

YOUR CITY SOLUTIONS

Annual Report 2009 / 2010

BTS Group Holdings Public Company Limited

(formerly Tanayong Public Company Limited)



CONNECTING
CITY SOLUTIONS



DEVELOPING
CITY SOLUTIONS



CREATING
CITY SOLUTIONS



PROVIDING
CITY SOLUTIONS

Our Vision Your City Solutions

Chairman BTS Group Holdings Plc.-

"Our Company and its subsidiaries, the BTS Group, will deliver strong cash flow, sustainable profitability as well as high growth and superior returns going forward from the integration and complementarities of our four principal core businesses of Mass Transit, Property, Media and Services.

In recognition of the change in the structure and core revenue of our business, we have changed our name from Tanayong Plc. to BTS Group Holdings Plc., changed our trading symbol from 'TYONG' to 'BTS' and moved from the 'Property Development' sector to the 'Transportation and Logistics' sector of the SET listings. BTS Group is by market capitalization now one of the top 50 listed companies in Thailand.

Our Company has now embarked on our vision of City Solutions."

Managing Director BTS Group Holdings Plc.-

"The acquisition of Bangkok Mass Transit System Plc. (BTSC), the sole concessionaire of the BTS SkyTrain, is a very significant milestone. We are now at an important take-off point for our Company, which has been renamed BTS Group Holdings Plc. in recognition of the change in structure and core revenue of our business.

We are confident of our future and the superior returns we can generate for the benefit of all shareholders and stakeholders."

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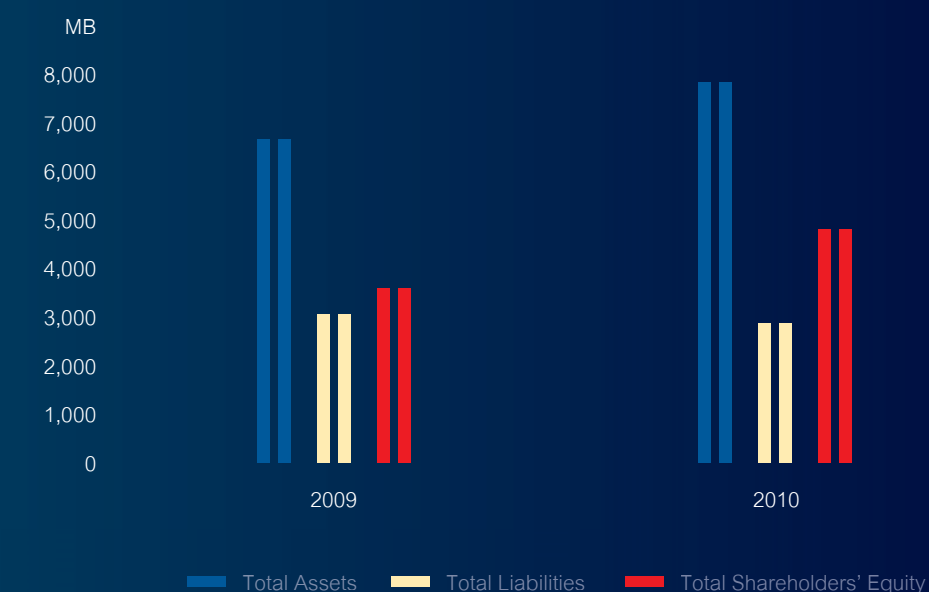
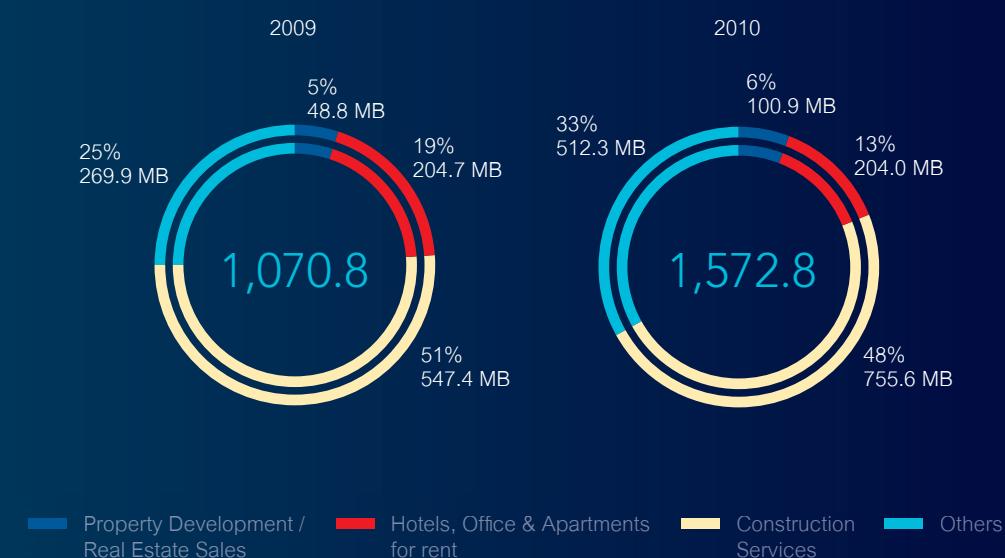


Fiscal Year	2010	2009
INCOME STATEMENT (Baht million)		
Total Revenue	1,573	1,071
Revenue from Property Business	1,060	801
Total Cost of Sales & Services of Property Business	932	731
Gross Profit of Property Business	128	70
EBITDA ⁽¹⁾	320	95
Net Profit ⁽²⁾	229	20
BALANCE SHEET (Baht million)		
Real Estate Development Cost	1,041	1,028
Land & Projects Awaiting Development	2,306	1,075
Total Assets	7,835	6,769
Total Liabilities	2,979	3,092
Total Shareholders' Equity ⁽²⁾	4,856	3,676
PER SHARE RATIOS / SHARE INFORMATION		
Number of Shares Outstanding (Million Shares)	7,614	5,813
Book Value per Share ⁽³⁾ (Baht)	0.72	0.64
Earnings per Share (Baht)	0.033	0.004
Fiscal Year End Share Price (Baht)	0.71	0.37
Fiscal Year End Market Capitalization (Baht million)	5,406	2,151
Fiscal Year End Net Debt (Baht million)	1,998	2,632
Enterprise Value ⁽⁴⁾ (Baht million)	7,404	4,783
RATIOS		
Gross Profit Margin of Property Business (%)	12.1	8.7
Net Profit Margin (%)	14.5	1.8
Return on Equity ⁽⁵⁾ (%)	5.4	0.5
Return on Assets (%)	3.1	0.3
Total Liabilities to Equity (Times)	0.61	0.84
Interest Cover Ratio ⁽⁶⁾ (Times)	5.85	(1.64)

Notes:

- (1) Earnings before interest, tax, depreciation and amortization.
(2) Includes Minority Interest.
(3) Based on weighted average shares during the year.

- (4) Market capitalization plus net debt.
(5) Based on average shareholders' equity during the year.
(6) Cash flow from operating activities divided by interest paid.

Total Assets, Total Liabilities and Total Shareholders' Equity

Revenue Segmentation


My message in last year's Annual Report underlined my confidence in our Company's future and the superior returns we can generate. Our Company has now embarked on our vision of "City Solutions" and implemented our strategic plan by acquiring the majority of the shares of Bangkok Mass Transit System Plc. (BTSC), the company that holds the sole concession from Bangkok Metropolitan Authority (BMA) to operate the BTS SkyTrain.

As you will read in this Annual Report, in May 2010 our Company acquired 94.6% of the shares of BTSC for a consideration of approximately Baht 40 billion in shares and cash. In recognition of the change in the structure and core revenue of our business, we have changed our name from Tanayong Plc. to BTS Group Holdings Plc. (BTS Group), changed our trading symbol from "TYONG" to "BTS" and moved from the "Property Development" sector to the "Transportation and Logistics" sector of the SET listings. BTS Group is by market capitalization now one of the top 50 listed companies in Thailand.

The BTSC acquisition has taken place after the close of our fiscal year ended 31 March 2010 and after the 2009/10 financial statements have been drawn up and presented. In response to the community need for "City Solutions", this Annual Report shows how our Company will deliver strong cash flow, sustainable profitability as well as high growth and superior returns going forward from the integration and complementarities of our four principal core businesses of Mass Transit, Property, Media and Services.

These four core businesses will create the benefits and synergies inherent in the new business model of the BTS Group by, for example, the recent start of operations of the Bus Rapid Transit (BRT) awarded to BTSC by Krungthep Thanakom Co., Ltd., a subsidiary of BMA; by our launching the new "Abstracts" brand of residential condominiums along the mass transit routes in Bangkok; by expanding our "Out-of-Home" media services beyond our existing customer base; and amongst other things, by offering in the future an e-money service with common ticketing for passengers of the BTS SkyTrain, MRT subway and other mass transit systems, which will have similar features to the popular Octopus card being used in Hong Kong.

The Mass Transit business, the largest revenue contributor, exemplifies a trend of continuous growth. BTSC has already extended its services in 2009 to two more stations on the Silom extension. To support the increasing ridership from the current system as well as growth to be fed from the future extension systems, BTSC has ordered 12 additional trains of 4 cars. These new trains will be in operation around the end of this calendar year. BTSC has already signed a memorandum of understanding with Krungthep Thanakom Co., Ltd. for our participation in the SkyTrain services on the Sukhumvit extension from On Nut to Baering and the Silom extension from Wongwian Yai to Bang Wa, which BMA targets for operation in 2011.

BTSC also looks forward to the opportunity to participate in other future extensions to Samut Prakan, to Saphan Mai and other lines such as the purple line, etc.

The Government has announced plans for an extensive expansion of the mass transit routes in and around Bangkok. As BTSC is the existing BTS SkyTrain operator with extensive experience in mass transit, we believe that BTSC is in a very advantageous position to participate in these expansion plans. Furthermore, our BTS SkyTrain system runs through the heart of the city and is the backbone of any mass transit system. I am glad to see that the BTS SkyTrain system has helped delineate and reshape the CBD of Bangkok. We will continue to play our part in seeing the CBD grow further as Bangkok itself grows.

None of these achievements would have been possible without the dedicated and loyal support of all our staff to whom I extend my gratitude and admiration.

So in this the Year of the Tiger, I am most proud to present you with this Annual Report to show how our BTS Group is making a great leap forward for the benefit of all our shareholders, our staff, our customers, our partners and the broader community.



Mr. Keeree Kanjanapas

Chairman of the Board of Directors





I am pleased to report a healthy improvement in the performance of our Company's twelve-month operations for the fiscal year ended 31 March 2010. There has been strong growth in both revenue and gross profit from our property business. Revenue from the property business increased by 32% to Baht 1,060 million and gross profit from property by 83% to Baht 128 million. Through careful control of our operating costs we have increased the gross margin from the property business to just over 12%.

However, the financial results for the fiscal year ended 31 March 2010 covered only the performance for the period before the acquisition of Bangkok Mass Transit System Plc. (BTSC) in May 2010. Therefore, we also present in this Annual Report a detailed description of the operations of BTSC to give a better picture of our Group.

The framework for our Company's growth has been established by the BTSC acquisition. This is a very significant milestone. We are now at an important take-off point for our Company, which has been renamed BTS Group Holdings Plc. in recognition of the change in structure and core revenue of the business. I look forward to reporting continuing improvement in our Company's top-line and bottom-line performance in the future now that our Group has expanded to have four separate but highly complementary core businesses - Mass Transit, Property, Media and Services.

The BTS SkyTrain System business, the largest revenue contributor to the Group, continues to experience increased ridership and is set to benefit from the Government's expansion plans for the mass transit system which will eventually feed more passengers into the BTS SkyTrain System. We look forward to the full year's results of operations and the growth of revenue of BTSC from the 2.2 km. Silom extension and the services of the 15 km. Bus Rapid Transit (BRT).

For the Property business, the Group launched two condominium projects along the SkyTrain's current and extended route under its new "Abstracts" brand. These two projects will be the flagship projects for the "Abstracts" brand, which is based on the theme "City Solutions", aimed at elevating the standard of living of "Abstracts Citizens". The brand is uniquely and closely tied with the BTS SkyTrain System and is the only brand giving customers of condominiums free BTS SkyTrain rides for 10 years.

As for our Media business, the Group continues to strengthen our position as a major media services provider in the "Out-of-Home" media segment with the recent acquisition of Point of View (POV) Media Group Co., Ltd., a company with an extensive "Out-of-Home" media network, to complement both our existing and continually expanding advertising media in modern trade stores. This acquisition strengthens and emphasizes our leadership and number 1 ranked market share of the "Out-of-Home" media.

Furthermore, the Group has made a significant step forward in establishing the e-money business by having Bangkok Bank as a strategic shareholder to support the e-money services to be provided by Bangkok Smartcard System Co., Ltd. Their involvement will complement the common ticketing for BTS, MRT and other mass transit systems with an e-money system which will become increasingly important in our day-to-day lives and become increasingly well known, especially through our concept of "City Solutions" providing the customers of our Group with the utmost in convenience and benefits.

I wish to thank our staff for their dedicated support and contribution to our Company's achievements. May I reiterate the recent words of our Chairman that we are very confident of our future and the superior returns we can generate for the benefit of all shareholders and stakeholders.



Mr. Kavin Kanjanapas
Managing Director



1. Mr. Keeree Kanjanapas
Chairman

2. Mr. Kavin Kanjanapas
Managing Director

3. Mr. Sutham Siritipsakorn
Deputy Managing Director

4. Mr. Rangsin Kritalug
Deputy Managing Director

5. Mr. Kong Chi Keung
Deputy Managing Director

6. Dr. Paul Tong
Director

7. Mr. Kom Panomreongsak
Director

8. Dr. Anat Arbhabhirama
Director

9. Mr. Lo Yun Sum
Director

10. Mr. Cheung Che Kin
Director

11. Lt. Gen. Phisal Thepsithar
Independent Director /
Chairman of the Audit Committee

12. Pol. Maj. Gen. Vara leammongkol
Independent Director /
Member of the Audit Committee

13. Mr. Chaiyasit Puvapiromquan
Independent Director /
Member of the Audit Committee

CONNECTING CITY SOLUTIONS



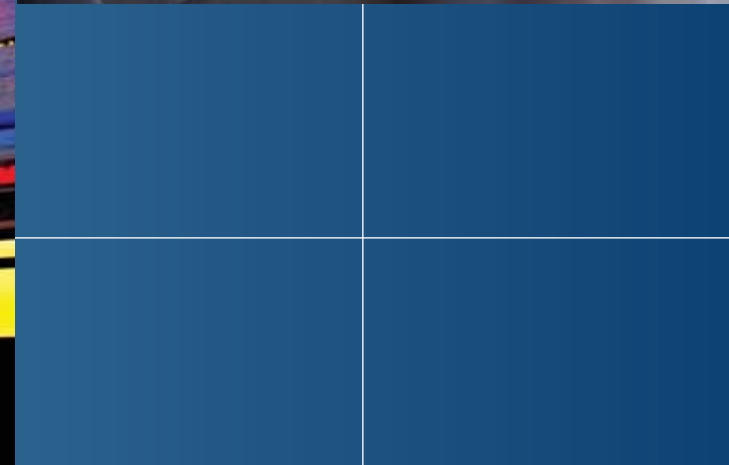
In May 2010 our Company acquired 94.6% of the shares of Bangkok Mass Transit System Plc. (BTSC) for a consideration of approximately Baht 40 billion in shares and cash. Our Mass Transit business is conducted through our subsidiary, BTSC.



The BTS Tenth Anniversary celebration



The BTS SkyTrain, the largest revenue contributor to the BTS Group, continues to experience increased ridership and is set to benefit from the Government's expansion plans for the mass transit system which will eventually feed more passengers into the Group's BTS SkyTrain System.





BTSC has commenced services of the BRT in Bangkok

To support the increasing ridership from the current system as well as growth to be fed from future extension systems, BTSC has ordered 12 additional trains of 4 cars which will be in operation around the end of 2010. BTSC has already extended its services in 2009 to two more stations owned by the BMA on the Silom Line extension and services of the Bus Rapid Transit (BRT) in Bangkok have now commenced.



12 additional trains of 4 cars will be added to the BTS SkyTrain System around the end of 2010

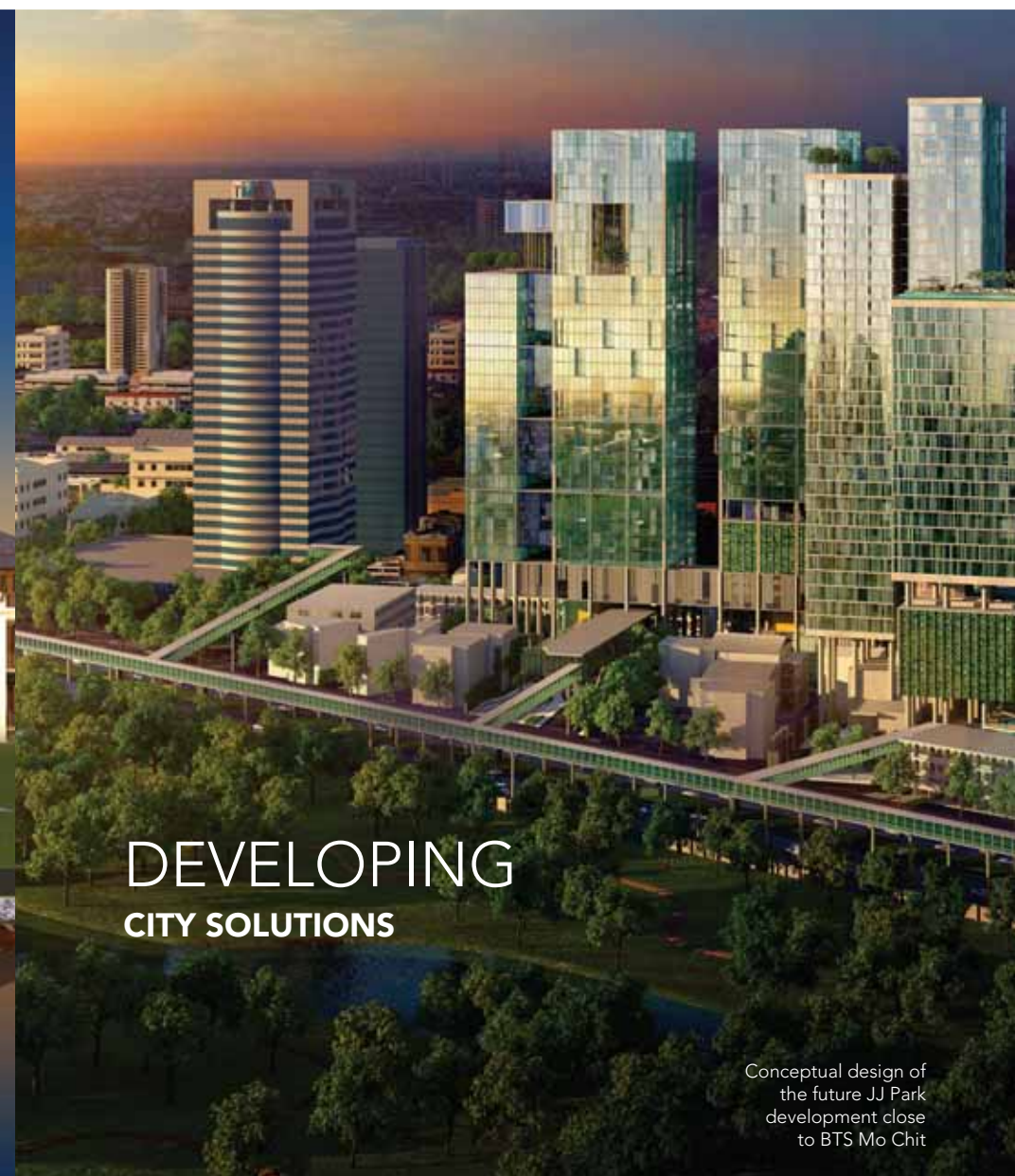




U Chiang Mai hotel



Perspective of the future
U Sathorn hotel



DEVELOPING CITY SOLUTIONS

Conceptual design of
the future JJ Park
development close
to BTS Mo Chit

The Property business has been our Company's business since the beginning of operations in 1968. Having completed the BTSC acquisition, we plan to leverage our expertise and knowledge to develop the properties that BTSC owns.

BTS Group has 2 condominium projects under construction along a mass transit route, both of which are located at or near existing/future SkyTrain stations.

The condominium projects under development are:

- Abstracts Phahonyothin Park – condominiums under the Abstracts brand close to the BTS green line extension;
- Abstracts Sukhumvit 66/1 – a low rise condominium project under the Abstracts brand near the future BTS Udomsuk station.

Both these condominium projects offer the customer the Abstracts card offering 10 years free rides on the BTS SkyTrain (25 current stations only).



Abstracts
Phahonyothin
Park

Exterior and interior perspectives of Abstracts Phahonyothin Park condominium project which is currently open for sale



Abstracts
Sukhumvit 66/1



Abstracts Sukhumvit 66/1 close to the future BTS station at Udomsuk currently open for sale

Royal Place 2 and The Grand apartments for lease with views over Ratchadamri



The future hotel projects under development are:

- Four Points by Sheraton – a 4-star hotel under construction which will be connected by skybridge to BTS Surasak station;
- U Inchantree – a future U brand hotel on the Khwae River at Kanchanaburi currently under renovation.

Future projects under study are:

- The Langham Sukhumvit – a 5-star hotel and The Langham Residence Sukhumvit – a serviced apartment project to be connected by skybridge to BTS Nana station;
- Langham Place Phaya Thai – a hotel project next to BTS Phaya Thai station and the Airport Link station;
- U Sathorn – a U brand hotel close to Sathorn Road and the Bangkok CBD;
- U Khao Yai – a hotel project in Khao Yai with an associated sub-division of 625 rai of prime residential land;
- JJ Park – a residential, office and other mixed use project close to BTS Mo Chit station.



Four Points by Sheraton hotel project at BTS Surasak currently under construction



Perspectives of Langham Place hotel project planned for development at BTS Phaya Thai



Renovations in progress at the U Inchantree hotel on the Khwae River at Kanchanaburi



The future U Sathorn hotel in the heart of Bangkok's financial district



Exterior design of the future U Khao Yai hotel



A flagship hotel project under study is:

- The Langham Sukhumvit – a hotel and serviced apartment project planned for approximately 3 rai of land adjacent to BTS Nana station.

Exterior and interior perspectives of The Langham Sukhumvit to be connected by skybridge to BTS Nana station

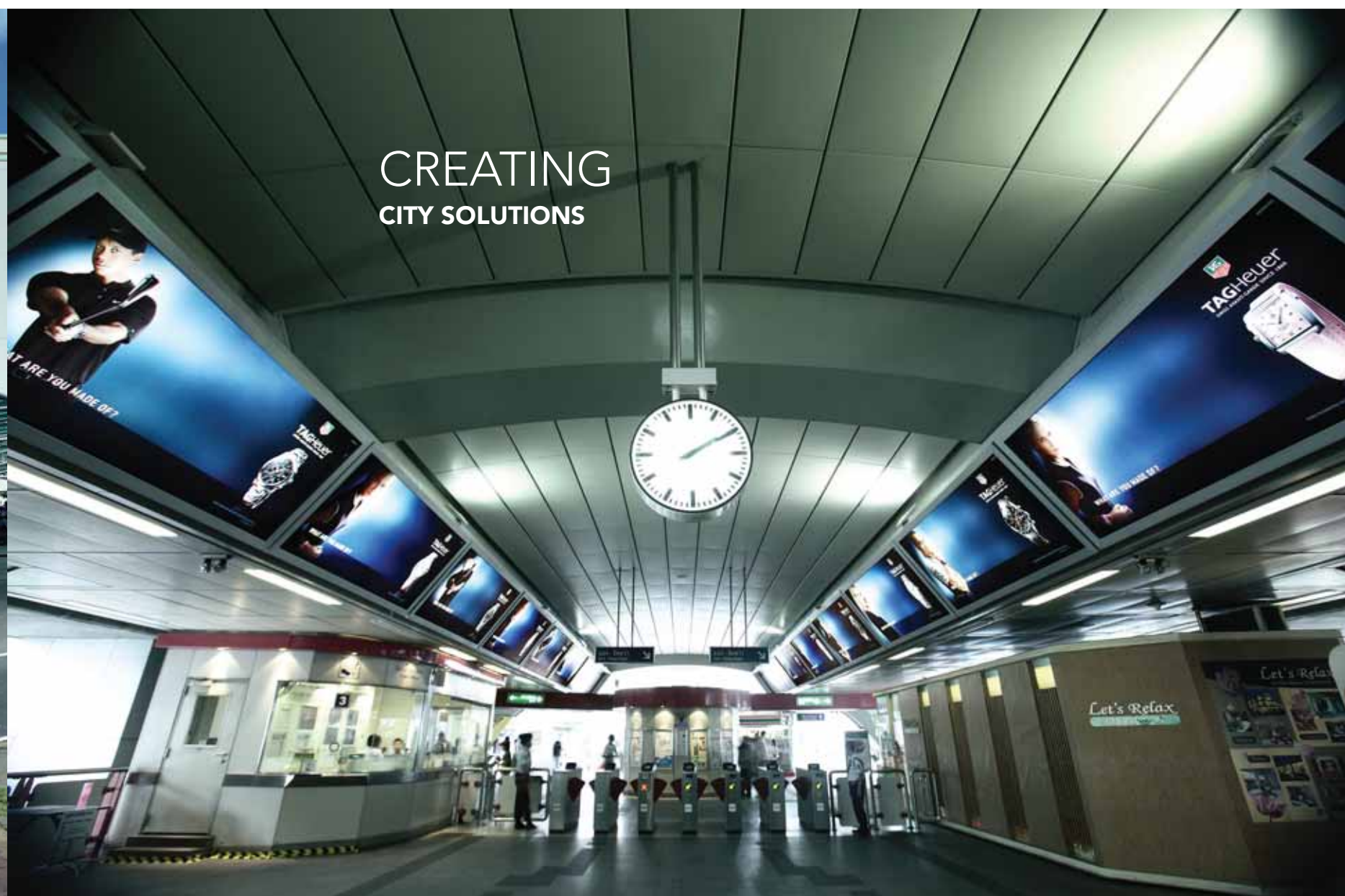


Assets for future development include:

- This multi-purpose site on some 450 rai of land at Kamala, Phuket which includes 19 rai of the very last parcel of available beachfront land at Kamala.

Strategic land suitable for sale or future development at Kamala, Phuket





Our Media business is conducted by VGI Global Media Co., Ltd. and its subsidiaries (VGI Group).

VGI Group continues to strengthen its position as a major media services provider in the “Out-of-Home” media segment with the recent acquisition of Point of View (POV) Media Group Co., Ltd., a company with an extensive out of home media network. VGI has won the contract to manage the radio advertising media in Tesco Lotus nationwide and is also in negotiations with modern trade operators for additional spaces and to offer them other scope of services.





Train wrap advertising
making every
BTS train
unique



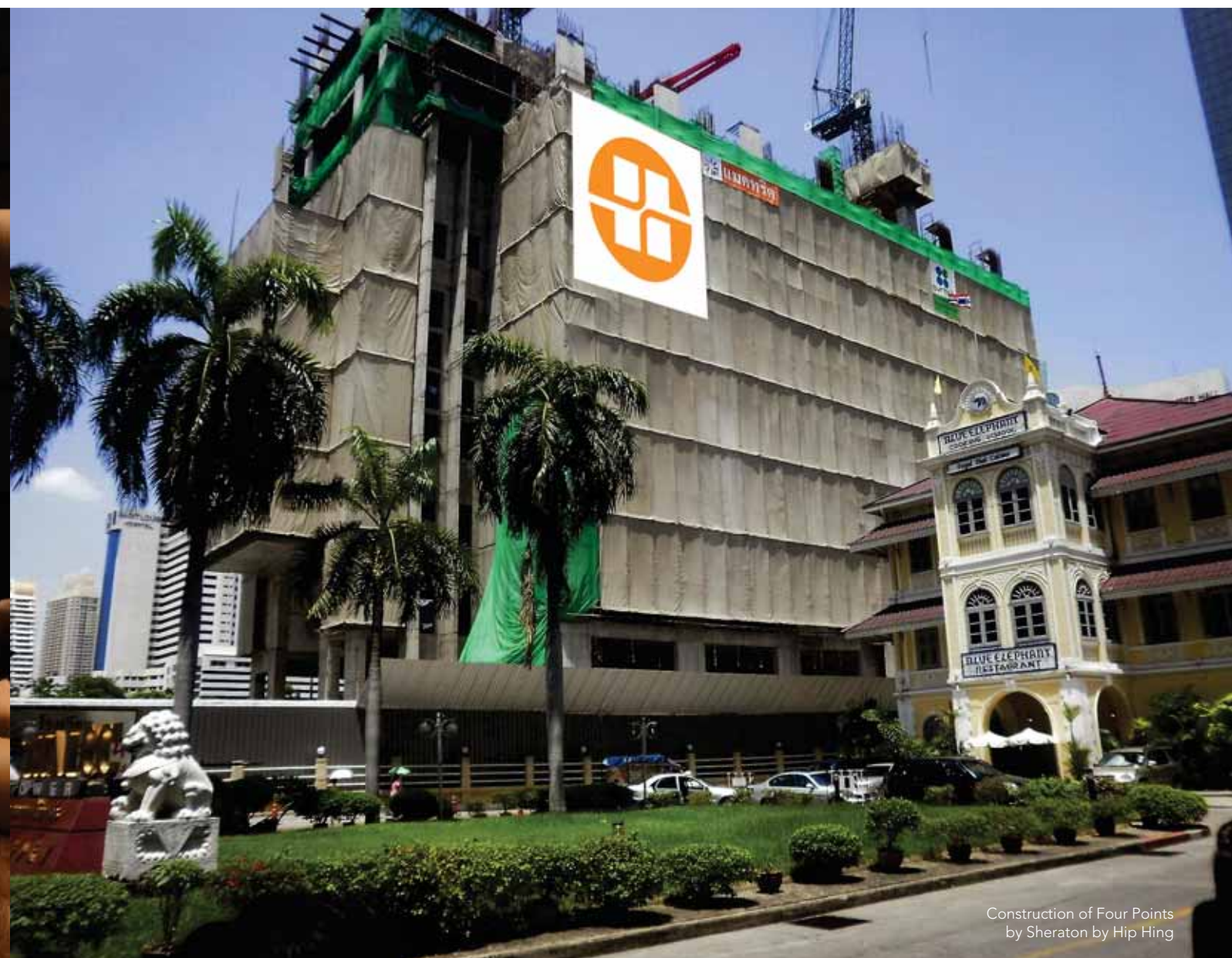
VGI's innovative
Out-of-Home media



PROVIDING CITY SOLUTIONS



Hotel management
services by Absolute
Hotel Services

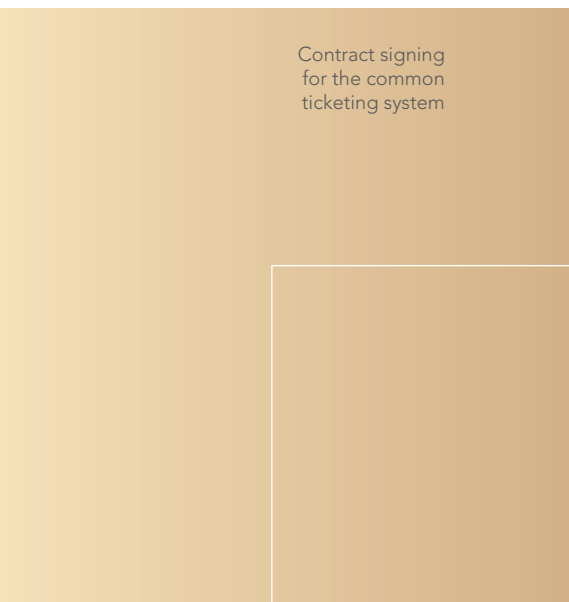


Construction of Four Points
by Sheraton by Hip Hing

Our Services business is provided by several complementary companies which support the other three principal businesses of the BTS Group. These Services businesses include: the common ticketing and e-money system through our 90% subsidiary Bangkok Smartcard System Co., Ltd.; hotel management services through our 50% affiliate Absolute Hotel Services Co., Ltd.; construction services through our 51% subsidiary Hip Hing Construction (Thailand) Co., Ltd.; and a golf club through Thana City Golf & Sports Club Co., Ltd.



Absolute Hotel Services

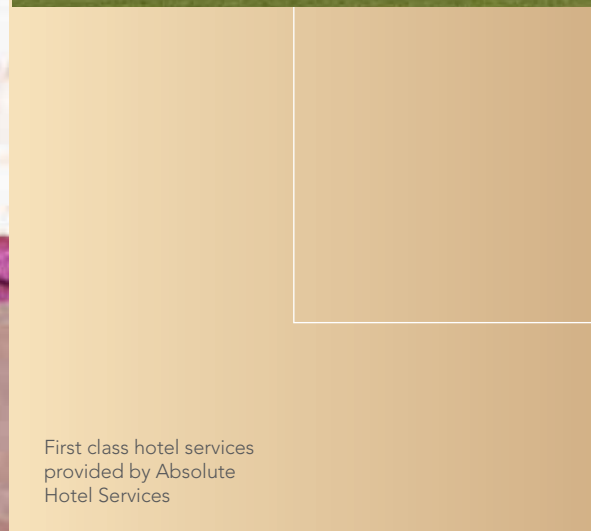


Contract signing
for the common
ticketing system



Hip Hing project
construction services

Renovations currently
underway at Thana City
Golf & Sports Club



First class hotel services
provided by Absolute
Hotel Services



We at BTS Group are very committed to our corporate social responsibility programs. Our vision of “City Solutions” extends to helping the community we live in and being a good corporate citizen.

During the last year we have organized events, among others, to encourage environmentally friendly travel by public transport and by bicycle; educational tours of the BTS SkyTrain by school children; donations of articles and money to worthy charities and a merit making ceremony for our employees and their families and friends.

Being part of the community BTS Group cooperates with various organizations as part of social development and to return goodness to our society.

Merit making ceremony at
Wat Saen Suk Kathin in
Ubon Ratchathani province
on 23 October 2009



Educational SkyTrain tours for children
from Pleng Prasitsailom School



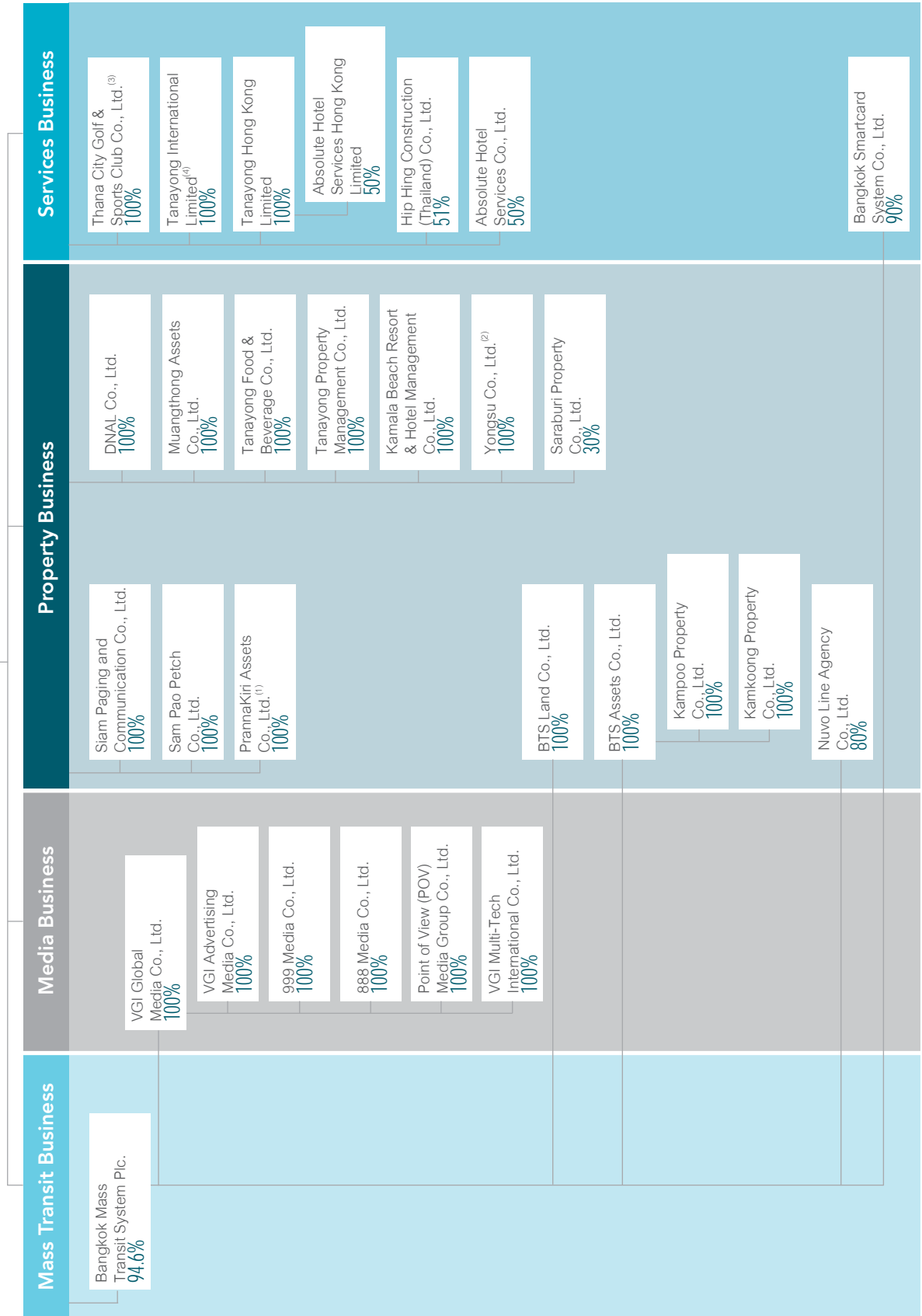
22 September 2009 event
for World Car Free Day



Staff donations for
the Prosthesis Foundation of
H.R.H. The Princess Mother

Business Organization of the Company, Subsidiaries and Associates, as of 16 June 2010

BTS Group Holdings Plc.



(1) Previously known as Muang Thong Lakeside Restaurant Co., Ltd.

(3) Previously known as Thana City Golf & Country Club Co., Ltd.

(4) Not in operation

1. History, Major Changes and Development

BTS Group Holdings Public Company Limited (formerly known as Tanayong Public Company Limited) was established on 27 March 1968 to operate the property development business with initial registered capital of Baht 5,000,000. The Company launched its first property development project “Thana City” on Bang Na - Trat Road km. 14 in 1988. The project consists of single-detached houses, townhouses, condominiums and land plots.

The Company was listed on the Stock Exchange of Thailand and commenced the first day trading of its shares on 1 March 1991. The Company was converted to a public limited company on 2 June 1993. Since then, the Company has expanded its scope into various types of business, such as property development projects, condominiums in the center of the city, serviced apartments, office buildings, hotels and infrastructure projects.

The Baht flotation in the 1997 economic crisis in Thailand had a severe impact on the business sectors, particularly companies which took out loans in foreign currencies. Due to the Baht depreciation, loan amount in foreign currencies, including that of the Company, significantly increased in Baht terms.

As a result, the Company entered into a business rehabilitation process and went through debt restructuring during 2002 - 2006. After the completion of the business rehabilitation process, the Central Bankruptcy Court ordered the termination of the business rehabilitation at the end of 2006.

Starting in 2007, the Company resumed its normal business operations. With the management's vision to strengthen the Company's capability, the Company began to reorganize the Company's shareholding structure and management team, as well as enter into business alliances with partners to invest in the Company.

During 2007 - 2008, the Company and the Group invested in properties for future development. The Company acquired land on Kamala Beach in Phuket, Sukhumvit Road in Bangkok, Kanchanaburi and Khao Yai. The Company acquired leasehold land in Chiang Mai, which was, then, developed to be the Group's first boutique hotel, under the name “U Chiang Mai”. The hotel is managed by Absolute Hotel Services Co., Ltd., a company in the Group. The Company also began construction and provides project management services for BTS Assets Co., Ltd.'s hotel project under the name “Four Points by Sheraton” on Sathon Road, Bangkok through Hip Hing Construction (Thailand) Co., Ltd., a joint venture between the Company and Hip Hing Oversea Limited.

The Company continues to expand its business. On 4 May 2010, the Company acquired 94.60% of total issued shares of BTSC and changed the Company's name to BTS Group Holdings Public Company Limited. As a result, the Company's main business has changed to the mass transit business. Therefore,

to better reflect the Company's new main business, on 11 May 2010, the Company changed the sector to "Transportation and Logistics" under the "Services" industry and changed its trading symbol to "BTS".

The Company completed the offering and issuance of new ordinary shares to the existing shareholders of the Company pro rata to their shareholding (Rights Offering) and the offering and issuance of some portion of the unsubscribed shares from the Rights Offering to a group of financial institutional investors and the group of clients of securities companies who are the Company's underwriters (Private Placement) on 14 June 2010, raising approximately Baht 11,990.2 million, which was used to repay part of the loan previously drawn down to acquire the shares of BTSC of approximately Baht 20,656 million, leaving approximately Baht 8,656 million outstanding.

Since 2002 the Company's major developments related to its business operations, management and capital are as follows:

- 2002
 - The Company entered the debt restructuring and business rehabilitation process.
- 2005
 - Reduced par value from Baht 10 per share to Baht 1 per share and decreased paid-up capital from Baht 4,684,557,000 to Baht 533,333,333 in compliance with the business rehabilitation plan as approved by the Central Bankruptcy Court.
 - Increased registered capital to Baht 5,333,333,333 by issuing 4,800,000,000 newly issued shares.
- 2006
 - Allocated 4,800,000,000 shares to creditors and new investors and increased paid-up capital from Baht 533,333,333 to Baht 5,333,333,333 in compliance with the business rehabilitation plan as approved by the Central Bankruptcy Court.
 - The Central Bankruptcy Court ordered the termination of the business rehabilitation on 14 November 2006.
 - The Stock Exchange of Thailand accepted the trading of the Company's shares in the property development sector from 28 December 2006.
- 2007
 - Increased paid-up capital to Baht 5,813,333,333 by issuing 480,000,000 shares by a private placement to a business partner.
 - Increased registered capital from Baht 5,813,333,333 to Baht 8,056,923,076 by issuing 2,243,589,743 shares reserved for the conversion of convertible debentures.

- Established a joint venture, Kamala Beach Resort & Hotel Management Co., Ltd. to operate hotels and develop property in Phuket.
 - Established a joint venture, Hip Hing Construction (Thailand) Co., Ltd. to operate in the construction business.
- 2008
- Established a joint venture company, Absolute Hotel Services Co., Ltd. to operate the hotel management business.
 - Cancelled the issuance of convertible debentures and offered 2,243,589,743 shares via the Rights Offering and to investors and/or institutional investors via a private placement method.
- 2009
- On 28 May 2009, the Company acquired all the ordinary shares and preferred shares of Kamala Beach Resort & Hotel Management Co., Ltd. (“Kamala”) from Winington Capital Limited at the price of Baht 648,444,000 by paying Baht 100,000,000 in cash and issuing 1,034,800,000 new ordinary shares for the remaining amount of Baht 548,444,000. The Company became the sole shareholder in Kamala.
 - The Company issued 854,848,533 warrants (TYONG-W1) to its existing shareholders according to their shareholding. The warrant exercise was completed on 13 November 2009 and 766,258,470 warrants were exercised. Consequently, the Company issued 766,258,470 new ordinary shares to the warrant holders.
- 2010
- On 4 May 2010, the Company acquired 94.60% of total issued shares of BTSC with Baht 20,655,711,989.69 in cash and 28,166,879,984 new ordinary shares of the Company at the price of Baht 0.688 Baht per share.
 - The Company changed its name to “BTS Group Holdings Public Company Limited” on 4 May 2010 and, on 11 May 2010, changed its sector on the SET to “Transportation and Logistics” sector under the “Services” industry and changed the trading symbol to “BTS”.
 - Between 31 May and 7 June 2010, the Company offered 20,150,704,709 newly issued ordinary shares of the Company to the existing shareholders of the Company (“Right Offerings”). There were 14,572,185,252 shares subscribed, according to their rights and oversubscription, and allocated. As for the remaining 5,578,519,457 unsubscribed shares, the Company offered them to the group of financial institutional investors and the group of

clients of securities companies who are the Company's underwriters during 8 June to 11 June 2010. 4,459,818,846 shares were subscribed and the Company has allocated such amount of shares to the group of financial institutional investors and the group of clients of securities companies who are the Company's underwriters. On 14 June 2010, the Company registered the newly paid up capital with the Ministry of Commerce, increasing the paid up capital from Baht 35,781,271,787 to Baht 54,813,275,885. The Company received total proceeds of approximately Baht 11,990.2 million, which were used to repay part of the loan previously taken out to acquire the shares of BTSC in an approximate amount of Baht 20,656 million, leaving approximately Baht 8,656 million outstanding.

- In addition, the Extraordinary General Meeting of Shareholders of the Company No. 1/2010 held on 29 April 2010 approved the allocation of 8,914,478,093 newly issued ordinary shares of the Company for the purpose as follows:
 - Up to 5,111,610,256 shares for the exercise of the warrants (BTS-W2) which will be issued and offered to the shareholders who have subscribed to the Rights Offering and to the group of financial institutional investors and the group of clients of securities companies who are the Company's underwriters who have subscribed for the newly issued ordinary shares out of the total of 20,150,704,709 shares offered at the ratio of 1 warrant for 4 newly issued ordinary shares subscribed. The Company expects to offer the warrants (BTS-W2) by approximately October 2010.
 - Up to 3,802,867,837 new ordinary shares to be offered to the remaining 5.39% of BTSC shareholders who are not connected persons, in return for BTSC shares that these shareholders offered the Company as payment for the Company's newly issued ordinary shares. The Company expects to offer the newly issued ordinary shares by approximately December 2010.

2. General Information

2.1 Corporate Information

Name	BTS Group Holdings Public Company Limited (formerly known as Tanayong Public Company Limited)
Head Office	14 th Floor, TST Tower 21 Soi Choei Phuang, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900
Current Type of Business	1. Mass Transit Business 2. Property Business 3. Media Business 4. Services Business
Home Page	www.btsgroup.co.th
Telephone	0 2273 8511-5
Facsimile	0 2273 8516
Registration No.	0107536000421
Registered Capital	Baht 7,704,149,999 - as of 31 March 2010 and Baht 65,142,190,902 - as of 14 June 2010
Registered Paid-up Capital	Baht 7,614,391,803 - as of 31 March 2010 and Baht 54,813,275,885 - as of 14 June 2010
No. of Listed Shares (Ordinary Share)	7,614,391,803 shares - as of 31 March 2010 and 54,813,275,885 shares - as of 14 June 2010
Par Value	Baht 1 per share
Securities Registrar	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey, Bangkok 10110 Tel.: 0 2229 2800 Fax: 0 2359 1259

Auditor

Ernst & Young Office Limited
33rd Floor, Lake Rajada Office Complex,
193/136-137 New Ratchadapisek Road,
Klongtoey, Bangkok 10110
Tel.: 0 2264 0777 Fax: 0 2264 0789-90
Mr. Termphong Opanaphan,
Certified Public Accountant No. 4501

Legal Advisor

Weerawong, Chinnavat & Peangpanor Ltd.
22nd Floor, Mercury Tower,
540 Ploenchit Road, Lumpini,
Pathumwan, Bangkok 10330
Tel.: 0 2264 8000 Fax: 0 26572222

2.2 Subsidiaries and Associates Information

As of 16 June 2010

Company	Type of Business	Address	Paid-up Capital (Baht)	Shareholding (%)
1. Mass Transit Business				
Bangkok Mass Transit System Public Company Limited*	Mass Transit	1000 BTS Building, Phahonyothin Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2617 7300 Fax: 0 2617 7133	15,879,516,393	94.60
2. Property Business				
Siam Paging and Communication Co., Ltd.	Land Owner and Property Development	21 Soi Choei Phuang, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2273 8511-5 Fax: 0 2273 8516	5,000,000	100.00
Sam Pao Petch Co., Ltd.	Land Owner	100-100/1 Moo 4, Bangna-Trad Road km. 14, Bangchalong, Bangplee, Samut Prakan Tel.: 0 2336 1938 Fax: 0 2336 1985	1,000,000	100.00
PrannaKiri Assets Co., Ltd. (formerly known as Muang Thong Lakeside Restaurant Co., Ltd.)	Land Owner and Property Development	21 Soi Choei Phuang, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2273 8511-5 Fax: 0 2273 8516	311,000,000	100.00
BTS Land Co., Ltd.*	Land Owner and Property Development	1000 BTS Building, Phahonyothin Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2617 7300 Fax: 0 2617 7143	10,000,000	100.00 (held by Bangkok Mass Transit System Public Company Limited)
BTS Assets Co., Ltd.*	Land Owner and Property Development	1058/126 Phahonyothin Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2617 7300 Fax: 0 2617 7133	800,000,000	100.00 (held by Bangkok Mass Transit System Public Company Limited)

Company	Type of Business	Address	Paid-up Capital (Baht)	Shareholding (%)
Kampoo Property Co., Ltd.*	Land Owner and Property Development	1000 BTS Building, Phahonyothin Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2617 7300 Fax: 0 2617 7143	1,075,000,000	100.00 (held by BTS Assets Co., Ltd.)
Kamkoong Property Co., Ltd.*	Land Owner and Property Development	1000 BTS Building, Phahonyothin Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2617 7300 Fax: 0 2617 7143	375,000,000	100.00 (held by BTS Assets Co., Ltd.)
DNAL Co., Ltd.	Office Building for Rent	21 Soi Choei Phuang, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2273 8833 Fax: 0 2273 8131	50,000,000	100.00
Muangthong Assets Co., Ltd.	Hotels	21 Soi Choei Phuang, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2273 8511-5 Fax: 0 2273 8516	125,000,000	100.00
Yongsu Co., Ltd.	Ceased Business Operation	21 Soi Choei Phuang, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel: 0 2273 8511-5 Fax: 0 2273 8516	234,000,000	100.00
Tanayong Food & Beverage Co., Ltd.	Land Owner and Property Development	100-100/1 Moo 4, Bangna-Trad Road km. 14, Bangchalong, Bangplee, Samut Prakan Tel.: 0 2336 0889 Fax: 0 2336 1985	1,000,000	100.00
Tanayong Property Management Co., Ltd.	Building Management	100-100/1 Moo 4, Bangna-Trad Road km. 14, Bangchalong, Bangplee, Samut Prakan Tel.: 0 2336 0889 Fax: 0 2336 1985	1,000,000	100.00

Company	Type of Business	Address	Paid-up Capital (Baht)	Shareholding (%)
Kamala Beach Resort & Hotel Management Co., Ltd.	Hotel and Property Development	21 Soi Choei Phuang, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2273 8511-5 Fax: 0 2273 8516	859,000,000	100.00
Nuvo Line Agency Co., Ltd.*	Land Owner and Property Development	1210/7-8 Phahonyothin Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2617 7300 Fax: 0 2617 7143	2,001,000,000	80.00 (held by Bangkok Mass Transit System Public Company Limited)
Saraburi Property Co., Ltd.	Land Owner	100-100/1 Moo 4, Bangna-Trad Road km. 14, Bangchalong, Bangplee, Samut Prakan Tel.: 0 2336-1938 Fax: 0 2336-1985	25,000,000	30.00
3. Media Business				
VGI Global Media Co., Ltd.*	Advertising on the BTS SkyTrain, stations and leading superstores	21 TST Tower, 9 th Floor, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2273 8884 Fax: 0 273 8883	100,000,000	100.00 (held by Bangkok Mass Transit System Public Company Limited)
VGI Advertising Media Co., Ltd.*	Advertising in the leading superstores	21 TST Tower, 9 th Floor, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2273 8884 Fax: 0 2273 8883	10,000,000	100.00 (held by VGI Global Media Co., Ltd.)
999 Media Co., Ltd.*	Advertising in the leading superstores	21 TST Tower, 9 th Floor, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2273 8884 Fax: 0 2273 8883	30,000,000	100.00 (held by VGI Global Media Co., Ltd.)
888 Media Co., Ltd.*	Advertising in the leading superstores	21 TST Tower, 9 th Floor, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2273 8884 Fax: 0 2273 8883	20,000,000	100.00 (held by VGI Global Media Co., Ltd.)

Company	Type of Business	Address	Paid-up Capital (Baht)	Shareholding (%)
Point of View (POV) Media Group Co., Ltd.*	Advertising in office buildings and other locations	2 Silom Centre Tower, 21 st Floor, Room 2101, Silom Road, Suriyawong, Bangrak, Bangkok 10500 Tel.: 0 2273 8884 Fax: 0 2273 8883	40,000,000	100.00 (held by VGI Global Media Co., Ltd.)
VGI Multi-Tech International Co., Ltd.*	LCDs for rent to the companies in VGI Group	21 TST Tower, 9 th Floor, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2273 8884 Fax: 0 2273 8883	90,000,000	100.00 (held by VGI Global Media Co., Ltd.)
4. Services Business				
Thana City Golf & Sports Club Co., Ltd. (formerly known as Thana City Golf & Country Club Co., Ltd.)	Management and Operation of Golf Course	100-100/1 Moo 4, Bangna-Trad Road km. 14, Bangchalong, Bangplee, Samut Prakan Tel.: 0 2336 1938 Fax: 0 2336 1985	20,000,000	100.00
Tanayong International Limited	Ceased Business Operation	Wilmington Trust Corporate Services (Cayman) Limited P.O. Box 32322 SM 4 th Floor, Century Yard, Cricket Square, Elgin Avenue George Town, Cayman Islands	USD 1,000	100.00
Tanayong Hong Kong Limited	Securities Investment	11F Malahon Centre, 10 - 12 Stanley St. Central, Hong Kong Tel.: 0 2273 8511-5 Fax: 0 2273 8516	HK\$ 10,000	100.00
Bangkok Smartcard System Co., Ltd.*	e-Money Services	21 TST Tower, 19 th Floor, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2617 7300 Fax: 0 2617 7133	200,000,000	90.00

Company	Type of Business	Address	Paid-up Capital (Baht)	Shareholding (%)
Hip Hing Construction (Thailand) Co., Ltd.	Construction	21 Soi Choei Phuang, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2273 8733 Fax: 0 2273 8730	25,000,000	51.00
Absolute Hotel Services Co., Ltd.	Hotel Management	21 Soi Choei Phuang, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900 Tel.: 0 2273 8507 Fax: 0 2273 8509	8,000,000	50.00
Absolute Hotel Services Hong Kong Limited	Hotel Management	Unit 2602, 26 th Floor, Office Tower Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong Tel.: +852 2588 0018 Fax: +852 2519 3591	HK\$ 600,000	50.00 (held by Tanayong Hong Kong Limited)

Note: * The Company acquired the ordinary shares of BTSC on 4 May 2010, thus causing BTSC and other companies to become the subsidiaries of the Company.

3. Core Businesses

The main business of the Company has been property development. However, after the acquisition of 94.6% of BTSC ordinary shares, the business of the Company and its group has changed to also include BTSC's business. As such, the Company's current core businesses are:

- (1) Mass transit business namely BTS SkyTrain and BRT;
- (2) Property business, including properties along the mass transit route and other locations, hotels and serviced apartments, etc.;
- (3) Media business;
- (4) Services businesses such as hotel management, e-money and common ticketing systems, construction management and golf course and sports club.

The corporate structure of the Company, subsidiaries and associates after the BTSC acquisition is shown on Page 36.

4. Revenue Structure

Primary revenue of the Company came from the property business. Details are shown in the table below:

Fiscal Year ended 31 March						
	2010		2009		2008	
	(Audited)		(Audited)		(Audited)	
	Million		Million		Million	
	Baht	%	Baht	%	Baht	%
Revenues from property business	100.9	6.4	48.8	4.6	10.2	0.4
Revenues from construction services business	755.5	48.0	547.4	51.1	976.0	39.2
Revenues from hotel, rental and services business	204.0	13.0	204.7	19.1	175.6	7.1
Other income:						
Reversal of allowance for asset devaluation	167.0	10.6	0.0	0.0	0.0	0.0
Gain on debt settlement	142.7	9.1	195.1	18.2	1,149.2	46.1
Reversal of allowance for doubtful debts	0.0	0.0	0.0	0.0	114.4	4.6
Others	202.7	12.9	74.8	7.0	65.6	2.6
Total Revenues	1,572.7	100.0	1,070.7	100.0	2,491.0	100.0

5. Nature of Business by Business Group

The Company engages in 4 main businesses namely (1) Mass transit (2) Property (3) Media and (4) Services.

5.1 Mass Transit Business

5.1.1 SkyTrain Business

Highlights of BTS SkyTrain System are:

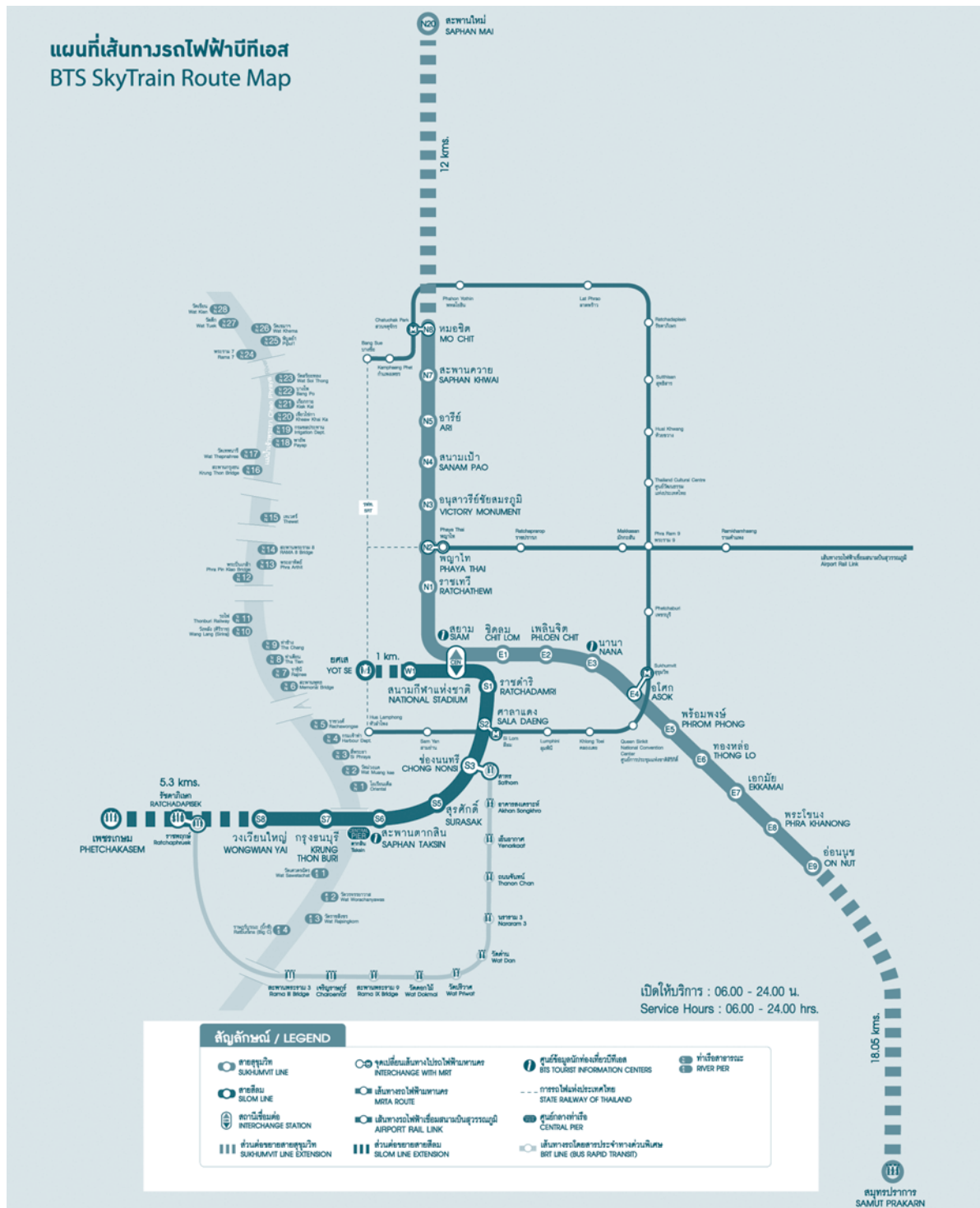
- Speed and punctuality
- Cleanliness
- High safety when compared to other means of mass transportation
- Affordable fares
- Routes located in the central business district which is the destination for many people.

5.1.1.1 Existing Routes and Farebox

The Company operates the mass transit business through its subsidiary, BTSC, in which it holds a 94.6% shareholding. BTSC invested in and operates the BTS SkyTrain System under the Concession Agreement between BTSC and BMA. BTSC owns the right to use, and to provide service for, the BTS SkyTrain System which covers a total distance of 23.5 km., consisting of the 17 km. on Sukhumvit Line and the 6.5 km. on Silom Line. Both lines service a total of 23 stations, one of which is a single shared interchange station between the two lines:

- The Sukhumvit Line starts from Sukhumvit Soi 77 and runs along main roads such as Sukhumvit, Phleonchit, Rama I, Phaya Thai and Phahon Yothin before ending at Mo Chit, totaling 17 stations.
- The Silom Line starts at the Taksin Bridge on Charoen Krung side and runs along main roads such as Sathon, Si Lom, Ratchadamri and Rama I before ending at the National Stadium near Ban That Thong Road, totaling 7 stations.

The Sukhumvit and Silom Lines run parallel for about 800 meters along Rama I Road, where the interchange station, Siam, is situated. The map below shows the routes of the BTS SkyTrain System and the connections with other selected public transportation systems.



BMA's Silom Line Extension of 2.2 km., starts from Saphan Taksin station, running through 2 new stations, Krung Thon Buri station and Wongwian Yai station. While BMA invested in the Civil Works and Electrical & Mechanical Works (E&M) of the new extension (Details of are in Section 5.1.1.2 Present Route Extensions), BMA opted to outsource the operation of the extension to BTSC. The extension began providing services to the public on 15 May 2009.

For Fiscal Year 2010, the BTS SkyTrain System served 144.5 million passengers or an average of 451,300 passengers per weekday, the highest since BTS SkyTrain System has been operating. Since the commencement of operations of BTS SkyTrain System, the number of passengers using the BTS SkyTrain System and the farebox revenue continue to increase (refer to the table below). Fiscal Year 2008 is the first fiscal year in which the number of passengers decreased since the start of the operation in 1999. This was partly due to political uncertainty, including the coup in September 2006 and bombs in Bangkok at the end of 2006. Therefore, the number of passengers in calendar year 2007 (January 2007 - December 2007) declined from the same period a year earlier, causing the number of passengers in Fiscal Year 2008 to decrease by 3.9%.

However, the number of passengers increased by 2.1% in Fiscal Year 2009 compared to the same period in 2008. This was due to the improvement of the political situation. Furthermore, real estate development projects continue to increase along the BTS route. As for Fiscal Year 2010, the number of passengers increased by 6.3%, due to the opening of the Silom Line extension.

Number of Passengers and Average Fare

Fiscal Year ended 31 March											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
No. of Passengers											
('000)	17,540	58,818	79,253	96,491	105,093	118,465	131,887	138,558	133,128	135,939	144,474
<i>Growth Rate (%)</i>		235.3	34.7	21.8	8.9	12.7	11.3	5.1	(3.9)	2.1	6.3
No. of days	118	365	365	365	366	365	365	365	366	365	365
Average passengers per day (pax/day)	148,641	161,146	217,133	264,360	287,140	324,561	361,335	379,610	363,737	372,438	395,820
<i>Growth Rate (%)</i>		8.4	34.7	21.8	8.6	13.0	11.3	5.1	(4.2)	2.4	6.3
No. of Passengers - Weekday ('000)	11,778	43,004	59,172	73,367	81,226	91,155	101,214	104,790	101,990	104,143	110,117
<i>Growth Rate (%)</i>		265.1	37.6	24.0	10.7	12.2	11.0	3.5	(2.7)	2.1	5.7
No. of weekdays	80	244	243	244	247	246	246	241	246	245	244
Average passengers per weekday (pax/day)	147,227	176,246	243,507	300,683	328,852	370,547	411,437	434,812	414,595	425,076	451,300
<i>Growth Rate (%)</i>		19.7	38.2	23.5	9.4	12.7	11.0	5.7	(4.6)	2.5	6.2
Farebox revenue – before discount											
(Baht million)	477.4	1,419.0	1,779.9	2,122.2	2,293.5	2,573.4	2,817.4	3,065.8	3,224.2	3,292.3	3,488.5
<i>Growth Rate (%)</i>		197.3	25.4	19.2	8.1	12.2	9.5	8.8	5.2	2.1	6.0
Average fare per passenger (Baht/pax)	27.22	24.13	22.46	21.99	21.82	21.72	21.36	22.13	24.22	24.22	24.15
<i>Growth Rate (%)</i>		(11.4)	(6.9)	(2.1)	(0.8)	(0.5)	(1.7)	3.6	9.5	0.0	(0.3)

Source: BTSC's financial statements

Farebox

BTSC collects fares based on distance traveled (Distance Related Fare). At present, the fare rate collectible by BTSC (Effective Fare) is fixed at a progressive rate based on the number of stations traveled by a passenger, ranging from Baht 15 to Baht 40 as shown in the table below. BTSC may, from time to time, provide fare discount under sales promotion activities.

Stations													
	0	1	2	3	4	5	6	7	8	9	10	11	12 and beyond
Farebox (Baht)	15		20		25		30		35			40	

The Effective Fare is determined by the Concession Agreement, which allows BTSC to collect fares according to distance traveled and determines the fare ceiling (Authorized Fare). The Authorized Fare is currently at Baht 15 to Baht 45. However, BTSC may set the Effective Fare at a rate lower than the Authorized Fare as BTSC's management deems appropriate.

Under the Concession Agreement, the Effective Fare may be raised at any time after a 18 month period from the pervious increase of the Effective Fare lapses, but the increase shall not exceed the Authorized Fare. However, if BTSC wishes to increase the Effective Fare more frequently than the said 18 month period, such increase must be approved by the BMA. If approved, BTSC must notify the BMA and the public in writing of the increased fare rate at least 30 days in advance of the effective date of such increase.

According to the Concession Agreement, the Authorized Fare can be adjusted in two ways as follows:

- Normal Adjustment: BTSC may request an increase in the Authorized Fare by an amount not exceeding 7% of the previous rate if the monthly Customer Price Index for Bangkok ("Index"), as determined by the Ministry of Commerce of Thailand, is equal to or exceeds 5% of the Reference Index of any month over 12 months. (Reference Index refers to the latest index used in adjusting the Authorized Fare).
- Special Adjustment upon the occurrence of any of the following events:
 - The monthly Index increases or decreases by more than 9% compared to the monthly Index which is at least 12 months ago;
 - The foreign exchange rate between Baht and U.S. Dollars is 10% higher or lower than the reference rate (the reference rate means the currency exchange rate as announced by the Bank of Thailand and used in the latest adjustment of the Authorized Fare, which is equivalent to Baht 39.884 per U.S. Dollar);

- The interest rates of BTSC's domestic and foreign currency loans are 10% higher or lower than the "reference rate." (The domestic reference interest rate refers to the average rate of the domestic minimum lending rates of Bangkok Bank Public Company Limited, Krung Thai Bank Public Company Limited, Kasikornbank Public Company Limited and Siam Commercial Bank Public Company Limited used in the latest adjustment of the Authorized Fare while the foreign reference interest rate refers to the London Interbank Offering Rate ("LIBOR") that was used in the latest adjustment of the Authorized Fare;
- BTSC bears much higher or lower electricity costs;
- BTSC invests significantly beyond the scope of work under the Concession Agreement; or
- BTSC incurs "Exceptional Risk," as defined in the Concession Agreement.

The Special Adjustment of Authorized Fare must be mutually agreed upon by both parties to the Concession Agreement. If no agreement can be reached within 30 days, such matter will be referred to and determined by the Advisory Committee. The Advisory Committee consists of two BTSC directors, two BMA directors and three independent directors appointed by the four foregoing directors. If the Advisory Committee agrees to adjust the Authorized Fare, but the Government has a policy to fix the fare rate to suit the situation, BTSC cannot adjust the Authorized Fare. However, the Government will take appropriate measures to compensate for the loss incurred by BTSC due to the restriction on fare adjustment.

5.1.1.2 Present Route Extensions

Following the success of the BTS SkyTrain System, both the government and BMA have a policy to invest in the mass transit systems projects to service the population of Bangkok and its vicinity. These projects include the Green Line Extension with the first extension line completed being the 2.2 km. Silom Line extension.

BMA financed and constructed the Civil Works and E&M Works of the 2 stations, Krung Thon Buri and Wongwian Yai stations, in the 2.2 km. Silom Line extension from Taksin Bridge crossing over the Chao Phraya River to Wongwian Yai. BTSC benefits from this extension as it feeds more passengers into the BTS SkyTrain System.

In addition, BTSC is engaged by Krungthep Thanakom to assist in the preparation of the Silom Line extension service including the preparation of equipment, trains, recruiting and training staff. On 12 May 2009, BTSC was engaged by BMA to provide operation and maintenance services for the Silom Line extension in accordance with the Operational and Maintenance Service Agreement.

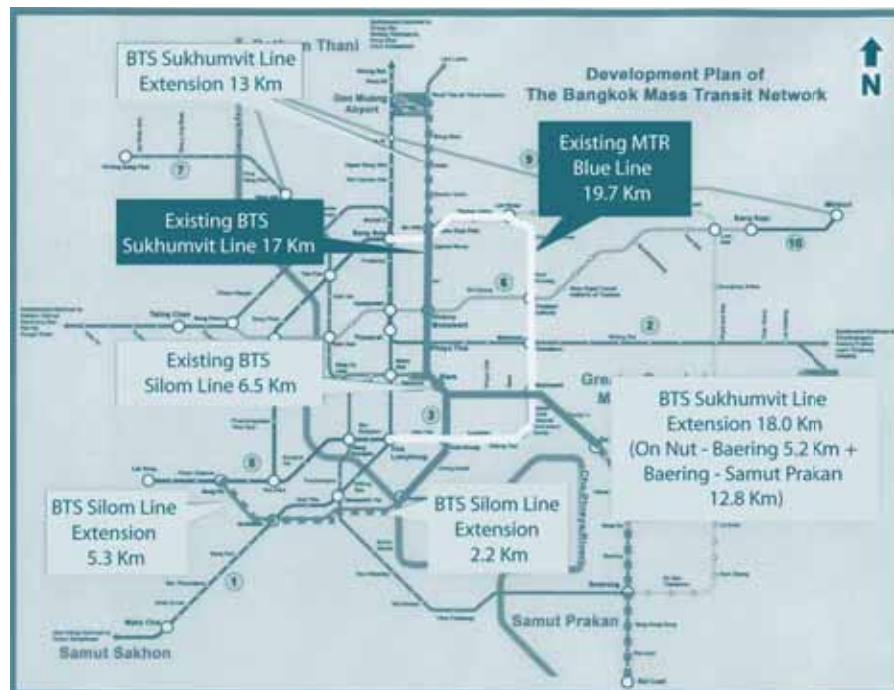
According to the agreement with BMA, BTSC is required to acquire trains to service such extension and to repair and maintain such trains. In return, BTSC will receive a fee of approximately Baht 184.2 million per year, which shall be adjusted in accordance to the conditions set forth in the agreement. The agreement covers a period of 28 months commencing from the date the service is firstly provided and BTSC has the option to extend the agreement to 21 years to be equal to the Concession Agreement.

As for the passengers traveling on both the BTS SkyTrain System and on BMA's Silom Line extension, BMA and BTSC will allocate the farebox fares between the parties in accordance with the calculation method as specified in the Memorandum of Agreement, executed on 31 August 2009. The farebox revenue is split according to the actual distance passengers travel under each system, with variation based on ticket types.

5.1.1.3 Planned Route Extension from the Existing BTS SkyTrain Route by BMA and the Government (Green Line Extension)

- With respect to the 5.2 km. extension of the Sukhumvit Line from On Nut to Baering, BMA has the policy to follow a similar approach and structure to the Silom Line Extension, from Saphan Taksin to Wongwian Yai, that is, BMA will fund the construction and own all Civil Works and Engineering & Mechanical Works. It will then engage the private sector for the procurement of trains, operational and maintenance works. BTSC believes that it is the most ready and suitable company to be the operator of this extension. At present, Civil Works and track works has been completed and BMA is in the process of searching for the operator of the Electrical & Mechanical system. This extension is expected to be completed and to open for service by mid 2011.
- With respect to the 5.3 km. extension of the Silom Line from Wongwian Yai to Phetkasem Road, Bang Wa, BMA is following a similar approach and structure to the Silom Line Extension. At present, BMA has completed the construction of trackwork while construction of the stations, rail works, and the Engineering & Mechanical Works is under way. This extension is expected to open for service by the end of 2011.
- The 12 km. extension of the Sukhumvit Line from Mo Chit station to Saphan Mai and a 13 km. extension from Baering station to Samut Prakan have been approved by the government, who has assigned the Mass Rapid Transit Authority of Thailand ("MRTA") to invest in the Civil Works. With respect to investments in Engineering & Mechanical Works, train operations, fare box collection and maintenance, it is anticipated that a private sector entity will be chosen to be an investor in the same manner as previous investments in the Blue Line of the MRT subway system. BMA has a concept to co-manage the train operation and arrange for connections with other mass transit transportation for greater convenience to the passengers.

BTSC believes that it is well-positioned to operate both extension lines as BTSC can provide greater convenience to the passengers through a single train, without having to transfer trains. Furthermore, BTSC believes that BTSC or the Company will incur lower investment and operational cost compared to other operators as BTSC can leverage on the existing system. On the other hand, other operators will be required to invest in a new control centre and other systems.



5.1.1.4 Operations and Services

5.1.1.4.1 Trackwork

The trains operate on a dual-rail track elevated approximately 12 meters above the street. The tracks are supported by a pre-cast, segmented viaduct structure which is supported by reinforced concrete columns. Each column is supported by piles which extend approximately 55 meters underground and are 30 - 35 meters apart or more for columns located around junctions. The dual-rail track is made of steel and the electricity is provided by means of a third rail which runs parallel to the trackwork. The third rail is made of steel and aluminum covered with another layer of metal for neatness and safety reasons.

5.1.1.4.2 Rolling Stock

At present, BTSC has a total of 35 units of rolling stock manufactured and specifically designed by Siemens to suit Bangkok's conditions. Each rolling stock unit consists of 3 cars with the total capacity for

1,106 passengers each, divided into 126 seated passengers and 980 standing passengers. Each rolling stock can accommodate up to 6 cars. Each car has forty-two seats, is air-conditioned and is connected by a walk way to allow passengers to walk between the cars.

The rolling stock is powered by an AC electric motor at 750 volts generated from the third rail system. The average speed at which the BTS SkyTrain System runs is approximately 35 kilometers per hour (including time for passengers boarding the trains), with a maximum speed of 80 kilometers per hour. The wheels are installed with noise reduction equipment.

To support the increased number of passengers and the 2.2 kilometer Silom Line Extension from Taksin Bridge to Wongwian Yai which commenced operation in 2009, BTSC has purchased an additional 12 four-car trains, totaling 48 cars, from CRC, the leading manufacturer of trains and electric trains in the People's Republic of China. The trains that BTSC previously purchased mainly used equipment from Europe. CRC will gradually import all trains into Thailand by June 2010 and they are expected to be ready for service by December 2010. BTSC chose to purchase the additional 12 trains from CRC instead of Siemens because it viewed that the CRC proposal would benefit BTSC more, both in terms of price and technique, as well as conditions of the maintenance service.

5.1.1.4.3 SkyTrain Stations

The BTS SkyTrain System comprises 23 elevated stations, including one interchange or central station at Siam. BTS SkyTrain stations have been designed to avoid both ground and underground infrastructure, as well as to take up as little street surface as possible. Furthermore, each station has a single column support structure and is approximately 150 meters long. Each station consists of 3 levels:

- The street level, the lowest level of the station, is the entry point to passenger areas. Stairways, escalators, and elevators (in some stations) lead the passengers to the station concourse. The street level is also used to store various equipment, such as electric generators, fuel tanks, water pumps and water tanks;
- The concourse level is located above the street level and leads the passengers to the train platform. The concourse level is divided into a public area for those who have not paid the fare, and internal station area after passengers have paid the fares. The public area contains an information counter, the ticket sales booth, the automatic ticket machine, shops, ATM machines, small food kiosks and other amenities. For the internal station area, apart from the stairways and escalator to the platform floor, there are additional amenities such as newsstands and restricted areas accessible only by the Company's staff, such as the control room; and

- The platform level is the highest level of each station. Normal platform level will have the train rail in the middle and the platform on both side of the rails, except for the Siam interchange station which has 2 platform levels to facilitate passenger transfer between the Silom Line and the Sukhumvit Line and the platform on each level is located at the middle thereof.

To accommodate handicapped passengers, BMA constructed elevators in 5 stations, i.e. Mo Chit, Siam, Asok, On Nut and Chong Nonsi stations. BTSC is responsible for maintaining these elevators and BMA is in the process of installing elevators at all stations.

All BTS stations are equipped with a warning system, a protection system, and an extinguishing system. Vulnerable areas, such as machine rooms, are installed with sprinkler systems or Carbon Dioxide gas extinguishing systems. (Please see Section 5.1.1.4.10 "Security System"). All stations have a backup power supply system. In addition, approximately half of BTS stations have an electricity sub-stations to provide electricity to BTS's third rail to power the trains. Each station has a station manager who is responsible for ensuring safe and efficient operation. Station managers will monitor the system through CCTV and communicate with passengers and train controllers.

In addition, recognizing the importance of attracting tourists to use the BTS SkyTrain System as their means of transportation in Bangkok, BTSC has set up tourist information centers in Siam, Nana and Saphan Taksin stations. At the tourist information centers, visitors can get information on Bangkok's tourist attractions and assistance with traveling around Bangkok. Services include offering boat tickets for Chao Phraya River Tours, long distance calling, internet services and sales of souvenirs. The tourist information centers are open daily from 8:00 am to 8:00 pm.

Several stations have skybridges and walkways that connect the stations' concourses directly to neighboring hotels, shopping malls and business centers. BTSC receives payment from the owners of relevant buildings for the permission to construct skybridges and walkway connections with the BTS SkyTrain System. The owners of such relevant buildings remain responsible for the construction and maintenance costs of their respective skybridge and walkway connections. According to BMA's policy, seeking commercial benefits from such skybridges and walkway connections is not allowed.

Some examples of significant connections are as follows:

Stations	Shopping Malls	Hotels	Buildings and others
Mo Chit			MRT station
Victory Monument	Fashion Mall and Century Movie Plaza	Uthomporn Building	
Ratchathewi		The Asia Hotel Bangkok	
Siam	Siam Discovery Siam Center Central World Siam Paragon Digital Gateway		
Chit Lom	Central Chidlom Gaysorn Plaza Amarin Plaza	Grand Hyatt Erawan Bangkok Hotel	Maneeya Center
Phloen Chit			Wave Place Building
Asok	Robinson Department Store	Sheraton Grande Sukhumvit Hotel	MRT station Times Square Building Exchange Tower
Phrom Phong	The Emporium		
On Nut	Tesco Lotus		
Sala Daeng	Silom Complex		Thaniya Plaza Building MRT station
National Stadium	Mah Boon Krong (MBK)		Bangkok Art and Culture Centre
Ekkamai	Major Cineplex		Nusasiri Building

Furthermore, the BTS SkyTrain System links to the MRT subway system at three stations, namely Mo Chit, Asok and Sala Daeng stations.

5.1.1.4.4 Power Supply

The Bangkok Metropolitan Electricity Authority (“BMEA”) supplies power to the BTS SkyTrain System via 2 power distribution stations, one at Mo Chit Station and another at Pasingto. The BTS SkyTrain System has been designed to operate from power supplied by either or both stations in order to avoid any disruption to the SkyTrain service in case any one power distribution station fails to supply power. Since BTSC officially commenced the operation of the BTS SkyTrain System in December 1999, it has never had to halt operation due to power disruption and there have never been incidents whereby both power distribution stations failed to supply power at the same time. Furthermore, during service braking, the traction motor will apply electrical regenerative brake at the high speed which helps the train to stop faster. At the same time, electrical power will be generated and fed back to the system for use in other trains. This technology reduces the power usage and wear and tear of the brake system.

In case of power failure or if BMEA is unable to supply power, the emergency power supply will operate automatically. The emergency power supply has been installed to protect the loss of critical electronic data, reduce the time for returning to normal operation and ensure the safety of passengers by moving trains to park at the nearest station. However, no situation has ever arisen that required the emergency power supplies.

5.1.1.4.5 Control Center

The BTS SkyTrain System is controlled from BTSC's headquarters at Mo Chit, where control officers are stationed 24 hours a day. Each control officer uses computer control panels and monitors as tools to control the system's operation. This control center is responsible for monitoring the BTS SkyTrain System to ensure operation in accordance with daily time schedules and designated routes.

The control center will determine the minimum safety distances between trains. Because the control center can locate all trains in the BTS SkyTrain System on closed circuit television monitors, BTSC is able to maintain effective control over the BTS SkyTrain System. In addition, there are radio communication equipment for control centre to communicate with the drivers of each train and with the stationmaster at each station, acting as the central coordinator should any problems arise.

5.1.1.4.6 Signaling System

The signaling system has been designed to provide safe and efficient operation of the BTS SkyTrain System. It transmits control data to the trains through the rails and exchanges information through bi-directional data links at stations. In addition, it also uses a fiber optic network for transmitting non-safety related information to the control center. In the event of any disruption, trains will be able to operate in either direction or either line in the safest manner and at normal speeds.

BTSC is currently upgrading its signaling system by signing an agreement with Bombardier Group to replace the existing Signaling System with a more modern system which requires less maintenance. (More details in Section 5.5 Future Projects).

5.1.1.4.7 Communications System

Communications are made through telephone, radio, intercom, CCTV system and public radio broadcasting. The main communication is done through the fiber glass system. Telephones are installed at every key area. In case of emergency, passengers can communicate with drivers through an intercom installed in the train. Public radio broadcasting can be done in many forms such as from the control center to the platform and from the train driver to passengers.

5.1.1.4.8 Tickets System and Ticket Types

The automatic fare collection system is controlled by the central computer system. The automatic fare collection system comprises automatic ticket gates which can support both magnetically encoded tickets and contactless smartcards. Passengers enter the system by inserting the encoded ticket or tapping the contactless smartcard at the ticket readers, which will record the station and time that passengers enter the system in the accounting and operation data system. Usage history of all stored-value tickets is kept by the central computer system so that unusual circumstance, such as misuse or forgery, can be detected quickly and appropriate action can be taken.

Presently, BTSC issues the following types of tickets:

Ticket Type	Fiscal Year 2010 Revenue Breakdown (%)
Single Journey Ticket (Fare varies with the number of stations traveled; Fare ranges from Baht 15 - 40)	49.7
Stored Value Ticket	16.3
30-Day Smart Pass for general person; Specified number of trips but no distance limit; 30 days life	26.3
30-Day Smart Pass for students; Specified number of trips but no distance limit; 30 days life	6.1
One-Day Pass; One-day unlimited travel	1.6

5.1.1.4.9 Insurance

BTSC maintains non-life insurance policies for the BTS SkyTrain System covering Third Party Insurance, General Third Party Liability and Product Liability Insurance, and Property "All Risks", Machinery Breakdown and Business Interruption Insurance as per conditions specified in the Concession Agreement, and Property Terrorism Insurance. BTSC's policy is to continuously maintain the insurance policies, except for terrorism insurance, which is subject to evaluation on an annual basis. The primary beneficiaries of these insurance policies are BMA and BTSC.

Details of Insured Amount:

Type of Insurance		Insured Amount
1.	1.1 General Third Party Liability	US Dollars 25,000,000 (For each and every event)
	1.2 Product Liability	US Dollars 25,000,000 (For each and every event and all events collectively)
2.	2.1 Property "All Risks"	US Dollars 250,000,000 (For each and every event)
	2.2 Machinery Breakdown	US Dollars 25,000,000 (For each and every event)
	2.3 Business Interruption	
	(1) Arising from 2.1 - Property "All Risks"	(1) US Dollars 93,500,000 (For each and every event)
	(2) Arising from 2.2 - Machinery Breakdown	(2) US Dollars 25,000,000 (For each and every event)
3.	Property Terrorism	US Dollars 10,000,000 (For each and every event and all events collectively)

5.1.1.4.10 Security System

Since commencement of official operations in December 1999, BTSC has serviced more than 1,160 million trips with no loss of life and no significant injury. BTSC is dedicated to implementing strict safety codes; all BTS SkyTrains and stations are equipped with emergency equipment, and BTSC has a handbook on rules, regulations and emergency procedures available to all passengers. BTSC tested its system for over 6 months prior to starting official operations in order to identify and correct any flaws in the safety system. Since the start of operations, BTSC constantly trains and drills staff on safety and emergency procedures.

All trains are controlled by one driver who may choose to operate the train through an Automatic Train Operation System ("ATO") or a system controlled by the driver ("Supervised Manual"). Electric trains are normally operated under the ATO system, which controls train operations at all times. Under the ATO system, the driver is only responsible for closing doors and ordering the train to move so as to ensure that all passengers board the train before the doors are closed. The ATO system will adjust the operation schedule in order to support the maximum number of passengers during peak hours and will adjust the operation schedule for energy saving during off-peak hours.

Every train is equipped with an Automatic Train Protection System ("ATP") that ensures safety at all times. The ATP system controls operations under both the ATO system or under the Supervised Manual system. In any event which may cause danger, the ATP system overrides the train and automatically shuts down operations. In case of an emergency, the train will be operated by the Restricted Manual ("RM") system by which the train's speed is limited to 25 kilometers per hour. Passengers can communicate with the driver through intercom or radio communications. Furthermore, the train radio system enables the driver

to contact the control center at all times. In addition, major materials used in all trains are non-flammable materials and all trains are equipped with fire extinguishers, so as to prevent fires from spreading if fire breaks out. Emergency evacuation is conducted through the exits located at the front and back of each train.

Each station was designed with strict safety codes for passengers' benefit and features emergency exits, a Public Announcement ("PA") system to convey emergency warnings, a fire protection system in accordance with the standards of the National Fire Protection Association ("NFPA") and lightning rods. In addition, all stations are equipped with CCTV and a central control system to regulate station escalators and elevators. The control panel can be used to stop trains and control its doors in case of an emergency.

Each train's motors have enough power so that a train full with passengers could drag or push another train full of passengers to the nearest station for transferring passengers if the system fails. When a blackout occurs, the train has an electricity reserve system so that relevant safety systems continue to work.

5.1.1.4.11 Fire Protection System

As the BTS SkyTrain System is an elevated rail system, passengers are exposed to a significantly lower risk of injury due to fire or smoke inhalation than underground systems. BTSC has designed advanced fire protection systems in accordance with NFPA practice. Administration buildings and depot have sprinkler systems installed. These systems are supported by booster pumps and water storage facilities. Fire hose cabinet, hose reels and portable extinguishers are also placed in the stations. In areas where the equipment could be damaged by water, BTSC has installed a gas drenching system instead. Manual and automatic fire alarms are located all over the depot and stations.

5.1.1.4.12 Maintenance Agreement

Currently, Siemens is the provider of maintenance services for the BTS SkyTrain System and Siemens uses its own personnel pursuant to the Maintenance Agreement made between BTSC and Siemens dated 30 December 2004 (the "Maintenance Agreement"). However, BTSC has assigned its own personnel to work jointly with Siemens so that BTSC can manage and perform maintenance by itself in case BTSC chooses not to extend the Maintenance Agreement.

The scope of Siemens' services under the Maintenance Agreement includes:

- Maintenance of electrical and mechanical system
- Planned overhauls and asset replacements
- Unplanned asset replacements.

For Fiscal Year 2010, fees paid to Siemens for maintenance of the electrical and mechanical system and planned overhauls and asset replacements were Baht 345.6 million and Baht 59.3 million respectively. These charges, payable in monthly installments, are based on mileage at the rate pre-specified and shall be adjustable upwards in the case that the actual mileage is more than the specified mileage. The charges payable by BTSC to Siemens for unplanned asset replacements, are based upon price quote by Siemens.

Under the conditions in the agreement, Siemens is required to reimburse BTSC for up to 5% of the annual maintenance fee for any contract year if the electrical and mechanical system fails to meet specified performance criteria.

The term of the Maintenance Agreement has been effective from 1 January 2005 and will expire on 30 December 2014. BTSC can request for contract extension for another 10 years under the same terms and conditions (except for the scope of services and maintenance fee to be renegotiated by the parties) by notifying Siemens in writing at least 12 months prior to the expiration of the agreement, provided that the parties must enter into a new agreement at least 6 months prior to the expiry of the existing agreement.

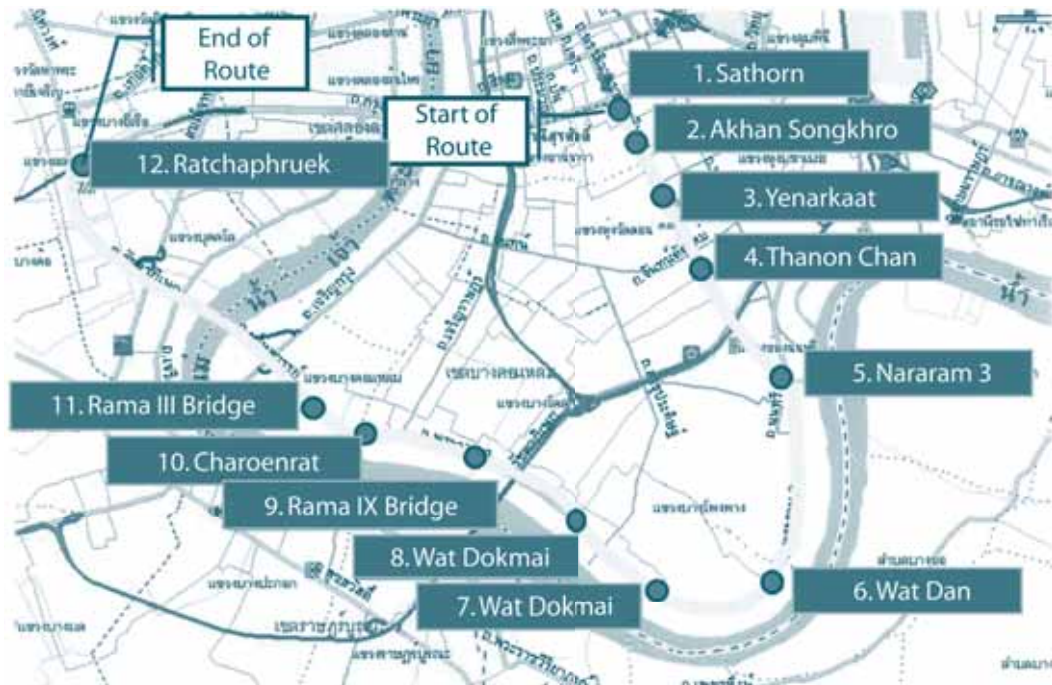
Maintenance in each year will be prescribed in advance according to the Maintenance Agreement and there shall be a plan to provide enough trains for a normal service. Moreover, BTSC schedules overhauls every 7 - 8 years by gradually repairing each train in order not to affect the normal service, which will take approximately 2 years to complete. In this regard, BTSC began the first overhaul at the beginning of 2006 and it was completed at the end of 2008. The overhaul did not affect the service.

The scope of the Maintenance Agreement does not cover the additional 12 trains purchased from CRC. BTSC staff will provide maintenance services to the 12 additional trains purchased. According to the terms of the purchase agreement for the additional 12 trains, CRC shall provide training for the operation and maintenance of such trains for BTSC staff within 1 month before the delivery of the first train and for overhaul maintenance within 18 months after the delivery of the first train.

5.1.2 Bus Rapid Transit

Bus Rapid Transit (BRT) is a project pioneered by BMA when Mr. Apirak Kosayothin was the governor of Bangkok. The purpose of this project is to provide a bus service which is faster than the general bus service by having a special lane for BRT.

BRT has 12 stations, covering 15 km., from Chong Nonsi, Narathiwat Ratchanakarin Road, crossing Krung Thep Bridge to Ratchapruet Road as shown in the map below. The first BRT station is connected to the BTS Chong Nonsi station. BMA invested in the construction of the bus lane and bus stations while their concept is to hire a private entity to procure and operate the buses as well as manage the stations. The construction of the bus lane and stations is completed and test runs began on 29 May 2010.



BTSC has been chosen by BMA to operate the buses and bus stations. On 10 February 2010, Krungthep Thanakom entered into the contract to hire BTSC to operate and procure the buses for the Chong Nonsi - Ratchapruk line.

BMA earns all revenues from BRT fares while BTSC will earn fees for the bus operation and procurement service from BMA, through Krungthep Thanakom, in the total amount of Baht 535 million throughout the contract life, regardless of the number of passengers. In the first few years, BTSC will earn a fee of approximately Baht 55 million per annum. The fees may be adjusted under the conditions specified in the contract. The contract life is 7 years, starting from the first day of service. Under the contract, BTSC will bear the operating expenses, maintenance expenses and investment in the buses. BTSC has ordered 25 buses from a leading bus manufacturer in China, which is expected to cost Baht 187 million in total. The buses are air-conditioned, NGV-fueled and have better features than the general buses used in Thailand.

Besides the bus operation and procurement contract, on 11 May 2010, BTSC has also entered into the bus station operation contract with Krungthep Thanakom worth Baht 737 million. The contract life is 7 years, starting from the first day of service. Under this contract, BTSC will earn fees for performing obligations hereunder and may have the opportunity to manage the advertising space at the stations.

In addition to the revenue from bus and station operations, BTS SkyTrain System is expected to benefit from increased passengers as BRT will make it more convenient for passengers to use the BTS

SkyTrain System as the BRT route passes through residential areas and business districts, with high population density and traffic jams, and connects to BTS Chong Nonsi station. Furthermore, BTSC also has identified the opportunity to manage the advertising space in the buses and at the stations.

BMA also plans to launch 2 other BRT routes, which are (1) Mo Chit - Government Center on Chaeng Watthana Road, with 7 stations and covering a total distance of 13.5 km. and (2) Chong Nonsi - Pracha Uthit, with 7 stations and covering a total distance of 19.5 km. As these two routes would be connected to the BTS SkyTrain System, BTSC is therefore interested in these projects and will closely monitor the development of these projects in order to evaluate the opportunity to participate in them. In evaluating these projects, BTS will consider factors including the project details and appropriate of investment cost, as well as the project return.

5.1.3 Bangkok Transportation Industry Overview

Bangkok is the capital of Thailand with a total area of 1,562.2 square kilometers and very high population density. At present transportation has become the principal problem in Bangkok due to high population density and limited and inadequate mass transit networks. At the end of year 2008, the population of Bangkok metropolis according to census figures was approximately 5.7 million and the number could be as high as 7 million if the hidden population is accounted for (citizens living in Bangkok without having their names in the House Registration System).

The continuous population growth in Bangkok has increased demand for public transportation systems in Bangkok and driven the development of mass transit systems.

Number and Growth of Population in Bangkok as of 31 December					
Unit: persons	2004	2005	2006	2007	2008
Bangkok Population	5,634,132	5,658,953	5,695,956	5,716,248	5,710,883
<i>Growth (%)</i>		<i>0.4</i>	<i>0.7</i>	<i>0.4</i>	<i>0.0</i>

Source: Ministry of Interior

The areas along the route of BTS SkyTrain System, which is largely located in the central business district (CBD areas) (including Silom, Sathon, Surawong, Rama IV, Phloenchit, Wireless, early part of Sukhumvit and Asok areas) has continuously grown as evidenced by a continuous growth in supply of condominiums in the centre of Bangkok (centre of Bangkok includes CBD areas, end of Sukhumvit Road and Rama III Road). The growth rates still remain high in 2009, and this should benefit the BTS SkyTrain System which services the CBD areas.

Number and Growth of Condominiums in the Center of Bangkok as of 31 December

Unit: Unit	2004	2005	2006	2007	2008	2009
Condominium (units)	38,148	42,878	46,548	51,270	56,269	65,067
<i>Growth (%)</i>		<i>12.4</i>	<i>8.6</i>	<i>10.1</i>	<i>9.8</i>	<i>15.6</i>
CBD (sqm.)	3,505,647	3,530,147	3,655,933	3,721,960	3,858,715	3,906,015
<i>Growth (%)</i>		<i>0.7</i>	<i>3.6</i>	<i>1.8</i>	<i>3.7</i>	<i>1.2</i>
Outside CBD (sqm.)	3,679,529	3,679,529	3,806,509	3,828,809	3,938,420	4,077,420
<i>Growth (%)</i>		<i>0.0</i>	<i>3.5</i>	<i>0.6</i>	<i>2.9</i>	<i>3.5</i>
Total Area (sqm.)	7,185,176	7,209,676	7,462,502	7,550,769	7,797,135	7,983,435

Source: CBRE Richard Ellis as of December 2009

5.1.3.1 Electric Railway System

Even though there has been development of the electric railway system, both underground and above ground, for more than 10 years, the ratio between distance covered by the electric railway system in Bangkok and population is 8.0 km. per 1 million people, which is very low compared to that of Singapore and Hong Kong. As such, accessibility to the electric railway systems in Bangkok remains quite low, hence the opportunity to expand the electric railway systems in Bangkok to be of the same standard with such countries remains high.

Details of Electric Railway System of Important Countries

	Population (million)	System Length (kilometers)	City Size (kilometer ²)	Electric Railway System Length per 1 million people (kilometers)	City Size per Electric Railway System Length (kilometer ² / kilometer)
Hong Kong (MRT)	7.0	209.9	1,104.4	30.0	5.3
Singapore (SMRT)	5.0	118.9	710.3	23.8	6.0
Bangkok (BTS & MRT)	5.7	45.7	1,568.7	8.0	34.3

Source: MTR Corporation Limited, SMRT Corporation Limited, Bangkok Metro Public Company Limited, Bangkok Mass Transit System Public Company Limited, and the Census and Statistics Department of Hong Kong and Singapore as of December 2009.

Electric railway service per capita of population of Bangkok is still low compared to Hong Kong and Singapore as the electric railway system in Bangkok still has an inadequate area coverage, causing commuting by electric railway to be inconvenient when compared to Hong Kong and Singapore. The inadequate area coverage of the electric railway is one of the reasons why the number of passengers using the system is still low.

In 2009, the government, through the Office of Transport and Traffic Policy and Planning (“OTP”), prepared the Mass Rapid Transit Master Plan in Metropolitan Bangkok or “M-MAP” which has a duration of 20 years (2010 - 2029). It will consist of 2 overlapping phases; the first phase will last 10 years (2010 - 2019) and the second phase will last 20 years (2010 - 2029), both of which, when completed, will expand rail line coverage to 362.5 km. and 487 km. respectively. Presently the construction of the rail of 43.5 km. has been completed.

Currently, the government has adopted policies to stimulate the local economy and resolve traffic problems in Bangkok by having a clearer investment plan for the electric railway system. This investment plan is part of the government Mega Project plan.

5.1.3.2 Other Transportation Systems in Bangkok

Number and Growth of Registered Cars in Bangkok for the year					
Unit: Car	2004	2005	2006	2007	2008
Registered Cars	4,288,468	4,899,969	5,557,111	5,715,078	5,911,696
<i>Growth (%)</i>		<i>14.3</i>	<i>13.4</i>	<i>2.8</i>	<i>3.4</i>

Source: Statistics Sub-Division, Technical and Planning Group, Land Transport Management of the Department of Land Transport

The transportation of population in Bangkok maybe categorized into 2 major types: personal vehicle transportation and public transportation. Currently, the principal public transportation to serve the traveling population in Bangkok is the bus system.

From the past until present, the BMTA bus transportation in Bangkok and the vicinity is quite limited as it needs to share road routes with personal vehicles. As such, it inevitably encounters bad traffic conditions particularly during rush hour.

It has been found that since 2005 there has not been significant increase of the road space in Bangkok. In contrast, the number of registered cars in Bangkok has continued to increase since 2004. Due to the difference between the supply of road space in Bangkok and the demand for space, traffic problems are dramatically increasing in Bangkok. This is a key factor which should increase the number of passengers of BTS SkyTrain in the future as more people turn to a faster and more convenient way of transportation.

Number and Growth of Passengers per day in Bangkok for the year					
Unit: Passengers per day	2004	2005	2006	2007	2008
Regular BMTA buses	1,168,055	830,792	766,545	932,947	894,937
Air-conditioned BMTA buses	902,926	1,124,345	999,846	747,805	708,241
Total BMTA buses	2,070,981	1,955,137	1,766,391	1,680,752	1,603,178
<i>Growth rate (%)</i>		<i>(6.0)</i>	<i>(10.0)</i>	<i>(5.0)</i>	<i>(4.6)</i>
Trains	137,611	134,457	121,144	123,656	131,055
<i>Growth rate (%)</i>		<i>(2.0)</i>	<i>(10.0)</i>	<i>2.0</i>	<i>6.0</i>
Subway	73,263	156,720	158,428	163,523	162,099
<i>Growth rate⁽¹⁾ (%)</i>		<i>n.m.</i>	<i>1.1</i>	<i>3.2</i>	<i>(0.9)</i>
Electric Railway ⁽²⁾	316,070	348,904	383,695	361,837	373,562
<i>Growth rate (%)</i>		<i>10.4</i>	<i>10.0</i>	<i>(5.7)</i>	<i>3.2</i>

Source: Ministry of Transport, average assuming 365 days per year

(1) Commenced operation on 3 July 2004

(2) For the period from January - December

n.m.: not measurable

As traffic congestion increases, especially during rush hours, it causes the average speed of the BMTA bus transportation system in Bangkok to be low. The number of passengers of public buses decreased from two million passengers per day in 2004 to 1.6 million passengers per day in 2008, a decrease of more than 22.6%.

The number of passengers of other alternatives, such as trains, is on a decreasing trend as well. In the years 2004, 2005, 2006, 2007 and 2008, the State Railway of Thailand estimated the number of train passengers per day at approximately 137,611 persons, 134,457 persons, 121,144 persons, 123,656 and 131,055 passengers per day respectively, or a decrease of 4.8% from 2004 to 2008.

While the number of passengers of buses and trains decreases, the average number of passengers per day of the newer and more convenient means of transportation such as subway and BTS SkyTrain System continues to increase.

During the past five years, from 2004 to 2008, the fares for public transportation, especially regular buses or air-conditioned buses, have not changed significantly. Even though oil prices increased, the government has conducted measures to maintain fares through subsidy. Thus, most other transportation systems have not adjusted to increased costs. The current transportation fares are summarized in the table below. However, even with stable fares, demand for electric railway remains unaffected (except for 2007, which was adversely affected by the military coup and bombings which occurred at the end of 2006).

Fare Rates of Mass Transit System in Bangkok as of December 2009		
Types	Fare (Baht)	Remarks
Minibuses	6.50	Flat rate
Utility trucks	5.50	Flat rate
Cream-red buses	7.00	Flat rate
White-blue buses	8.00	Flat rate
Expressway buses	9.00	Flat rate
Air-conditioned buses	11.00 - 19.00	Varies with distance traveled
Air-conditioned buses (Euro II)	12.00 - 24.00	Varies with distance traveled
Taxi	≥ 35	Starts at Baht 35 (for the first km.) and varies with distance traveled
BTS SkyTrain	15 - 40	Starts at Baht 15 and varies with the number of stations traveled
BMCL subway	16 - 41	Starts at Baht 16 and varies with the number of stations traveled

Source: Bangkok Mass Transit Authority and information of BMCL Public Company Limited

5.1.3.3 Relevant Laws and Government Agencies

BTSC has been granted an exclusive concession from BMA to operate the BTS SkyTrain System. BTSC earns income from the BTS SkyTrain System and associated business activities, including advertisements, licensing and fare collection under the Concession Agreement for a period of 30 years from the first date of commercial operations 5 December 1999.

As is normal with a project of this size and magnitude, certain approvals, permits and authorizations by governmental agencies are required prior to the commencement of operations. BTSC has obtained the approvals and permits with respect to the relevant operation, including permits covering the environment, operation and maintenance.

BTSC is subject to a number of related laws and regulations, including laws of general application and regulations specifically applicable to the transportation business, the National Executive Commission's Announcement No. 58 and the Investment Promotion Act, including factory business operation related laws. As a public limited company, the Company is also subject to the provisions of the Public Limited Company Act B.E. 2535 (1992) (as amended) and the SEC Act.

In addition, since BTSC's operations fall within the meaning of "service provider" under the Consumer Protection Act B.E. 2522 (1979), BTSC is subject to consumer protection mechanisms for safety

of use of goods and services under the Consumer Protection Act B.E. 2522 (1979) and the Consumer Case Procedure Act B.E. 2551 (2008), as well as regulations, rules, orders and announcements issued therefrom.

5.1.3.3.1 The Bangkok Metropolitan Administration (“BMA”)

BMA is the body that governs the Bangkok metropolitan area. BMA’s functions include maintaining law and order, city planning, construction and maintenance of roads, waterways and drainage systems, provision of transportation services, traffic management, social welfare services, and other services in Bangkok. BMA is headed by the Governor of Bangkok who is elected and serves a four-year term. The Governor is assisted by deputy Governors, who are each appointed by the Governor and serve a four-year term. In addition, members of the Bangkok Metropolitan Assembly are elected to represent the interest of the citizens under the Bangkok Metropolitan Administration Act B.E. 2528 (1985). BMA is organized into nineteen offices and fifty district offices.

BMA’s revenue comes from two sources: regular income and extra income. The regular income is derived from local taxes, fees, fines, license fees, service fees and rental fees for BMA’s assets. The extra income is derived from government subsidies relating to projects specified by the government.

Under the Concession Agreement, BMA is responsible for supervising BTSC’s operations to be in accordance with the Concession Agreement. In addition, BMA is responsible for approving construction designs relating to the BTS SkyTrain System, including bridges between BTS stations and nearby buildings.

5.1.3.3.2 Office of National Environment Board (“ONEB”)

According to the Enhancement and Conservation of the National Environmental Quality Act B.E. 2535 (1992) (the “Environmental Enhancement Act”), major infrastructure projects with potential environmental impacts must receive National Environment Board (“NEB”) approval prior to construction. Since the Environmental Enhancement Act came into force on 9 April 1992, the same day the Concession Agreement was signed and came after the Cabinet approved the concession, BTSC was not required to obtain ONEB’s approval for the project. However, the Environmental Enhancement Act will apply to any expansion of the BTS SkyTrain System, including those initiated under the two supplements to the Concession Agreement.

5.1.3.3.3 Office of the National Economic and Social Development Board (“NESDB”)

The Act Governing the Consent for the Private Sector to Participate in or Operate State Business B.E. 2535 (1992) (the “Joint Venture Act”) empowers the NESDB to approve or disapprove certain economically or socially significant projects. Since the concession was approved before the Joint Venture Act came into force, BTSC is not obligated to seek NESDB’s approval for its currently operating BTS SkyTrain System. However, BMA may need to obtain the approval from NESDB for according to such Act future expansion of the BTS SkyTrain System, depending on the scale of the expansion.

5.2 Property Business

Property business has been the Company's business since the beginning of operations in 1968. The Company has developed several types of projects, ranging from condominiums, to hotels and offices. The decision on which types of projects to develop is largely determined by the location of the land plot, including the connection to the mass transit system. Given the broad range of projects that may be developed, the Company is open to opportunities to bring in or join with other third parties if they can contribute to the potential projects to enhance the Company's capacity.

After the acquisition of BTSC, the Company is planning to leverage the expertise and knowledge accumulated to develop the properties that BTSC currently owns with the purpose of generating a recurring source of income in case that the SkyTrain concession is not renewed or extended after its expiration in December 2029. The consolidation of BTSC's land bank adds land plots along the mass transit routes to the Company's existing portfolio which consists of land mostly located upcountry. As such, the Company's property projects are divided into properties along mass transit routes and properties in other locations.

Investment in property projects, by its nature, has a higher risk than operating the SkyTrain service; therefore, the Company has a policy to develop projects in entities separated from BTSC.

5.2.1 Properties along Mass Transit Routes

The properties along mass transit routes, particularly those on the route of the BTS SkyTrain System, are of the highest priority to the Company, given the advantages that the Company has in building a skywalk connection from the BTS SkyTrain to the buildings. Moreover, the development of residential buildings, office buildings or hotels will enhance SkyTrain ridership.

The Company has 6 projects along a mass transit route, all of which are located at or near existing or future SkyTrain stations. These projects are currently in their early stage and more details are discussed in section 5.5 Future Projects. The six projects are as follows:

Projects	Description
Projects under development:	
Four Points by Sheraton	<ul style="list-style-type: none"> 4-star hotel Located next to BTS Surasak station
Abstracts Phahonyothin Park	<ul style="list-style-type: none"> Condominiums under the Abstracts brand Close to Central Ladprao, along the green line extension route to Saphan Mai
Abstracts Sukhumvit 66/1	<ul style="list-style-type: none"> 2-building low-rise condominium project under the Abstracts brand Located near Udomsuk station on SkyTrain Sukhumvit extension
Projects under study:	
The Langham Sukhumvit and The Langham Residence	<ul style="list-style-type: none"> 5-star hotel and serviced apartment projects Next to BTS Nana station
Langham Place Phaya Thai	<ul style="list-style-type: none"> 4-star hotel project Next to BTS Phaya Thai station and Airport Link station
JJ Park	<ul style="list-style-type: none"> Studying and developing plan to develop the land into residential and office building Next to BTSC head office and close to BTS Mo Chit station

5.2.2 Properties in Other Locations

Properties that are not located along an existing mass transit route are mostly the Company's existing portfolio before the acquisition of BTSC, both in Bangkok and upcountry. The properties include:

- Property Development Projects

The Thana City project is located on Bang Na - Trat Road km. 14. The project location offers convenient access to Bang Na - Trat Road, the expressway, On Nut Road, and Bangkok - Chon Buri Road, Motorway. The project also offers easy access to many facilities such as shopping complexes, universities, hospitals, Suvarnabhumi Airport and the Airport Link, which will facilitate access to the city in the future.

The total project area of more than 1,600 rai has been developed with comprehensive utilities and infrastructure in the midst of green space. Residents can become members of the sports club, which consists of outdoor sport area, being tennis courts, swimming pool, and indoor sport area, being badminton courts, basketball courts, sauna, playground, fitness and aerobic rooms. Furthermore, residents can become members of the golf club, which has an 18-hole golf course, par 72 as well as a golf driving range located within the project area. Thana City is a large project that can serve the needs of all types of clients. The Company has developed various types of property to fulfill various clients' demand, including Single Detached Houses with land, Townhouses, Condominiums and Land for Sale. Parts of the project such as Prestige House 1, which is a Single Detached House project with land of 400 square wah and above, are already completed and sold out.

In the Fiscal Year 2010, the Company began the renovation of units in Thana City projects that are available for sale. As a result, in the same period, the Company generated Baht 100.9 million from two Thana City projects, namely Nouvelle and King Kaew condominiums, a 106.8% increase over Baht 48.8 million generated in the Fiscal Year 2009. As of 31 March 2010, property development projects within Thana City are as follows:

Project Name	Thana City			
Product Type	Single Houses	Townhouses	Condominiums	Land Plots
Project Area	304-2-80 rai	14-3-20 rai	55-2-10 rai	120-3-7.5 rai
Investment Capital	Baht 618.3 million	Baht 133.9 million	Baht 2,579.9 million	Baht 214.4 million
Project Value	Baht 1,946.1 million	Baht 212.8 million	Baht 2,680.6 million	Baht 1,384.9 million
Unit Type	100 - 250 sq. wah	3 - 4 storey, 40 - 60 sq. wah	Low / mid rise buildings	Land for sale and build-to-order
Number of Units	680 units	92 units	1,701 units	186 units
Price per Unit	Baht 29,000 - 42,000 per sq. wah	Baht 3.0 - 5.1 million	Baht 0.8 - 15.0 million	Baht 1.2 - 23.2 million
Price per sq.m	N/A	N/A	Baht 12,550 - 27,805	Baht 10,000 - 40,000
Sold Value	Baht 1,159.6 million	Baht 139.9 million	Baht 2,175.10 million	Baht 1,045.7 million
Units Sold and Transferred	461 units	58 units	1,499 units	123 units
Available for Sale	219 units	34 units	202 units	63 units

- Hotel and Residential Apartments

The Company has a background in the hotel business as in the past it was a shareholder of the Regent Hotel on Ratchadamri Road in Bangkok and the Empress Hotel in Chiang Mai. From 1991 to 2009, the Company also operated the Eastin Lakeside, Chaeng Watthana.

Today, the Company operates 4-star hotels under the brand “U Hotel & Resorts”, and managed by Absolute, a joint venture company between the Company and partners with experience in the hotel business. Currently, a hotel under “U Hotel & Resorts” has been operated in Chiang Mai and another hotel under the brand “U Hotel & Resorts” is in the process of preparing to open by the River Khwae, Kanchanaburi province, at the end of 2010.

- U Chiang Mai Hotel

U Chiang Mai Hotel is the first hotel under the hotel chain “U Hotels & Resorts”, and opened on 1 June 2008. It is a 4-star boutique hotel with Lanna architecture on the famous walking street “Ratchadamnoen Road”, in the city center of Chiang Mai. The hotel offers 41 rooms of luxurious accommodation, targeted at Thai and international tourists and business travelers.

U Chiang Mai Hotel will also serve as the flagship for the “U” brand in the future as it helped Absolute to effectively establish and market the “U” brand, which is one of the factors that helped “U” to grow and achieve success in a short time. At present, 43 hotels, with 4,108 rooms in total, have signed agreement to hire Absolute to manage their hotels, both under “U” brand and their own brand.

In the Fiscal Year 2010, U Chiang Mai Hotel had an average occupancy rate of 45.3% and generated revenue of Baht 16.9 million, compared to Baht 14.0 million in the Fiscal Year 2009.

- The Royal Place 2 and the The Grand Residential Apartment

The Royal Place 2 and The Grand are residential apartments located nearby Ratchadamri BTS station and the largest shopping district in Bangkok. The projects are located in Soi Mahadlekluang 2, Ratchadamri Road on land leased from the Office of the Privy Purse. Initially, the project consisted of 3 buildings, Royal Place I, Royal Place 2 and The Grand, for long-term lease of 30 years and first opened in 1993.

Presently, Royal Place I is fully rent out. The remaining units in Royal Place 2 and The Grand are fully furnished units for short-term lease. There are also some commercial spaces available for rent on the ground floor for short-term lease. In the Fiscal Year 2010, Royal Place 2 generated revenue of Baht 23.1 million while The Grand generated Baht 16.5 million.

- Office Building

TST Tower is located on Viphavadi-Rangsit Road opposite the head office of Thai Airways International Public Company Limited. It is a 24-Storey office building with a total rental area of 15,875.5 square meters, comprising a 16-storey office and a 8-storey car park. Present occupancy rate is 91%. Some of the key tenants include the Office of Small and Medium Enterprises Promotion (OSMETP), and Rangsit University.

TST Tower is part of the security assets under the business rehabilitation plan. The Central Bankruptcy Court ordered the auction sales of the asset and the proceeds will be shared among creditors, pro rata to their debt. The Company held an auction and the winning bidder was awarded on 14 May 2009. Furthermore, the Company has entered into a contract with the winning bidder to purchase TST Tower back. However, the Company has not transferred the ownership of this asset as two creditors of the Company have submitted a petition to the Central Bankruptcy Court for cancellation of the auction. Nevertheless, the Central Bankruptcy Court dismissed this petition on 9 June 2010. At present, it is still the period in which the creditors can appeal the court order.

- Others

Other than the property development, hotels and office building projects, the Company has provided project management services to the National Housing Authority (NHA) for the low cost housing development projects, Baan Aur-Arthorn. Initially, Company was contracted to build 20,000 units in Chon Buri (Na Jomtien), Prachuap Khiri Khan (Hua Hin) and Saraburi (Kok Yae) in 2006. However, the number of units that the Company has been approved to construct was 8,048 units. The Company has already subcontracted to third party contractors, completed the construction and hand-over 4,216 units to the NHA. Presently, 2,108 units are under construction for a target hand-over in December 2011. 1,724 units are scheduled for construction at a later date. The Company, however, does not plan to pursue further low cost housing opportunities unless proven to be value-added to the Company.

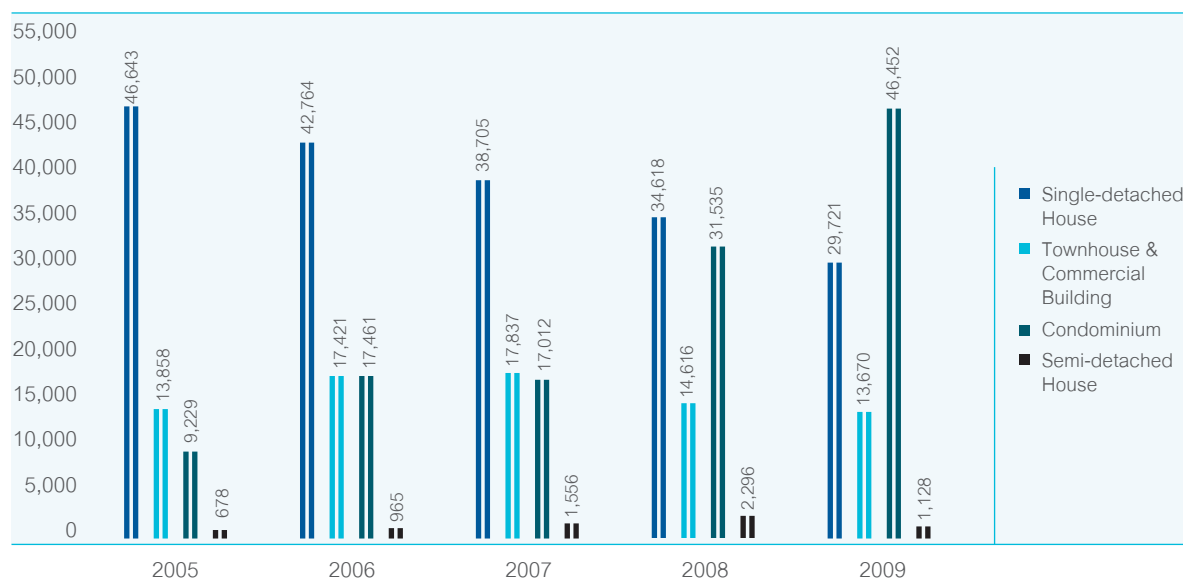
5.2.3 Property Industry

- Property Development

In 2009, the property development industry gradually recovered from the global economic crisis, supported by some positive factors including lower price of construction materials, lower interest rates and the improvement of the Thai economy in the second half of the year. Despite a positive trend in 2009, which resulted in a recovery in homebuyers' confidence, access to funds for both property developers and end users was still limited. The governmental tax incentives were extended from March 2009 until June 2010 to boost the property market. The recovery of the Thai property business in the second half of 2009 was confirmed in the first quarter 2010 with the announcement of impressive gains in presales by major Thai listed developers. However, the political instability and surge of violence in the capital in the second quarter of 2010 may have a direct impact on the confidence of investors and consumers and will likely delay their purchase decisions.

Newly Registered Residential Units in Bangkok and its Vicinity

Number of Units



	2005	2006	2007	2008	2009
Residential units by Developers:					
Number	45,164	49,167	49,769	59,048	69,938
Increase / decrease (%)	(6.8)	8.9	1.2	18.6	18.4
Residential units by Owners:					
Number	25,244	28,949	25,341	24,017	21,033
Increase / decrease (%)	27.1	14.7	(12.5)	(5.2)	(12.4)
Total units built	70,408	78,116	75,110	83,065	90,971

Source: Real Estate Information Center

Note: Bangkok and Vicinity includes Samut Prakan, Nonthaburi, Pathum Thani, Nakhon Pathom and Samut Sakhon.

The number of newly registered single-detached houses has gradually decreased from 2005 to 2009; however, listed developers have been able to gain market share as buyers seek well-established names from larger companies, as they feel more confident that the developments will be completed. In 2009, the total number of newly registered single-detached houses continued to decline by 14.2%. The new supply of townhouses and commercial buildings declined by 6.5%, while the semi-detached house supply declined by 50.9%. Condominiums, on the other hand, have registered the largest number of units in a decade and became the fastest growing sector in the Bangkok and vicinity housing industry.

46,452 condominium units were registered in 2009, accounting for 51.1% of the total number of registrations. Currently, there are 82,421 units marketed in the Bangkok city center and peripheral areas which are expected to be completed within the next two to three years. Take up rate in the city center as of

the fourth quarter of 2009 is 79.6% meaning only 3,769 units out of the 18,478 units marketed there remain unsold. Take-up rate in the vicinity was 68.5%. The increasing interest in condominiums is the result of a changing lifestyle among Thai buyers. Easier access to working places and shopping centers, more facilities and security, smaller unit sizes to serve singles and young families, as well as off-plan opportunities with low down-payments, have pushed Thais and foreigners alike to purchase condominiums to live in and for investment purposes. Increasing land prices have de facto forced developers to offer condominiums rather than landed houses in the city center and along the new mass transit lines as condominiums offer greater revenue opportunities.

In 2008 and 2009, the market also saw a growing trend for condominiums located in peripheral areas along the existing and new extension of BTS/MRT lines. The most popular areas of development are located along the BTS extensions, both the Light Green (On Nut - Udomsuk - Baering) and the Dark Green (Saphan Taksin - Wongwian Yai and beyond) and the future routes of MRT lines including the Purple line (Bang Sue - Bang Yai) and Blue line (Bang Sue - Taling Chan). As of the fourth quarter of 2009, there were 63,943 units being marketed in the peripheral areas, with 21.5% in the Ratchadaphisek / Rama IX / Lat Prao areas, 14.7% in the upper Sukhumvit area, 13.3% in the Phahon Yothin areas, and 8.8% in Thon Buri area.

In addition, the market also saw a move toward smaller units. Studios and one-bedroom units now represent the majority of new launches, with room sizes reduced as the price per square meter increased. The property development sector should remain a very competitive market with a decreased emphasis on luxury properties.

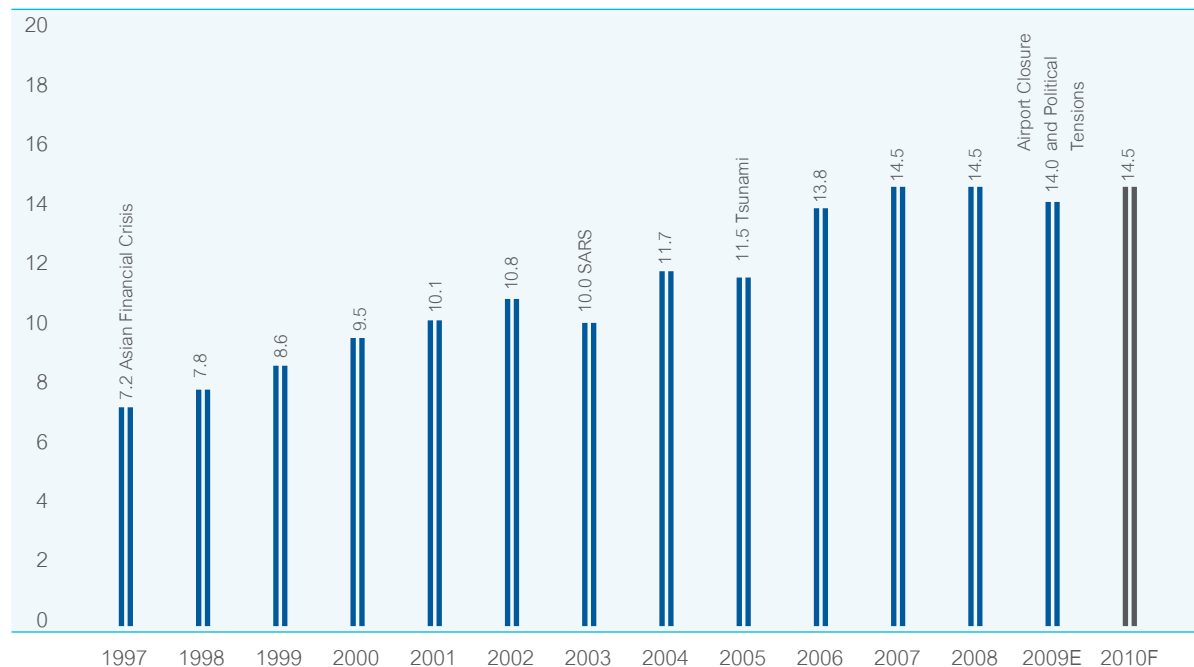
- Hotel

Thailand's tourism industry has been impacted by several negative factors in the past several years, starting from the SARS outbreak in 2003, the bird flu outbreak in 2004, the Asian Tsunami in 2005, the political uncertainty starting with the 2006 coup d'etat, leading to airport closures in 2008 and the recent riots in 2010. Despite these events, the number of international tourists coming to Thailand in 2009 increased by almost 30% over 2002.

In 2009, the number of international tourists decreased by 3.5% as a result of the global economic turmoil, escalating fears over H1N1 virus and the political situation in Thailand that led to the closure of the Suvarnabhumi International Airport in December 2008 and the demonstrations at the ASEAN summit in April 2009. The fourth quarter of 2009 and first quarter of 2010 were remarkably strong with arrivals up 40% and 20% respectively compared to the year before, but political tension in the streets of the Thai capital at the end of the first quarter of 2010 and continuing into the second quarter of 2010 has made the recovery of tourism in 2010 more difficult. As of the first quarter of 2010, forecasts from the Tourism Authority of Thailand put international arrivals at 14.5 million, down from an original target of 15.0 - 15.5 million.

Number of International Tourists

Million



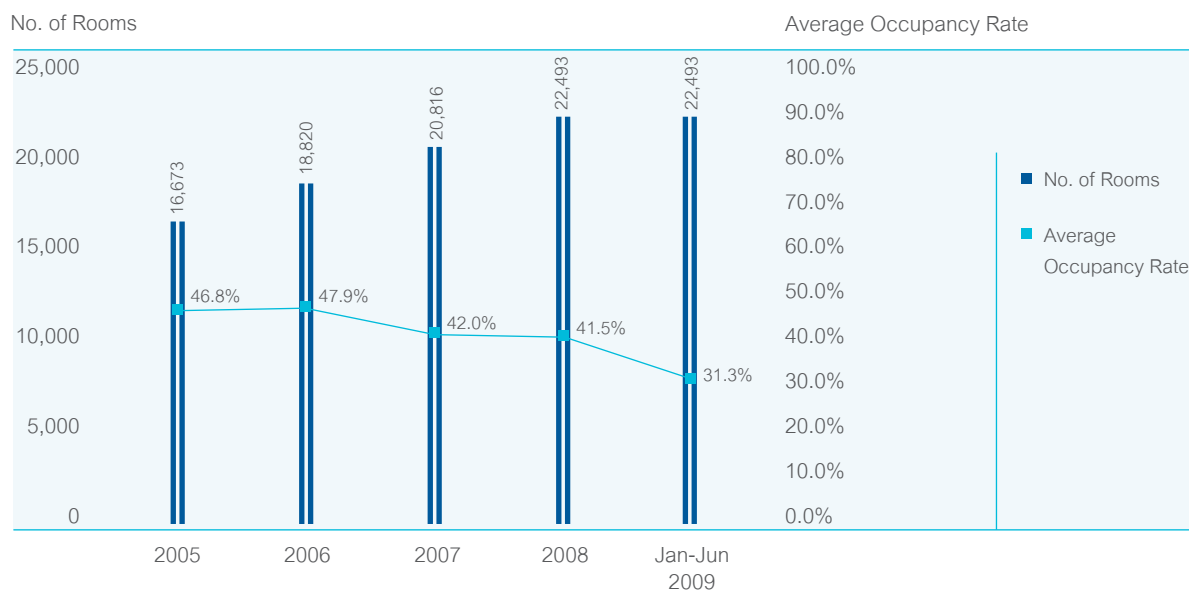
E = Estimate; F= Forecast

Source: Tourism Authority of Thailand and Office of Tourism Development

Chiang Mai Tourism

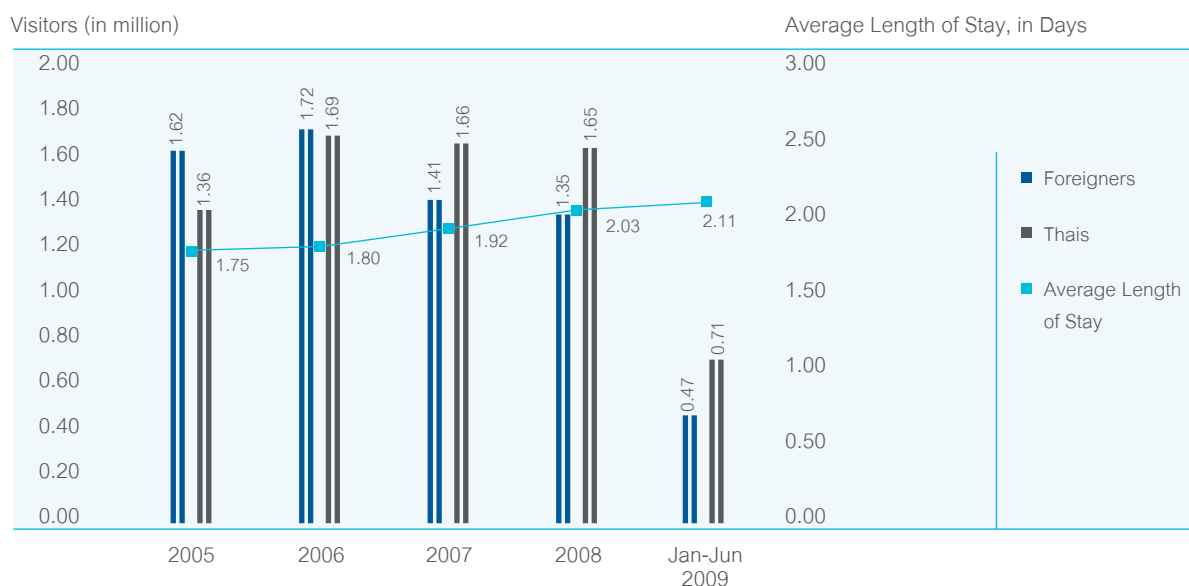
The hotel industry in Chiang Mai suffered from the closure of the Suvarnabhumi International Airport at the end of 2008, which led to a relatively quiet “high-season” in the first quarter of 2009. A reduction in visitors resulted in a decrease in occupancy rate from 41.5% in 2008 to 31.3% in 2009. Selected upscale hotels in Bangkok were operating at 55% and 44% occupancy over the first and second quarter of 2009 respectively. Improvements in the second half with the recovery of international tourist arrivals and a dynamic domestic market helped operators improve their occupancy levels to 45% and 57% in the third and fourth quarter respectively. However, most hotels had to reduce their rates, add new campaigns and give discounts to pull in tourists. Revenue Per Available Room (RevPar) in the fourth quarter of 2009 was Baht 2,677 per night, about 30% less than a year before.

Number of Rooms and Average Occupancy Rate in Chiang Mai



Source: Office of Tourism Development

Number of Visitors by Nationality and Average Length of Stay in Chiang Mai

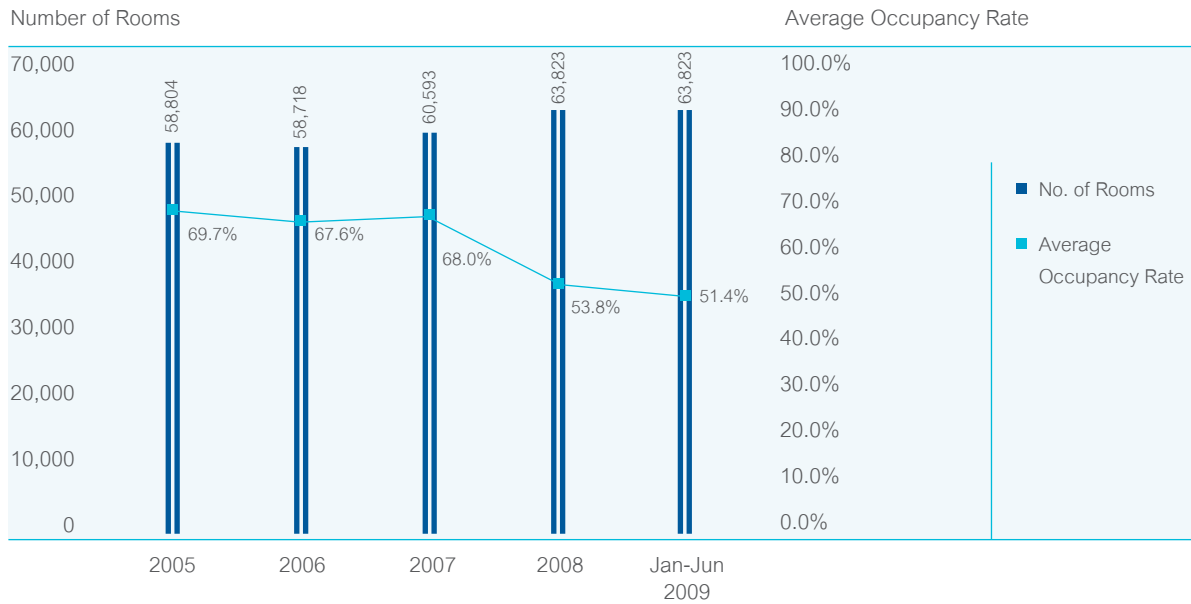


Source: Office of Tourism Development

Bangkok Tourism

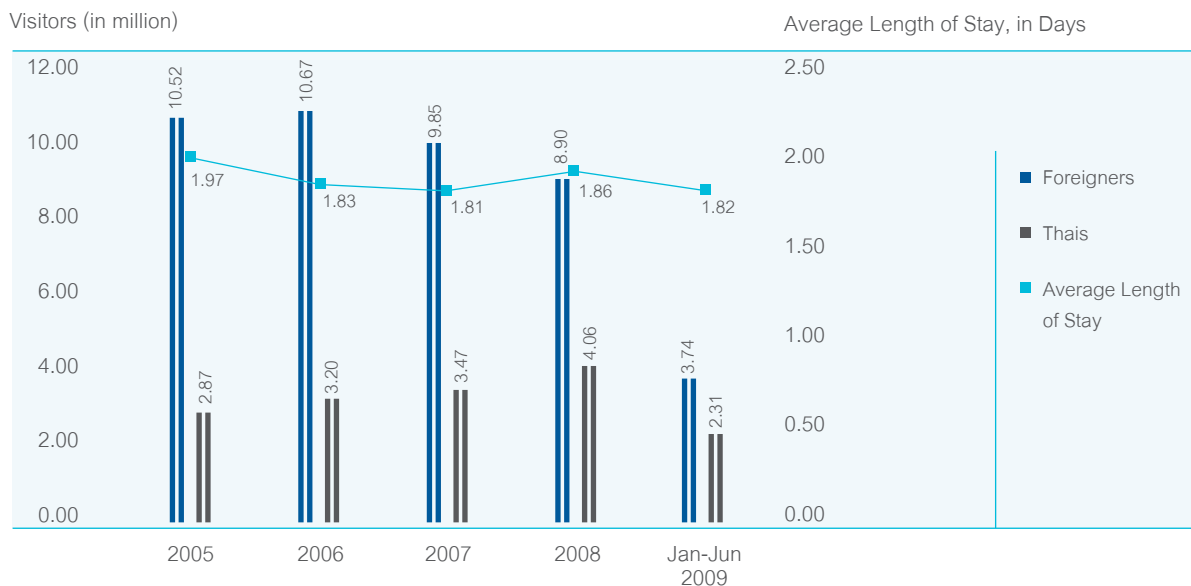
Unrest in late 2008 and continuing into 2009 and again in the first quarter of 2010 had a severe impact on the tourism industry, with the occupancy rate reaching its lows in the first quarter of 2010 as the unrest turned violent in Bangkok.

Number of Rooms and Average Occupancy Rate in Bangkok



Source: Office of Tourism Development

Number of Visitors by Nationality and Average Length of Stay in Bangkok



Source: Office of Tourism Development

Many hotels offer more discount to attract tourists, leading to a 22.8% decrease in average daily rate and 31.9% decrease in the revenue per room on average. The price pressure is expected to continue as there are 9,452 new rooms to be completed within the next four years.

Revenue Per Available Room (RevPar) and Average Daily Room Rate (ADR) of Selected Upscale Hotels in Bangkok

	2005	2006	2007	2008	2009
ADR (Baht)	5,349	5,607	5,669	6,030	4,658
RevPar (Baht)	4,102	4,167	4,012	3,929	2,677
Occupancy (%)	75	75	71	63	57

Source: CB Richard Ellis (Thailand)

Future Hotel Openings in Downtown Bangkok (number of rooms)

Type	Price Range	2010F	2011F	2012F	2013F
Luxury (5-star)	over Baht 5,500/night	736	730	245	150
First Class (4-star)	Baht 4,500 - 5,500/night	1,486	1,438	780	700
Mid-range (3-star)	Baht 2,500 - 4,500/night	866	899	N/A	N/A
Economy (2-star)	Baht 1,000 - 2,500/night	562	860	N/A	N/A
Total		3,650	3,927	1,025	850

Source: CB Richard Ellis (Thailand)

The market expects an additional 9,452 rooms to be added to the hotel supply within the next four years, or about a 35% increase on current capacity. This will put additional pressure on hotels, particularly at the top-end of the market. A better outlook is to be expected in the “economy” segment with recent openings in the two to three star segment showing better returns. Tourism characteristics in Thailand are changing, with more Asian tourists, particularly Indians and Chinese, who have different needs in terms of accommodation and destinations - that brings new opportunities to the hotel industry.

Thailand remains an attractive tourist destination, receiving awards from various countries such as “The Best Tourist Destination 2010” by the Swedish Grand Travel Award for the 8th consecutive year, “Most Popular Destination” by the Hotel Club Award 2009, “Best Value Hotels 2010” by the Sunday Times Travel magazine. Tourism is also one of the most important segments of the Thai economy. As such, the Thai Government has made it a priority to support the recovery of the industry and has recently announced the consideration of several initiatives to help revive the segment including ideas to allow hotel expense to be tax deductible expenses for individuals for up to Baht 15,000.

5.3 Media Business

5.3.1 Nature of Business

Under the Concession Agreement, BTSC has been granted the rights to carry out commercial activities in or related to the BTS SkyTrain System, which includes the advertising spaces on the trains and train stations as well as merchandising spaces on train stations. BTSC has awarded a concession to manage such advertising spaces to VGI, whereby under the License Agreement, VGI is required to share its revenue with BTSC.

Nowadays, advertising on the BTS SkyTrain System reaches target audience of approximately 450,000 people per weekday, representing one of the highest viewer exposures. The total advertising area is approximately 17,000 square meters with permanent media of 6,000 panels, 56 plasma screens, 630 in-train LCD screens and 35 train wraps. In addition, there is retail space of approximately 6,000 square meters for 475 shops and 262 kiosks.

BTSC believes that the advertising media business is a complementary business that could create additional value for BTSC. Furthermore, VGI's revenue and profit has continuously grown over the past 10 years. Therefore, BTSC acquired all shares of VGI on 30 September 2009, with Baht 500 million remaining to be paid, according to the original agreement, BTSC shall offer newly issued shares to seller of VGI shares at BTSC's IPO price or an agreed price. However, since BTSC became a subsidiary of the Company, BTSC has agreed with the seller of VGI shares to use the share price at which the Company purchased BTSC shares of Baht 2.665 per share as the reference price instead of the IPO price. On 27 May 2010, the Board of Directors' meeting of BTSC approved the allocation of the remaining shares set aside for the conversion of convertible bonds of 187,617,260 shares at Baht 2.665 per share to repay the remaining amount payable for VGI shares. However, the seller of VGI shares, according to the share purchase agreement with BTSC, has transferred the right to receive BTSC shares to Nice Traders Company Limited, who is the previous shareholder of VGI as appears in the record of the Ministry of Commerce on 19 March 2009. BTSC will therefore issue new ordinary shares to Nice Traders Company Limited. However, such share allocation is subject to approval from BTSC shareholders.

VGI continues to operate the advertising and commercial space on the BTS SkyTrain System under the License Agreement, which will expire in 2014. Throughout the life of the License Agreement, BTSC granted an exclusive license to VGI to manage the advertising and merchandising space on the BTS SkyTrain System, which includes merchandising areas in the concourse, advertising spaces on SkyTrain stations and exterior and interior train area. However, on 11 February 2010, the Board of Directors' meeting of BTSC approved the extension of the License Agreement to the end of BTSC's Concession Agreement or December 2029. Presently, BTSC is in the process of amending the License Agreement.

VGI's scope of service includes:

- Management of the overall marketing and sales promotion;
- Design of overall layout of spaces;
- Production and installation of advertising equipment;
- Marketing and sales planning for advertising and merchandising spaces;
- Execution of sales.

VGI is responsible for all investment and operating expenses, including the provision of equipment and materials (such as LCD screens on trains) and any other expenses in connection with the construction of retail stores, installation of utilities system and advertising panels. In addition, VGI is also responsible for the maintenance and repair such equipment during the entire term of the License Agreement.

Fees payable by VGI to BTSC are based on the proportion of revenues as follows:

- 50% of gross revenue generated from the management of advertising space and merchandising areas;
- 60% of gross revenue generated from the management of the exterior train areas; and
- 50% of gross revenues generated from the management of other areas beyond the areas specified in the License Agreement.

If, in any year, the total area of advertising space and merchandising areas allocated to VGI is less than the total area specified in the License Agreement, both parties shall agree to reduce the minimum guaranteed fee in that year proportionate to the decrease in area allocated in that year. Moreover, the minimum guaranteed fee in each year shall be adjusted upwards with the increase in the number of passengers of BTS SkyTrain System, but such minimum fee shall not exceed Baht 200 million throughout the life of the License Agreement. If, in any year, the fees payable to BTSC according to the proportion of gross revenue as specified in the License Agreement are higher than the minimum guaranteed fee, VGI must pay the fee in the amount based on such proportion of gross revenues. In the Fiscal Years 2008, 2009 and 2010, BTSC received revenue under the License Agreement of Baht 277.3 million, Baht 344.8 million and Baht 416.6 million respectively.

In the past 5 years, VGI Group has expanded its scope of business to focus on management of advertising spaces, both static panels and LCD screens, in Modern Trade such as Tesco Lotus and Tesco Express, Big C Supercenter, Carrefour and Watsons. VGI has exclusive right (mostly 4 - 5 year contracts) to manage advertising space in areas as specified in the contract with these leading superstores.

Presently, VGI Group manages advertising spaces in 188 Tesco Lotus branches, 528 Lotus Express branches, 67 Big C branches, 36 Carrefour branches and 150 Watsons branches nationwide. In 2009, it introduced 1,321 LCD screens to grocery areas in 31 Tesco branches across Bangkok and vicinity. With regard to the network of point-of-sale digital advertising service, VGI Group has modern technology and one of the widest service networks which covers areas nationwide.

In addition, on 31 October 2009, VGI also expanded to the management of advertising space in office buildings and entertainment venues through the Baht 90 million acquisition of all ordinary shares in POV. The objective of the acquisition is to capture mid to high-income profile viewer base to tap into a larger base of advertising spend budget and to be the price setter in LCD digital signage network in Thailand. POV manages 362 LCD screens in elevators or lobbies of 41 prime buildings in Bangkok, capturing approximately 200,000 viewers per day. In addition, it has over 800 mini billboards located in hundreds of retail and entertainment locations i.e. restaurants, pubs, movie theatres, providing coverage of over 2 million viewers per month.

With the exclusive coverage on BTS SkyTrain System and presence in 4 nationwide prominent retailing stores whose market share represent 75% of total sales of modern trade outlets and over 41 prime office buildings in Bangkok, VGI has become one of the largest players in the “Out-of-Home” media, where media of VGI Group has the capability to reach out to the audience throughout the day on the main mass transit routes along the BTS SkyTrain System and places where consumers spend their time out of home.

After the acquisition of all shares in VGI on 30 September 2009, BTSC has begun to recognize all revenues and expenses of VGI Group instead of recognizing revenue sharing as specified in the License Agreement. For Fiscal Year 2009, revenue from managing the advertising space on the BTS SkyTrain System accounts for approximately 80% of VGI Group total revenue while revenue from managing the advertising space in modern trade and other revenue accounts for the remaining 20%.

5.3.2 Industry Overview

The advertising industry is one of the largest industries in Thailand. In 2009, total advertising expenditure amounted to Baht 90,217 million and yielded growth both in traditional channels and new channels, including advertising in the mass transit system, advertising in retail and department stores, and internet advertising. These modern advertising channels have shown a considerable growth in the last 3 years.

Advertising Expenditure in Thailand's Advertising Media Industry

	January - December				January - April	
	2006	2007	2008	2009	2009	2010
TV	53,473	53,491	51,137	52,935	16,441	18,892
<i>Growth (%)</i>		<i>0.03</i>	<i>(4.40)</i>	<i>3.52</i>		<i>14.91</i>
Radio	6,596	6,318	6,933	6,165	1,813	1,818
<i>Growth (%)</i>		<i>(4.21)</i>	<i>9.73</i>	<i>(11.08)</i>		<i>0.28</i>
Newspapers	15,425	15,809	15,282	14,149	4,184	4,611
<i>Growth (%)</i>		<i>2.49</i>	<i>(3.33)</i>	<i>(7.41)</i>		<i>10.21</i>
Magazines	6,179	6,067	5,998	5,227	1,627	1,595
<i>Growth (%)</i>		<i>(1.81)</i>	<i>(1.14)</i>	<i>(12.85)</i>		<i>(1.97)</i>
Cinema	2,086	4,341	4,173	4,947	1,274	1,619
<i>Growth (%)</i>		<i>108.10</i>	<i>(3.87)</i>	<i>18.55</i>		<i>27.08</i>
Outdoor	4,667	4,481	4,229	3,960	1,355	1,245
<i>Growth (%)</i>		<i>(3.99)</i>	<i>(5.62)</i>	<i>(6.36)</i>		<i>(8.12)</i>
Transit	994	956	1,372	1,755	606	683
<i>Growth (%)</i>		<i>(3.82)</i>	<i>43.51</i>	<i>27.92</i>		<i>12.71</i>
In store	314	570	826	820	277	346
<i>Growth (%)</i>		<i>81.53</i>	<i>44.91</i>	<i>(0.73)</i>		<i>24.91</i>
Internet			172	259	60	88
<i>Growth (%)</i>				<i>50.58</i>		<i>46.67</i>
Total	89,735	92,035	90,120	90,217	27,636	30,898
<i>Growth (%)</i>		<i>2.56</i>	<i>(2.08)</i>	<i>0.11</i>		<i>11.80</i>

Source: The Nielsen Company (Thailand)

From Nielsen's survey, there has been a shift of advertising budget from traditional channels to new channels that can reach the target markets more efficiently, both selected profile and mass. From the above survey, transit and in-store channels have continued to grow despite the slump in the economy in the last 2 years. In 2009, the top 5 spenders in advertising were international consumer product companies, such as Unilever (Thai) Holdings, Procter & Gamble (Thailand), L'Oreal, Beiersdorf (Thailand) and Coca-Cola (Thailand) Limited. Their combined advertising expenditure was Baht 11,751 million or 13% of total advertising expenditure in 2009.

The advertising industry in Thailand in the first 4 months of 2010 has grown from the same period last year despite the negative global economic and internal political factors. The expense of advertising in transit channel has grown 12.71% and department store/modern trade channel has grown 24.91%.

However, the riots in Bangkok in May 2010 as well as the financial crisis in the Eurozone may have impact on a number of business operators and macroeconomic impact may result in businesses tightening their advertising expenditure. This may affect the advertising on other media in the second half-year of 2010.

- **Mass Transit Media**

The BTS SkyTrain System has become a transportation alternative that has widely gained popularity in the last 5 years as the BTS SkyTrain System and subway system are mass transit systems that are located in the central business district of Bangkok, making them high impact media with high frequency and exposure to the focused target groups of consumers. Moreover, the number of passengers continues to grow since BTS SkyTrain offers a quick and convenient means to commute, particularly with its connections with the MRT subway, airport link, BRT and a recent BTS SkyTrain extension to Thon Buri district. This growth in audience base will increase the popularity, and thus the value of the mass transit media.

- **Retail and Department Store/Modern Trade Media**

The shift of consumer's preferences have reshaped the competitive landscape of Retail and Department Store/Modern Trade Advertising. Media placements in department stores/modern trade channels have become an effective tool in reaching the target audience group. Moreover, innovative advertisements and locations have attracted marketers and advertisers to this valued channel of advertising.

Presently, the leading modern trade/department stores include Tesco, Big C, Carrefour and Tops Supermarket. VGI's main competitor is RS In-store whose focus is on radio and in-store LCD monitors.

Advertising Media in Retail and Department Store / Modern Trade (In-store)

TYPE	TESCO	BIG C	CARREFOUR	TOPS
Radio	VGI	RS In-Store	RS In-Store	RS In-Store
In-Store LCD	VGI	Absolute Impact	RS In-Store	RS In-Store
Visual Signboard / Lightbox	VGI	VGI	VGI	-
On-Shelf	-	ACT Media	IMS	ACT Media
Demo Tasting	Demo Power	Demo Power	Demo Power	Demo Power

Source: VGI, Information as of 15 May 2010

5.4 Services Business

5.4.1 Smartcard Business

BTSC established Bangkok Smartcard System Co., Ltd., to operate the e-money business. BTSC entered into a ticket system development agreement with Bangkok Metro Public Company Limited (“BMCL”), the subway operator, to jointly develop a common ticketing system for the convenience of passengers. In the future, BTSC may provide opportunities for financial institutions, retail shops and other service providers to join the smartcard system to expand the card and system network to be more widely used and be more convenient to passengers.

Presently, Bangkok Smartcard System Co., Ltd. is in the process of applying for an e-money license from the Bank of Thailand.

BTSC agrees to grant BMCL the right to invest and hold shares in Bangkok Smartcard System Co., Ltd. proportionate to the average daily passengers of BTSC and BMCL in the latest 6 months before the day that BMCL acquires shares in Bangkok Smartcard System Co., Ltd.

Furthermore, within 3 months from the day that BMCL becomes the shareholder of Bangkok Smartcard System Co., Ltd. or any period mutually agreed by the parties, the parties agree to grant the right to each of the Thai commercial banks, one of which is nominated by BTSC and the other is nominated by BMCL, to co-invest and hold shares in Bangkok Smartcard System Co., Ltd. such that the combined shareholding of the two banks does not exceed 10% of total issued shares at a price mutually agreed by the parties.

On 26 April 2010, BTSC sold a 10% stake in Bangkok Smartcard System Co., Ltd. to Bangkok Bank Plc. for Baht 20 million, resulting in the reduction of BTSC’s shareholding in Bangkok Smartcard System Co., Ltd. to 90%.

5.4.2 Hotel Management Business

The Company has set up Absolute, a joint venture with a partner that has extensive experience in hotel management. Absolute provides consultancy and hotel management services under “U” and “Eastin” brands, which are owned by Absolute. In addition to U Chiang Mai, Absolute has agreed to manage 2 of the Company’s hotels under “U” brand, one at Kanchanaburi which is under renovation while the other at Khao Yai is at the design stage.

In February 2010, the Company set up a joint venture with the same partner in Hong Kong under the name “Absolute Hotel Services Hong Kong Limited”, to engage in consultancy services and the hotel

management business in the Asia Pacific region as well as investing in companies in Asia Pacific region which engage in consultancy services and the hotel management business.

5.4.3 Construction Management Business

Hip Hing is a joint venture between the Company and Hip Hing Overseas Limited, which is a leading constructor in Hong Kong and has experience in constructing various large projects overseas and has know-how and technology in construction. Hip Hing is engaged in construction business and its first project is the Four Points by Sheraton Hotel, which is owned by BTS Assets.

5.4.4 Golf Course Business

The Company operates a golf club in the Thana City project on Bang Na - Trat Road through its subsidiary, Thana City Golf & Sports Club Company Limited, which operates a golf club and a 18-hole golf course.

5.5 Future Projects

5.5.1 Mass Transit Business

5.5.1.1 Signaling System Upgrade

BTSC planned to increase the efficiency of the existing signaling system and signed an agreement with Bombardier Group in February 2007 to replace the existing signaling system. The new signaling system will enable BTSC to better serve the SkyTrain extension lines and has a lower maintenance cost as it is a more modern system. Furthermore, the new signaling system will allow BTSC to be less dependent on third party service providers and be able to handle the maintenance work on its own, as Bombardier Group is required to provide more technical information and training to BTSC under the agreement.

For installation of the new signaling system, BTSC is required to invest approximately Euro 16.86 million and Baht 583.67 million in total. As of 31 March 2010, BTSC has a remaining commitment of Baht 243.2 million, Euro 1.9 million and USD 0.9 million which is due by December 2010 for the change and upgrade of the signaling system. The new signaling system will be used in the Silom Line initially and will be ready for both lines by December 2010.

5.5.1.2 Purchase of Additional New Trains

To support the increasing demand on the existing lines and potential demand from future skytrain extensions, BTSC has ordered 12 additional trains from CRC, the leading manufacturer of train cars and

electric train cars in China. Each of the new trains will have 4 cars, amounting to 48 cars in total, and will be used to service the Silom Line. The current trains running on the Silom Line will be transferred to the Sukhumvit Line. CRC has gradually imported all the trains into Thailand by June 2010 and all new trains are expected to be ready for commercial use by December 2010. As of 31 March 2010, BTSC has the remaining commitment for these new trains of USD 42.5 million and Baht 26 million out of the total cost of USD 65.42 million. As for the expansion of the depot and maintenance to support the increased number of trains, BTSC has already invested the full cost.

5.5.1.3 Other Mass Transit Systems

In addition to the operating and maintenance agreement for the 2.2 km. Silom line extension, BTSC is also interested in becoming the operator of future mass transit projects, both skytrain extensions and other mass transit projects, whether as an operator under an operation contract or as a partial or full investor. Nonetheless, the Company and BTSC will have to evaluate the details, risks, and return to ensure creation of value to BTSC and its shareholders.

BTSC is significantly interested in operating Wongwian Yai - Bang Wa and On Nut - Baering extensions, which are connected to the existing BTS SkyTrain System. Although, the BMA has not yet selected or appointed the operator for these two extension lines, BTSC believes that BTSC has an advantage to be appointed as operator due to the nature of the track, which is a single and continuous railway, making operation by a single operator more efficient.

The other extension projects, especially the Green Line extensions from Mo Chit to Saphan Mai and from Baering to Samut Prakan, are still in their preparatory stages and the role of the private sector in such projects is not yet finalized. BTSC will continue to closely monitor and assess any opportunities to participate in possible bids, either as an operator under an operation contract or as a direct investor in the projects. BTSC will ensure that any investment or opportunities pursued will be value accretive to BTSC.

Furthermore, BTSC is also interested in leveraging on its experience to participate in other mass transit systems such as Light Rail and mass transit system overseas. BTSC's participation may be in the role of an operator, investor or advisor.

5.5.2 Property Business

5.5.2.1 Property Along Mass Transit Route

(1) Four Points by Sheraton

A 4-star, 29-floor, 430-room hotel project is located on South Sathon Road with the land area of 2 rai 1 ngan 57 square wah. The hotel will be connected to the Surasak BTS station, and is one of the few hotels

in Bangkok that will be connected directly to a BTS station. A management agreement has been signed with Starwood under the “Four Points by Sheraton” brand. A construction agreement has been signed with Hip Hing on a turn-key basis. As of June 2010 the construction is over 20% completed and the hotel is expected to be ready for service by the end of 2011. The total project cost is approximately Baht 3 billion, out of which approximately Baht 1.2 billion has been invested in the form of equity. The remaining investment will be financed by Baht 1.8 billion credit line secured from a bank.

As of 27 November 2008, the land appraisal value was Baht 574 million.

(2) The Langham Sukhumvit, Bangkok

The 5-star, 210-room hotel project and 128-unit serviced apartments are located on Sukhumvit Road with the land area of 3 rai 1 ngan 69 square wah and can be connected to the Nana BTS station. A management agreement has been signed with the Langham Group under “The Langham” brand for the hotel and under “The Langham Residence” brand for the serviced apartments. Established in 1865, The Langham name benefits from international recognition among sophisticated travelers and The Langham Sukhumvit, Bangkok, will be the first property in Bangkok to enjoy this prestigious name. The Langham Sukhumvit will offer guests and residents the ultimate classical luxury. At present, the architect has already been appointed.

As of 26 December 2007, the land appraisal value was Baht 822 million.

(3) The Langham Place, Phaya Thai, Bangkok

The 4-star, 400-room hotel project is located on Phaya Thai Road with the land area of 2 rai 2 ngan 67 square wah and can be linked to the Phaya Thai BTS station and Airport Link station. It is close to shopping and entertainment centers in the heart of Bangkok. A management agreement has been signed with The Langham Group under the “Langham Place” brand. The Langham Place brand offers a more contemporary, casual-chic take on luxury than its elder sister brand The Langham. Presently, the architect has already been appointed.

As of 15 December 2008, the land appraisal value was Baht 384 million.

(4) Abstracts Phahonyothin Park

This condominium project on a piece of land of approximately 22 rai 2 ngan 18 square wah, is the only asset of Nuvo Line (80% held by BTSC). The land, with buildings, is situated on Phahon Yothin Road, close to Central Ladprao and along the Dark Green line extension. At present, Nuvo Line has signed an agreement to engage the Company as the project management advisor in the development of 3 condominiums. The project will become a flagship of the “Abstracts” brand, the Group’s own brand.

The sales office was built in April 2010 and the first building is expected to be sold in July 2010 with CB Richard Ellis (CBRE) as the sales agent for the first building which has approximately 1,000 rooms. The total project cost is approximately Baht 8.7 billion, out of which approximately Baht 2 billion has been invested in the form of equity as land cost. The rest will be financed by a project finance loan and proceeds from sales to customers as the towers are finished.

As of November 2008, the land appraisal value was Baht 2,023 million.

(5) Abstracts Sukhumvit 66/1

The new Abstracts Sukhumvit 66/1 is one of two projects under the Group's new "Abstracts" brand. It is a low-rise boutique condominium project on approximately 2 rai of land strategically located just 250 meters from the future BTS station at Udomsuk on the Green line extension. The project will be developed in two phases with 55 rooms in each phase and comes in the form of one- and two-bedroom units. Preselling is expected to be launched in mid 2010.

As of 29 March 2010, the land appraisal value was Baht 51 million.

(6) JJ Park Phahonyothin

A piece of land with an area of 15 rai 2 ngan 63.3 square wah situated on Phahon Yothin Road, close to BTSC's head office. Presently, the land is under feasibility study stage to be developed into residential and office buildings.

As of 29 March 2010, the land appraisal value was Baht 978 million.

5.5.2.2 Properties that are Not Along the Mass Transit Route

(1) U Inchantree

The 4-star boutique hotel project on approximately 5 rai of land on river frontage of the River Khwae will be developed under the name "U Inchantree", and be part of the U Hotels and Resorts chain. Currently, the existing buildings of the hotel are in the process of renovation. A centerpiece of the project will be to give prominence on the site to the In-Chan tree which is more than 100 years old. The renovated hotel is expected to begin service under the U brand in November 2010.

As of 29 March 2010, the land appraisal value was Baht 59 million.

(2) U Sathorn

Hotel under "U" brand is located on approximately 16.5 rai land in Soi Authakarnprasit, near Sathorn Road and the central business district. This project will be developed into a hotel on land leased for

30 years from the Treasury Department. At present, the project is being designed for construction while waiting for various government agencies to approve the construction. The construction is expected to start in the third quarter of 2010.

(3) U Khao Yai / PrannaKiri

At present, the 20-rai U Khao Yai project located in Khao Yai, Nakhon Ratchasima is under feasibility study as to the exact specifications of the future 4-star hotel.

As of 29 March 2010, the land appraisal value was Baht 8 million.

PrannaKiri is an associated land sub-division project next to the future U Khao Yai hotel which occupies 625 rai of prime land. The exact use of the land is under study.

As of 29 March 2010, the land appraisal value was Baht 270 million.

(4) Other Land Bank Assets

The Company also owns other land plots which are currently being considered for sale if no other alternative development plan can be found to benefit the Company's shareholders. Two of the major assets being considered are (1) land at Kamala Beach in Phuket, a large prime tract of 455 rai 3 ngan 5.9 square wah connected to the beachfront with the appraisal value of Baht 1,630 million as of 29 March 2010 and (2) land at Rama IX Bridge of 27 rai 2 ngan 10 square wah and next to Chao Phraya River with the appraisal value of Baht 660 million.

5.5.3 Media Business

With regard to advertising on BTS SkyTrain System, VGI plans to seek the opportunity to manage the new advertising space on BTSC's 12 new trains which are expected to be in service by the end of 2010. Furthermore, VGI will closely monitor the opportunity to manage advertising and merchandising spaces on BMA's SkyTrain stations such as Krung Thon Buri, Wongwian Yai and future stations. This will require negotiations with the relevant authorities.

In addition, VGI also plans to manage the advertising space on the 12 BRT stations of the first BRT line (Chong Nonsi - Ratchapruk) as well as the 25 BRT buses for which BTSC won the bid for the bus and bus station operation and maintenance contract from BMA.

With regards to advertising at retailing stores VGI has an opportunity to expand advertising space due to the continuous increase of retailing stores. VGI will ensure the creation of value for each investment in advertising space.

6. Risk Factors

In this section, we have described the risks that we believe are material, but there may be additional unforeseen risks or those which we deem not to be material which may also affect our business, and financial performance.

The Company currently engages in 4 main businesses categorized as (1) Mass transit business (2) Property business (3) Media business and (4) Services business. The Company is exposed to risks in each of these business categories as well as generic risks that apply to all business categories. The key risks are outlined as follows:-

6.1 Risks related to Mass Transit Business

6.1.1 BTSC depends on passenger fares as its primary source of revenues.

The revenues and profitability of the Mass Transit Business are substantially dependent on fare revenues from the BTS SkyTrain System's passengers. Accordingly, any factor adversely affecting passenger volume or fares collected may have an adverse effect on the Company's financial performance.

Nevertheless, since the commencement of BTS SkyTrain System's operations, the fare revenue of BTS SkyTrain has continually increased despite the effect of the civil unrest in Bangkok and the disruption in economic activity in 2008 having caused a decrease in passenger volumes as compared to the previous year, indicating a low susceptibility to such factors. This is due to BTS SkyTrain System's preeminent position as the main mass transit system in the central business district of Bangkok.

6.1.2 BTSC's ability to raise fares is limited.

BTSC's ability to raise fares to adjust to changes in market conditions and trends or to compensate for increases in operating and other costs is limited by competition in the industry and by the terms of its Concession Agreement.

In the past, BTSC increased the Authorized Fare once in 1999; and increased the Effective Fare once in 2008. Such increases were in compliance with all procedures and rights of BTSC as specified in the Concession Agreement.

6.1.3 The Concession Agreement can be terminated by the BMA subject to the triggering of certain events specified in the Concession Agreement.

The BMA is entitled to terminate the Concession Agreement upon BTSC's bankruptcy or its willful, continuous and material breach of the Concession Agreement. If the Concession Agreement is terminated,

BTSC may not be able to operate the BTS SkyTrain System, which would have a material adverse effect on BTSC's business and financial performance.

In the past no event of default has occurred which has caused the BMA to inform BTSC of any breach of the Concession Agreement.

6.1.4 Failure to extend the Concession Agreement or to be granted concessions relating to future expansion, or delays in the government's execution of its expansion plans, may adversely affect BTSC's growth prospects.

If the BMA wishes to build any new or additional lines during the term of the Concession Agreement or to expand, or to provide services at the extension of the existing SkyTrain System, BTSC has a right of first refusal to negotiate with BMA on such extensions on condition that BTSC accepts the best offer BMA has received from other bidders. However, BTSC cannot give assurance that the government will proceed with its current plans to expand Bangkok's mass transit systems, or that if they do, that BTSC would be granted a concession for any such extensions.

In addition, in order to extend the Concession Agreement, which will expire in December 2029, BTSC must give BMA advance notice of its intention to extend of at least three years and not more than five years. Such extension is subject to the consent of the Ministry of Interior. There is no guarantee that BTSC will be granted additional concessions in the future. In the event that future concession extension is not granted, or is granted on less favorable terms, BTSC's business and financial results may be adversely affected.

BTSC has considerable advantages against any other private parties in bidding for any concession on any extension, including, operational experience and potentially lower operating costs as it has already invested in depot, maintenance and control center facilities which can be shared with further extensions. Therefore, it may be considered difficult for any other private party to submit a better bid than BTSC. Also, in the past, BMA has proceeded with some Green Line Extension projects, with the first extension line completed and opened for service being the 2.2 km. Silom Line Extension on which BTSC was engaged by BMA to provide operation and maintenance services.

6.1.5 BTSC may not be able to successfully implement its growth strategy in the public transportation business which is dependent upon various factors including government approval.

BTSC growth strategies in the public transportation business include, among others, bidding for operating contracts with respect to extensions to the SkyTrain System and participating in other new mass transit system projects. BTSC's success in implementing these strategies will depend, among other things, on the government's decision and execution. In the event that BTSC is not able to successfully implement its growth strategy, BTSC's future business and financial results may be adversely affected.

Nevertheless, whether or not BTSC is able itself to participate in the new mass transit system projects, the Company may still receive benefits in revenue from the increase of the mass transit systems due to the increase in the number of riders of other mass transit systems which may be able to use BTS SkyTrain System whose routes strategically serve the central business district of Bangkok and several other major destinations for travelers.

6.1.6 BTSC faces competition from other forms of public transportation that may result in fare pricing pressures.

BTSC has a variety of competitors, including, but not limited to, government-subsidized buses, minibuses, and vans, some of which may offer cheaper travel alternatives than the BTS SkyTrain System. Such competition could have a material adverse effect on BTSC's business and financial results.

Nevertheless, BTS SkyTrain compares generally favourably against other mass transit systems at the present day, in relation to speed, reliability, punctuality, convenience and the high safety record it offers its travelers on routes located in the central business district of Bangkok.

6.1.7 BTS SkyTrain System currently offers a limited coverage area and interchange stations, and relies on feeder systems to which it is linked by other forms of transportation.

The BTS SkyTrain System and the Silom Line Extension currently run along 25.7 km. of rail lines with 25 elevated stations, including one common interchange or central station at Siam Station.

The BTS SkyTrain System has a limited service route based on its elevated track which relies on other transit feeder systems for a substantial portion of its ridership. BTSC's future growth may be adversely affected if these feeder systems are discontinued, delay their services or breakdown which may result in reduced ridership and revenues.

Nevertheless, BTS SkyTrain does not materially rely on any single form of feeder system and is fed by several diverse forms of transportation. In addition, BTSC will continue to expand linkages to commercial buildings and increase the number of BTS stations which link to other mass transit systems, for example, BRT stations and an airport rail link station, in order to facilitate and promote increases in ridership.

6.1.8 BTSC currently relies partially on Siemens to provide maintenance services and reliance on this single contractor may decrease BTSC's bargaining power.

Siemens has been contracted as the main maintenance contractor for the machinery and equipment under a maintenance agreement for a period of 10 years, expiring in December 2014. In the event that Siemens is unable to provide satisfactory service in accordance with the terms of its agreement, or in case of termination of the agreement, or if Siemens seeks to amend the terms of its agreement in a manner that is not favorable to BTSC, BTSC's business and financial performance may be adversely affected.

At present, BTSC maintains with its own personnel some parts of BTS SkyTrain System, such as the automatic fare collection system, telecommunication system, Civil Works and the signaling system on the 2.2 km. Silom Line Extension, as well as developing its personnel continually to reduce the Company's reliance on the manufacturer for maintaining the machinery and equipment. In addition, BTSC has prepared itself in respect of future maintenance for an additional 12 four-car trains, totaling 48 cars, manufactured by another manufacturer, being CRC, the leading manufacturer of trains and electric trains in the People's Republic of China. Such additional trains are being imported into Thailand by CRC in June 2010. Similarly, BTSC has also prepared in respect of future maintenance for the upgraded signaling system, which is deemed as an important part of operating the BTS SkyTrain System by itself. Moreover, BTSC has a policy to enhance the capability of its engineering and maintenance departments in maintaining the machinery and equipment related to the electric train system in order to reduce its reliance on the electric train manufacturing company.

6.1.9 BTSC is exposed to fluctuations in operating costs beyond the control of BTSC and an increase in operational costs may adversely affect its financial performance.

BTSC has certain obligations to maintain, renew and replace the operating assets and infrastructure of the BTS SkyTrain System to meet the standards prescribed by the BMA under our Concession Agreement; this together with any increase in mandatory employee benefits or any change in government fiscal, employment or other policies that adversely affect transportation operations or demand may lead to a decline in BTSC's profitability.

In the past, no event has ever occurred to cause a material increase of the operating costs of BTSC or affect the profitability of BTSC. BTSC continues to seek to decrease its operating costs where possible e.g. by increasingly maintaining more of its machinery, equipment and systems with its own personnel rather than by external providers. In addition, the Concession Agreement specifies that BTSC is entitled to adjust the fare on certain special occasions based on increased operating costs, in addition to the right of adjustment of fares in line with the consumer price index.

6.1.10 Power is critical to BTSC's operations and BTSC is dependent on the Bangkok Metropolitan Electricity Authority (the "MEA") for power supply.

The operations of the BTS SkyTrain System are dependent on the availability of power. Power to the BTS SkyTrain System is currently supplied from the MEA. Two supply distribution stations are used, one at the depot at Mo Chit and the other at Soi Pasingto, Rama IV Road. The BTS SkyTrain System was designed to operate from both or from either of the supply stations so that the BTS SkyTrain System can continually operate in the case that either supply station is unable to supply power. In addition, in the case that both supply stations are unable to supply power, emergency power supplies are available for purposes of maintaining the operation of security systems, preserving certain data and the data system necessary for the resumption of services, and the movement of trains to the nearest station in the event of a normal power interruption. However, auxiliary power supplies are not sufficient to restart the operations of the trains.

As the MEA is the sole supplier of power, power outages, or any significant interruption or delay in the supply of power or its inability to supply power in the required amounts in a timely manner, would disrupt the BTS SkyTrain System's operations.

Nevertheless, the power supplied from only one supply distribution station is sufficient to service the operation of the BTS SkyTrain System. Therefore, if any problem occurs to any one of the supply distribution stations, BTS SkyTrain is still able to provide normal services. In addition, there has never been an event whereby both supply distribution stations were simultaneously incapable of supplying power.

6.2 Risks related to Property Business

6.2.1 The property business is a highly competitive business.

The property business is highly competitive. While there are a large number of players, there may be limited demand or demand may be growing at a rate slower than additional supply, either in the hotel, condominium or office supply sector. The Company faces strong competition in Bangkok and its vicinity. Some of our competitors are large companies with greater financial, technical and marketing resources than the Company. The high competition may lead to a significant price increase for the land available for development or real estate available for sale, or to competition on selling price or competition for financial or other resources for project development, any of which could put the Company in a disadvantageous position compared to its competitors some of whom are larger or have more resources and thus could have a material adverse effect on our business, financial performance, results of operations and prospects.

The Company's Management takes into account this risk. However, the Company has had property activities since its inception, and through the recent acquisition of BTSC, the Company will be able to offer products that are differentiated from its competitors.

6.2.2 Brand recognition and reputation is important for the property business.

Brand recognition and reputation is critical to attracting and maintaining the Company's customers. While many competitors are already well-known and accepted among the target customers, the Company is in the process of developing and establishing the Company's new brand for current and future projects, which may occur additional costs and expenses for the Company, and there is no assurance that our new brand will be successfully introduced to our existing or future customers. Any inability to maintain our brand recognition and reputation or to establish our new brands successfully could have a material adverse effect on the success of the Company's current and future projects, market share, business, financial performance, results of operations and prospects.

6.2.3 The price of construction materials may fluctuate or significantly increase.

Cost of construction materials is a critical component of construction cost in developing property projects. Prices of construction materials tend to fluctuate in line with various factors such as demand and

supply, rising oil prices and growth of the property sector. Construction cost of the Company's projects may increase in the future as a result of this fluctuation in supplier price and consequently may negatively impact the Company's profitability since the Company may not always be able to pass on the increased costs to customers by adjusting the selling price.

However, the Company has in the past effectively managed construction costs by including the cost of construction materials and labour in its contracts. By using this policy, construction contractors become responsible for any fluctuation in the cost of construction materials. However, the major contractor of the Company is our subsidiary, 51% of whose shares are held by the Company. As for construction materials that are the Company's responsibility, the Company has a qualified Project Development Department with experience and good relationships with suppliers. The Company has strong bargaining power and is able to control the cost of construction materials at an appropriate level. The Company always plans its construction in detail and assesses the amount of each construction material required for its projects prior to placing orders.

6.2.4 Our projects may be subject to delay and non-completion.

Our projects are at various states of development. Property development and construction activities are subject to significant risks of delay and non-completion due to certain factors:

- budget overruns;
- potential inability to obtain financing on favorable terms; and
- potential liability under environmental law and other laws.

The occurrence of one or more of these factors could materially adversely affect our business, financial results of operations and prospects.

6.2.5 Risk from managing Baan Aur-Arthorn Project.

The Company signed a contract with National Housing Authority to construct Baan Aur-Arthorn project on 25 April 2006. However, due to uncertainty of public policy, no new project has been started, and hence future revenue and performance of the Company may be affected.

At present from the total of 20,000 units which the Company was originally engaged to construct, the number of units that the Company have been approved to construct has been reduced from 9,584 units to 8,048 units since the National Housing Authority has terminated the project at Bang Bo (1,536 units). The Company has completed the construction and handed over 4,216 units to the National Housing Authority. Presently, 2,108 units are under construction and the remaining 1,724 units are awaiting the order from the National Housing Authority to start the construction. The Company is confident that it will be able to handover the project within the required timeframe.

6.3 Risks related to Media Business

6.3.1 The media business may be adversely impacted, if the Concession Agreement is terminated.

VGI entered into a License Agreement to Manage Marketing Service with BTSC (the "License Agreement") by which VGI has the rights to manage the advertising and commercial spaces on the trains and on the stations pursuant to the License Agreement for a 10-year period (starting from 1999) and VGI has exercised its right to request an extension of the term for an additional 5 years until 2014. BTSC's Board of Directors has also approved the extension of the License Agreement to expire at the same time as the Concession Agreement (December 2029), and the License Agreement is in the process of being amended. Under this Agreement, BTSC has granted VGI an exclusive license to manage marketing services with respect to advertising space, merchandising areas, exterior train areas and other areas related to the BTS SkyTrain System. If the Concession Agreement with BMA is terminated, BTSC will not have the right to manage or earn benefit from managing the advertising and commercial space on the SkyTrain System, and the License Agreement with BTSC will also be terminated, which would have a material adverse effect on VGI's business, financial condition, results of operations and prospects.

Nevertheless, the termination of the Concession Agreement requires the occurrence of an event of default and would only take effect in accordance with the Concession Agreement as described in Clause 6.1.3 above.

6.3.2 Media business revenue is highly dependent on mass transit revenue. Any reduction to BTS SkyTrain ridership may adversely impact media business revenue.

The majority of the VGI business is derived from managing the advertising space on the BTS SkyTrain System, both trains and stations. Should the ridership of the BTS SkyTrain System fall for any reason, the advertising budget that clients allocate towards advertising on mass transit could be reduced or clients may choose to use other media, which in turn would reduce the revenue that VGI would receive and have a negative impact on the prospects of VGI and the Company.

Nevertheless, since commencement of BTS SkyTrain System's operations, ridership has decreased in only one year. In addition, in the past 5 years, VGI Group has expanded its scope of advertising business by obtaining the right which covers management of advertising spaces in the modern trade such as Tesco Lotus and Tesco Express, Big C Supercenter and Carrefour.

6.4 Generic Risk Factors that May Affect the Company

6.4.1 The Company will significantly depend on distributions from certain principal subsidiaries.

The Company will be dependent on dividend distributions from certain of its principal subsidiaries. The determination of the amount of distributions, if any, to be paid to our Company by our subsidiaries

will depend upon several factors, including the terms of each subsidiary's indebtedness, if any, each subsidiary's financial condition, results of operation, cash flow investment and capital expenditure plans and future business prospects. If the Company does not receive the distributions in sufficient amount from certain principal subsidiaries, it could have an adverse effect on the Company's ability to meet its debt and interest obligations, its financial condition, the business and the ability to pay dividend.

6.4.2 The Company and the subsidiaries have substantial indebtedness and will continue to have substantial indebtedness and debt service obligations.

The Company and its subsidiaries have substantial indebtedness, as of 31 March 2010, in the total amount of Baht 2,312.7 million, while BTSC has total debt of approximately Baht 12,474.5 million (consists mainly of long-term debentures). In addition, in May 2010, the Company undertook a loan to acquire the shares of BTSC. This loan was reduced to approximately Baht 8,655.7 million after proceeds from the Rights Offering and Private Placement were used to repay part of the loan. If we are unable to repay or refinance our outstanding indebtedness, we may be unable to implement our development plans and our financial condition, results of operations and prospects may be adversely affected.

Furthermore, after the completion of its business rehabilitation plan, the Company still has a certain amount of debt outstanding (however these debts are non-interest bearing debts and thus the Company is not affected by the risk from interest rate volatility).

The Group is primarily reliant on operating revenues in order to repay these liabilities as and when they fall due, and secondly reliant on equity issuance (warrant exercise) and divestment of non-core assets to support the repayment. If market conditions are such that the proceeds from the sources of repayment are insufficient to cover the repayment schedule, then the Company will have to find other sources for repayment, not limited to refinancing of existing debt. Such alternative sources of funding may have a high cost and may have terms unfavorable to the Group and may have an adverse impact on the Group's business, financial status, performance and prospects.

6.4.3 Continued political upheaval, terrorist attacks or any unrest in Thailand could adversely affect our business, financial condition, results of operation and prospects.

In recent years, there have been several rallies in the Bangkok area which led to violent events during April to May 2010, which caused BTSC to close its services and reduce its operating hours for a certain period, although there had not been any major damage to BTSC's assets. There can be no assurance whether or not there will be any political protests or unrest in the future or, if there is, whether it will cause or how severe will be any damage to the BTS SkyTrain System. In addition, there can be no assurance that there will be no negative impact on the other businesses of the Company, on the numbers of tourists and travelers to Thailand, the advertising budget of corporations, the money and capital markets or the Company's ability to service financing, which may materially and adversely affect the Group's business, results of operations and financial condition.

Moreover, in 2005, terrorists targeted and attacked public transportation systems around the world, including those in London and Madrid. Any such attacks in Thailand may have a material and adverse effect on BTSC's and the Company's business, financial condition, results of operations and prospects. Nevertheless, BTSC procured terrorism insurance covering property damages incurred from terrorist and business interruption, the coverage of which may help reduce the material effect of such events on the Group. In addition, BTSC has prepared security measures, e.g. simulation of certain events to ensure the readiness of its personnel, as well as increasing its internal security measures, e.g. setting up close circuit television (CCTV), increasing the number of security guards and randomly inspecting carriages with metal detectors at the entrance and exit of the stations etc. BTSC also arranged co-practice with the officers and departments related to disaster prevention and mitigation in order to improve the Company's efficiency in resolving such situations.

6.4.4 Fluctuation in interest rates may increase the borrowing cost of the Company and reduce profitability.

On the acquisition of BTSC on 4 May 2010, the Company drew down a loan amounting to Baht 20,655.7 million in order to finance the acquisition of BTSC shares. As of 14 June 2010, the outstanding loan had been reduced to approximately Baht 8,655.7 million after repayment using the proceeds from a Rights Offering and a Private Placement. Interest expense on this loan is based on the rate of Minimum Lending Rate (MLR). As such, any increase to MLR will increase the cost of funding of the Company, which may have an adverse effect on the results of operation of the Company.

However, the Company takes into account this risk when undertaking project evaluations and performs sensitivity analysis for the impact of higher interest costs on its projects.

6.4.5 The Group may encounter a lack of liquidity if the Group does not obtain a credit facility or source of funds for its operations and investments.

The Company and/or its subsidiaries has or may have additional investment plans in respect of its business which may require additional funds. If the Company and/or its subsidiaries are unable to obtain funds by issuing debt instruments, through borrowing from financial institutions or through the increase of its capital within the expected timeframe, the Group liquidity, financial condition and its investment or expansion plan could be adversely affected.

Nevertheless, for any investment in respect of its business which may require additional funds, the Company and/or its subsidiaries will prepare a feasibility study and plan of the project and the procurement of funds before making any decision. Therefore, if the Company and/or its subsidiaries are unable to obtain sufficient funds or facilities for the particular project, the Company and/or its subsidiaries may consider delaying, amending or terminating the investment plan.

7. Shareholding Structure and Management

7.1 Shareholding Structure

7.1.1 The Company's Securities

As at 31 March 2010, the Company had registered capital of Baht 7,704,149,999 and registered paid-up capital of Baht 7,614,391,803, divided into 7,614,391,803 shares at a par value of Baht one per share.

As at 17 June 2010, the Company has registered capital of Baht 65,142,190,902 and registered paid-up capital of Baht 54,813,275,885, divided into 54,813,275,885 shares at a par value of Baht one per share.

7.1.2 Shareholders

Top 10 major shareholders according to the book closing date as at 17 June 2010, are as follows:

Name of Shareholder	Number of Shares	%
1. Mr. Keeree Kanjanapas Group*	24,995,400,859	45.60
2. Siam Capital Developments (Hong Kong) Limited	12,609,092,693	23.00
3. Siam Infrastructure Limited	5,178,622,804	9.45
4. UOB Kay Hian (Hong Kong) Limited – Client Account	2,158,982,531	3.94
5. Bangkok Bank Pcl.	1,723,592,238	3.14
6. Mr. Lo Wing Kong	603,750,000	1.10
7. VMS Private Investment Partners II Limited	450,000,000	0.82
8. Mr. Wanchai Panvichien	421,100,000	0.77
9. Thai NVDR Co., Ltd.	311,331,292	0.57
10. Tanayong Food & Beverage Co., Ltd.**	271,843,540	0.50

* Mr. Keeree Kanjanapas Group consists of Mr. Keeree Kanjanapas, Mr. Kavin Kanjanapas, K2J Holding Co., Ltd., Saraburi Property Co., Ltd., Amfield Holdings Pte. Ltd. and Crossventure Holdings Limited.

** The subsidiary holds the shares of the Company for the creditors pursuant to the business rehabilitation plan of the Company. The shares of which now wait to be transferred to the creditors in the future.

7.1.3 Dividend Payment Policy

7.1.3.1 Dividend Payment Policy of the Company

The Company has a policy of paying dividend at the rate of no less than 50% of net profit after tax in accordance with the Company's financial statements (on a standalone basis). The Company shall pay dividend in the following fiscal year taking into consideration the cash flow from the operation of the business. The annual dividend payment announcement must be approved at the Annual General Meeting of Shareholders. As for the interim dividend payment, the Company's Board of Directors may deem it appropriate to pay interim dividend if the Company has sufficient profits and working capital for business operation after the interim dividend payment. The Board of Directors has the responsibility to inform shareholders of the payment in the subsequent shareholders meeting.

The Board of Directors shall take the following factors into account when considering dividend payment to the shareholders.

- The Company's performance, liquidity, current cash flow and financial status;
- Provision and conditions regarding dividend payment as provided in the loan agreements, debentures, any contracts which create the Company's liabilities, including agreements or contracts that the Company is obliged to comply with;
- Future business plan and investment capital requirement;
- Other factors as deemed appropriate by the Board of Directors.

Moreover, the Company must comply with Public Limited Companies Act B.E. 2535 (1992), which states that the Company cannot pay dividend if the Company has an accumulated loss, even though the Company has a net profit in that particular year. Additionally, the Public Limited Companies Act B.E. 2535 (1992) also states that a public company limited is required to reserve an amount equal to 5% of the annual net profit after deduction of the accumulated loss (if any) as legal reserve fund until such legal reserve fund is equal to not less than 10% of the registered capital. In addition to the legal reserve fund, the Board of Directors may consider making other types of reserve fund as deemed appropriate.

7.1.3.2 Dividend Payment Policy of Subsidiaries

BTSC

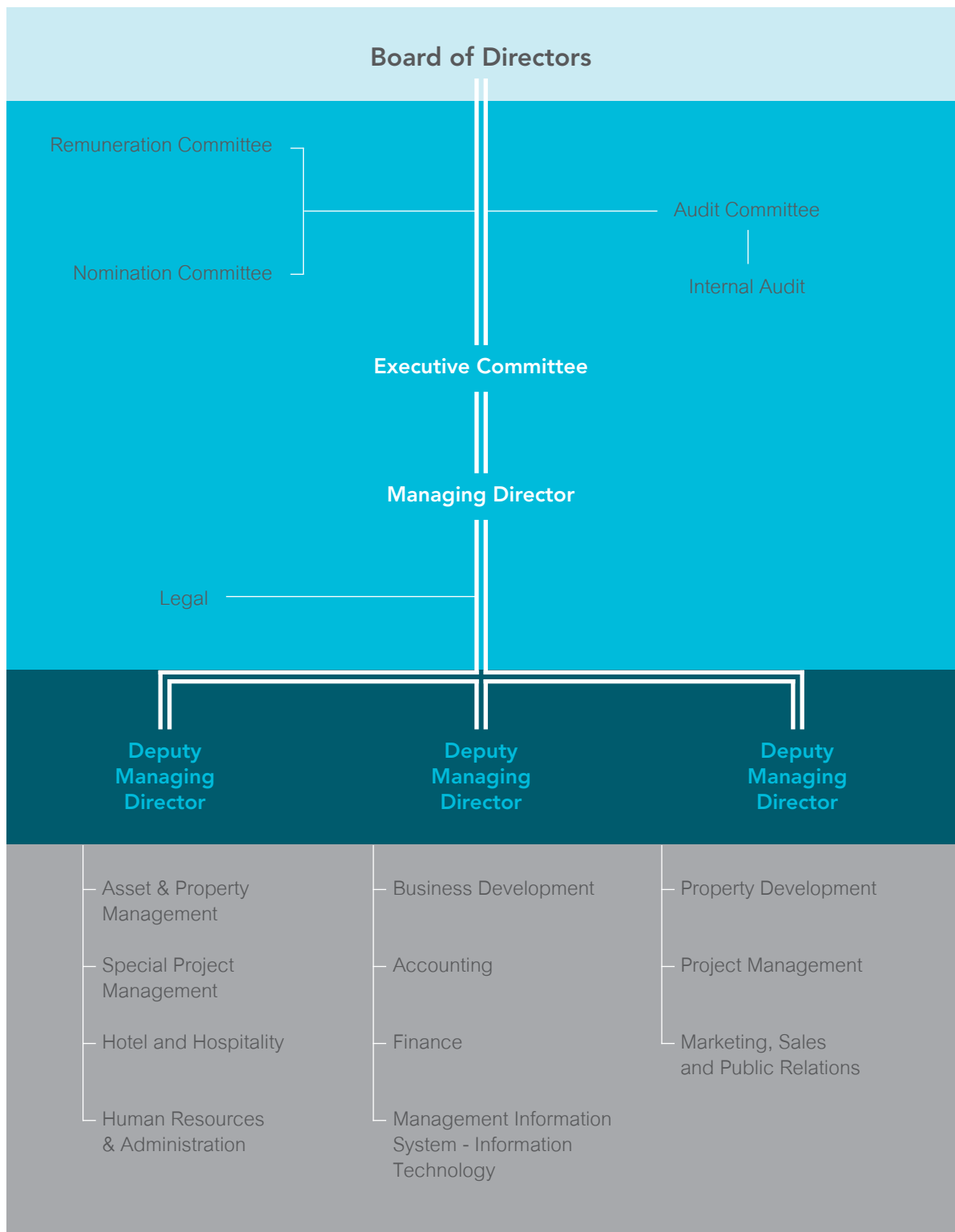
The dividend payment policy of BTSC is to pay dividend of no less than 50% of net profits from operations, excluding “extra items” such as gains (losses) on exchange rate, gains (losses) on business rehabilitation, interest payments pursuant to the rehabilitation plan and depreciation. In this regard, in specifying the dividend payment, the Company may consider (1) reservations pursuant to the law, (2) restrictions in respect of debts of the Company as per agreement with its creditors, and (3) expenses and investment funds which would be required for the next year being taken into account together with cash-flow projections.

Other Subsidiaries

For subsidiaries, the dividend payment policy takes into consideration the potential growth of business operation, investment plan, business expansion, conditions of loan agreements or debentures of the Company and subsidiaries, together with future necessity and appropriateness. The dividend payment policy is to pay dividend of no less than 50% of net profits after deduction of tax and legal reserve fund provided that there is no other obligation and that dividend payment does not affect the normal business operation of that subsidiary.

7.2 Management

7.2.1 Organization Chart



7.2.2 Management Structure

As at 16 June 2010, the Company's management structure consists of the Board of Directors and four Committees, namely:

- Board of Directors
- Audit Committee
- Remuneration Committee
- Nomination Committee
- Executive Committee

7.2.2.1 Board of Directors consists of 13 Directors as follows:

No.	Name	Position
1.	Mr. Keeree Kanjanapas	Chairman
2.	Mr. Kavin Kanjanapas	Director
3.	Mr. Sutham Siritipsakorn	Director
4.	Mr. Rangsin Kritalug	Director
5.	Mr. Kong Chi Keung	Director
6.	Mr. Kom Panomreongsak	Director
7.	Dr. Paul Tong	Director
8.	Mr. Cheung Che Kin	Director
9.	Dr. Anat Arhhabhira	Director
10.	Mr. Lo Yun Sum	Director
11.	Lt. Gen. Phisal Thepsithar	Independent Director / Chairman of the Audit Committee
12.	Pol. Maj. Gen. Vara leammongkol	Independent Director / Member of the Audit Committee
13.	Mr. Chaiyasit Puvapiromquan	Independent Director / Member of the Audit Committee

Mr. Rangsin Kritalug is the Secretary to the Board of Directors.

Authorized Directors consist of 6 persons as follows:

Group A Directors

1. Mr. Keeree Kanjanapas
2. Mr. Kavin Kanjanapas
3. Mr. Rangsin Kritalug

Group B Directors

4. Mr. Sutham Siritipsakorn
5. Mr. Kong Chi Keung
6. Mr. Kom Panomreongsak

Directors who have authority to sign for and on behalf of the Company consist of any one Director from the Group A Directors signing jointly with any one Director from the Group B Directors, totaling 2 persons together with the Company's seal affixed.

Roles and Responsibilities of the Board of Directors

1. To perform their duties in accordance with the law, the objectives and the Company's Articles of Association as well as to propose resolutions to the shareholders' meeting with honesty and due care for the benefit of the Company.
2. To determine the Company's vision, policies, business direction and supervise the Management in order for them to perform effectively and to efficiently achieve their performance so as to maximize the value for the Company and its shareholders.
3. To determine the Company's policies, strategies, business plans, annual budget including progress of the monthly and quarterly performance of the Company, compared to the business plan and budget, and to also consider the future trends for the year ahead.
4. To regularly evaluate the Management's performance and to ensure the appropriateness of the remuneration system for the executives under the supervision of the Remuneration Committee.
5. To supervise the Management to ensure the accounting system, financial reports and audit system are accountable, as well as to ensure that the Company has an appropriate and sufficient internal control system.
6. To consider and approve the acquisition and deposition of assets, investment in new businesses and any operational matters as required by law, excluding the operational matters legally requiring the resolution of the shareholders' meeting.
7. To consider and/or comment on the connected transactions of the Company and its subsidiaries with regard to compliance with the law, notifications, regulations and relevant rules.
8. To monitor and prevent conflicts of interest among stakeholders of the Company.
9. To fairly consider all the Company's affairs by taking into account the benefits to shareholders and stakeholders. The Director shall report to the Company, without delay, if he has any conflict of interest in a contract executed with the Company or acquires more

shares or sells shares in the Company or its subsidiaries. Hence, for any transaction with the Director or the person having a conflict of interest or a conflict of any kind with the Company or subsidiaries, the Director so conflicted shall have no right to approve such transaction.

10. To govern the business operations to comply with business ethics and the Code of Conduct. To review corporate governance regularly and evaluate its compliance at least once a year.
11. To report about the responsibility of the external auditor in the preparation of the financial statements in conjunction with his report on the Company's Annual Report, covering key issues under the Policy Statement on Code of Best Practice of Directors of Listed Companies of the Stock Exchange of Thailand.
12. To delegate one or more Directors or other persons to perform any tasks on behalf of the Board of Directors. However, such delegation shall not be the authorization or sub-authorization that allows the Director or any authorized person, who has a conflict of interest or a conflict of any kind with the Company or its subsidiaries, to approve such transaction.
13. To appoint a sub-committee to assist in monitoring Management and the internal control system to be in accordance with policy, such as the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee.
14. To appoint the Company Secretary to ensure that the Board of Directors and the Company comply with the law and relevant regulations.

7.2.2.2 Audit Committee consists of 3 members as at 16 June 2010 as follows:

No.	Name	Position
1.	Lt. Gen. Phisal Thepsithar	Chairman of the Audit Committee*
2.	Pol. Maj. Gen. Vara leammongkol	Member of the Audit Committee
3.	Mr. Chaiyasit Puvapiromquan	Member of the Audit Committee

Mrs. Duangkamol Chaichanakajorn is the Secretary to the Audit Committee.

* Lt. Gen. Phisal Thepsithar is a member of the Audit Committee, who is knowledgeable and experienced in reviewing the Company's financial statements.

Roles and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine the internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the Head of the internal audit unit or any other unit in charge of internal audit;
3. To review the Company's compliance with the law on securities and exchange, the Stock Exchange's regulations and the laws relating to the Company's business;
4. To consider, select and nominate an independent person to be the Company's auditor and to propose such person's remuneration for the consideration of the Board of Directors, as well as to attend a non-management meeting with the auditor at least once a year;
5. To review the connected transactions, or the transactions that may lead to a conflict of interest, to ensure that they are in compliance with the law and the Stock Exchange's regulations, and are reasonable and for the maximum benefit of the Company;
6. To prepare and to disclose in the Company's annual report, the Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
 - An opinion on the accuracy, completeness and accountability of the Company's financial report;
 - An opinion on the adequacy of the Company's internal control system;
 - An opinion on the compliance with the law on securities and exchange, the Stock Exchange's regulations and the laws relating to the Company's business;
 - An opinion on the suitability of the auditor;
 - An opinion on the transactions that may lead to a conflict of interest;
 - The number of the Audit Committee's meetings and the attendance at such meetings by each committee member;

- An opinion or overview comment by the Audit Committee from its performance of duties in accordance with the charter;
 - Other transactions which should be known to the shareholders and general investors under the scope of duties and responsibilities assigned by the Company's Board of Directors.
7. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

In the performance of the duties of the Audit Committee, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and performance outcome, the Audit Committee shall report it to the Board of Directors for rectification within the period of time that the Audit Committee deems appropriate:

- a transaction which causes a conflict of interest;
- any fraud, irregularity, or material defect in the internal control system;
- an infringement of the law on securities and exchange, the Stock Exchange's regulations, or any law relating to the Company's business.

Qualifications of the Members of the Audit Committee

All members of the Audit Committee must be independent Directors having the qualifications as follows:

1. Holding not more than 1% of the total number of shares which have voting rights of the Company, subsidiaries, associates, affiliates, major shareholders, or controlling persons of the Company. In this case, for the purpose of calculation, the number of shares held by a related person of each member of the Audit Committee shall also be included.
2. Neither being a Director who takes part or used to take part in management, nor being or having been an employee, staff member, an advisor who receives regular salary, nor the controlling person of the Company, subsidiaries, associates, affiliates, major shareholders or the controlling persons of the Company, unless such Director has resigned from such position for at least two years.
3. Not being a blood-related person nor legally related as father, mother, spouse, brother, sister or child, including being the spouse of the children, of the executives, major shareholders, controlling persons or the persons who will be nominated as the executive or controlling persons of the Company or subsidiaries.

4. Neither having, nor having had, any business relationship with the Company, subsidiaries, associates, affiliates, major shareholders, or controlling persons of the Company in a manner that may obstruct the exercise of independent judgment as a member of the Audit Committee. Moreover, a member of the Audit Committee must neither be, nor have been, a key shareholder or controlling person of the entities that have a business relationship with the Company, subsidiaries, associates, affiliates, major shareholders, or the controlling persons of the Company, unless such Director has resigned from such position for at least two years.
5. Neither being, nor having been, the auditor of the Company, subsidiaries, associates, affiliates, major shareholders, controlling persons of the Company, nor being a key shareholder, controlling person or partner of the audit office providing the auditing service to the Company, subsidiaries, associates, affiliates, major shareholders, or the controlling persons of the Company, unless such Director has resigned from such position for at least two years.
6. Neither being, nor having been, a provider of any professional services including legal advisory or financial advisory services that received fees in the amount of more than 2 million Baht per year from the Company, subsidiaries, associates, affiliates, major shareholders, or controlling persons of the Company, nor being a key shareholder, a controlling person, or partner of such professional services provider, unless such Director has resigned from such position for at least two years.
7. Not being a Director who has been appointed as a representative of the major shareholders or shareholders related to the major shareholders.
8. Neither operating a business having the same nature which significantly competes with the business of the Company or its subsidiaries, nor being a significant partner or a Director who is involved in the management, nor being an employee, staff member, or a consultant who receives regular salary, or holds more than 1% of the total number of shares which have voting rights of a company that operates a business having the same nature and that significantly competes with the business of the Company or its subsidiaries.
9. Having no other conditions that may obstruct the independent expression of comment on the Company's operations.
10. Being appointed by the Board of Directors or the shareholders' meeting to be a member of the Audit Committee.

11. Neither being a Director who has been assigned by the Board of Directors to make a decision regarding the business operations of the Company, subsidiaries, associates, affiliates, major shareholders or controlling persons of the Company, nor being a Director of the parent company, subsidiaries, or subsidiaries ranked in the same level.
12. Being knowledgeable and experienced to perform his duty as a member of the Audit Committee. At least one member of the Audit Committee must be knowledgeable and experienced in reviewing the accountability of the financial statements.
13. Having full and proper qualifications in accordance with the laws and regulations of the government authority.

7.2.2.3 Remuneration Committee consists of 3 members as 16 June 2010 as follows:

No.	Name	Position
1.	Lt. Gen. Phisal Thepsithar	Chairman of the Remuneration Committee
2.	Pol. Maj. Gen. Vara leammongkol	Member of the Remuneration Committee
3.	Mr. Rangsin Kritalug	Member of the Remuneration Committee

Roles and Responsibilities of the Remuneration Committee

1. To consider the form and criteria for the remuneration (both monetary and non-monetary) of the Directors and Managing Director according to their responsibilities and accomplishments, taking into account the remuneration of other companies with the same market capitalization in the same industry, to determine the appropriate criteria in order to have a prospective and fair outcome, and to compensate the personnel who take part in the Company's success. To review all types of remuneration by considering the amount and proportion of each form of remuneration to ensure that each remuneration is appropriate.
2. To consider the performance appraisal criteria of the Managing Director and propose such to the Board of Directors for approval.
3. To propose the amount and form of remuneration for the Managing Director to the Board of Directors for approval. However, the remuneration of the Board of Directors must be proposed to the shareholders' meeting for approval.
4. To report to the Board of Directors and shareholders on their performance.

5. To consider the suitability and conditions in offering newly issued shares (or warrants) to Directors or employees as motivation for the Directors and employees to perform their duties in order to create long-term value-added for shareholders, and in addition, to maintain the employee quality of the Company. However, the share offering must not be excessive and must be justified to the shareholders. If any Director or employee is allocated more than 5% of the total shares being allocated, the Remuneration Committee has to consider the suitability and approve such.

7.2.2.4 Nomination Committee* consists of 3 members as at 16 June 2010 as follows:

No.	Name	Position
1.	Lt. Gen. Phisal Thepsithar	Chairman of the Nomination Committee
2.	Pol. Maj. Gen. Vara leammongkol	Member of the Nomination Committee
3.	Mr. Rangsin Kritalug	Member of the Nomination Committee

Roles and Responsibilities of the Nomination Committee

1. To determine the qualification of the Directors to be nominated in accordance with the structure, size and composition of the Board as specified by the Board of Directors.
2. To specify the appropriate nomination process in selecting persons that are suitable for the Company.
3. To nominate the Directors by considering the appropriateness of their knowledge, experience, expertise and time availability as well as requirements stipulated by law or regulations of the government authorities.
4. To assess the independence of each independent Director to identify whether such Director is qualified to be an independent Director as well as assessing whether it is necessary to acquire an additional independent Director.
5. To select Directors that possess qualifications in accordance with the specified criteria and propose them to the Board of Directors for appointment, or recommend them to the Board of Directors for its consideration in proposing their names for appointment at the shareholders' meeting.
6. To clarify and answer the enquiries in the meeting of shareholders, if there are any questions regarding Directors' nomination policy.

7.2.2.5 Executive Committee consists of 6 persons as at 16 June 2010 as follows:

No.	Name	Position
1.	Mr. Keeree Kanjanapas	Chairman
2.	Mr. Kavin Kanjanapas	Managing Director
3.	Mr. Sutham Siritipsakorn	Deputy Managing Director
4.	Mr. Rangsin Kritalug	Deputy Managing Director
5.	Mr. Kong Chi Keung	Deputy Managing Director
6.	Mr. Kom Panomreongsak	Executive Director

Mr. Bernardo Godinez Garcia is the Secretary to the Executive Committee.

Roles and Responsibilities of the Executive Committee

1. To determine business policy, direction, strategy, and management structure in the Company's business operations to be suitable for the economic and competitive situation, and to propose such to the Board of Directors for approval.
2. To prepare a business plan, budget, the management authorities of the Company and propose such to the Board of Directors for approval.
3. To review and monitor the Company's performance to ensure compliance with approved policy and the business plan, and to ensure efficiency and effectiveness.
4. To consider and approve the Company's projects, and report project progress to the Board of Directors.
5. To manage the overall risk of the organization, evaluate such risk and plan the Company's risk management structure.
6. To perform other tasks as assigned by the Board of Directors.

7.2.2.6 Executives (non-Board executives) consist of 12 persons as at 16 June 2010 as follows:

No.	Name	Position
1.	Mr. Martin Harold Kyle	Chief Financial Officer
2.	Mrs. Duangkamol Chaichanakajorn	Accounting Director
3.	Miss Unchana Rojviboonchai	Finance Director
4.	Mr. Daniel Ross	Financial Director
5.	Mr. Wisith Chawalitanont	Project Development Director
6.	Mr. Bernardo Godinez Garcia	Hotel and Hospitality Director
7.	Mr. Saner Rattanawalee	Project Director (Thana City)
8.	Miss Thitikorn Yodyingtammakul	Legal Director
9.	Miss Artitaya Kasemlawan	Head of Sales
10.	Miss Tanrawee Pipatpolkul	Head of Marketing
11.	Mrs. Sriprapai Sinluenam	Head of Customer Services
12.	Mrs. Kotchapphan Noomrit	Special Project Development Director

Roles and Responsibilities of the Executives

1. To efficiently and effectively manage the business operations in accordance with the Company's policies, direction, strategy and operational structure.
2. To prepare the business plan, budget and management authorities of the Company for the Executive Committee's approval.
3. To manage the Company's business operations in line with the business plan and the budget as approved by the Executive Committee with honesty, integrity and with due care for the maximum benefit of the Company and its shareholders.
4. To monitor the Company's performance to ensure it is in line with the approved business plan and annual budget.
5. To regularly report the Company's performance to the Board of Directors.
6. To perform other tasks as assigned by the Board of Directors.
7. To supervise general business operations in accordance with the Company's rules and regulations.

7.3 Directors

7.3.1 Profile of Directors and Executives as at 16 June 2010

* The number of shares held by directors and executives including their spouse and minor children as at 17 June 2010

Name / Title	Age	Education	No. of Shares held (%) [*]	Family Relationship with the Executives	Working Experience for the 5-year-period		
					Period	Title	Companies
1. Mr. Keeree Kanjanapas Chairman	60	Executive Program (CMA 10) Year 2010, Capital Market Academy	39.37	Father of Mr. Kavin Kanjanapas	2006 - Present	Chairman	BTS Group Holdings Plc.
					1993 - 2006	Managing Director	BTS Group Holdings Plc.
					2010 - Present	Director	Kampoo Property Co., Ltd.
						Director	Kamkoong Property Co., Ltd.
					2009 - Present	Director	BTS Assets Co., Ltd.
						Director	Nuovo Line Agency Co., Ltd.
						Director	BTS Land Co., Ltd.
						Director	Bangkok Smartcard System Co., Ltd.
					2007 - Present	Director	Kamala Beach Resort & Hotel Management Co., Ltd.
					1996 - Present	Executive	Bangkok Mass Transit System Plc.
						Chairman	
					1994 - Present	Director	Tanayong International Limited
					1993 - Present	Director	PrannaKiri Assets Co., Ltd.
						Director	Sam Pao Petch Co., Ltd.

Name / Title	Age	Education	No. of Shares held (%)	Family Relationship with the Executives	Working Experience for the 5-year-period		
					Period	Title	Companies
2. Mr. Kavin Kanjanapas Managing Director	35	<ul style="list-style-type: none"> Director Accreditation Program (DAP) Year 2007, Thai Institute of Directors 	1.98	Son of Mr. Keeree Kanjanapas	1992 - Present	Director	Tanayong Food & Beverage Co., Ltd.
					1991 - Present	Director	Thana City Golf & Sports Club Co., Ltd.
					1990 - Present	Director	Saraburi Property Co., Ltd.
						Director	Siam Paging and Communication Co., Ltd.
						Director	Tanayong Property Management Co., Ltd.
					1988 - Present	Director	Muangthong Assets Co., Ltd.
					2006 - Present	Managing	BTS Group Holdings Plc.
						Director	
					2010 - Present	Director	Tanayong Hong Kong Limited
						Director	Absolute Hotel Services Hong Kong Limited
						Director	999 Media Co., Ltd.
						Director	888 Media Co., Ltd.
					2009 - Present	Director	Bangkok Mass Transit System Plc.
						Director	Nuovo Line Agency Co., Ltd.
						Director	Bangkok Smartcard System Co., Ltd.
						Director	VGI Advertising Media Co., Ltd.
						Director	VGI Multi-Tech International Co., Ltd.
						Director	Point of View (POV) Media Group Co., Ltd.

Name / Title	Age	Education	No. of Shares held (%)*	Family Relationship with the Executives	Working Experience for the 5-year-period		
					Period	Title	Companies
3. Mr. Sutham Siritipsakorn Deputy Managing Director	54	<ul style="list-style-type: none"> B. Sc (Arch) 1st Class Honors, Chulalongkorn University Director Accreditation Program (DAP) Year 2007, Thai Institute of Directors 	-	-	2008 - Present	Director	Saraburi Property Co., Ltd.
						Director	Thana City Golf & Sports Club Co., Ltd.
						Director	Tanayong Property Management Co., Ltd.
						Director	Muangthong Assets Co., Ltd.
						Director	PrannaKiri Assets Co., Ltd.
						Director	Sam Pao Petch Co., Ltd.
						Director	Siam Paging and Communication Co., Ltd.
						Director	Tanayong Food & Beverage Co., Ltd.
						Director	Absolute Hotel Services Co., Ltd.
					2007 - Present	Director	Kamala Beach Resort & Hotel Management Co., Ltd.
					2003 - Present	Director	VGI Global Media Co., Ltd.
					2006 - Present	Deputy Managing Director	BTS Group Holdings Plc.
					2007 - Present	Director	Muangthong Assets Co., Ltd.

Name / Title	Age	Education	No. of Shares held (%)	Family Relationship with the Executives	Working Experience for the 5-year-period		
					Period	Title	Companies
4. Mr. Rangsin Kritalug Deputy Managing Director	48	<ul style="list-style-type: none"> MBA, Thammasat University Director Accreditation Program (DAP) Year 2003, Thai Institute of Directors 	-	-	2006 - Present	Deputy Managing Director	BTS Group Holdings Plc.
					1997 - 2006	Director	BTS Group Holdings Plc.
					2008 - Present	Director	Siam Paging and Communication Co., Ltd.
						Director	Absolute Hotel Services Co., Ltd.
					2007 - Present	Director	Muangthong Assets Co., Ltd.
						Director	Kamala Beach Resort & Hotel Management Co., Ltd.
						Director	Hip Hing Construction (Thailand) Co., Ltd.
					2001 - Present	Director	DNAL Co., Ltd.
						Director	Saraburi Property Co., Ltd.
						Director	Tanayong Food & Beverage Co., Ltd.
						Director	Sam Pao Petch Co., Ltd.
						Director	PrannaKir Assets Co., Ltd.
						Director	Tanayong Property Management Co., Ltd.
						Director	Yongsu Co., Ltd.
					1998 - Present	Director	Thana City Golf & Sports Club Co., Ltd.

Name / Title	Age	Education	No. of Shares held (%)*	Family Relationship with the Executives	Working Experience for the 5-year-period		
					Period	Title	Companies
5. Mr. Kong Chi Keung Deputy Managing Director	35	<ul style="list-style-type: none"> MBA (Executive), Sasin Graduate Institute of Business Administration of Chulalongkorn University Director Accreditation Program (DAP) Year 2007, Thai Institute of Directors 	0.04	-	2008 - Present	Deputy Managing Director	BTS Group Holdings Plc.
					2006 - 2008	Director	BTS Group Holdings Plc.
					2010 - Present	Director	Tanayong Hong Kong Limited
					2008 - Present	Director	Absolute Hotel Services Co., Ltd.
					1999 - Present	Director	VGI Global Media Co., Ltd.
6. Mr. Kom Panomreongsak Executive Director	71	<ul style="list-style-type: none"> MBA (Finance), The National Institute of Development Administration (NIDA) Director Accreditation Program (DAP) Year 2007, Thai Institute of Directors 	-	-	2006 - Present	Executive Director	BTS Group Holdings Plc.
					2001 - 2006	Director	BTS Group Holdings Plc.
					2009 - Present	Director	Hwa Kay Thai (Thailand) Co., Ltd.
					2007 - Present	Director	Hip Hing Construction (Thailand) Co., Ltd.
						Director	Muangthong Assets Co., Ltd.
7. Dr. Paul Tong Director	69	<ul style="list-style-type: none"> PhD. Engineering, University of Manchester, UK 	0.02	-	2007 - Present	Director	BTS Group Holdings Plc.
					2008 - Present	Director	Kamala Beach Resort & Hotel Management Co., Ltd.
					2006 - Present	Chairman	Bangkok Mass Transit System Plc.
					Present	Managing Director	Hip Hing Construction Co., Ltd.
						Director	NW Project Management Limited
						Director	Parsons Brinckerhoff International Pte Ltd., Singapore

Name / Title	Age	Education	No. of Shares held (%)	Family Relationship with the Executives	Working Experience for the 5-year-period		
					Period	Title	Companies
8. Mr. Cheung Che Kin Director	42	-	-	-	2007 - Present Present	Director Chairman & CEO	BTS Group Holdings Plc. Green Salt Group Limited
9. Dr. Anat Arbhabhirama Director	72	• PhD. Engineering (Civil Engineering), University of Colorado, USA	-	-	2009 - Present 1998 - 2009	Director Audit Committee / Independent Director	BTS Group Holdings Plc. BTS Group Holdings Plc.
					2010 - Present	Director	Kampoo Property Co., Ltd.
						Director	Kamkoong Property Co., Ltd.
					2009 - Present	Director	BTS Assets Co., Ltd.
						Director	BTS Land Co., Ltd.
						Director	Bangkok Mass Transit System Plc.
					1996 - 2008	Advisor to the Board of Directors	Bangkok Mass Transit System Plc.
10. Mr. Lo Yun Sum Director	59	• Bachelor of Laws, University of London, UK	-	-	2009 - Present 1999 - 2010	Director Director	BTS Group Holdings Plc. VGI Global Media Co., Ltd.

Name / Title	Age	Education	No. of Shares held (%) [*]	Family Relationship with the Executives	Working Experience for the 5-year-period		
					Period	Title	Companies
11. Lt. Gen Phisal Thepsithar Chairman of Audit Committee / Independent Director	78	<ul style="list-style-type: none"> MBA, Thammasat University Director Certification Program (DCP) Year 2002, and Audit Committee Program (ACP) Class 26/2009, Thai Institute of Directors 	0.001	-	2000 - Present	Chairman of Audit Committee / Independent Director Chairman of Audit Committee / Independent Director Chairman of Audit Committee / Independent Director	BTS Group Holdings Plc. Rockworth Plc.
12. Pol. Maj. Gen. Vara leammongkol Audit Committee/ Independent Director	75	<ul style="list-style-type: none"> B.Sc., Chulachomklao Royal Military Academy 	-	-	2009 - 2010 1998 - Present 1995 - Present	Independent Director / Audit Committee Audit Committee / Independent Director Advisor	Bangkok Mass Transit System Plc. BTS Group Holdings Plc. Bangkok Mass Transit System Plc.

Name / Title	Age	Education	No. of Shares held (%)	Family Relationship with the Executives	Working Experience for the 5-year-period		
					Period	Title	Companies
13. Mr. Chaiyasit Puvapiromquan Audit Committee / Independent Director	67	<ul style="list-style-type: none"> Master Degree of Political Science, Sukhothai Thammathirat Open University 	-	-	2009 - Present	Audit Committee / Independent Director Honored Director of University Council	BTS Group Holdings Plc.
14. Mr. Martin Harold Kyle Chief Financial Officer	57	<ul style="list-style-type: none"> Master of Arts in Development Economics, Oxford University (Magdalen College), UK Fellow Chartered Accountant, Australia 	-	-	2008 - Present 2005 - 2008 2002 - 2005	CFO Executive Director COO-Finance and IT	BTS Group Holdings Plc. Australian-Thai Chamber of Commerce (AustCham Thailand) Mead Johnson Nutrition (Thailand) Co., Ltd.
15. Mrs. Duangkamol Chaichanakajorn Accounting Director	50	<ul style="list-style-type: none"> MBA, Thammasat University 	-	-	2001 - Present	Accounting Director	BTS Group Holdings Plc.

Name / Title	Age	Education	No. of Shares held (%)*	Family Relationship with the Executives	Working Experience for the 5-year-period		
					Period	Title	Companies
16. Miss Unchana Rojviboonchai Finance Director	43	<ul style="list-style-type: none"> MBA, University of California, USA 	-	-	2007 - Present	Finance Director	BTS Group Holdings Plc.
					2006	Independent Financial Advisor	-
					2005	Executive Vice President of Finance and Accounting	Grande Asset Development Plc.
17. Mr. Daniel Ross Finance Director	34	<ul style="list-style-type: none"> Bachelor of Science in Mathematics (First Class Honours) King's College, University of London, UK 	-	-	2010 - Present	Finance Director	BTS Group Holdings Plc.
					2008 - Present	Independent Director / Audit Committee	SFG Plc.
					2007 - 2009	Director / Director of Project Management	AP Pacific Star (Ratchada) Co., Ltd.

Name / Title	Age	Education	No. of Shares held (%) [*]	Family Relationship with the Executives	Working Experience for the 5-year-period		
					Period	Title	Companies
18. Mr. Wisith Chawallitanont Project Development Director	52	<ul style="list-style-type: none"> Master of Public and Private Management, The National Institute of Development Administration (NIDA) 	-	-	2007 - 2009	Director/ Director of Project Management	AP Pacific Star (Sathorn) Co., Ltd.
					2006 - 2009	Deputy Director and Investment Director	Pacific Star International (Thailand) Co., Ltd.
					2007 - Present	Project Development Director	BTS Group Holdings Plc.
					2003 - 2007	Project Management	Bangkok Dusit Medical Services Plc. (Bangkok Hospital Medical Center)
						Director	
19. Mr. Bernardo Godinez Garcia Hotel and Hospitality Director	53	<ul style="list-style-type: none"> College Degree in Hotel and Restaurant Management, Orange Coast College, USA 	-	-	2008 - Present	Hotel and Hospitality Director	BTS Group Holdings Plc.
					2010 - Present	Director	Absolute Hotel Services Hong Kong Limited
					2009 - Present	Director	Hwa Kay Thai (Thailand) Co., Ltd.
					2008 - Present	Director	Absolute Hotel Services Co., Ltd.
					2007	General Manager	Grand Mercure Suites Bangkok and V Villas Hua Hin

Name / Title	Age	Education	No. of Shares held (%)*	Family Relationship with the Executives	Working Experience for the 5-year-period		
					Period	Title	Companies
20. Mr. Saner Rattanavalee Project Director (Thana City)	57	<ul style="list-style-type: none"> Bachelor of Arts in Hotel & Catering Management, Dartley University (U.K. Campus), USA 	-	-	2006 - 2007 2004 - 2006 2009 - Present	General Manager General Manager Project Director (Thana City) Director Director General Manager	Grand Sukhumvit and Grand Mercure Park Avenue Hotel, Bangkok Sofitel Phi Phi Villa and Spa, Krabi, Thailand BTS Group Holdings Plc.
21. Miss Thitikorn Yodyingtammakul Legal Director / Company Secretary	33	<ul style="list-style-type: none"> Master of Law (LL.M), Commercial Law University of Bristol, UK 	-	-	2008 - Present 2007 - Present 2000 - 2007	Company Secretary Legal Director Lawyer	BTS Group Holdings Plc. BTS Group Holdings Plc. Baker & McKenzie Ltd.
22. Miss Artitaya Kasemlwan Head of Sales	32	<ul style="list-style-type: none"> Bachelor of Arts in Travel Industry and Hospitality Management, Mahidol University International College 	-	-	2009 - Present 2008 - 2009 2004 - 2008	Head of Sales Head of Sales Sales Manager	BTS Group Holdings Plc. Pacific Stars International (Thailand) Ltd. P.R.D. Auspac Realty (Thailand) Co., Ltd.

Name / Title	Age	Education	No. of Shares held (%) [*]	Family Relationship with the Executives	Working Experience for the 5-year-period		
					Period	Title	Companies
23. Miss Tanrawee Pipatpolkul Head of Marketing	36	• MBA, Ramkhamhaeng University	-	-	2009 - Present	Head of Marketing	BTS Group Holdings Plc.
					2006 - 2009	Senior Vice President	Raimon Land Plc.
					2005	Marketing	Destination Properties Co., Ltd.
					2004	Sales Manager	
						Senior Sales Executive	P.R.D. Austpac Realty (Thailand) Co., Ltd.
24. Mrs. Sriprapai Sinluenam Head of Customer Services	51	• Bachelor of Business Administration (Accounting), Ramkhamhaeng University	-	-	2009 - Present	Head of Customer Services	BTS Group Holdings Plc.
					2007 - 2008	Project Director (Thana City)	BTS Group Holdings Plc.
					1998 - 2006	Head of Customer Services	BTS Group Holdings Plc.
25. Mrs. Kotchaphan Noomrit Special Project Development Director	47	• Master Degree of Business Administration, Thammasat University	-	-	2006 - Present	Special Project Development Director	BTS Group Holdings Plc.
					2002 - 2006	Head of Construction Management	Krisadamahanakorn Plc.

7.3.2 Information on the Position of Directors and Executives in Subsidiaries and Associates as at 16 June 2010

Directors and Executives		Companies													
		BTS Group Holdings Plc.	Bangkok Mass Transit System Plc.	Siam Paging and Communication Co., Ltd.	Sam Pao Petch Co., Ltd.	DNAL Co., Ltd.	Muangthong Assets Co., Ltd.	Pranakiri Assets Co., Ltd.	Yongsu Co., Ltd.	Thana City Golf & Sports Club Co., Ltd.	Tanayong Property Management Co., Ltd.	Tanayong Food & Beverage Co., Ltd.	Tanayong International Ltd.	Kamala Beach Resort & Hotel Management Co., Ltd.	Tanayong Hong Kong Limited
1.	Mr. Keeree Kanjanapas	A, D	D	D	D	D	D	D	D	D	D	D	D	D	D
2.	Mr. Kavin Kanjanapas	B, D	D	D	D	D	D	D	D	D	D	D	D	D	D
3.	Mr. Sutham Siritipsakorn	C, D					D								
4.	Mr. Rangsin Kritalug	C, D		D	D	D	D	D	D	D	D	D	D	D	D
5.	Mr. Kong Chi Keung	C, D													D
6.	Mr. Kom Panomreongsak	D					D								
7.	Dr. Paul Tong	D	A, D											D	
8.	Mr. Cheung Che Kin	D													
9.	Dr. Anat Arbhahirama	D	D												
10.	Mr. Lo Yun Sum	D													
11.	Lt. Gen. Phisal Thepsithar	E													
12.	Pol. Maj. Gen. Vara leammongkol	E													
13.	Mr. Chaiyasit Puvapiromquan	E													
14.	Mr. Martin Harold Kyle	F													
15.	Mrs. Duangkamol Chaichanakajorn	F													
16.	Miss Unchana Rojivboonchai	F													
17.	Mr. Daniel Ross	F													
18.	Mr. Wisith Chawalitanont	F													
19.	Mr. Bernardo Godinez Garcia	F													
20.	Mr. Saner Rattanavalee	F				D			D						
21.	Miss Thitikorn Yodyingtammakul	F													
22.	Miss Artitaya Kasemlawan	F													
23.	Miss Tanrawee Pipatpolkul	F													
24.	Mrs. Sriprapai Sinluenam	F													
25.	Mrs. Kotchapphan Noomrit	F													

Directors and Executives	Companies														
	VGI Global Media Co., Ltd.	VGI Advertising Media Co., Ltd.	999 Media Co., Ltd.	888 Media Co., Ltd.	Point of View (POV) Media Group Co., Ltd.	VGI Multi-Tech International Co., Ltd.	BTS Land Co., Ltd.	BTS Assets Co., Ltd.	Kampoo Property Co., Ltd.	Kamkoong Property Co., Ltd.	Bangkok Smartcard System Co., Ltd.	Nuvo Line Agency Co., Ltd.	Hip Hing Construction (Thailand) Co., Ltd.	Absolute Hotel Services Co., Ltd.	Absolute Hotel Services Hong Kong Limited
1. Mr. Keeree Kanjanapas															
2. Mr. Kavin Kanjanapas															
3. Mr. Sutham Sirtipsakorn															
4. Mr. Rangsin Kritalug															
5. Mr. Kong Chi Keung															
6. Mr. Kom Panomreongsak															
7. Dr. Paul Tong															
8. Mr. Cheung Che Kin															
9. Dr. Anat Arhahhrama															
10. Mr. Lo Yun Sum															
11. Lt. Gen. Phisal Thepsithar															
12. Pol. Maj. Gen. Vara Ieammongkol															
13. Mr. Chaivasit Puvapiromquan															
14. Mr. Martin Harold Kyle															
15. Mrs. Duangkamol Chaichanakajorn															
16. Miss Unchana Rojviboonchai															
17. Mr. Daniel Ross															
18. Mr. Wisith Chawalitanont															
19. Mr. Bernardo Godinez Garcia															
20. Mr. Saner Rattanavalee															
21. Miss Thitikorn Yodyingtamkul															
22. Miss Artilaya Kasemlwan															
23. Miss Tanrawee Pipatpolkul															
24. Mrs. Sriprapai Sinlueam															
25. Mrs. Kotchaphan Noomrit															
Remarks:															

F = Executive

E = Audit Committee

D = Director

C = Deputy Managing Director

Associates

Subsidiaries
B = Managing Director

The Company
A = Chairman

7.3.3 Nomination and Removal of the Directors of the Company

From 28 May 2009, the Board of Directors has appointed the Nomination Committee to be responsible for nominating new Directors. The appointment and removal of the Company's Directors are to be in line with the regulations and procedures stipulated by the Company's Articles of Association as follows:

1. In every Annual General Meeting of Shareholders, at least one-third (1/3) of the Directors shall retire by rotation. If the number of Directors to retire by rotation is not divisible by three, the number of Directors closest to one-third (1/3) of all Directors shall retire. The Directors who retire by rotation are eligible for re-election.
2. The election of Directors at the shareholders' meeting shall be in accordance with the following rules and procedures:
 - 2.1 Each shareholder shall have one vote for one share.
 - 2.2 Each shareholder shall use all of his or her votes to elect one or several persons as a Director. However, he or she may not divide his or her votes among candidates.
 - 2.3 The persons who receive the most votes in descending order will be elected as Directors up to the number of Directors that are to be elected at that meeting. In the event that the persons being elected have equal votes and their election would exceed the number of Directors required to be elected at that meeting, the Chairman of the meeting shall have a casting vote.
3. Apart from retirement by rotation, the Directors shall resign in case of:
 - 3.1 death;
 - 3.2 resignation;
 - 3.3 lack of qualifications or possession of prohibited characteristics according to the Public Limited Companies Act B.E. 2535 (1992);
 - 3.4 removal by a resolution of a shareholders' meeting;
 - 3.5 removal by court order.

4. In case of a vacancy in the Board of Directors for reasons other than the expiration of the Director's term of office, the Board of Directors shall resolve, with a vote of not less than three-quarters (3/4) of the number of Directors remaining, to elect a person who has the qualification and possesses no prohibited characteristics under the Public Limited Companies Act B.E. 2535 (1992) as the substitute Director at the next meeting of the Board of Directors, unless the remaining term of office of the said Director is less than two months.
5. The shareholders' meeting may pass a resolution removing any Director from his office prior to the expiration of the Director's term of office, by a vote of not less than three-quarters (3/4) of the number of shareholders attending the meeting who have the right to vote and who have shares totalling not less than half (1/2) of the number of shares held by the shareholders attending the meeting and having the right to vote.

In addition, a person, who will be nominated as a member of the Board of Directors, shall be a qualified, knowledgeable and capable person with all required qualifications for being a member of the Board of Directors pursuant to the Public Limited Company Act B.E. 2535 (as amended), Securities and Exchange Act B.E. 2535 (as amended) and relevant notifications of the Securities and Exchange Commission and Capital Market Supervisory Board.

7.3.4 Remuneration of the Directors and Executives

7.3.4.1 Remuneration of the Directors

7.3.4.1.1 Monetary Remuneration

The Company has paid remuneration to 14 members of the Board of Directors during 1 April 2009 to 31 March 2010 in the total amount of Baht 3,585,000. Such remuneration was approved by the Annual General Meeting of Shareholders for the fiscal year 2009 by specifying the monthly remuneration for the Chairman for Baht 35,000; Chairman of the Audit Committee for Baht 30,000; and other Directors at Baht 20,000 each. It is detailed on an individual basis as follows:

Remuneration	Year 2009 / 2010
1. Mr. Keeree Kanjanapas	390,000
2. Mr. Kavin Kanjanapas	240,000
3. Mr. Sutham Siritipsakorn	240,000
4. Mr. Rangsin Kritalug	240,000
5. Mr. Kom Panomreongsak	240,000
6. Mr. Kong Chi Keung	240,000
7. Dato' Amin Rafie Othman*	20,000
8. Mr. Lo Yun Sum	180,000
9. Mr. Chaiyasit Puvapiromquan	280,000
10. Dr. Paul Tong	240,000
11. Mr. Cheung Che Kin	240,000
12. Lt. Gen. Phisal Thepsithar	455,000
13. Dr. Anat Arbhabhirama	240,000
14. Pol. Maj. Gen. Vara leammongkol	340,000
Total	3,585,000

* Dato' Amin Rafie Othman resigned as a Director on 6 May 2009.

7.3.4.1.2 Non-monetary Remuneration

- None -

7.3.4.2 Remuneration of the Executives

7.3.4.2.1 The Company paid remuneration to 17 executives who are Directors and non-directors, during 1 April 2009 to 31 March 2010 in the total amount of Baht 49,348,220.

7.3.4.2.2 Non-monetary Remuneration

- None -

8. Corporate Governance

8.1 Policy on Corporate Governance

The Company has a good management system, comprising of a Board of Directors and executives with the necessary vision and accountability, a balance of power mechanism to ensure transparent management that can be monitored, equitable treatment of shareholders and a responsibility to its stakeholders. All of these are key factors in adding value and providing the utmost benefit to shareholders in the long run.

The Board of Directors has established a corporate governance policy with principles and guidelines that are in line with the principles of Good Corporate Governance of the Stock Exchange of Thailand. The Company constantly communicates with its executives and employees regarding policy in order for them to acknowledge and adopt its requirements. Moreover, the Board of Directors review corporate governance policy on a yearly basis to ensure that the policy is appropriate for the current market situation and the Company's business operations. In the Board of Directors' Meeting held on 16 June 2010, the Board of Directors reviewed and adjusted the corporate governance policy, as summarized below.

The corporate governance policy can be categorized into 5 sections covering the principles of Good Corporate Governance as follows:

1. Rights and Equalities of Shareholders and Awareness of the Roles of Stakeholders
2. Structure, Roles, Duties, Responsibilities and Independence of the Board of Directors
3. Disclosure and Transparency
4. Internal Control and Risk Management
5. Ethics and Code of Conduct.

8.2 Rights and Equalities of Shareholders and Awareness of the Roles of Stakeholders

8.2.1 Rights and Equalities of Shareholders

The Company places emphasis on the rights and equalities of shareholders so that all shareholders shall be equitably treated in all matters, including receipt of the Company's information either via the Company's or SET's websites, attendance at shareholders' meetings to acknowledge the Company's annual business performance, and voting rights at the shareholders' meetings to approve significant matters as specified by law, such as the appointment or removal of Directors, Directors' remuneration, the appointment of the auditor and determination of the auditor's fee, dividend payment or suspension of dividend payment, any capital increase and issuance of new shares, and making enquiries or comments on the matters that the Board of Directors presents or requests for approval at the shareholders' meeting.

The Board of Directors must hold the Annual General Meeting of Shareholders within 120 days from the end of the Company's fiscal year. Other shareholders' meetings shall be called Extraordinary General Meetings and are to be held when deemed necessary and appropriate. The Company has appointed a Company Secretary and established a compliance unit to ensure that shareholders' meetings are called and held as required by law and in accordance with the guidelines for shareholders' meetings as stipulated by the Stock Exchange of Thailand. In arranging shareholders' meetings, the Company must send the invitation stating the place, date and time of the meeting together with the meeting's agenda and sufficient supporting documents for each agenda item to shareholders no less than 7 days before the shareholders' meeting as required by law in order to allow shareholders sufficient time to study the documents. The documents must include detailed objectives and the reason for each proposed agenda item, as well as the comments of the Board of Directors on each agenda item. There shall be no hidden agenda or other agenda item not stated in the invitation to the shareholders' meeting for the consideration and approval of the shareholders, except for urgent matters that arise after the invitation is sent. The Company must send an English version of the invitation and supporting documents to foreign shareholders. Also, the minutes of meetings shall be completely recorded and can be reviewed by shareholders and the resolutions of the meeting are to be clearly recorded with details of approved, non-approved, and abstention votes for all agenda item requiring a vote, as well as recording opinions, suggestions, answers to the material questions relating to each agenda item and the names of Directors who attended the meeting. For the convenience of shareholders who cannot attend the meeting, the Company is to attach a proxy form to the invitation and the list of documents and evidence required for the appointment of a proxy is to be clearly stated. The shareholders may assign a representative or an independent Director to attend the meeting and cast the vote on his/her behalf. The Company will specify in the invitation the name of at least one independent Director, whom a shareholder can give proxy to, who shall act as a proxy to vote on behalf of any shareholder who cannot attend the meeting.

At the shareholders' meeting, all shareholders have the equal right to receive information, and make comments or enquiries on the matters according to the meeting's agenda. The Company shall inform shareholders regarding the voting rights and voting procedures in the invitation to the meeting as well as provide an explanation prior to the commencement of every meeting. The Chairman of the meeting shall ensure sufficient time and encourage shareholders to make comments or enquiries at the meeting.

8.2.2 Rights of Stakeholders

The Company is aware of the role of stakeholders and pays close attention to the significance of the rights of all groups of stakeholders, such as shareholders, employees, customers and trading partners, as well as the public and the community, by ensuring that they are treated properly, equitably and honestly.

Shareholders : The Company operates its business with transparency, justice and fairness to ensure business growth with the objective of generating continuous and equal returns for all shareholders.

- Customers : The Company aims to create client satisfaction and confidence, so as to ensure business success, by continuing to effectively and efficiently improve quality and features of the products and services to meet customers' needs and to maintain good relationships in the long run.
- Employees : The Company gives the same treatment to employees at all levels without discrimination, based on defined standards. The Company consistently arranges internal and external training to enhance the quality and capability of the employees, and also provides appropriate remuneration and benefits to the employees. In addition, the Company promotes a good working culture and environment and encourages teamwork.
- Trading Partners : The Company operates its business by taking into account all stakeholders' requirements and treats all trading partners with justice and fairness.
- Society, the Community and the Environment : The Company pays attention to its corporate social responsibility and the quality of life in society by taking on an active role in community development and making other contributions to society.

8.3 Structure, Roles, Duties, Responsibilities and Independence of the Board of Directors

The Company has a Board of Directors, an Audit Committee, a Remuneration Committee, a Nomination Committee and an Executive Committee that are responsible for considering and reviewing the governance and management of the Company. All Directors can independently comment on the Company's performance in order to monitor and ensure that the Management manage the Company in an efficient, precise and transparent fashion.

8.3.1 Board of Directors

The Board of Directors consists of 13 Directors (as at 16 June 2010) as follows:

- 6 Executive Directors
- 4 Non-Executive Directors
- 3 Independent Directors

8.3.2 Leadership and Vision

- The Board of Directors is committed to build the Company and its subsidiaries into a leading organization that is perceived at the international level as one of the most successful companies in Thailand with synergistic business operations, resilient management and competent personnel that play a key role in the Company's vision, mission and strategy.
- The Board of Directors has the necessary leadership, vision and independence in making its decisions and takes responsibility for corporate governance for the benefit of the shareholders.
- The Board of Directors has duties and responsibilities to the Company's shareholders to monitor Management performance. The duties of the Board of Directors and the Management are clearly segregated.

8.3.3 Conflict of Interest

The Board of Directors has established guidelines on conflicts of interest by adhering to the principles of the Stock Exchange of Thailand and the Securities and Exchange Act for the benefit of the Company. There is a responsibility of all personnel at all levels to vigilantly resolve issues of conflict of interest based on ethical conduct, honesty, judgment, rational decision making and independence. The Company also discloses sufficient information in the best interests of the Company's shareholders.

8.3.4 Remuneration of Directors and Executives

The Remuneration Committee shall consider the remuneration of the Board of Directors and propose such to the shareholders' meeting for approval in compliance with the charter of the Remuneration Committee. The executives shall receive monthly salary the same as other employees of the Company.

8.3.5 The Board of Directors' Meetings

The Board of Directors and the Audit Committee, consisting of Independent Directors, hold their meetings on a quarterly basis to acknowledge and monitor the Company's performance. The Executive Committee holds its meeting on a monthly basis, or additional meetings as necessary and appropriate, to consider and approve those matters in the Company's operations which are under the decision making authority of the Executive Committee, and to report the outcome to the Board of Directors for acknowledgement.

The number of Board of Directors' meetings and the Directors' attendance during 1 April 2009 to 31 March 2010 are as follows:

	Name	Position	Number of Meetings Attended
1.	Mr. Keeree Kanjanapas	Chairman	7/7
2.	Mr. Kavin Kanjanapas	Managing Director	7/7
3.	Mr. Sutham Siritipsakorn	Deputy Managing Director	7/7
4.	Mr. Rangsin Kritalug	Deputy Managing Director	7/7
5.	Mr. Kong Chi Keung	Deputy Managing Director	7/7
6.	Mr. Kom Panomreongsak	Director	7/7
7.	Dr. Paul Tong	Director	4/7
8.	Mr. Cheung Che Kin	Director	2/7
9.	Mr. Lo Yun Sum	Director	1/5
10.	Dr. Anat Arbhabhira	Director	7/7
11.	Lt. Gen. Phisal Thepsithar	Independent Director / Chairman of the Audit Committee	7/7
12.	Pol. Maj. Gen. Vara leammongkol	Independent Director / Member of the Audit Committee	7/7
13.	Mr. Chaiyasit Puvapiromquan	Independent Director / Member of the Audit Committee	5/5

The number of Audit Committee's meetings and the attendance of each member during 1 April 2009 to 31 March 2010 are as follows:

	Name	Position	Number of Meetings Attended
1.	Lt. Gen. Phisal Thepsithar	Chairman of the Audit Committee	5/5
2.	Dr. Anat Arbhabhira*	Member of the Audit Committee	0/1
3.	Pol. Maj. Gen. Vara leammongkol	Member of the Audit Committee	5/5
4.	Mr. Chaiyasit Puvapiromquan**	Member of the Audit Committee	4/4

* Dr. Anat Arbhabhira resigned from the position of an independent director and member of the Audit Committee on 28 May 2009 but remains a Director of the Company.

** Mr. Chaiyasit Puvapiromquan was appointed by the Annual General Meeting of Shareholders for the year 2009 to be an independent director and a member of the Audit Committee on 24 July 2009.

8.3.6 Sub-Committees

The Board of Directors has established sub-committees to manage and operate the business in line with good corporate governance, such as the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Committee. The Audit Committee consists entirely of Independent Directors. The Remuneration Committee and Nomination Committee consist mainly of Independent Directors.

8.3.7 The Company Secretary

The Board of Directors has appointed a Company Secretary to be responsible for matters in accordance with the Securities and Exchange Act as follows:

- To prepare and keep the Directors' registrations, to prepare the invitation to the Board of Directors' meetings, the minutes of the Board of Directors' meetings, the Company's annual report, the invitation to the shareholders' meetings and the minutes of the shareholders' meetings.
- To keep the report on conflicts of interest as reported by the Directors or the executives.
- To comply with notifications of the Capital Market Supervisory Board.

8.4 Disclosure and Transparency

Roles and duties of the Board of Directors regarding disclosure and transparency are as follows:

1. The Board of Directors has a duty to fully, sufficiently, reliably and on a timely basis disclose financial and non-financial information to all shareholders and stakeholders to ensure equal treatment.
2. The Company has an Investor Relations Department to publicize important information to shareholders, investors, analysts and interested parties. Investors can contact the Company via its Investor Relations Department at telephone number 0 2273 8511-5. The Company also has a Compliance Unit that discloses information to the Stock Exchange of Thailand and the office of the Securities and Exchange Commission to ensure that the Company strictly abides by the regulations and the law.
3. The Company has a policy to disclose significant information to the public as follows:
 - The Company's objectives;
 - The Company's financial status and performance;

- Shareholding structure and voting rights;
- List of Directors, members of the sub-committees and executives;
- Material foreseeable risk factors, both related and not related to the business operations and finances.
- Corporate governance structure and policies as well as Directors' responsibilities regarding the financial report and report of the Chairman of the Audit Committee.
- Information on the numbers of meetings each Director and member of the Audit Committee attended in comparison with the number the meetings of the Board of Directors and the Audit Committee, as well as the profile of each Director and executive.
- To report the information regarding the Company's business operations, information affecting the Company's share price, investment decision making, or the rights and benefits of shareholders in accordance with the notification of the Stock Exchange of Thailand and relevant laws and regulations.

Additionally, the Company also discloses information as required by relevant regulations and law, including the financial reports and the annual report for investors, shareholders and potential investors to use in investment decision making, via the Stock Exchange of Thailand and the Company's website at www.btsgroup.co.th.

8.5 Internal Control and Risk Management

8.5.1 Internal Control

- The Board of Directors has designed the internal control system to protect shareholders' investments and the Company's assets.
- The Board of Directors has a duty to review the efficiency of the internal control system at least once a year and report to shareholders in the annual report. The review must cover all aspects of internal control including financial control, business operations, compliance control and risk management.

8.5.2 Internal Audit

The internal audit unit is independent from other departments in the Company and directly reports to the Audit Committee. It is responsible for internal auditing, monitoring, controlling, examining, reviewing and evaluation of the operating results of all departments based on the roles and responsibilities assigned by the Audit Committee to ensure that the internal control system is effective and capable of preventing loss of the Company's property, in accordance with the law, procedures and relevant regulations of the Company. This unit is an appropriate counterbalance, cross-checking between the Company's units to ensure reasonable accountability in the Company operations and to achieve the Company's goals.

8.5.3 Risk Management

The Company has a policy to manage both internal and external factors that affect the Company to an appropriate and acceptable level. Risk management is a part of the annual business plan in order to ensure that the risk management guidelines are in accordance with the Company's objectives, goals and the strategic plan. All the executives and employees of the Company are exposed to the risks in the Company and have a duty to appraise the risk of their unit, to appraise the efficiency of the existing control policy, as well as to present plans and procedures to mitigate the risks, and to report such to the Audit Committee and the Board of Directors. It is the responsibility of the Executive Committee to manage the overall risk of the Company, as well as to evaluate and structure the risk management of the Company in order to manage and mitigate the risks to an acceptable level, including preparation of analysis on likelihood of risks which may affect the Company internally and externally; risks such as financial risks, operational risks, business risks and event risks.

8.6 Ethics and Code of Conduct

The Company operates its business with honesty and fairness in accordance with the Code of Conduct of the Company, as well as treating shareholders and all groups of stakeholders, the public, society and relevant persons ethically. In addition, the Company monitors compliance with such guidelines on a regular basis. Moreover, the Company provides training to generate understanding by the executives and employees. The executives and supervisors have a responsibility to inspect and encourage their subordinates to follow such ethics and Code of Conduct, and act as role models.

8.7 Supervision of the Use of Inside Information

The Company realizes the importance of preventing the use of inside information, therefore, the Company has informed the Directors, executives and employees to strictly comply with the rules and regulations of the Office of the Securities and Exchange Commission as summarized below:

1. The Directors, executives, including their spouses and minor children, must report any changes in the holding of securities to the Office of the Securities and Exchange Commission, in compliance with Section 59 of the Securities and Exchange Act B.E. 2535 (1992), and send a copy of such report to the Company on the same day that such report is submitted to the Office of the Securities and Exchange Commission.
2. The Directors, executives, employees and relevant persons in the Company, such as lawyers, legal advisors, auditors and financial advisors, have been informed of the prohibition on the use of inside information for trading in the Company's securities. Also, such information cannot be disclosed to outsiders prior to the disclosure of such information to the public through the Stock Exchange of Thailand. The Company has a policy to prevent the use of inside information as follows:

- Insiders are prohibited from trading in the Company's shares prior to the disclosure of the quarterly and annual financial reports, and within 24 hours after such reports have been disclosed. In the case of disclosure of more complicated information, insiders should wait for at least 48 hours after such information has been disclosed to the public.
- If any person knows of any undisclosed inside information and such information is significant and may affect the Company's share price, such insider must abstain from trading in the Company's shares until the 24-hour period is over. For more complicated information, such insiders must wait for at least 48 hours after the information has been disclosed to the public.

In the case that such insider is the Company's employee, violation of these regulations regarding the use of inside information, apart from being subject to punishment as stipulated by the Securities and Exchange Act, shall be held as a violation by that employee of the Company's regulations and the employee shall be subject to disciplinary punishment. There are four levels of disciplinary punishment depending on the characteristics of the violation, the impact of such action or the severity of the consequences of that action as follows:

- Written warning;
- Written warning and work suspension for not more than 5 business days;
- Dismissal with severance pay;
- Dismissal without severance pay.

8.8 Human Resources

As at 31 March 2010 the Company has 124 employees, including executives and employees, who can be categorized according to the following business units:

The Offices of Managing Director / Deputy Managing Directors	11
Legal	8
Human Resource & Administration	8
Asset and Property Management	35
Special Project Management	8
Hotel and Hospitality	1
Property Development / Project Management / Business Development	21
Marketing, Sales and Public Relations	15
Management Information System - Information Technology	3
Accounting	12
Finance	2
Total	124

Remuneration of the Company's employees is in the form of salaries and bonus in the total amount of Baht 75,173,533.

Labor Disputes during the past year

- None -

8.9 Human Resource Development Policy

The Company understands the importance of all personnel as valuable assets of the Company who will drive the Company to achieve its goals and its business plan. Therefore, the Company has established a human resource management policy which includes recruitment, development, promotion and retention of all qualified employees as follows:

- Recruitment and Career Development of Employees

The Company strongly emphasizes human resource development starting from the recruiting process by clearly specifying the educational qualifications, experience, skills and other standards of each position description in order to recruit employees correctly and appropriately. Moreover, the Company considers internal employees first in order to provide for their career development. If there is no suitable employee, the Company will then consider external personnel. In addition, all new employees have to attend an orientation seminar in order to assist them to understand the procedures and workflow of all departments within the organization and thereby operate in line with the Company's objectives. The Company also emphasizes career development opportunities in line with the employee's career path to retain the competent and best employees within the Company.

- Employee Training Programs

The Company has a policy to support employee training and development in order to regularly, progressively and continually enhance the employees' working skills by arranging both internal and external training sessions. For internal training, in addition to working skills, the Company also provides opportunities for experience sharing within different departments either by way of meetings or exchanging knowledge through the staff intranet system. For external training, the Company requests employees to fill in the training survey and arranges appropriate sessions for them to attend. The Company monitors and assesses the results of each training course in order to generate a mutual benefit for the Company and the employee.

- Employee Evaluation Procedures

The Company evaluates the employee's comprehension and ability to perform the jobs by setting a clear and fair evaluation standard. The evaluation will assess the employee's capability, potential and performance in four parts, namely skill, knowledge, attributes and performance. The Company has communicated these criteria to the employees in advance. In determining the remuneration for the employee, the Company will not only consider the Company's performance and the economic situation in each year, but also consider the employee's evaluation results as a main factor. This employee evaluation system and the related remuneration determination based on this evaluation, leads to employees performing and developing their potential effectively and efficiently.

- **Equal Treatment to the Employees of the Company**

The Company realizes the importance of unbiased and equal treatment of all employees of the Company, from the recruitment process through to promotion based on ability. No personal relationships are allowed to influence the performance evaluation, comments and operational guidelines.

- **Employee Satisfaction Survey**

In order to understand the employees' working satisfaction / happiness, the Company has arranged a survey at all levels of employee. The information derived is used for the purpose of improvement of the organization and for resource management, both long and short term. Also, the Company provides rules for the submission of complaints from employees as a means to resolve any dilemma equally and fairly.

- **Creating Quality of Life**

The Company realizes the importance of the employees' quality of life which assists employees to work more effectively. The Company places an emphasis on making sure that the workplace is safe and sanitary to ensure the employees' welfare and well-being. The Company also provides annual health checks for all employees. In the case of insufficient staff compared to the workload, the Company will recruit more employees, who are suitable for the position, in order to balance the number of employees with the workload, resulting in improved quality of life in the workplace for the employees.

- **Creating a Good Management System and Teamwork**

The Company recognises the importance of a continuous working system to achieve efficient and standardized results, as well as to minimize and eliminate conflicts in the workplace. Therefore, the Company assigns all departments to formulate the operations manual together to ensure internal cooperation between each department of the Company. Such operations manual is made available through the intranet system. The Company arranges its revision and updating as appropriate.

- **Good Relationships between the Executives and the Employees**

The Company realizes the importance of a good working relationship between the executives and the employees since it impacts work efficiency. Therefore, the Company arranges joint activities to develop good relations between employees and the executives and to help create a harmonious workplace, for example the New Year's party, merit making events and sport events. Moreover, the executives regularly organize meetings with employees to exchange ideas and receive comments, which will lead the Company to achieve its goals harmoniously, efficiently and effectively.

- **Creating Competent and Ethical Members of the Organization and Society**

With the intention to ensure that employees comply with the Company's rules, any employee who evades or violates such rules is held responsible and punished according to the disciplinary measures as deemed appropriate under the corporate governance policy that the Company has framed for the executives and employees. The Company strongly believes that developing employees to be competent, righteous and ethical will serve the Company's interests to secure sound and perpetual growth and serve the interests of Society at the same time.

9. Internal Control

The Company strongly and continually emphasizes the importance of its internal control system. The Board of Directors assigns the Audit Committee to review and evaluate the internal control system and report to the Board of Directors in order to ensure good corporate governance with particular focus on the internal control areas, Organizational Controls and Environmental Measures, Risk Management Measures, Management Control Measures, Information and Communication Measures, and Monitoring Measures, as follows:

9.1 Organizational Controls and Environmental Measures

The Company considers that a good organization structure and the quality of the working environment are very important for an effective internal control system. Therefore, the Company focuses on creating the conditions and factors that facilitate the internal control system to operate as the Company expects, and the Company encourages every employee to understand the key features of the internal control system as follows:

- The Board of Directors is responsible for setting clear business goals. The Executive Management hold meetings to convert the business goals into short and long-term business plans and into the annual budget. Also, there is a regular review and notification to the management of all departments in order to ensure that their management is carried out in line with the established goals. The Company also assesses business operations on a quarterly basis to assess overall performance and improve the business plan. The annual budget is revised every six months.
- To motivate and compensate the employees appropriately, the Company reviews the business goals of each operating level carefully by reviewing past performance, the economic situation in general as well as other factors impacting their ability to carry out their assigned duties efficiently.
- The Company reviews the organizational structure with consideration to the efficiency of the Management, and notifies the employees of any changes to the structure.
- The Company establishes guidelines on Code of Conduct, rules, practices and penalties for Management and employees.
- The Company establishes policies and procedures concerning approval of transactions related to finance, procurement and asset management to prevent any misconduct.
- The Company has a policy of Good Corporate Governance and sets principles and a business plan which take into consideration fairness in doing business with all related parties and stakeholders.

9.2 Risk Management Measures

The Company has specified clear and harmonized objectives; both at the organizational and operational level in order for the Company to accomplish its goals using the approved annual budget and available resources. The Company constantly evaluates and manages all risks in line with the current situation. In particular, Management conducts the following actions on a regular basis:

- Regularly arranges meetings for the purpose of evaluating the risks, and their causes, in the business operations; also regularly monitors situations which may trigger the risks in order to establish policies to prevent or minimize such risks.
- The Company informs the supervisors of each department of the action plan based on the risk management policy in order for them to convey such information to each employee to ensure the most effective implementation. The Company also monitors the performance of risk management policy implementation.

9.3 Management Control Measures

The Company has policy and operational guidelines for Management to ensure that the policies specified by the Management are complied with and communicated to the Company's employees as follows:

- The Company specifies clearly in writing the scope of duties and authorized credit limit of each level of management.
- The Company clearly divides the duties and responsibilities into the following three areas (1) approval (2) booking and recording of the accounting information and (3) safe keeping of property. These roles are separated in order to ensure the efficiency of cross-checking and monitoring.
- The Company has strict and clear measures to govern any transactions entered into with its major shareholders, directors, executives or connected persons. The Company specifies that the related transactions between the Company itself or its subsidiaries and any person who may have a conflict of interest, must be subject to reasonable conditions, normal trading terms or market prices. Such transactions must also be presented to the independent Audit Committee on a quarterly basis in order for them to provide their comment on the rationale of such transactions. In the case of related transactions which are not in accordance with normal trading conditions, it is required that such a transaction must be submitted to the Audit Committee for consideration of its appropriateness, to provide comment on the transaction to

the Board of Directors and/or shareholders, as the case may be, for their approval prior to the execution of the transaction. Also, such a transaction can only be approved by persons who do not have a conflict of interest in the transaction, after taking into consideration the benefits to the Company.

- In the case that the transaction to be entered into with a connected person will commit the Company on a long term basis, it is required that such transaction be monitored to ensure compliance with the agreed conditions. In addition, the transaction must be reported to the Audit Committee for consideration of its appropriateness throughout the term of the agreement. The Audit Committee shall also determine measures to prevent any related persons from using the opportunity for their own benefit.
- The Company monitors the operations of the Company's subsidiaries and affiliates on a regular basis, as well as providing guidelines to the persons appointed as Directors or Management of such companies in order to ensure that these companies' operations are in line with the Company's goals. The Company has also set up a monitoring policy to ensure that the operations of the Company, its subsidiaries and affiliates comply with all relevant laws and regulations. The Company adopts preventive measures as appropriate to prevent any violation of the law.

9.4 Information and Communication Measures

The Company organizes its information system to cover the Company's performance at the company level, the financial reporting level, the business unit level and the policy compliance level to ensure effective communication to enhance achievement of the objectives and goals of the Company. Communication of such information to the relevant persons is extremely important and enhances the effectiveness of the internal control system as follows:

- The Company provides the Board of Directors with essential information to support their decision making. Such documents are delivered together with the invitation to the Board of Directors' meeting at least 7 days in advance of the meeting so that the Board of Directors have sufficient time to study such documents, except in an emergency case in which the documents cannot be delivered at least 7 days in advance.
- The Company requires that the minutes of the Board of Directors' meetings contain appropriate details, which are the basis of the decisions made for each agenda item. Also, there is a record of Directors' inquiries, comments and observations on each matter being considered during the Board meeting.

- The Company keeps and categorizes all its accounting records and books in a manner that can be easily investigated. The accounting policy of the Company and the subsidiaries is determined in accordance with the main business operations of the Company and subsidiaries, and are not to be in violation of Generally Accepted Accounting Principles.

9.5 Monitoring Measures

The Company monitors compliance of the established goals on a regular basis. The internal control system is continuously reviewed and improved to be in line with changing situations and all errors are immediately rectified as follows:

- The Company monitors and evaluates the internal control system in the light of actual operations. The Board of Directors regularly conducts meetings to consider whether the performance result is different from the established goals, and proposes necessary operational guidelines so that the Company can rectify any errors in a timely manner. For the Fiscal Year 2010, other than the regular audit of the internal control system conducted by the internal control auditor, the Company also assigns Dharmniti Auditing Co., Ltd., as an external auditor, to help improve the internal control system of the Company to be more efficient. Such external auditor has proceeded to audit the internal control system of the Company for the Fiscal Year 2010 on a quarterly basis; and reported the outcome of the audit to the Audit Committee of the Company.
- The Company arranges an examination of compliance with the internal control system regularly by clearly specifying the internal control audit plan. The Company also requires that the internal audit function shall be under the direct supervision and report directly to the Audit Committee to ensure the integrity of the internal auditor's performance.
- If a material error is found, the relevant persons must report it to the Board of Directors or the Audit Committee to clarify the reasons and to propose a solution for the error. The Company requires that progress with the rectification of the error is monitored. The progress must be reported to the Board of Directors or the Audit Committee within a defined period of time.

10. Related Transactions (as of 31 March 2010)

10.1 General Information

10.1.1 Necessity and Rationale of Related Transactions

The related transactions of the Company are outstanding transactions that occurred a long time ago. However, the Audit Committee has reviewed these transactions regarding the appropriateness of the monitoring and execution, evaluation of transaction status and evaluation of competency in debt servicing by the debtors, as well as the appropriateness of making an allowance for doubtful debt sufficient for the expected losses.

10.1.2 Measures or Procedures in Approving Related Transactions

All related transactions must be approved by the Board of Directors with the attendance of the Audit Committee or approval of the shareholders' meeting, as the case may be, in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003 and the Notification of Capital Market Supervisory Board No. Tor Jor. 21/2551 re: Rules on Connected Transactions, as well as laws on securities and exchange, regulations, notifications, orders or requirements of the Stock Exchange of Thailand relating to the execution of related transactions.

10.1.3 Policy and Trend of Related Transactions

The Company may need to enter into related transactions in the future. However, the Company will use the general trading conditions and a market price that can be compared with the price and terms given to other third parties. The Company will also comply with the relevant regulations of the Stock Exchange of Thailand, and the relevant laws on securities and exchange.

If there are any related transactions between the Company or subsidiaries and a person who may have conflict of interest or conflict of any kind, the Company will request the Audit Committee to review and give comment on the necessity and appropriateness of such transactions. Moreover, if the Audit Committee does not possess expertise to review such transaction, the Company will involve an independent expert or the Company's auditor to provide the comment on such transaction, so that the Board of Directors or the shareholders, as the case may be, can use such comment to support their decision making. The Company will disclose related transactions in the remarks of the financial statements as audited by the Company's auditor, and in the annual report of the Company.

10.2 Related Transactions of the Company

Persons who may have Conflict of Interest	Companies with Related Transactions	Relationship	Transactions	Transaction Value during Fiscal Year ended 31 March 2009 (Million Baht)	Transaction Value during Fiscal Year ended 31 March 2010 (Million Baht)	Necessity / Remarks
Nuvo Line Agency Co., Ltd. ⁽¹⁾	The Company	<ul style="list-style-type: none"> Mr. Keeree's Group is a major shareholder of both the Company and Nuvo Line Agency Co., Ltd. Mr. Keeree's Group directly holds 31.31% of paid up capital of the Company and indirectly holds 80% of the paid up capital of Nuvo Line Agency Co., Ltd. at the time of this transaction. Pacific Harbor Advisors Pte Ltd. is a shareholder of both the Company and Nuvo Line Agency Co., Ltd. At the time of this transaction, Pacific Harbor Advisors Pte Ltd. directly holds 12.7% of paid up capital of the Company and directly holds 20% of the paid up capital of Nuvo Line Agency Co., Ltd. 	<ul style="list-style-type: none"> Revenue from the design. The Company executed the Project Management Consultancy Services Agreement with Nuvo Line Agency Co., Ltd., with the total service fee of Baht 100 million for the development of Paholyothin condominium which is the re-development of phase I of the condominium already in possession. The Company will be a consultant for the management of the design and construction and project management in respect of the planning. As at the end of 31 March 2010, there were items recorded in the account as follows: <ul style="list-style-type: none"> Unearned Revenue from Nuvo Line Agency Co., Ltd. in the amount of Baht 76.8 million. 	0	37.3	<ul style="list-style-type: none"> This is a normal transaction of which the service fee to be received from Nuvo Line Agency Co., Ltd. is according to market price. The size of this transaction exceeds 0.03% but less than 3% of the net tangible assets of the Company as per the consolidated financial statements of Company for the 6-month period ended 30 September 2009, therefore, this transaction is deemed a medium-size transaction which requires an approval for the execution of the transaction from the Board of Directors. And the Board of Directors meeting No. 6/2009, held on 12 November 2009, already approved the execution of this transaction.

Persons who may have Conflict of Interest	Companies with Related Transactions	Relationship	Transactions	Transaction Value during Fiscal Year ended 31 March 2009 (Million Baht)	Transaction Value during Fiscal Year ended 31 March 2010 (Million Baht)	Necessity / Remarks
BTS Assets Co., Ltd. (formerly, Uniholding Co., Ltd.) ⁽²⁾	The Company	<ul style="list-style-type: none"> BTS Assets Co., Ltd. is a subsidiary of Bangkok Mass Transit System Plc. Mr. Keeree Kanjanapas is the Executive Chairman of Bangkok Mass Transit System Plc. 	<ul style="list-style-type: none"> Revenue from the design and construction The Company is the contractor under the Design and Build Contract (Turnkey basis) having the total contract sum of Baht 2,200 million. As at the end of 31 March 2010, there were items recorded in the account as follows: <ul style="list-style-type: none"> Trade Accounts Receivable Baht 102.8 million Unbilled Receivables Baht 31.4 million Performance Bond Receivables Baht 5.7 million Advance Receivables from employer Baht 279.6 million 	107.3	209.4	This transaction was transacted with general trading conditions from August 2008, before Bangkok Mass Transit System Plc. acquired shares in BTS Assets Co., Ltd. in May 2009 and caused BTS Assets Co., Ltd. to be a person who may have a conflict of interest with the Company.

(1) The Company acquired 94.60% of BTSC shares on 4 May 2010; and BTSC holds 80% of Nuvo Line Agency Co., Ltd. shares, therefore, the future transaction will not be deemed as the related transactions.

(2) The Company acquired 94.60% of BTSC shares on 4 May 2010; and BTSC holds 100% of BTS Assets Co., Ltd. shares, therefore, the future transaction will not be deemed as the related transactions.

Related transactions with outstanding debts which occurred long ago and the Company has evaluated that the debtors are not capable of servicing debts in full and the Company is in the process of debt service demand. However, the Company has already made allowance for doubtful debt sufficient for the expected losses.

Persons who may have Conflict of Interest	Relationship	Description of Each Transaction				The Net Amount as of Fiscal Year ended 31 March 2010 after the Deduction of the Allowance for Doubtful Debt (Million Baht)
		Transactions	The Net Amount as of Fiscal Year ended 31 March 2009 after the Deduction of the Allowance for Doubtful Debt (Million Baht)	Additional Loan / (repayment) (Million Baht)	Net Interest from the Allowance for Doubtful Debt (Million Baht)	
EGV Co., Ltd.	<ul style="list-style-type: none"> Mr. Keeree Kanjanapas is a director and major shareholder in EGV Co., Ltd. 	<ul style="list-style-type: none"> A long time ago, the Company provided a loan to EGV Co., Ltd. and EGV Co., Ltd. used such loan to purchase shares in ITV Plc. and pledged these shares as collateral to the Company's debt. This creditor submitted the application for debt payment under the Company's business rehabilitation plan and now is pending the hearing of the final order of the Central Bankruptcy Court. As of 31 March 2010, the outstanding debt before the deduction of allowance for doubtful debt was Baht 10.9 million, leaving the net book value of Baht 0. 	0	0	0	0

Persons who may have Conflict of Interest	Relationship	Transactions	Description of Each Transaction			
			The Net Amount as of Fiscal Year ended 31 March 2009 after the Deduction of the Allowance for Doubtful Debt (Million Baht)	Additional Loan / (repayment) (Million Baht)	Net Interest from the Allowance for Doubtful Debt (Million Baht)	The Net Amount as of Fiscal Year ended 31 March 2010 after the Deduction of the Allowance for Doubtful Debt (Million Baht)
Saraburi Property Co., Ltd.	<ul style="list-style-type: none"> Saraburi Property Co., Ltd. is an affiliate of the Company. 	<ul style="list-style-type: none"> A long time ago, the Company provided a loan to Saraburi Property Co., Ltd. with interest at the same rate with such loan that the Company was lent. Saraburi Property Co., Ltd. used such loan to purchase land and mortgaged such land as collateral of the Company's debt. Later, such land was transferred as debt repayment to the Company's creditors, both prior to and in accordance with the Company's business rehabilitation plan. 	4.6	3.0 (The reverse of transaction of the doubtful Dept)	0	7.6
	<ul style="list-style-type: none"> Mr. Keeree Kanjanapas is a director and major shareholder in Saraburi Property Co., Ltd. 	<ul style="list-style-type: none"> As of 31 March 2010, the outstanding debt before the deduction of allowance for doubtful debt was Baht 500.9 million and 493.3 million respectively, leaving the net book value of Baht 7.6 million. 				

Persons who may have Conflict of Interest	Relationship	Description of Each Transaction			
		Transactions	The Net Amount as of Fiscal Year ended 31 March 2009 after the Deduction of the Allowance for Doubtful Debt (Million Baht)	Additional Loan / (repayment) (Million Baht)	The Net Amount as of Fiscal Year ended 31 March 2010 after the Deduction of the Allowance for Doubtful Debt (Million Baht)
Hwa Kay Thai (Thailand) Co., Ltd.	<ul style="list-style-type: none"> Hwa Kay Thai (Thailand) Co., Ltd. was formerly a subsidiary of the Company. A close relative of Mr. Keeree Karnjanapas is a director in Hwa Kay Thai (Thailand) Co., Ltd. 	<ul style="list-style-type: none"> A long time ago, Muangthong Assets Co., Ltd. and PrannaKiri Assets Co., Ltd., (formerly known as Muang Thong Lakeside Restaurant Co., Ltd.), the subsidiaries of the Company, provided a loan to Hwa Kay Thai (Thailand) Co., Ltd. As of 31 March 2010, the outstanding debt before the deduction of allowance for doubtful debt, was Baht 53.6 million, and Baht 53.6 million respectively, leaving the net book value of Baht 0. 	0	0	0

10.3 Related Transactions of the Company after 31 March 2010

Persons who may have Conflict of Interest	Companies with Related Transactions	Relationship	Transactions	Transaction Value (Million Baht)	Necessity / Remarks
Mr. Keeree Kanjanapas	The Company	<ul style="list-style-type: none"> As of the transaction date, Mr. Keeree's Group holds 2,403,608,095 shares or 31.57% of total issued shares in the Company and Mr. Keeree is a Director of the Company. "Mr. Keeree's Group" means Mr. Keeree, Mr. Kevin, K2J Holding Co., Ltd., Cross Venture Holdings Limited, Amsfield Holding Pte Ltd. and Saraburi Property Co., Ltd. 	<ul style="list-style-type: none"> The Company purchased 400,000,000 BTSC shares at the price of Baht 2.665 per shares from Mr. Keeree Kanjanapas for Baht 550,000,000 in cash and issued 750,000,000 newly issued ordinary shares of the Company with the par value of Baht 1 per share to Mr. Keeree Kanjanapas in return for the transfer of BTSC shares to the Company. 	1,066.00	<p>The acquisition of BTSC shares was executed for the benefit of the Company.</p> <p>The Company has disclosed the details of the transaction and sought approval from the Extraordinary General Meeting of Shareholders No. 1/2010, held on 29 April 2010.</p>
Keen Leader Investments Limited	The Company	<ul style="list-style-type: none"> Mr. Kevin Kanjanapas, a Director and Managing Director of the Company, hold all shares of Keen Leader. 	<ul style="list-style-type: none"> The Company purchased 508,408,723 BTSC shares at the price of Baht 2.665 per share from Keen Leader for Baht 699,061,994.56 in cash and issued 953,266,355 newly issued ordinary shares of the Company with the par value of Baht 1 per share to Keen Leader at the offering price of Baht 0.688 per share in return for the transfer of BTSC shares to the Company. 	1,354.90	<p>The acquisition of BTSC shares was executed for the benefit of the Company. The Company has disclosed the details of the transaction and sought approval from the Extraordinary General Meeting of Shareholders No. 1/2010, held on 29 April 2010.</p>

Persons who may have Conflict of Interest	Companies with Related Transactions	Relationship	Transactions	Transaction Value (Million Baht)	Necessity / Remarks
Siam Rail Transport and Infrastructure Company Limited ("Siam Rail") ⁽¹⁾	The Company	<ul style="list-style-type: none"> The Company and Siam Rail have a common shareholder, namely Mr. Keeree's Group. The Company and Siam Rail have a common Director, namely Mr. Keeree and Mr. Kevin. In addition Mr. Kevin is a Director and Managing Director of the Company. 	<ul style="list-style-type: none"> The Company acquired the Entire Business Transfer from Siam Rail, whose entire business transferred consisted of 8,365,800,000 BTSC shares at the price of Baht 2.665 per share, along with the debt from Siam Rail of which the Company made a repayment on the date of the Entire Business Transfer, the date of which the Company paid the cash in total of Baht 11,502,975,000 and issued 15,685,875,000 newly ordinary shares of the Company with the par value of Baht 1 per share at the offering price of Baht 0.688 per share in return for the Entire Business Transfer. 	22,294.85	<p>The Entire Business Transfer from Siam Rail were executed for the benefit of the Company.</p> <p>The Company has disclosed the details of the transaction and sought approval from the Extraordinary General Meeting of Shareholders No. 1/2010, held on 29 April 2010.</p>

(1) Having been in the liquidation process.

11. Management Discussion & Analysis of Business Performance

11.1 Overview of Financial Performance

- For Fiscal Year 2010, there has been not only a large increase in total revenue from Fiscal Year 2009, but also the Group has experienced a significant improvement in the performance of its property development / real estate sales and construction services.
- Apart from enhancing revenue, the Company has also focused on improved cost control leading to a higher gross margin from the property business units, rising from 8.7% in Fiscal Year 2009 to 12.1% in Fiscal Year 2010. We have also seen this improved trend through increased gross profit margins in each business unit of our property business as follows:
 - The property development / real estate sales business unit had a negative gross profit margin of -5.4%, which however improved from -35.7% in Fiscal Year 2009.
 - Hotels / office / apartments for rent business unit had a gross profit margin of 39%, a 4.6% increase over the gross profit margin of the previous fiscal year.
 - The construction services business unit had a gross profit margin of 7.2% in Fiscal Year 2010. This represented a 260% jump over Fiscal Year 2009 when the gross profit margin was 2.0%.
- With an improved balance sheet position as total assets increased by Baht 1,067 million from Fiscal Year 2009, the Company's liquidity position also improved significantly:
 - As of 31 March 2010, the Company had a current ratio of current assets to current liabilities of 0.82 times and a quick ratio of liquid assets to current liabilities of 0.15 times. Both these ratios indicate that the Company had higher capability to meet its short-term obligations compared to the prior year.
- Throughout Fiscal Year 2010, the Company continued to pay down a large portion of the liabilities due to creditors per the rehabilitation plan, thus leading to a lower level of total liabilities as of 31 March 2010 of Baht 2,979 million.

11.2 Analysis of Operating Results

11.2.1 Total Revenues

In Fiscal Year 2010, BTS Group's total revenue amounted to Baht 1,573 million, which comprised revenue from the property business units, other revenue and rehabilitation / debt settlement gains of Baht 1,060 million, Baht 370 million and Baht 143 million, respectively. Total revenue grew 47% over Fiscal Year 2009 due to the increase in operating revenue from property business and income from other activities. Revenue from property business units was the largest component, accounting for 67% of Fiscal Year 2010 total revenue. The remaining 24% and 9% were generated from other revenue and rehabilitation / debt settlement gain transactions, respectively.

Revenue	Consolidated Financial Statements Fiscal Year ended 31 March			
	2010		2009	
	Million Baht	%	Million Baht	%
Property Business Units:				
Revenue from Sales of Real Estate	100.9	6.4	48.8	4.6
Revenue from Office / Apartments for Rent	169.4	10.8	167.9	15.7
Revenue from Hotels	34.5	2.2	36.8	3.4
Revenue from Construction Services	755.5	48.0	547.4	51.1
Total Revenue from Property Business Units	1,060.4	67.4	800.8	74.8
Other Income:				
Revenue from Sales of Rights of Claim	59.0	3.7	-	0.0
Reversal of Allowance for Loss of Diminution in Value of Projects	45.6	2.9	-	0.0
Reversal of Allowance for Impairment of Assets	167.0	10.6	-	0.0
Other Income	98.1	6.2	74.8	7.0
Revenue from Rehabilitation Plan / Debt Settlement	142.7	9.1	195.1	18.2
Total Revenue	1,572.7	100.0	1,070.7	100.0

11.2.1.1 Property Business Unit Revenue

- Revenue from Property Development / Real Estate Sales

In Fiscal Year 2010, the revenue from Property Development / Real Estate Sales reached Baht 101 million, representing an increase of Baht 52 million or 107% over the previous year. This increase was the result of higher sales from the Company's two actively marketed condominium projects at Thana City, Nouvelle Condominiums and King Kaew Condominiums. The remaining seven Thana City projects are in the process of renovation and/or repositioning in the market. During Fiscal Year 2010, the Company also received Baht 11 million in revenue from sales of land plots from its land bank in Chiang Rai and Bangkok.

- Revenue from Hotels / Office / Apartments for Rent

Revenue from Hotels / Office / Apartments for Rent can be broken down into revenue from hotel operations and also rental & services operations of office and apartments for rent. In Fiscal Year 2010, the Company had total revenue from this business unit of Baht 204 million, a slight decrease of Baht 0.7 million or 0.3% compared to the previous year. This reduction was the result of the end of operations at the Eastin Lakeside hotel on 31 December 2009 as the leasing contract between one of the Company's subsidiaries and Sinnsuptawee Assets Management Company Limited was terminated.

Revenue from rental & services increased 0.9% to Baht 169 million in Fiscal Year 2010. The Royal Place 2 project was the key growth driver of this business unit due to the larger size of its apartments.

On a three year average basis, revenue from the Hotels / Office / Apartments for Rent business unit contributed approximately 20% to the Company's total property revenue.

- **Revenue from Construction Services**

In Fiscal Year 2010, the revenue from Construction Services amounted to Baht 755 million, which consisted of Baht 546 million from three Baan Aur-Arthorn projects and Baht 209 million from the Four Points by Sheraton project. The Construction Services revenue increased by 38% year on year due to higher revenue from the Baan Aur-Arthorn. In addition, the Company started to recognize more revenue from Four Points by Sheraton project.

Revenue from the Baan Aur-Arthorn projects in fiscal year 2010 increased by 24% over fiscal year 2009 due to construction progress in Baan Aur-Arthorn Najomtien and Prajuabkirikhan, thus realizing higher revenue. In fiscal year 2010, the Company realized revenue of Baht 301 million from Baan Aur-Arthorn Chonburi, Baht 122 million from Baan Aur-Arthorn Prajuabkirikhan and Baht 123 million from Baan Aur-Arthorn Saraburi. The revenue from these three Baan Aur-Arthorn projects accounted for 72% of total Construction Services revenue. The remaining 28% came from the Four Points by Sheraton project. On a three-year average basis, revenue from Construction Services contributed approximately 75% to total revenue from property.

11.2.1.2 Other Income

In Fiscal Year 2010, the Company had total Other Income in the amount of Baht 512 million, comprised of income from other activities in the amount of Baht 370 million and gains from rehabilitation plan / debt settlement in the amount of Baht 143 million. The Baht 295 million or 394% increase in Other Income from Fiscal Year 2009 came mainly from the reversal of provisioning items related to the latest appraisal of real estate development costs where the aggregate fair market value was higher than the 2007 appraisal, the reversal of allowance for impairment of certain fixed assets and the first time recognition of project management income from the Abstracts Phahonyothin Park condominium project. The gains from rehabilitation plan / debt settlement declined 27% as the Company has successfully exited from its rehabilitation plan since Fiscal Year 2008.

11.2.2 Total Expenses

The Company's key expenses are costs of sales and services of its property business units, selling and administrative expenses and Directors' remuneration. During Fiscal Year 2010, total expenses were Baht 1,304 million, representing a growth of 29% over the previous fiscal year.

Expenses	Consolidated Financial Statements Fiscal Year ended 31 March			
	2010		2009	
	Million Baht	%	Million Baht	%
Cost of Sales & Services of Property Business Units:				
Cost of Sales of Property Development / Real Estate	106.3	8.2	66.2	6.5
Cost of Services of Office / Apartments for Rent	114.4	8.8	105.1	10.4
Cost of Hotel Services	10.1	0.8	23.4	2.3
Cost of Construction Services	701.2	53.8	536.5	53.0
Total Cost of Sales & Services of Property Business Units	932.0	71.5	731.1	72.2
Selling and Administrative Expenses	296.6	22.7	233.4	23.0
Directors' Remuneration	50.0	3.8	37.8	3.7
Loss on Provision for Impairment of Assets	25.0	1.9	10.6	1.0
Total Expenses	1,303.6	100.0	1,012.9	100.0

11.2.2.1 Cost of Sales and Services of Property Business Units

In Fiscal Year 2010, the Company's costs of sales and services amounted to Baht 932 million, an increase of Baht 201 million or 27% over the previous fiscal year. Since the Company focused on cost control in each business unit, the Company continued to see improvements in total gross profit margin from property that increased from 8.7% in the previous fiscal year to 12.1% in Fiscal Year 2010. This improved performance was mainly driven by Construction Services.

- Costs of Sales of Property Development / Real Estate Sales

In Fiscal Year 2010, the Company had Baht 106 million cost of sales from the Property Development / Real Estate business unit. With revenue from this business unit of Baht 101 million, the Company thus had a negative gross profit of Baht -5.4 million or a -5.4% negative gross profit margin. However, these business activities showed an 85% improvement in the negative gross profit margin compared to the previous fiscal year that had a negative gross profit margin -36%. This was due to the Company selling down the older Thana City condominium inventory, in some cases below book value in order to reduce carrying costs and to release cash.

- Costs of Hotels / Office / Apartments for Rent

In Fiscal Year 2010, the Hotels / Office / Apartments for Rent activities had total cost of services of Baht 124 million, which resulted in Baht 79 million gross profit. The cost of hotel operating activities was reduced to Baht 10 million, mainly as a result of the termination of the Eastin Lakeside hotel operation in

December 2009. The remaining Baht 114 million came from the rental and services business. Total revenue from this business unit declined by 0.4% in Fiscal Year 2010, while the cost of services declined by 3.1%; therefore, leaving a higher gross profit margin of 39% compared to Fiscal Year 2009.

- **Costs of Construction Services**

In Fiscal Year 2010, the Company's Construction Services business unit had a total cost of Baht 701 million, resulting in Baht 54 million gross profit. This business unit yielded a 7.2% gross profit margin, increasing 260% over Fiscal Year 2009. During Fiscal Year 2010, costs of Construction Services came from the three Baan Aur-Arthorn projects as to Baht 516 million and from the Four Points by Sheraton hotel project as to Baht 185 million. During the year, gross profit margin from Baan Aur-Arthorn increased from 0.3% to 5.6%, while gross profit margin from the Four Points by Sheraton project increased from 9.1% to 11.4%. These increases came from revenue increase, careful cost control and the nature of profit recognition as construction has progressed.

11.2.2.2 Selling, Servicing and Administrative Expenses

In Fiscal Year 2010, the Company's selling, servicing and administrative expenses were Baht 297 million, representing 19% of total sales revenue. The Company experienced a 27% growth, an increase of Baht 63 million, in selling, servicing and administrative expenses compared to Fiscal Year 2009. The increase was a result of the boost in activities of the Company's operating businesses, leading to an increase in the number of employees for new operations, and hence a rise in employee remuneration by Baht 21 million. In addition, there were also financial advisory and legal expenses incurred from the issuance of warrants of Baht 27 million.

11.2.2.3 Interest Expense

In Fiscal Year 2010, the Company's financial costs amounted to Baht 30 million, a Baht 7 million or 30% increase over Fiscal Year 2009. The increase in financial costs was a result of increased borrowing from a financial institution for purchase of the remaining shares in a subsidiary.

11.2.2.4 Corporate Income Tax

One of the Company's subsidiaries had Baht 10.8 million of corporate income tax in Fiscal Year 2010 and Baht 8.5 million in corporate income tax in Fiscal Year 2009. As of 31 March 2010, the Company has tax losses carry forward of Baht 786.6 million, of which Baht 479.2 million, Baht 194.6 million and Baht 112.8 million will expire in March 2011, 2012 and 2014, respectively.

11.2.2.5 Net Profit

During Fiscal Year 2010, the Company generated a net income of Baht 229 million, increasing from Baht 20 million in Fiscal Year 2009. The growth in net profit and net profit margin were due mainly to the

higher growth rate of revenue compared to expenses, resulting in a higher profit margin for the Company. Additionally, this revenue growth was also fueled by the growth in the Company's property revenue, indicating the improved operating performance of the Company during Fiscal Year 2010. Included in net income of Baht 229 million in Fiscal Year 2010 was Baht 143 million from gain from debt restructuring and Baht 167 million from gain from reversal of allowance for impairment of assets.

11.3 Analysis of the Company's Financial Position

As of 31 March 2010, the Company had total assets of Baht 7,835 million, financed by equity of Baht 4,856 million and by liabilities of Baht 2,979 million. Assets grew by 16% during the year. This improvement is reflected in an increase in cash and land and projects awaiting development.

11.3.1 Liquidity and Sources of Funds

During Fiscal Year 2010, the Company's liquidity position showed an improvement manifested in a higher liquidity ratio and quick ratio compared to Fiscal Year 2009. As of 31 March 2010, the Company had total current assets of Baht 2,271 million and total current liabilities of Baht 2,782 million. The liquidity ratio was 0.82 times and the quick ratio was 0.15 times. The growth in current assets over the previous year reflected an increase in cash and cash equivalents in the fiscal year ended 31 March 2010.

11.3.2 Assets

As of 31 March 2010, the Company had total assets of Baht 7,835 million, a growth of 16% or Baht 1,066 million over Fiscal Year 2009. This increase was driven by the re-appraisal of buildings and equipment of Baht 99 million and the accumulation of additional land and projects held for development, used in the Property Development / Real Estate business unit, of Baht 1,233 million.

11.3.3 Liabilities

As of 31 March 2010, the Company had total liabilities of Baht 2,979 million, consisting of Baht 2,782 million in current liabilities and Baht 197 million in non-current liabilities. Total liabilities decreased by Baht 113 million or 3.7% compared to 31 March 2009 mainly due to the repayment of liabilities under the rehabilitation plan during the year. As of 31 March 2010 the outstanding liabilities under creditors per the rehabilitation plan was Baht 1,752 million, representing 59% of total liabilities. As of 31 March 2010, the total liabilities under creditors per the rehabilitation plan can be divided into the current portion of Baht 1,681 million and the non-current liabilities under creditors per the rehabilitation plan - net of current portion of Baht 71 million. For the current portion of creditors per the rehabilitation plan, the Company had a total secured portion of Baht 1,316 million and a total unsecured portion of Baht 365 million. For the non-current liabilities under creditors per the rehabilitation - net of current portion, the whole amount is unsecured. The secured current portion of creditors per the rehabilitation plan is collateralized by the Company's land and real estate assets. The unsecured portion of creditors per the rehabilitation plan are to be settled with cash and the conversion of debt to equity.

11.3.4 Shareholders' Equity

In Fiscal Year 2010, total shareholders' equity increased by Baht 1,180 million, which was partly due to a lower accumulated deficit arising from the net profit of Baht 229 million, the issue of new shares to purchase the remaining 50% ownership in Kamala Beach Resort & Hotel Management Company Limited of Baht 1,035 million and the exercise of warrants of Baht 766 million.

11.4 Analysis of Cash Flows

Summary of Cash Flow for Fiscal Years ended 31 March 2010 and 2009

	For the Fiscal Year ended 31 March			
	2010		2009	
	Million Baht	% Change	Million Baht	% Change
Net cash from (used in) operating activities	108.5	+251.1%	(71.8)	(706.4%)
Net cash used in investing activities	(198.6)	(37.3%)	(316.7)	+55.1%
Net cash from financing activities	343.2	+15.9%	296.1	(60.5%)
Net increase or decrease in cash	253.1	+373.8%	(92.4)	(353.2%)

The Company's net cash movement significantly improved from negative Baht 92 million in Fiscal Year 2009 to Baht 253 million, a Baht 345 million cash flow improvement during Fiscal Year 2010. This improvement was mainly the result of the higher amount of cash income from operating activities and more cash received from property operations, which generated positive net cash from operations of Baht 108 million. Major items creating higher cash from operating activities were the Baht 220 million of advances received from project management services and the Baht 100 million in unearned income from project management fees.

The Company used less cash in investing activities for the purchase of property, plant and equipment and for land for future development in Fiscal Year 2010, so the net cash used in these activities decreased by 37%, creating a negative cash flow of Baht 199 million.

The cash flow from financing activities of Baht 343 million was mainly generated from the exercised warrants, the increase in the short-term loan from a financial institution and deposits payable, net of debt repayments to financial institutions and to creditors under the rehabilitation plan.

11.5 Auditor's Remuneration

During Fiscal Year 2010 the Company's and its subsidiaries' auditor was Ernst & Young Office Limited. The audit fees for the quarterly review and annual audit of our financial statements remained equivalent to the previous year, which were Baht 0.6 million and Baht 2.9 million, respectively. Hence the total audit fee for Fiscal Year 2010 was Baht 3.5 million, which was equal to that of Fiscal Year 2009.

REPORTS AND FINANCIAL STATEMENTS



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

BTS Group Holdings Public Company Limited
(formerly Tanayong Public Company Limited)

The financial statements of BTS Group Holdings Public Company Limited (formerly known as Tanayong Public Company Limited) ("the Company") have been prepared under the policies of the Board of Directors to comply with generally accepted accounting principles, consistently applied and supported by reasonable and prudent judgments and estimations to reflect the Company's performance accurately.

The Board of Directors recognizes the essential quality of the financial statements by providing in this Annual Report a review of the financial data and information in the notes to the financial statements as well as the Management Discussion and Analysis of Business Performance Report for the benefit of the shareholders and other stakeholders who review the financial statements.

The Board of Directors has also appointed the Audit Committee, consisting of the members who are Independent Directors and non-executives, to oversee the quality of the financial statements. The opinion of the Audit Committee has been shown in the Audit Committee Report contained in this Annual Report.

Based on the management structure and the internal control system, including the audit results of the Certified Public Accountant, the Board of Directors believes that the Company's financial statements as of 31 March 2010 show essentially accurate data of the Company's financial status, performance and cash flows in accordance with generally accepted accounting principles.



Mr. Keeree Kanjanapas

Chairman of the Board of Directors



Mr. Kavin Kanjanapas

Managing Director

To the Shareholders and the Board of Directors of BTS Group Holdings Public Company Limited

The Audit Committee of BTS Group Holdings Public Company Limited ("the Company") consists of 3 Independent Directors, namely Lt. Gen. Phisal Thepsithar as the Chairman of the Audit Committee, Pol. Maj. Gen. Vara leammongkol and Mr. Chaiyasit Puvapiromquan as the Members of the Audit Committee and Mrs. Duangkamol Chaichanakajorn as the Secretary to the Audit Committee. The Audit Committee has the duties and responsibilities as assigned by the Board of Directors in accordance with its Charter as follows:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that the systems are suitable and efficient, to review the independency of the internal audit unit, and to approve the appointment, transfer or dismissal of the chief of the internal audit unit or any other unit in charge of the internal audit;
3. To review the Company's compliance with the law on securities and the Stock Exchange, the Stock Exchange's regulations, and the laws relating to the Company's business;
4. To consider, select and nominate an independent person to act as the Company's auditor, and to propose such person's remuneration to the Board of Directors, as well as to attend a meeting with the auditor without the attendance of any Company management at least once a year;
5. To review the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the law and the Stock Exchange's regulations, and are reasonable and for the utmost benefit of the Company;
6. To prepare, and to disclose in the Company's annual report, the Audit Committee Report which must be signed by the Chairman of the Audit Committee and contain certain specified details; and
7. To perform any other act as assigned by the Board of Directors, with prior consent of the Audit Committee.

In 2009 / 2010, the Audit Committee has performed the duties as follows:

1. Reviewed the Company's financial reports, including quarterly and annual financial statements as regards their accuracy and adequacy of disclosure. The Audit Committee had meetings with the Company's auditor and found no material data indicating that the financial reports were neither accurate nor trustworthy.

2. Reviewed and ensured the Company has an appropriate and efficient internal control system and internal audit system by engaging an external expert to evaluate the appropriateness and efficiency of the internal control system and internal audit system. The overall result of the evaluation showed that the Company has an adequate internal control system in each of the Company's activities to achieve the purpose and goals of the Company and to manage the Company's business.
3. Reviewed the Company's operations to be in compliance with the law on securities and the Stock Exchange, the Stock Exchange's regulations, and the laws relating to the Company's business by having the Company engage an external expert to evaluate the Company's corporate governance and compliance with the relevant laws and regulations. The overall evaluation showed that the Company had good and efficient operations and management processes in accordance with the principle of good corporate governance.
4. Considered, selected and nominated independent persons to act as the Company's auditor by proposing to the Board of Directors to appoint any one of Mr. Termphong Opanaphan, Certified Public Accountant (Thailand) No. 4501, and/or Miss Thipawan Nananuwat, Certified Public Accountant (Thailand) No. 3459, and/or Miss Siraporn Ouaanunkun, Certified Public Accountant (Thailand) No. 3844 from Ernst & Young Office Limited to act as the Company's auditor for the fiscal year ended March 31, 2010 to review and give opinion on the Company's financial statements. The audit fee was Baht 2,300,000. Such appointment and fee were approved by the Board of Directors and the General Meeting of Shareholders of the Company. In addition, all 3 members of the Audit Committee attended a meeting with the auditor without the attendance of any management and had the opinion that the Company's auditors have performed their duties properly.
5. Considered and reviewed the connected transactions in which the auditors were of the opinion that such transactions were significant and disclosed such transactions in the financial statements and notes to the financial statements. The Audit Committee agreed with the auditor that such transactions were reasonable.
6. During the period between April 1, 2009 and June 15, 2010, the Audit Committee had a total of 6 meetings and the members of the Audit Committee attended all these meetings.
7. Overall, the Audit Committee received full cooperation from the relevant units and persons in performing their duties and, therefore, was able to perform its duties efficiently.
8. Prepared this Audit Committee Report and disclosed the Report signed by the Chairman of the Audit Committee in the Annual Report 2009 / 2010.

9. All members of the Audit Committee attended training sessions, seminars and meetings regarding the roles and responsibilities of the Audit Committee that were arranged by state agencies, the private sector, professional councils or the Thai Institute of Directors in order to enhance the knowledge and understanding of the Audit Committee to perform their duties more efficiently.
10. The Extraordinary General Meeting of Shareholders No. 1/2010, held on April 29, 2010 resolved to approve the Company to purchase ordinary shares of Bangkok Mass Transit System Public Company Limited and to acquire the entire business of a company whose entire business consists of the investment in ordinary shares of Bangkok Mass Transit System Public Company Limited. As a result, the Company holds 94.60% of the shares in Bangkok Mass Transit System Public Company Limited and the Company's paid-up capital has been increased to Baht 35,781,271,787.00 and the Company registered the increase of its paid-up capital on May 4, 2010.
11. The Company registered its change of name from "Tanayong Public Company Limited" to "BTS Group Holdings Public Company Limited" on May 4, 2010.
12. The Company issued and offered 19,032,004,098 newly issued ordinary shares, with par value of Baht one per share, to the existing shareholders and a group of financial institutional investors and a group of clients of the securities companies who were the Company's underwriters, at the offering price of Baht 0.63 per share, totaling Baht 11,990,162,581.74. As a result, the Company's paid-up capital has increased to Baht 54,813,275,885.00 and the Company registered the increase of its paid-up capital on June 14, 2010.

Lt. Gen. Phisal Thepsithar

Chairman of the Audit Committee

June 15, 2010

Report on the Accounting Internal Control System by the Auditor

BTS Group Holdings Public Company Limited
(formerly Tanayong Public Company Limited)

May 27, 2010

Subject: Report on the Accounting Internal Control System

To: The Board of Directors
Tanayong Public Company Limited

With reference to the audit of the financial statements of Tanayong Public Company Limited for the year ended March 31, 2010 as reported on May 27, 2010 to obtain the opinion that such financial statements and the operational results are regulated in accordance with Generally Accepted Accounting Principles, we confirm that the proper scope of review has been based on the assessment of the Company's internal control system. We did not find any material irregularities in such system that may affect our opinion on the financial statements and reports of the Company. Any other immaterial suggestions to the opinion will be documented in a separate letter later.

Nevertheless, the audit has been conducted on a sampling basis and the assessment of the Company's internal control system is intended for the audit only, and therefore may not represent a complete overview of the defects that may exist in the control system of the Company.

Yours faithfully,

Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

Report of the Independent Auditor and Financial Statements

Annual Report 2009 / 2010

To the Shareholders of Tanayong Public Company Limited

I have audited the accompanying consolidated balance sheet of Tanayong Public Company Limited and its subsidiaries as at 31 March 2010, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Tanayong Public Company Limited for the same period. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements of Tanayong Public Company Limited and its subsidiaries, and the separate financial statements of Tanayong Public Company Limited as at 31 March 2009 and for the year then ended, as presented herein for comparative purposes, were audited by another auditor of our firm who expressed an unqualified opinion on those statements and drew attention to the matters of the same nature as those discussed in the paragraphs a) to c) below under her report dated 28 May 2009.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit 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 audit provides 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 Tanayong Public Company Limited and its subsidiaries and of Tanayong Public Company Limited as at 31 March 2010, the results of their operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the aforementioned financial statements as follows:

- a) The Company followed most of the significant mandatory terms and conditions stipulated in the rehabilitation plan and on 14 November 2006, the Central Bankruptcy Court ordered the termination of the Company's business rehabilitation. As discussed in Note 24 to the financial statements, the Company has been unable to transfer the Company's 271,843,540 ordinary shares temporarily registered in the name of a subsidiary, part of which are deposited with the Central Bankruptcy Court as guarantees of debt settlement, to creditors since there are still undue debts and debts pending final court judgment or comptroller's orders. As a result, the number of shares allocated to each creditor is still uncertain as the debt ratio might be altered to accord with final court judgment or comptroller's orders. However, the creditors will still receive total numbers of ordinary shares as stipulated in the rehabilitation plan and the Company adjusted issuance of ordinary shares for debt settlement to settle the Company's debts during the year ended 31 March 2007.

- b) As discussed in Note 13 to the financial statements, the Company has the outstanding balances of cash deposited with the Central Bankruptcy Court as guarantees of settlement of unsecured and secured creditors, amounting to Baht 254.9 million and Baht 40.7 million, respectively, due to the debts pending final court judgment or comptroller's orders. Such amounts of cash deposited are still lower than the maximum amount of debt that may arise on a proportional basis of unsecured and secured creditors by Baht 95.6 million and Baht 416.5 million, respectively. The Company is obliged to pay or transfer assets to settle such debts as stipulated in the rehabilitation plan. However, the Company completely recorded such debts in its account and the secured creditors are provided guarantees by the mortgage of the Company's assets in full.
- c) As discussed in Note 14 and 15 to the financial statements, the Company has been unable to transfer certain assets to creditors since there are still debts pending final court judgment or comptroller's orders. In addition, certain assets have already been deposited with the Central Bankruptcy Court for debt settlement. However, the Company held an open auction for certain assets and a company successfully bid in the auction of assets. Subsequently, the Company entered into an agreement transferring rights to purchase certain auctioned assets from such company. Currently, the Company and such company are still compliant with the terms and conditions stipulated in the agreements. However, a creditor has submitted a petition for cancelation of the auction, which is being considered by the Central Bankruptcy Court.
- d) The purchase of ordinary shares of Bangkok Mass Transit System Public Company Limited as discussed in Note 16.3 to the financial statements.



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

Ernst & Young Office Limited
Bangkok: 27 May 2010

Tanayong Public Company Limited and its subsidiaries

Balance Sheets

As at 31 March 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Assets					
Current Assets					
Cash and cash equivalents	8	314,429,310	61,346,841	63,546,374	31,628,200
Trade accounts receivable					
Related party	7	102,799,428	44,449,013	102,799,428	44,449,013
Unrelated parties		10,132,505	17,691,254	-	-
Less: Allowance for doubtful accounts		(6,751,583)	(11,822,597)	-	-
Trade accounts receivable - net	9	106,180,350	50,317,670	102,799,428	44,449,013
Unbilled receivables					
Related party	7	31,353,500	65,034,539	31,353,500	65,034,539
Unrelated parties		31,617,807	14,877,061	31,617,807	14,877,061
Total unbilled receivables	10	62,971,307	79,911,600	62,971,307	79,911,600
Account receivable from sale of rights of claim and interest receivable	11	177,565,558	257,635,294	177,565,558	257,635,294
Short-term loans and advances to related parties - net	7	6,674,252	8,298,052	350,200	1,124,074
Real estate development costs - net	12	1,041,400,519	1,028,399,203	1,040,614,154	1,028,399,203
Assets awaiting transfer under rehabilitation plan - net	14	225,560,879	226,731,569	70,395,498	71,566,188
Investments in subsidiaries awaiting transfer under rehabilitation plan - net	15	224,342,586	224,342,586	197,438,333	195,874,939
Other current assets					
Advances to contractors					
Related party	7	-	-	240,637,835	37,345,794
Unrelated parties - net		50,034,461	36,815,351	222,346	36,040,824
Other receivables - net	9	21,407,936	57,239,611	21,339,263	57,135,583
Others		40,424,367	23,843,269	24,170,363	18,954,251
Total Current Assets		2,270,991,525	2,054,881,046	2,002,050,659	1,860,064,963
Non-current assets					
Restricted deposits	14	123,676,473	3,096,482	121,459,600	1,450,257
Cash deposited as collateral for debt settlement	13	295,642,373	312,805,994	295,642,373	312,805,994
Loans to related parties - net	7	7,600,000	4,571,000	87,066,962	325,494,118
Investments in subsidiaries - net	16	-	-	1,739,898,298	52,750,000
Investments in associates - net	17	4,678,556	633,488,331	4,000,000	644,152,000
Other long-term investments - net	18	119,080,002	125,539,196	119,080,002	125,539,196
Land and projects awaiting development - net	19	2,306,386,412	1,074,993,515	731,646,210	761,404,466
Property, plant and equipment - net	20	2,348,239,395	2,249,243,558	2,334,861,937	2,231,151,705
Leasehold rights - net	21	93,355,427	99,072,566	4,000,000	4,400,000
Condominiums and fixtures for lease - net	22	233,262,050	195,686,353	233,262,050	195,686,353
Retention receivable					
Related party	7	5,722,027	-	5,722,027	-
Unrelated parties		7,416,000	-	7,416,000	-
Other non-current assets		18,971,600	15,102,264	8,045,665	3,303,405
Total Non-current Assets		5,564,030,315	4,713,599,259	5,692,101,124	4,658,137,494
Total Assets		7,835,021,840	6,768,480,305	7,694,151,783	6,518,202,457

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

Tanayong Public Company Limited and its subsidiaries

Balance Sheets (Continued)

As at 31 March 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements		
		Note	2010	2009	2010	2009
Liabilities and Shareholders' Equity						
Current Liabilities						
Short-term loan from financial institution	23	500,000,000	400,000,000	500,000,000	400,000,000	
Trade accounts payable						
Related party	7	3,016,422	-	100,591,809	42,800,000	
Unrelated parties		9,349,041	17,513,292	-	10,293,822	
Accrued costs of construction						
Related party	7	-	17,234,587	35,163,354	24,957,288	
Unrelated parties		52,137,712	18,416,994	18,976,373	18,416,994	
Short-term loans and advances from related parties	7	-	26,928,535	64,443,012	15,500,000	
Deposit payable		80,000,000	-	80,000,000	-	
Current portion of creditors per rehabilitation plan	24	1,681,565,072	1,971,773,716	1,681,835,976	1,972,586,427	
Current portion of long-term loan	25	7,200,000	65,000,000	-	-	
Other current liabilities						
Advances received from employers						
Related party	7	279,592,757	57,852,390	279,592,757	57,852,390	
Unrelated parties		-	1,284,694	-	1,284,694	
Total advances received from employers	10	279,592,757	59,137,084	279,592,757	59,137,084	
Current portion of unearned income from related party	7	38,321,678	-	38,321,678	-	
Accrued expenses		46,925,024	45,808,449	31,954,216	22,671,764	
Other payable		27,432,712	59,707,802	1,048,929	31,653,288	
Others		56,825,431	61,472,516	44,808,088	48,453,447	
Total Current Liabilities		2,782,365,849	2,742,992,975	2,876,736,192	2,646,470,114	
Non-current Liabilities						
Creditors per rehabilitation plan - net of current portion	24	70,937,441	256,641,026	70,937,441	256,911,930	
Long-term loan - net of current portion	25	53,000,000	-	-	-	
Loans from directors	7	42,298	1,421,971	42,298	-	
Loans from related parties	7	18,349	9,178,956	-	-	
Unearned income from related party - net of current portion	7	38,461,538	-	38,461,538	-	
Retention payable						
Related party	7	-	-	6,947,833	-	
Unrelated parties		24,918,846	70,652,534	14,360,606	67,742,672	
Other non-current liabilities		9,687,540	11,534,250	-	-	
Total Non-current Liabilities		197,066,012	349,428,737	130,749,716	324,654,602	
Total Liabilities		2,979,431,861	3,092,421,712	3,007,485,908	2,971,124,716	

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

Tanayong Public Company Limited and its subsidiaries

Balance Sheets (Continued)

As at 31 March 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Shareholders' Equity					
Share capital	27				
Registered					
7,704,149,999 ordinary shares of Baht 1 each					
(2009: 8,056,923,076 ordinary shares					
of Baht 1 each)		7,704,149,999	8,056,923,076	7,704,149,999	8,056,923,076
Issued and fully paid					
7,614,391,803 ordinary shares of Baht 1 each					
(2009: 5,813,333,333 ordinary shares					
of Baht 1 each)		7,614,391,803	5,813,333,333	7,614,391,803	5,813,333,333
Share premium (discount)	27	(735,085,235)	134,400,000	(735,085,235)	134,400,000
Unrealised gain (loss)					
Revaluation surplus on assets	17, 20, 29	2,038,770,040	2,019,676,772	2,019,676,772	2,019,676,772
Revaluation deficit on changes in value of investments		(382,580)	(700,040)	(382,580)	(700,040)
Company's shares held by subsidiaries		(15,888,956)	(15,888,956)	-	-
Capital reserve on consolidation		2,685,013	2,685,013	-	-
Translation adjustment		(134,060,738)	(134,095,474)	-	-
Deficit		(3,929,809,823)	(4,154,522,574)	(4,211,934,885)	(4,419,632,324)
Equity attributable to the Company's shareholders		4,840,619,524	3,664,888,074	4,686,665,875	3,547,077,741
Minority interest - equity attributable to minority shareholders					
of subsidiary		14,970,455	11,170,519	-	-
Total Shareholders' Equity		4,855,589,979	3,676,058,593	4,686,665,875	3,547,077,741
Total Liabilities and Shareholders' Equity		7,835,021,840	6,768,480,305	7,694,151,783	6,518,202,457

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

Tanayong Public Company Limited and its subsidiaries

Income Statements

For the years ended 31 March 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Revenues					
Revenues from sales of real estate		100,855,286	48,767,303	100,855,286	48,767,303
Revenues from construction services		755,548,305	547,376,776	755,548,305	547,376,776
Rental and service income		169,437,266	167,910,053	76,416,932	72,464,583
Revenues from hotel operations		34,529,578	36,758,273	-	-
Other income					
Management income		25,415,803	1,390,000	36,015,803	5,890,000
Revenue from sale of rights of claim	11	58,966,679	-	58,966,679	-
Reversal of allowance for loss on diminution in value of projects	12	45,550,923	-	45,550,923	-
Reversal of allowance for impairment of assets	19, 20, 22	166,982,348	-	165,562,348	-
Gain on cancellation of guarantees	24	-	195,075,040	-	195,075,040
Gain on debt settlement	24	142,664,923	-	142,664,923	-
Interest income		2,285,955	1,199,075	18,325,460	15,571,081
Others		70,478,595	72,259,519	26,521,394	48,864,085
Total Revenues		1,572,715,661	1,070,736,039	1,426,428,053	934,008,868
Expenses					
Cost of sales of real estate		106,271,908	66,178,801	106,271,908	66,178,801
Cost of construction services		701,246,085	536,455,787	715,689,426	541,306,402
Cost of rentals and services		114,376,553	105,095,366	76,038,165	73,853,617
Cost of hotel operations		10,102,205	23,366,992	-	-
Selling and servicing expenses		16,555,112	17,533,460	13,146,317	8,587,011
Administrative expenses		280,009,125	215,854,254	230,615,677	145,148,483
Management benefit expenses	7	50,034,462	37,818,827	49,348,220	37,180,439
Loss on allowance for impairment of assets		24,993,570	10,579,506	-	10,579,506
Total Expenses		1,303,589,020	1,012,882,993	1,191,109,713	882,834,259
Income before share of income (loss) from investments in associates, finance cost and corporate income tax					
		269,126,641	57,853,046	235,318,340	51,174,609
Share of income (loss) from investments in associates	17	540,958	(6,388,791)	-	-
Income before finance cost and corporate income tax		269,667,599	51,464,255	235,318,340	51,174,609
Finance cost		(30,394,334)	(23,396,704)	(27,620,901)	(20,741,451)
Income before corporate income tax		239,273,265	28,067,551	207,697,439	30,433,158
Corporate income tax	31	(10,760,578)	(8,521,862)	-	-
Net Income for the Year		228,512,687	19,545,689	207,697,439	30,433,158
Net income (loss) attributable to:					
Equity holders of the parent		224,712,751	20,258,387	207,697,439	30,433,158
Minority interest of the subsidiary		3,799,936	(712,698)		
		228,512,687	19,545,689		
Earnings per share					
32					
Basic earnings per share					
Net income attributable to equity holders of the parent		0.0332	0.0035	0.0305	0.0052
Diluted earnings per share					
Net income attributable to equity holders of the parent		0.0330		0.0303	

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

Tanayong Public Company Limited and its subsidiaries

Statements of Changes in Shareholders' Equity

For the years ended 31 March 2010 and 2009

(Unit: Baht)

Consolidated financial statements									
Equity attributable to the parent's shareholders									
	Issued and paid-up share capital	Share premium (discount)	Revaluation surplus on assets	Revaluation deficit on changes in value of investments	Company's shares held by subsidiaries	Capital reserve on consolidation	Translation adjustment	Deficit	Minority interest - equity attributable to minority shareholders of subsidiary
Balance as at 31 March 2008	5,813,333,333	134,400,000	2,019,676,772	(293,040)	(15,888,956)	2,685,013	(134,072,779)	(4,174,780,961)	11,883,217
Expenses recognised directly in equity:									
Investments in available-for-sale securities									
Loss recognised in shareholders' equity	-	-	-	(407,000)	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-	(22,695)	-	-
Net expenses recognised directly in equity	-	-	-	(407,000)	-	-	(22,695)	-	-
Net income (loss) for the year	-	-	-	-	-	-	-	20,258,387	-
Total income and expenses for the year	-	-	-	(407,000)	-	-	(22,695)	20,258,387	-
Balance as at 31 March 2009	5,813,333,333	134,400,000	2,019,676,772	(700,040)	(15,888,956)	2,685,013	(134,095,474)	(4,154,522,574)	11,170,519
Balance as at 31 March 2009	5,813,333,333	134,400,000	2,019,676,772	(700,040)	(15,888,956)	2,685,013	(134,095,474)	(4,154,522,574)	11,170,519
Income recognised directly in equity:									
Investments in available-for-sale securities									
Gain recognised in shareholders' equity	-	-	-	317,460	-	-	-	-	-
Revaluation surplus on assets (Note 17)	-	-	19,093,268	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-	34,736	-	-
Net income recognised directly in equity	-	-	19,093,268	317,460	-	-	34,736	-	-
Net income for the year	-	-	-	-	-	-	-	224,712,751	-
Total income for the year	-	-	19,093,268	317,460	-	-	34,736	224,712,751	-
Issuance of ordinary shares (Note 27)	1,801,058,470	(869,485,235)	-	-	-	-	-	244,158,215	-
Balance as at 31 March 2010	7,614,391,803	(735,085,235)	2,038,770,040	(382,580)	(15,888,956)	2,685,013	(134,060,738)	(3,929,809,823)	14,970,455

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

Statements of Changes in Shareholders' Equity (Continued)

For the years ended 31 March 2010 and 2009

(Unit: Baht)

Separate financial statements

	Issued and paid-up share capital	Share premium (discount)	Revaluation surplus on assets	Revaluation deficit on changes in value of investments	Deficit	Total
Balance as at 31 March 2008	5,813,333,333	134,400,000	2,019,676,772	(293,040)	(4,450,065,482)	3,517,051,583
Expenses recognised directly in equity:						
Investments in available-for-sale securities						
Loss recognised in shareholders' equity	-	-	-	(407,000)	-	(407,000)
Net expenses recognised directly in equity	-	-	-	(407,000)	-	(407,000)
Net income for the year	-	-	-	-	30,433,158	30,433,158
Total income and expenses for the year	-	-	-	(407,000)	30,433,158	30,026,158
Balance as at 31 March 2009	5,813,333,333	134,400,000	2,019,676,772	(700,040)	(4,419,632,324)	3,547,077,741
Balance as at 31 March 2009	5,813,333,333	134,400,000	2,019,676,772	(700,040)	(4,419,632,324)	3,547,077,741
Income recognised directly in equity:						
Investments in available-for-sale securities						
Gain recognised in shareholders' equity	-	-	-	317,460	-	317,460
Net income recognised directly in equity	-	-	-	317,460	-	317,460
Net income for the year	-	-	-	-	207,697,439	207,697,439
Total income for the year	-	-	-	317,460	207,697,439	208,014,899
Issuance of ordinary shares (Note 27)	1,801,058,470	(869,485,235)	-	-	-	931,573,235
Balance as at 31 March 2010	7,614,391,803	(735,085,235)	2,019,676,772	(382,580)	(4,211,934,885)	4,686,665,875

Tanayong Public Company Limited and its subsidiaries

Cash Flow Statements

For the years ended 31 March 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash Flows from Operating Activities				
Income before tax	239,273,265	28,067,551	207,697,439	30,433,158
Adjustments to reconcile income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	50,673,134	43,904,034	38,750,630	36,067,162
Share of loss (income) from investments in associates	(540,958)	6,388,791	-	-
Reversal of liabilities in excess of amounts per comptroller's orders	-	(3,405,101)	-	(3,405,101)
Revenue from sale of rights of claim	(58,966,679)	-	(58,966,679)	-
Gain on receipt of assets for debt settlement	-	(3,872,800)	-	-
Reversal of allowance for doubtful debts	(12,758,564)	(11,819,725)	(11,603,521)	(3,715,562)
Withholding tax written-off	23,671,727	26,297,264	23,474,250	20,822,757
Doubtful debts	25,334,662	-	30,633,737	-
Loss on allowance for impairment of assets (reversal)	(141,988,778)	10,579,506	(165,562,348)	10,579,506
Loss on allowance for loss on low-cost residential housing project	-	11,167,818	-	11,167,818
Loss on allowance for loss on diminution in value of investments (reversal)	(3,223,346)	-	8,078,482	-
Reversal of on allowance for loss on diminution in value of projects	(45,550,923)	-	(45,550,923)	-
Gain on cancellation of guarantees	-	(195,075,040)	-	(195,075,040)
Gain on debt settlement	(142,664,923)	-	(142,664,923)	-
Penalty expense	9,932,646	-	9,932,646	-
Loss (gain) on sales of property, plant and equipment	(282,736)	779,763	(299,952)	805,998
Unearned income recognition	(23,216,783)	-	(23,216,783)	-
Dividend income	(3,254,347)	-	(3,254,347)	-
Interest income	(2,285,955)	(1,199,075)	(18,325,460)	(15,571,081)
Interest expenses	30,394,334	22,807,347	27,620,901	20,173,755
Loss from Operating Activities before changes in Operating Assets and Liabilities	(55,454,224)	(65,379,667)	(123,256,851)	(87,716,630)

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

Tanayong Public Company Limited and its subsidiaries

Cash Flow Statements (Continued)

For the years ended 31 March 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Decrease (increase) in Operating Assets				
Trade accounts receivable	(56,183,028)	(41,812,116)	(58,350,415)	(44,449,013)
Unbilled receivables	16,940,292	66,843,711	16,940,292	66,843,711
Real estate development costs	82,547,178	54,325,470	83,333,542	54,325,470
Construction in progress	-	26,307,897	-	26,307,897
Advances to contractors	(29,725,276)	(23,200,371)	(183,979,729)	(59,771,638)
Other receivables	30,670,465	3,671,593	30,209,433	3,746,181
Retention receivable	(26,706,582)	-	(26,706,582)	-
Other current assets	4,287,671	(1,793,459)	(4,437,751)	(1,759,237)
Other non-current assets	(3,827,037)	521,044	(4,742,260)	36,190
Increase (decrease) in Operating Liabilities				
Trade accounts payable	(5,147,829)	(1,033,684)	47,497,987	40,170,362
Accrued costs of construction	16,486,131	(50,120,346)	10,765,445	(42,397,645)
Advances received from employers	220,455,673	20,224,591	220,455,673	20,224,591
Accrued expenses	1,984,500	654,297	10,113,830	(2,688,812)
Retention payable	(38,073,488)	(1,474,922)	(38,774,033)	(3,943,580)
Unearned income	100,000,000	-	100,000,000	-
Other payable	(42,207,735)	513,814	(40,537,005)	(3,211)
Other current liabilities	(33,023,125)	(23,792,441)	(12,185,244)	(17,713,181)
Cash from (used in) Operating Activities	183,023,586	(35,544,589)	26,346,332	(48,788,545)
Cash paid for interest expenses	(31,262,258)	(21,679,332)	(28,452,279)	(19,286,798)
Cash paid for corporate income tax	(45,564,247)	(15,740,561)	(23,474,250)	(8,893,427)
Cash received for interest income	2,285,955	1,199,075	708,539	650,919
Net Cash from (used in) Operating Activities	108,483,036	(71,765,407)	(24,871,658)	(76,317,851)

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

Tanayong Public Company Limited and its subsidiaries

Cash Flow Statements (Continued)

For the years ended 31 March 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash Flows from Investing Activities				
Cash received from sale of rights of claim	31,915,265	20,000,000	31,915,265	20,000,000
Decrease (increase) in restricted deposits	(120,000,000)	73,460	(120,000,000)	73,460
Decrease (increase) in short-term loans and advances to related parties	1,623,800	(8,298,052)	773,874	(1,124,074)
Decrease (increase) in loans to related parties	6,382,627	1,385,324	160,411,144	(250,188,675)
Interest income	-	-	28,552,469	4,381,282
Net cash payment for purchases of investment in subsidiaries	(63,907,253)	-	(378,873,670)	-
Increase in investments in associates	-	(4,000,000)	-	(4,000,000)
Dividend received	3,254,347	-	3,254,347	-
Increase in advances for purchases of land	-	(10,856,600)	-	-
Decrease (increase) in land and projects awaiting development	(20,736,793)	(264,683,819)	3,060,076	(1,681,970)
Cash paid for purchases of property, plant and equipment	(37,165,660)	(22,318,732)	(34,982,258)	(6,538,278)
Cash paid for purchases of leasehold rights	-	(25,866,146)	-	-
Cash paid for purchases of condominiums and fixtures for lease	(352,697)	(2,145,842)	(352,697)	(2,145,842)
Cash received from sales of property, plant and equipment	342,236	-	302,336	-
Cash received from transfer of leasehold right	-	-	-	7,000,000
Net Cash used in Investing Activities	(198,644,128)	(316,710,407)	(305,939,114)	(234,224,097)
Cash Flows from Financing Activities				
Decrease in cash deposited as collateral for debt settlement	17,163,621	-	17,163,621	-
Increase in short-term loan from financial institution	100,000,000	267,800,000	100,000,000	267,800,000
Increase in long-term loan (repayment)	(4,800,000)	65,000,000	-	-
Increase (decrease) in short-term loans and advances from related parties	(14,138,341)	5,500,000	(2,704,951)	5,500,000
Increase in deposit payable	80,000,000	-	80,000,000	-
Cash paid for loans from related parties	(2,677,471)	(326,562)	-	-
Increase in loans from directors (repayment)	(1,421,971)	14,578	-	-
Cash paid for creditors per rehabilitation plan	(214,046,249)	(41,936,945)	(214,858,960)	(41,936,945)
Cash received from exercised warrants	383,129,236	-	383,129,236	-
Net Cash from Financing Activities	343,208,825	296,051,071	362,728,946	231,363,055
Increase (decrease) in translation adjustment	34,736	(22,695)	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	253,082,469	(92,447,438)	31,918,174	(79,178,893)
Cash and Cash Equivalents at Beginning of the Year	61,346,841	153,794,279	31,628,200	110,807,093
Cash and Cash Equivalents at End of the Year (Note 8)	314,429,310	61,346,841	63,546,374	31,628,200

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

Tanayong Public Company Limited and its subsidiaries

Cash Flow Statements (Continued)

For the years ended 31 March 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Supplemental Cash Flow Information				
Non-cash transactions				
Transfer property, plant and equipment to leasehold rights	-	66,180,324	-	-
Transfer advances for purchases of land to land and projects awaiting development	-	23,500,000	-	-
Sell rights of claim in loan to an individual	-	287,635,294	-	287,635,294
Receive BTSC's ordinary shares from receivable arising from sale of rights of claim	7,121,150	10,000,000	7,121,150	10,000,000
Transfer land and projects awaiting development to real estate development costs	49,997,570	-	49,997,570	-
Investment in associate before business combination	640,152,000	-	640,152,000	-
Issue ordinary shares for acquisition of subsidiary	548,444,000	-	548,444,000	-
Transfer rights of claim in debtor to settle debts per rehabilitation plan	100,000,000	-	100,000,000	-
Transfer BTSC's ordinary shares to settle debts per rehabilitation plan	19,201,057	-	19,201,057	-
Increase subsidiaries' share capital to settle loans from the Company	-	-	66,500,000	-
Increase subsidiaries' share capital to provide loan to the Company	-	-	64,438,158	-

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

Notes to Consolidated Financial Statements

For the years ended 31 March 2010 and 2009

1. General Information

Tanayong Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is K2J Holdings Company Limited, which was incorporated in Thailand. The Company is principally engaged in the property development and provision of construction services and its registered address is 21 Soi Choei Phuang, Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok.

On 4 May 2010, the Company registered a change of its name to “BTS Group Holdings Public Company Limited”.

2. Basis of Preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's Name	Nature of Business	Country of Incorporation	Percentage of Shareholding		Assets as a Percentage to the Consolidated Total Assets as at 31 March		Revenues as a Percentage to the Consolidated Total Revenues for the Years ended 31 March	
			2010 (%)	2009 (%)	2010 (%)	2009 (%)	2010 (%)	2009 (%)
Dnal Co., Ltd.	Office rental	Thailand	100	100	1.91	1.44	5.42	7.06
Luecha Land Development Co., Ltd.	Property development	Thailand	-	100	-	-	-	-
Muangthong Assets Co., Ltd.	Hotel	Thailand	100	100	2.28	6.48	3.46	6.49
PrannaKiri Assets Co., Ltd.	Property development	Thailand	100	100	2.59	3.67	0.71	-
(Formerly known as "Muang Thong Lakeside Restaurant Co., Ltd.")								
Yong Su Co., Ltd.	Termination of operation	Thailand	100	100	1.02	1.16	-	1.33
Tanayong Food & Beverage Co., Ltd.	Property development	Thailand	100	100	0.43	-	0.03	-
Thana City Golf & Sports Club Co., Ltd.	Club management	Thailand	100	100	0.33	0.01	0.37	0.17
(Formerly known as "Thana City Golf & Country Club Co., Ltd.")	and operation							
Tanayong Planner Co., Ltd.	Termination of operation	Thailand	-	100	-	-	-	-
Siam Paging and Communication Co., Ltd.	Property development	Thailand	100	100	0.45	0.19	0.09	-
Sampaopetch Co., Ltd.	Property development	Thailand	100	100	0.06	0.07	-	-
Tanayong Property Management Co., Ltd.	Building management	Thailand	100	100	0.08	0.10	0.27	0.49
Thana City Management Co., Ltd.	Termination of operation	Thailand	-	100	-	-	-	-
Thana City Place Co., Ltd.	Termination of operation	Thailand	-	100	-	-	-	-
Tac Architects Co., Ltd.	Termination of operation	Thailand	-	100	-	-	-	-
Tanayong International Ltd.	Investment holding	Cayman Island	100	100	0.36	0.47	-	-

Company's Name	Nature of Business	Country of Incorporation	Percentage of Shareholding		Assets as a Percentage to the Consolidated Total Assets as at 31 March		Revenues as a Percentage to the Consolidated Total Revenues for the Years ended 31 March	
			2010 (%)	2009 (%)	2010 (%)	2009 (%)	2010 (%)	2009 (%)
Treasure Pool Investments Ltd. (Subsidiary of "Tanayong International Ltd.")	Termination of operation	British Virgin Islands	-	100	-	-	-	-
Rictor Assets Ltd. (Subsidiary of "Tanayong International Ltd.")	Termination of operation	British Virgin Islands	-	100	-	-	-	-
Tanayong Treasury Services Ltd. (Subsidiary of "Tanayong International Ltd.")	Termination of operation	Cayman Island	-	100	-	-	-	-
Hip Hing Construction (Thailand) Co., Ltd.	Construction services	Thailand	51	51	2.35	0.23	0.11	0.04
Kamala Beach Resort & Hotel Management Co., Ltd.	Hotel and property development	Thailand	100	-	16.24	-	0.01	-
Tanayong Hong Kong Limited	Investment holding	Hong Kong	100	-	-	-	-	-

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) The financial statements of overseas subsidiaries are translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences are shown under the caption of "Translation adjustment" in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.
- g) During the year ended 31 March 2009, three overseas subsidiaries which are Treasure Pool Investments Ltd., Rictor Assets Ltd. and Tanayong Treasury Services Ltd. registered their dissolution, and on 31 March 2009, those subsidiaries entered into an agreement to transfer their outstanding assets and liabilities to Tanayong International Ltd., their parent company. Therefore, the Company did not include the financial statements of such subsidiaries in its consolidated financial statements for the current year.
- h) During the year ended 31 March 2010, five subsidiaries which are Luecha Land Development Co., Ltd., Tanayong Planner Co., Ltd., Thana City Management Co., Ltd., Thana City Place Co., Ltd. and Tac Architects Co., Ltd. liquidated their accounts. Therefore, the Company did not include the financial statements of such subsidiaries in its consolidated financial statements for the current year.
- i) On 28 May 2009, a meeting of the Company's Board of Directors passed a resolution to approve the purchase of the remaining shares of Kamala Beach Resort & Hotel Management Co., Ltd. ("Kamala") held by a company, as discussed in Note 17 to the financial statements. This increased the Company's shareholding in Kamala from 50% to 100%, resulting in a change in its status from an associate to a subsidiary. Kamala's financial statements have therefore been included in the consolidated financial statements as from 28 July 2009.
- j) On 12 February 2010, a meeting of the Company's Board of Directors passed a resolution to approve the Company establishing a new wholly owned subsidiary in Hong Kong, Tanayong Hong Kong Limited, in order to hold the shares of Absolute Hotel Services Hong Kong Limited, and to invest in overseas companies in the future. This Company is to have a registered share capital of HKD 10,000 (10,000 ordinary shares with a par value of HKD 1 each). The Company established this company on 15 March 2010.

- 2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of New Accounting Standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for the Preparation and Presentation
of Financial Statements (revised 2007)

TAS 36 (revised 2007)

TFRS 5 (revised 2007)

Impairment of Assets

Non-current Assets Held for Sale
and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination
under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007), TFRS 5 (revised 2007) and Accounting Treatment Guidance for Leasehold Right do not have any significant impact on the financial statements for the current year, while the management is considering the impact of Accounting Treatment Guidance for Business Combination under Common Control on the financial statements.

3.2 Accounting standards which are not effective for the current year

		Effective date
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 is not relevant to the business of the Company, while TAS 24 (revised 2007) and TAS 40 will not have any significant impact on the financial statements for the year in which it is initially applied.

4. Change in Accounting Policy for Recognition of Revenue from Sales of Real Estate

During the year ended 31 March 2010, the Company and its subsidiaries changed their accounting policy for recognition of revenues from sales of land, land and houses and condominium units from the percentage of completion method to recognising revenues in full when ownership is transferred to the buyers. This change was made in line with International Accounting Standard.

However, the change in accounting policy has no impact on the balance sheets as at 31 March 2010 and 2009 and the income statements for the years then ended since the revenues recognised during the year 2009 - 2010 were from sales of completed projects that were ready to be transferred to the buyer.

5. Accounting Policies

5.1 Revenue recognition

- a) Revenues from sales of land, land and houses and condominium units are recognised in full when ownership is transferred to the buyers.
- b) Revenues from construction services are recognised when services have been rendered taking into the stage of completion. Stage of completion is measured by reference to total costs incurred as a percentage of total budgetary cost in relation to the projects.
The recognised revenue which is not yet due per the contracts has been presented under the heading of "Unbilled receivables" under current assets.
- c) Service revenue is recognised when services have been rendered taking into account the stage of completion, excluding value added tax.
- d) Management income is recognised when services have been rendered, with reference to the term of the contract, excluding value added tax.
- e) Rental income in conjunction with apartments and condominiums is recognised as revenue on an accrual basis.
- f) Revenues from hotel operations, mainly consisting of room and restaurant revenues, are recognised when services have been rendered and represent the invoiced value (excluding value added tax) of goods supplied and services rendered after deducting discounts and service charges.
- g) Interest income is recognised on an accrual basis based on the effective interest rate.
- h) Dividends are recognised when the right to receive the payment is established.

5.2 Expenses

Cost of sales of real estate

Cost of sales of land, land and houses and condominium units, which are determined by attributing the total anticipated real estate development costs after recognition of the costs incurred to date to the units already sold on the basis of salable area, are recognised as costs in the income statement.

Cost of construction services

Cost of construction services is recognised on an accrual basis.

Provision for anticipated losses on construction projects is made in the accounts in full when the likelihood of loss is ascertained.

Expenses

Cost of sales and services and other expenses are recognised on an accrual basis.

5.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.4 Trade accounts receivable

Trade accounts receivable are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

5.5 Real estate development costs

Real estate development costs are stated at cost less allowance for loss on diminution in value.

Real estate development costs consist of the costs of land, land development, project management fees, construction and related interest.

5.6 Investments

- a) Investments in available for sale securities are stated at fair value. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.
- b) Investments in debt securities, both due within one year and expected to be held to maturity are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

- d) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the required rate of return or the yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

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

In the event the Company reclassifies investments in securities, such investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining income or recorded as surplus (deficit) from change in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

5.7 Property, plant and equipment and depreciation

Land is stated at revalued amount and buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land, buildings and improvements and golf course development costs are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to equity under the heading of "Revaluation surplus on assets". However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised as an expense in the income statement. However, a revaluation decrease is to be charged directly against the related "Revaluation surplus on assets" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus on assets" in respect of those same assets. Any excess amount is to be recognised as an expense in the income statement.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amounts on the straight-line basis over the following estimated useful lives:

Buildings and improvements	5 - 20 years
Golf course development costs	5 - 30 years
Furniture and office equipment	3 - 5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

5.8 Leasehold rights and amortisation

Leasehold rights are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any). Amortisation of leasehold rights is calculated by reference to their cost on a straight-line basis over the leasehold period.

Amortisation is included in determining income.

5.9 Condominiums and fixtures for lease and depreciation

Condominiums and fixtures for lease are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Condominiums for lease	Period of lease
Fixtures	5 years

Depreciation is included in determining income.

5.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.11 Company's shares held by subsidiaries

Company's shares held by its subsidiaries are stated at cost and presented as a deduction in shareholders' equity.

5.12 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.13 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

5.14 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement. However in cases where property, plant and equipment was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

5.15 Gains from troubled debt restructurings

The Company adopts an accounting policy related to troubled debt restructuring whereby in case of transfer of assets to settle debts which the excess of the debt extinguished by the creditors over the fair value of the assets transferred is recognised as a gain from debt restructuring and the difference between the fair value and the net book value of the assets transferred is treated as a gain (loss) from transfer of assets.

When the debt restructuring involves a waiver of debts, a portion of the waived debts that exceeds the aggregate amount of interest expenses to be incurred over the term of the new agreement is recognised as a gain from debt restructuring.

5.16 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

5.17 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.18 Income tax

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

6. Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, ageing profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of

valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Property, plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's and its subsidiaries' plant and equipment and to review estimated useful lives and salvage values when there are any changes.

The Company measures land, buildings and improvements and golf course development costs at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost for buildings and improvements and golf course development costs. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Real estate development cost estimation

In recognising revenue from real estate sales, the Company needs to estimate all project development costs, including land costs, land improvement costs, design costs, construction costs, and borrowing costs for construction. The management estimates these costs based on their business experience and revisits the estimation on a periodical basis or when the actual costs incurred significantly vary from the estimation.

Estimated construction costs

The Company and its subsidiaries estimate cost of construction based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and overhead costs to be incurred to completion of service, including forecast for any changes. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's and its subsidiaries' management have used judgment to assess of the results of the litigation and believe that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

7. Related Party Transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2010	2009	2010	2009	
Transactions with subsidiaries					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	96	98	At cost of funds
Management income	-	-	11	5	Contract price
Cost of construction services	-	-	193	65	Contract price
Transactions with associates					
Revenue from sale of brand	-	8	-	-	At cost
Interest income	9	11	9	11	At cost of funds
Management income	1	1	1	1	Contract price
Management fee	28	14	24	13	Contract price
Transactions with related companies					
Revenues from construction services	209	107	209	107	Contract price
Management income	23	-	23	-	Contract price
Interest income	60	175	60	175	At cost of funds and default interest rate ⁽¹⁾
Dividend income	3	-	3	-	Approved by the meeting of Board of Directors
Cost of construction services	18	17	-	17	Contract price

⁽¹⁾ Stop interest charge of United Bangkok Development Co., Ltd. on 6 August 2009, in accordance with the comptroller's order.

The Company recorded allowance for doubtful accounts for the full amount of interest income receivable for the years ended 31 March 2010 and 2009 (except for Muangthong Assets Co., Ltd. and Thana City Golf & Sports Club Co., Ltd.).

As at 31 March 2010 and 2009, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Trade account receivable				
Related company				
BTS Assets Co., Ltd.				
(Formerly known as "Uni Holding Co., Ltd.")	102,799	44,449	102,799	44,449
Total	102,799	44,449	102,799	44,449
Unbilled receivable				
Related company				
BTS Assets Co., Ltd.	31,354	65,035	31,354	65,035
Total	31,354	65,035	31,354	65,035
Short-term loans and advances to related parties				
Subsidiary				
Hip Hing Construction (Thailand) Co., Ltd.	-	-	350	426
	-	-	350	426
Associate				
Absolute Hotel Services Co., Ltd.	6,674	7,600	-	-
	6,674	7,600	-	-
Related companies				
EGV Ltd.	10,925	10,687	10,925	10,687
Others	-	916	-	916
Total	10,925	11,603	10,925	11,603
Less: Allowance for doubtful accounts	(10,925)	(10,905)	(10,925)	(10,905)
	-	698	-	698
Net	6,674	8,298	350	1,124

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Advance to contractor				
Subsidiary				
Hip Hing Construction (Thailand) Co., Ltd.	-	-	240,638	37,346
Total	-	-	240,638	37,346
Loans to related parties				
Subsidiaries				
Thana City Golf & Sports Club Co., Ltd.	-	-	-	36,698
Luecha Land Development Co., Ltd. ⁽¹⁾	-	-	-	40,814
Thana City Place Co., Ltd. ⁽¹⁾	-	-	-	559,653
Sampaopetch Co., Ltd.	-	-	2,326,257	2,272,618
Tanayong International Ltd.	-	-	1,337,371	1,335,665
Tac Architects Co., Ltd. ⁽¹⁾	-	-	-	146,295
Muangthong Assets Co., Ltd.	-	-	7,845	302,967
Siam Paging and Communication Co., Ltd.	-	-	39,924	16,862
Tanayong Food & Beverage Co., Ltd.	-	-	38,711	3,474
Others	-	-	-	547
Total	-	-	3,750,108	4,715,593
Less: Allowance for doubtful accounts	-	-	(3,670,641)	(4,394,670)
	-	-	79,467	320,923
Associate				
Saraburi Property Co., Ltd.	500,929	491,659	500,929	491,659
Less: Allowance for doubtful accounts	(493,329)	(487,088)	(493,329)	(487,088)
	7,600	4,571	7,600	4,571

⁽¹⁾ These companies liquidated their accounts during the current year.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Related companies				
Chula Land Development Co., Ltd.	1,200,490	1,200,490	1,200,490	1,200,490
Rachada Inter Development Co., Ltd.	813,207	813,207	813,207	813,207
United Bangkok Development Co., Ltd. ⁽²⁾	3,233,725	3,179,672	3,223,416	3,163,220
Time Station Co., Ltd. ⁽²⁾	291,382	291,382	291,382	291,382
Hwa Kay Thai (Thailand) Co., Ltd.	53,598	52,186	-	-
Others	-	1,045	-	-
Total	5,592,402	5,537,982	5,528,495	5,468,299
Less: Allowance for doubtful accounts	(5,592,402)	(5,537,982)	(5,528,495)	(5,468,299)
	-	-	-	-
Net	7,600	4,571	87,067	325,494
Retention receivable				
Related company				
BTS Assets Co., Ltd.	5,722	-	5,722	-
Total	5,722	-	5,722	-

⁽²⁾ The Company is in the process of transferring shares of these companies to creditors per rehabilitation plan.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Trade accounts payable				
Subsidiary				
Hip Hing Construction (Thailand) Co., Ltd.	-	-	100,592	42,800
	-	-	100,592	42,800
Related company				
Hip Hing Overseas Limited	3,016	-	-	-
	3,016	-	-	-
Total	3,016	-	100,592	42,800
Accrued costs of construction				
Subsidiary				
Hip Hing Construction (Thailand) Co., Ltd.	-	-	35,163	24,957
	-	-	35,163	24,957
Related company				
Hip Hing Overseas Limited	-	17,235	-	-
	-	17,235	-	-
Total	-	17,235	35,163	24,957
Short-term loans and advances from related parties				
Subsidiary				
PrannaKiri Assets Co., Ltd.	-	-	64,443	-
	-	-	64,443	-
Related companies				
Tin Tin Co., Ltd.	-	10,951	-	-
Nuvo Line Agency Co., Ltd.	-	15,500	-	15,500
Others	-	478	-	-
	-	26,929	-	15,500
Total	-	26,929	64,443	15,500
Advance received from employer				
Related company				
BTS Assets Co., Ltd.	279,593	57,852	279,593	57,852
Total	279,593	57,852	279,593	57,852

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Unearned income from related party				
Related company				
Nuvo Line Agency Co., Ltd.	76,784	-	76,784	-
Less: Current portion	(38,322)	-	(38,322)	-
Net	38,462	-	38,462	-
Loans from directors				
Directors	42	1,422	42	-
Total	42	1,422	42	-
Loans from related parties				
Related companies				
Hwa Kay Thai (Thailand) Co., Ltd.	18	6,502	-	-
Changkran Way Co., Ltd.	-	2,324	-	-
Others	-	353	-	-
Total	18	9,179	-	-
Retention payable				
Subsidiary				
Hip Hing Construction (Thailand) Co., Ltd.	-	-	6,948	-
Total	-	-	6,948	-

The relationship between the Group and most of related companies is under common shareholders or management.

During the current year, a movement of loan to related parties (excluding interest and before deducting allowance for doubtful debts) were as follows:

(Unit: Thousand Baht)

Company's Name	Balance as at 1 April 2009	During the Year		Balance as at 31 March 2010
		Increase	Decrease	
Thana City Golf & Sports Club Co., Ltd.	12,000	3,000	(15,000)	-
Sampaopetch Co., Ltd.	896,461	804	-	897,265
Muangthong Assets Co., Ltd.	292,500	33,188	(317,850)	7,838
Siam Paging and Communication Co., Ltd.	9,335	22,486	-	31,821
Tanayong Food & Beverage Co., Ltd.	1,500	35,106	-	36,606
Thana City Place Co., Ltd.	166,691	-	(166,691)	-
Tac Architects Co., Ltd.	71,138	-	(71,138)	-

During the current year, the Company received 2,079,907 ordinary shares with a value of Baht 1 each of Bangkok Mass Transit System Pcl. ("BTSC") and 1,563,394 ordinary shares with a value of Baht 1 each of BTSC awaiting transfer under the Company's rehabilitation plan, from Tanayong International Ltd. in order to settle debts. However, the Company transferred 2,079,907 ordinary shares of BTSC to settle debt per the rehabilitation plan, as discussed in Note 24 to the financial statements.

Directors' and management's benefits

During the year ended 31 March 2010, the Company and its subsidiaries paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 50.0 million (2009: Baht 37.8 million) (Separate financial statements: Baht 49.3 million (2009: Baht 37.2 million)).

Guarantee obligation with related party

The Company has an outstanding guarantee obligation with its subsidiary, as described in Note 33.4 a) to the financial statements.

8. Cash and Cash Equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash	509,945	601,813	251,000	378,000
Current deposits and saving deposits	118,919,365	51,745,028	63,295,374	31,250,200
Bill of exchange	35,000,000	-	-	-
BOT bonds with maturity date due not more than 3 months	160,000,000	9,000,000	-	-
Total	314,429,310	61,346,841	63,546,374	31,628,200

9. Trade Accounts Receivable / Other Receivables

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Total value of contracts signed	10,161,695	10,060,839	10,161,695	10,060,839
Percentage of total project sale value	72.02	71.31	72.02	71.31
Installments due	10,161,695	10,060,839	10,161,695	10,060,839
Less: Cash received	(10,161,695)	(10,060,839)	(10,161,695)	(10,060,839)
Trade accounts receivable - real estate	-	-	-	-
Trade accounts receivable - construction	102,799	44,449	102,799	44,449
Trade accounts receivable - hotel, rental and services, net	3,381	5,869	-	-
Trade accounts receivable, net	106,180	50,318	102,799	44,449

The outstanding balances of trade accounts receivable are aged, based on due date, as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Related party				
Not yet due	102,799	44,449	102,799	44,449
Unrelated parties				
Not yet due	915	2,043	-	-
Past due				
Up to 3 months	2,181	2,970	-	-
3 - 6 months	85	731	-	-
6 - 12 months	200	-	-	-
Over 12 months	6,752	11,947	-	-
Total	112,932	62,140	102,799	44,449
Less: Allowance for doubtful accounts	(6,752)	(11,822)	-	-
Net	106,180	50,318	102,799	44,449

Other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Other receivables	43,433	73,678	43,364	73,574
Less: Allowance for doubtful accounts	(22,025)	(16,438)	(22,025)	(16,438)
Other receivables, net	21,408	57,240	21,339	57,136

The Company and its subsidiaries believe that there will be no doubtful debt beyond the provision amount set aside.

10. Unbilled Receivables / Advances Received from Employers

(Unit: Thousand Baht)

Consolidated and separate financial statements		
	2010	2009
Unbilled receivables		
Project value as per contracts	4,331,312	2,810,247
Accumulated amounts recognised as revenue on percentage of completion basis	2,134,586	494,258
Less: Value of total billed	(2,071,615)	(414,346)
Unbilled receivables	62,971	79,912
Advances received from employers		
Project value as per contracts	-	1,521,065
Value of total billed	-	886,065
Less: Accumulated amount recognised as revenue on percentage of completion basis	-	(884,780)
Advances received from employers	-	1,285
Advances per contract - related party	279,593	57,852
Total advances received from employers	279,593	59,137

11. Account Receivable from Sale of Rights of Claim

On 4 July 2008, the Company entered into an agreement to sell rights of claim in indebtedness of Bangkok Mass Transit System Public Company Limited ("BTSC") to an individual ("Buyer"). Buyer is to transfer BTSC's 17,121,150 ordinary shares and make a payment of Baht 297,565,558 to the Company. During the year ended 31 March 2009, the Company received BTSC's 10,000,000 ordinary shares and cash payment of Baht 20,000,000. During the current year, the Company received the remaining BTSC's 7,121,150 ordinary shares and cash payment of Baht 31,915,265. However, the Company transferred ordinary shares of BTSC to settle debt per the rehabilitation plan, as discussed in Note 24 to the financial statements.

On 28 October 2009, the Company transferred rights of claim in debt of Buyer amounting to Baht 100 million to a creditor, to settle debt under the rehabilitation plan. Buyer requested extensions of the payment period for the remaining debt and interest until 28 March 2010. The Company agreed to the extensions and Buyer is to pay interest at a rate of 15% per annum.

In May 2010, Buyer repaid loan with interest to the Company. Therefore, the Company recorded gain and interest income, totaling Baht 59.0 million, under the caption of "Revenue from sale of rights of claim" in the income statement for the year ended 31 March 2010.

12. Real Estate Development Costs

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Freehold land	445,256	395,259	445,256	395,259
Leasehold land	860,425	860,425	860,425	860,425
Development costs	3,822,689	3,822,689	3,822,689	3,822,689
Project management fees	217,030	217,030	217,030	217,030
Construction costs	1,724,432	1,708,333	1,723,645	1,708,333
Others	527,125	527,190	427,358	427,423
	7,596,957	7,530,926	7,496,403	7,431,159
Less: Accumulated amounts transferred to cost of sales	(5,030,515)	(4,893,754)	(5,030,515)	(4,893,754)
	2,566,442	2,637,172	2,465,888	2,537,405
Less: Allowance for loss on diminution in value of projects	(366,389)	(450,121)	(266,622)	(350,354)
	2,200,053	2,187,051	2,199,266	2,187,051
Less: Amounts transferred to assets awaiting transfer under rehabilitation plan - net	(937,770)	(937,770)	(937,770)	(937,770)
Amounts transferred to condominiums and fixtures for lease - net	(220,882)	(220,882)	(220,882)	(220,882)
Real estate development costs - net	1,041,401	1,028,399	1,040,614	1,028,399

Movements in the allowance for loss on diminution in value of projects during the year ended 31 March 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 April 2009	(450,121)	(350,354)
Add: Recorded allowance during the year	(4,306)	(4,306)
Less: Allowance reversed during the year upon revenue recognition	42,487	42,487
Less: Allowance reversed during the year upon appraisal	45,551	45,551
Balance as at 31 March 2010	(366,389)	(266,622)

During the current year, the Company transferred land and projects awaiting development to real estate development costs amounting to Baht 50 million.

In year 2010, the Company had hired an independent appraiser to appraise the fair market value of these assets. According to the latest appraisal report, the aggregate fair market value of "Real estate development costs" was higher than the net book value which was appraised in 2007. The Company therefore reversed the provision for loss on diminution in value of projects of approximately Baht 45.6 million (Separate financial statements: Baht 45.6 million) in its accounts presented under the

caption of "Reversal of allowance for loss on diminution in value of projects" in the income statement for the year ended 31 March 2010.

13. Cash Deposited as Collateral for Debt Settlement

As at 31 March 2010, the Company had the outstanding balances of cash deposited with the Central Bankruptcy Court as guarantees of settlement of unsecured and secured creditors, amounting to Baht 254.9 million and Baht 40.7 million, respectively (2009: Baht 270.3 million and Baht 42.5 million, respectively), due to the debts pending final court judgment or comptroller's orders. Such amounts of cash deposited are still lower than the maximum amount of debt that may arise on a proportional basis of unsecured and secured creditors by Baht 95.6 million and Baht 416.5 million, respectively. The Company is obliged to pay or transfer assets to settle such debts as stipulated in the rehabilitation plan. However, the Company completely recorded such debts in its accounts and the secured creditors are provided guarantees by the mortgage of the Company's assets in full.

14. Assets awaiting Transfer under Rehabilitation Plan

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Real estate development costs - net	33,015	33,015	28,315	28,315
Land and projects awaiting development - net	39,921	39,921	39,921	39,921
Property, plant and equipment - net	152,625	153,796	2,159	3,330
Total	225,561	226,732	70,395	71,566

The Company held an open auction of assets awaiting transfer under the rehabilitation plan and, on 14 May 2009, a company successfully bid to purchase the assets at a price of Baht 1,200 million (appraisal value of Baht 2,203 million). The Company is to transfer ownerships of the assets to this company within 29 July 2009, or the date set by order of the Central Bankruptcy Court. The successful bidder had made payment amounting to Baht 120 million to the Company as a guarantee and the Company recorded this transaction under the heading of "Restricted deposits" in the balance sheet. The Company signed an agreement to purchase and to sell the assets on 10 July 2009.

On 1 July 2009, the Company entered into an agreement transferring rights to purchase certain auctioned assets, at a price of Baht 800 million, from such company. The Company paid an advance amounting to Baht 40 million to such company in accordance with a memorandum between the Company and such company.

Currently, the Company and such company are still compliant with the terms and conditions stipulated in the agreements. However, a creditor has submitted a petition for cancelation of the auction, which is being considered by the Central Bankruptcy Court.

15. Investments in Subsidiaries awaiting Transfer under Rehabilitation Plan

The remaining balance consists of 72,000,000 ordinary shares of Bangkok Mass Transit System Public Company Limited which will be transferred to the creditors per rehabilitation. However, these shares are not yet transferred to the creditors since some of the Company's debts are pending final court judgment.

16. Investments in Subsidiaries

16.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Separate financial statements						
Company's Name	Paid-up Capital		Percentage owned by the Company		Cost	
	2010	2009	2010 (%)	2009 (%)	2010	2009
Dnal Co., Ltd.	50,000	50,000	100	100	680,609	680,609
Luecha Land Development Co., Ltd.	-	10,000	-	100	-	109,092
Muangthong Assets Co., Ltd.	500,000	433,500	100	100	503,694	437,194
PrannaKiri Assets Co., Ltd.	311,000	-	100	-	310,010	-
Yong Su Co., Ltd.	234,000	234,000	100	100	236,570	236,570
Tanayong Food & Beverage Co., Ltd.	1,000	1,000	100	100	1,000	1,000
Thana City Golf & Sports Club Co., Ltd.	80,000	10,000	100	100	80,000	10,000
Tanayong Planner Co., Ltd.	-	2,500	-	100	-	2,500
Siam Paging and Communication Co., Ltd.	5,000	5,000	100	100	5,000	5,000
Sampaopetch Co., Ltd.	1,000	1,000	100	100	1,000	1,000
Tanayong Property Management Co., Ltd.	1,000	1,000	100	100	1,000	1,000
Thana City Management Co., Ltd.	-	100	-	100	-	100
Thana City Place Co., Ltd.	-	30,000	-	100	-	30,000
Tac Architects Co., Ltd.	-	1,000	-	100	-	1,000
Tanayong International Ltd.	25	25	100	100	25	25
Hip Hing Construction (Thailand) Co., Ltd.	25,000	25,000	51	51	12,750	12,750
Kamala Beach Resort & Hotel Management Co., Ltd.	859,000	-	100	-	1,288,596	-
Tanayong Hong Kong Limited	42	-	100	-	42	-
Total					3,120,296	1,527,840
Less: Provision for loss on diminution in value					(1,380,398)	(1,475,090)
Net					1,739,898	52,750

On 28 May 2009, a meeting of the Company's Board of Directors passed a resolution to approve the purchase of the remaining shares of Kamala Beach Resort & Hotel Management Co., Ltd. ("Kamala") held by a company, as discussed in Note 17 to the financial statements. This increased the Company's shareholding in Kamala from 50% to 100%, resulting in a change in its status from an associate to a subsidiary. Kamala's financial statements have therefore been included in the consolidated financial statements as from 28 July 2009.

Consolidated financial statements

Fair value of the identifiable assets acquired and liabilities as at the acquisition date of investment in subsidiary can be summarised below.

	(Unit: Baht)
Cash and cash equivalents	36,092,747
Other current assets	2,076,289
Land and projects awaiting development	1,258,894,046
Other current liabilities	(175,082)
Total net assets	1,296,888,000
Less: Revaluation surplus on assets	(19,093,268)
Total	1,277,794,732
Less: Investment in Kamala before business combination (equity method)	(629,350,732)
Less: Issuance of ordinary shares for acquisition of subsidiary	(548,444,000)
Cash payment for purchase of investment in subsidiary	100,000,000
Less: Cash and cash equivalents of subsidiary	(36,092,747)
Net cash payment for purchase of investment in subsidiary	63,907,253

Separate financial statements

The details of investments in Kamala are as follows:

	(Unit: Baht)
Investments in Kamala before business combination	640,152,000
Cash payment for purchase of the remaining investments	100,000,000
Issuance of ordinary shares for acquisition of subsidiary	548,444,000
Total	1,288,596,000

On 17 November 2009, a meeting of Board of Directors of Muangthong Asset Co., Ltd., a subsidiary, passed a resolution to approve the discontinuing of hotel operations since it had suffered losses as a result of the economic situation. The subsidiary adjusted the values of assets and liabilities that had been impacted by the discontinuation of the hotel operations, with no significant impact to the consolidated financial statements for the current year. However, the subsidiary will continue to operate another hotel.

16.2 On 12 February 2010, Meeting No. 1/2010 of the Company's Board of Directors passed the following significant resolutions:

- a) Approved the purchase of wholly ordinary shares of PrannaKiri Assets Co., Ltd. amounting to Baht 10,000 (10,000 ordinary shares with a value of Baht 1 each) from Muangthong Assets Co., Ltd. (The Company has now purchased the ordinary shares).
- b) Approved an increase in the registered share capital of PrannaKiri Assets Co., Ltd. from Baht 1,000,000 (10,000 ordinary shares with a par value of Baht 100 each) to Baht 311,000,000 (3,110,000 ordinary shares with a par value of Baht 100 each) (The Company has now paid up the additional share capital).
- c) Approved an increase in the registered share capital of Muangthong Assets Co., Ltd. from Baht 433,500,000 (4,335,000 ordinary shares with a par value of Baht 100 each) to Baht 500,000,000 (5,000,000 ordinary shares with a par value of Baht 100 each) (The Company has now paid up the additional share capital).
- d) Approved a decrease in the registered share capital of Muangthong Assets Co., Ltd. from Baht 500,000,000 (5,000,000 ordinary shares with a par value of Baht 100 each) to Baht 125,000,000 (1,250,000 ordinary shares with a par value of Baht 100 each) to offset deficit (Such company decreased the share capital in April 2010).
- e) Approved an increase in the registered share capital of Thana City Golf & Sports Club Co., Ltd. from Baht 10,000,000 (100,000 ordinary shares with a par value of Baht 100 each) to Baht 80,000,000 (800,000 ordinary shares with a par value of Baht 100 each) (The Company has now paid up the additional share capital).
- f) Approved a decrease in the registered share capital of Thana City Golf & Sports Club Co., Ltd. from Baht 80,000,000 (800,000 ordinary shares with a par value of Baht 100 each) to Baht 20,000,000 (200,000 ordinary shares with a par value of Baht 100 each) to offset deficit (Such company decreased the share capital in April 2010).

16.3 On 22 March 2010, Meeting No. 2/2010 of the Company's Board of Directors passed resolutions to approve the purchase of the ordinary shares of Bangkok Mass Transit System Public Company Limited ("BTSC") as detailed below.

- a) Approved the purchase of 6,656,535,992 ordinary shares of BTSC at a price of Baht 2.665 each, as detailed below.
 - 1) The Company is to purchase 5,748,127,269 ordinary shares of BTSC from Siam Capital Developments (Hong Kong) Limited ("Siam Capital"), paying Baht 7,903,674,995.13 in cash and issuing not over 10,777,738,629 ordinary shares of the Company with a par value of Baht 1 each to Siam Capital and an exchange value of Baht 0.688 per share.

- 2) The Company is to purchase 508,408,723 ordinary shares of BTSC from Keen Leader Investments Limited (“Keen Leader”), paying Baht 699,061,994.56 in cash and issuing not over 953,266,355 ordinary shares of the Company with a par value of Baht 1 each to Keen Leader and an exchange value of Baht 0.688 per share.
 - 3) The Company is to purchase 400,000,000 ordinary shares of BTSC from Mr. Keree Kanjanapas (“Keree”), paying Baht 550,000,000 in cash and issuing not over 750,000,000 ordinary shares of the Company with a par value of Baht 1 each to Keree and an exchange value of Baht 0.688 per share.
- b) Approved the acquisition and transfer of the entire business of Siam Rail Transport and Infrastructure Company Limited (“Siam Rail”), which holds 8,365,800,000 ordinary shares of BTSC. The Company is to pay Baht 11,502,975,000 in cash and to issue not over 15,685,875,000 ordinary shares of the Company with a par value of Baht 1 each to the shareholders of Siam Rail and an exchange value of Baht 0.688 per share.

As a result of these purchases of ordinary shares and transfer of entire business, the Company will hold 15,022,335,992 ordinary shares of BTSC, equal to 94.60% of its issued and paid up capital. The Company’s Board of Directors proposed these resolutions to a meeting of its shareholders for approval on 29 April 2010 (Note 37).

BTSC is principally engaged in the operation of an elevated mass transit system in prime business areas in Bangkok over two routes after commissioning under the concession with Bangkok Metropolitan Administration (BMA). As at 31 March 2010, BTSC’s total assets amounted to approximately Baht 53,000 million and total revenues for the year then ended amounted to approximately Baht 4,900 million.

17. Investments in Associates

17.1 Details of associates

(Unit: Thousand Baht)

Consolidated financial statements

Company's Name	Nature of Business	Country of Incorporation	Shareholding Percentage		Cost		Carrying Amounts based on Equity Method	
			2010 (%)	2009 (%)	2010	2009	2010	2009
Kamala Beach Resort & Hotel Management Co., Ltd.	Property development	Thai	-	50	-	640,152	-	631,255
Saraburi Property Co., Ltd.	Property development	Thai	30	30	7,500	7,500	-	-
Absolute Hotel Services Co., Ltd.	Hotel and real estate management	Thai	50	50	4,000	4,000	4,679	2,233
Total					11,500	651,652	4,679	633,488

(Unit: Thousand Baht)

Separate financial statements

Company's Name	Nature of Business	Country of Incorporation	Shareholding Percentage		Cost	Provision for Impairment of Investments		Carrying Amounts based on Cost Method - Net	
			2010 (%)	2009 (%)		2010	2009	2010	2009
Kamala Beach Resort & Hotel Management Co., Ltd.	Property development	Thai	-	50	-	640,152	-	-	640,152
Saraburi Property Co., Ltd.	Property development	Thai	30	30	7,500	(7,500)	(7,500)	-	-
Absolute Hotel Services Co., Ltd.	Hotel and real estate management	Thai	50	50	4,000	-	-	4,000	4,000
Total					11,500	(7,500)	(7,500)	4,000	644,152

17.2 Share of income (loss)

During the year, the Company has recognised its share of income (loss) from investments in associates in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Consolidated financial statements		
Company's Name	Share of Income (Loss) from Investments in Associates for the Years ended 31 March	
	2010	2009
Kamala Beach Resort & Hotel Management Co., Ltd.	(1,905)	(4,622)
Absolute Hotel Services Co., Ltd.	2,446	(1,767)
Total	541	(6,389)

17.3 Summarised financial information of associates

Financial information of the associates is summarised below.

(Unit: Million Baht)

Company's Name	Issued and Paid-up Capital (including Share Premium) as at 31 March		Total Assets as at 31 March		Total Liabilities as at 31 March		Total Revenues for the Years ended 31 March		Net Income (Loss) for the Years ended 31 March	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Kamala Beach Resort & Hotel Management Co., Ltd.	-	1,277	-	1,260	-	-	-	-	-	(9)
Saraburi Property Co., Ltd.	25	25	8	5	501	492	3	-	(6)	(11)
Absolute Hotel Services Co., Ltd.	8	8	17	13	8	8	36	16	5	(4)

17.4 Investment in associate with capital deficit

The Company recognised share of loss from investment in an associate, as listed below, until the value of the investment under equity method reached zero. Subsequent loss incurred by this associate has not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of this associate. The amount of such unrecognised share of loss is set out below.

(Unit: Million Baht)

Company's Name	Unrecognised Share of Loss	
	Share of Loss for the Year ended 31 March 2010	Cumulative Share of Loss up to 31 March 2010
Saraburi Property Company Limited	-	8

During the year ended 31 March 2009, the Company jointly invested in the establishment of a new company, Absolute Hotel Services Co., Ltd., engaged in hotel management and real estate businesses. This company has a registered share capital of Baht 25 million (2,500,000 ordinary shares with a par value of Baht 10 each), 32% paid-up, and is 50% owned by the Company.

On 28 May 2009, a meeting of the Company's Board of Directors passed a resolution to approve the purchase of the remaining shares of Kamala Beach Resort & Hotel Management Co., Ltd. ("Kamala") held by a company, for a total consideration of Baht 648,444,000, which comprises cash amounting to Baht 100 million and 1,034,800,000 ordinary shares of the Company. This increased the Company's shareholding in Kamala from 50% to 100% as a result. The Company signed a share purchase agreement on 29 June 2009 and purchased the shares on 28 July 2009.

The Company recorded share of loss of Kamala until 28 July 2009, amounting to Baht 1.9 million, and recorded the difference between the fair value and book value of land of Kamala as at 28 July 2009 in proportion to the Company's interest before the business combination (50%), amounting to Baht 19.1 million, presented under the heading of "Revaluation surplus on assets" in the consolidated balance sheet.

On 12 February 2010, a meeting of the Company's Board of Directors passed a significant resolution to approve the Company jointly investing in the establishment of a new company in Hong Kong, Absolute Hotel Services Hong Kong Limited, to engage in the provision of hospitality management and consultancy services. Such company is to have a registered share capital of HKD 600,000 (600,000 ordinary shares with a par value of HKD 1 each) and the Company will have a 50% interest, held through a subsidiary (this company was established in April 2010).

18. Other Long-term Investments

(Unit: Thousand Baht)

Company's Name	Consolidated financial statements				Separate financial statements			
	2010		2009		2010		2009	
	Percentage of Shareholding (%)	Amount	Percentage of Shareholding (%)	Amount	Percentage of Shareholding (%)	Amount	Percentage of Shareholding (%)	Amount
Chanthaburi Country Club Co., Ltd. Community and Estate Management Co., Ltd.	0.17	2,000	0.17	2,000	0.17	2,000	0.17	2,000
Bangkok Land Pcl.	15.00	3,000	15.00	3,000	15.00	3,000	15.00	3,000
Belle Development Co., Ltd.	0.01	472	0.01	154	0.01	472	0.01	154
Bangkok Mass Transit System Pcl. ("BTSC")	1.00	366,426	1.00	366,426	1.00	366,426	1.00	366,426
Changklan Way Co., Ltd.	-	-	0.56	83,879	-	-	0.52	46,006
Total	15.15	117,375	15.15	124,433	15.15	117,375	15.15	124,433
Less: Provision for loss on diminution in value		489,273		579,892		489,273		542,019
Net		(370,193)		(454,353)		(370,193)		(416,480)
		119,080		125,539		119,080		125,539

The Company received 7,121,150 ordinary shares with a value of Baht 1 each of BTSC from account receivable from sale of rights of claim as discussed in Note 11 to the financial statements and 2,079,907 ordinary shares with a value of Baht 1 each of BTSC from a subsidiary in settlement of debts as discussed in Note 7 to the financial statements.

During the current year, the Company transferred 39,751,893 ordinary shares of BTSC at net book value of Baht 19,201,057 to settle debt per the rehabilitation, as discussed in Note 24 to the financial statements.

19. Land and Projects awaiting Development

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Land and projects awaiting development	2,902,718	1,692,965	1,305,018	1,377,955
Less: Allowance for impairment	(596,332)	(617,971)	(573,372)	(616,551)
Net	2,306,386	1,074,994	731,646	761,404

The Company has mortgaged certain plots of land thereon with net book value as at 31 March 2010 of Baht 645 million (2009: Baht 645 million) as collateral for short-term loan facility from a financial institution.

The Company included land and projects awaiting development of subsidiary amounting to Baht 1,259 million in the consolidated balance sheet as at 31 March 2010 according to business combination as discussed in Note 16.1 to the financial statements.

During the current year, the Company transferred land and projects awaiting development to real estate development costs amounting to Baht 50 million.

In year 2010, the Company had hired an independent appraiser to appraise the fair market value of these assets. According to the latest appraisal report, the aggregate fair market value of "Land and projects awaiting development" was higher than the net book value which was appraised in 2007. The Company therefore reversed the allowance for impairment of assets of approximately Baht 23.8 million (Separate financial statements: Baht 22.4 million) in its accounts presented under the caption of "Reversal of allowance for impairment of assets" in the income statement for the year ended 31 March 2010.

20. Property, Plant and Equipment

(Unit: Baht)

Consolidated financial statements							
	Revaluation Basis			Cost Basis			
	Land	Buildings and Improvements	Golf Course Development Costs	Furniture and Office Equipment	Motor Vehicles	Construction in Progress	Total
Cost							
31 March 2009	192,796,840	641,769,237	549,693,165	249,956,317	78,330,861	-	1,712,546,420
Additions	-	450,760	-	8,842,335	182,375	27,690,190	37,165,660
Increase from business combination	-	-	-	51,618	-	-	51,618
Disposals	-	-	-	(71,919)	(5,569,210)	-	(5,641,129)
Transfer in (Transfer out)	-	-	-	183,768	-	(183,768)	-
31 March 2010	192,796,840	642,219,997	549,693,165	258,962,119	72,944,026	27,506,422	1,744,122,569
Accumulated depreciation							
31 March 2009	-	474,252,380	271,209,456	221,043,171	76,380,567	-	1,042,885,574
Depreciation for the year	-	14,599,764	2,817,306	12,745,699	579,225	-	30,741,994
Increase from business combination	-	-	-	16,826	-	-	16,826
Depreciation on disposals	-	-	-	(12,421)	(5,569,207)	-	(5,581,628)
31 March 2010	-	488,852,144	274,026,762	233,793,275	71,390,585	-	1,068,062,766
Revaluation surplus							
31 March 2009	2,019,676,772	-	-	-	-	-	2,019,676,772
31 March 2010	2,019,676,772	-	-	-	-	-	2,019,676,772
Allowance for impairment							
31 March 2009	129,138,612	64,046,449	246,908,999	-	-	-	440,094,060
Reversal of allowance for impairment	(2,472,000)	(51,641,620)	(38,483,260)	-	-	-	(92,596,880)
31 March 2010	126,666,612	12,404,829	208,425,739	-	-	-	347,497,180
Net book value							
31 March 2009	2,083,335,000	103,470,408	31,574,710	28,913,146	1,950,294	-	2,249,243,558
31 March 2010	2,085,807,000	140,963,024	67,240,664	25,168,844	1,553,441	27,506,422	2,348,239,395
Depreciation for the years as included in cost of sales and services and administrative expenses							
2009							26,108,073
2010							30,741,994

(Unit: Baht)

Separate financial statements							
	Revaluation Basis			Cost Basis			
		Buildings and Improvements	Golf Course Development Costs	Furniture and Office Equipment	Motor Vehicles	Construction in Progress	Total
	Land						
Cost							
31 March 2009	92,796,840	630,907,357	549,693,165	160,723,096	75,357,808	-	1,509,478,266
Additions	-	450,760	-	7,881,041	182,375	26,468,082	34,982,258
Disposals	-	-	-	(2,382)	(4,346,110)	-	(4,348,492)
31 March 2010	92,796,840	631,358,117	549,693,165	168,601,755	71,194,073	26,468,082	1,540,112,032
Accumulated depreciation							
31 March 2009	-	466,167,311	271,209,457	145,986,437	74,546,068	-	957,909,273
Depreciation for the year	-	14,403,165	2,817,306	6,349,816	296,235	-	23,866,522
Depreciation on disposals	-	-	-	-	(4,346,108)	-	(4,346,108)
31 March 2010	-	480,570,476	274,026,763	152,336,253	70,496,195	-	977,429,687
Revaluation surplus							
31 March 2009	2,019,676,772	-	-	-	-	-	2,019,676,772
31 March 2010	2,019,676,772	-	-	-	-	-	2,019,676,772
Allowance for impairment							
31 March 2009	29,138,612	64,046,449	246,908,999	-	-	-	340,094,060
Reversal of allowance for impairment	(2,472,000)	(51,641,620)	(38,483,260)	-	-	-	(92,596,880)
31 March 2010	26,666,612	12,404,829	208,425,739	-	-	-	247,497,180
Net book value							
31 March 2009	2,083,335,000	100,693,597	31,574,709	14,736,659	811,740	-	2,231,151,705
31 March 2010	2,085,807,000	138,382,812	67,240,663	16,265,502	697,878	26,468,082	2,334,861,937
Depreciation for the years as included in cost of sales and services and administrative expenses							
2009							21,748,231
2010							23,866,522

The Company arranged for an independent professional valuer to appraise the value of certain assets in 2010 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the market approach.
- Buildings and improvements and Golf course development costs were revalued using the depreciated replacement cost approach.

The Company reversed the allowance for impairment of assets of approximately Baht 92 million in its accounts presented under the caption of "Reversal of allowance for impairment of assets" in the income statement for the year ended 31 March 2010.

As at 31 March 2010, certain plant and equipment items have been fully depreciated but are still in use. The original costs of those assets amounted to approximately Baht 470 million (2009: Baht 379 million) (Separate financial statements: Baht 312 million (2009: Baht 312 million)).

The Company has mortgaged land and construction thereon with net book value as at 31 March 2010 of Baht 2,273.4 million (2009: Baht 2,199.3 million) as collateral for a guarantee facility granted by a bank.

21. Leasehold Rights

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
Cost		
31 March 2009	110,535,870	12,000,000
Disposals	(257,687)	-
31 March 2010	110,278,183	12,000,000
Accumulated amortisation		
31 March 2009	11,463,304	7,600,000
Amortisation for the year	5,459,452	400,000
31 March 2010	16,922,756	8,000,000
Net book value		
31 March 2009	99,072,566	4,400,000
31 March 2010	93,355,427	4,000,000
Amortisation for the years as included in cost of hotel operation and administrative expenses		
2009	3,902,782	425,752
2010	5,459,452	400,000

22. Condominiums and Fixtures for Lease

(Unit: Baht)

	Consolidated and separate financial statements
Cost	
31 March 2009	370,269,336
Additions	352,697
Disposals	(46,503)
31 March 2010	370,575,530
Accumulated depreciation	
31 March 2009	53,283,603
Depreciation for the year	13,313,374
Depreciation on disposals	(13,364)
31 March 2010	66,583,613
Allowance for impairment	
31 March 2009	121,299,380
Reversal of allowance for impairment	(50,569,513)
31 March 2010	70,729,867
Net book value	
31 March 2009	195,686,353
31 March 2010	233,262,050
Depreciation for the years as included in cost of rentals and services	
2009	12,722,489
2010	13,313,374

The Company arranged for an independent professional valuer to appraise the condominiums and fixtures for lease using the income approach.

The Company reversed the allowance for impairment of assets of approximately Baht 50.6 million in its accounts presented under the caption of "Reversal of allowance for impairment of assets" in the income statement for the year ended 31 March 2010.

23. Short-term Loan from Financial Institution

The Company has a credit facility of short-term loan from a financial institution amounting to Baht 500 million (2009: Baht 400 million), which is subject to interest at a rate tied to the minimum loan rate (MLR) and is secured by the mortgage of plots of the Company's land and projects awaiting development and property, plant and equipment as discussed in Note 19 and 20 to the financial statements.

24. Creditors per Rehabilitation Plan

Creditors per rehabilitation plan are detailed as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Secured creditors / Unsecured creditors for which other parties' assets are placed as security	1,316,159	1,316,159	1,316,159	1,316,159
Unsecured creditors	436,343	912,256	436,614	913,339
Total	1,752,502	2,228,415	1,752,773	2,229,498
Less: Current portion	(1,681,565)	(1,971,774)	(1,681,836)	(1,972,586)
Net	70,937	256,641	70,937	256,912

Movements in the creditors per rehabilitation plan account during the year ended 31 March 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Creditors per rehabilitation plan as at 1 April 2009	2,228,415	2,229,498
Cash paid for debt settlement	(214,047)	(214,859)
Transfer of rights of claim for debt settlement	(100,000)	(100,000)
Transfer BTSC's ordinary shares for debt settlement	(19,201)	(19,201)
Gain on debt settlement	(142,665)	(142,665)
Creditors per rehabilitation plan as at 31 March 2010	1,752,502	1,752,773

The outstanding balances as at 31 March 2010 are detailed as follows:

(Unit: Thousand Baht)

Consolidated financial statements				
	Debts of which the Company is an Assets Selling Agent	Debts Pending Final Judgment	Undue Debts / Installment Debts	Total
Secured creditors / Unsecured creditors for which other parties' assets are placed as security	859,000	457,159	-	1,316,159
Unsecured creditors	-	350,511	85,832	436,343
Total	859,000	807,670	85,832	1,752,502
Less: Current portion	(859,000)	(745,210)	(77,355)	(1,681,565)
Net	-	62,460	8,477	70,937

(Unit: Thousand Baht)

Separate financial statements				
	Debts of which the Company is an Assets Selling Agent	Debts Pending Final Judgment	Undue Debts / Installment Debts	Total
Secured creditors / Unsecured creditors for which other parties' assets are placed as security	859,000	457,159	-	1,316,159
Unsecured creditors	-	350,511	86,103	436,614
Total	859,000	807,670	86,103	1,752,773
Less: Current portion	(859,000)	(745,210)	(77,626)	(1,681,836)
Net	-	62,460	8,477	70,937

The Company provided guarantees of loans to a related company, creditors of which submitted claims in accordance with the rehabilitation process of the Company. During the current year, the Company received a letter cancelling the guarantees from creditors who received transfer of debt under the Company's rehabilitation plan since such related company has been able to comply with its rehabilitation plan. Therefore, the Company adjusted creditors per rehabilitation plan amounting to Baht 195 million as a separate item under the heading of "Gain on cancellation of guarantees" in the income statement for the year ended 31 March 2009.

The unsecured creditors totaling Baht 341.9 million were due in October 2007, 2008 and 2009. However, on 5 October 2009, the Company entered into a memorandum of understanding with one creditor, whereby it is to settle all remaining debt amounting to Baht 431.9 million as detailed below.

- a) Cash amounting to Baht 170 million is to be repaid within 30 November 2009.
- b) Ordinary shares of the Company with a value of Baht 100 million are to be transferred to settle debt, with the first installment of 31,777,912 shares to be transferred within 30 November 2009. With the second installment, the Company is to settle the remaining debt in cash or with the Company's ordinary shares within 25 December 2009. Conditions and the share value calculation method are stipulated in the memorandum.
- c) 39,751,893 ordinary shares of Bangkok Mass Transit System Public Company Limited are to be repaid within 30 November 2009.

As discussed in Note 11 to the financial statements, on 28 October 2009, the Company transferred rights of claim in a debtor amounting to Baht 100 million to the above creditor in settlement of the debt under b). In addition, during the current year, the Company made settlement of the debts under a) and c) and recorded gain on debt settlement as follows:

	(Unit: Baht)
Debt of the unsecured creditor	431,865,980
Less: Cash repayment	(170,000,000)
Transfer of rights of claim in a debtor	(100,000,000)
Transfer of BTSC's shares	(19,201,057)
Gain on debt settlement	142,664,923

The Company has been unable to transfer the Company's 271,843,540 ordinary shares temporarily registered in the name of a subsidiary, part of which are deposited with the Central Bankruptcy Court as guarantees of debt settlement, to creditors since there are still undue debts and debts pending final court judgment or comptroller's orders. As a result, the number of shares allocated to each creditor is still uncertain as the debt ratio might be altered to accord with final court judgment or comptroller's orders. However, the creditors will still receive total numbers of ordinary shares as stipulated in the rehabilitation plan and the Company adjusted issuance of ordinary shares for debt settlement to settle the Company's debts during the year ended 31 March 2007.

25. Long-term Loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Long-term loans	60,200	65,000	-	-
Less: Current portion	(7,200)	(65,000)	-	-
Long-term loans - net of current portion	53,000	-	-	-

A subsidiary has a long-term loan facility from a financial institution of Baht 65 million, which is subject to interest at a rate tied to the minimum loan rate (MLR) and is secured by the Company. Repayment of principal is to be made in 84 installments of at least Baht 600,000 each, with the first installment due in August 2009 and full settlement to be made within July 2016.

As at 31 March 2009, the subsidiary was unable to maintain certain financial ratios stipulated in the loan agreement. Under the agreement, the lender therefore has the right to call for immediate repayment in full, together with certain other rights that are stipulated in the loan agreement. Therefore, the subsidiary classified the loan as current liabilities in the balance sheet. However, as at 31 March 2010, the subsidiary had been able to comply with conditions stipulated in the loan agreement.

On 22 March 2010, Meeting No. 2/2010 of the Company's Board of Directors passed a resolution approving a credit facility of Baht 22,000 million from a financial institution in order to invest in Bangkok Mass Transit System Public Company Limited as discussed in Note 16.1 to the financial statements. The Company signed the loan agreement with the financial institution in April 2010.

26. Convertible Debentures

The Annual General Meeting No. 1/2008 of the Company's shareholders held on 29 July 2008 passed a resolution to approve the cancellation of the offering of not more than Baht 3,500 million convertible debentures, or the equivalent in another currency, as previously approved by the Annual General Meeting No. 1/2007 of the Company's shareholders held on 31 July 2007.

27. Share Capital / Share Premium (Discount)

On 29 July 2008, the Annual General Meeting No. 1/2008 of the Company's shareholders passed a resolution to approve changes in the allocation of the 2,243,589,743 additional shares of the Company that were to be reserved to support the conversion of the convertible debentures to ordinary shares that they are to be offered by the following means:

- Up to 968,888,888 shares are to be offered to the existing shareholders in proportion to their shareholding, in a ratio of 1 new share for every 6 existing shares, at a price of not less than Baht 0.60 per share.

- 2) Up to 1,274,700,855 shares are to be offered to individuals and/or institutional investors at a price of not less than Baht 0.60 per share.

The offering price for sales to individuals and/or institutional investors is not to be lower than 90% of the market price of the shares, and this is calculated based on the weighted average closing price of the Company's shares during the 7 - 15 consecutive working days before the date the first offering is made to investors.

In addition, the Company's management or authorised persons are authorised to stipulate or amend details of the method and conditions of allocation of the ordinary shares, such as the allocation of ordinary shares in each tranche, the offering period, payment and the offering method.

On 24 July 2009, the Annual General Meeting No. 1/2009 of the Company's shareholders passed the following significant resolutions:

- a) Approved the cancellation of 2,243,589,743 ordinary shares offered to the existing shareholders and individuals and/or institutional investors.
- b) Approved the reduction of the registered share capital from Baht 8,056,923,076 (8,056,923,076 ordinary shares with a par value of Baht 1 each) to Baht 5,813,333,333 (5,813,333,333 ordinary shares with a par value of Baht 1 each) by canceling 2,243,589,743 unissued shares with a par value of Baht 1 each, as discussed in a). The Company registered the reduction of its share capital with the Ministry of Commerce on 27 July 2009.
- c) Approved an increase in the registered share capital from Baht 5,813,333,333 (5,813,333,333 ordinary shares with a par value of Baht 1 each) to Baht 7,704,149,999 (7,704,149,999 ordinary shares with a par value of Baht 1 each) by issuing 1,034,800,000 ordinary shares with a par value of Baht 1 each to purchase the associate's shares as discussed in Note 17 to the financial statements and issuing 856,016,666 ordinary shares with a par value of Baht 1 each to reserve exercise of warrants as discussed in Note 28 to the financial statements. The Company registered the increase of its share capital with the Ministry of Commerce on 28 July 2009.

On 22 March 2010, Meeting No. 2/2010 of the Company's Board of Directors passed the following significant resolutions:

- a) Reduce the registered share capital from Baht 7,704,149,999 (7,704,149,999 ordinary shares with a par value of Baht 1 each) to Baht 7,614,391,803 (7,614,391,803 ordinary shares with a par value of Baht 1 each) by canceling unissued shares.
- b) Increase the registered share capital from Baht 7,614,391,803 (7,614,391,803 ordinary shares with a par value of Baht 1 each) to Baht 65,142,190,902 (65,142,190,902 ordinary shares with a par value of Baht 1 each) by issuing 57,527,799,099 ordinary shares with a par value of Baht 1 each to be reserved for the acquisition of the ordinary shares of Bangkok Mass Transit System Public Company Limited ("BTSC") discussed in Note 16.3 to the financial statements, and to offer new ordinary shares to the Company's existing shareholders.

- c) Allocate up to 57,527,799,099 ordinary shares of the Company with a par value of Baht 1 each as detailed below.
 - 1) Up to 28,166,879,984 ordinary shares with a par value of Baht 1 each are to be allocated to companies and an individual in accordance with the details laid out in Note 16.3 to the financial statements.
 - 2) After the acquisition of BTSC and the issue of new ordinary shares discussed in 1), the Company is to allocate up to 25,558,051,278 ordinary shares with a par value of Baht 1 each as detailed below.
 - 2.1) Up to 20,446,441,022 ordinary shares with a par value of Baht 1 each are to be offered to the Company's existing shareholders in proportion to their shareholdings (Right Offering), at a rate of 4 new shares for every 7 existing shares, at a price of Baht 0.60 - 0.70 per share. If shares remain after the offer, the Company is to allocate them to shareholders subscribing to purchase more than their allocation, until all shares have been sold or there are not further subscriptions by the existing shareholders. Remaining shares are then to be allocated to institutional investors or to the underwriter of the Company's share issue, who are not connected parties or persons, at a price of Baht 0.60 - 0.70 per share.
 - 2.2) Up to 5,111,610,256 ordinary shares of the Company with a par value of Baht 1 each are to be reserved for the exercise of warrants issued and offered to the Company's existing shareholders and institutional investors or underwriter who are not connected parties or persons at an exercise price of Baht 0.70 each.
- d) Allocate up to 3,802,867,837 of the Company's ordinary shares with a par value of Baht 1 each to BTSC's existing shareholders, excluding the Company, at a price of over Baht 0.60.

In this regard, the Company's Board of Directors proposed these resolutions to a meeting of its shareholders for approval on 29 April 2010 (Note 37).

As at 31 March 2010, the Company's issued and fully paid share capital has increased from Baht 5,813,333,333 (5,813,333,333 ordinary shares with a par value of Baht 1 each) to Baht 7,614,391,803 (7,614,391,803 ordinary shares with a par value of Baht 1 each) as a result of the issuance of Baht 1,034,800,000 of ordinary share (1,034,800,000 ordinary shares with a par value of Baht 1 each) to acquire shares of the associate, as discussed in Note 17 to the financial statements, and Baht 766,258,470 of ordinary shares (766,258,470 ordinary shares with a par value of Baht 1 each) to support the exercise of warrants on 13 November 2009. Share discounts amounted to Baht 486,356,000 and Baht 383,129,235, respectively, and were recorded as a deduction against the existing share premium resulting in a share discount amounting to Baht 735,085,235. The Company registered the corresponding increases in its paid-up capital with the Ministry of Commerce on 28 July 2009 and 18 November 2009, respectively.

28. Warrants

The Annual General Meeting No. 1/2009 of the Company's shareholders held on 24 July 2009 passed a resolution to issue warrants to the Company's existing shareholders in a ratio of 1 warrant for every 8 existing ordinary shares, without specifying the offer price. Details are as follows:

Date of original grant	13 August 2009
No. of warrants granted (Units)	854,848,533
Life of warrants	3 months from the issue date
Exercisable	13 November 2009
Exercise price per 1 ordinary share (Baht)	0.50
Exercise ratio (warrants to ordinary shares)	1 : 1

On 13 November 2009, the Company received Baht 383,129,235 from the exercise of 766,258,470 warrants at a price of Baht 0.50 each. The 88,590,063 unexercised warrants are expired.

A meeting No. 2/2010 of the Company's Board of Directors held on 22 March 2010 passed a resolution to issue the warrants, as discussed in Note 27 to the financial statements, to the Company's existing shareholders in a ratio of 1 warrant for every 4 existing ordinary shares, without specifying the offer price. Details are as follows:

Date of original grant	Date determined by the Board of Directors
No. of warrants granted (Units)	5,111,610,256
Life of warrants	3 years from the issue date
Exercisable	Last business day of each quarter, after completion of a 2-year period from the issue date
Exercise price per 1 ordinary share (Baht)	0.70
Exercise ratio (warrants to ordinary shares)	1 : 1

In this regard, the Company's Board of Directors proposed this resolution to a meeting of its shareholders for approval on 29 April 2010 (Note 37).

29. Revaluation Surplus on Assets

The revaluation surplus on assets can neither be offset against deficit nor used for dividend payment.

30. Expenses by Nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Salaries, wages and other employee benefits	124,888,251	97,952,151	90,738,018	71,836,757
Subcontractor costs	622,628,415	449,822,190	683,431,972	479,159,201
Design and construction cost	89,785,488	67,220,281	43,425,273	42,733,885
Consultation, project management and professional fee	64,487,695	32,053,680	58,866,421	30,975,45
Marketing expenses	4,423,908	5,739,539	4,202,603	3,863,617
Depreciation and amortisation	50,673,134	43,904,034	38,750,630	36,067,162
Withholding tax written-off	23,671,727	26,297,264	23,474,250	20,822,757
Doubtful debt	25,334,662	-	30,633,737	-
Loss on allowance for impairment of assets	24,993,570	10,579,506	-	10,579,506
Loss on allowance for loss on low-cost residential housing project	-	11,167,818	-	11,167,818
Loss on provision for loss on diminution in value of investments	-	-	8,078,482	-
Penalty expenses	9,932,646	-	9,932,646	-
Real estate development during the year	66,031,967	11,853,331	65,245,603	11,853,331
Change in real estate development costs	40,239,941	54,325,470	41,026,305	54,325,470

31. Corporate Income Tax

The Company is not liable to corporate income tax for the years due to tax loss brought forward.

32. Earnings per Share

Consolidated financial statements

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year net of the number of the Company's shares held by subsidiaries.

Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year net of the number of the Company's shares held by subsidiaries plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Separate financial statements

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Details of calculation of earnings per share for the years ended 31 March 2010 and 2009 are as below.

Consolidated financial statements						
	Net Income		Weighted Average Number of Ordinary Shares		Earnings per Share	
	2010 Baht	2009 Baht	2010 Shares	2009 Shares	2010 Baht	2009 Baht
Basic earnings per share						
Net income attributable to equity holders of the parent	224,712,751	20,258,387	6,773,625,359	5,781,555,421	0.0332	0.0035
Effect of dilutive potential ordinary shares						
Weighted average number of warrants	-		44,461,789			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	224,712,751		6,818,087,148		0.0330	

Separate financial statements						
	Net Income		Weighted Average Number of Ordinary Shares		Earnings per Share	
	2010 Baht	2009 Baht	2010 Shares	2009 Shares	2010 Baht	2009 Baht
Basic earnings per share						
Net income attributable to equity holders of the parent	207,697,439	30,433,158	6,805,403,271	5,813,333,333	0.0305	0.0052
Effect of dilutive potential ordinary shares						
Weighted average number of warrants	-		44,461,789			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	207,697,439		6,849,865,060		0.0303	

33. Commitments and Contingent Liabilities

33.1 Capital commitments

- a) The Company had outstanding commitments of approximately Baht 1,282.4 million in respect of the construction contracts of low-cost residential housing projects of which the Company had already entered into agreements with contractors.
- b) The Company and its subsidiary had outstanding commitments of approximately Baht 763.9 million in respect of agreements of consultation, design and construction projects.
- c) The Company had outstanding commitments of approximately Baht 1,687.8 million in respect of a construction project with its subsidiary.
- d) A subsidiary had outstanding commitments not exceeding HKD 2.9 million in respect of an agreement of project consultation.
- e) The Company had outstanding commitments of approximately Baht 11.8 million in respect of renovation and development of golf course.

33.2 Operating lease commitments

- a) The Company entered into leasehold agreements for the period of 30 years, as from 1 July 1997 and 1 December 1997. The monthly rental charges are Baht 200,000 and Baht 500,000, respectively and will be increased by 5% each year of the lease period.
- b) The subsidiary had an outstanding commitment of approximately Baht 5.8 million in respect of a 21-year land and building lease agreement.

33.3 Service commitments

- a) In 2008, the Company entered into a service agreement with an associate, which is to furnish the Company and its subsidiaries with consultation and hotel business management-related services. Under the conditions of the agreement, the Company is to pay service fees at Baht 1.4 million monthly. The fees for the current year amounted to approximately Baht 16.2 million.
- b) In 2008, a subsidiary entered into service agreements with an associate, which is to furnish the subsidiary with royalty and hotel business management - related services. The subsidiary is to pay service fees at a rate as stipulated in the agreements. The fees for the current year amounted to approximately Baht 2.0 million.
- c) On 24 February 2010, the Company entered into a service agreement with a company, which is to furnish the Company with financial consultation in connection with the acquisition of ordinary shares of Bangkok Mass Transit System Public Company Limited. Under the conditions of the agreement, the Company is to pay service fees at USD 5 million when the Company completes such acquisition.

33.4 Guarantees

- a) The Company has guaranteed a bank credit facility of its subsidiary amounting to Baht 65 million.
- b) As at 31 March 2010, there were bank guarantees totaling Baht 201 million issued by a bank on behalf of the Company to the National Housing Authority for the low-cost residential housing projects.

33.5 Litigations

As at 31 March 2010, the litigation involving the Company and its subsidiaries is as detailed below.

- a) The Company and two subsidiaries, as mortgagors of the assets placed as security for the Company's bonds, were sued by a local bank, for payment of the secured bonds, together with interest charges and other related expenses, totaling approximately Baht 4,250.8 million. The Court of First Instance ordered the two subsidiaries to make payment of such amount. The two subsidiaries appealed the decision and the Appeals Court found in accordance with the Court of First Instance. However, the bank has submitted settlement claims under the Company's rehabilitation plan and the Company held an open auction of such assets in order to make payment to the bank, as discussed in Note 14 to the financial statements. Therefore, the subsidiaries have not set aside provision for the contingent liability in their accounts.
- b) The Company has been sued by a local financial institution, as guarantor for trust receipts issued by a company, amounting to Baht 90.3 million.
- c) The Company has been sued by a local financial institution, together with its directors, for repayment of a short-term loan and interest charges amounting to Baht 150.5 million. The Company has petitioned the court to issue an order to terminate this litigation since the financial institution had not submitted a claim under the rehabilitation plan. The Company believes that it will suffer no significant loss as a result of this litigation.
- d) The Company has been sued by a company with a claim amounting to approximately Baht 2.6 million. Currently, the lawsuit is in being considered by the Court of First Instance. However, the Company believes that it will suffer no significant loss as a result of this litigation.
- e) A subsidiary has been sued, together with the Company's and its subsidiaries' directors, by a creditor claiming land costs of approximately Baht 436.8 million because of the breach of a condition of a contract to purchase and to sell the land. The Court of First Instance ordered a subsidiary to make payment amounting to Baht 38.0 million and interest. Currently, the case is in the process of being appealed by the subsidiary and the subsidiary believes that it will suffer no significant loss as a result of this litigation.
- f) A subsidiary has been sued by an individual for payment for loss of property amounting to approximately Baht 6.0 million. Currently, the lawsuit is in being considered by the Court of First Instance. However, the subsidiary believes that it will suffer no significant loss as a result of this litigation.

The litigation discussed in a) and b) represents cases in which creditors submitted claims under the rehabilitation plan, and on 14 November 2006, the Central Bankruptcy Court ordered the termination of the Company's business rehabilitation. However, liabilities in respect of this litigation are pending final court judgment or comptroller's orders. In addition, the Company held an open auction of assets for debt settlement. The Company believes that it will incur no loss beyond the amount it has set aside.

34. Segment Information

The Company's and its subsidiaries' financial information of real estate business, construction service business, rental and services business and hotel business in the consolidated financial statements for the years ended 31 March 2010 and 2009 are as follows:

	For the Years ended 31 March											(Unit: Million Baht)		
	Real Estate Business		Construction Service Business		Rental and Services Business		Hotel Business		Other Revenues		Elimination		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009				
Revenues	101	49	959	612	173	172	35	37	185	106	(294)	(100)	1,159	876
Segment operating income (loss)	(37)	(33)	(189)	(160)	(27)	4	(12)	(20)	185	106	(65)	(35)	(145)	(138)
Unallocated income and expenses:														
Revenue from sale of rights of claim													59	-
Reversal of allowance for loss on diminution in value of projects													45	-
Reversal of allowance for impairment of assets													167	-
Gain on cancellation of guarantees													-	195
Gain on debt settlement													143	-
Share of income (loss) from investments in associates													1	(6)
Finance cost													(30)	(23)
Corporate income tax													(11)	(9)
Net income for the year													229	19
Minority interest of the subsidiary													(4)	1
Net income attributable to equity holders of the parent													225	20

The Company's and its subsidiaries' assets of real estate and construction service business, rental and services business and hotel business in the consolidated financial statements as at 31 March 2010 and 2009 are as follows:

	(Unit: Million Baht)							
	Real Estate and Construction Service Business		Rental and Service Business		Hotel Business		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Real estate development costs - net	1,041	1,028	-	-	-	-	1,041	1,028
Assets awaiting transfer under rehabilitation plan - net	71	72	155	155	-	-	226	227
Investments in subsidiaries awaiting transfer under rehabilitation plan - net	224	224	-	-	-	-	224	224
Property, plant and equipment - net	2,338	2,234	2	1	8	14	2,348	2,249
Condominiums and fixtures for lease - net	-	-	233	196	-	-	233	196
Land and projects awaiting development - net							2,306	1,075
Other assets							1,457	1,769
Total assets							7,835	6,768

35. Financial Instruments

35.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally consist of the following:

Financial assets

- Cash and cash equivalents
- Trade accounts receivable
- Account receivable from sale of rights of claim
- Short-term loans and advances to related parties
- Advances to contractors
- Other receivables
- Restricted deposits
- Cash deposited as collateral for debt settlement
- Loans to related parties
- Retention receivable

Financial liabilities

- Loan from financial institution
- Trade accounts payable
- Short-term loans and advances from related parties
- Deposit payable
- Creditors per rehabilitation plan
- Advances received from employers
- Unearned income from related party
- Other payable
- Loans from related parties
- Retention payable

The financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, account receivable from sale of rights of claim, other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable, account receivable from sale of rights of claim, other receivables and loans as stated in the balance sheet.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, account receivable from sale of rights of claim, lending and borrowings. However, the Company and its subsidiaries have most of its financial assets carrying floating interest rates which will fluctuate in line with the market interest rates or fixed interest rates which approximate the current market interest rates. In addition, most of financial liabilities are under the rehabilitation plan and have no interest and some of financial liabilities will reach maturity in the near future. The interest rate risk is expected to be minimal.

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from loans denominated in foreign currency. However, the loans were recorded with an allowance for doubtful debts in full amount.

35.2 Fair value of financial instruments

Since the majority of the Company's and its subsidiaries' financial assets and liabilities are short-term or have interest rates close to the market rates, the fair values of these financial assets and liabilities are not expected to differ materially from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, the fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

36. Capital Management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 March 2010, the Group's debt-to-equity ratio was 0.61 : 1 (2009: 0.84 : 1) and the Company's was 0.64 : 1 (2009: 0.84 : 1).

37. Subsequent Events

On 29 April 2010, the Extraordinary Meeting No. 1/2010 of the Company's shareholders passed the following significant resolutions:

- a) Approved the purchase of the ordinary shares of Bangkok Mass Transit System Public Company Limited ("BTSC"), as discussed in Note 16.3 to the financial statements. The Company purchased the ordinary shares on 4 May 2010.
- b) Approved the reduction and increase of the registered share capital, as discussed in Note 27 to the financial statements.
- c) Approved the allocation of the Company's ordinary shares, as discussed in Note 27 to the financial statements.
- d) Approved the issue and offer of the warrants discussed in Note 28 to the financial statements.
- e) Approved change of the Company's name to "BTS Group Holdings Public Company Limited".

On 29 April 2010, Meeting No. 3/2010 of the Company's Board of Directors passed a resolution to approve the setting of a price of Baht 0.63 per ordinary share for the shares to be offered to the Company's existing shareholders in proportion to their shareholdings (Right Offering), as discussed in Note 27 to the financial statements.

38. Reclassification

Certain amounts in the financial statements for the year ended 31 March 2009 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As Reclassified	As Previously Reported	As Reclassified	As Previously Reported
Construction in progress - net	-	12,790,194	-	12,790,194
Other current assets	23,843,269	11,053,075	18,954,251	6,164,057
Provision for loss on low-cost residential housing project	-	11,167,818	-	11,167,818
Other non-current liabilities	61,472,516	50,304,698	48,453,447	37,285,629
Revenue from expenses settlement from land auction	-	16,126,750	-	16,126,750
Reversal of allowance for doubtful debts	-	11,819,725	-	3,715,562
Management income	5,890,000	-	5,890,000	-
Other income	67,759,519	45,703,044	48,864,085	34,911,773
Cost of sales of real estate	66,178,801	53,103,665	66,178,801	53,103,665
Loss on allowance for loss on diminution in value of projects	-	13,075,136	-	13,075,136

39. Approval of Financial Statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 May 2010.

Unless the context otherwise requires, terms defined shall have the following meanings:

Terms	Definitions
“Absolute” or “Absolute Hotel Services”	Absolute Hotel Services Co., Ltd.
“BMA”	Bangkok Metropolitan Administration
“BRT”	Bus Rapid Transit
“BTS SkyTrain System” or “BTS”	The Sukhumvit and the Silom Line and all related Civil Works and Electrical and Mechanical Works, operated and maintained by BTSC pursuant to the Concession Agreement
“BTS Assets”	BTS Assets Co., Ltd.
“BTSC”	Bangkok Mass Transit System Public Company Limited
“Civil Works”	Civil Works such as columns, elevated highways, depot buildings and any other constructions
“Company” or “BTSG”	BTS Group Holdings Public Company Limited (formerly Tanayong Public Company Limited)
“Concession Agreement”	Bangkok Mass Transit System Concession Agreement between BMA and BTSC for the operation of Silom Line and Sukhumvit Line
“CRC”	Changchun Railway Vehicles Co., Ltd.
“EBITDA”	Earnings before Interest, Taxes, Depreciation and Amortization
“Electrical and Mechanical Works”	Electrical and Mechanical Works include electric trains, trackwork, power supply equipment, computer controlling systems, signaling systems, fare collection systems and communication systems
“Fiscal Year 2008”	The fiscal year starting from 1 April 2007 to 31 March 2008
“Fiscal Year 2009”	The fiscal year starting from 1 April 2008 to 31 March 2009

“Fiscal Year 2010”	The fiscal year starting from 1 April 2009 to 31 March 2010
“Group” or “BTS Group”	The Company, subsidiaries and associates as of 16 June 2010
“Hip Hing”	Hip Hing Construction (Thailand) Co., Ltd.
“Krungthep Thanakom”	Krungthep Thanakom Co., Ltd., which is a company established by BMA
“Nuvo Line”	Nuvo Line Agency Co., Ltd.
“POV”	Point of View (POV) Media Group Co., Ltd.
“Silom Line”	Consists of 7 stations (including Siam station) and runs westwards and southwards for 6.5 km., connecting National Stadium and Taksin Bridge
“Silom Line Extension”	The 2.2 km. extension of the Silom line across the Chao Phraya River from Taksin Bridge, comprising Krung Thon Buri station and Wongwian Yai station, for which BTSC was engaged by Krungthep Thanakom to provide operation and maintenance services
“Sukhumvit Line”	Consists of 17 stations (including Siam station) and traverses Bangkok running northwards and eastwards for 17 km., connecting Mo Chit and On Nut
“VGI”	VGI Global Media Co., Ltd.
“VGI Group”	VGI and its subsidiaries



BTS Group Holdings Public Company Limited

(formerly Tanayong Public Company Limited)

14th Floor, TST Tower, 21 Soi Choei Phuang,
Viphavadi-Rangsit Road, Jompol, Jatujak, Bangkok 10900
Tel. +66 2273 8511-5 Fax +66 2273 8516
www.btsgroup.co.th