002.

The Company planned to minimize the costs, and in the year 2003, financial costs decreased from 37.51 percent of revenue in 2002 to 29.79 percent of revenue in 2003. This was due to the fact that the Company amended the Credit Facility Agreement, which could reduce interest expenses by Baht 2,407 Million throughout the remaining term of the Credit Facility Agreement. This proved that the Company was able to achieve the goal in terms of survival, by minimizing the financial costs as intended by the Company.

Image: The Company intends to maintain its good image to all relevant parties, such as, customers, contractual parties, shareholders, staff and the general public. In this regard, the Company improved its communication and ensured proper understanding through various channels of media to directly and indirectly make known the Company's activities and joint responsibility towards society.

Improvement: In the early stage of operation, the Company focused on timely completion of construction. After the first mission was completed, the Company then focused on the provision of quality services to Expressway users. Quality services entail continued developments and improvements. The Company initiated various quality programs, such as, ISO, 5S, QCC, Suggestion System, with the confidence that the development of work quality should be done continuously and simultaneously with the development of quality of staff.

3. Nature of Business Operations of the Company

(1) Nature of Services

The nature of business operations of the Company and the Subsidiary is to provide services and convenience in the transport through the Expressway network, comprising the Chalerm Mahanakorn Expressway which was invested, constructed

and operated by the Expressway and Rapid Transit Authority of Thailand; the Si Rat Expressway which was invested, constructed and operated by the Company; the Udon Rathaya Expressway which was invested, constructed and operated by the Subsidiary; and Sector D of the Si Rat Expressway (Rama IX - Srinagarindra) which connected to the Chalong Rat (Ramindra - At Narong) of the Expressway and Rapid Transit Authority of Thailand. The entire network system covers the areas in Bangkok and the surrounding provinces, rendering it convenient for motorists to travel from the North of Bangkok and the surrounding provinces to the South and the East without being required to pass through the congested traffic in the downtown and also ensuring that motorists can reach their destinations faster than using normal routes.

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

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

The Subsidiary is granted an investment promotion certificate from the Board of Investment in the operation and construction of the Bang Pa-in - Pak Kret Expressway Project, Category 7.3: Concession Road, such Project has been granted permission to open for service since 2 December 1998.

The rights and privileges granted to the Subsidiary remain effective and the conditions to be fulfilled may be summarized as follows:

Rights and Privileges of the Subsidiary:

1. Exemption from corporate income tax on net profit derived from the operation of the promoted business activity for a period of 8 years commencing the first date of deriving revenue from such business operation, which shall expire in the year 2006.
2. Exemption from inclusion of dividend from the promoted business activity in the calculation of income tax throughout the period of the corporate income tax exemption.
3. Permission to remit or deliver foreign currency funds out of the Kingdom of Thailand.

Conditions to be fulfilled by the Company and the Subsidiary:

1. Upon opening for operation, the Company shall report on the project performance and arrangements in relation to every change in the shareholding ratio between Thai nationals and foreigners and every change in the foreign shareholding, as well as report on financial position and performance, and other matters, from time to time, in accordance with the form and within the time as specified by the Office.
2. Thai nationals shall collectively hold shares representing not less than 30 percent of the registered capital of the Company, and not less than 51 percent of the registered capital of the Subsidiary.

(2) Marketing and Competition

A. Marketing Policy and Circumstances

Marketing Strategies

In view of various marketing strategies to boost sales or the number of Expressway users, as for the channels of services, the Company provided additional toll booths at Prachachuen Toll Plaza and improved the on-ramps at Yommaraj Toll Plaza, as well as in cooperation with Bangkok Metropolitan Administration, expanded the off-ramps of the Mahanakorn Road and improved the off-ramps at Rama IX Road to alleviate the traffic congestion in such areas. Furthermore, the Company also conducted a feasibility study on improvement of on-off ramps at several locations and coordinated with the Expressway and Rapid Transit Authority of Thailand to open all available toll booths during rush hours to facilitate motorists, particularly, at the front of the toll plazas with traffic congestion. As part of the marketing promotion, the Company implemented a public relations to target customers with an aim to:

1. Keeping them informed of the convenient, rapid, economical and safe usage of the Expressways;
2. Keeping them informed of various quality services on the Expressways;
3. Keeping them informed of various sales promotion of the Company, such as, discount on tolls, extension of various Expressway routes to facilitate motorists.

The channels of public relations used by the Company to disseminate information, news and activities comprise documentary programs on television for Expressway routes heading to various tourist attractions, documentary programs on radio for Expressway usage and other services on the Expressways, leaflets, advertising boards, signboards on the Expressways introducing new on-off ramps and connection routes between various Expressways, and discount on tolls, the Company's website providing the Company data, Expressway routes leading to tourist attractions and restaurants, and newsletters every two months for sharing information and news between the Company and motorists.

Furthermore, the Company also provided additional signboards and changed signboard locations and wording leading to various landmarks on the Expressways

and signboards at grade regarding the Expressway usage on the main road and various alleys in Bangkok and other provinces in the North of Bangkok, so as to facilitate motorists to access the Expressways.

In the sales promotion activities, the Company provided discount on tolls on certain routes within a limited period of time, aimed at attracting target customers to continue to use the Expressway services and eventually become regular customers. In the year 2003, the Subsidiary provided discount at the rate between 25-50 percent to users of the Udon Rattaya Expressway, which resulted in an increase in traffic volume by a daily average of approximately 8,600 vehicles or by 25 percent. Moreover, the Company also provided discount at the connection from the Chalong Rat Expressway to Sector D of the Si Rat Expressway at Rama 9-1 Toll Plaza (Si Rat) and at the connection from the Chalong Rat Expressway to the Chalerm Mahanakorn Expressway at At Narong 1 Toll Plaza only on the route to Bang Na.

Additionally, during the festivals, such as, Songkran Festival and New Year's Festival, the Company also cooperated with the Expressway and Rapid Transit Authority of Thailand to distribute gifts to motorists, despite the fact that such activity did not increase the traffic volume, it constituted positive image and relationship with customers.

Target Customers and Characteristics

Target customers of the Chalerm Mahanakorn Expressway and the Si Rat Expressway refer to those motorists who desire a convenient and rapid transportation of the Expressway Systems or who desire to shorten the traveling distance to their destinations as well as to avoid the traffic congestion along the normal roads, which is a major problem in Bangkok.

Target customers of the Udon Rattaya Expressway refer to those motorists who desire a convenient and rapid transportation around the North of Bangkok, including convenient and rapid access to the Chalerm Mahanakorn Expressway and the Si Rat Expressway by avoiding the traffic congestion on Phaholyothin Road or Vibhavadi - Rangsit Road.

Based on the foregoing target customers of the Expressway Systems, it can be seen that the characteristics of the Expressway customers are broad depending their transportation needs. In this respect, the revenue of the Expressway Systems will not rely on any particular group of customers.

Distribution/Service Channels

Users of the Chalerm Mahanakorn Expressway and the Si Rat Expressway may choose to use the Expressway services from various on- and off-ramps covering major areas in Bangkok. Expressway users shall pay tolls at the toll plazas, totaling 47 locations, 17 toll plazas of the Chalerm Mahanakorn Expressway and 30 toll plazas of the Si Rat Expressway. Payment of tolls for use of the Chalerm Mahanakorn Expressway services can be made in cash, coupon or Expressway TAG for toll booths equipped with automatic toll collection system. Payment of tolls for use of the Si Rat Expressway services can be made in cash and coupon at all toll plazas, except Sectors D and C1.

As for users of the Udon Rattaya Expressway services, payment of tolls will be made at the on-ramps for the inbound direction and at the off-ramps for the outbound direction. There are five on-ramps and five off-ramps, and tolls must be paid in cash only.

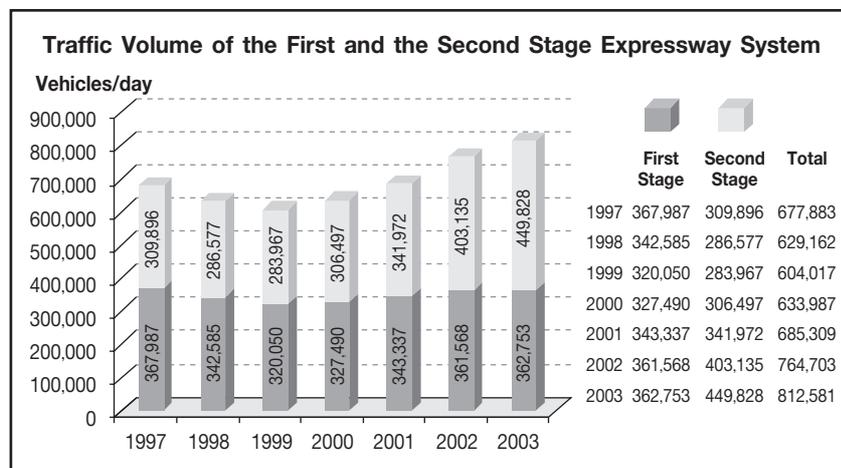
The marketing highlight is that the Chalerm Mahanakorn Expressway and the Si Rat Expressway cover the areas from the North to the South and from the West to the East of Bangkok and the connection of the entire Expressway network. Furthermore, these Expressways are also connected to the Chalong Rat Expressway and will be later connected to the Burapha Withi (Bang Na - Bang Pli - Bang Pakong) in the future so as to establish full service of the Expressway Systems for users to reach their destinations more conveniently and rapidly than using at-grade roads.

The marketing disadvantage is that the convenience and rapidity of the Expressways are limited by the traffic flow around the Expressway exits which depends on the traffic on at-grade roads and is beyond the Company's control.

B. Competition

The circumstances in relation to the Expressway Systems in the year 2003 showed a continued growth from the year 2002 due to the economic recovery evidenced by the growth of new car sales, and also as a result of the Company's continued sales promotion since the year 2000.

In view of the competition situation, the Company would be affected by several land traffic system projects, other than the present Expressway Systems which are parallel to or have the same directions as the Expressways, resulting in a reduced volume of vehicles on the Expressway Systems. However, the Bangkok Transit System which was opened for service was not a cause of such reduced volume of vehicles because the majority of customers using the Bangkok Transit System previously used mass transit system and they are in a different group to those using the Expressway Systems.



(3) Procurement of Products and Services

A. Nature of Procurement of Products

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

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

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

B. Environmental Impact

In the construction of the Expressways under the Second Stage Expressway Agreement and the Bang Pa-in - Pak Kret Expressway Agreement, the Company and the Subsidiary shall comply with the measures to prevent pollutions in accordance with the regulations of National Environment Committee and other relevant laws, which form an integral part of the Agreements.

The Company and the Subsidiary implemented measures and procedures as appropriate without any records of environment related offenses.

4. Research and Development

Bangkok Expressway Public Company Limited has a special unit responsible to conduct feasibility study and follow up on the assessment of its investments in various projects, such as, construction of new expressway, construction of additional on-off ramps, improvement of on-off ramps. Moreover, the Company also engaged external specialists to conduct various studies, such as traffic and construction for each respective project. In the year 2004, the Company has budget for the study in the amount of Baht 2 Million.

At present, projects which the Company is conducting consist of:

- (1) An expressway project connecting between the Si Rat Expressway (around Bang Sue) and the Western Outer Ring Road;
- (2) Collection of toll rates by using automatic card to solve the traffic problems at the front of toll plazas; and
- (3) Construction of an interchange at Prachachuen Road to accommodate vehicles from Prachachuen 2 Toll Plaza heading to Ratchadapisek Road.

5. Property Used in Business Operations

(1) Material Nature of Fixed Assets

Bangkok Expressway Public Company Limited owns 126 rai 2 ngarn and 89 square wah of land, worth Baht 169,288,000, on which the precasting yard for finished concrete segments is located during the construction of the Expressways, in Bang Pa-in Industrial Estate, Amphoe Bang Pa-in, Phra Nakhon Si Ayutthaya Province. The Company's land previously was subject to encumbrance with Lenders since the Company used such land as collateral to secure the Company's loans. On 10 September 2003, the Company entered into the amendment to the Credit Facility Agreement which the Lenders relieved several conditions of loans including discharged the encumbrance of the abovesaid land. The Company's head office is located at the Second Stage Expressway Control Building, which is a part of the Second Stage Expressway Project. Despite the fact that the title to such building is owned by the Expressway and Rapid Transit Authority of Thailand, the Company is granted the right to use such building to operate the Second Stage Expressway Project under the conditions as specified in the Agreement.

The Subsidiary does not own any land, buildings and machinery, but leases a building as its head office located at No. 587, Suthisarn Road, Dindaeng Subdistrict, Bangkok 10310. The lease is on a year by year basis at the rental rate of Baht 10,000 per month. The Subsidiary uses the Bang Pa-in - Pak Kret Expressway Control Building, which is a part of the Bang Pa-in - Pak Kret Expressway Project, to supervise the operations. Despite the fact that the title to such building is owned by the Expressway and Rapid Transit Authority of Thailand, the Subsidiary is granted the right to use such building to operate the Bang Pa-in - Pak Kret Expressway Project under the conditions as specified in the Agreement.

(2) Material Assets for Business Operations

The Company and the Subsidiary are entitled to use the complete sectors worth Baht 35,905 Million and Baht 11,980 Million, respectively, as at 31 December 2003,

due to investment in the construction of the Si Rat Expressway, Sector D of the Si Rat Expressway and the Bang Pa-in - Pak Kret Expressway at the Company's own expenses.

Given that the concession agreements of the two Projects are on a BTO (Build, Transfer and Operate) basis, the title to all Expressways, including various permanent constructions in relation to or used in connection with the Expressway Systems, shall be vested in the Expressway and Rapid Transit Authority of Thailand immediately upon completion of construction and opening for service. The Company is entitled to utilize such property with the duty to keep such property maintained throughout the term of the Agreement. The Second Stage Expressway Agreement has a term of 30 years from 1 March 1990 and may be renewed for two times of 10 years each, subject to the conditions to be agreed upon between the Company and the Expressway and Rapid Transit Authority of Thailand. The Bang Pa-in - Pak Kret Expressway Project Agreement has a term of 30 years from 27 September 1996 and may be renewed in the form of lease for two times of 10 years each. The Sector D Expressway Project Agreement has a term of 30 years from 17 April 1997, with a condition that the Company and the Subsidiary shall be responsible for costs of traffic management and rescue operation on the Expressway, including expenses of toll collection, in other words, the Company shall pay for wages, benefits and other money to staff of the Expressway and Rapid Transit Authority of Thailand who collect tolls, including the costs of maintenance of the Expressway throughout the term of the Agreement.

(3) Policies on Investment and Management of the Subsidiary

The Company has policies to invest in the public utilities business in support of the Company's operations and providing opportunities to the Company, as follows:

(3.1) The Company invested in the Subsidiary with the benefits to be derived in the form of dividend from investment in shares of the Subsidiary and the Bang Pa-in - Pak Kret Expressway would help increasing the traffic volume on the First and Second Stage Expressway Systems, resulting in revenue and profits to both companies in the long run.

The Company holds 99.99 percent of shares in the Subsidiary. The Company's management acts as the Board of Directors of the Subsidiary. The Company supervises the operations of the Subsidiary by sending 7 directors as its representatives, out of 9 directors in the Subsidiary. If the Subsidiary plans to make any arrangements which may materially affect the Company, the Subsidiary shall first request approval from the Company's Board of Directors. Furthermore, the Company is also engaged by the Subsidiary to carry out all works of the Subsidiary. As at 31 December 2002, the Company retains investment of Baht 3,000 Million in the Subsidiary.

The Company plans to undergo a merger between the Company and the Subsidiary, by transfer of all assets and liabilities of the Subsidiary to the Company for the benefit of the operation and management, including tax benefits. At present, such plan has been approved by the shareholders meeting

and the Lenders and is pending the consideration of the Expressway and Rapid Transit Authority of Thailand.

The Subsidiary's operational results continued to sustain loss to the extent that accumulated loss exceeded costs, resulting in shareholders' deficit. The Subsidiary therefore increased its registered capital in the amount of Baht 3,000 Million, of which 25 percent was paid up by the existing shareholders at the end of 2003. The Subsidiary has a total of registered capital amounting to Baht 6,000 Million.

Given that the merger between the Company and the Subsidiary was not yet approved by the government sector, the Company adjusted the investment in the Subsidiary so as to relieve the tax burden. The 2003 Annual Ordinary General Meeting of Shareholders passed resolutions that no more than 75 percent of all shares held in the Subsidiary shall be sold at the price equivalent to the book value as at the selling date. The sale of such shares would be divided into portions. In November 2003, the Company sold 100 million shares held in the Subsidiary, resulting that at the end of 2003, the Company's shareholding in the Subsidiary was 83.33 percent.

- (3.2) The Company invested in Bangkok Metro Company Limited, a company awarded concession from the Mass Transit Authority of Thailand (MRTA), to exclusively carry out design, manufacture, supply, install and operate the M&E Equipment, together with maintenance of the MRTA Initial System, throughout the 25 year concession period, with the right to receive fare revenue and take various activities to derive revenue from the commercial development at the stations.

The Company holds shares representing 15 percent of the registered capital and the benefit to be derived by the Company is in the form of dividend from such investment. In 2003, Bank Metro Company Limited increased its registered capital from Baht 6,500 Million to Baht 6,800 Million, and the Company increased the investment in the same proportion.

6. Future Projects

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

Extension projects comprise:

1. Extension of Sector D+ as a route connecting Sector D at Srinagarindra Road towards the South and end at Bang Na - Trad, for a total distance of approximately 9 kilometers;
2. Extension of Sector B+ as a route connecting Sector B1 at Urupong Intersection (and/or any appropriate area) heading the West to Buddha Monthon and Nakhon Chaisi (and/or any appropriate area).

3. Extension of Sector B as a route connecting Sector B at Chan Road and crossing Chao Phraya River (parallel to Rama IX Bridge) heading Dao Khanong.

At present, the Expressway and Rapid Transit Authority of Thailand has not yet opened any bidding for the two projects.

7. Legal Disputes

The Company has disclosed this item in Notes to the Financial Statements.

8. Capital Structure

(1) Company Securities

- (a) The Company has the registered capital of Baht 8,000 Million, comprising 800 million ordinary shares at the par value of Baht 10 per share, Baht 7,700 Million of which has already been paid up, divided into 770 million ordinary shares at the par value of Baht 10 per share.
- (b) The Company and the major shareholder group entered into the Second Shareholders Agreement specifying matters which have material impact upon the Company's operations to be subject to the consideration of the principal shareholders meeting prior to proposing any such matter to the Company's Board of Directors meeting for further consideration.
- (c) As at 30 January 2004, the Company issued 6,489,300 ordinary shares in the form of Non-Voting Depository Receipt or NVDR representing 0.84 percent of all shares of the Company. Such shares entitle their holders to receive dividends from investment in NVDR in the same amount as such dividend received by Thai NVDR Company Limited, provided that NVDR holders shall not be entitled to vote at any shareholders meeting. Investors may check the number of NVDR from the Stock Exchange website at www.set.or.th/nvdr.

(2) Shareholders

As at 15 August 2003, which is the most recent date the shareholders register book was closed, the top ten major shareholders were as follows:

	Shareholders	Nature of Business	Ratio of Shareholding	
			Number of Shares	% of total number of Shares
(1)	CH. Karnchang Public Company Limited	Construction	100,167,750	13.01
(2)	Bangkok Bank Public Company Limited	Commercial Bank	55,295,390	7.18
(3)	HSBC (Singapore) Nominees Pte. Ltd.	Financial Institution	47,396,700	6.16
(4)	Krung Thai Bank Public Company Limited	Commercial Bank	38,890,550	5.05
(5)	Bilfinger + Berger Bauaktiengesellschaft	Construction	33,837,140	4.39
(6)	Thai Military Bank Public Company Limited	Commercial Bank	31,451,163	4.08
(7)	Siam Commercial Bank Public Company Limited	Commercial Bank	20,345,750	2.64
(8)	Bank of Asia Public Company Limited	Commercial Bank	19,614,270	2.55
(9)	Bankthai Public Company Limited	Commercial Bank	14,200,000	1.84
(10)	The Bank of New York (Nominees) Limited	Commercial Bank	12,526,450	1.63

(3) Policy on Dividend Payment

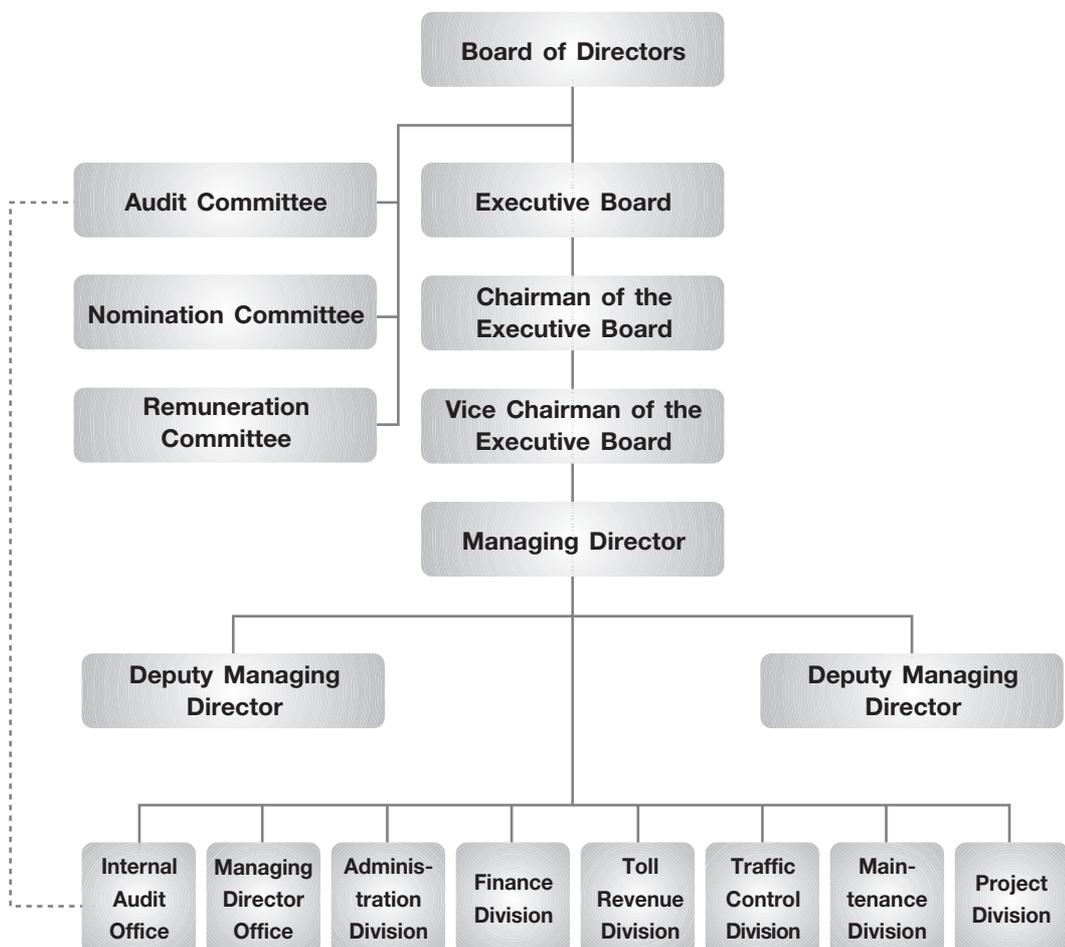
Pursuant to the existing Credit Facility Agreement, the Company was able to pay dividend at the rate not to exceed 60 percent of the yearly net profit any payment of dividend in excess of 60 percent of the yearly net profit shall require approval from the Lenders. In the year 2003, the Company declared dividend for the year 2002 to its shareholders at the rate of Baht 1 per share.

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

9. Management

1) Management Structure

The Company’s management structure comprises five committees, namely the Board of Directors, the Executive Board and the Audit Committee, the Nomination Committee, and the Remuneration Committee, as well as management team as follows:



(1) Board of Directors

As at 31 December 2003, the Company's Board of Directors has 11 directors, whose names are listed below (as per the details in the appendix 1):

1. Dr. Virabongsa Ramangkura Chairman of the Board of Directors
2. Prof. Suphachai Phisitvanich Director
3. Prof. Dr. Kanok Wongtrangan Director
4. Mr. Plew Trivisvavet Director
5. Mr. Supong Chayutsahakij Director
6. M.L. Prasobchai Kasemsant Director
7. Mr. Panit Dunnvatanachit Director

(who replaced Mr. Chali Sophonpanich as from 29 April 2003)

8. Mr. Dusit Tengniyom Director
9. Mr. Akadej Bijaphala Director
10. Mr. Sutas Sutanchainont Director

(who replaced Mr. Montien Kulthamrong as from 2 September 2003)

11. Mr. Suvich Pungchareon Director

(who replaced Dr. Sombat Kitjalaksana as from 29 April 2003)

Remarks: General Chetta Thanajaro resigned as director on 6 November 2003.

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

Directors authorized to sign and bind the Company are Dr. Virabongsa Ramangkura, Mr. Plew Trivisvavet, Mr. Supong Chayutsahakij, M.L. Prasobchai Kasemsant and Mr. Suvich Pungchareon, whereby two of these five directors shall jointly sign and affix the Company seal.

(2) Executive Board

The Board of Directors appointed an Executive Board to assist in providing advice and suggestions to the management and make other arrangements as assigned by the Board of Directors. As at 31 December 2003, the Executive Board comprises seven executive directors as listed below:

1. Mr. Plew Trivisvavet Executive Board Chairman
2. Mr. Supong Chayutsahakij Executive Director
3. M.L. Prasobchai Kasemsant Executive Director
4. Mr. Panit Dunnvatanachit Executive Director

(who replaced Mr. Chali Sophonpanich as from 30 April 2003)

5. Mr. Dusit Tengniyom Executive Director
6. Mr. Akadej Bijaphala Executive Director
7. Mr. Suvich Pungchareon Executive Director

(who replaced Dr. Sombat Kitjalaksana as from 30 April 2003)

(3) Audit Committee

The Board of Directors appointed an Audit Committee to supervise the Company's operations. As at 31 December 2003, the Audit Committee comprises two members as listed below:

1. Prof. Suphachai Phisitvanich Audit Committee Chairman
2. Prof. Dr. Kanok Wongtrangan Audit Committee Member

Remark General Chetta Thanajaro resigned as member of the Audit Committee on 6 November 2003.

The Audit Committee shall regularly meet every 3 months and report to the Board of Directors. In the year 2003, the Audit Committee convened five meetings.

(4) Nomination Committee

The Board of Directors Meeting No. 7/2003, held on 27 November 2003, passed resolutions appointing a Nomination Committee which comprises three members as listed below:

1. Dr. Virabongsa Ramangkura Nomination Committee Chairman
2. Prof. Suphachai Phisitvanich Nomination Committee Member
3. Mr. Plew Trivisvavet Nomination Committee Member

With a three year term of office.

(5) Remuneration Committee

The Board of Directors Meeting No. 7/2003, held on 27 November 2003, passed resolutions appointing a Remuneration Committee which comprises three members as listed below:

1. Dr. Virabongsa Ramangkura Remuneration Committee Chairman
2. Prof. Suphachai Phisitvanich Remuneration Committee Member
3. Mr. Plew Trivisvavet Remuneration Committee Member

With a three year term of office.

(6) Management Team

As at 31 December 2003, the management team⁽¹⁾ comprises nine persons as listed below:

1. Mr. Suvich Pungchareon Managing Director
2. Mr. Somnuk Charnond Deputy Managing Director
3. Mrs. Payao Marittanaporn Deputy Managing Director, Acting General Manager of Finance Division
4. Mr. Sanguan Kunatinun General Manager of Project Division
5. Mrs. Sudruthai Prommart General Manager of Traffic Control Division
6. Mrs. Ngamnit Kanokgarnjanar General Manager of Administration Division
7. Mr. Phakpoom Thaweewittayarut Deputy General Manager of Internal Audit Office
8. Miss Vasana Wattananukulchai Deputy General Manager of Toll Revenue Division
9. Mr. Phaisan Lertsalaluck Deputy General Manager of Maintenance Division

Remark ⁽¹⁾ The management refers to the definition of the “management” of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand (as detailed in the appendix 1).

(7) Secretary to the Company

The Office of the Managing Director serves as secretary to the Company with the duties as follows:

- Convening the Board of Directors meetings, the Executive Board meetings and the shareholders meetings;
- Handling the information disclosure and report to ensure compliance with relevant laws and regulations and good corporate governance;
- Coordinating or cooperating in providing directors with information, including supporting the development of the directors;
- Contacting shareholders;
- Acting as an intermediary to store and record the Company's information and documents;
- Coordinating with external consultants, such as legal consultants.

(8) Structure of Directors of the Subsidiary

As at 31 December 2003, the Subsidiary's Board of Directors has 9 qualified members as listed below:

- | | | |
|----|---------------------------|------------------------------------|
| 1. | Mr. Plew Trivisvavet | Chairman of the Board of Directors |
| 2. | Mr. Supong Chayutsahakij | Director |
| 3. | M.L. Prasobchai Kasemsant | Director |
| 4. | Mr. Panit Dunnvatanachit | Director |
- (who replaced Mr. Chali Sophonpanich as from 30 April 2003)
- | | | |
|----|-------------------------|----------|
| 5. | Mr. Dusit Tengniyom | Director |
| 6. | Mr. Akadej Bijaphala | Director |
| 7. | Mr. Sutas Sutanchainont | Director |
- (who replaced Mr. Montien Kulthamrong as from 21 August 2003)
- | | | |
|----|------------------------|----------|
| 8. | Mr. Suvich Pungchareon | Director |
| 9. | Mr. Somnuk Charnond | Director |
- (who replaced Dr. Sombat Kitjalaksana as from 30 April 2003)

Directors authorized to sign and bind the Company are Mr. Plew Trivisvavet, M.L. Prasobchai Kasemsant, Mr. Supong Chayutsahakij, Mr. Suvich Pungchareon and Mr. Somnuk Charnond, whereby two of these five directors shall jointly sign and affix the Subsidiary seal.

2) Nomination of Directors and Managements

(1) Board of Directors

Directors did not pass a nomination process of the Nomination Committee, but were nominated by shareholders participating in the meeting of shareholders by which directors were appointed, or were appointed by the Board of Directors, in the case that there is any vacancy on the Board for any reasons other than by rotation.

On 27 November 2003, the Board of Directors appointed a Nomination Committee to nominate qualified and appropriate persons to hold the position of directors for appointment by the shareholders meeting or the Board of Directors meeting, subject to the following criteria and procedure:

1. Each shareholder has one vote for one share held.
2. Group election of all directors to be appointed on such occasion shall be voted on a single occasion or if deemed appropriate by the meeting of shareholders, the election may be on an individual basis, the vote for any candidate by each individual shareholder shall reflect the number of all shares held by such shareholder at the time of the vote in accordance with 1 and no shareholder shall apportion partial vote to any specific candidate.
3. In case of election on an individual basis, the candidates with the highest number of votes in an descending order shall be elected as directors up to the number of directors to be elected or vacancies at that time. More than one candidate having equal votes for the final vacancies shall be appointed by drawing of lots.

(2) Executive Board

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

(3) Audit Committee

The Audit Committee shall be appointed by the meeting of the Board of Directors, as nominated by the Nomination Committee with a three year term of office. Any member of the Audit Committee who retires by rotation may be reappointed.

(4) Management

The Managing Director shall be appointed by the Board of Directors, as nominated by the Nomination Committee. Managements from the level of Division Director or higher shall be appointed by the meeting of the Executive Board.

3) Remuneration of Directors and Managements

The Company has determined a clear policy on remuneration for directors which is subject to the approval of the meeting of shareholders. The remuneration for managements shall be subject to the criteria and policy as specified by the Board of Directors. In the year 2003, the remuneration for directors and executives is as follows:

1. Remuneration for directors comprising remuneration, meeting allowance, allowance, bonus, the total remuneration for 12 directors in the year 2003 amounted to Baht 16,423,585;
2. Remuneration for managements from the level of Vice Chairman of the Executive Board and Managing Director downwards to 4 executive levels ranked below the Managing Director, a total of 10 persons, amounted to Baht 22,826,413.

4) **Corporate Governance**

The Board of Directors emphasizes the significance of the compliance with the good corporate governance to ensure the transparency and responsibility of the Board of Directors and executives and to also build up confidence for shareholders, investors and all related parties. In this regard, the policy in support of the good corporate governance has been introduced covering primary areas as follows:

(1) Corporate Governance Policy (Clause 1 of the Good Corporate Governance)

1. Shareholders and interested parties shall be equally and fairly treated.
2. The Board of Directors is committed to create value added to the operations in the long term through careful and prudent management, is responsible to perform the duties to ensure sufficient efficiency for the optimum benefit to shareholders, prevent any conflicts of interest and is also responsible for any decision and arrangements made by the Board of Directors.
3. All activities are undertaken with transparency and open for inspection with disclosure of sufficient information to all relevant parties.
4. The business operations always take into account various risks with appropriate risk control and management.
5. The Company also introduces the code of business ethics for compliance by directors and staff.

In the year 2003, the Board of Directors supervised the management to implement the policy on corporate governance in respect of transparency and information disclosure. The Company is therefore selected as an admirable company and a masterprint of quality information disclosure for listed companies. The Company is also ranked as one of top 50 companies with the best corporate governance evaluation results under the Strengthening Corporate Governance Practices in Thailand 2002 of Thai Institute of Directors Association.

(2) Shareholders: Rights and Equitable Treatment (Clause 2 of the Good Corporate Governance)

The Company realizes the shareholders' right to receive the Company's information correctly, completely, sufficiently, instantly and equally for decision making in the shareholders meeting. Therefore, on every occasion of the shareholders meeting, the Company delivers notice of meeting and agenda to the shareholders for 10 days prior to the meeting date. Each item of agenda was accompanied by the Board's opinion. The chairman of the meeting indicated that all shareholders were equally entitled to scrutinize the Company's operations, make inquiries and provide comments and suggestions, and such significant inquiries and comments were recorded in the minutes of the meeting, allowing further inspection by shareholders. The shareholders who are unable to participate in the meeting in person, the Company proposed that they might authorize the Chairman of the Audit Committee to attend the meeting and vote on their behalf. In the year 2003, the Chairman of the Audit

Committee was authorized to attend and vote on behalf of 7 shareholders in the Annual Ordinary General Meeting of Shareholders and 13 shareholders in the Extraordinary General Meeting of Shareholders.

(3) Rights of Stakeholder Group (Clause 3 of the Good Corporate Governance)

The Company realizes the significance of rights of all stakeholders, whether inside, such as staff and executives of the Company and the Subsidiary, or outside, such as competitors, creditors, government sectors and other relevant authorities. The Company recognizes support from these stakeholders which could help building up the Company's competitiveness and profitability to result in long term success for the Company.

(4) Shareholders' Meetings (Clause 4 of the Good Corporate Governance)

In convening the shareholders meeting, the Company chose venue and time of the meeting appropriate and convenient for shareholders. In the year 2003, the Company held 2 shareholders meetings, namely an Annual Ordinary General Meeting of Shareholders on 29 April 2003, and an Extraordinary General Meeting of Shareholders on 3 September 2003, at the Radisson Hotel, at 3:00 p.m. The registration commenced from 1:00 p.m. onwards. There were 7 directors attending the 2003 Annual Ordinary General Meeting of Shareholders, and there were 6 directors attending the Extraordinary General Meeting of Shareholders, including the Chairman of the Audit Committee and the Chairman of the Executive Board.

(5) Leadership and Vision (Clause 5 of the Good Corporate Governance)

The Board of Directors has leadership, knowledge, ability and experiences in various fields, and has independency on decision making for the optimum benefits to the Company and shareholders as a whole. The Board of Directors participates in determination (or approval) of visions, missions, strategies, targets, business plan and budget of the Company, and supervise the management to take actions to ensure compliance with the business plans and forecast budget with efficiency and effectiveness so as to result in the optimum economic value to the business and build up confidence to shareholders.

Board of Directors' Authority and Duties

1. Supervising the Company's operations to ensure compliance with laws, detailed objectives and Articles of Association, as well as resolutions of shareholders meetings, and protecting the Company's interest based on the good corporate governance policy.
2. Determining policies and directions of the Company's operations and supervising the management to take actions to ensure compliance with the policy with efficiency and effectiveness so as to result in the optimum economic value to the business and great prosperity to shareholders.
3. Convening annual ordinary general meeting of shareholders within the period of not later than 4 months from the balance closing date of the

Company and convening extraordinary general meeting of shareholders as required.

4. Convening the Board of Directors meeting on a quarterly basis, and each meeting requires at least 60 percent of all directors. Decisions of the meeting shall be made by majority of votes. In the case of an equality of votes, the chairman of the meeting shall have additional casting vote.
5. Considering approval for budget for investment and the Company's annual business operations, including monitoring use of the Company's resources.
6. Providing complete, correct and sufficient reports on financial information, data and general information which are important for shareholders, and affirming the certification of the reported information.
7. Introducing to the Company an internal control system, internal audit and efficient measures to manage risks, as well as following up on such matters on a regular basis.
8. Considering clearly determining and separating roles, duties and responsibilities between the Board of Directors, subcommittees and the management, with regular communication regarding such roles, duties and responsibilities to directors, subcommittee members, the management and staff of the Company.
9. Supervising the Executive Board to comply with the specified policies and the Executive Board is authorized to approve any transaction binding upon the Company in an amount of not exceeding Baht 50 Million per transaction, excluding those transactions giving rise to conflict or interest, including such transactions requiring approval from shareholders as per the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Executive Board's Authority and Duties

1. Delivering guidelines for policy, supervising, providing suggestions and advice for the Managing Director and the management.
2. Conducting feasibility studies on new projects, such as, project granted by ETA or under the Second Stage Expressway Agreement.
3. Having power to approve any legal action binding upon the Company in an amount of not exceeding Baht 50,000,000 (Fifty Million Baht Only) per action.
4. Having power to approve, appoint, remove, and determine salary and other remunerations, including expenses and facilities of the Company's officers or staff with the position of General Manager or higher but not including the Managing Director.
5. The Executive Board or the Chairman of the Executive Board shall have power to convene the Executive Board meeting and/or determine rules and regulations of the meeting as it deems appropriate.
6. Proceeding with other matters as assigned by the Board of Directors from time to time.

Audit Committee's Authority and Duties

1. Reviewing the Company's financial reports;
2. Reviewing the Company's internal control system;
3. Considering, selecting and submitting for appointment of the Company's auditor;
4. Reviewing performance in compliance with relevant regulations and laws;
5. Considering disclosure of connected transactions to be accurate and complete;
6. Preparing reports of the Audit Committee to be included in the Company's Annual Report;
7. Performing any other activities as assigned by the Board of Directors and approved by the Audit Committee.

Nomination Committee's Duties and Responsibilities

1. Considering selecting and proposing qualified persons to hold the position of the Company's directors to the Board of Directors so as to nominate them to the shareholders meeting, or proposing the nomination to the Board of Directors for appointment.
2. Considering selecting and proposing qualified persons to hold the position of the Managing Director to the Board of Directors for appointment.
3. Proceeding with other matters as assigned by the Board of Directors.

Remuneration Committee's Duties and Responsibilities

1. Considering determining criteria for consideration of remuneration of directors and the Managing Directors.
2. Considering determining remuneration of directors and proposing the same to the shareholders meeting for approval.
3. Considering reviewing salary rates and other remuneration for the Managing Director and proposing the same to the Board of Directors for approval.
4. Proceeding with other matters as assigned by the Board of Directors.

(6) Control of Inside Information Usage (Clause 6 of the Good Corporate Governance)

The Company has policies and procedures for controlling the use of inside information by executives to prevent any occurrence of the use of inside information for personal interests. This is done by providing knowledge to the executives so as to realize their obligation to disclose reports on their respective holding of securities and the holding of securities by their spouses and underage offspring as well as the penalty pursuant to the Securities and Exchange Act B.E. 2535 (1992). In addition, the Company requires its executives to report change of securities holding to the Securities and Exchange Commission pursuant to Section 59 of the Securities and Exchange Act B.E. 2535 (1992). Furthermore, the Company prohibits its executives who have access to inside information from taking any action violating Section 241 of the Securities and Exchange Act B.E. 2535 (1992).

Moreover, the work rules of the Company prohibit staff from disclosing Company secrets to third parties or use their position to take advantage wrongfully for themselves or for other persons. Any violation of this is deemed to be a disciplinary wrongdoing resulting in employment termination. In the past, there has never been any occurrence of the use of inside information for personal interests.

(7) Business Ethics (Clause 7 of the Good Corporate Governance)

The Company issues the code of business ethics in respect of managements and staff for compliance in the performance of their duties with honesty, integrity and equality, including treatment towards the Company and all interested groups, the public and society.

The Company monitors on compliance with such code of practice by way of survey forms which are divided into 2 sets, namely survey of compliance with code of business ethics for managements, and survey of compliance with code of business ethics for staff. The survey was conducted in the entire population and on a yearly basis. In addition to the monitoring of the Company's compliance with the code of business ethics, such surveys also gave rise to indirect result, namely staff could review the code of conduct in details as described in the code of business ethics which all staff receive, and could represent that the code of business ethics has been fulfilled as per the survey, together with signature of every staff, allowing staff to realize such matter.

The survey conducted in the year 2003 reveals that average number of all staff complies with the Company's code of business ethics within the normal practice criteria. Certain items on average are mostly within the normal practice criteria.

(8) Balance of Power for Non-Executive Directors (Clause 8 of the Good Corporate Governance)

The structure of the Board of Directors consists of 12 qualified members, comprising:

- 7 executive directors
- 4 independent directors
- 1 non-executive director

In this regard, the Company has 4 independent directors, which represent one third of all directors, constituting a balancing from non-executive directors.

(9) Aggregation or Segregation of Positions (Clause 9 of the Good Corporate Governance)

The Chairman of the Board of Directors is an independent director by the definition of the Stock Exchange of Thailand and has no relationship with the management and is not the Managing Director, so as to separate between the policy making and supervisory duty and the regular managerial duty.

(10) Remuneration of Directors and Managements (Clause 10 of the Good Corporate Governance)

Remuneration of directors : The Company establishes clear and transparent policy on remuneration of directors and the Managing Director. The remuneration shall be at the same level as that in the industry and sufficiently high to retain the qualified directors and Managing Director.

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

The amount of remuneration in the year 2003 appears in Remuneration of Directors and Managements on page 25.

(11) Meeting of the Board of Directors (Clause 11 of the Good Corporate Governance)

The Board of Directors shall regularly meet every 3 months and may convene extraordinary meeting as necessary and the agenda must be clearly determined in advance including consideration of operational results on a regular basis. The Office of the Managing Director shall act as secretary to the Company in delivery of the notice of meeting and agenda for 10 days prior to the meeting date and delivery of the supporting documents for 1 day prior to the meeting date, so as to allow the Board to review the same prior to the meeting. In the year 2003, the Board convened four regular meetings and three special meetings, and there were also meetings of the Executive Board on every third Thursday of each month.

(12) Committees (Clause 12 of the Good Corporate Governance)

The Company established three committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee as detailed on pages 23.

(13) Controlling System and Internal Audit (Clause 13 of the Good Corporate Governance)

Details appear in Internal Control on page 34.

(14) Report of the Board of Directors (Clause 14 of the Good Corporate Governance)

Details appear in Report on Responsibilities of the Board of Directors towards Financial Report on page 44.

(15) Relations with Investors (Clause 15 of the Good Corporate Governance)

The Board of Directors realizes the significance of accurate, complete, transparent, thorough and timely information disclosure, including financial report, operational results and other relevant information, as well as material

information having impact on the value of securities of the Company in accordance with the good corporate governance. In this regard, various information and news are disseminated to support the decision of investors and related parties through various dissemination channels and media of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, including the Company's website at <http://www.becl.co.th>. Despite the fact that an Investor Relations unit was not officially established, in practice, the Company clearly arranged for executives and staff to be responsible for communication and contact with the public.

Other than the disclosure of information in accordance with provisions of laws, the Company provides information to local and foreign investors. In addition to providing reception for regular company visits of investors and analysts, the Company also cooperated with the Thailand's Securities Analysts Association to hold an event of meeting with executives, named "BECL Analyst Conference." Furthermore, the Company accepted invitation from the Stock Exchange of Thailand to join Road Shows in the United States of America and England.

5) **Personnel**

As at 31 December 2003, the Company has a total of 623 staff, comprising 3 managements at the level of Deputy Managing Director or higher, 20 staff reporting to the Office of the Managing Director and the Internal Audit Office, and the remainder comprises 499 staff in the Operation Line, 101 staff in the Support Line. The operation line is the main line of business of the Company.

The Company realizes the significance of human resource management focusing on:

1. Staff's participation in activities to enhance efficiency and quality of the staff;
2. Training and development in accordance with the activities;
3. Arrangement of appropriate benefits to secure and satisfy staff by encouraging the role of the welfare committee and union of staff to establish non-work activity club;
4. Creation of a pleasant and safe work environment;
5. Encouragement of learning and creativity;
6. Equal and fair treatment towards staff with appropriate remuneration.

The Company has primary policies on human resource management as follows:

Policy on Labor Relations

Since the Company commences its business operations, there has never been any labor dispute. The Company implements a policy on labor relations by having staff participate in sharing opinions and activities, including ensuring strict compliance with laws as follows:

1. The grievance procedures have been established to help staff who find themselves harassed or unfairly treated in respect of their performance of duties or disciplinary actions or rights and benefits that they should have obtained.

2. The Company arranges for an election of the welfare committee since the year 1998 to:
 - (1) jointly discuss with the Company regarding benefits for staff;
 - (2) provide consultation, advice and comments to the Company in relation to benefits for staff;
 - (3) supervise, control and monitor the provision of benefits made available by the Company to staff;
 - (4) offer comments and guidelines regarding benefits for staff to the labor welfare committee.

In the performance of various activities by the Company's welfare committee, through various meetings for sharing opinions and comments between high ranking executives and staff, the Company's benefits have been continuously developed.

3. Support is given to staff interested to participate in non-work creative and beneficial activities to establish a club and staff are allowed to take care of various activities in their club. The Company provides support in terms of costs, materials and equipment, as well as certain rights. The first club is Sports Club for Staff of Bangkok Expressway Public Company Limited, established since the year 1999 and has continuously conducted activities upto present. In the year 2003, the Company established a Music Club to allow the staff who has ability in music, both playing and singing, to show his or her talent and entertain general staff. The Company allocated budget to support musical instruments and arranged shows on various occasions.

Benefits

In respect of benefits for staff other than salary, overtime pay, holiday pay, holiday overtime pay, shift pay, the Company also remits contributions to the Social Security Fund at the rate of 4 percent of wages of insured persons for the year 2003, and will increase to 5 percent in the year 2004 in compliance with the provisions of law. Furthermore, the Company provides additional medical insurance benefits, by which the staff may receive medical treatment as inpatients or outpatients at any hospitals other than those hospitals indicated in the social security medical treatment card. The Company also provides group life insurance for staff as security for their families.

Furthermore, the Company established a provident fund whereby staff remits contributions at the rate of 5 percent of wages and the Company also remits contributions at the rate of 5 percent of their wages, and the total contributions remitted by the Company in the year 2003 amounted to Baht 5,333,828.66. In the year 2003, the Company had expenses relating to staff in an amount of Baht 173,160,898.04.

Policies for Staff Development

With respect to improvement of efficiency and quality of personnel and work, the Company has regularly determined its primary policies and plans. In the year 2000, the Company cooperated with the Technology Promotion Association (Thai-Japan) to

provide a training course and consultation to introduce an applied quality management system to the working system of the Company. Applied quality management systems consisting 5S, qualitative group activities (QCC), quality management system (ISO) and suggestion system commenced from the year 2000 up to the present time. On 22 August 2001, the quality management system of the Company was certified by ISO 9001:2000 from SGS (Thailand) Company Limited in accordance with the standards of UKAS of England and NAC of Thailand. Subsequent to the certification of the quality management system, SGS (Thailand) Company Limited implemented internal quality surveillances every six months. Up to the present time, namely at the end of year 2003, the Company passed the quality surveillance on four occasions resulting that the Company continuously maintains its quality standards and improve its performance in line with the system without any major non-conformance (Major NC: Major Non-Conformance). Since the standard certification will expire in August 2004, the Company plans to apply for internal quality surveillance with the certified body so as to renew the certification of quality management system, ISO 9001: 2000 to affirm that the Company is committed to continuously enhance efficiency, work quality and quality of life of the staff.

Furthermore, the Company also establishes policy for the year 2004 to improve the qualitative group activities (QCC), which commenced in the year 2000 with the preliminary objectives of encouraging team effort and learning process of problem resolution. In the year 2004, the Company focuses on work improvement aimed at tangible results.

10. Internal Control

The Company realizes the significance of its internal control system which is aimed at preventing any possible damage to the Company, monitoring and maintaining the Company's property to ensure that they are used efficiently. The Company also controls the performance of work in accordance with the law and regulations of the government agencies. The Internal Audit Office serves to audit the performance to ensure proper and efficient compliance with the specified internal control system. To ensure the Internal Audit Office's independence in the audit and balancing, the Company requires the Internal Audit Office to directly report the audit results to the Audit Committee.

In regard to risk management, the Company has major concern on this matter by taking into account various risk factors currently sustained or threatened to be sustained in the future by the Company to analyze impact and possibility of such risks and to determine measures to prevent and deal with such risks. The results of such analysis are used to prepare report on risk management and this matter is regularly monitored. The significant risk factors are described in Risk Factors on pages 3-5.

The Board of Directors and the Audit Committee have evaluated the internal control system as per the internal control adequacy evaluation form in the Board of Directors meeting on 26 February 2004 and concluded that the Company's internal control system was considered adequate and appropriate for it could prevent improper or unauthorized use of the property of the Company and the Subsidiary. Up until now, there has never been any material fault in the internal control system.

11. Connected Transactions

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

During the year 2003, the Company engaged CH. Karnchang Public Company Limited for Phase 2 Repair and Improvement of the Second Stage Expressway in the amount of Baht 143.74 Million (excluding value added tax), which constituted a connected transaction pursuant to the Stock Exchange of Thailand Notification.

In the consideration and selection of the contractor for such inspection, repair and improvement of the Second Stage Expressway, the Company invited such companies with expertise in expressway construction and participation in the construction of the Second Stage Expressway System, taking into account the qualifications, capabilities and know-how as well as state of the art construction technology acceptable to the Company, to submit their price proposals for the inspection, repair and improvement of the Second Stage Expressway on a close bidding basis. The proposal that was considered best favorable to the Company was selected. In respect of the value of consideration for CH. Karnchang Public Company Limited, the Company entered into negotiations on an arm's length basis in comparison with prices evaluated by an independent consulting engineer company.

The Board of Directors approved such transaction on 25 June 2003, without votes of directors, who are connected persons, in the meeting.

The Audit Committee, as assigned by the Board of Directors, has considered the disclosure of the Company's information in respect of the connected transaction or the transaction which might have conflict of interest, to ensure accuracy and completeness.

The value of other connected transactions in the year 2003 and the balances of accounts payable/receivable in respect of the connected transactions as at 31 December 2003 are shown in Note 6 to the Financial Statements.

Details of Long Term Loans and Outstanding Balance as at 31 December 2003

Name of Lender	Outstanding Balance (Baht)	Percentage
1 Krung Thai Bank Public Company Limited	11,975,686,617	35.50
2 Bangkok Bank Public Company Limited	8,809,728,198	26.11
3 Siam Commercial Bank Public Company Limited	7,980,198,410	23.66
4 Thai Military Bank Public Company Limited	4,969,404,375	14.73
	33,735,017,600	100.00

- (2) In respect of approval for connected transactions, the Company proposed these matters to the Board of Directors meeting, and the related directors, who might give rise to conflict of interest, were not entitled to participate in and vote on such item. Furthermore, the Audit Committee would consider the disclosure of the Company's information in the case of occurrence of connected transaction or transaction which might have conflict of interest, to ensure accuracy and completeness.

- (3) Prior to purchasing shares from Kumagai Gumi Co., Ltd., CH. Karnchang Public Company Limited, as a representative of the Company group, entered into negotiation to settle dispute with ETA, and could negotiate to enable Bangkok Expressway Public Company Limited to be granted concession on construction and operation of the extension of Sector B. Such concession was neither set out nor specified in the Second Stage Expressway Agreement. All major shareholders and Bangkok Expressway Public Company Limited therefore deemed it appropriate to remunerate CH. Karnchang Public Company Limited by offering to it the first priority option to construct the extension of Sector B as specified in the Shareholders Agreement No. 2, dated 14 March 1994. The above said option offered to CH. Karnchang Public Company Limited shall be subject to conditions and methods as follows:

(3.1) Conditions of offering the option:

1. The Company shall be granted by ETA an option to carry out construction of the extension of Sector B;
2. The Board of Directors is satisfied that the construction of Sector B undertaken by the Joint Venture BBCT is in compliance with the Second Project Management Agreement.

(3.2) Methods of offering the option:

The Board of Directors shall consider taking steps in one or several methods as follows:

1. The Company may use a direct and exclusive negotiation method in any of the following events:
 - The work requires particularly skilled workers or persons with special expertise;
 - The work requires urgent action, and any delay would cause damage to the Company;
 - The work of which preliminary information must be kept confidential and disclosure of such information would cause damage to the Company's business;
 - The work that was undertaken by other methods, with unsatisfactory results.

The said method is an international practice generally used in accordance with the same principle of purchasing or contracting by special method of government authority (pursuant to Chapter 2, Part 2, Re: Purchasing and Contracting, the Office of the Prime Minister Regulations on Procurement B.E. 2535 (1992)). In other words, the Company directly invites CH. Karnchang Public Company Limited or group of companies which CH. Karnchang leads to enter into negotiation, subject to fair construction price and work quality which meets standards.

2. In the case the conditions in Clause 1 could not be met, the Company may invite companies or groups of companies having qualifications acceptable to the Company and ETA to submit price proposals on a close bidding basis (inviting certain companies to join the bidding) or on

an open bidding basis (open for any company to join the bidding) as it deems appropriate, taking into account as to which bidder submits the most favorable proposal to the Company. If CH. Karnchang's bidding price is higher than the best price but not exceeding the amount which the Board of Directors sets out prior to the bid, the Company would offer the first priority option to CH. Karnchang Public Company Limited or the group of companies led by CH. Karnchang to consider whether it would accept to carry out the construction under the best proposal. If CH. Karnchang Public Company Limited does not accept the offer, the Company would be able to enter into agreement with another company to carry out the construction, subject to the restriction that the investment shall bring the optimum benefits to the Company with the quality of work achieving standards.

The decision to use either the first or the second method or jointly use both will be at the discretion of the Board of Directors at that time to determine that which method is the most suitable and beneficial to the Company.

Furthermore, in the consideration and negotiation on construction price, the Company would appoint an independent consulting engineer to consider technical issues and the construction price to ensure the compliance with construction standards. Appointment of the independent consulting engineer shall be conducted by persons who are not related to the construction.

In the consideration and selection of either the first or the second method, and construction contractor as described above, related directors who may cause conflict of interest shall not be entitled to participate in the meeting and vote on such item. The independent directors shall have duty to express and record their opinions on the engagement for construction in the minutes of the meeting so as to be in accordance with resolutions of the Board of Directors Meeting No. 1/1995, held on 27 January 1995, Re: Certification of Connected Transactions, specifying that price, work quality and conditions of the construction shall bring the optimum benefits to the Company, and shall be disclosed to the shareholders in a timely manner.

12. Financial Status and Operational Results

(1) Financial Statements

(1.1) Audit Report

(1.1.1) In the audit report of the auditor over the past three years, the auditor provided unqualified opinion on the financial statements, with a remark regarding the huge amount of accumulated loss of the Subsidiary as per Note 1.2 to the Financial Statements.

(1.1.2) The Company's auditor is Miss Rungnapa Lertsuwankul, certified public accountant license No. 3516, Ernst & Young Limited.

(1.1.3) Significant accounting policies are shown in Note 3 to the Financial Statements.

(1.2) Summary of Financial Status and Operational Results

(1.2.1) The summary of consolidated balance sheet of the Company and the Subsidiary for the past three years is shown on page 42.

(1.2.2) The summary of consolidated income statement of the Company and the Subsidiary for the past three years is shown on page 43.

(1.3) Significant financial ratios are shown on page 41.

(2) Description and Analysis of Financial Status and Operational Results

(2.1) Operational Results

(2.1.1) In the year 2003, the Company and the Subsidiary derived net profit of Baht 1,233 Million, as compared to Baht 878 Million in the previous year, representing an increase by Baht 355 Million or 40 percent, due to several significant factors affecting the operational results, as follows:

Toll revenue decreased by Baht 168 Million or 2.64 percent from the previous year due to change in toll revenue sharing in respect of the urban network between the Expressway and Rapid Transit Authority of Thailand and the Company from 60:40 to 50:50 as from 2 September 2002. However, the rate of decrease in toll revenue was lower than the rate of decrease in toll revenue sharing since the volume of vehicles in the urban expressway continued to grow. Furthermore, the growth rate of the volume of vehicles in the suburban expressway, for which the Company and the Subsidiary are entitled to receive all toll revenues, was rather high.

Other revenues are from sale of investment funds in the Subsidiary.

The amortization of rights to operate complete Expressway sectors increased by Baht 178 Million or 10.68 percent due to the increased number of vehicles using the Expressways.

Provision for compensation for site acquisition cost increased by Baht 39 Million. Provision transaction shown in the income statement is recorded to cut the cost of the present value of the compensation to be paid to the Expressway and Rapid Transit Authority of Thailand. The actual payment will commence in the year 2004 as per the payment schedule shown in Note 15.1 to the Financial Statements.

Operating and administrative expenses increased by Baht 150 Million or 22.83 percent due to expenses of repair and maintenance of the Expressways and expenses of toll collection and traffic management.

Interest expenses, which are primary expenses in cash, reduced by Baht 536 Million or 22.46 percent from the previous year, as a result of the reduced rate of interest on long term loans in the money market. Such reduction was also due to the fact that the Credit Facility Agreement was amended in September 2003 and that the Company and the Subsidiary reduced the financing costs by execution of a refinancing

with four commercial banks to replace the existing loans in June 2002. Such adjustment of the financing costs gave rise to a prepayment penalty of Baht 206 Million. Thereafter, in September 2003, the Company reduced the financing costs again by amending the Credit Facility Agreement with the existing lenders without any expense.

In the last quarter of the year 2003, the Company sold 100 million shares held in the Subsidiary at the book value, having a tax loss of Baht 960 Million, resulting in the corporate income tax for the year 2003 lower than the previous year despite the Company's higher profit in the account.

(2.1.2) The fact that the Company carried out construction and gradually opened additional Expressway routes in the suburban network, particularly, part of Sector D of the Second Stage Expressway which connected to Motorway and the full opening of Sector D for service in March 2002, including improvement of on- and off-ramps at Prachachuen Toll Plaza, resulted in an increase in toll revenue from the suburban network accordingly over the past 3 years. The toll revenue from the urban network remained high and significantly accounted for the total revenue (as detailed on page 10).

Revenue from the First Stage Expressway and Sectors A and B of the Second Stage Expressway, which are in the urban network, decreased by 11.24 percent and 7.20 percent, respectively, from the previous year. With effect as from 2 September 2002, the toll revenue sharing for the urban network between the Company and the Expressway and Rapid Transit Authority of Thailand changed from 60:40 to 50:50, or decreased by 16.67 percent, affecting the revenue of the entire year 2003. However, the volume of vehicles using such Expressways increased by 3.27 percent and 4.99 percent, respectively, from the previous year. The rate of decrease in earned revenue was therefore lower than the rate of decrease in changed revenue.

Revenue from Sector C of the Second Stage Expressway increased by 10.83 percent due to improvement of on-off ramps at Prachachuen Toll Plaza and the volume of vehicles from the Bang Pa-in - Pak Kret Expressway, giving rise to an increase in the number of vehicles and revenue of the Sector C Expressway.

Revenue from Sector D of the Second Stage Expressway reflects the highest growth rate as compared to toll revenue from all Expressway routes, namely an increase by 55.48 percent or Baht 191 Million from the previous year. Such increase was caused by the full opening of this Expressway and motorists became more familiar with the route.

Revenue from the Bang Pa-in - Pak Kret Expressway has a growth rate of 23.99 percent resulting from continuous sale promotion which attracted new customers while the existing customers became more familiar with the service routes.

(2.2) Financial Status

(2.2.1) The total assets of the Company and the Subsidiary in the year 2003 reduced due to the amortization of rights to operate complete Expressway sectors and the depreciation of fixed assets.

Major assets are the rights to operate the complete Expressway sectors and investment in Bangkok Metro Company Limited. Most of current assets are cash on hand, cash at banks and short-term investment

Ninety six percent of liabilities are long-term loans from local financial institutions. The loan amounting to Baht 2,004 Million would become due for payment in the year 2004.

(2.2.2) In the year 2003, the Company derived a net profit of Baht 1,233 Million. When such amount was added with the amortization of rights to operate complete Expressway sectors and various provisions which were non-cash expenses, the Company earned cash flow from operations in the year 2003 amounting to Baht 3,180 Million. The Company applied Baht 338 Million for investment in Bangkok Metro Company Limited, and Baht 56 Million for supplemental construction work of the Sector D Expressway and purchase of equipment and tools for operations. Most of the cash was used for repayment of loans. In the year 2003, the repayment of loans was made in the amount of Baht 2,092 Million and dividend payment was also made in the amount of Baht 770 Million.

Despite the fact that the toll revenue in the year 2003 was lower than that in the year 2002, the decreased interest expenses made the net cash from operations in this year higher than the previous year. The Company used such amount to make repayment to lenders and dividend payment to shareholders in higher amounts than the previous year.

Liquidity ratio for the year of 2003 was lower than that for the previous year due to the fact that the long-term loan due in one year was recorded in the account, causing the current liabilities of the year 2003 to become higher than that of the year 2002 by up to 107 percent. However, since the nature of the Company's business derives cash daily from tolls and the repayment of loans is made monthly, the Company has no problem in its debt serviceability. Net profit rate, return on equity and return on fixed assets were higher in line with the improved operational results. Equity to liabilities ratio was gradually improving due to repayment of long-term loan and profitable operational results.



Bangkok Expressway Public Company Limited and the Subsidiary
Significant Financial Ratios

	Notes	2001	2002	2003
LIQUIDITY RATIO				
Liquidity Ratio		3.38	0.54	0.24
Quick Ratio	1	3.15	0.54	0.22
Cash Flow Ratio		13.17	4.94	2.00
Accounts Receivable Turnover		N.A.	N.A.	N.A.
Average Collection Period	2	N.A.	N.A.	N.A.
Inventory Turnover		N.A.	N.A.	N.A.
Average Sale Period		N.A.	N.A.	N.A.
Accounts Payable Turnover	3	N.A.	N.A.	N.A.
Average Debt Servicing Period		N.A.	N.A.	N.A.
PROFITABILITY RATIO				
Gross Margin Ratio		74.46	73.69	70.09
Cash to Profitability Ratio		3.01	3.49	2.58
Net Profit Ratio		14.67	13.79	19.83
Return on Equity		6.49	6.28	8.58
EFFICIENCY RATIO				
Return on Assets		1.66	1.70	2.44
Return on Fixed Assets		4.67	5.13	6.45
Assets Turnover		0.11	0.12	0.12
FINANCIAL POLICY RATIO				
Equity to Liabilities Ratio		2.78	2.63	2.40
Interest Serviceability Ratio		1.84	2.39	2.84
Obligation Serviceability Ratio		1.04	0.97	0.98
Dividend Rate	4	0.66	0.88	N.A.

Notes:

- 1) In the year 2003, the liquidity ratio decreased due to the recording of debts due to be repaid within one year. Toll revenue is received daily in cash while the loan would be repaid on a monthly basis out of the net cash receipts, therefore, the liquidity ratio would not affect the Company's debt serviceability.
- 2) The nature of the Expressway services is a sale of services and toll revenue is received daily in cash, therefore, neither accounts receivable nor inventory are available to calculate the foregoing ratios.
- 3) Most of accounts payable of the Company and the Subsidiary were incurred by the costs of repair and maintenance and the operation costs while the costs of goods sold represented the amortization of the right to operate the complete Expressway sectors. Therefore, it is not possible to calculate the accounts payable turnover and the average debt repayment period which contain analytical connotation.
- 4) Payment of dividend in the year 2003 is at the discretion of the Ordinary General Meeting of Shareholders in April 2004.

Bangkok Expressway Public Company Limited and the Subsidiary
Summary of Balance Sheet

(Unit : Baht)

Item	2001	2002	2003
Assets			
Cash on hand, at banks and in transit	634,831,198	309,527,858	88,113,102
Short-term investments	2,330,858	247,245,928	387,393,392
Other current assets	47,010,063	5,685,485	47,063,124
Total current assets	684,172,119	562,459,271	522,569,618
Long-term investments	75,000,000	683,500,000	1,021,000,000
Property, plant and equipment (net)	280,585,667	269,252,949	266,920,997
Construction in progress	2,464,031,546	-	-
Right to operate the complete Expressway sectors (net)	48,752,506,271	49,660,763,662	47,830,981,966
Other non-current assets	27,040,339	38,405,150	37,653,059
Total assets	52,283,335,942	51,214,381,032	49,679,125,640
Liabilities			
Bank overdrafts	3,929,953	7,823,249	1,575,216
Accounts payable	14,612,538	15,309,373	20,829,654
Long-term loans due in one year	98,880,000	711,600,000	2,004,000,000
Accrued corporate income tax	-	240,386,941	-
Other current liabilities	84,908,711	61,465,937	118,062,214
Total current liabilities	202,331,202	1,036,585,500	2,144,467,084
Provision for compensation for site acquisition cost	714,110,000	935,320,000	1,195,130,000
Long-term loans	37,539,809,519	35,114,844,824	31,731,017,600
Total liabilities	38,456,250,721	37,086,750,324	35,070,614,684
Shareholders' equity			
Authorized and paid-up capital	7,700,000,000	7,700,000,000	7,700,000,000
Share premium	4,848,492,969	4,848,492,969	4,848,492,969
Retained earnings	1,278,592,252	1,579,137,739	2,042,278,119
Minor shareholders' equity	-	-	17,739,868
Total shareholders' equity	13,827,085,221	14,127,630,708	14,608,510,956
Total liabilities and shareholders' equity	52,283,335,942	51,214,381,032	49,679,125,640
Book value per share	17.96	18.35	18.97



Bangkok Expressway Public Company Limited and the Subsidiary
Summary of Consolidated Income Statement

(Unit : Baht)

Item	2001	2002	2003
Revenues	5,960,768,340	6,368,922,202	6,218,288,105
Expenses	5,086,388,443	5,144,777,638	4,769,103,297
Profit before income tax	874,379,897	1,224,144,564	1,449,184,808
Corporate income tax	-	346,099,077	223,504,585
Profit before minor shareholders' equity	874,379,897	878,045,487	1,225,680,223
Net loss from minor shareholders' equity	-	-	7,460,157
Net profit	874,379,897	878,045,487	1,233,140,380
Earnings per share	1.14	1.14	1.60

13. Other Related Information

Reference

- Securities Registrar : Thailand Securities Depository Company Limited
62 Stock Exchange of Thailand Building
4th and 7th Floors, Ratchadapisek Road Khlong Toei Subdistrict
Khlong Toei District, Bangkok 10110
Telephone 0-2229-2800 Fax 0-2359-1262-3
- Auditor : Miss Runghana Lertsuwanakul
Certified Public Accountant License No. 3516 Ernst & Young Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 New Ratchadapisek Road Bangkok 10110
Telephone 0- 2264-0777 / 0-2661-9190
Fax 0-2264-0789-90 / 0-2661-9192
- Legal Consultant : The Legists Ltd.
990 Abdulrahim Place, 9th Floor Rama IV Road, Silom Subdistrict
Bangrak District, Bangkok 10500
Telephone 0-2636-1111 Fax 0-2636-0000
- Financial Advisor : IFCT Advisory Company Limited
1770 New Petchburi Road Bangkapi Subdistrict
Huaykwang District, Bangkok 10320
Telephone 0-2253-7111 / 0-2253-9666

Regular Financial Institution Contact

Krung Thai Bank Public Company Limited, Bangkok Bank Public Company Limited, Siam Commercial Bank Public Company Limited and Thai Military Bank Public Company Limited extended credit facilities to the Company and the Subsidiary as at 31 December 2003 in the total amount of Baht 33,735,017,600 while the Company had total deposits as at 31 December 2003 in the total amount of Baht 416,953,917.

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

The 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 Associations, 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 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 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 their performance to the Board of Directors.

The Board of Directors is of the opinion that the financial statements for the year 2003 of the Company and the Subsidiary, which have been reviewed by the Audit Committee in conjunction with the management, and also by the Company's auditor, reflects accurate financial status and operational results as appropriate in material in accordance with generally accepted accounting standards.

- Signature -

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

- Signature -

(Mr. Suvich Pungchareon)
Managing Director

15. Report of the Audit Committee

The Audit Committee was assigned by the Company's Board of Directors to review the financial report and to ensure that the Company has appropriate and efficient internal control and internal audit systems, as well as to perform other duties as designated by the Board of Directors in accordance with the terms and best practices for Audit Committees as set out by the Stock Exchange of Thailand.

The Audit Committee performed their duties as follows:

1. The Audit Committee held 5 meetings in the year 2003;
2. The Audit Committee reviewed quarterly financial statements and financial statements for the year 2003 of the Company, focusing on compliance with generally accepted accounting standards and sufficient disclosure of financial statements, with good cooperation from the Company's executives, internal auditors and the Company's auditor, before these statements were submitted to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, and before the same were submitted to the Company's Board of Directors;
3. Having reviewed the report on performance of the Internal Audit Office and evaluated the sufficiency of the internal control system, the Audit Committee was of the view that the Company's internal control system was sufficient and appropriate for its business nature, and no substantial fault in the internal control system was found;
4. The Audit Committee recommended the Company's Board of Directors to encourage good corporate governance in accordance with guidelines of the Stock Exchange of Thailand, namely establishing policy on good governance, appointing the Nomination Committee and the Remuneration Committee, as well as preparing a long-term strategic plan and the Company's risk management;
5. The Audit Committee participated in the 2003 Annual Ordinary General Meeting of Shareholders to provide clarifications on matters relating to the Audit Committee and appointment of the auditor, whereby the Chairman of the Audit Committee also served as proxy for shareholders who could not attend the Meeting, and voted as per the shareholders' proxy forms;
6. The Audit Committee proposed the Company's Board of Directors to consider nominating either Mr. Narong Puntawong or Mr. Ruth Chaowanagawi or Miss Rungnapa Lertsuwankul of Ernst & Young Limited for appointment as the Company's auditor for the year 2004 with the auditing fee in the amount of Baht 700,000 so as to propose such nomination to the meeting of shareholders for approval.

- Signature -

(Professor Suphachai Phisitvanich)
Chairman of the Audit Committee



Appendix **1**

Information of Company Executives (As at 31 December 2003)

Name-Surname/Position	Age (Years)	Education/Training	Shareholding Ratio(%)	Family Relationship among Executives	Work Experience for the Past 5 Years		
					Time	Position	Organization
1. Dr. Virabongsa Ramangkura Chairman of the Board of Directors Authorized Signatory Director	60	- Ph.D. (Economics) University of Pennsylvania, U.S.A. - M.A. (Economics) University of Pennsylvania, U.S.A. - B.A. (Political Science) Chulalongkorn University	-	-	1995-present	- Chairman of the Executive Board	Advance Agro Public Company Limited
					1999-present	- Bank Advisor	Bangkok Bank Public Company Limited
					2003-present	- Advisor to Plan Administrators	Thai Petrochemical Industry Public Company Limited
					2001-2002	- Chairman of the Board of Directors	Thai Airways Public Company Limited
2. Prof. Suphachai Phisitvanich Director Chairman of the Audit Committee	63	- M.B.A. (Finance) Ohio State University, U.S.A. - B.A. (Accounting) Thammasat University - B.A. (Commerce) Thammasat University - Certificate Training Course Thai Institute of Directors Association (DCP), Class 38/2546	-	-	2003-present	- Chairman of the Board of Directors	Matching Studio Public Company Limited
					2001-Mar. 2003	- Chairman of the Board of Directors	Krung Thai Bank Public Company Limited
					2001-2002	- Chairman of the Board of Directors	Mass Rapid Transit Authority of Thailand
					2001-2002	- Chairman of the Board of Directors	Telephone Organization of Thailand
					1997-2000	- Permanent-Secretary	Ministry of Finance
3. Prof. Dr. Kanok Wongtrangan Director Audit Committee Member	51	- Ph.D. in (Political Science) The Johns Hopkins University, U.S.A. - M.A. (Political Science) University of California, U.S.A. - B.S. Chulalongkorn University	0.00130	-	Mar. 2003-present	- Chairman of the Executive Board	Siam FamilyMart Company Limited
					1997-2003	- Chief Executive Officer for Operation and Managing Director	Robinson Department Store Public Company Limited
4. Mr. Plew Trinvisavet Director Chairman of the Executive Board Authorized Signatory Director	58	- M.Sc. (Electrical Engineering) Osaka University, Japan - B.Sc. (Electrical Engineering) Osaka University, Japan	-	-	1994-present	- Chairman of the Executive Board and Managing Director	CH. Karnchang Public Company Limited

Name-Surname/Position	Age (Years)	Education/Training	Shareholding Ratio(%)	Family Relationship among Executives	Work Experience for the Past 5 Years		
					Time	Position	Organization
5. Mr. Supong Chayutahakij Director Vice Chairman of the Executive Board Authorized Signatory Director	62	- Master of Management Sasin Graduate Institute of Business Administration, of Chulalongkorn University - Master of Engineering (Electrical) University of Tokyo, Japan - Bachelor of Engineering (Electrical) University of Tokyo, Japan - Certificate Training Course Thai Institute of Directors Association (DCP), Class 8/2544	-	-	Apr. 2003-present	- Vice Chairman of the Executive Board	Bangkok Expressway Public Company Limited
					1994-2003	- Managing Director	Bangkok Expressway Public Company Limited
6. M.L. Prasobchai Kasemsant Director Executive Director Authorized Signatory Director	48	- M.S. (Civil Engineering) Stanford University, U.S.A. - M.S. (Operations Research) Stanford University, U.S.A. - B.S. (Civil Engineering, Mathematics) Virginia Military Institute, Virginia, U.S.A. - Certificate Training Course Thai Institute of Directors Association (DCP), Class 33/2546	-	-	Oct. 2001-present	- Deputy Commander	Intelligence School, The Royal Thai Army
					1995-2001	- Commander-in-Chief, Foreign Liaison Division	Directorate of Intelligence, The Royal Thai Army
					1999-present	- Director	Bangkok Metro Company Limited

Name-Surname/Position	Age (Years)	Education/Training	Shareholding Ratio(%)	Family Relationship among Executives	Work Experience for the Past 5 Years		
					Time	Position	Organization
7. Mr. Panit Dunnwatanachit Director Executive Director	47	- M.B.A. (Finance) Washington University, St. Louis, U.S.A. - Bachelor of Arts & Science Washington University, St. Louis, U.S.A. - Certificate Training Course Thai Institute of Directors Association (DCP), Class 10/2544	0.0035	-	2001-present	- Director	Advance Agro Public Company Limited
					2000-present	- Assistant General Manager	Bangkok Bank Public Company Limited
					1999-present	- Chairman of the Executive Board - Director	Asia Credit Public Company Limited
					1998-present	- Director	Asia Credit Public Company Limited
8. Mr. Dusit Tengniyom Director Executive Director	56	- M.S. (Public Administration) California State University at Los Angeles, California, U.S.A. - B.S. (Business Administration) Woodbury College, California, U.S.A.	-	-	May 2003-present	- Deputy Manager Director	Krung Thai Bank Public Company Limited
					1997-2003	- Deputy General Manager	Krung Thai Bank Public Company Limited
9. Mr. Akadej Bjiaphala Director Executive Director	57	- M.B.A. (Marketing). The National Institute of Development Administration - Bachelor of Engineering (Electrical) Chulalongkorn University	-	-	Jul. 2003-present	- Advisor to Managing Director	Thai Military Bank Public Company Limited
					1997-2003	- Senior Deputy General Manager	Thai Military Bank Public Company Limited
10. Mr. Sutas Sutachainont Director	55	- M.S.C.E. University of Houston, U.S.A. - Bachelor of Engineering (Civil) Chulalongkorn University	0.0005	-	2001-present	- Director of Maintenance Department	Expressway and Rapid Transit Authority of Thailand
					1993-2001	- Director of Expressway Project Department	Expressway and Rapid Transit Authority of Thailand

Name-Surname/Position	Age (Years)	Education/Training	Shareholding Ratio(%)	Family Relationship among Executives	Work Experience for the Past 5 Years		
					Time	Position	Organization
11. Mr. Suvich Puchareon Director Executive Director Managing Director Authorized Signatory Director	57	- Bachelor of Engineering (Electrical), Tohoku University, Japan - Certificate Training Course Thai Institute of Directors Association (DCP), Class 37/2546	-	-	Apr. 2003-present	- Managing Director	Bangkok Expressway Public Company Limited
					1996-2003	- Managing Director	Northern Bangkok Expressway Company Limited
12. Mr. Somnuk Charmond Deputy Managing Director	59	- Bachelor of Engineering (Telecommunications), Electro-Communication University, Japan - Bachelor of Science (Industrial Administration), Washington University, U.S.A.	-	-	Apr. 2003-present	- Managing Director	Northern Bangkok Expressway Company Limited
						- Deputy Managing Director	Bangkok Expressway Public Company Limited
					Dec. 2002-2003	- Deputy Managing Director, Acting Assistant Managing Director, Engineering Line	Bangkok Expressway Public Company Limited
					Feb. 2002-2002	- Deputy Managing Director General Manager of Operating 1 Division and General Manager of Engineering Division	Bangkok Expressway Public Company Limited
13. Mrs. Payao Marittanaporn Deputy Managing Director	46	- M.B.A. Chulalongkorn University - Graduate Diploma in Auditing, Thammasat University - Bachelor of Accounting, Chulalongkorn University	-	-	2000-2002	- Deputy Managing Director and - General Manager of Engineering Division	Bangkok Expressway Public Company Limited
					Apr. 2003-present	- Deputy Managing Director and Acting General Manager of Finance Division	Bangkok Expressway Public Company Limited
					2001-2003	- Assistant Managing Director, Administration Line and Acting General Manager of Finance Division	Bangkok Expressway Public Company Limited
					1997-2000	- Assistant Managing Director, Administration Line	Bangkok Expressway Public Company Limited

Name-Surname/Position	Age (Years)	Education/Training	Shareholding Ratio(%)	Family Relationship among Executives	Work Experience for the Past 5 Years		
					Time	Position	Organization
14. Mr. Sanguan Kunatinun General Manager of Project Division	43	- M.B.A. Thammasat University - Bachelor of Engineering Chulalongkorn University	-	-	Present	- General Manager of Project Division	Bangkok Expressway Public Company Limited
					2002	- Deputy General Manager of Project Division	Bangkok Expressway Public Company Limited
					2001	- Deputy General Manager of Business Development Division	Bangkok Expressway Public Company Limited
					1997-2000	- General Manager of Construction Division	Northern Bangkok Expressway Company Limited
15. Mrs. Sudruthai Prommart General Manager of Traffic Control Division	40	- M.B.A. (Financial Accounting) Northrop University, Inglewood, California, U.S.A. - Bachelor of Business Administration Assumption University	-	-	Present	- General Manager of Traffic Control Division	Bangkok Expressway Public Company Limited
					2002	- Deputy General Manager of Operation 2 Division	Bangkok Expressway Public Company Limited
					1997-2001	- Deputy General Manager of Operation Division	Bangkok Expressway Public Company Limited
					Present	- General Manager of Administration Division	Bangkok Expressway Public Company Limited
16. Mrs. Ngamnit Kanokgarnjanar General Manager of Administration Division	48	- B.A. (Economics). Thammasat University	-	-	1998-2002	- Deputy General Manager of Administration Division	Bangkok Expressway Public Company Limited
					2002-present	- Deputy General Manager of Internal Audit Office	Bangkok Expressway Public Company Limited
17. Mr. Phakpoom Thaweewittayarut Deputy General Manager of Internal Audit Office	37	- M.B.A. Thammasat University - Bachelor of Accountancy Chulalongkorn University	-	-	Apr. 1999-2001	- Senior Manager of Internal Audit Office	Bangkok Expressway Public Company Limited
					1998-1999	- Senior Manager of Financial Planning Department	Bangkok Expressway Public Company Limited

Name-Surname/Position	Age (Years)	Education/Training	Shareholding Ratio(%)	Family Relationship among Executives	Work Experience for the Past 5 Years		
					Time	Position	Organization
18. Miss Vasana Wattananukulchai Deputy General Manager of Toll Revenue Division	42	- Bachelor of Accountancy Bangkok University	-	-	Present	- Deputy General Manager of Toll Revenue Division	Bangkok Expressway Public Company Limited
					1998-2002	- Senior Manager of Finance Operation Department	Bangkok Expressway Public Company Limited
19. Mr. Phaisan Lertsalaluck Deputy General Manager of Maintenance Division	40	- Bachelor of Engineering, King Mongkut's Institute of Technology Thonburi	-	-	Sept. 2003-present	- Deputy General Manager of Maintenance Division	Bangkok Expressway Public Company Limited
					2000-2003	- Manager of Engineering Department	Triple Hors Limited Partnership
					Apr. 1998-1999	- Civil Engineer	Colenco (Thailand) Company Limited
					1996-1998	- Civil Engineer	Colenco Power Engineering Company Limited

Executives Holding Positions in Northern Bangkok Expressway Company Limited

Name of Director	Company	Subsidiary	Affiliate	Related Company
1. Mr. Plew Trivisavet	/, //	X, //	-	-
2. Mr. Supong Chayutsahakij	/, //	/, //	-	-
3. M.L. Prasobchai Kasemsant	/, //	/, //	-	-
4. Mr. Panit Dunnwatanachit	/, //	/	-	-
5. Mr. Dusit Tengniyom	/, //	/	-	-
6. Mr. Akadej Bijaphala	/, //	/, //	-	-
7. Mr. Sutas Sutanchainont	/	/	-	-
8. Mr. Suvich Punchareon	/, //	/	-	-
9. Mr. Somnuk Chamond	-	/, //	-	-

Remark

1. / = Director; X = Chairman of the Board of Directors; // = Executive Director
2. Related company shall refer to the definition of a legal entity of parties who may have conflict of interest as per this notification.

Information of Directors in the Subsidiary

Name of Director	Northern Bangkok Expressway Company Limited
1. Mr. Plew Trivisavet	X, //
2. Mr. Supong Chayutsahakij	/, //
3. M.L. Prasobchai Kasemsant	/, //
4. Mr. Panit Dunnwatanachit	/
5. Mr. Dusit Tengniyom	/
6. Mr. Akadej Bijaphala	/, //
7. Mr. Sutas Sutanchainont	/
8. Mr. Suvich Punchareon	/
9. Mr. Somnuk Chamond	/, //

Remark

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

Appendix **2**



**To The Board of Directors and Shareholders of
Bangkok Expressway Public Company Limited**

I have audited the accompanying consolidated balance sheets of Bangkok Expressway Public Company Limited and its subsidiary as at 31 December 2003 and 2002, and the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for years then ended; and the separate financial statements of Bangkok Expressway Public Company Limited for the same years. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Expressway Public Company Limited and its subsidiary and of Bangkok Expressway Public Company Limited as at 31 December 2003 and 2002, the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the financial statements referred to above, I draw attention to Note 1.2 to the financial statements, the subsidiary company has loss from operation and the significant deficit as at 31 December 2003. However, the Company continues to financially support the subsidiary company. Therefore, the accompanying financial statements of the subsidiary company for preparation of consolidated financial statements have been prepared on the going concern basis, assuming that the realisation of assets and settlement of liabilities and obligations will occur in the ordinary course of the business of the subsidiary company, without any expectation of significant disruption to the ongoing activities.



Rungnapa Lertsuwankul
Certified Public Accountant (Thailand) No. 3516

BALANCE SHEETS



BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
AS AT 31 DECEMBER 2003 AND 2002

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2003	2002	2003	2002
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4, 6	88,113,101	309,527,858	54,145,603	290,062,110
Short-term investments	5	387,393,392	247,245,928	381,122,264	241,159,188
Amounts due from a subsidiary company	6	-	-	1,070,000	1,070,000
Other current assets					
Advance payments under service contract	6	7,006,836	-	7,006,836	-
Prepaid expenses		1,591,450	3,278,487	1,567,450	3,254,487
Withholding tax deducted at sources		24,809,363	31,051	24,808,870	-
Others		13,655,475	2,375,947	11,672,075	1,885,505
TOTAL CURRENT ASSETS		522,569,617	562,459,271	481,393,098	537,431,290
NON-CURRENT ASSETS					
Investment in a subsidiary company					
accounted for under equity method	7	-	-	49,171,878	-
Other long-term investments	6, 8	1,021,000,000	683,500,000	1,021,000,000	683,500,000
long-term loans to and accrued interest					
receivable from a subsidiary company	6	-	-	11,890,408,947	7,385,954,557
Property, plant and equipment - net	9	266,920,997	269,252,949	262,991,211	263,970,322
Rights to operate completed expressway sectors - net	10	47,830,981,967	49,660,763,662	35,904,795,176	37,460,701,819
Other non-current assets					
Deposits		15,867,798	16,620,720	11,652,664	12,275,932
Withholding tax deducted at sources		21,052,367	21,021,315	20,957,410	20,957,410
Others		732,893	763,115	732,849	718,897
TOTAL NON-CURRENT ASSETS		49,156,556,022	50,651,921,761	49,161,710,135	45,828,078,937
TOTAL ASSETS		49,679,125,639	51,214,381,032	49,643,103,233	46,365,510,227

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



BALANCE SHEETS (Continued)

BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
AS AT 31 DECEMBER 2003 AND 2002

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2003	2002	2003	2002
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdraft		1,575,216	7,823,249	1,500,892	7,017,051
Trade accounts payable	6	20,829,653	15,309,373	19,581,662	13,711,578
Current portion of long-term loans	6, 11	2,004,000,000	711,600,000	2,004,000,000	609,720,000
Value added tax payable		38,124,649	29,426,626	35,376,074	27,811,466
Other account payable		45,042,174	8,233,989	35,989,224	6,981,594
Other current liabilities					
Corporate income tax payable		-	240,386,941	-	240,386,941
Retentions	6	8,193,604	3,314,413	8,173,554	3,314,413
Others		26,701,788	20,490,909	21,563,140	17,354,176
TOTAL CURRENT LIABILITIES		2,144,467,084	1,036,585,500	2,126,184,546	926,297,219
NON-CURRENT LIABILITIES					
Provision for loss from investment in a subsidiary company accounted for under equity method	7	-	-	-	291,860,087
Provision for compensation for site acquisition cost	15.1	1,195,130,000	935,320,000	1,195,130,000	935,320,000
Long-term loans	6, 11	31,731,017,600	35,114,844,824	31,731,017,600	30,084,402,213
TOTAL NON-CURRENT LIABILITIES		32,926,147,600	36,050,164,824	32,926,147,600	31,311,582,300
TOTAL LIABILITIES		35,070,614,684	37,086,750,324	35,052,332,146	32,237,879,519
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
800,000,000 ordinary shares of Baht 10 each		8,000,000,000	8,000,000,000	8,000,000,000	8,000,000,000
Issued and paid up					
770,000,000 ordinary shares of Baht 10 each		7,700,000,000	7,700,000,000	7,700,000,000	7,700,000,000
Premium on common stock		4,848,492,969	4,848,492,969	4,848,492,969	4,848,492,969
Retained earnings					
Appropriated - statutory reserve	19	225,717,990	164,060,970	225,717,990	164,060,970
Unappropriated		1,816,560,128	1,415,076,769	1,816,560,128	1,415,076,769
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		14,590,771,087	14,127,630,708	14,590,771,087	14,127,630,708
MINORITY INTEREST - Equity attributable to minority shareholders of a subsidiary company		17,739,868	-	-	-
TOTAL SHAREHOLDERS' EQUITY		14,608,510,955	14,127,630,708	14,590,771,087	14,127,630,708
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		49,679,125,639	51,214,381,032	49,643,103,233	46,365,510,227

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

STATEMENTS OF EARNINGS



BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2003	2002	2003	2002
REVENUES					
Toll revenue	12	6,183,919,217	6,351,661,811	5,776,551,693	6,023,107,986
Interest income		9,930,373	10,210,748	119,371,102	80,932,946
Other income					
Gain on sale of investment in a subsidiary company	7	14,800,000	-	14,800,000	-
Others		9,638,515	11,955,190	21,636,494	23,955,190
TOTAL REVENUES		6,218,288,105	6,373,827,749	5,932,359,289	6,127,996,122
EXPENSES					
Amortisation of rights to operate completed expressway sectors	10	1,849,679,223	1,671,181,315	1,575,804,171	1,451,379,161
Provision for compensation for site acquisition cost	15.1	259,810,000	221,210,000	259,810,000	221,210,000
Operating and administration expenses		789,314,066	645,537,893	690,619,051	551,564,815
Prepayment fee		-	206,291,900	-	164,401,760
Directors' remuneration	20	17,733,585	16,428,478	16,423,585	15,168,478
Share of loss from investment in a subsidiary company accounted for under equity method		-	-	383,768,010	634,628,994
TOTAL EXPENSES		2,916,536,874	2,760,649,586	2,926,424,817	3,038,353,208
EARNINGS BEFORE INTEREST EXPENSES AND INCOME TAX		3,301,751,231	3,613,178,163	3,005,934,472	3,089,642,914
INTEREST EXPENSES		(1,852,566,423)	(2,389,033,599)	(1,549,289,507)	(1,865,498,350)
CORPORATE INCOME TAX	14	(223,504,586)	(346,099,077)	(223,504,586)	(346,099,077)
EARNINGS BEFORE MINORITY INTEREST		1,225,680,222	878,045,487	1,233,140,379	878,045,487
MINORITY INTEREST IN LOSS OF A SUBSIDIARY COMPANY		7,460,157	-	-	-
NET EARNINGS FOR THE YEAR		1,233,140,379	878,045,487	1,233,140,379	878,045,487
BASIC EARNINGS PER SHARE					
Net earnings		1.60	1.14	1.60	1.14

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



STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	CONSOLIDATED					
	Issued and paid-up share capital	Premium on common stock	Retained earnings		Minority interest	Total
			Appropriated statutory reserve	Unappropriated		
Balance-beginning of year 2002	7,700,000,000	4,848,492,969	120,158,696	1,158,433,556	-	13,827,085,221
Net earnings for the year 2002	-	-	-	878,045,487	-	878,045,487
Statutory reserve (Note 19)	-	-	43,902,274	(43,902,274)	-	-
Dividends paid (Note 13)	-	-	-	(577,500,000)	-	(577,500,000)
Balance-end of year 2002	7,700,000,000	4,848,492,969	164,060,970	1,415,076,769	-	14,127,630,708
Net earnings for the year 2003	-	-	-	1,233,140,379	-	1,233,140,379
Statutory reserve (Note 19)	-	-	61,657,020	(61,657,020)	-	-
Dividends paid (Note 13)	-	-	-	(770,000,000)	-	(770,000,000)
Minority interest in subsidiary company	-	-	-	-	17,739,868	17,739,868
Balance-end of year 2003	7,700,000,000	4,848,492,969	225,717,990	1,816,560,128	17,739,868	14,608,510,955

(Unit : Baht)

	THE COMPANY ONLY				
	Issued and paid-up share capital	Premium on common stock	Retained earnings		Total
			Appropriated statutory reserve	Unappropriated	
Balance-beginning of year 2002	7,700,000,000	4,848,492,969	120,158,696	1,158,433,556	13,827,085,221
Net earnings for the year 2002	-	-	-	878,045,487	878,045,487
Statutory reserve (Note 19)	-	-	43,902,274	(43,902,274)	-
Dividends paid (Note 13)	-	-	-	(577,500,000)	(577,500,000)
Balance-end of year 2002	7,700,000,000	4,848,492,969	164,060,970	1,415,076,769	14,127,630,708
Net earnings for the year 2003	-	-	-	1,233,140,379	1,233,140,379
Statutory reserve (Note 19)	-	-	61,657,020	(61,657,020)	-
Dividends paid (Note 13)	-	-	-	(770,000,000)	(770,000,000)
Balance-end of year 2003	7,700,000,000	4,848,492,969	225,717,990	1,816,560,128	14,590,771,087

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

STATEMENTS OF CASH FLOWS



BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
Cash flows provided from (used in) operating activities :-				
Net earnings for the year	1,233,140,379	878,045,487	1,233,140,379	878,045,487
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities :-				
Minority interest in loss of a subsidiary company	(7,460,157)	-	-	-
Gain on sale of investment in a subsidiary company	(14,800,000)	-	(14,800,000)	-
Depreciation and amortisation	1,886,151,826	1,714,068,116	1,610,904,787	1,492,672,719
Provision for refundable value added tax	-	12,243,644	-	10,715,294
Gain from sale of assets	(2,869,330)	(5,204,321)	(2,871,386)	(5,204,021)
Provision for compensation for site acquisition	259,810,000	221,210,000	259,810,000	221,210,000
Share of loss from investment in a subsidiary company accounted for under equity method	-	-	383,768,010	634,628,994
	3,353,972,718	2,820,362,926	3,469,951,790	3,232,068,473
Operating assets (increase) decrease				
Refundable value added tax	44,172	10,289,867	-	-
Other current assets	(41,408,690)	9,729,266	(39,915,239)	8,403,564
Other non-current assets	738,994	(2,303,009)	609,316	(2,233,209)
Operating liabilities increase (decrease)				
Trade accounts payable	5,520,280	696,835	5,870,084	3,298,337
Value added tax payable	8,698,023	395,465	7,564,608	(338,225)
Other account payable	36,808,185	(19,483,463)	29,007,630	(20,378,957)
Other current liabilities	(229,296,871)	236,032,165	(231,318,836)	236,990,253
Net cash provided from operating activities	3,135,076,811	3,055,720,052	3,241,769,353	3,457,810,236
Cash flows provided from (used in) investing activities :-				
Increase in short-term investments	(140,147,464)	(244,915,070)	(139,963,076)	(238,828,330)
Purchase of investment in a subsidiary company	-	-	(749,999,975)	-
Cash received from sale of investment in a subsidiary company	40,000,000	-	40,000,000	-
Increase in other long-term investments	(337,500,000)	(608,500,000)	(337,500,000)	(608,500,000)
Increase in loans to and accrued interest receivable from a subsidiary company	-	-	(5,336,454,365)	(649,286,465)
Cash received from loans to a subsidiary company	-	-	831,999,975	-
Purchase of property, plant and equipment	(36,368,658)	(31,915,103)	(36,346,158)	(31,902,739)
Cash received from sale equipment	5,097,339	5,565,340	5,096,039	5,565,040
Additional construction of Second Stage Expressway and Bang Pa-In-Pakkret Expressway	(19,897,528)	(115,407,160)	(19,897,528)	(113,653,259)
Net cash used in investing activities	(488,816,311)	(995,171,993)	(5,743,065,088)	(1,636,605,753)

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



STATEMENTS OF OF CASH FLOWS (Continued)

BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
Cash flows provided from (used in)				
financing activities :				
Increase (decrease) in bank overdraft	(6,248,033)	3,893,296	(5,516,159)	3,725,149
Cash payment for long-term loans (Note 11)	(7,089,054,118)	(38,843,749,303)	(1,956,731,507)	(33,278,990,622)
Cash proceed from long-term loans (Note 11)	4,997,626,894	37,031,504,608	4,997,626,894	31,726,499,078
Dividend payment	(770,000,000)	(577,500,000)	(770,000,000)	(577,500,000)
Net cash provided from (used in) financing activities	(2,867,675,257)	(2,385,851,399)	2,265,379,228	(2,126,266,395)
Net decrease in cash and cash equivalents	(221,414,757)	(325,303,340)	(235,916,507)	(305,061,912)
Cash and cash equivalents at beginning of year	309,527,858	634,831,198	290,062,110	595,124,022
Cash and cash equivalents at end of year (Note 4)	88,113,101	309,527,858	54,145,603	290,062,110
Supplemental cash flows information				
Cash paid during the year for:-				
Corporate income tax	488,700,889	105,743,188	488,700,396	105,712,137
Interest payment for capitalised interest in construction in progress	-	32,996,352	-	32,996,352
Interest expenses for the year	1,852,566,423	2,389,033,599	1,549,289,507	1,865,498,350
Non-cash items consist of:-				
Transferred construction in progress to rights to operate completed expressway sectors	-	2,507,022,669	-	2,507,022,669

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

1. GENERAL INFORMATION

1.1 The Company was incorporated as a public company limited under Thai law. It operates in Thailand and its principal activity is the construction and management of the Second Stage Expressway System (SES) and other extensions, including other related business, under the SES agreement with the Expressway and Rapid Transit Authority of Thailand (ETA), for a period of 30 years commencing on 1 March 1990 and expiring on 28 February 2020. The Company has the right to extend the contract period for two further periods of 10 year each upon such terms and conditions as may then be agreed by the parties. The SES consists of Sectors A, B, C and D.

Its registered office is located at 238/7 Asoke-Dindaeng Road, Bangkapi, Huaykwang, Bangkok.

1.2 The subsidiary company has loss from operation and the deficit as at 31 December 2003. However, the Company continues to financially support the subsidiary company. Therefore, the accompanying financial statements of the subsidiary company for preparation of consolidated financial statements have been prepared on the going concern basis, assuming that the realisation of assets and settlement of liabilities and obligations will occur in the ordinary course of business of the subsidiary company, without any expectation of significant disruption to the ongoing activities.

1.3 On 29 April 2003, a meeting of Board of Directors of the Company passed a resolution to appoint Mr. Suvich Pungchareon to the Managing Director, effective from 30 April 2003, in place of Mr. Supong Chayutsahakij who has been appointed a Vice Chairman.

1.4 On 29 April 2003, the 2003 Annual General Meeting of shareholders passed a resolution to sell up to 75 percent of the Company's total shareholding in a subsidiary company, at a price equal to its book value at the selling date, with the shares to be sold in periodic lots to both individual and corporate entities, and to request approval to redeem the shares from their pledge to lenders for the purpose of proceeding with the sale.

1.5 On 3 September 2003, the Extraordinary General Meeting of Shareholders No. 1/2003 passed a resolution to issue and offer secured and/or unsecured debentures with a term of not more than 10 years, in an amount not exceeding Baht 36,000 million, which is to be processed by the assigned board of directors depending upon the circumstance.

2. BASIS OF PREPARATION OF CONSOLIDATION

The consolidated financial statements include the financial statements for the years ended 31 December 2003 and 2002 of Bangkok Expressway Public Company Limited (hereinafter called "the Company") and its subsidiary company, Northern Bangkok Expressway Company Limited. The details are as follows:-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Percentage)

Company's name	Nature of business	Percentage holding		Incorporated country	Total assets of subsidiary company as a percentage to the consolidated total		Total revenues of subsidiary company as a percentage to the consolidated total	
		by the Company			2003	2002	2003	2002
Northern Bangkok Expressway Company Limited	Operation and management of Bang Pa-In-Pakkret Expressway	73.33	99.99	Thailand	24	24	6	5

Outstanding balances between the Company and the subsidiary company, intercompany transactions, investment balance in the Company's books and share capital of the subsidiary company are eliminated from the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand which are effective under the Accounting Act B.E. 2543.

Significant accounting policies adopted by the Company and its subsidiary are summarised below.

3.1 Revenue and expense recognition

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

Interest income from a subsidiary company is recognised over the term of the loans based on the amount of principal outstanding.

Expenses are recognised on an accrual basis.

3.2 Investments

a) Investment in subsidiary company (in the financial statements of the Company) is stated under the equity method of accounting. Under this method, the investment is firstly recorded at cost and for each subsequent year, the investment is adjusted to incorporate the Company's proportionate share of the operating results in the subsidiary company.

b) Investments in unit trusts which are held as short-term investments, are determined at fair value. Gains or loss arising from change in value is included in determining earnings. The fair value of unit trusts is based on their net asset value.

c) Investment in non-marketable equity securities which the Company holds as other investment, are valued at cost, net of allowance for impairment (if any).

Loss on impairment (if any) of other investments is included in determining earnings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)



BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

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

3.3 Property, plant and equipment and depreciation

Building and construction improvement and equipment are stated at cost less accumulated depreciation.

Depreciation of the Company's building and construction improvement and equipment and its subsidiary is calculated by reference to their costs over the estimated useful lives as follows:-

	<u>Depreciation charged rate per annum</u>
Building and construction improvement	20%
Furniture & fixture	20%
Tools, instruments and equipment	20%
Vehicles	10% and 20%

No depreciation has been provided for land.

3.4 Amortisation of rights to operate completed expressway sectors

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

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

3.5 Capitalization of interest costs

Interest cost on borrowings, for use in Second Stage Expressway System and Bang Pa-In - Pakkret expressway construction, is capitalized as part of the cost of those constructions in progress and will be ceased when the project is completed.

3.6 Periodic maintenance

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

3.7 Provision for compensation for site acquisition cost

The Company has recorded its provision for compensation for the cost of site acquisition to be paid to the Expressway and Rapid Transit Authority of Thailand by calculation of deduction of the present value of this compensation in each year throughout the period of the contract.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

3.8 Financial instruments

The Company and its subsidiary have no policy to speculate in or engage in the trading of any financial derivative instruments.

Financial instruments carried in the balance sheet include cash and cash equivalents, short-term investments, bank overdraft, trade accounts payable, and long-term loans from financial institutions. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.9 Use of accounting estimates

Preparation of financial statement in conformity with generally accepted accounting principles in certain circumstances requires management to make estimates for certain accounting transactions, affecting amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from those estimates.

3.10 Provident fund

The Company, subsidiary company and their employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Company and its subsidiary at the rate 5 percent of the employee's salary. The fund will be paid to the employees upon termination in accordance with the rules of the funds. The fund is managed by TISCO Securities Company Limited.

3.11 Basic earnings per share

Basic earnings per share is determined by dividing net earnings for the year by the weighted average number of ordinary shares held by outside shareholders in issue during the year.

4.

CASH AND CASH EQUIVALENTS

(Unit: Baht)

	Consolidated		Interest rate per annum	
	2003	2002	2003	2002
Cash	1,145,000	886,000	-	-
Deposits in transit	16,194,767	65,802,137	-	-
Deposits at banks	70,773,334	242,839,721	0% - 0.25%	0% - 1.50%
Total cash and cash equivalents	88,113,101	309,527,858		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)



BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit: Baht)

	The Company Only		Interest rate per annum	
	2003	2002	2003	2002
Cash	720,000	591,000	-	-
Deposits in transit	14,810,677	60,635,427	-	-
Deposits at banks	38,614,926	228,835,683	0% - 0.25%	0% - 1.50%
Total cash and cash equivalents	54,145,603	290,062,110		

As at 31 December 2003, various bank accounts of the Company and the subsidiary company were released since on 30 September 2003, the security agent of the Company's lenders released the collateral and bank accounts which the Company had previously placed as security against long-term loans, in accordance with the conditions stipulated in the agreement to reinstate credit facilities dated 10 September 2003, discussed in Note 11. On the same date various bank accounts of the subsidiary company were released from their pledge as security for long-term loans from financial institutions since the subsidiary company had made repayment of all existing long-term loans from financial institutions.

As at 31 December 2002, most of cash and cash equivalents of the Company and its subsidiary have been placed as security against long-term loans in accordance with the conditions stipulated in the long-term loan agreement. However, the Company and its subsidiary are able to make withdrawals from the above accounts for use as regular operating expenses.

5. SHORT-TERM INVESTMENTS

(Unit: Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Trading securities - Unit trusts	387,393,392	247,245,928	381,122,264	241,159,188

As at 31 December 2003, unit trusts of the Company and the subsidiary company were released since on 30 September 2003, the security agent of the Company's lenders released the collateral and unit trusts which the Company had previously placed as security against long-term loans, in accordance with the conditions stipulated in the agreement to reinstate credit facilities dated 10 September 2003, discussed in Note 11. On the same date unit trusts of the subsidiary company were released from their pledge as security for long-term loans from financial institutions since the subsidiary company had made repayment of all existing long-term loans from financial institutions.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

As at 31 December 2002, most of short-term investments of the Company and its subsidiary have been placed as security against long-term loans in accordance with the conditions stipulated in the long-term loan agreement. However, the Company and its subsidiary are able to make trading of them for use as regular operating expenses.

6.

RELATED PARTY TRANSACTIONS

During the years, the Company had significant transactions with its subsidiary (which have been eliminated from the consolidated financial statements), and its related companies (related by way of certain shareholders who are joint venture partners and/or the directors of the Company having authority within these companies), principally in respect of the provision of service, constructions and loans. These transactions, which were concluded in accordance with the conditions stipulated in the agreement made between those parties, or in the ordinary course of business, are summarised below:-

(Unit : Thousand Baht)

	Consolidated		The Company Only		Pricing policy
	2003	2002	2003	2002	
Cost incurred under construction contracts for Second Stage and Bang Pa-In - Pakkret Expressway					
Ch. Karnchang Public Company Limited	-	430	-	430	Stated in the agreement
Ch. Karnchang Tokyu Construction Company Limited	-	3,232	-	3,232	Stated in the agreement
Total	-	3,662	-	3,662	
Second Stage Expressway maintenance expenses					
Ch. Karnchang Public Company Limited	104,037	-	104,037	-	Stated in the agreement
Payment for ordinary shares of Bangkok Metro Company Limited					
Ch. Karnchang Public Company Limited	-	135,000	-	135,000	Baht 100 each
Bangkok Metro Company Limited	337,500	472,500	337,500	472,500	Baht 100 each
Total	337,500	607,500	337,500	607,500	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)



BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Thousand Baht)

	Consolidated		The Company Only		Pricing policy
	2003	2002	2003	2002	
Payment for increase in capital of a subsidiary company Northern Bangkok Expressway Company Limited	-	-	750,000	-	Bath 10 each, Baht 2.50 per share paid up
Rental expenses Ch. Karnchang Public Company Limited	120	120	-	-	Stated in the agreement
Financial fee	15,503	14,609	7,028	6,109	Stated in the agreement
Interest payment on long-term loans	1,263,004	1,010,945	1,060,226	791,949	At the rate of MLR - 1% , 4% p.a. and 6% p.a.
Rental income Highcrete Products and Technology Company Limited	93	2,100	93	2,100	Stated in the agreement
Interest receipt on loans to a subsidiary company Northern Bangkok Expressway Company Limited	-	-	109,829	71,169	At the rate of 0.625% to 6% p.a.
Management income from a subsidiary company Northern Bangkok Expressway Company Limited	-	-	12,000	12,000	Stated in the agreement
Service income from a related company Bangkok Metro Company Limited	-	470	-	470	Stated in the agreement

As at 31 December 2003 and 2002, the outstanding balances of the above transactions included in the following accounts in the balance sheets:-

(Unit : Baht)

Relationship	Consolidated		The Company Only		
	2003	2002	2003	2002	
Cash and cash equivalents					
Thai Military Bank Public Company Limited	Common director	42,271,926	220,891,064	16,725,733	208,147,907
Krungthai Bank Public Company Limited*	*The Company's	25,330,364	20,612,501	19,085,177	19,403,260
Bangkok Bank Public Company Limited*	director has authority within bank	6,178	-	2,632	-
Total		67,608,468	241,503,565	35,813,542	227,551,167
Amounts due from a subsidiary company					
Northern Bangkok Expressway Company Limited	Subsidiary	-	-	1,070,000	1,070,000
Advance payment under service contract					
Ch. Karnchang Public Company Limited	Common directors	7,006,836	-	7,006,836	-
Other long-term investment					
Bangkok Metro Company Limited	Common directors	1,020,000,000	682,500,000	1,020,000,000	682,500,000



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

Relationship	Consolidated		The Company Only	
	2003	2002	2003	2002
Loans to and accrued interest receivable from a subsidiary company				
Northern Bangkok Expressway Company Limited Subsidiary	-	-	11,890,408,947	7,385,954,557
Accounts payable to contractors for construction of SES and Bang Pa-In - Pakkret Expressway				
Ch. Karnchang Public Company Limited Common director	-	460,000	-	460,000
Retentions				
Ch. Karnchang Public Company Limited Common director	4,851,500	-	4,851,500	-
Ch. Karnchang Tokyu Construction Company Limited Common director	161,576	165,766	161,576	165,766
Total	5,013,076	165,766	5,013,076	165,766
Long-term loans and current portion of long-term loans				
Thai Military Bank Public Company Limited Common director	4,969,404,375	5,277,486,254	4,969,404,375	4,521,459,186
Krungthai Bank Public Company Limited* *The Company's	11,975,686,617	12,718,128,115	11,975,686,617	10,896,190,806
Bangkok Bank Public Company Limited* director has authority within bank	8,809,728,199	-	8,809,728,199	-
Total	25,754,819,191	17,995,614,369	25,754,819,191	15,417,649,992

Loans to a subsidiary company and long-term loans and current portion of long-term loans (only principal) are summarised below:-

(Unit : Thousand Baht)

	The Company Only	Interest rate
Loans to a subsidiary company		
Balance as at 31 December 2001	4,944,876	4% p.a. to MLR
Lending during the year	402,000	
Balance as at 31 December 2002	5,346,876	1% p.a. to MLR-1%
Payment during the year	(750,000)	
Lending during the year	5,138,627	
Balance as at 31 December 2003	9,735,503	0.625% p.a. to MLR - 4%

(Unit : Thousand Baht)

	Consolidated	Interest rate	The Company Only	Interest rate
Long-term loans and current portion of long-term loans				
Balance as at 31 December 2002*	27,351,508	6% p.a. and MLR - 1%	23,433,264	6% p.a. and MLR - 1%
Payment of long-term loans during the year	(5,412,101)		(1,493,857)	
Cash proceed from long-term loans during the year	3,815,412		3,815,412	
Balance as at 31 December 2003	25,754,819	4% p.a.	25,754,819	4% p.a.

* As at 31 December 2002, Bangkok Bank Public Company Limited is not related party.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)



BANGKOK EXPRESSWAY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

In March 2003, the subsidiary company requested approval from the agent of the lenders to make payment of principal of Baht 750 million and the agent of the lenders approved this payment.

On 30 September 2003, the subsidiary company borrowed Baht 4,998 million from the Company, at an interest rate of 4 percent per annum for first three years, 5 percent per annum for next two years, and the average of float interest rate of four commercial banks at the MLR - 2% for the sixth year onward to be repaid beginning in October 2006 to September 2013. Such loan was used for repayment of the remainder of the subsidiary company's long-term loans from financial institutions on that date.

The assets of the subsidiary company such as deposits at banks, short-term investments, rights in the Bang Pa-In - Pakkret Expressway System and rights in toll revenues and beneficiary rights under insurance policies are secured against such loans from the Company under loans agreement dated 30 September 2003.

The repayment and additional borrowing of loans during the year, commencing from October 2003, are in accordance with the new credit facilities as mentioned in Note 11.

7.

INVESTMENT IN A SUBSIDIARY COMPANY ACCOUNTED FOR UNDER EQUITY METHOD

These represent investments in the ordinary shares and preferred shares of Northern Bangkok Expressway Co., Ltd., which operates the Bang Pa-In - Pakkret Expressway. This subsidiary was incorporated in Thailand.

(Unit : Million Baht)

Company's name	Registered capital		Paid up capital		Proportion		Cost method		Equity method	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
					(Percent)	(Percent)				
Northern Bangkok Expressway Company Limited	6,000	3,000	3,750	3,000	73.33	99.99	2,750	3,000	49	(292)

On 17 March 2003, the Extraordinary General Meeting No. 1/2003 of the shareholders of the subsidiary company passed a resolution to increase the subsidiary's registered capital from Baht 3,000 million to Baht 6,000 million through the issue of 147,000,000 ordinary shares and 153,000,000 preferred shares, with a par value of Baht 10 each, a total of Baht 3,000 million. The Company purchased additional shares from the subsidiary company in proportion to its existing shareholding and has paid up 25 percent of the par value of the shares, a total of Baht 750 million. The Company registered the increase in share capital with the Ministry of Commerce on 19 March 2003.

In November 2003, the Company has sold 50 million ordinary shares and 50 million preferred shares, for a total price of Baht 40 million. As a result of this transaction, the Company recorded an accounting gain of Baht 14.8 million and its equity interest in that company has been reduced to 73.33 percent of its paid up capital.



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With regard to the criteria used for stock valuation in setting a selling price, the Company's independent financial consultant valued the subsidiary company's shares using various approaches and concluded that the approach used in setting the above selling price was appropriate and in compliance with the ruling of the Revenue Department.

As at 31 December 2003, ordinary shares and preferred shares of the subsidiary company held by the Company were released from their pledge as security for long-term loans from financial institutions of the subsidiary company since on 30 September 2003, the subsidiary company had made repayment of all existing long-term loans from financial institutions.

As at 31 December 2002, the Company pledged all ordinary and preferred shares which held by it to secure long-term loans of the subsidiary company.

8. OTHER LONG-TERM INVESTMENTS

(Unit : Million Baht)

Company's name	Nature of Incorporated		Registered		Paid up		Proportion		Cost	
	business	country	2003	2002	2003	2002	2003	2002	2003	2002
Bangkok Metro Company Limited	Public utility concession	Thailand	6,800	6,500	6,405	3,403	15	15	1,020	683

In July 2003, Bangkok Metro Company Limited increase in its registered capital from Baht 6,500 million to Baht 6,800 million through the issue of 3,000,000 ordinary shares, with a par value of Baht 100 each, a total of Baht 300 million. The Company purchase additional shares from such company in proportion to its existing shareholding.

As at 31 December 2003, other long-term investments included premium saving certificate of Baht 1 million to be redeemed in 2005.

As at 31 December 2003, ordinary shares of Bangkok Metro Company Limited held by the Company were released since on 30 September 2003, the security agent of the Company's lenders released the collateral and ordinary shares which the Company had previously placed as security against long-term loans, in accordance with the conditions stipulated in the agreement to reinstate credit facilities dated 10 September 2003, discussed in Note 11.

As at 31 December 2002, the Company pledged all ordinary shares which held by it to secure long-term loans.

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9. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

	Consolidated					Total
	Land	Building and construction improvement	Furniture and fixture	Tools, instrument and equipment	Motor vehicles	
Cost :-						
31 December 2002	169,288,000	120,197,093	7,104,567	30,675,117	186,504,168	513,768,945
Acquisitions	-	1,055,239	819,198	1,968,230	32,525,991	36,368,658
Disposals	-	(2,221,586)	(6,865)	(1,668,717)	(14,138,851)	(18,036,019)
31 December 2003	169,288,000	119,030,746	7,916,900	30,974,630	204,891,308	532,101,584
Accumulated depreciation :-						
31 December 2002	-	104,472,102	6,588,788	24,622,556	108,832,550	244,515,996
Depreciation for the year	-	14,101,975	380,934	2,769,637	19,220,057	36,472,603
Accumulated depreciation for						
Disposals	-	(109,034)	(4,933)	(1,624,315)	(14,069,730)	(15,808,012)
31 December 2003	-	118,465,043	6,964,789	25,767,878	113,982,877	265,180,587
Net book value :-						
31 December 2002	169,288,000	15,724,991	515,779	6,052,561	77,671,618	269,252,949
31 December 2003	169,288,000	565,703	952,111	5,206,752	90,908,431	266,920,997
Depreciation charged in the earnings statements :-						
2002						42,886,801
2003						36,472,603

(Unit : Baht)

	The Company Only					Total
	Land	Building and construction improvement	Furniture and fixture	Tools, instrument and equipment	Motor vehicles	
Cost :-						
31 December 2002	169,288,000	120,161,943	6,106,151	27,388,864	176,308,668	499,253,626
Acquisitions	-	1,055,239	819,198	1,945,730	32,525,991	36,346,158
Disposals	-	(2,221,586)	(6,865)	(1,653,081)	(14,138,851)	(18,020,383)
31 December 2003	169,288,000	118,995,596	6,918,484	27,681,513	194,695,808	517,579,401
Accumulated depreciation :-						
31 December 2002	-	104,436,952	5,720,803	22,206,045	102,919,504	235,283,304
Depreciation for the year	-	14,101,975	258,722	2,245,970	18,493,949	35,100,616
Accumulated depreciation for						
disposals	-	(109,034)	(4,933)	(1,612,033)	(14,069,730)	(15,795,730)
31 December 2003	-	118,429,893	5,974,592	22,839,982	107,343,723	254,588,190
Net book value :-						
31 December 2002	169,288,000	15,724,991	385,348	5,182,819	73,389,164	263,970,322
31 December 2003	169,288,000	565,703	943,892	4,841,531	87,352,085	262,991,211
Depreciation charged in the earnings statements :-						
2002						41,293,558
2003						35,100,616

As at 31 December 2003, certain equipment items of the Company and its subsidiary have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 96 million (The Company Only: Baht 90 million).

As 31 December 2003, land and machinery of the Company were released since on 30 September 2003, the security agent of the Company's lenders released the collateral and land and machinery which the Company had previously placed as security against long-term loans, in accordance with the conditions stipulated in the agreement to reinstate credit facilities dated 10 September 2003, discussed in Note 11.

As at 31 December 2002, the land and construction thereon have been mortgaged to secure long-term loans.

10.

CONSTRUCTION IN PROGRESS AND RIGHTS TO OPERATE COMPLETED EXPRESSWAY SECTORS

(Unit : Baht)

	Rights to operate completed expressway sectors	
	Consolidated	The Company Only
Cost :-		
31 December 2002	60,489,492,758	47,754,691,925
Increase during the year	19,897,528	19,897,528
31 December 2003	60,509,390,286	47,774,589,453
Accumulated amortisation of rights to operate completed expressway sectors :-		
31 December 2002	10,828,729,096	10,293,990,106
Amortisation for the year	1,849,679,223	1,575,804,171
31 December 2003	12,678,408,319	11,869,794,277
Net book value :-		
31 December 2002	49,660,763,662	37,460,701,819
31 December 2003	47,830,981,967	35,904,795,176
Amortisation charged in the earnings statements :-		
2002	1,671,181,315	1,451,379,161
2003	1,849,679,223	1,575,804,171

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

As at 31 December 2003, rights in Bang Pa-In - Pakkret Expressway are released from pledge as collateral for long-term loans from financial institutions of the subsidiary company since on 30 September 2003 the subsidiary company had made repayment of

all existing long-term loans from financial institutions. However, the rights in the Second Stage Expressway of the Company are still pledged as collateral, in accordance with the conditions stipulated in the agreement to reinstate credit facilities dated 10 September 2003, discussed in Note 11.

As at 31 December 2002, the Company and its subsidiary have transferred their rights in the Second Stage Expressway and Bang Pa-In - Pakkret Expressway to secure long-term loans.

11. LONG-TERM LOANS

On 13 June 2002 the Company and its subsidiary signed the second supplemental agreement with four commercial banks to the refinance long-term loans. The Company and its subsidiary are granted a total credit facilities of Baht 37,032 million (the Company only: Baht 31,726 million). The loans carry fixed interest at the rate of 6 percent per annum and float interest at the MLR - 1% for first three years, the MLR - 0.5% for next three years, and the MLR for the remaining term of the agreement. The MLR used in calculation of interest is based on the average of interest rate of four commercial banks. Afterwards, on 10 September 2003 the Company signed a reinstated credit facilities agreement to the long-term loan agreements with its existing lenders and obtained the credit facilities from a commercial bank, covering credit facilities totaling Baht 36,006 million. The details are as follow:-

(Unit : Million Baht)				
	Credit	Objective	Interest rate	Period of repayment
Tranche Gor	29,888.40	Refinance remaining long-term loans	4.0% p.a. for first three years 5.0% p.a. for next two years MLR - 2% from the sixth year onward	Within September 2016
Tranche Khor	4,997.63	Lending to subsidiary company to repay its long-term loans from commercial banks	4.0% p.a. for first three years 5.0% p.a. for next two years MLR - 2% from the sixth year onward	Within September 2016
Tranche Kor	1,000.00	Working capital	2.50% p.a. for first year 3.25% p.a. for next two years 5.00% p.a. for the fourth and fifth year MLR - 2.00% from the sixth year onward	Within September 2016
Tranche Ngor	120.00	Working capital	MOR of commercial bank granting Credit	Within September 2016
Total	36,006.03			

The MLR used in calculation of interest for Tranche Gor, Khor and Kor is the average of the rates of four commercial banks.

On 30 September 2003, the Company drew down its Tranche Gor and Khor facilities for use in accordance with its objectives.



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Long-term loans as at 31 December 2003 and 2002 have the following details:-

	(Unit : Baht)					
	Consolidated		The Company Only		Interest rate	
	2003	2002	2003	2002	2003	2002
Long-term loans	33,735,017,600	35,826,444,824	33,735,017,600	30,694,122,213	At the rate of 4% p.a.	At the rate of 4% p.a. and MLR - 1%
Less : Current portion of long-term loans	(2,004,000,000)	(711,600,000)	(2,004,000,000)	(609,720,000)		
Long-term loans - net	31,731,017,600	35,114,844,824	31,731,017,600	30,084,402,213		

Under the reinstate credit facilities agreement dated 10 September 2003, the Company must comply with normal financial covenants relating to various matters, such as the maintenance of debt service coverage ratio, debt to equity ratio, shareholding proportion in subsidiary company, and dividend payment. In this respect the Company has a total financial expenses of Baht 2.4 million per year which they must pay to the agents of the lenders (31 December 2002: Baht 12 million).

The long-term loans are secured by the assets of the Company such as rights under the Second Stage Expressway Agreement, rights in toll revenues and beneficiary rights under insurance policies.

12. TOLL REVENUES

The contract with ETA provides that toll revenues from the Bangkok Expressway network, comprising the First Stage Expressway System (FES), Second Stage Expressway System (SES) and the Bang Pa-In - Pakkret Expressway are to be shared between the Company and ETA as follows :-

	The Company	ETA
	%	%
Urban Network (FES and SES Sectors A&B)		
(a) First 9 years from the "Priority Component Opening Date" (PCOD) (already expired)	60	40
(b) Last 9 years ending 28 February 2020	40	60
(c) Period between (a) and (b) above	50	50
Suburban Network (SES Sector C)		
(a) From the PCOD to the earlier of the completion of the SES Sector B and 19 October 1996	60	40
(b) From (a) above until end of Contract Period	100	Nil
Suburban Network (SES Sector D)		
From the Construction Completion of relevant Sections until end of Contract Period (21 April 2027)	100	Nil
The Bang Pa-In - Pakkret Expressway		
From the Construction Completion of relevant Sections until end of Contract Period (26 September 2026)	100	Nil

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

As share of toll revenues (derived from the FES only) is also due to the Company for the period from the Priority Component Opening Date, as defined by the contract with ETA, up to 2 September 1993. However, no such amount has been included in the financial statements because the determination of the Priority Component Opening Date and the applicable rates of toll are matters of dispute between the Company and ETA as mentioned in Note 16.2. Until that dispute is settled, it is not possible to estimate with any substantial degree of accuracy the amount of toll revenues arising prior to 2 September 1993 which will be paid over to the Company by ETA.

13. DIVIDEND

On 10 April 2002, the board of directors proposed the payment of a dividend to the 2002 Annual General Meeting of shareholders. The meeting approved this to the shareholders of Baht 0.75 per share, totaling of Baht 577.5 million. The Company made a payment on 9 May 2002.

On 29 April 2003, the board of directors proposed the payment of a dividend to the 2003 Annual General Meeting of shareholders. The meeting approved this to the shareholders of Baht 1 per share, a total of Baht 770 million. The Company made a payment on 29 May 2003.

14. CORPORATE INCOME TAX

Corporate income tax for the year 2003 is calculated on earnings after adding back provision and expenses which are disallowable for tax computation purposes. Provisions are treated as expenses for tax purposes when the loss actually occurs.

15. COMMITMENTS

15.1 The Company is committed to make payments totaling Baht 16,816 million to compensate the Expressway and Rapid Transit Authority of Thailand for site acquisition costs through a following series of payment commencing from the fifteenth year to the thirtieth year of the contract.



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Year of payment	(Unit: Million Baht) Amount
Contract year 15	100
Contract year 16	300
Contract year 17	500
Contract year 18	700
Contract year 19	700
Contract year 20	800
Contract year 21	1,200
Contract year 22	1,200
Contract year 23	1,200
Contract year 24	1,200
Contract year 25	1,200
Contract year 26	1,500
Contract year 27	1,500
Contract year 28	1,500
Contract year 29	1,600
Contract year 30	1,616
	<hr/> 16,816 <hr/>

As at 31 December 2003, the Company has made a provision of Baht 1,195 million for this compensation in its accounts (31 December 2002: Baht 935 million).

15.2 As at 31 December 2003, the Company has commitment in respect of uncalled portion of investment in Northern Bangkok Expressway Company Limited of approximately Baht 2,250 million.

15.3 As at 31 December 2003, the Company has commitment amounting to approximately Baht 40 million payable in respect of the Second Stage Expressway Improvement, Repairment and Inspection agreement with Ch. Karnchang Public Company Limited.

16.

THE DISPUTES WITH EXPRESSWAY AND RAPID TRANSIT AUTHORITY OF THAILAND (ETA)

16.1 The Company had a dispute with ETA since the Ministry of Interior issued the Ministry of Interior notification dated 23 October 1998 regarding revision of toll rates, by repealing the notification dated 27 August 1998 which increased toll rates commencing 1 September 1998. The Company disagreed with the notification dated 23 October 1998, and, therefore, referred the dispute to arbitration. The arbitral award determined that the revision of toll rates pursuant to the notification dated 23 October 1998 conformed with the Agreement. Consequently, ETA referred



another dispute to arbitration demanding reimbursement of Baht 34 million received by the Company as toll revenue sharing pursuant to the notification dated 27 August 1998. Thereafter, the Company filed its statement of defense stating that the Company was entitled to receive such Baht 34 million and filed a counterclaim for the Arbitral Tribunal to issue an award ruling that the notification dated 27 August 1998 was legitimate, and requiring ETA to compensate the Company for damages in an amount equal to the difference of tolls collected under the two notifications. The Arbitral Tribunal issued an arbitral award on 3 December 2001, as follows:

- 1) The notification dated 27 August 1998 was issued in compliance with the procedure of the Agreement in all respects. The issuance of the notification dated 23 October 1998 repealing and replacing the notification dated 27 August 1998 to apply new toll rates was not in compliance with the criteria and procedure as specified in the Agreement, thereby having no binding effect upon the parties;
- 2) The Company was entitled to receive compensation from ETA in the amount equal to the difference of the toll rates collected as agreed in accordance with the notification dated 27 August 1998 and the notification dated 23 October 1998, up to 15 July 2000, totaling Baht 360.8 million, plus interest under the Agreement, calculated from 16 July 2000 onwards, until the procedures in accordance with the Agreement have been complied with in order to revise the toll rates.

ETA issued a letter refusing to comply with the arbitral award, therefore, on 5 June 2002, the Company filed a petition with the Civil Court of Southern Bangkok requesting issuance of a judgment to enforce compliance with the arbitral award. ETA objected that the filing of said case with the Civil Court of Southern Bangkok was not legitimate since the Civil Court of Southern Bangkok did not have jurisdiction over such case. ETA was of the opinion that the Second Stage Expressway Agreement was an administrative contract, all disputes relating thereto must be lodged with the Administrative Court. In this regard, ETA requested a stay of proceedings and objected that the arbitration proceedings and such arbitral award were not legitimate and not in compliance with the arbitration agreement, as well as the calculation of compensation for damages was not legitimate. At the same time, on 26 July 2003, ETA filed a claim with the Administrative Court as a case Black No. 1297/2545 in order to ask the Court to revoke the arbitration award on the ground that the arbitration proceedings were not properly handled. On 2 January 2003, the Company filed its answer and challenged the Administrative Court's jurisdiction. Having considered the Company's motion on the jurisdiction, the Administrative Court is of the view that the Civil Court should have jurisdiction over the case and thus transferred the case to the Civil Court. The Civil Court, having



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reviewed the case, disposed the same on the ground that it was not filed within the period required by law. ETA had filed the appeal against such order and the Company filed the answer to ETA's appeal. At present, the case is under consideration of the Supreme Court. In the case that the Company has filed to enforce the arbitral award, the Civil Court determined the disputed issue as to whether the arbitral award was legitimate and enforceable. In this regard, ETA was required to first examine witnesses, whereby the examination of ETA's witnesses was scheduled to take place in November 2003 and February 2004 and the examination of the Company's witnesses was scheduled to take place in February 2004.

Due to the uncertainty as to the result of the above dispute, the Company did not record such transaction into its financial statements.

16.2 The Company had a dispute with ETA regarding the Priority Component Opening Date. The Second Stage Expressway Agreement (the "Agreement") required ETA to deliver the site of the "Priority Component" as specified in the Agreement on or before 1 March 1990 to enable the Company to proceed with the construction. After completion of the construction of such component, ETA had to adjust the toll rates to be in accordance with the Agreement, and such date shall be deemed as the Priority Component Opening Date. The Company would then be entitled to receive the toll revenue sharing of the whole expressway system from ETA in accordance with the ratio as agreed pursuant to the Agreement. In practice, ETA was unable to deliver such component in whole pursuant to the Agreement, only partial delivery of the site was made. On 30 September 1990, ETA remained unable to complete the delivery of the remaining site of the "Priority Component" to the Company in accordance with the Agreement. Therefore, the Company was of view that under the provisions of the Agreement, the Priority Component Opening Date is the date on which the construction in respect of the Priority Component was completed. The Company completed the construction of the expressway on the Priority Component delivered by ETA by 1 March 1990, and the Independent Certification Engineer certified such completion on 13 November 1992. Therefore, the Company was entitled to receive the toll revenue sharing of the whole expressway system commencing from said date onwards, but ETA commenced sharing the toll revenue on 2 September 1993. The Company filed such dispute to arbitration requesting toll revenue sharing that the Company should have received from 13 November 1992 to 1 September 1993, together with interest.

ETA filed its statement of defense indicating that the Arbitral Tribunal had no power to consider and give its arbitral award in respect of this dispute since ETA was of the opinion that such dispute was related to an administrative contract, therefore, such case was under the jurisdiction of the Administrative Court, and



further objected that the Priority Component Opening Date was not the date as asserted by the Company. Moreover, ETA argued that the Company had no right to receive the toll revenue sharing for such period from 2 September 1993 to 29 June 1996, during which ETA did not yet open Sector B of the Second Stage Expressway for service. It was deemed that the urban network did not exist during that period, therefore, it was not possible to share toll revenue in accordance with the criteria specified in the Agreement. In this respect, ETA demanded full reimbursement of toll revenue sharing received by the Company for such period from 2 September 1993 to 29 June 1996, together with interest. The Company filed a counterclaim indicating that ETA had no right to demand such reimbursement since such revenue sharing had been remitted to the Company out of the toll revenue in accordance with the Agreement. Therefore, the Company was entitled to receive such toll.

The Chairman of the arbitral tribunal in respect of this dispute had been selected in accordance with the procedures and law. Subsequently, ETA filed a challenge to the chairman of the arbitral tribunal. The Company therefore filed its objection indicating that ETA's action was not in accordance with the law. Thereafter the chairman has withdrawn himself from the case, the Arbitration Institute thus scheduled a meeting between the disputing parties to be held on 23 January 2004 to consider selecting the Chairman of the Arbitral Tribunal and another meeting to be held on 11 February 2004 between the two arbitrators to appoint the Chairman. However, ETA requested an adjournment of the meeting on 23 January 2004 and a new date would be fixed in February 2004.

- 16.3 The Company and its subsidiary had a dispute with ETA regarding competing road which gave rise to financial impact on the Company and its subsidiary. The Independent Certification Engineer certified that such road was a competing road. The Company and its subsidiary referred such dispute to arbitration. Since there were facts pertaining to the expressway routes which were additionally opened for full service, the Company and its subsidiary withdrew the dispute for amendment by incorporating such additional facts. The subsidiary company previously submitted the dispute to the Panel in compliance with the procedures of the Agreement, which could not be settled at this stage. The subsidiary company would further refer such dispute to arbitration.
- 16.4 ETA issued an order for additional work and notified that ETA would be liable for costs as actually incurred. The Independent Certification Engineer issued a letter certifying the additional costs. Thereafter, ETA refused to make payment as certified by the Independent Certification Engineer. The Company, therefore, referred such dispute to arbitration. However, since there were additional facts, the Company withdrew the dispute for amendment.

16.5 The Company and its subsidiary had a dispute with ETA due to delayed opening of Sector D of the Second Stage Expressway and the Bang Pa-In - Pakkret Expressway for service, giving rise to financial impact upon the Company and its subsidiary. The Company and its subsidiary, therefore, referred such dispute to arbitration. However, since there were additional facts pertaining to said expressway routes, the Company and its subsidiary withdrew the dispute for amendment by incorporating such additional facts.

16.6 The Company had an obligation to construct collection and distribution road (CD Road), for which ETA should have delivered the site for such construction to the Company by 18 October 2000. Given the fact that ETA was unable to deliver the site to the Company by the specified time, the Company's obligation to carry out such construction ceased accordingly. However, the Company remained entitled to claim for compensation for damages from ETA due to its failure to deliver the site to the Company on time, including compensation for loss of toll revenue had the construction been completed as scheduled. On 5 February 2001, ETA submitted the matter to the Panel to force the Company to accept the obligation to construct the CD Road. The Company filed its objection on 25 June 2001, that it had no such obligation and in addition claim for loss of benefit from ETA's failure to deliver the construction site to the Company. The Panel could not mediate the dispute and therefore asked the parties to further submit the matter to the arbitration. At present, this issue has not yet been referred to arbitration.

16.7 ETA referred a dispute to the Panel regarding liability for costs incurred by the execution of the Works under the Agreement and actions to remedy problems resulting from the operation of the Second Stage Expressway. The Company was of the view that both issues were not within the scope of responsibility of the Company under the Agreement and the said issues could not be settled by the Panel. Therefore, on 4 February 2003, ETA filed a statement of claim with the arbitration so as to force the Company to resolve the issues and reimburse ETA for costs already paid for by ETA. The Company filed its statement of defense with the Arbitration Institute on 13 May 2003. At present, the case is pending for the parties to appoint arbitrators.

17.

TOLL RATE ADJUSTMENT

17.1 The Second Stage Expressway System Agreement stipulates that the toll rates of the First and Second Stage Expressway Systems shall be revised every five year interval, namely within six months from the first toll review date on 1 March 1998, and each fifth anniversary thereof. Under the Agreement for the Extension of Second Stage Expressway System (Sector D), the first toll review date for Sector D shall be 1 March 2003. Accordingly, the next toll review date for the First and

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Second Stage Expressway Systems and the first toll review date for Sector D shall be 1 March 2003. The revised toll rates shall become effective as from 1 September 2003. On 24 February 2003, the Company submitted a letter requesting revision of toll rates to the Expressway and Rapid Transit Authority of Thailand, based on the foregoing principles.

On 29 August 2003, the Ministry of Communications issued Ministry of Communications Notifications regarding the toll rates for the First and Second Stage Expressway Systems and Sector D, to become effective from 1 September 2003. The Company disagrees with these notifications since it believes that the adjustment of the toll rates under these notifications is contrary to the Agreements. The Company is therefore currently preparing documentation and information in order to file the dispute with the Panel.

17.2 The Bang Pa-In - Pakkret Expressway Agreement stipulates that the toll rates of the Bang Pa-In - Pakkret Expressway shall be revised every five year interval, namely within six months from the toll review date on 1 May 2003, and each fifth anniversary thereof. The revised toll rates shall become effective within six months from the toll review date as from 1 November 2003. On 25 April 2003, the subsidiary company submitted a letter requesting revision of toll rates to the Expressway and Rapid Transit Authority of Thailand, based on the foregoing principles.

On 29 August 2003, the Ministry of Communications issued a Ministry of Communications Notification regarding the toll rates for the Bang Pa-In - Pakkret Expressway, to become effective from 1 November 2003. The subsidiary company disagrees with this notification since it believes that the adjustment of the toll rates under this notification is contrary to the Agreement. At present, the subsidiary company is currently preparing documentation in order to file the dispute to the Panel.

18. BOARD OF INVESTMENT PRIVILEGES

The subsidiary company has received promotional privileges from the Board of Investment. Such privileges include exemption from corporate income tax on net profits from the promoted activities for the periods of eight years from the date income is first derived from the promoted activity. The subsidiary company is required to comply with the conditions and restrictions specified in the promotion certificate.

19. STATUTORY RESERVE

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5 percent of its net profit, after deducting

accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital. The statutory reserve could not use for dividend payment.

20. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company directors in accordance with Section 90 of the Public Limited Companies Act.

21. PROVIDENT FUND

In 2003, Baht 5,333,829 and Baht 156,000 have been contributed to the fund by the Company and its subsidiary, respectively (2002: Baht 5,060,992 and Baht 159,600, respectively).

22. NUMBER AND EMPLOYMENT COST

	Consolidated		The Company Only	
	2003	2002	2003	2002
Number of employees at the end of year	624	609	623	608
Employment cost during the year (Thousand Baht)	179,352	154,838	174,761	150,572

23. FINANCIAL INSTRUMENTS

Financial risk management policies

The Company and its subsidiary do not hold or issue derivative instruments for speculative or trading purposes.

23.1 Credit risk

As at 31 December 2003, the Company and its subsidiary are not exposed to credit risk in relation to the provision of service as they receive payment from their customers in cash.

23.2 Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the operating results of the Company and its subsidiary and their cash flows. The exposure of the Company and its subsidiary to interest rate risk relates primarily to its deposits at financial institutions, short-term investments, and bank overdrafts. The Company and its subsidiary do not use financial derivative instruments to hedge such risk.

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23.3 Foreign currency risk

As at 31 December 2003, the Company and its subsidiary do not have any financial assets and liabilities in foreign currencies.

23.4 Fair value

Since deposits at banks and short-term investments are short-term and long-term loans carry interest at the rates close to current market rates, the management believes that the fair value of the aforesaid financial assets and liabilities of the Company and its subsidiary does not materially differ from their carrying value.

24. FINANCIAL INFORMATION BY SEGMENT

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

25. PRESENTATION

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

Certain amounts in the financial statements for the year ended 31 December 2002 have been reclassified to conform to the current year classifications, with no effect on net earnings or shareholders' equity previously reported.

26. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the directors of the Company.

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