# CONNECTING GROWTH

## OUR CITY OUR FUTURE

ANNUAL REPORT 2011/12

BTS Group Holdings Public Company Limited

# OUR AMBITION

## *VISION*

To provide the community with a unique and comprehensive range of **City Solutions**, that significantly contributes to an improved way of life.

## *MISSION*

We aim to provide a sustainable and leading set of **City Solutions** to urban communities across Asia, supporting critical needs in our four principal business areas; Mass Transit, Media, Property and Services.

## *VALUES*

### Delivering Customer Satisfaction

Our success is dependent on our ability to develop long-lasting customer relationships. This will be achieved by listening, understanding, and anticipating our customers' needs and delivering products or services that satisfy those needs. We are easy to do business with and always strive to be responsive and professional.

### Creating Shareholder Value

We strive to deliver accretion of shareholder value through earnings growth and improvement in operational effectiveness. Specifically, we aim to deliver long-term shareholder returns to our investors that outperform returns from investment alternatives with a similar risk profile.

### Supporting Sustainable Growth

Our client base and shareholder value must be enhanced in a sustainable manner. We conduct our business upholding sustainable practices that reduce environmental impact compared to competing products and services.

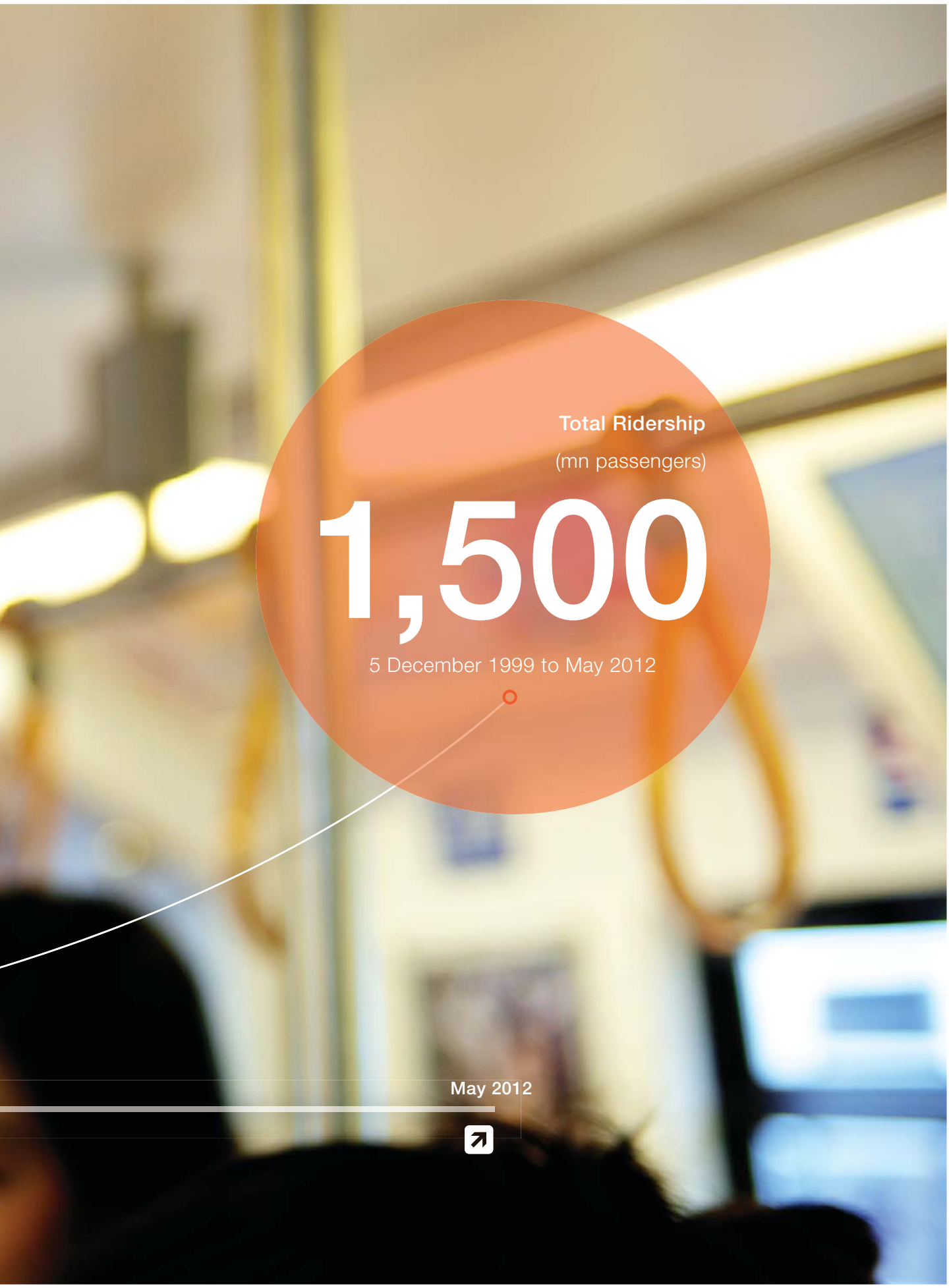
### Developing Communities

We are an integral part of the communities which we operate in. We provide **City Solutions** that enhance our customers' sense of community. We contribute revenues and resources to work with local communities supporting education and children's welfare and we promote the health and well-being of BTS employees and their families.

OUR CITY OUR FUTURE

# CONNECTING GROWTH

December 1999


Total Ridership
(mn passengers)
1,500
5 December 1999 to May 2012
May 2012

ครีมเทียม
Non Dairy
Creamer
Carnation
อร่อยทั่วไทย
Carnation
Falcon
Mali
PALA
พาลา
IMPORTED
2001

Annual Media Revenue Growth

# 31.4 (% CAGR)

Since 2001

2012

# CREATING IMPACT

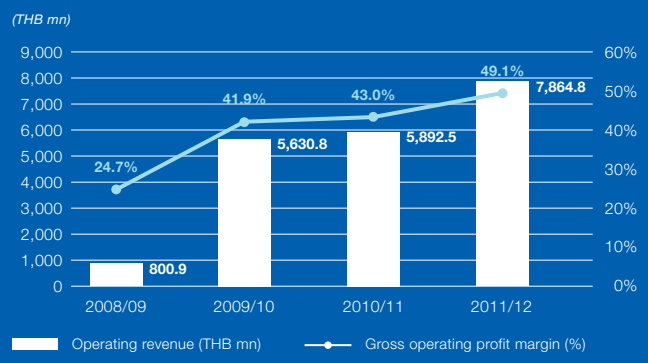
# COMPOSING LIFESTYLES

300,000
number of rabbit cards (as of 31 May 2012)
(THB) 13.7bn
Book value of total property assets
May 2012

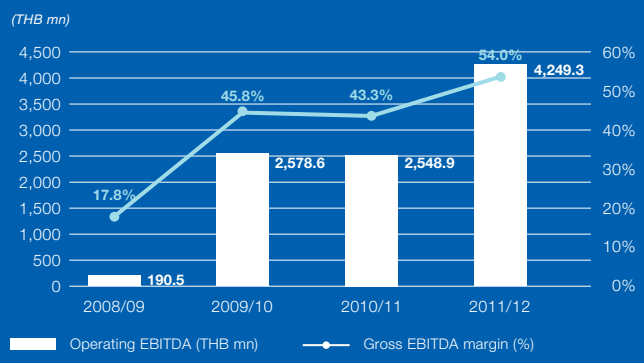
# 12 KEY FIGURES

| INCOME STATEMENT | | | PROFITABILITY AND RETURN | | | CASHFLOW | | | BALANCE SHEET | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating revenue** (THB mn) | | | **Gross operating profit magin** (%) | | | **CFO** [6] (THB mn) | | | **Cash and cash equivalents** (THB mn) | | |
| 2011/12 | 7,864.8 | +33.5% | 2011/12 | 49.1% | +6.1% | 2011/12 | 1,755.8 | +26.3% | 2011/12 | 1,333.2 | -27.0% |
| 2010/11 | 5,892.5 | | 2010/11 | 43.0% | | 2010/11 | 1,389.7 | | 2010/11 | 1,825.4 | |
| **Operating EBITDA** [1] (THB mn) | | | **Operating EBITDA margin** [4] (%) | | | **Capex** [7] (THB mn) | | | **Net debt / equity** (x) | | |
| 2011/12 | 4,249.3 | +66.7% | 2011/12 | 54.0% | +10.7% | 2011/12 | 2,609.8 | -41.6% | 2011/12 | 0.67x | +0.11x |
| 2010/11 | 2,548.9 | | 2010/11 | 43.3% | | 2010/11 | 4,469.5 | | 2010/11 | 0.56x | |
| **Operating net profit** [2] (THB mn) | | | **Operating net profit margin** [5] (%) | | | **Dividend per Share** [8] (THB / Share) | | | **Total assets** (THB mn) | | |
| 2011/12 | 1,156.5 | +448.9% | 2011/12 | 14.7% | +20.3% | 2011/12 | 0.04803 | +35.1% | 2011/12 | 66,888.9 | +5.0% |
| 2010/11 | (331.5) | | 2010/11 | -5.6% | | 2010/11 | 0.03554 | | 2010/11 | 63,702.6 | |
| **Net profit after minority interest** [3] (THB mn) | | | **Earnings per share** (THB / Share) | | | **DSCR** [9] (x) | | | **Total equity** (THB mn) | | |
| 2011/12 | 2,105.6 | +735.0% | 2011/12 | 0.0370 | >100% | 2011/12 | 2.97x | +1.38x | 2011/12 | 36,932.3 | -1.5% |
| 2010/11 | 252.2 | | 2010/11 | 0.0049 | | 2010/11 | 1.59x | | 2010/11 | 37,509.5 | -1.5% |

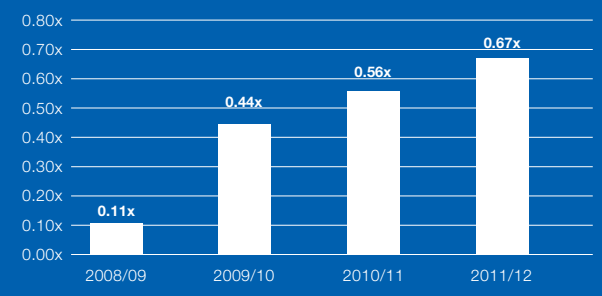
## OPERATING REVENUE (THB mn) AND GROSS OPERATING PROFIT MARGIN (%)



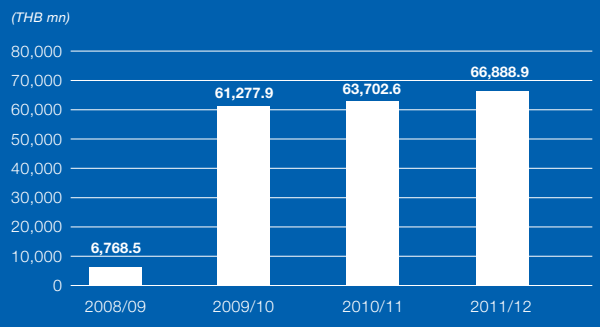

## OPERATING EBITDA [1] (THB mn) AND OPERATING EBITDA MARGIN [4] (%)




## NET DEBT TO EQUITY (x)




## TOTAL ASSETS (THB mn)



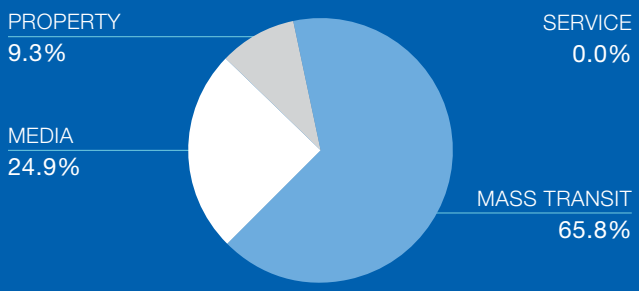

1) Operating EBITDA = Operating earning before interest, taxes depreciation and amortisation, excluding non-recurring items
2) Operating net profit = Operating net profit, excluding non-recurring items
3) Net profit after minority interest = Net profit attributed to equity holders of the Company
4) Operating EBITDA margin = Operating EBITDA / Total operating revenue
5) Operating net profit margin = Operating net profit excluding non-recurring items / Total operating revenue
6) CFO = Net cashflow from operating activities after interest and tax
7) Capex = Capital expenditures
8) Subject to shareholders' approval, *please see section 4.1 Capital Markets Review*
9) DSCR = Debt service coverage ratio (Operating EBITDA / Finance cost)

# 1 3 BTS GROUP - AT A GLANCE

## TOTAL OPERATING REVENUE

**7,864.8** (THB mn) ↗

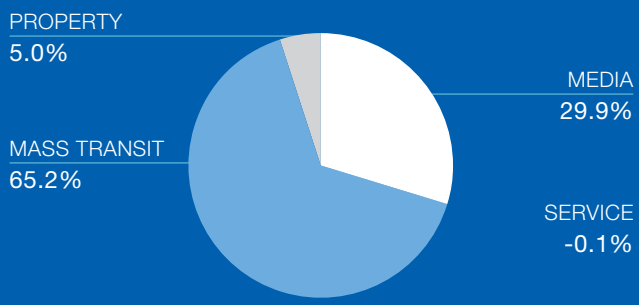
OPERATING REVENUE BY BUSINESS UNIT




## GROSS OPERATING PROFIT

**3,861.5** (THB mn) ↗

GROSS OPERATING PROFIT BY BUSINESS UNIT

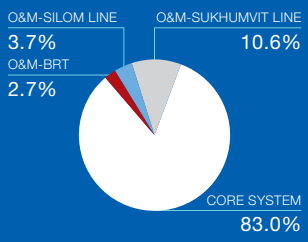



## THE BTS GROUP HAS 4 BUSINESS UNITS

### 1 MASS TRANSIT

**REVENUE** (THB mn)

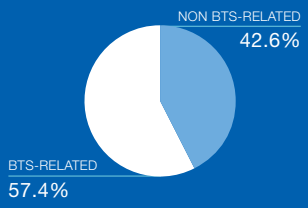
2011/12 5,176.9
2010/11 3,860.8




### 2 MEDIA

**REVENUE** (THB mn)

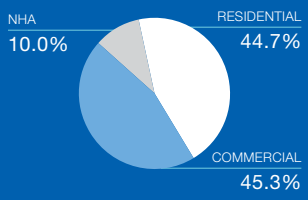
2011/12 1,958.8
2010/11 1,370.6




### 3 PROPERTY

**REVENUE** (THB mn)

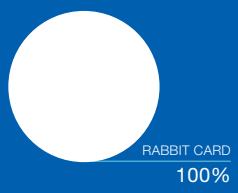
2011/12 728.3
2010/11 661.1




### 4 SERVICES

**REVENUE** (THB mn)

2011/12 0.7
2010/11 0.0




## TOTAL EMPLOYEES

**3,045**

**MASS TRANSIT EMPLOYEES**

**1,915**

**MEDIA EMPLOYEES**

**443**

**PROPERTY EMPLOYEES**

**501**

**SERVICE EMPLOYEES**

**136**

**BTS GROUP HOLDING EMPLOYEES**

**50**

# 1.4 MASS TRANSIT - OUR CORE BUSINESS

"Our Concession Agreement is unique. Since we were responsible for 100% of the system investment costs, we do not have to share revenue with any third parties."

The BTS Group focuses primarily on the Mass Transit business which it conducts via its majority-owned subsidiary, Bangkok Mass Transit System Public. Co. Ltd. (BTSC). Within its Mass Transit business, BTSC recognises both i) fare-box revenue [1] (ticket sales) in relation to the Core Network [2] as well as ii) service income from the provision of operation and maintenance (O&M [3]) services of extensions to the Core network (see below). Fare-box revenue is expected to grow markedly in line with the aggressive expansion of Bangkok's mass transit network *(see section 3.7.1: Business overview – Mass Transit for details)*.

As Bangkok's first mass transit network, the Core network runs through the key commercial, residential and office areas of central Bangkok. Bangkok is and is expected to remain a mono-centric city and property development has accelerated along our network. This has formed the 'backbone' of Bangkok, which we believe will remain the key destination for Bangkok's growing mass transit passengers.

## The Core Network

BTSC has a concession agreement ("Concession") with the Bangkok Metropolitan Administration (BMA) on the Core network until 4 December 2029. The 30 year Concession is a Build-Transfer-Operate (BTO) concession for civil works and Build-Operate-Transfer (BOT) concession for mechanical and electrical (M&E) works. Under the Concession, BTSC has the right to receive 100% of revenues it collects from fare-box sales and commercial revenues (advertising and retail space management) without any revenue sharing to any third parties. Commercial operations of the Core Network commenced on 5 December 1999 and BTSC has seen fare-box revenue growth in every year since inception.

In addition to this Concession, in May 2012, BTSC signed an Operating and Maintenance (O&M) agreement for the Core Network for the period from the expiry of its Concession until 2 May 2042 *(see section 2.2: Important Events 2011/12 for more details)*.

## Extensions to the Core Network

Since the completion of the Core Network, the BMA (via its wholly owned subsidiary Krungthep Thanakom Company Limited or "KT") has constructed certain extensions to the Green Line. Owing to its expertise in the operation of mass transit rail systems, BTSC has been appointed by KT to operate and maintain these extensions on its behalf. Whereas previously these O&M contracts were awarded on a short-term basis, on 3 May 2012, KT and BTSC signed a 30-year O&M contract, which expires on 2 May 2042.

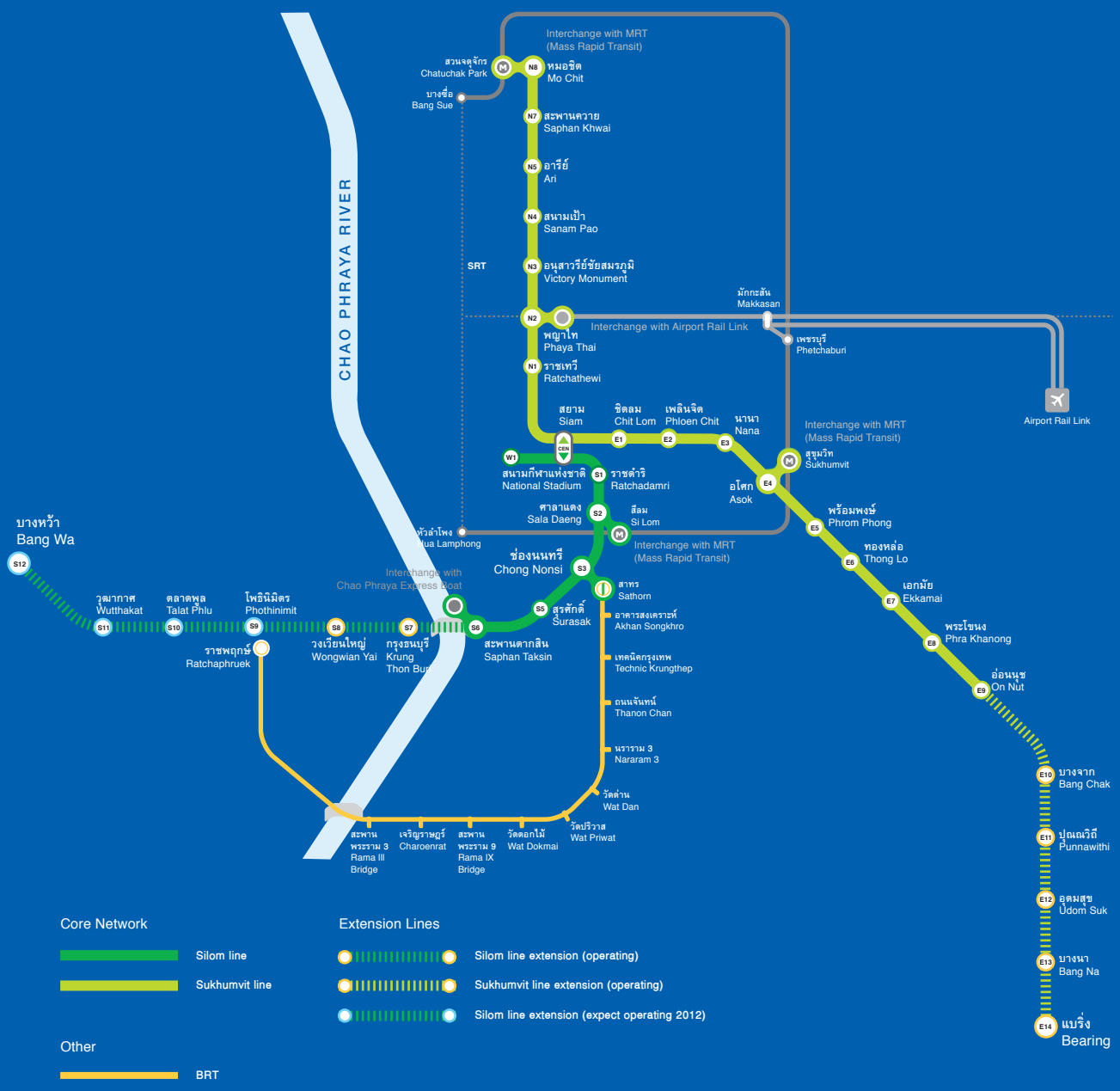
This O&M revenue is complimentary to Company's fare-box revenue, and the Company is not exposed to any ridership risk on the extensions. In 2010/11, BTSC was also awarded the O&M contract for the Bus Rapid Transit (BRT) line. As the mass transit network expands, BTSC also expects to be a major player in O&M of the extensions.

[1] Revenues from ticket sales are recorded as "fare-box revenue" in the financial statements and presented as revenues from the Mass Transit business in the Company's presentation of results. Revenue from the management of the commercial areas is one component of "Service Income" in the financial statements and referred to as "advertising income and revenue from provision of spaces" in the notes to the financial statements and also presented as revenues of the Group's Media business in the Company's presentation of results.

[2] The Core network comprises the original mass transit network in Bangkok, specifically, two lines, the Sukhumvit Line and the Silom Line (collectively, the "Green Line"), covering 23 stations with a combined track length of 23.5 km.

[3] O&M revenue is one component of "Service Income" in the financial statements and is referred to as "revenue from the provision of operating services" in the notes to the financial statements. It is presented as revenues from the Mass Transit business in the Company's presentation of results.

## BTS SKYTRAIN EXISTING ROUTE



# TABLE OF CONTENTS


**1.0 Introduction**
- 1.1 Our Vision, Mission & Values 001
- 1.2 Key Figures 008
- 1.3 BTS Group - At a Glance 009
- 1.4 Mass Transit - Our Core Business 010
- 1.5 Table of Contents 012

**2.0 Highlights 2011/12 & Outlook** 013
- 2.1 Message from the Chairman 014
- 2.2 Important Events 2011/12 016
- 2.3 Thailand's Flooding 017
- 2.4 Business Target Assessment 2011/12 018
- 2.5 Business Outlook 2012/13 019
- 2.6 Financial Highlights 020

**3.0 The Company and Our Industry** 021
- 3.1 Corporate Structure 022
- 3.2 Corporate Information 023
- 3.3 Our History 024
- 3.4 Our Board of Directors 026
- 3.5 Our Management 028
- 3.6 Organisation Chart 029
- 3.7 Business and Industry Overview
  - 3.7.1 Mass Transit 030
  - 3.7.2 Media 036
  - 3.7.3 Property 040
  - 3.7.4 Services 044
- 3.8 Subsidiaries and Associates Information 045

**4.0 Annual Business Review** 047
- 4.1 Capital Markets Review 048
- 4.2 Risk Management Review 054
- 4.3 Corporate Social Responsibility Review 059
- 4.4 Management Discussion & Analysis 062

**5.0 Corporate Governance Report** 065
- 5.1 Policy Statement and Structure 066
- 5.2 Corporate Governance Policy and Corporate Governance Committee 072
- 5.3 Nomination and Remuneration Committee Report 078
- 5.4 Risk Management Policy 083
- 5.5 Internal Control 085
- 5.6 Related Party Transactions 087
- 5.7 Director & Executive Profiles 091

**6.0 Financial Report** 101
- 6.1 Director's Responsibility Report 102
- 6.2 Audit Committee Report 103
- 6.3 Independent Auditor's Report 105
- 6.4 Audited Financial Statements 106
- 6.5 Notes to Consolidated Financial Statements 121

**Other**

Glossary of Terms 199

**CG Index**

Accounting Policy 128
Audit Committee 069, 071, 081, 083, 085, 087, 103, 104
Audit Fee 198
Audit Report 105
Balance Sheet 106
Board of Directors 026, 068, 076
- Profiles 091
- Responsibility Report 102
- Roles and Responsibilities 068
- Shareholdings 100
- Meeting Attendance 068

Cash Flow Statement 112
Code of Conduct 069, 073, 075, 076, 077, 085
Conflict of Interest Policy 076
Company Mission, Vision & Values 001
Company Secretary 023, 071, 072, 075
Corporate Governance Committee 072
Corporate Governance Policy 072
Corporate Social Responsibility 014, 017, 059, 069, 074, 077
Dividend 008, 014, 016, 020, 048, 049, 050, 063, 081
Employees 009, 056, 074
General Corporate Information 023
Income Statement 110
Independent Director 076, 079
Internal Audit 070, 083, 086
Internal Control 085
Investor Relations 023, 051, 053, 072, 073, 075, 077
Management Discussion & Analysis 062
Management Structure 029, 067
Minority Shareholders 073, 080
Nature of Business 030, 036, 040, 044
Nomination and Remuneration Committee Report 078
Risk Management Review 054
Related Party Transactions 087
Revenue Structure 009, 023, 031, 037, 041, 044
Risk Factors 055, 075
Risk Management Policy 083
Shareholder structure 049

# 2.0 HIGHLIGHTS 2011/12 & OUTLOOK

This section provides a key overview of events and the business target assessment of the past fiscal year as well as an overview of the year ahead. You will also find the Chairman's statement and key financial highlights of the past 3 years.


2.1 MESSAGE FROM THE CHAIRMAN

2.2 IMPORTANT EVENTS 2011/12

2.3 THAILAND'S FLOODING

2.4 BUSINESS TARGET ASSESSMENT 2011/12

2.5 BUSINESS OUTLOOK 2012/13

2.6 FINANCIAL HIGHLIGHTS

# 2.1 MESSAGE FROM THE CHAIRMAN

I would like to express my sincere appreciation to our employees, our business partners, our stakeholders, and all relevant parties for their dedication and support. I look forward to another prosperous year working together and take great pride in the growth and resilience of the Company.

## Dear Shareholders,

**More than two years have now passed since the acquisition of Bangkok Mass Transit System Public Company Limited (BTSC) on 4 May 2010.** During that time, the BTS Group has matured considerably and the financial performance of the BTS Group has strengthened in tandem; operating revenue growth of 33.5%, operating EBITDA growth of 54.0% and recurring net income growth of 448.9% during 2011/12 all testament to this successful transition. We continue to deliver returns to shareholders. In February 2012, we paid an interim dividend of THB 0.02393 per share and have proposed a final dividend of THB 0.02410 per share.

**Our BTS SkyTrain business once again beat all previous records** during the past year. Total ridership was 176.0mn passengers, representing growth of 21.3% over 2010/11. This was also ahead our target of "at least 15.0 % growth" and was achieved in spite of the flooding incident during October and November. In March 2012, our average ridership reached 603,014 passengers per weekday; a 26.8% increase since March 2010 just prior to when we acquired the business. As of 31 May 2012 **the BTS SkyTrain has now carried a total of over 1.5bn passengers.**

**Our operations and maintenance (O&M) business also continued to gather steam.** On 3 May 2012, we signed a 30 - year O&M agreement for all the existing green line extensions under the supervision of the Bangkok Metropolitan Administration (BMA) for the period 2012 - 2042, as well as an O&M contract on the Core Network from 2029 - 2042. We continue to strive for improved service performance and already have another 55 carriages on order to add to the existing 153 carriages. These will be delivered across 2012 and 2013 and will increase our carriage capacity by 36%.

We faced a stern test in October and November 2011 when Thailand suffered its worst flooding in recent history. **During the flood, thanks to dedication of BTS staff and support of BMA, the BTS SkyTrain maintained full service operation and suffered no asset damage.** BTS SkyTrain ridership suffered temporarily, however, the resilience of our business was clearly demonstrated with December ridership bouncing back to record levels, only days after the flood waters receded.

During the flood, BTS Group assisted its staff and the community by donating 6,000 flood relief packages and operating a mobile kitchen which provided 7,000 cooked food boxes. Further, we co-operated with Bangkok Hospital and Vibhavadi Hospital to provide free medical check-ups at BTS stations and donated THB 4mn, including THB 2mn to the Thai Stock Market Flood Relief Fund (co-ordinated by the Thai Listed Company Association). BTS Group staff were provided temporary accommodation as well as offered interest free loans to repair flood-affected homes. **This was only one part of our Corporate Social Responsibililty (CSR) programme that forms an integral part of our efforts to provide a sustainable and leading set of City Solutions to urban communities.** More details on our CSR activities can be seen in our CSR review.

**Elsewhere, our Media business once again continued to impress.** Revenue growth of 42.9% was achieved in 2011/12 and we are forecasting a further 40% growth in 2012/13. I would like to congratulate the professional management of our Media business who have grown the business from scratch into Thailand's largest out-of-home Media Company. This maturity is now manifested as VGI Global Media Plc. seeks an independent listing on the Thai Stock Exchange in 2012.

**Our Services business has also made progress.** Our joint venture hotel management business now has over 5,900 keys under contract. In May 2012 our subsidiary 'Bangkok Smartcard System Co.,Ltd.' also launched Bangkok's mass transit inaugural common ticketing system (the "rabbit card" and its associated reward programme "Carrot Rewards") which will also serve as an e-payment card with our partner retail stores and will be extended for use on Bangkok's MRT Subway and Bus Rapid Transit System in the future.

**Our Company has also matured in other areas.** We have refined our focus to place more emphasis on our core businesses of Mass Transit and Media which are growing at a faster rate, and take a steadier approach to Property, where we are open to joint-venture or divestment that will enhance shareholder value. We continue to develop our Risk Management function, and during the year we have hired KPMG Phoomchai Holdings Co., Ltd. to conduct internal workshops as we develop a risk awareness ethic through ongoing education. **All these leave me more confident that we can achieve well managed growth in the near future.**

Once again, I would like to express my sincere appreciation to our employees, our business partners, our stakeholders, and all relevant parties for their dedication and support. I look forward to another prosperous year working together and take great pride in the growth and resilience of the Company.

Keeree Kanjanapas

# 2.2 IMPORTANT EVENTS 2011/12

- **April – July 2011:** Our Media Business expands its footprint as VGI signs a new contract to manage Tesco Lotus and BigC Sales floor area throughout all large format branches nationwide. This deal extends VGI's reach into the most prime area of Thailand's largest and second-largest retail hypermarket operator.

- **8 June 2011:** An additional 1,298,998,791 shares of the Company begin trading on the Thai Stock Exchange. The new shares were offered to a group of specific investors in exchange for their shares in BTSC.

- **26 July 2011:** The Company's Shareholders approve a final dividend payment of THB 0.02264 per share to supplement the interim dividend payment of THB 0.0129 per share. Based on the BTS share price as of 8 August 2011, this total is equivalent to a dividend yield in excess of 5% per annum. The Group's first ESOP scheme, which now forms part of a comprehensive incentive package to our employees, was also approved.

- **5 August 2011:** Thailand appointed its first female Prime Minister, Yingluck Shinawatra. The new Government has once again re-affirmed its commitment to development of transportation projects. The implementation of a 20-baht flat fare for train travel in Bangkok was one of the Government's key campaign promises.

- **12 August 2011:** The Sukhumvit line (On Nut - Bearing) extension begins operation. BTSC is the appointed operator of the extension which is a direct extension to the BTS Skytrain Core Network. Ridership on the extension exceeded expectations, adding approximately 100,000 passengers per day. The Bangkok Metropolitan Administration (BMA) waived ticket fares on this extension from 12 August 2011 to 30 April 2012.

- **7 October 2011:** BTSC and Krungthep Thanakom (the subsidiary company of BMA) jointly executed the operation and maintenance service agreement for another BTS SkyTrain extension, specifically the 5.3 km (4 stations) Silom line extension from Wongwian Yai to Bang Wa. Under this contract, the Company will receive income from train operating management of approximately THB 604mn in the first year.

- **July – November 2011:** Thailand experiences its worst flooding in half a century. Severe flooding spread from the Northern and Northeastern provinces eventually reaching Bangkok in October. Despite the floods, the BTS SkyTrain continued to operate and maintain full service operations with all depots and stations protected and experienced no asset damage. Whilst ridership was impacted by the reduced number of commuters during the flood, ridership rebounded to record levels within December.

- **13 January 2012:** The Company's Board announced an interim dividend payment of THB 0.02393 per share. Based on the share price at 10 February 2012 (payment date) this is equivalent to a non-annualised dividend yield of 3.5%.

- **February 2012:** The BMA approves BTSC's request to increase the Authorised Fare (the ceiling applied to the Effective or actual fare paid by passengers) by around 25%. The new ceiling on the Effective fare now ranges from THB 18.79 to THB 56.36 per trip.

- **March 2012:** New record ridership achieved. Average March ridership was 603,014 passengers per weekday, representing 18.4% YoY growth. This was as a result of several factors including the opening of the On Nut - Bearing extension, the introduction into full service of the Company's new fleet of twelve 4-car trains, as well as organic growth.

- **May 2012:** BTSC and Krungthep Thanakom sign a 30-year agreement for the operation and maintenance of the existing Green line extensions until May 2042. The Agreement also includes the operation of the Core Network from beyond the end of the existing Concession Agreement in December 2029 until May 2042. *Please see section 1.4: Mass Transit: Our Core Business* for more details. BSS also launches the rabbit card, which will be a common ticketing system for Bangkok's mass transit network as well as a smart payment card at partner retail outlets.

# 2.3 THAILAND'S FLOODING

In October and November 2011, Thailand suffered its worst flooding in several decades. A large expanse of the country faced severe disruption and there was significant property destruction. The BTS Group responded by mobilising human and financial resources on behalf of the community as well as affected staff during the relief period and the subsequent recovery period. More details on this as well as the Group's other Corporate Social Responsibility activities can be seen in *section 4.3 Corporate Social Responsibility Review*.

# 2.4 BUSINESS TARGET ASSESSMENT 2011/12

2011/12 was marked by strong growth and resilience in profitability as the Group's financial performance brushed aside the impact of the floods. Below we can see how the Group performed against stated goals in last year's annual report.

| 2011/12 Target | 2011/12 Result | Target Assessment |
|---|---|---|
| **Mass Transit:** Ridership Growth | | |
| > 15% | 21.3% | Target exceeded in spite of flood. Higher contribution than expected from new Sukhumvit line extension. Total passengers was 176.0mn and new records were surpassed once again |
| **Mass Transit:** O&M income contribution as a percentage of Mass Transit Income | | |
| 15% | 17.0% | Target achieved. New Sukhumvit line extension opened on schedule |
| **Mass Transit:** New O&M contracts | | |
| Silom line extension (Wongwian Yai – Bang Wa) signed in 2011/12 | Contract was signed on 7 Oct 2011 | Target achieved |
| **Media:** Total Revenue growth | | |
| 40% | 42.9% | Target achieved |
| **Media:** Contribution of non-BTS media | | |
| 50% | 42.6% | Target not achieved: Flooding impacted non-BTS media more than BTS-related media |
| **Property:** Abstracts revenue recognition | | |
| THB 360mn | THB 201.2mn | Target not achieved: Abstracts Sukhumvit 66/1 experience construction delays and sales (in part affected by the flood) did not meet expectations |
| **Property:** Expected Revenue growth | | |
| 40% | 10.2% | Target not achieved due to slower sales rate for Abstracts Sukhumvit 66/1 |
| **Services:** New rabbit card (common ticketing system and e-money services) launch | | |
| Launch within 2011/12 | Launched in May 2012 | Target not achieved: Delays to the launch were the result of flooding which disrupted rollout. However, the rabbit card was launched in May 2012 |

# 25 BUSINESS OUTLOOK 2012/13

"We expect to see continued growth in our core business of Mass Transit and Media and overall maintenance of profit margins."

## Mass Transit Business

**12 - 15%**
Expected Ridership growth

**20%**
O&M income as a % of mass transit revenue

For our **Mass transit** division, 12-15% ridership growth is expected resulting from the full year effect of the opening of the Sukhumvit line (On Nut – Bearing) extension as well as continued organic growth. Further, the Silom line extension (Wongwian Yai – Bang Wa) is expected to begin its operation in December 2012, once again further contributing to the healthy growth in our operation & maintenance (O&M) income. O&M income is expected to reach 20% of mass transit revenue (from 17% in 2011/12). New rolling stock (35 single-car trains) are also expected to be delivered and in service within 2012/13.

## Media Business

**40%**
Revenue Growth

**55%**
Revenue contribution (non BTS Media)

Our **Media** business division is also expected to maintain strong revenue growth of approximately 40% during 2012/13, primarily driven by new contracts acquired in our modern trade segment and the full year effect of existing contracts with several modern trade partners. Moreover, this growth is further supported by our mass transit media, including new advertising space on the new 35 single-car trains which will be commissioned from 3Q 2012/13. We target to see the revenue contribution of non BTS-related media to increase to approximately 55% (from 43% in 2011/12) of total media revenue.

Again, owing to the increasing contribution of the lower margin non-BTS business, we might expect to see a slight softening of the margins. Further, our Media business subsidiary VGI Global Media Plc. will seek a listing on the Thai Stock Exchange, but this is subject to market conditions.

## Property Business

THB **600** mn
Expected revenue recognised from Abstracts project

**70%**
Revenue growth from Commercial property

In 2012/13 our **Property** team will focus on the completion of existing condominium projects. Abstracts Sukhumvit 66/1 should be fully sold and transferred within the year. 15% of Abstracts Phahonyothin Park units are expected to be transferred within 2012/13. Our four-star hotel, Eastin Grand Sathorn at Surasak BTS SkyTrain station opened in May 2012, and this is expected to contribute revenue to the Group from 2012/13.

## Services Business

**1.0 - 1.5** mn
Targeted Initial Card Users

For our **Services** division, BTS Group has already launched its rabbit card on 1 May 2012. The card acts as a common ticketing system across Bangkok's mass transit network and also as a retail e-payment card. We are targeting 1-1.5 mn rabbit card holders within May 2013.

# 26 FINANCIAL HIGHLIGHTS

| | 2011/12 | 2010/11 | 2009/10 |
|---|---|---|---|
| **INCOME STATEMENT** (THB mn) | | | |
| Operating revenue | 7,864.8 | 5,892.5 | 5,630.8 |
| Total revenue | 9,251.9 | 6,828.7 | 10,782.0 |
| Operating EBITDA | 4,249.3 | 2,548.9 | 2,578.6 |
| EBIT | 3,840.2 | 2,018.7 | 6,307.3 |
| Net income | 2,235.6 | 310.5 | 5,691.6 |
| Net income attributable to equity holders of the parent | 2,105.6 | 252.2 | 5,396.5 |
| **BALANCE SHEET** (THB mn) | | | |
| Total assets | 66,888.9 | 63,702.6 | 61,277.9 |
| Net debt | 24,713.6 | 20,881.4 | 10,552.4 |
| Shareholders' equity | 36,932.3 | 37,509.5 | 23,820.6 |
| **CASH FLOW** (THB mn) | | | |
| Cash from operating activities | 1,755.8 | 1,389.7 | 1,546.2 |
| Capital expenditures | (2,609.8) | (4,469.5) | (3,144.6) |
| **PER SHARE DATA** (THB / Share) | | | |
| Earnings per share | 0.037 | 0.005 | 0.1545 |
| Dividend per share [1] | 0.04803 | 0.03554 | - |
| Book value per share | 0.65 | 0.67 | 0.43 |
| **KEY RATIOS** | | | |
| Operating EBITDA margin (%) | 54.0% | 43.3% | 45.8% |
| EBIT margin (%) | 41.5% | 29.6% | 58.5% |
| Net debt to equity (times) | 0.67 | 0.56 | 0.44 |
| Interest coverage ratio (times) [2] | 2.97 | 1.59 | 4.73 |
| ROA (%) | 3.15% | 0.40% | 8.81% |
| ROE (%) | 6.05% | 0.83% | 23.89% |
| **SHARE INFORMATION** (as of 31 March) | | | |
| Share price (THB) | 0.78 | 0.75 | 0.71 |
| Outstanding shares (Shares mn) | 57,188.3 | 55,889.3 | 7,614.4 |
| Market capitalisation (THB mn) | 44,606.9 | 41,917.0 | 5,406.2 |

1 On 10 Feb 2012, the Company paid an interim dividend of THB 0.02393 per share, the final (additional) dividend for 2011/12 of THB 0.02410 per share is subject to shareholders approval.
2 Operating EBITDA / Finance cost

# 3.0 THE COMPANY AND OUR INDUSTRY

This Section provides key information on our Company structure, history and leadership team. You will also find our Business & Industry Overview which includes highlights of each business, key milestones of the year, as well as more information on the competitive landscape of our business units.


3.1 CORPORATE STRUCTURE

3.2 CORPORATE INFORMATION

3.3 OUR HISTORY

3.4 OUR BOARD OF DIRECTORS

3.5 OUR MANAGEMENT

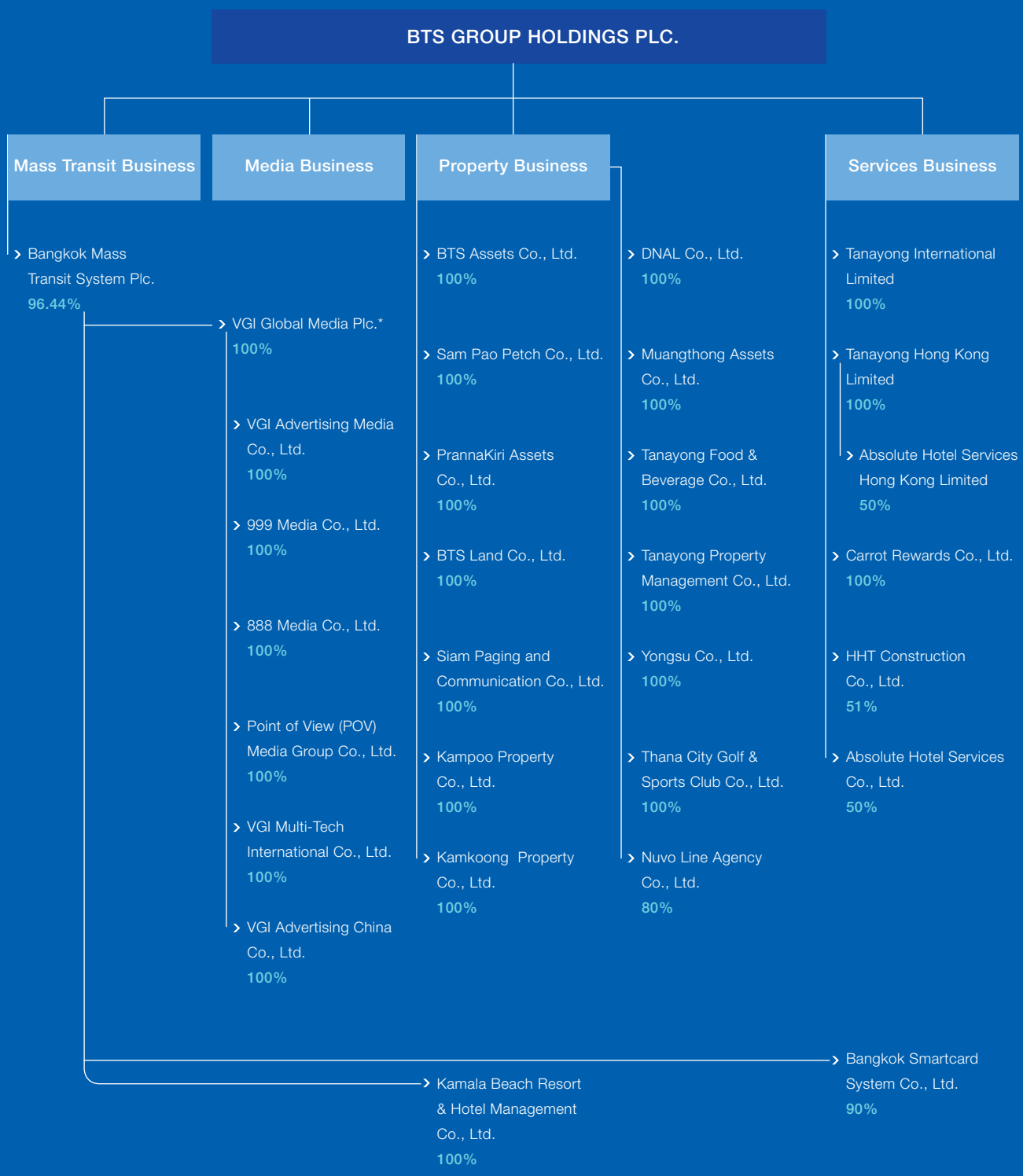
3.6 ORGANISATION CHART

3.7 BUSINESS & INDUSTRY OVERVIEW
- 3.7.1 MASS TRANSIT
- 3.7.2 MEDIA
- 3.7.3 PROPERTY
- 3.7.4 SERVICES

3.8 SUBSIDIARIES AND ASSOCIATES INFORMATION

# 31 CORPORATE STRUCTURE

Business Organisation Chart of the Company, Subsidiaries and Associates as of 31 March 2012




* VGI Global Media Co., Ltd. was registered for conversion into a public company and changed its name to VGI Global Media Public Company Limited on 2 April 2012.

# 32 CORPORATE INFORMATION

## BTS Group Holdings Public Company Limited

### Revenue Structure [1]

| Principle Business | Fiscal Year End 31 Mar 2012 | |
|---|---|---|
| | THB mn | % |
| Mass Transit | 5,176.9 | 65.8% |
| Media | 1,958.8 | 24.9% |
| Property | 728.3 | 9.3% |
| Services | 0.7 | 0.0% |
| Total | 7,864.8 | 100.0% |

| | |
|---|---|
| Year Established: | 1968 |
| Equity first trade date: | 1 March 1991 |
| Stock Code: | BTS |
| Convertible Bond Code | ISIN XS0580087376 |
| Registered Capital [2] | THB 47,881,776,079.36 |
| Registered Paid-up Capital [2] | THB 36,641,907,553.92 |
| No. of Listed Shares [2] | 57,252,980,553 shares |
| Par Value | THB 0.64 per share |
| No. of listed Warrants (BTS-W2) | 5,027,000,448 units |
| No. of unlisted Warrants (BTS-WA) | 100,000,000 units (ESOP) |

[1] Operating Revenue. Please see the full detail in Notes to consolidated financial statements (Notes 2.2)

[2] As of 18 May 2012

### Stock Registrar

**Thailand Security Depository Co. Ltd.**

The Stock Exchange of Thailand Building,

62 Ratchadapisek Road, Klongtoey, Bangkok 10110

Tel: +66 (0) 2229 2800 Fax: +66 (0) 2654 5427

### Convertible Bond Registrar

**Deutsche Bank Luxembourg S.A.**

2 Boulevard Konrad, Adenauer,

L-1115 Luxembourg

Tel: + (352) 42122-1 Fax: + (352) 437136

### Convertible Bond Trustee

**DB Trustees (Hong Kong) Ltd.**

Level 52, International Commerce Centre

1 Austin Road West, Kowloon, Hong Kong

Tel: + (852) 2203 7320 Fax: + (852) 2203 7320

### Company Registered Address

14 – 15 Floor TST Tower

21 Soi Choei Phuang Viphavadee - Rangsit Road

Chomphon, Chatuchak, Bangkok 10900

Registration No. 0107536000421

Website: www.btsgroup.co.th

### Key Contact Details

**Corporate Head Office:**

Tel: +66 (0) 2273 8511-5

+66 (0) 2273 8611-5

Fax: +66 (0) 2273 8516

+66 (0) 2273 8616

**Company Secretary:**

Email: CompanySecretary@btsgroup.co.th

Tel: +66 (0) 2273 8611-5 #1525, 1531

Fax: +66 (0) 2273 8610

**Investor Relations:**

Email: ir@btsgroup.co.th

Tel: +66 (0) 2273 8631

**Corporate Communications:**

Email: corpcomm@btsgroup.co.th

Tel: +66 (0) 2617 7300 #1832

Fax: +66 (0) 2617 7135

### Auditor

**Ernst & Young Office Limited**

33rd Floor, Lake Rajada Office Complex

193/136-137 New Ratchadapisek Road,

Klongtoey, Bangkok 10110

Tel: +66 (0) 2264 0777 Fax: +66 (0) 2264 0789-90

Mrs. Siraporn Ouaanunkun, Certified Public Accountant No. 3844

### Legal Advisor

**Weerawong, Chinnavat & Peangpanor Ltd.**

22nd Floor, Mercury Tower,

540 Ploenchit Road, Lumpini

Pathumwan, Bangkok 10330

Tel: +66 (0) 2264 8000 Fax: +66 (0) 2657 2222

# 3 OUR HISTORY

**1968 (March)**

Established as a limited company under the name of Tanayong Company Limited (Tanayong) to operate in the field of Property Development.

**1988**

Launched its first Property Development project at 'Thana City', an integrated mixed-use 'satellite city' development located near Bangkok's Suvarnabhumi airport.

**1991 (March)**

Tanayong is listed on the Stock Exchange of Thailand (SET) under the Property Development sub-index.

**1992**

Tanayong establishes a wholly-owned subsidiary, Bangkok Transit System Corporation Ltd (BTSC) to sign the concession contract with the Bangkok Metropolitan Authority (BMA) to design build and operate Bangkok's first mass transit system.

**1993**

Tanayong registers for conversion into a public company under the name Tanayong Public Company Limited.

**1997**

Asian financial crisis hits the region. Tanayong and BTSC suffer under the weight of dollar-denominated debt as the Thai Baht depreciates against the US dollar by more than 130% in less than 6 months.

**1999 (December)**

Commercial operation of the BTS SkyTrain begins.

**2006**

Tanayong successfully exits from the business rehabilitation procedures and its shares resume trading on the SET on 28 December 2006.

**2006 - 2008**

BTSC enters a court supervised business rehabilitation procedure, during which Tanayong's shareholding in BTSC gets diluted to less than 1%. BTSC successfully exits business rehabilitation in 2008.

**2009 (May)**

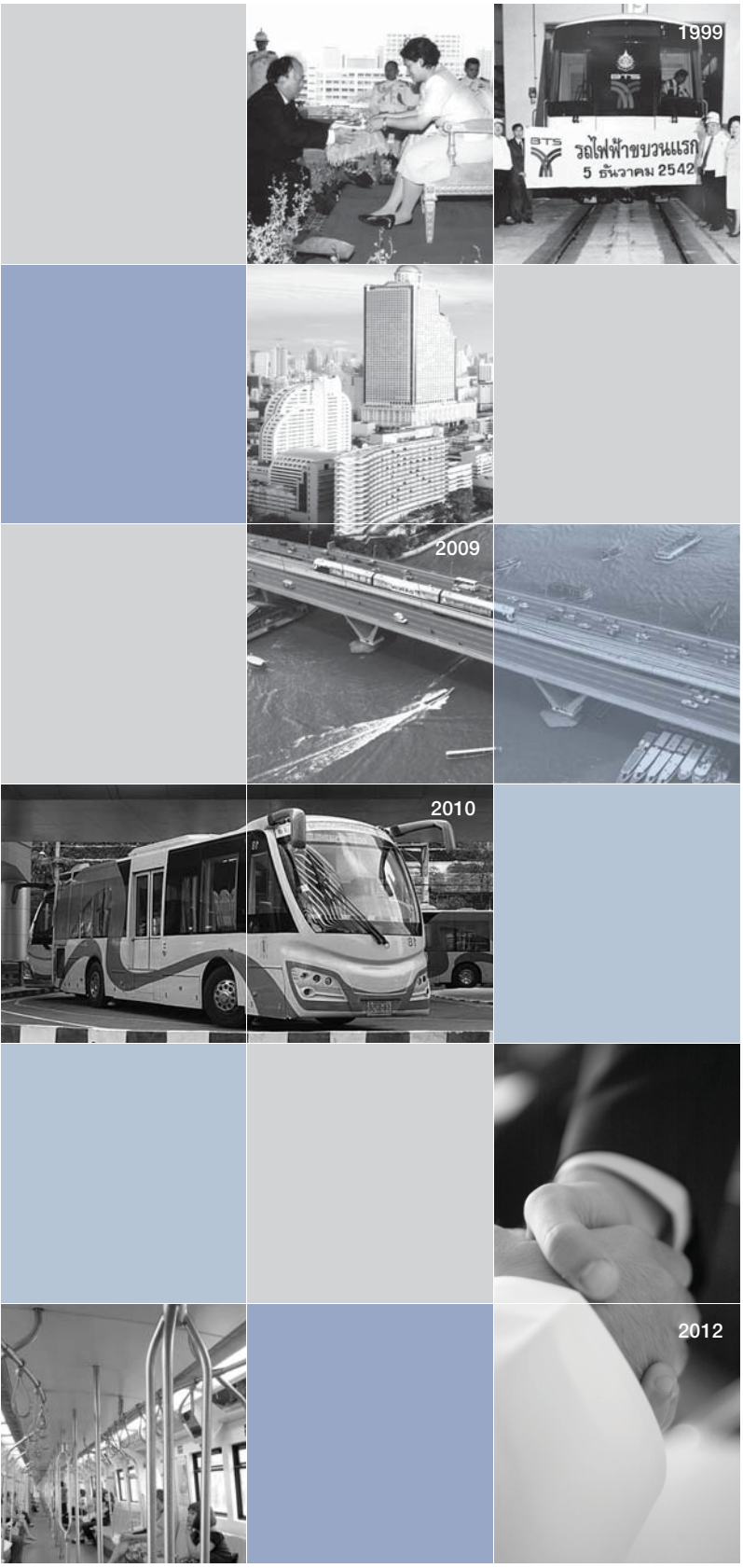
Commencement of operations of the Silom line extension (Saphan Taksin – Wongwian Yai) by BTSC under the Operation and Maintenance Services Contract.

**2009 (August)**

BTSC issues THB 12,000mn of senior unsecured debentures to domestic retail investors to refinance existing debt.

**2009 (September)**

BTSC expands into the Media business through the acquisition of 100% of VGI. Global Media.




**2010 (May)**
The Company acquires 94.6% of BTSC, returning Mass Transit to be the primary business of the Company. The acquisition is financed 51.6% (THB 20,655.7mn) by cash and 48.4% (THB 19,378.8mn) by new equity issuance. Capital increases from THB 7,614.4mn to THB 35,781.3mn via issuance of 28,166.9mn new ordinary shares. The Company also changes its name to BTS Group Holdings and is re-categorised under the Transportation sub-index of SET.

**2010 (May)**
BTSC begins operation and maintenance of Bangkok's inaugural Bus Rapid Transit (BRT) system under the Bus Operation and Procurement Contract and Bus Station Operation Contract.

**2010 (June - August)**
The Company successfully completes a rights offering to existing shareholders and private placement in order to raise funds to repay the BTSC acquisition loan. Paid-up capital increases from THB 35,781.3mn to THB 55,889.3mn with the total issuance of 20,108.0mn shares.

**2011 (January)**
The Company issues and offers THB 10,000mn of THB denominated, USD settled convertible bonds outside Thailand, the proceeds of which are used to fully repay the BSTC acquisition loan.

**2011 (January)**
The Company registers capital reduction by changing the par value of shares from THB 1 per share to THB 0.64 per share to write off the share discount and retained loss. Paid-up capital decreases from THB 55,889.3mn to THB 35,769.1mn, divided into 55,889.3mn ordinary shares at the par value of Baht 0.64 each.

**2011 (June)**
The Company issues 1,299.0mn new ordinary shares to a group of specific investors who are shareholders of BTSC as payment for 472.8mn BTSC shares that BTSC shareholders transfer to the Company. Paid-up capital increases from THB 35,769.1mn to THB 36,600.5mn. The Company's shareholding in BTSC increases to 96.4%.

**2011 (August)**
Commencement of operations of Sukhumvit line extension (On Nut – Bearing) by BTSC under the Operation and Maintenance Services Contract.

**2012 (May)**
BTSC signs a 30-year Operation and Maintenance Services (O&M) Contract (to supercede all previously signed O&M agreements) covering the Green line extensions under the BMA supervision from 2012 to 2042. This O&M contract also covers the core network post concession expiration on 4 December 2029.

# 34 OUR BOARD OF DIRECTORS

1

**Mr. Keeree Kanjanapas**
Chairman / Executive Chairman

2

**Dr. Amorn Chandara-Somboon**
Independent Director

3

**Mr. Cheong Ying Chew, Henry**
Independent Director

4

**Mr. Surapong Laoha-Unya**
Executive Director

8

**Mr. Kavin Kanjanapas**
Executive Director

9

**Prof. (special)**
**Lt. Gen. Phisal Thepsithar**
Independent Director

10

**Prof. (special)**
**Charoen Wattanasin**
Independent Director

5

**Dr. Anat Arbhabhirama**
Executive Director

6

**Mr. Kong Chi Keung**
Executive Director

7

**Dr. Paul Tong**
Director

11

**Mr. Rangsin Kritalug**
Executive Director and
Chief Operating Officer

12

**Mr. Suchin Wanglee**
Independent Director

13

**Mr. Kin Chan**
Director

# 3.5 OUR MANAGEMENT

1

**Mr. Keeree Kanjanapas**
Executive Chairman

2

**Mr. Kavin Kanjanapas**
Executive Director

3

**Mr. Rangsin Kritalug**
Executive Director and
Chief Operating Officer

4

**Mr. Surapong Laoha-Unya**
Executive Director

5

**Dr. Anat Arbhabhirama**
Executive Director

6

**Mr. Kong Chi Keung**
Executive Director

7

**Mr. Surayut Thavikulwat**
Chief Financial Officer

8

**Mrs. Duangkamol Chaichanakajorn**
Accounting Director

9

**Mrs. Patchaneeya Pootme**
Corporate Communications
Director

10

**Mr. Daniel Ross**
Financial Director

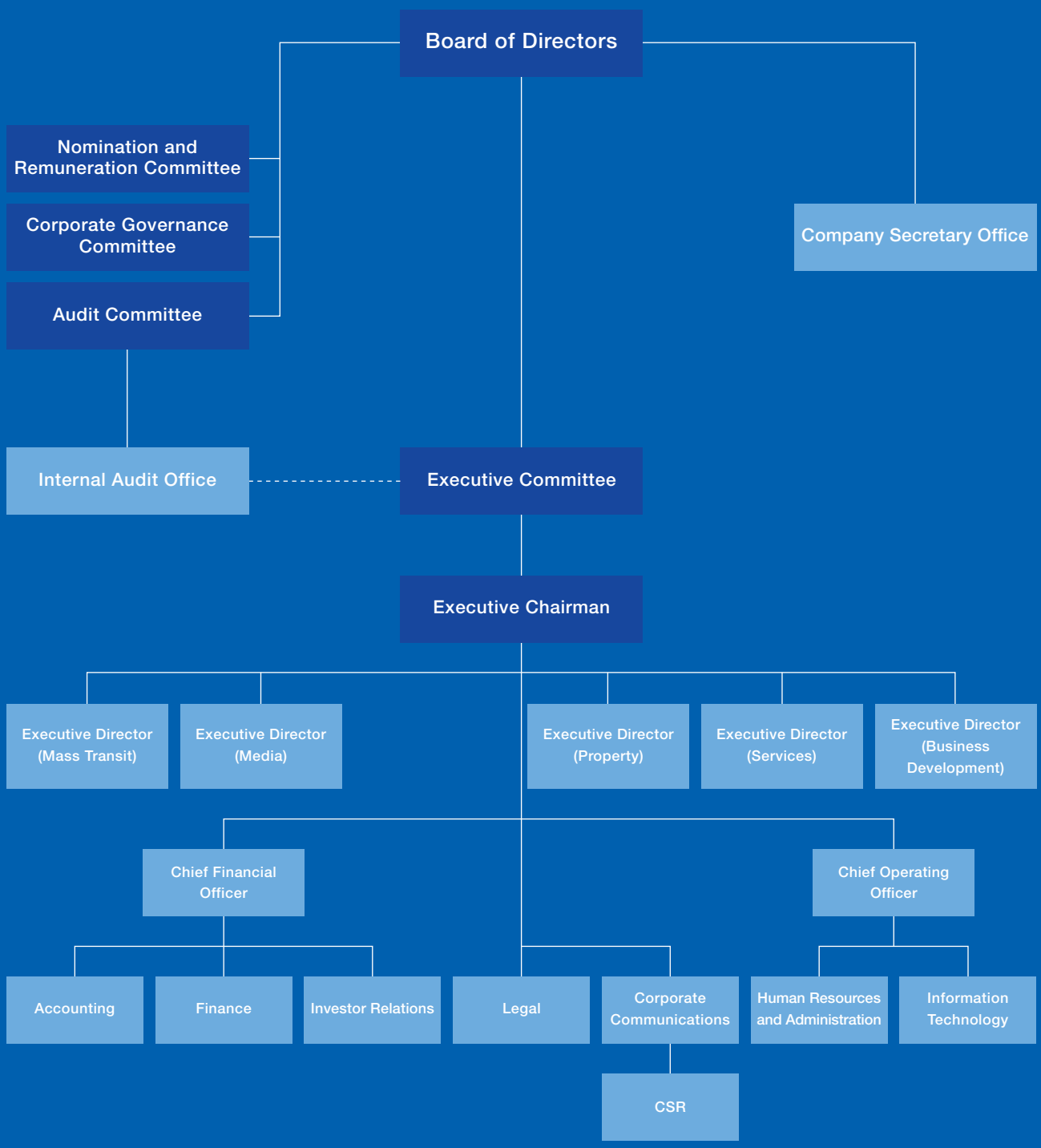
11

**Miss Chawadee Rungruang**
Financial Controller

12

**Miss Chayada Yodyingtammakul**
Legal Director

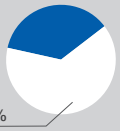
# 36 ORGANISATION CHART



# 3 7.1 BUSINESS AND INDUSTRY OVERVIEW: MASS TRANSIT

CONNECTING CITY SOLUTIONS

**REVENUE** (THB mn)
**2011/12 : 5,176.9**
2010/11 : 3,860.8



**65%**
OF GROUP OPERATING REVENUE

"Our Mass Transit business continues to shine. Ridership, revenue and profit all reached record highs and the outlook for growth still remains strong in light of the network expansion. Resilience was once again demonstrated as this was achieved in spite of the worst flooding to affect Thailand in decades."

Surapong Laoha-Unya, Executive Director for Mass Transit

In 2011/12, BTSC continued to surpass previous records as the growth trend in ridership accelerated. Total annual ridership reached 176mn passengers, a growth of 21.3% and surpassing our minimum 15% targeted growth. A historic record of 603,014 passengers per weekday was achieved in March, representing an increase of 18.4% year over year. Key growth factors were the expanding network (the opening of the Sukhumvit line extension in August 2011), the full year effect of new rolling stock (in service since February 2010), a low-base effect (in 2010/11 the system was disrupted due to political disturbances), as well as continued organic growth (population growth, urbanisation and concentration of development along mass transit routes).

Resilience of the business was once again demonstrated in 2011/12. Despite the flooding in 3Q 2011/12 which caused major disruption to the country, not to mention the commuting patterns of Bangkok's residents, the BTS SkyTrain maintained full service operations throughout, suffered no major asset damage, and ridership rebounded to normalcy immediately in December.

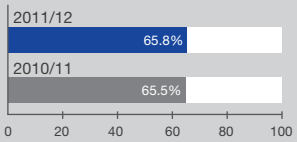
Our recurring revenue from operations and maintenance (O&M) business also continued to strengthen and contributed 17.0% of mass transit revenue in 2011/12 (from 8.2% in 2010/11). Aside from the commencement of the Sukhumvit line (On Nut – Bearing) extension, BTSC also procured a contract to operate the Silom line (Wongwian Yai – Bang Wa) extension. This contract however, was superceded when in May 2012, BTSC signed a 30 year O&M contract with BMA subsidiary, Krungthep Thanakom for all existing Green line extensions and the Core network *(see section 1.4: Our Core Business for more details)*. This landmark agreement will not only extend the Company's lifespan, but also allows us to provide a higher quality of service to the public.

Furthermore, in February 2012, BTSC obtained the approval from the BMA to increase our Authorised fare (which acts as the ceiling on the Effective fare or the fare that passengers pay) by 25% to THB 18.79 to THB 56.36 per trip. Although this did not directly impact the Effective fare, it gives the Company flexibility in increasing the fares in the future. BTSC did however, reduce the

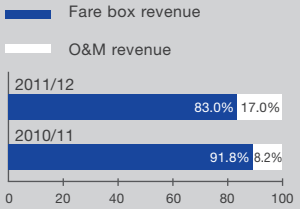
## KEY PERFORMANCE HIGHLIGHTS – MASS TRANSIT

**Mass transit revenue**
(% of Group operating revenue)

**REVENUE** (THB mn)
**2011/12 : 5,176.9**
2010/11 : 3,860.8




**Mass transit revenue by segment**




**Historical ridership and average fare price**

promotion on its 30-day pass ticket category by THB 1 per trip in March 2012 and we estimate that this should lead to a 1.5% increase in the effective fare in the next fiscal year. For other fare increases, the Company would expect to implement in the near future possibly with the delivery of new trains.

In order to cope with the growing demand which will be further supported by the Silom line extension (expected to be opened in December 2012), BTSC continues to invest in the system infrastructure. The Company has ordered 35 single-car trains which are expected to be delivered from August 2012 (in service by end 2012) and an additional 5 four-car trains (in service by end 2013).

**Key Figures in THB mn***

| | 2011/12 | 2010/11 | Change (%) |
|---|---|---|---|
| Revenue | 5,176.9 | 3,860.8 | 34.1% |
| Gross Profit | 2,516.4 | 1,642.7 | 53.2% |
| EBIT | 2,001.2 | 1,088.5 | 83.8% |
| Operating EBITDA | 3,459.7 | 2,169.0 | 59.5% |
| Gross profit margin (%) | 48.6% | 42.5% | |
| EBIT margin (%) | 38.7% | 28.2% | |
| Operating EBITDA margin (%) | 66.8% | 56.2% | |

* Based on operating activities

## Key Developments 2011/12

- Record ridership; 176.0mn total passengers (+21.3% YoY)
- Record daily ridership of 603,014 per weekday achieved in March 2012, represented 18.4% growth YoY
- New Sukhumvit line extension opened: On Nut – Bearing began service since 12 August 2011
- Increased O&M revenue contribution: now 17.0% of mass transit revenue from 8.2% in 2010/11
- Authorised fare increase approved by BMA; 25% increase to THB 18.79 - THB 56.36

## Mass transit market overview

In 2011, Bangkok's mass transit network carried an average 11.8mn passenger trips per day, according to the Ministry of Transport's Office of Transport and Traffic Policy and Planning (OTP). Forms of mass transit in Bangkok currently include rail-based (including the BTS SkyTrain and MRT Subway), road-based (buses), water-based (ferry) and others (mini-vans, limited standard gauge over-ground rail) modes of transport. The market share (as measured in terms of number of trips per day) of each form as of 2011 was 89.0%% for bus, 5.8% for rail mass transit, 2.5% for ferry and 2.7% for others.

### Aggressive rail network expansion in progress

Since the inception of BTS SkyTrain (the first rail mass transit system in Bangkok) in December 1999, rail mass transit usage in Bangkok has seen a gradual rise and in 2011 accounted for 0.62mn trips (or 5.3% of the total 11.8mn trips per day). This relatively slow growth in market share can be largely attributed to the delayed formation of a comprehensive transport plan as well as implementation delays. However, expansion of public transportation infrastructure is now a priority agenda, regardless of the ruling party and in February 2010, the OTP approved the Mass Rapid Transit Master Plan in Bangkok Metropolitan Region (or M-MAP) which incorporates an aggressive development plan of Bangkok's mass transit into a more mature network.

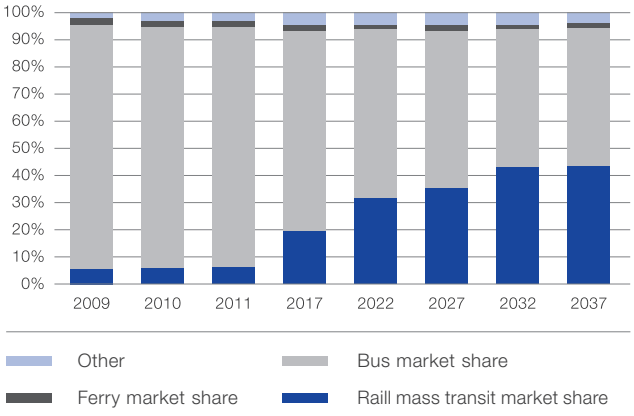
OTP's M-MAP is classified into a five-year immediate plan (by 2014), a ten-year plan (by 2019) and a twenty-year plan (2029). This will expand the network from 73.7km currently to 495km in 2029). At the time of writing, an additional 52.6km is already under construction, 83.5km is now under bidding process and 25.5km is now under EIA study process.

### Major shift in market share expected

Whilst customer choice of which form of transport depends on a number of factors such as affordability (relative price), convenience (proximity as well as punctuality), total journey time and safety, it is expected that the change in market share of Bangkok's mass transit market will be primarily driven by congestion of road-based transit and new supply of rail-based transit (i.e. the aggressive expansion of the network). Bangkok suffers from some of the most severe road-based traffic congestion in the world and according to the OTP, the average vehicle speed of private vehicles along the main streets of Bangkok in 2011 during rush hour was 18.5 km/hour in the morning and 22.4 km/hour in the evening, and has remained at these levels for the past 5 years. With little increase in the supply of road space and a reduction in the number of buses we would not expect road-based traffic congestion to improve.

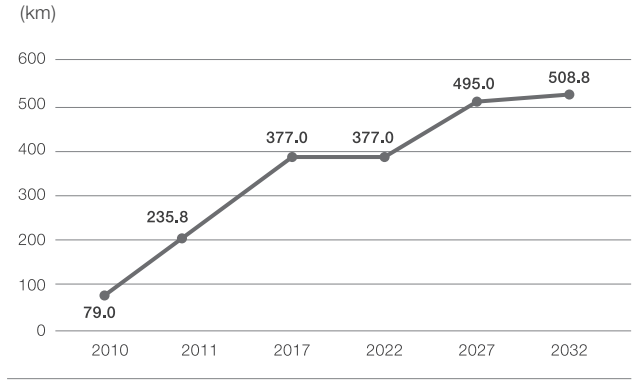
As a result of the rail network expansion, the footprint of the mass transit network will develop to become more pervasive, allowing a much broader population base to complete their journeys on less congested, and more punctual forms of transit. OTP has conducted a study and forecasted that rail mass transit demand in Bangkok will significantly replace bus transit demand between now and 2037 as a result of expansion of rail network length. By 2032, mass transit market share in Bangkok is projected rise to 43.3%.

**Bangkok's mass transit market share (forecast)**




Source: OTP's transport data and model integrated with multimodel transport and logistics (TDML II)

**Bangkok's rail mass transit network length (forecast)**




Source: BTS and OTP's rail mass transit master plan for Bangkok Metropolitan and surrounding areas

## Bangkok's rail network currently relatively immature

Rail mass transit systems are well-known transportation systems in terms of time efficiency, reliability and safety and are a common transportation system among developed countries. As the systems were invested in earlier, they have now reached a more mature and pervasive (defined as rail mass transit length per million population) state. Berlin and New York for example, have mature and pervasive networks with 99.8km and 126.2km of rail mass transit length per million of population. Meanwhile in Asia, Singapore and Hong Kong are examples where the development of rail mass transit systems has become more mature as both systems were introduced more than 20 years ago and cover a broad footprint of residential and business areas. Pervasion in Singapore and Hong Kong has reached 28.6km and 30.7km per million of population respectively.

## Rail mass transit development in major cities

| Region / City | Population (mn) | Rail mass transit length (km) | Urban mass transit pervasion [1] |
|---|---|---|---|
| **Asia** | | | |
| Bangkok | 6.9 | 79.5 | 11.5 |
| Tokyo | 13.0 | 320.0 | 24.6 |
| Hong Kong | 7.1 | 218.2 | 30.7 |
| Singapore | 5.2 | 148.9 | 28.6 |
| Beijing | 19.6 | 228.0 | 11.6 |
| Seoul | 10.6 | 152.0 | 14.3 |
| Jakarta | 9.6 | 110.3 | 11.5 |
| **Europe** | | | |
| Berlin | 3.4 | 339.4 | 99.8 |
| London | 8.3 | 430.0 | 51.8 |
| Paris | 9.6 | 244.4 | 25.5 |
| **America** | | | |
| New York | 8.4 | 1,060.3 | 126.2 |

Source: United Nation Statistic Division, MTR Corporation Limited, SMRT Corporation Limited, BTSC, BMCL, official websites of rail mass transit system in major cities

[1] Rail mass transit length per mn population

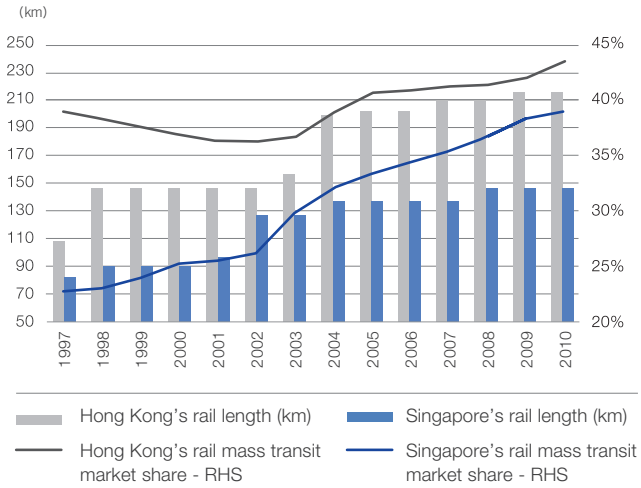
The Bangkok megalopolis has an unofficial population of more than 14mn persons, and accounts for a significant portion of the country's economic activity. The population density in Bangkok and the suburban density increased 29.8% from 3,001 persons per square kilometre (pskm) in 1980 to 5,259 persons psqkm in 2010. In the same time period, Tokyo, Japan's most populous and most densely-populated prefecture has seen population density increase 9.1% from 5,311 persons pskm to 6,017 persons pskm. Despite a population density that is only 12.6% higher than Bangkok, Tokyo has developed a far more extensive rail mass transit network. As such, the development of rail mass transit system in Bangkok and its suburban areas has not kept pace to support the fast increase in population density.

## Singapore and Hong Kong already mature

Singapore opened the first mass rapid transit system (MRT) in November 1987 and light rail transit (LRT) in November 1999. The Government of Singapore realises the importance of the rail mass transit system to substantially support economic growth and has continuously built up the rail mass transit system to the current length of 148.9km and 99 stations (including circle line extension). As such, rail ridership growth (6.8% compound annual growth rate or CAGR) was considerably greater than bus ridership growth (0.64% CAGR) between 1994 and 2011. Corresponding market share (as measured by passenger trips) of rail mass transit system therefore grew significantly from 19.5% in 1994/95 to 39.8% in 2010/11 whilst market share of the bus system declined from 80.5% to 60.2% in the same period. Singapore expects to enlarge its rail mass transit system to 278km by 2020 to accommodate an expected 60.7% growth in travelling demand from the current 8.9mn trips per day to about 14.3mn trips per day in 2020.

Hong Kong's rail mass transit system is by comparison more mature. This is due to the early development of the infrastructure which has been in operation since 1979. As a result of an intense development of rail mass transit infrastructure, Hong Kong's public transport market share (as measured by passenger trips) is split between rail system (43.9%) and bus system (54.8%). Growth has slowed however, with rail mass transit market share increasing only 4.8% (from 39.1% to 43.9%) in the past 14 years compared to a system length extension of 100.3% (from 109.0km to 218.2km).

## Historical rail mass transit market share (Hong Kong and Singapore)

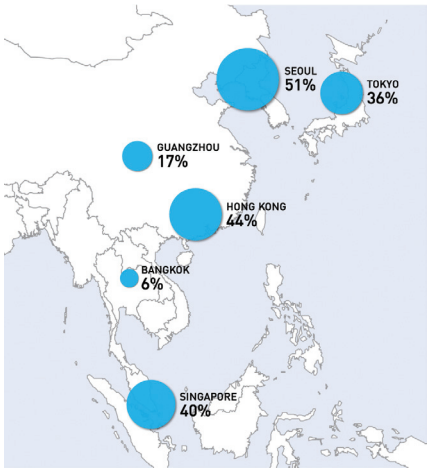



Source: Singapore's Land Transport Authority and Hong Kong's Transport department

## Bangkok network set for growth

With its high population density and severe road-based traffic congestion, it is inevitable that Bangkok has to develop its rail mass transit system aggressively to cover a broader footprint and accommodate its growing population density. Further to the OTP's M-MAP, the new Government, led by Prime Minister Yingluck Shinawatra has reinforced this priority and assures to pursue the completion of existing as well as future extension lines for Bangkok and its suburbs.

### Rail Market Share in comparable markets




Source: OTP, Singapore's Land Transport Authority, Hong Kong's Transport Department, MTR Corporation Limited, SMRT Corporation Limited, Japan Statistic Bureau

## Income growth makes rail transit more affordable

Although the rail transport network in Bangkok provides a speedy and reliable form of transport, the fare is still relatively higher than other modes of transportation. For example, BMTA's regular non air-conditioned buses charge a minimum fare of THB 6.5 to most destinations within metropolitan Bangkok while BMTA's air-conditioned buses charge a minimum fare of THB 10. However, in the past few decades, Thailand and Bangkok has experienced significant economic growth in line with the country's industrialisation and subsequent transition to a services and export-based economy. According to the World Bank's data, Thailand's real GDP per capita grew at a compound annual growth rate of 4.2% during the period between 1980 and 2009. Furthermore, according to Thailand's Office of the National Economic and Social Development Board, Bangkok accounted for 10.3% of the country's population and for approximately 26.0% of the country's GDP in 2009. Bangkok's gross provincial product per capita was approximately THB 342,605 (U.S.$11,420) in 2009 from THB 254,087 (U.S.$ 8,470) in 2002, representing a compounded annual growth rate of 4.4%.

## Overview of Bangkok's Existing Mass Transit System

### BTS SkyTrain

The BTS SkyTrain is Thailand's first elevated electric railway system and is constructed above certain of central Bangkok's major public roadways. It is operated by BTSC and opened for service on 5 December 1999. Currently, there are 35 three-car and 12 four-car trains, which service BTS SkyTrain network. The network, which includes the Core network and its subsequent extensions comprises 31 stations across 2 separate lines with a combined track length of 31.0km. The Sukhumvit Line, or the Dark Green Line, consists of 22 stations and runs northwards and eastwards from central Bangkok, connecting Mo Chit and Bearing. The Silom Line or the Light Green Line consists of 9 stations and runs through one of Bangkok's central business districts, connecting National Stadium and Wongwian Yai. Both lines intersect at Siam Station, which is the System's single shared interchange station. In the fiscal year 2011/12, BTS SkyTrain carried a total of 176.0mn passengers on the system. Ridership has grown at 10.5% CAGR since inception.

### Bangkok MRT Subway

The Bangkok MRT Subway is Bangkok's first underground mass transit railway system in Thailand and commenced operation in 3 July 2004. It runs 20.0km through 18 stations from Hua Lamphong Railway Station to Bang Sue (the "Blue line"). The MRT Subway operates through 19 three-car trains with a maximum capacity of 122.9mn passengers per year in 2011. In 2011, the Bangkok MRT Subway operated at 56.2% of its capacity. In the calendar year 2011, the Bangkok MRT Subway trains carried a total of 69.1mn passengers on the system. The system is connected to the BTS SkyTrain at three stations - Sala Daeng, Asoke and Mo Chit stations.

The Bangkok MRT Subway is solely operated by BMCL under a concession agreement with the MRTA to exclusively operate the existing network of the Metropolitan Rapid Transit System Chaloem Ratchamongkhon Line (the "Blue Line"). The concession includes the exclusive right to operate the current Bangkok MRT Subway system, as well as the right to manage commercial and advertising space in the system for 25 years until 2029. The MRTA was responsible for the civil works investment while BMCL was responsible for the electrical and mechanical works ("E&M") and rolling stock investment. Under the concession agreement, BMCL is required to pay a certain percentage of fare and commercial revenue along with an annual remuneration to MRTA.

### Suvarnabhumi Airport Link

The Suvarnabhumi Airport Rail Link ("SARL") is a rapid transit line that connects Suvarnabhumi Airport to Phaya Thai station in central Bangkok. The line is 28.5km long and is elevated, running above the existing eastern railway, with an underground terminal at the airport. It is owned and operated by State Railway of Thailand ("SRT"). The SARL commenced its operations on 23 August 2010. Services consist of the Express Line, a 15-minute non-stop service between the Makkasan city air terminal and the airport, and the City Line, an approximately 30-minute commuter rail service with stops at eight stations from the airport to Phaya Thai station. The SARL connects directly with the existing BTS SkyTrain at concourse level at Phaya Thai station.

### Bangkok Rapid Transit (BRT)

The BRT is a project pioneered by the BMA to link the various Bangkok mass transit systems and provide an integrated public service for the city and its suburbs. It operates a bus service that is faster than the general bus service using a special lane reserved for the BRT on existing roads. The BRT has 12 stations, covering 15.0 km, running from Chong Nonsi on Narathiwat Ratchanakarin Road, crossing Rama III Bridge to Ratchapruek Road. The BRT Sathorn station is connected to the BTS Chong Nonsi station.

The BMA outsourced the management to BTSC via a Bus Operation Agreement as well as a Station Management Agreement. Under the Agreements, the BMA receive all the revenue from fares, and BTSC receive pre-agreed annual fees. In return, BTSC bears the operating expenses, maintenance expenses and investment in the buses.

Whilst the expansion of the network will be of primary benefit the public, ridership of the BTS SkyTrain, MRT Subway, SRT Airport Link and BRT can all expect to receive mutual benefit as each line acts as feeders to each other. However, as the Core Network of the BTS SkyTrain sits at the centre of the network expansion and covers the key commercial and residential routes, these should remain the ultimate destination for the majority of mass transit passengers.

### Ridership of Mass Transit System in Bangkok (mn passengers)

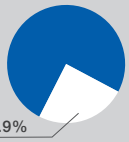
| Type of vehicle | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MRT Subway** | **-** | **-** | **-** | **26.8** | **57.2** | **57.8** | **60.0** | **62.2** | **63.7** | **64.9** | **69.1** |
| Growth | - | - | - | - | 113.1% | 1.1% | 3.9% | 3.5% | 2.6% | 1.8% | 6.4% |
| **BTS SkyTrain*** | **79.3** | **96.5** | **105.1** | **107.6** | **131.9** | **138.6** | **132.9** | **135.9** | **144.5** | **145.2** | **176.0** |
| Growth | - | 21.8% | 8.9% | 2.4% | 22.6% | 5.1% | -4.1% | 2.3% | 6.3% | 0.5% | 21.3% |

Source: BTS and Bangkok Metro PCL
*Fiscal year end 31 March

# 3 7.2 BUSINESS AND INDUSTRY OVERVIEW: MEDIA

CREATING CITY SOLUTIONS

**REVENUE** (THB mn)
**2011/12 : 1,958.8**
2010/11 : 1,370.6



24.9%
OF GROUP OPERATING REVENUE

"Our Media business has achieved 31.4% revenue growth CAGR since 2001 and we expect a further 40% revenue growth in 2012/13. We provide our clients with unique geographical and platform coverage by virtue of our unique dual Transit and In-Store business model."

Marut Arthakaivalvatee, Chief Executive Officer for Media

2011/12 was a record year both in terms of revenue and profitability for the BTS group's media company, VGI Global Media Public Co. Ltd (VGI). VGI achieved 42.9% revenue growth, ahead of its target and in spite of severe floods across Thailand during 3Q 2011/12.

The main factor contributing to our record revenue and profitability came from growth in the In-Store segment where we manage advertising space of modern trade retailers. VGI made a great leap forward by acquiring a contract to manage Tesco Lotus's "Sales floor"[1] area throughout all large format branches nationwide. This contract catapulted VGI into the prime (high traffic and point-of-sales) area of Thailand's leading retailer / hypermarket operator. VGI further strengthened its capabilities by acquiring a contract for sales-floor space and renewing contracts for non-sales floor[2] space in BigC, Thailand's second largest hypermarket operator. Importantly at the last quarter of 2011/12, VGI widened its reach to cover all customer segments (spanning low to high income) by acquiring additional sales floor contracts in BigC Extra (previously known as Carrefour). Further contracts were secured covering LCD and Radio in all BigC chain stores including BigC Extra branches nationwide.

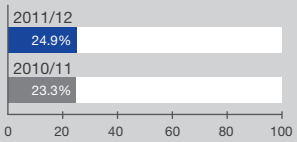
As presented on the map of Thailand *(see page 38)*, our Modern Trade media reach now spreads across the country. Moreover, many of our contracts include rights (but not the obligation) to cover new or forthcoming branches as our partners expand offering VGI the possibility to expand its footprint in the future. Together with its licensing agreement to advertise on the BTS SkyTrain network, VGI has a unique capability to reach to a wide viewer base across a variety of platforms at our carefully selected locations. This provides our advertising clients with the excellent access to their target customers.

[1] Sales floor: "supermarket" area or space for sale of consumer goods and food stuffs
[2] Non- sales floor: other areas except the sales floor

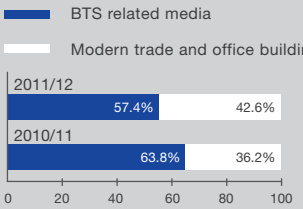
## KEY PERFORMANCE HIGHLIGHTS – MEDIA

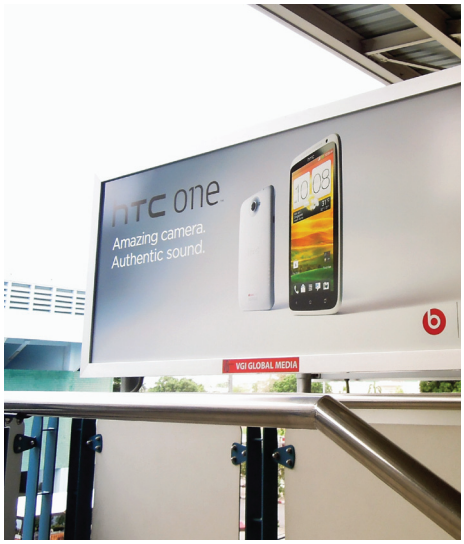
**Media business revenue**
(% of Group operating revenue)

**REVENUE** (THB mn)
**2011/12 : 1,958.8**
2010/11 : 1,370.6




**Media revenue by segment**





### Key Figures in THB mn*

| | 2011/12 | 2010/11 | Change (%) |
|---|---|---|---|
| Revenue | 1,958.8 | 1,370.6 | 42.9% |
| Gross Profit | 1,155.7 | 882.9 | 30.9% |
| EBIT | 897.6 | 651.0 | 37.9% |
| Operating EBITDA | 1,023.9 | 750.6 | 36.4% |
| Gross profit margin (%) | 59.0% | 64.4% | |
| EBIT margin (%) | 45.8% | 47.5% | |
| Operating EBITDA margin (%) | 52.3% | 54.8% | |

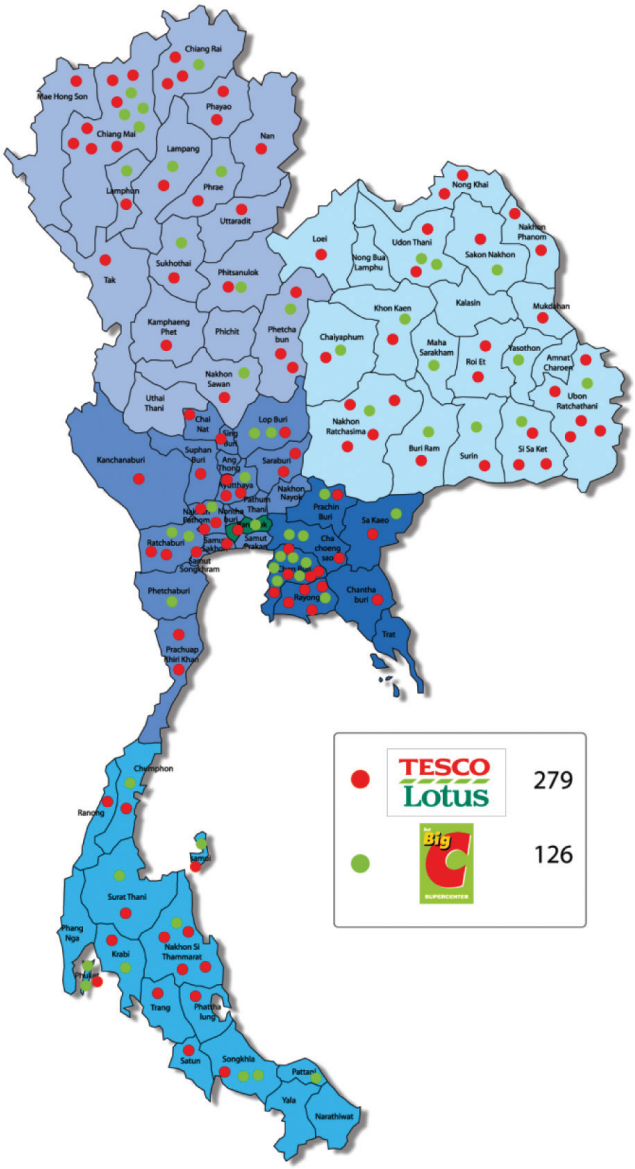
* Based on operating activities

## Key Developments 2011/12

- Record revenue of THB 1,958.8mn, representing growth of 42.9% YoY
- Record operating EBITDA of THB 1,023.9mn, representing growth of 36.4% YoY
- Revenue from BTS - related media grew by 29.2% in 2011/12 driven by additional 12 trains (increased from 35 trains)
- Significant expansion into the Modern Trade sector; non-BTS related media revenue contribution rises to 42.6% from 36.5% in 2010/11
- New contracts secured in the modern trade sector with Tesco Lotus, BigC, BigC Extra including prime sales floor area

## VGI Modern trade reach

| 31 March 2012 | No. of Total Outlets | No. of Outlets in VGI Footprint |
|---|---|---|
| Tesco Lotus | 279 | 279 |
| Tesco Lotus Express | 846 | 250 |
| BigC | 126 | 126 |
| BigC mini | 50 | 50 |
| Watsons | 215 | 215 |

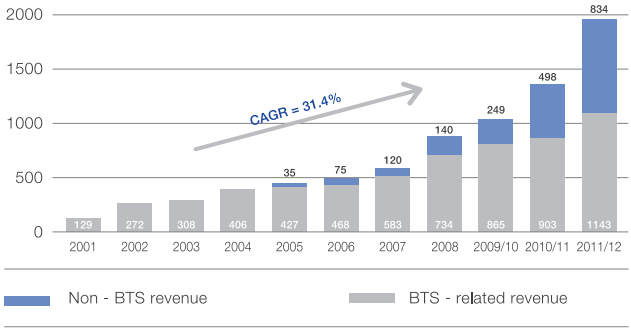



Source: VGI information as of 15 May 2012

Since 2001, the Media business revenue has grown at CAGR of 31.4%. In addition to the fast growth of the non-BTS related media (69.7% since 2005) as discussed earlier, BTS-related media CAGR has also been very strong at 24.4%. This is due to several factors, including the growth (and resilience) in ridership as well as innovation of new products. In 2011/12, the split of BTS-related revenue and non-BTS related revenue was 57.4% and 42.6% respectively.

## BTS Group Media Revenue

(THB mn)

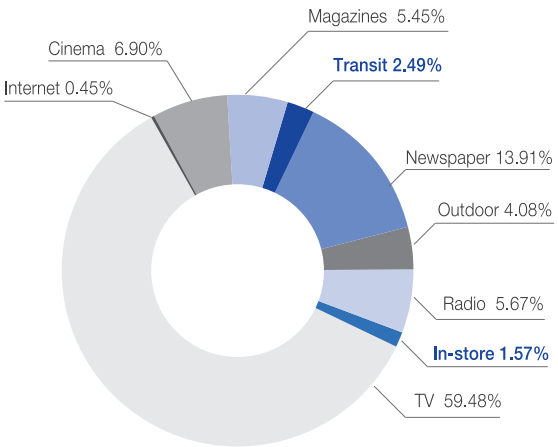



Source: VGI information as of 15 May 2012
Remarks: VGI had changed its fiscal year end from December to March in the year 2010

## Media market overview

THB 104,641mn was the total estimated size of advertising expenditures spent in Thailand during 2011. The BTS Group is active in the Transit media and In-store media segments of the advertising industry which accounted for 2.49% and 1.57% of total advertising market share respectively.

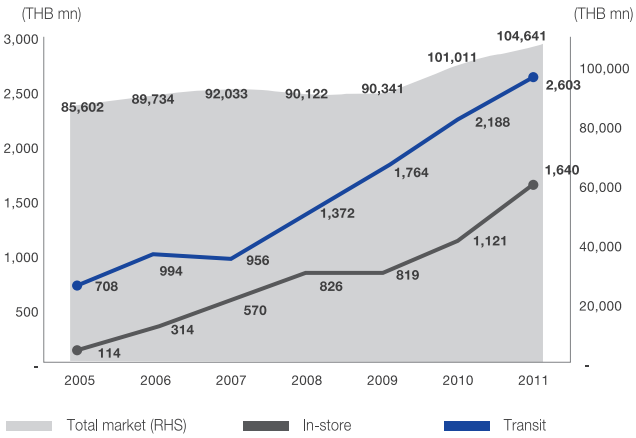
## Thai media market by market type




Source: The Nielsen Company (Thailand)

Although advertising expenditures of the Transit and In-store sectors are relatively low compared to the overall market, the BTS Group commands majority market share; 61% and 66% market share of these respective segments. More importantly, growth in these sectors has out-paced other sectors (and the industry as a whole) over the past 6 years (year 2005 to year 2011). The Transit and In-store media sectors have enjoyed impressive compound annual growth rate (CAGR) of 20.4% and 46.4% respectively, whilst the total advertising market grew merely 2.9%.

## Historical Thai advertising expenditures (Transit & In-store)




Source: The Nielsen Company (Thailand)

The historically fast growth of the Transit media market was mainly related to the significant development of the mass transit system in Thailand. Strong growth in ridership, new mass transit networks (MRT Subway, BRT and Airport Rail Link), advertising innovations (such as LCD in train, Train-body wrap, platform truss) and a high direct influence of the advertisement to the target group are several contributing factors. The outlook of the Thai Transit media market also remains bright. Growth is expected to occur in parallel to the continued growth of the mass transit network *(see Section 3.7.1: Mass Transit)*. The larger coverage area of the rail network is expected to result in a significant increase in ridership. On account of the larger audience, we can expect that higher advertising expenditure will be allocated to the Transit network. Further, additional trains and stations on the expanded network will also increase available advertising area. There is also opportunity for growth in the form of new digital advertising technologies, such as platform screen doors, many of which incorporate sound in order to demand more customer attention and this may replace certain existing static media.

Likewise, for In-store media, the brisk branch expansion of modern trade retailers across Thailand (Tesco Lotus, BigC, BigC Extra and new BigC) means more people are shopping at these venues as trends shift away from 'mom and pop' stores to the larger chains. Furthermore, creative In-Store product development has acted as a catalyst for both advertisers to increase their advertising budget and modern trade customers to spend more.

Whilst the expansion of large-format retail stores in Thailand will be limited due to tighter development laws imposed under the Retail Act, we can expect the major modern trade retailers to shift their expansion strategy to smaller format models such as Tesco Express and 'Mini' Big C. VGI already has a foothold in this market through its relationships with retailers, for example, radio media in Tesco Express (846 branches) and will look to expand further.

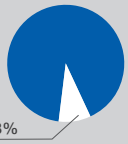
## Competitive environment

The key players within the Thai Transit media market are divided according to transportation type. For example, bus advertising is mainly operated by Plan B Media Co., Ltd., BTS SkyTrain advertising is exclusively operated by VGI Global Media (VGI) and MRT underground advertising is mainly operated by Bangkok Metro Network Limited. Since our route is located within Bangkok's central business district (CBD) and key commercial and residential areas, the Company believes that we enjoy strong competitive advantage in terms of audience size and profiling compared to other competitors. In addition, VGI has received a secured exclusive contracts from the modern trade partners namely Tesco Lotus and BigC to be the sole operator in managing all advertising space. The advertising Space includes the parking area, entrance to the mall, sales floor, as well as digital media and radio outside the mall areas.

# 3 7.3 BUSINESS AND INDUSTRY OVERVIEW: PROPERTY

DEVELOPING CITY SOLUTIONS

**REVENUE** (THB mn)
**2011/12 : 728.3**
2010/11 : 661.1



**9.3%**
OF GROUP OPERATING REVENUE

"Although we made good progress with our real estate developments during 2011/12, the Group will place more emphasis on our core business of Mass Transit and Media which are growing at a faster rate. With fierce competition in the property market, we intend to slow down further property development, and will also consider turning to joint-venture or divestment in order to extract value from our existing asset base to enhance shareholder value".

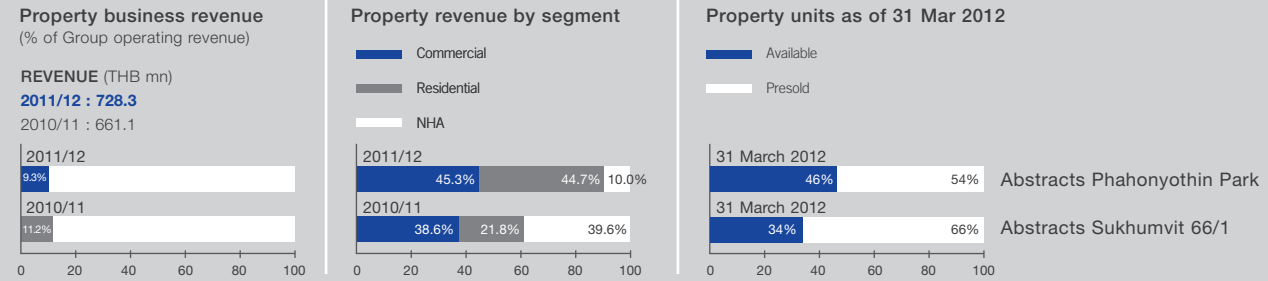
Rangsin Kritalug, Director for Property

In 2011/12, the Group made strong advances with its existing property developments. On the residential side, good progress has been made with the inaugural condominium projects under the Abstracts brand (each located within 250m of existing or future mass transit stations). The construction of Abstracts Sukhumvit 66/1 has been completed and 66% of units have been sold as of 31 March 2012. The remaining units are expected to be sold and transferred by end December 2012. Abstracts Phahonyothin Park construction progress reached 52% (construction completion expected by December 2012) and pre-sales reached 54% as of 31 March 2012. The Company targets sales of 70% and transfer of 15% of units during 2012/13.

In Commercial property, the Group opened its new hotel, Eastin Grand Sathorn in May 2012 and this is expected to contribute revenue to the Group from 2012/13. The Group's existing hotel assets, U-Chieng Mai and U-Kanchanaburi had respective occupancy of 64% and 72% in 2011/12. These hotels also received recognition of their performance from the Association of Siamese Architects under the Royal Patronage and the World Travel Awards Organisation with the award of "Historical Architectural Conservation Hotel", and Thailand's "Leading romantic resort". For more details on financial performance, *please refer to section 4.4: Management Discussion & Analysis.*

Going forward, BTS Group intends to focus on the completion of its existing condominium projects. However, in order to extract value from its existing asset base *(see table page 41)*, the Company will also consider a joint venture approach and/or divestment opportunities.

## KEY PERFORMANCE HIGHLIGHTS – PROPERTY



| PROPERTY SUMMARY BY CATEGORY | Total Area (Rai) | Total Area (sqm) | Book Value (THB mn) |
|---|---|---|---|
| **Residential** | | | |
| Houses | 60.5 | - | 211.4 |
| Condominiums | - | 45,952.6 | 2,775.7 |
| **Commercial** | | | |
| Hotel | | 14,500.0 | 2,799.3 |
| Golf | 475.1 | - | 2,309.3 |
| Residential Apartments | - | 6,130.9 | 196.5 |
| **Land Bank** | | | |
| Bangkok | 77.3 | - | 3,376.6 |
| Samutprakarn | 127.4 | - | 427.3 |
| Nakorn Ratchasima | 612.2 | - | 263.0 |
| Chiang Mai and Chiang Rai | 384.6 | - | 28.7 |
| Phuket | 611.1 | - | 1,270.4 |
| Other Provinces | 97.5 | - | 9.8 |
| **Total** | **2,445.6** | **66,583.4** | **13,668.0** |

As of 31 March 2012

### Key Figures in THB mn*

| | 2011/12 | 2010/11 | Change(%) |
|---|---|---|---|
| Revenue | 728.3 | 661.1 | 10.2% |
| Gross Profit | 193.9 | 9.1 | 2,040.1% |
| EBIT | (150.0) | (296.5) | 49.4% |
| Operating EBITDA | (55.7) | (207.5) | 73.2% |
| Gross profit margin (%) | 26.6% | 1.4% | |
| EBIT margin (%) | (20.6%) | (44.8%) | |
| Operating EBITDA margin (%) | (7.6%) | (31.4%) | |

* Based on operating activities

## Key Developments 2011/12

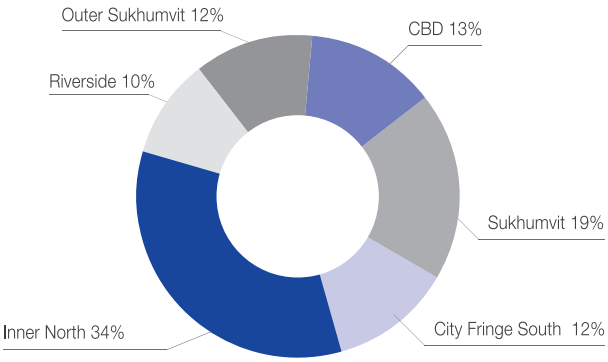
- Revenue recognition of THB 201.2mn from inaugural Abstracts condominium development
- Completion of low cost housing under National Housing Association (NHA) contract
- U Kanchanaburi was the winner of world travel awards 2011 for the leading romantic resort in Thailand

## Supply and Demand

At the end of 2011, total supply of existing condominiums reached 176,615 units, an 8.1% increase compared to the previous year. In 2011, the condominium market was mainly affected by the anticipation of the general election outcome in calendar 3Q 2011 and the floods in calendar 4Q 2011. Many home buyers postponed their buying decision as they waited for the new Government policy on tax benefits for first-time homebuyers, resulting in a decrease in demand. Moreover, the flood crisis caused developers to postpone new launches in calendar 4Q 2011. Only 30,678 units were launched in 2011, or a 53% decrease compared to 65,758 units in 2010.[1]

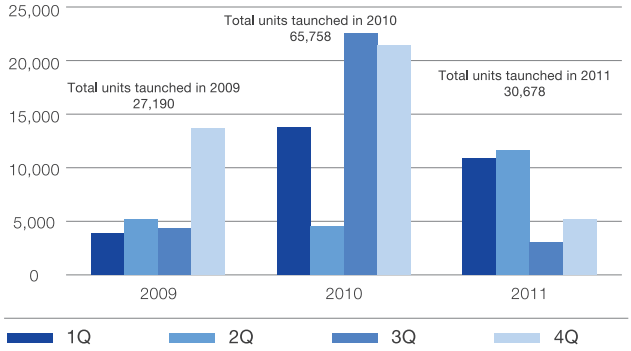
### Bangkok's condominium supply breakdown in 2011

Condominium Supply breakdown in 2011
Total stock stood at 176,615 units across 731 projects



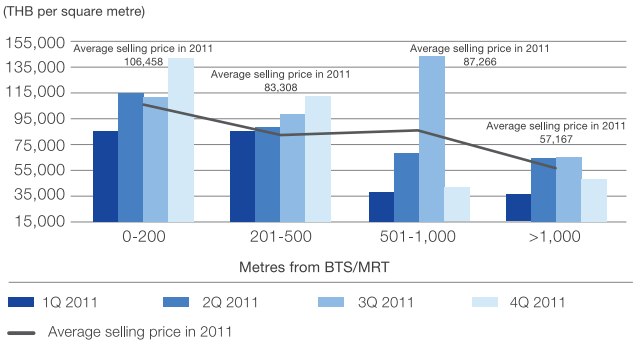

Source: Jones Lang Lasalle, Bangkok Property Markets Overview, February 2012

### Newly launched condominium units from 1Q 2009 – 4Q 2011



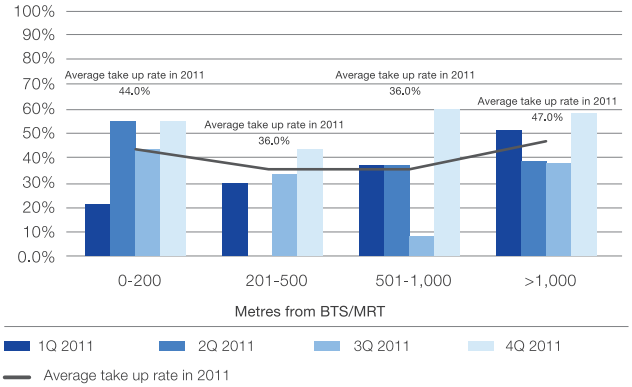

Source: Colliers International Thailand Research

### Selling price of condominium by distance from BTS SkyTrain / MRT Subway stations




Source: Colliers International Thailand Research

### Take-up rate of condominium units by distance from BTS/MRT stations




Source: Colliers International Thailand Research

[1] Bangkok Condominium Market Report/4Q 2011, Colliers International Thailand Research.

The distance from mass transit stations remains a key factor in attracting buyers and developers, and this is evident in the premium in selling prices. Prices of condominium units that are located within 200m from mass transit stations had an average sales price of THB 106,458psm and commanded a premium of 27.8% compared to projects 201 – 500m away (average sales price THB 83,308psm), a premium of 22.0% compared to projects 501 – 1,000m away (THB 87,266psm) and a premium of 86.2% compared to projects greater than 1,000m away (THB 57,167psm). Note that in 3Q 2011 the average selling price of projects located 501 – 1,000m from mass transit stations was affected by the selling price of one project on Thonglor Road in the third quarter, being nearly THB 170,000psm.

Weather conditions, characterised by high temperature and humidity as well as torrential downpours, combined with daily traffic congestion makes commuting by foot an inconvenience, even for short distances. This makes close proximity to mass transit stations even more of a critical buying factor in Bangkok compared to cities / countries with less extreme weather and traffic conditions. This is once again, reflected in the take-up rate as in spite of the higher prices of condominium units located within 200m of mass transit stations, the average take-up rate still remains higher than those projects located 201-500m and 501-1,000m away. In 2011, the average take-up rate for condominium projects within 200m of mass transit stations was 44% compared to 36% for projects located 201-500m away and 36% for projects 501 – 1,000m away. However, projects located beyond 1,000m from mass transit stations has the highest take up rate 47% as the discount in price was deemed sufficient to compensate for the less desirable location.

## Key Trends

The evolution of Bangkok's property market over the past decade has been tied closely to the development of rail mass transit. As buyers search for more convenient lifestyles, developers anticipate demand and have developed properties along the BTS SkyTrain and MRT Subway routes. Development along mass transit routes has been a feature of the property development market for several years now. This trend continues unabated and this is evident in the increasing proportion of development in the northern fringe of Bangkok (which is served by both BTS SkyTrain and MRT Subway) as well as the Southern fringe (an area served by existing mass transit and to be served by future mass transit systems) lines.

Whilst earlier on in the development cycle, more development took place in the CBD, we have also seen a shift in development towards the suburban areas as coverage of the mass transit expands and the scarcity of land plots and increasing land prices in the centre make projects less feasible.

However, despite the increase in demand for condominiums along mass transit routes, developers may face new challenges as a result of the implementation of Bangkok's New Town Plan. The proposed draft prohibits the construction of building over eight stories or 5,000sqm where connecting roads are less than 16m wide. While most developers seek to capitalise on the maximum usage of their land, the new regulation will prove to be challenge as most streets in Bangkok are less than 16m wide. Moreover, the influx of supply in the condominium market in Bangkok has already led many developers to face fierce price competition.[2]

## Key Players

The property development market in Bangkok is dominated by the major listed companies. Although market share varies according to segment, the 6 largest players are Asian Property, Land & Houses, LPN Development, Pruksa, Quality House and Supali. Typically these players will have product spanning both the housing and condominium sectors. Recent years has seen a consolidation in market share by the larger players. The slowdown in demand washed out many of the smaller developers who are less competitive due to the lack of economies of scale, limited access to financial resources, and a less preferred of both location and design.

[2] Bangkok Condominium Market Report/4Q 2011, Colliers International Thailand Research, 10

# 3 7.4 BUSINESS AND INDUSTRY OVERVIEW: SERVICES

DELIVERING YOUR CITY SOLUTIONS

**REVENUE** (THB mm)
**2011/12 : 0.7**
2010/11 : -

**0.0%** OF GROUP OPERATING REVENUE

"In May 2012 we launched our e-money services smartcard (the rabbit Card). This e-money card can be used on the BTS SkyTrain as well as with our growing roster of retail partners. It will be rolled out across Bangkok's other mass transit network within this year".

Nelson Leung, Executive Director for Bangkok Smartcard system

Our Services business provides strategic support and complements our 3 primary businesses. The Key components include an e-money services business (under Bangkok Smartcard System Company Limited or BSS) which has developed an e-money service system with a common ticketing system across Bangkok's major mass transit network. The Group also has joint ventures in the fields of construction management, hotel management and leisure management.

Although the division does not provide any significant revenue contribution to the Group, our new rabbit Card venture is a promising business for the future. A closer look at some of the features is explained below:-

## What is the rabbit Card?

The rabbit card is a new smartcard which enables common ticketing for Bangkok's mass transit systems as well as a payment method for products and services at many retail stores. 'rabbit' was launched publicly on 1 May 2012 and at the outset, can be used on the BTS SkyTrain network and approximately 20 retail brands. Retail partners include McDonald's, Starbucks, Black Canyon, Au Bon Pain, Burger King, Mister Donut, Oishi Group, selected outlets in Siam Paragon and The Emporium and more. The rabbit Card will replace current BTS SkyTrain cards.

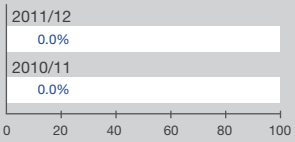
### Why rabbit?

- Convenience: Single card for mass transit travel and retail payment
- Time saving: Avoid queues through easy 'beep and go' method to top-up the card
- Flexibility: Can be topped up at BTS SkyTrain stations (since 1 May 2012) and retailers, banks and other transit operators (expected 2012)
- Transparency: Funds transmitted, settled and cleared on a daily basis
- Carrot Rewards loyalty programme provides other discounts and offerings
- Can be used for personal identification, security and access control
- No annual fee

Sources: BSS News Release, www.rabbitcard.com

### KEY PERFORMANCE HIGHLIGHTS – SERVICES

**Property business revenue**
(% of Group operating revenue)




**REVENUE** (THB mm)
**2011/12 : 0.7**
2010/11 : -

### Key Figures in THB mn*

| | 2011/12 | 2010/11 | Change(%) |
|---|---|---|---|
| Revenue | 0.7 | - | 0.0% |
| Gross Profit | (4.4) | - | 0.0% |
| EBIT | (53.6) | (25.2) | (112%) |
| Operating EBITDA | (39.9) | (15.7) | (153.5%) |

* Based on operating activities

## Key Developments 2011/12

- Bangkok Bank confirmed to be BSS's retail partner acquirer since 2Q 2011/12
- Absolute hotel Services Co. Ltd (AHS) has acquired new 30 management contracts under Eastin Brand, U Hotels & Resorts and other brands regionally during the year
- In 2011/12, HHT Construction successfully completed construction of Abstracts Sukhumvit 66/1

# 38 SUBSIDIARIES AND ASSOCIATED COMPANIES INFORMATION

| Company | Type of Business | Address | Paid-up Capital (THB) | Shareholding (%) |
|---|---|---|---|---|
| **1. Mass Transit Business** | | | | |
| Bangkok Mass Transit System Public Company Limited | Mass Transit | 1000 BTS Building, Phahonyothin Road, Chomphon, Chatuchak, Bangkok 10900<br>Tel: +66 (0) 2617 7300<br>Fax: +66 (0) 2617 7133 | 16,067,133,653 | 96.44 |
| **2. Media Business** | | | | |
| VGI Global Media Public Company Limited [2] | Providing advertising media service and commercial space in BTS system, modern trade retailers and office buildings | TST Tower, 9th Floor [1]<br>Tel: +66 (0) 2273 8884<br>Fax: +66 (0) 2273 8883 | 100,000,000 (Paid-up capital increased to THB 274,000,000 on 11 May 2012) | 100.00 (held by Bangkok Mass Transit System Plc.) |
| VGI Advertising Media Co., Ltd. | Providing advertising media service in Tesco Lotus | TST Tower, 9th Floor [1]<br>Tel: +66 (0) 2273 8884<br>Fax: +66 (0) 2273 8883 | 10,000,000 | 100.00 (held by VGI Global Media Plc.) |
| 999 Media Co., Ltd. | Providing advertising media through radio broadcast at the point of sales in modern trade retailers | TST Tower, 9th Floor [1]<br>Tel: +66 (0) 2273 8884<br>Fax: +66 (0) 2273 8883 | 7,500,000 | 100.00 (held by VGI Global Media Plc.) |
| 888 Media Co., Ltd. [3] | Providing advertising media service in Non-Sales Floor of BigC (formerly Carrefour) and advertising media in Watsons | TST Tower, 9th Floor [1]<br>Tel: +66 (0) 2273 8884<br>Fax: +66 (0) 2273 8883 | 20,000,000 | 100.00 (held by VGI Global Media Plc.) |
| Point of View (POV) Media Group Co., Ltd. | Providing advertising media service in office buildings | TST Tower, 9th Floor [1]<br>Tel: +66 (0) 2273 8884<br>Fax: +66 (0) 2273 8883 | 40,000,000 | 100.00 (held by VGI Global Media Plc.) |
| VGI Multi-Tech International Co., Ltd. [4] | Providing rental of digital screens to VGI Group | TST Tower, 9th Floor [1]<br>Tel: +66 (0) 2273 8884<br>Fax: +66 (0) 2273 8883 | 22,500,000 | 100.00 (held by VGI Global Media Plc.) |
| VGI Advertising China Co., Ltd. | Providing advertising media through radio broadcast at the point of sales in CP Lotus in China | Room 43A13, 4th Floor, Building B, No. 666 Beijing East Road, Huangpu, Shanghai, China<br>Tel: +86 (21) 5240 1333<br>Fax: +86 (21) 5240 0910 | USD 1,400,000 | 100.00 (held by VGI Global Media Plc.) |
| **3. Property Business** | | | | |
| BTS Assets Co., Ltd. [5] | Land Owner, Hotel and Property Development | TST Tower [1]<br>Tel: +66 (0) 2273 8511-5<br>Fax: +66 (0) 2273 8516 | 800,000,000 | 100.00 |
| Sam Pao Petch Co., Ltd. | Land Owner | 100-100/1 Moo 4, Bangna-Trad Road Km.14, Bangchalong, Bangplee, Samutprakarn 10540<br>Tel: +66 (0) 2336 1938-9<br>Fax: +66 (0) 2336 1985 | 1,000,000 | 100.00 |
| PrannaKiri Assets Co., Ltd. [6] | Land Owner and Property Development | TST Tower [1]<br>Tel: +66 (0) 2273 8511-5<br>Fax: +66 (0) 2273 8516 | 311,000,000 | 100.00 |
| BTS Land Co., Ltd. | Brand Development for Property and Services Business | TST Tower [1]<br>Tel: +66 (0) 2273 8511-5<br>Fax: +66 (0) 2273 8516 | 10,000,000 | 100.00 |
| Siam Paging and Communication Co., Ltd. | Land Owner and Property Development | TST Tower [1]<br>Tel: +66 (0) 2273 8511-5<br>Fax: +66 (0) 2273 8516 | 5,000,000 | 100.00 |
| Kampoo Property Co., Ltd. | Land Owner and Property Development | TST Tower [1]<br>Tel: +66 (0) 2273 8511-5<br>Fax: +66 (0) 2273 8516 | 1,075,000,000 | 100.00 |

[1] 21 Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900
[2] Formerly known as VGI Global Media Co., Ltd. and registered for conversion into a public company limited and changed its name to VGI Global Media Public Company Limited on 2 April 2012.
[3] Formerly known as VGI Property Co., Ltd. and changed its name to 888 Media Co., Ltd. on 16 February 2009.
[4] Formerly known as VGI Group Co., Ltd. and changed its name to VGI Multi-Tech International Co., Ltd. on 16 February 2009.
[5] Formerly known as Uni Holding Co., Ltd. and changed its name to BTS Assets Co., Ltd. on 4 February 2010.
[6] Formerly known as Muang Thong Lakeside Restaurant Co., Ltd. and changed its name to PrannaKiri Assets Co., Ltd. on 18 January 2010.

| Company | Type of Business | Address | Paid-up Capital (THB) | Shareholding (%) |
|---|---|---|---|---|
| Kamkoong Property Co., Ltd. | Land Owner and Property Development | TST Tower [1]<br>Tel: +66 (0) 2273 8511-5<br>Fax: +66 (0) 2273 8516 | 375,000,000 | 100.00 |
| Kamala Beach Resort & Hotel Management Co., Ltd. | Land Owner and Property Development | TST Tower [1]<br>Tel: +66 (0) 2273 8511-5<br>Fax: +66 (0) 2273 8516 | 859,000,000 | 100.00<br>(held by Bangkok Mass Transit System Plc.) |
| DNAL Co., Ltd. | Office Building for Rent | TST Tower [1]<br>Tel: +66 (0) 2273 8833<br>Fax: +66 (0) 2273 8131 | 50,000,000 | 100.00 |
| Muangthong Assets Co., Ltd.[7] | Hotel | TST Tower [1]<br>Tel: +66 (0) 2273 8511-5<br>Fax: +66 (0) 2273 8516 | 125,000,000 | 100.00 |
| Tanayong Food & Beverage Co., Ltd. | Land Owner and Property Development | 100-100/1 Moo 4 Bangna-Trad Road Km.14, Bangchalong, Bangplee, Samutprakarn 10540<br>Tel: +66 (0) 2336 1938-9<br>Fax: +66 (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, Samutprakarn 10540<br>Tel: +66 (0) 2336 1938-9<br>Fax: +66 (0) 2336 1985 | 1,000,000 | 100.00 |
| Yongsu Co., Ltd. | Cessation of Business Operation | TST Tower [1]<br>Tel: +66 (0) 2273 8511-5<br>Fax: +66 (0) 2273 8516 | 234,000,000 | 100.00 |
| Thana City Golf and Sports Club Co., Ltd. [8] | Management and Operation of Golf Course and sports facilities | 100-100/1 Moo 4 Bangna-Trad Road Km.14, Bangchalong, Bangplee, Samutprakarn 10540<br>Tel: +66 (0) 2336 1968-75<br>Fax: +66 (0) 2336 1980 | 20,000,000 | 100.00 |
| Nuvo Line Agency Co., Ltd. | Land Owner and Property Development | TST Tower [1]<br>Tel: +66 (0) 2273 8511-5<br>Fax: +66 (0) 2273 8516 | 2,001,000,000 | 80.00 |
| **4. Services Business** | | | | |
| Tanayong International Limited | Cessation of Business Operation | Wilmington Trust Corporate Services (Cayman) Limited P.O. Box 32322 SM 4th 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 | HK $10,000 | 100.00 |
| Carrot Rewards Co., Ltd.[9] | Operating loyalty and CRM services as well as network of couponing kiosks | TST Tower, 24th Floor [1]<br>Tel: +66 (0) 2618 3799<br>Fax: +66 (0) 2618 3798 | 2,000,000 | 100.00 |
| Bangkok Smartcard System Co., Ltd. | Providing e-money services and common ticketing system for mass transit and retails | TST Tower, 19th and 24th Floors [1]<br>Tel: +66 (0) 2617 8338<br>Fax: +66 (0) 2617 8339 | 400,000,000 | 90.00<br>(held by Bangkok Mass Transit System Plc.) |
| HHT Construction Co., Ltd.[10] | Construction and Construction Management | TST Tower [1]<br>Tel: +66 (0) 2273 8733<br>Fax: +66 (0) 2273 8730 | 25,000,000 | 51.00 |
| Absolute Hotel Services Co., Ltd. | Hotel Management | TST Tower [1]<br>Tel: +66 (0) 2273 8507<br>Fax: +66 (0) 2273 8509 | 8,000,000 | 50.00 |
| Absolute Hotel Services Hong Kong Limited | Hotel Management | Unit 2602, 26 Floor, Office Tower Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong<br>Tel: +(852) 2588 0018<br>Fax: +(852) 2519 3591 | HK $600,000 | 50.00<br>(held by Tanayong Hong Kong Limited) |

[1] 21 Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900
[7] Formerly known as Muangthong Apartment Co., Ltd. and changed its name to Muangthong Assets Co., Ltd. on 16 May 2008
[8] Formerly known as Thana City Golf & Country Club Co., Ltd. and changed its name to Thana City Golf and Sports Club Co., Ltd. on 22 February 2010
[9] Formerly known as Bangkok Smartcard Technology Co., Ltd. and changed its name to Carrot Rewards Co., Ltd. on 11 May 2011
[10] Formerly known as Hip Hing Construction (Thailand) Co., Ltd. and changed its name to HHT Construction Co., Ltd. on 30 November 2011

# 4.0 ANNUAL BUSINESS REVIEW

This Section provides review of capital markets, risk management, and CSR. You will also find our detailed Management discussion & analysis of the financial performance of the Group.


4.1 CAPITAL MARKETS REVIEW

4.2 RISK MANAGEMENT REVIEW

4.3 CORPORATE SOCIAL RESPONSIBILITY REVIEW

4.4 MANAGEMENT DISCUSSION & ANALYSIS

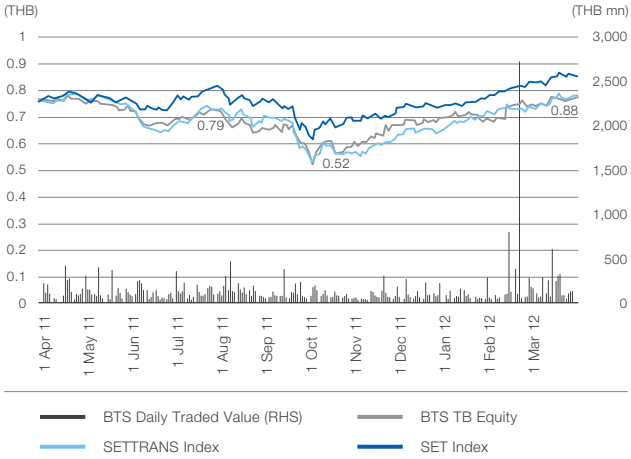
# 4.1 CAPITAL MARKETS REVIEW

"BTSG share price rose 4.0% in the year-ended 31 Mar 2012, outperforming the SET Transportation Index which rose 3.1% but underperforming the SET Index which rose 14.3%. The Company targets to pay a dividend twice yearly and a dividend yield above the average of the SET50 Index."

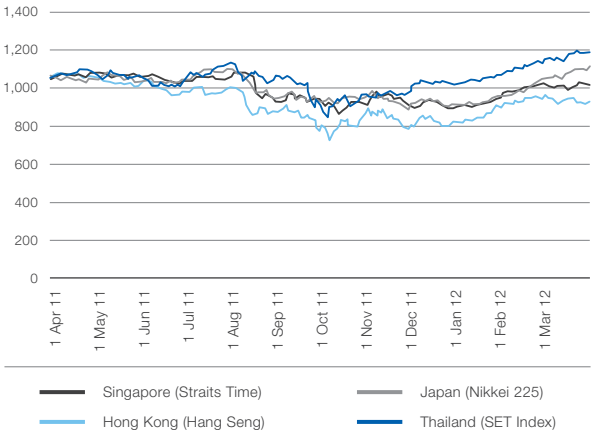
## Historical Share Price Analysis

BTSG share price (BTS TB) rose 4.0% in the year-ended 31 Mar 2012, outperforming SET Transportation index which rose 3.1% but underperforming the SET Index which rose 14.3%. The fiscal year peak in the Company's share price was achieved in April 2011 (THB 0.79) and fell to its trough in October 2011 (THB 0.52) both as the market fell and as local institutions adjusted their positions. Since October 2011, BTSG stock rallied to as high as THB 0.88 in May 2012.

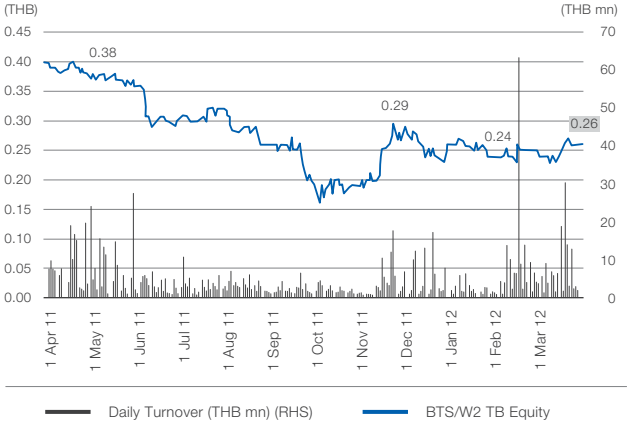
### BTSG annual stock performance




### SET Index performance (SET versus regional peers)




### BTS-W2 Warrant Price




## Share Performance and Liquidity

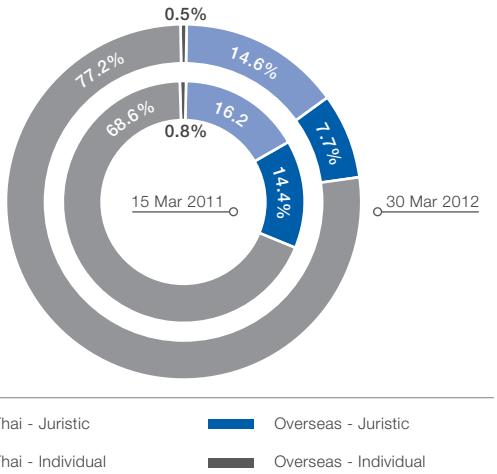
In 2011/12, the average traded volume was 162.8mn shares per day (a decrease of 64.4% from 2010/11) and the average traded value was THB 127.2mn per day or USD 4.2mn (a decrease of 66.6% from 2010/11).

| Key Share Data | 2011/12 | 2010/11 | 2009/10 |
|---|---|---|---|
| Year-end (share price in THB) | 0.78 | 0.75 | 0.71 |
| Year-high (share price in THB) | 0.79 | 0.92 | 0.83 |
| Year-low (share price in THB) | 0.52 | 0.60 | 0.37 |
| Year average (share price in THB) | 0.69 | 0.78 | 0.59 |
| Average daily traded Value (THB mn) | 127.2 | 380.8 | 29.2 |
| Average daily trade Volume (mn of shares) | 162.8 | 457.7 | 46.1 |
| Number of shares outstanding at year-end (mn) | 57,188.3 | 55,889.3 | 7,614.4 |
| Market capitalisation at year-end (THB mn) | 44,606.9 | 41,917.0 | 5,406.2 |
| Change (YoY) | | | |
| BTS TB | 4.0% | 5.6% | 91.9% |
| SET Transportation Index | 3.1% | 3.4% | 107.1% |
| SET Index | 14.3% | 32.9% | 82.6% |
| Hong Kong (Hang Seng) | (12.6%) | 10.8% | 56.4% |
| Japan (Nikkei 225) | 3.4% | (12.0%) | 36.8% |
| Singapore (STI) | (3.1%) | 7.6% | 69.9% |

## Shareholder Structure

As of 30 March 2012, the Company had 33,733[1] shareholders. The major shareholder is Mr. Keeree Kanjanapas Group which owned 49.2% of 57,188.3mn issued shares. For more details of major shareholders please see the top 10 shareholders table. Non-Thai shareholding represented 8.2% of total shares. The Company free float shareholding is maintained at 44.6%[1] of total issued shares as of 30 March 2012.

### Shareholder by Shareholder Type[1]




### Shareholder Distribution (30 Mar 2012)[1]

| Number of shares held | No. of shareholders | % of all shareholders |
|---|---|---|
| 1 - 10,000 | 9,050 | 26.83 |
| 10,001 - 50,000 | 6,938 | 20.57 |
| 50,001 - 100,000 | 5,022 | 14.89 |
| 100,001 - 500,000 | 7,990 | 23.69 |
| 500,001 - 1m | 2,173 | 6.44 |
| 1m - 10m | 2,267 | 6.72 |
| 10m - 100m | 266 | 0.79 |
| >100m | 27 | 0.08 |

[1] Source: BTS Group Holdings Co., Ltd.

**SET50 Index Constituent Member:** On 14 December 2010, the BTS Group was announced as a constituent member of SET50 Index. The SET50 Index comprises Thailand's largest 50 companies by market capitalisation which also conforms to certain turnover and free float conditions. For turnover, the monthly turnover value of the company stock must be at least 50% of the average turnover for each company in the SET and for the free float, a minimum threshold of 20% of paid-up capital must be maintained. The SET re-assess the Index constituents on a twice-yearly basis (during June and December for inclusion in the index in July and January respectively).

As a result of the inclusion in the SET50 Index, BTS potential shareholder base expanded. For example, BTS TB automatically became eligible under certain investment funds investment criteria, and saw liquidity jump at the start of January 2011.

### Top 10 major shareholders (as of 30 March 2012)

| | Number of shares (mn) | % |
|---|---|---|
| Mr. Keeree Kanjanapas Group[2] | 28,108.7 | 49.15% |
| Bangkok Bank Public Company Limted | 2,978.3 | 5.21% |
| GOLDMAN SACHS & CO | 2,151.5 | 3.76% |
| Bangkok Bank Public Company Limited, Hong Kong Branch | 824.5 | 1.44% |
| Thai NVDR Co., Ltd. | 662.2 | 1.16% |
| UOB KAY HIAN (HONG KONG) LIMITED - Client Account | 646.7 | 1.13% |
| Mr. Wanchai Phanwichien | 339.0 | 0.59% |
| Mr. Sombat Panichewa | 327.5 | 0.57% |
| SOMERS (U.K.) LIMITED | 326.0 | 0.57% |
| Mr. Chatri Sophonpanich | 325.0 | 0.57% |

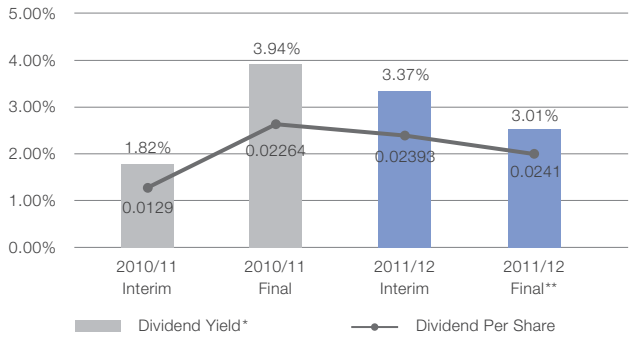
[2] Mr. Keeree Kanjanapas Group consists of (i) Mr. Keeree Kanjanapas holding 25,779,117,139 shares, (ii) Mr. Kavin Kanjanapas holding 10,961,009 shares, (iii) K2J Holding Co., Ltd. holding 2,250,000,000 shares and (iv) Amsfield Holdings Pte. Ltd. holding 68,627,186 shares

## Dividend Policy

The BTS Group has a policy to pay dividends of not less than 50% of net profit after tax (standalone basis). The dividend payment policy takes into consideration the current cash flow and financial status, future business plan and investment capital requirement. For several years the Company has been unable to pay out a dividend as a result of the retained losses that were a legacy of the rehabilitation process. In November 2010, the shareholders' meeting approved the par-reduction of the Company's shares from THB 1 per share to THB 0.64 per share. This capital reduction process was effective in January 2011 and removed share discount and retained losses on the Company's balance sheet, enabling the Company to be in a position to pay out dividends. Since then, the Company has paid dividends on a twice-yearly basis and it is the intention of the Company to continue to pay twice yearly with a targeted dividend yield above the average of other SET 50 companies. In accordance with this policy, in 2010/11 the Company paid out an interim dividend of THB 0.0129 per

share and a final dividend of THB 0.02264 per share. In 2011/12 the Company has so far paid an interim dividend of 0.02393 per share and has proposed a final dividend of THB 0.0241 per share for shareholders' approval. This translates into a dividend yield of approximately 5.76% for 2010/11 and, subject to shareholders' approval, a dividend yield of 6.38% for 2011/12. SET50 average dividend yield for 2010 was 3.36% and for 2011 was 3.89%.

**BTS Dividend Record**




* Dividend Yield is based using BTS TB closing share price on the date of Board of Directors meeting approving the relevant dividend

** 2011/12 Final dividend per share is subject to shareholders' approval at the AGM on 26 July 2012

## Credit Rating and Outlook

In April 2011, TRIS Ratings Co. Ltd. (TRIS) assigned a credit rating of "A" with a "stable" outlook to BTS Group Holdings Plc. TRIS Ratings was established in 1993 and has provided credit rating services to assist the development of the Thai debt capital markets. TRIS was responsible for rating the THB 12,000mn series of debentures issued by Bangkok Mass Transit System Public Company Limited in August 2010 ("A / Stable") and extended their coverage to include BTS Group Holdings following the acquisition of BTSC. In April 2012, TRIS re-affirmed the rating and outlook of BTS Group Holdings at "A" with a "stable" outlook. For more information please see http://www.trisrating.com/

| Company / Issue | Issuer Rating / Outlook | Issue Rating / Outlook |
|---|---|---|
| BTS Group Holdings Public Co., Ltd | A / Stable | |
| Bangkok Mass Transit System Public. Co., Ltd: | A / Stable | |
| BTS128A: Bt2,500 million senior debentures due 2012 | | A / Stable |
| BTS138A: Bt2,500 million senior debentures due 2013 | | A / Stable |
| BTS148A: Bt4,000 million senior debentures due 2014 | | A / Stable |
| BTS158A: Bt1,500 million senior debentures due 2015 | | A / Stable |
| BTS168A: Bt1,500 million senior debentures due 2016 | | A / Stable |

## Other Capital Markets Activity

**New Equity Issuance:**

On 6 June 2011, the Company issued 1,299.0mn new ordinary shares to a group of specific investors who were shareholders of BTSC. In this regard, the BTSC Shareholders made a payment for the newly issued ordinary shares of BTS with their 472.8mn ordinary shares held in BTSC (instead of a cash payment).

| Type and Purpose of Equity/Security Issued (2011/12) | Amount | Date traded in SET | Use of Proceeds |
|---|---|---|---|
| **Common Shares (BTS TB Equity)** | | | |
| 1. BTSC Acquisition consideration | 1,299.0mn shares | 8 June 2011 | Ordinary Shares allocated as consideration for the acquisition of ordinary shares in BTSC held by group of specific investors |

Subsequent Event: In May 2012, certain holders of the Company's convertible bonds have exercised their conversion rights to convert the Convertible Bonds in an aggregate principal amount of THB 55mn. As such, the Company issued 64.7mn new ordinary shares to certain Convertible Bonds holders. Therefore, the paid-up capital of the Company has increased to THB 36,641.9mn.

| Type and Purpose of Equity/Security Issued (2010/11) | Amount | Date traded in SET | Use of Proceeds |
|---|---|---|---|
| **Common Shares (BTS TB Equity)** | | | |
| 1. BTSC Acquisition consideration | 28,166.9mn shares | 11 May 2010 | Share consideration portion for acquisition of 94.6% of BTSC |
| 2. Rights offering / Private placement | 19,032.0mn shares | 16 June 2010 | Repay portion of acquisition loan used for cash consideration of acquisition of BTSC shares |
| 3. Private placement | 1,076.0mn shares | 6 Aug 2010 | Repay portion of acquisition loan used for cash consideration of acquisition of BTSC shares. Used for other financial cost and working capital. |
| **Warrants (BTS W2 Equity)** Warrants issued to investors who subscribed to the rights offering and private placement | 5,027.0mn units | 25 Nov 2010 | First exercise for purchasing shares in December 2012 |
| **Warrants (BTS WA Equity)** BTS Group ESOP 2011 Scheme | 100.0mn units | Non-listed in the SET | First exercise for purchasing shares in September 2013 |

**Convertible Bonds:** On 25 January 2011, the BTS Group issued THB 10,000mn (approximately USD 327mn), 5-year, THB denominated, USD settled convertible bonds (CB) in the overseas market. The proceeds were used to fully repay all outstanding amounts of the acquisition loan used to acquire BTSC. The offering, which was placed by Morgan Stanley, was highly sought after with demand closer to USD 800mn. The bonds pay a coupon of 1% p.a. (payable semi-annually) in years 1 and 2, followed by 0% in years 3 through 5.

For the first time in Thailand, the CB was backed by an irrevocable stand-by letter of credit which was issued by the financial institution for a term of 2 years and 1 month. All in cost to the Company is 2.5% in years 1 and 2, thereafter 0%. Bondholders have the option to put the Bond to the Company at principal on 25 January 2013. They also have the option to convert their investment into common shares of the Company from 6 March 2011 until 10 January 2016. The conversion price since 31 January 2012 was THB 0.85 per share, and on 29 June 2012 the conversion price was further adjusted to THB 0.82 per share pursuant to announcement of the final dividend.

### CB Key Terms

| BTS Group Convertible Bonds | Key Features |
|---|---|
| Issue Amount | THB 10,000mn |
| Issue Date | 25-Jan-2011 |
| Maturity Date | 25-Jan-2016 |
| Investor Put Date | 25-Jan-2013 |
| Coupon Rate | 1% p.a. payable semi-annually for the first 2 years, 0% from 3rd year and onwards |
| Initial Conversion Price | THB 0.9266 a share |
| Initial Conversion Premium | 13% |
| Conversion Period | From 6-Mar-2011 until 10-Jan-2016 |
| Issuer Cash Settlement Option | Yes |

**Warrants:** BTS-W2 were issued for free to those who subscribed to the rights offering and private placement in 2010/11. The issue date was 11 November 2010 and the warrants have a term of 3 years from the issue date. The warrants can be exercised quarterly on the last business day of every quarter starting from the first exercise date on 28 December 2012 with the last exercise date on 11 November 2013. The strike price is THB 0.70 per warrant (1 warrant: 1 share).

## Investor Relations

The Company places a high priority on a professional Investor Relations function (IR). The aim of the IR function is to establish and maintain open, accurate, relevant and timely communications with existing and potential investors and shareholders. The function reports directly to the Financial Director and works closely with all members of the Group including the finance functions and executive management of each business unit. The IR unit has both a 1-year and 3-year plan and provides updates to the Executive Committee or the Board of Directors on a regular basis. Key performance indicators are established in order to align the goals of the division with the goals of the Company. In short, these are related to enlarged visibility such as number of meetings held, number of roadshows attended, website traffic and quality of product and service offerings.

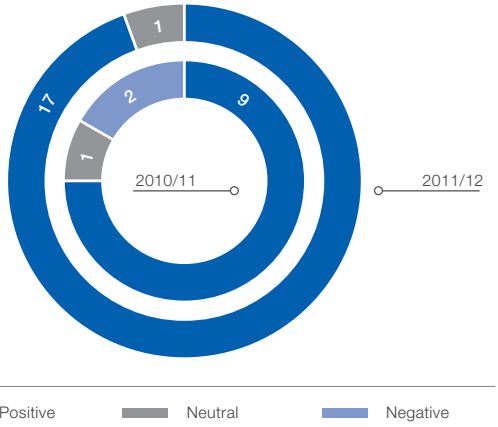
In 2011/12 the Company has been more active in its investor-facing activities with existing and potential shareholders as well as the brokerage community. Specifically the company met 79 companies on the domestic buy-side (versus 52 in 2010/11) and 110 companies on the overseas buy-side (versus 30 in 2010/11). Of these meetings, 66 were one-on-one meetings (36 in 2010/11) and Top Management were in attendance at 100% of all these meetings (100% in 2010/11). The Company also stepped up

its overseas marketing efforts, attending 7 overseas non-deal roadshows (NDRs) / conferences (1 in 2010/11) as well as 5 domestic NDRs / conferences (1 in 2010/11). Amongst these, the Company attended NDRs hosted by Morgan Stanley (Hong Kong & Singapore), Bank of America Merrill Lynch / Phatra (Kuala Lumpur), KGI in Taiwan (Taipei), CLSA (Hong Kong & Singapore), ASEAN & India Conference hosted by UBS (Singapore), Nomura ASEAN day (Singapore), the Credit Suisse Asian Investment Conference (Hong Kong), "Utilities & Transportation Day" hosted by SCB Securities (Bangkok), "A New Government and a New Market" event hosted by Bualuang Securities (Bangkok), "Thai Corporate Day" hosted by Phatra (Bangkok), "Thailand Conference" hosted by JPMorgan (Bangkok), "Tisco Corporate Day" (Bangkok) hosted by Tisco/Deutsche Bank. The Company continued to hold quarterly earnings review conferences and the webcasts of these are available both on the Company's website as well as on the SET website.

For the year-ended 2012/13, the Company expects to maintain its communication efforts across all areas.

As of 18 May 2012, the Company was covered by 18 research companies, a significant increase compared with the year 2010/2011 (12 companies). The additional 6 securities companies that initiated coverage are JPMorgan Securities, SCB Securities, Kiatnakin Securities, Sicco Securities, CIMB securities and Thanachart Securities. The other 12 companies, namely Asia Plus Securities, Bualuang Securities, Capital Nomura Securities, DBS Vickers Securities, Finansia Syrus Securities, Kim Eng Securities, KGI Securities, KTZMICO, Phatra Securities, Phillip Securities, Tisco Securities and IV Global Securities that covered BTS in the year of 2010/11 continue to maintain coverage of BTS in 2011/12. As of 18 May 2012, 17 of the 18 companies placed a buy or overweight recommendation on BTS and 1 placed a hold or neutral recommendation, with an average consensus target price of THB 0.94 per share.

**Analyst Summary Recommendations**




| Investor Relations Key Statistics | 2011/12 | Percentage attended by Top Management | 2010/11 | Percentage attended by Top Management |
|---|---|---|---|---|
| Companies Met (Buy-side) – domestic | 79 | 100% | 52 | 100% |
| Companies Met (Buy-side) - overseas | 110 | 100% | 30 | 100% |
| Companies Met (Sell-side) – domestic | 11 | 100% | 17 | 100% |
| Companies Met (Sell-side) - overseas | 1 | 100% | 4 | 100% |
| Analyst Earnings Review meetings | 4 | 100% | 4 | 100% |
| Number of One-on-One meetings held | 66 | 100% | 36 | 100% |
| Number of Roadshows / Conferences | 12 | 100% | 2 | 100% |

The Company website represents one of the key communications channels with the investment community. The website is the definitive source of information on the Group and has been designed based on Best Corporate Governance Practices. Its contents include live share price feeds, download versions of publications (including annual reports, company presentations and IR newsletters), financial calendar, webcasts of analyst meetings. The Company also releases monthly ridership data for the BTS SkyTrain and provides an e-mail alert service such that investors can be automatically alerted when there are any new press releases or website updates. In 2011/12 total website hits increased 170% to 160,772 and the number of unique visitors increased 249% to 4,239.

For enquiries by shareholders and investors, please contact our Investor Relations Department.

| | |
|---|---|
| Head of Investor Relations | Daniel Ross (Financial Director) |
| Investor Relations Officers | Sinatta Kiewkhong, Chama Savetbodi |
| Contact Telephone | +66 (0) 2273 8631, +66 (0) 2273 8636, +66 (0) 2273 8637 |
| Email | ir@btsgroup.co.th |
| Website | http://bts.listedcompany.com/home.html |

| | |
|---|---|
| SET share symbol | BTS |
| SET warrant symbol | BTS-W2 |
| Convertible Bonds ISIN | XS0580087376 |
| Shareholder registrar | Thailand Securities Depository Co. Ltd.<br>62 The Stock Exchange of Thailand Building<br>Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand<br>Tel : +66 (0) 2229 2800<br>Fax : +66 (0) 2654 5427<br>TSD CALL CENTER : +66 (0) 2229 2888<br>E-mail: TSDCallCenter@set.or.th<br>Website: http://www.tsd.co.th |

# 4.2 RISK MANAGEMENT REVIEW

"The BTS Group has further strengthened its Risk Management practice in 2011/12 as effective Risk Management is at the core of a disciplined approach to growth in all our businesses"

In 2010/11, the BTS Group established both a "top down" and "bottom up" approach to Risk Management and emphasizes the importance of in-house ownership of the Risk Management procedure with clear designated responsibilities across the risk management framework. The Risk Management policy, as updated in May 2011 has been developed in accordance with the standards set out by risk management framework of the Committee of the Sponsoring Organisations of the Treadway Commission (COSO) and expands on their earlier Internal Control Framework. Further details can be seen within the Corporate Governance Report in this annual report.

During the course of 2011/12, the BTS Group further strengthened its Risk Management capability. This included the appointment of KPMG Phoomchai Business Advisory Limited to strengthen its risk management process and practice. This development will be an ongoing process, and will initially focus on the areas of risk assessment and risk quantification / aggregation. Progress made to date include the re-evaluation of our financial and non-financial risk parameters, the development of the Group's risk profile and the initiation of a Group-wide risk awareness programme via workshops held for Manager level and Executive management.

We focus on risks by categorising them into four key risk categories; strategic, operational, compliance and finance.

The following section highlights some of the key risks which Board of Directors consider to be a material threat at the current time but it is not meant to be a comprehensive list of risks to which the Company is exposed.The principal risk categories that the BTS Group focuses on are as follows:-

**1. Strategic risk:** Strategic risks (and opportunities) are the types of risks that may have an impact on the Group and each business unit achieving its strategic ambitions.

**2. Operational risk:** Operational risk includes adverse unexpected developments resulting from internal processes, people or systems, or from external events that are linked to the running of each business. This risk may negatively affect Company's reputation, financial performance as well as expose the Company to penalty expense if it cannot deliver such services or product to counterparty.

**3. Financial risk:** Due to the significant investment amount required to facilitate business expansion, the Company is exposed to various financial risks such as liquidity risk, credit risk, foreign exchange risk and interest rate risk. Financial risk also pertains to the Company's ability to meet financial covenants such as liabilities and other financial instruments. In addition, the Company's competence to finance new projects investment is also connected to this risk.

**Key Risks**

| Opportunities | | | |
|---|---|---|---|
| **Strategic** | **Operational** | **Financial** | **Compliance** |
| • Industry changes | • Recruitment / HR | • Interest Rates | • Legal |
| • Macroeconomic changes | • Political | • Exchange Rates | • Regulatory |
| • Supply & Demand | • Reputation / Social | • Available of Funding | • Market Practice |
| • Competition | • Health & Safety | • Cash Flow | • Environment |
| • Acquisitions | • Technological changes | • Accounting & Tax | |
| | • Supply Chain | • Liquidity | |
| | • Cost Efficiency | • Counterparty Risk | |
| **Corporate Governance** | | | |
| **Internal Controls** | | | |

**4. Legal and compliance risk:** Legal and compliance risk relates to changes in government regulatory and compliance requirements that might impact the Company's operating activities and financial results. Examples for this risk are environmental regulation, labour laws, stock exchange regulation, and industry regulation.

## Key Risk Factors

**1. Strategic risk**

1.1 Thai Economic risk

Our earnings performance depends materially on domestic demand. A negative development in Thailand's economic condition such as slowing growth rate of gross domestic product (GDP), high inflation rate and decreasing consumer purchasing power may erode the Company's earnings.

BTS Group believes that affordable and good quality services can fortify the Group's growth even amidst a sluggish economic environment. Historical performance of our core business of mass transit shows evidence of 'recession resilience' with revenue increasing in every year since the start of commercial operations in 1999 and showing compound annual growth rate of 10.5% over the same period. Ridership grew 21.3% YoY in 2011/12 in spite of the flooding. Further, our customer satisfaction score (co-ordinated by an independent organisation) improved to 4.01 (out of maximum 5.00) in 2010 from 3.97 in 2009.

1.2 Market risk

The BTS Group is exposed to various market and customer segments including mass transit, media, property and services. The business nature of each market segment is different from other market segments. The Group might not be able to achieve the earnings growth target for a certain period due to changes in market factors such as supply and demand situation, degree of competition, influence from government policy and so forth.

Our mass transit business growth significantly relies on the government's ability to execute its rail mass transit expansion plan as well as the development of other alternative mass transit systems. In the past 10 years, Bangkok's rail mass transit system has expanded from 23.5 km to 79.5 km which is comparatively low compared to Singapore and Hong Kong. However, in February 2010 the Thai Government approved an aggressive rail mass transit extension plan following the M-MAP *(see section 3.7.1 Business & Industry Overview – Mass Transit)*. If the Government decelerates the rail mass transit extension investment or the constructions of projects are delayed, our future ridership growth may not materialise as quickly.

During 2005 - 2011, Transit and In-store media markets in Thailand grew at an outstanding compound annual growth rate (CAGR) of 24.4% and 69.7%, respectively. This is due mainly to impressive ridership growth as well as branch expansion of modern trade retailers across Thailand. Our media business, VGI Global Media, controls the largest market share estimated around 61% and 66% of the Transit and In-store media markets respectively, while the market consists of few major players. If the markets face a higher degree of competition or a slowdown in the market growth rate, our media earnings performance may be dampened.

Our property business now focuses on development along the rail mass transit system in Bangkok. The property development market in Bangkok is highly competitive and oversupply in certain segments may result in the Group not achieving its sales forecast. In order to mitigate this, the Group only develops property that is in close proximity to mass transit stations. Condominium developments near Bangkok's central business district (CBD) mass transit stations have experienced stronger demand than locations not close to the stations *(see section 3.7.3 Business & Industry Overview – Property)*.

Although there are several risks associated with the Group's business units and the Group has risk management in place to cover individual business unit risk, the management team also aims to utilise synergies across each business unit to enhance the Group's strength. For example, our property business unit differentiates itself from other property developers by introducing a 10 years free BTS SkyTrain travelling privilege to our condominium buyers. Control of the media business unit means we are able to be more flexible in the use of our mass transit system advertising space, for example, by advertising on the ticket barriers. We believe cross-business synergies helps to reduce our exposure to market risk.

1.3 Investment risk

The Company continues to consider investment opportunities in new projects or opportunistic acquisitions. If any such opportunity is executed, investment may require considerable capital resources and effort to develop the new business. For any equity component of the investment, shareholders could be exposed to the dilution from additional capital requirements and investment return risk from the new project. For example, in 4Q 2010/11, we participated in the bidding process for the rail mass transit (purple line) extension. Had BTSC been successful in its bid, it would have had to procure significant capital to fund the project.

The Company considers new investment only in businesses related to our four core business units – mass transit, media, property and services. Any new investment should both have projected internal rate of return (IRR) greater than our investment hurdle rate and provide business synergy to the Group.

**2. Operational risk**

2.1 Operating cost risk

Major items of our operating costs include personnel expense, real estate development costs, electricity costs and maintenance costs. The Company is exposed to the increase of operating costs such as a change in the price of raw materials, increase in salary costs, rising energy / electricity price and cost of spare parts all of which may squeeze our operating profit margin.

The management team consequently monitors movement on operating costs. According to the Concession Agreement, BTSC is able to adjust the authorised fare price based on certain increases in consumer price index (CPI), significant change in energy cost and so forth. Further, the Group is less exposed to an increase in fuel prices as the electricity prices in Thailand are calculated based on approximately 65.0% proportion of natural gas price, 15% proportion of lignite and coal prices. Our property business represents only a small proportion of our overall business (9.3% of revenues in 2011/12) so the fluctuation of raw material costs in relation to property development such as steel is unlikely to have a material effect on our overall business. However, given that we are still relatively small property player and have less purchasing power, it may have a material effect on our ability to compete with other property developers.

2.2 Business interruption risk

Our business operation is exposed to interruption risk which may be the result of political turmoil, acts of terrorism amongst other things or natural disasters. In 1Q 2010/11, BTSC lost revenue of approximately THB 180mn as a result of political demonstrations which forced the SkyTrain system to close for 8 days and reduced service on several days. More recently in 3Q 2011/12, Bangkok was also impacted by flooding hence there was a slight fall in ridership during that period. In the future, our earnings performance may be negatively impacted if such interruptions occur.

The Group has made insurance agreements such as business interruption insurance, property damage insurance (including from terrorism, political demonstrations or natural disasters) in order to protect the Group from such unexpected events. However, such policies will be subject to minimum 'deductibles' such that if any interruption is less than the minimum period, it would not beneficial to claim.

2.3 Human Resource risk

As of 31 March 2012, the Group employed 3,045 full-time employees. Our operations, particularly in relation to our mass transit and property businesses, require employees with specific skill sets, which may be difficult to source in the market. Although none of the Group's employees are unionised and the Company has never experienced any collective work stoppages, there can be no assurance that the Group will not experience disruptions in the operation due to disputes or other problems with employees, which would adversely affect our operation. The success of our strategy depends on our ability to attract, retain and motivate a capable workforce. In order to counter this risk, the Group has to provide an attractive remuneration package, including monetary and non-monetary components. In addition to salary benefits, the Group provides variable bonus payments, provident fund scheme and other welfare such as a savings cooperative scheme and an Employee Stock Option (ESOP) plan.

2.4 Technology management risk

Our operation requires a reasonable investment in technology such as rolling stock, signalling system, automatic fare collection system and LCDs for the media business. Our investment and maintenance budget may be positively or negatively impacted due to a change in technology.

The management team realises the importance of new technology investment in order to achieve higher operating efficiency and enlarge services and product capability. A decision on new technology investment is based on total benefits that will arise in the future. For example, BTSC recently invested in changing the signalling system from analogue to digital. The new signalling system can increase the system capacity by reducing minimum headway from approximately 2 minutes to 1.5 minutes, decrease our ongoing maintenance cost and also reduced our dependence on any one provider of equipment, as well as increases flexibility on expansion of the network.

2.5 Reputation risk

The BTS brand is well known by the market since introduction to the market for more than 10 years ago. Recent customer surveys indicate the public has a very positive perception of the BTS brand. However, our mass transit business unit is exposed

to the reputation risk if customer satisfaction on the BTS SkyTrain declines. The customer services department always analyses customer feedback and reports to the management in order to underpin customer satisfaction level.

**3. Financial Risk**

3.1 Liquidity risk

Liquidity risk relates to the Company's capability to manage its cash flow including servicing interest expense and debt principal repayment within a certain period. An increase in working capital requirements or reduction in revenue may impair the Company's ability to meet its ongoing cash flow obligations.

The management team closely monitors working capital requirements and cash inflow and cash outflow using internal management data and the Group's financial projections. In analysing, the Company pays close attention to the cash conversion cycle (payables, receivables etc) as well as key debt related financial indicators (debt-service coverage ratio). As of 31 March 2012, the Group's interest coverage ratio and net debt to equity ratio were 2.97 times and 0.67 respectively, illustrating the Group's strength in meeting its debt obligation.

3.2 Credit risk

Credit risk represents the Company's ability to raise funds or re-finance debt in the capital markets. A downgrading of the Company's credit confidence may result in more difficulty in accessing the capital market as well as potentially higher progressive financial cost.

The Company as well as its subsidiary BTSC has been assigned an Investment grade credit rating of "A" by TRIS ratings, corresponding to a "low credit risk level....with a strong capacity to pay interest and repay principal on time". The outlook is also for the credit rating is also "Stable". Both these ratings were re-affirmed in May 2012. In 2011/12 the BTS Group successfully achieved the reduction of its borrowing rate through negotiation with existing and new banking partners, demonstrating banker's confidence in the Company.

3.3 Interest rate risk

As of 31 March 2012, the Group had total interest bearing debt of approximately THB 26,047mn the key items of which are convertible bond of THB 8,648mn, BTSC debenture of THB 11,940mn and other bank loans of THB 5,459mn. Convertible bond and debenture issues are subject to fixed rate coupons, but other bank loans are mostly linked to a commercial bank's minimum lending rate (MLR). The Group's interest expense will increase if a commercial bank raises the MLR. Conversely, the Group may lose an opportunity to borrow at cheaper interest rates if the market interest rate decline below the rate of existing fixed rate debt.

Our management team always monitors global and domestic economic situation as well as interest rate trend in order to balance the Group's fixed and float interest rate exposure. The Group's floating rate interest exposure stood at 21% of interest bearing liabilities as of 31 March 2012. The average interest rate on its fixed rate debt is 4.3%.

3.4 Foreign exchange rate risk

The Group is exposed to fluctuations in exchange rates on Thai Baht currency versus Euro currency and U.S. dollar currency. Although as of 31 March 2012, the Group has no outstanding debt liabilities in foreign currencies, the Group has capital expenditure obligations (for rolling stock) in foreign currencies of approximately Euro 20.0mn and RMB 110mn and foreign currency payment obligations under the Siemens maintenance agreement of approximately of Euro 1mn per year.

The Group intends to minimise foreign currency commitments because our income is chiefly generated in Thai Baht. However, we may not be able to completely avoid certain foreign exchange transactions such as the purchase of rolling stock and spare parts which BTSC procures directly from overseas manufacturers. The Group will consider hedging the exposure to foreign currency exposure only where the exposure is deemed material and the cost of such hedging is not punitive.

**4. Legal and compliance risk**

4.1 Concession agreement risk

Our revenues rely mainly on the Concession Agreement. The extension of the Concession Agreement, which expires in December 2029, is subject to the consent of Ministry of Interior and Bangkok Metropolitan Administration (BMA). Any termination or failure to extend the concession agreement would have a material impact to our future cash flows.

Following the Asian financial crisis, BTSC went through business rehabilitation following exposure to foreign currency debt. Despite this financial difficulty and owing to its technical expertise and strong relationship with the Government agencies, BTSC had no

issue regarding the termination of the Concession Agreement. Subsequently, we also collaborate with the BMA to design and operate many mass transit development projects such as the existing Silom line extension (Krung Thon Buri – Wongwian Yai) and Sukhumvit line (On Nut – Bearing) extension, the first Bus Rapid Transit (BRT) system in Bangkok and another future Sukhumvit line extension (Wongwian Yai – Bangwa). Further, on 3 May 2012, BTSC signed a 30 - year contract for the operating and maintenance of all the extension lines under the BMA supervision (for the period 2012 – 2042) as well as the Original network for the period (2029 – 2042). We will continue to develop our operating efficiency as well as maintain strong relationships with government agencies.

4.2 Environmental risk

Our business operation is subject to environmental regulations such as pollution constraint and environment impact assessment. The Group might face an additional investment requirement or business process adjustment if there are tighter environmental requirements.

Our SkyTrain operation is an environmental friendly system which produces significantly less carbon dioxide emission than road-based transit vehicles. An increasing in ridership is also positive to the environment because our SkyTrain system benefits from economies of scale in terms of energy consumption. The Group believes it is in a good position to reduce pollution to the city as rail mass transit market share increases and we will continue to play the role of a good corporate citizen by reducing environmental impact.

# 4.3 CORPORATE SOCIAL RESPONSIBILITY REVIEW

The severe flooding which occurred in 2011, impacted people's lives in over 65 provinces of the country. Being part of society and realising its responsibility to support public services, the BTS Group has continued to provide help to affected people through the funding of relief efforts and distribution of necessary supplies, in cooperation with various organisations.

Initially, the BTS Group established a Special Relief Project, aimed at providing assistance to staff affected by the flooding. BTS Group recognised that as our staff are a major driving-force in maintaining the performance of the Company's businesses, it was necessary to provide them with support and aid first. The Group then had the necessary capability and resources to expand assistance to communities in need of help.

Over the past year, the Group's businesses have implemented various projects, providing assistance to both staff and communities. The projects were divided into two stages as follows:

## 1. Relief Period

### 1.1 Staff Level

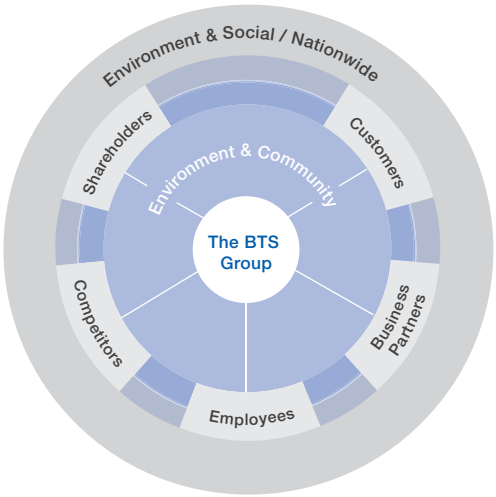
- The BTS Group supplied over 2,500 flood relief bags to help staff and communities nearby during the flood crisis.
- Throughout this difficult period, the BTS SkyTrain, continued to operate services as usual, as it was the only mode of public transport not to be affected by the flooding. To maintain service, affected BTS staff were provided with temporary accommodation at the BTS Sports and Training Complex.

### 1.2 Communities & Society Level

- The BTS Group in cooperation with the Anti-aircraft Artillery Regiment, delivered over 3,500 flood relief bags to flood affected communities in Bangkok and surrounding areas of Pathumtani and Nontaburi, from 20 October – 22 November 2011.
- In addition, a mobile kitchen centre was operated during the period 7 – 13 November 2011, at the Federation of Saving and Credit Cooperatives of Thailand Building, providing cooked food to residents. Over 7,000 rice boxes were provided to the affected community nearby.
- The BTS Group also cooperated with Krungthep and Vibhavadi Hospitals in providing free health check-ups at BTS stations and in other flooded areas.

## 2. Rehabilitation Period

In order to drive organisations and the country forward, all sectors of society need to co-operate in restoring the country after the flood crisis, which left massive damage. In response to this unprecedented disaster, BTS Group has taken part in the rehabilitation process as follows:




### 2.1 Staff Level

- The Group's businesses set aside a budget in accordance with the "BTS Group Sharing Spirit for Flood Relief Project" to help all affected staff and family members, totaling 640 households covering over 3,000 employees in the BTS Group. The Group offered individuals funds of THB 3mn to cover immediate costs and granted loans totaling THB 26mn with 0% interest, for the rehabilitation of flood damaged homes.

### 2.2 Communities & Society Level

- On 15 November 2011, the BTS Group as one of 12 renowned private organisations in Thailand, established the "Power of Thai" as a special project to help flood victims. The campaign's main objective was the rehabilitation of the education sector which was badly affected after the worst floods in decades. The campaign raised funds in the amount of THB 1mn from each participating company to support campaign activities. Specifically, funding was raised for the rehabilitation of 84 schools in Angthong, Ayutthaya, Nonthaburi, Pathumthani, Chainat and Lopburi. The rehabilitation work was completed in February 2012.
- Moreover, the Groups' businesses launched a limited edition 'Power of Thai' SmartPass, sold at BTS stations, the revenue from which will also be contributed to the Power of Thai Project.
- 'Bring Smiles Back to School' is a subsidiary project of the Power of Thai Project, under which the Group's businesses have helped rehabilitate schools in Nonthaburi, such as the

Wat Ruak (Prom Pittayakarn) School, Wat Songphlu School, and Wat Ubolwanaram School, which was also supported by contributions from the Group's businesses, BTS passengers, and suppliers including CSR staff who painted classroom walls, buildings and library.

Moreover, the Group's businesses have co-operated with other organisations in raising funds to help alleviate the suffering of those who have not yet received relief supplies, as follows :

- The Company also donated THB 2mn to the Thai Stock Market Flood Relief Fund, providing further support of flood relief operations and rehabilitation of affected communities, and renovation of damaged buildings at Wat Inn School in Nonthaburi.
- The BTS Group presented a cash donation of THB 1mn to "Krobkruakao 3" flood relief centre, to support flood relief in affected areas of Southern Thailand.

As Bangkok's leading mass transit service provider and originator of the 'City Solutions' concept for improving urban living, the BTS Group's CSR policy for 2012 continues to be applied in accordance with guidelines established in 2011.

"Corporate Social Responsibility is implemented with the realisation that social responsibility stems from the Group's overall operational policies, applicable to every part of the organisation".

Ongoing activities can be divided into various categories as follows:

## 1. Ongoing Projects at the Macro Level

The Thai Elephant Conservation Project has been one of the Group's major ongoing CSR projects since 2010/11, supporting the operations of the Thai Elephant Conservation Centre, under the Royal patronage of HRH Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra, under which the new Elephant Hospital in Krabi is now being constructing.

Major CSR policy initiatives will be based on the following core concepts

- To build and enhance relations between city and rural areas
- To help build society in both rural and urban areas through joint activities with the Group's businesses, suppliers, and customers i.e. supporting social activities in various ways, particularly through education, religion, sports and public health

To support and provide treatment for injured and disabled elephants from all over the country, the Group launched the Elephant Medical Treatment Centre Project. This project provides financial support for the purchase of medicine and equipment, which will be supplied on both a regular and emergency basis to the Elephant Hospital in Lampang province.

## 2. Ongoing Projects at the Community Level

**Education**

- The BTS Group provides scholarships annually to support students who show academic potential, but would otherwise be unable to continue their education due to lack of financial support. In 2011, 54 scholarships, worth THB 3,000 each, totaling THB 162,000, were presented to students in 14 schools in Kanchanaburi, such as Wat Sirikanjanaram School,

| Types of Ongoing Projects | Project Level | |
|---|---|---|
| | Macro Level | Community Level |
| Ongoing Projects | • The Thai Elephant Conservation<br>• The Elephant Medical Treatment Centre | • Presentation of Scholarships to Students<br>• Sky Clinic<br>• Vegetarian Food Festival<br>• Religious Ceremonies<br>• Supporting Sports<br>• Co-operation in Energy Saving |
| Special Projects | • Unprecedented disaster & Relief Project | • Unprecedented disaster & Relief Project |

Wisuttirangsri School, Kanjananukrau School, Wat Tamakam School and Wat Baan Yang School.

- Various school supplies and blankets, as well as a water tank for storing water for use in the dry season, were provided to students at the Lyons Elementary School in Nan.
- The Group's businesses organised an educational trip for 520 students, under the Patronage of H.R.H. Princess Maha Chakri Sirindhorn, to experience the BTS SkyTrain system, and to learn about the energy saving and environmental benefits of electric railway mass transportation.
- On the occasion of the 33rd Anniversary of the Thairath Foundation, BTS Group presented cash in the amount of THB 100,000 to support the educational operations of the Foundation, on 23 February 2012.

**Public Health**

- In celebration of the 84th Birthday of His Majesty the King Bhumibol Adulyadej, the Group's businesses in cooperation with public and private hospitals, organised the 9th Sky Clinic activity to help educate people on primary healthcare matters and to provide free physical check-ups, held at BTS Phaya Thai Station from 19 – 22 May 2011.
- The Group's businesses also organised a Vegetarian Food Festival activity, aimed at encouraging people to refrain from consuming meat, held at the BTS National Stadium Station from 28 – 30 September 2011. Vegetarian food for some 1,500 people was provided free daily during the festival.

**Sport**

- In 2011, the Angthong Sports Association received a cash donation of THB 1mn, presented by the Group's businesses, to be used to support the development of professional football players. The Group also donated THB 1mn to the Angthong Sports Association to help in establishing a football league tournament under the AIS Regional Football League 2nd Division.
- The BTS Group was the main sponsor of BTS Sena Badminton Championship in 2010 and 2011, which is a badminton 'Future Star' tournament, organised by Sena Badminton Club and the Badminton Association of Thailand under His Majesty The King's Patronage.
- The Group's businesses regularly provide funds to support the activities of schools and universities, such as for the Sports Day of the Civil Engineering Faculty of Kasetsart University and the Charity Bowling Tournament of the Parent Teacher Association of Samsenwittayalai School.
- The BTS Group organised the first 'Greg Norman Charity Skins Game' golf tournament in Bangkok in October 2010. All proceeds raised were donated to the Thai Junior Golf Federation and The Chaipattana Foundation.

  On 22 July 2011, the management of the company presented a cheque for THB 375,000 to HRH Princess Maha Chakri Sirindhorn, as a contribution to The Chaipattana Foundation at Dusidalai Hall, Chitralada Palace.

**Energy Saving**

- The BTS Group provided additional support to promote energy saving and energy with various organisations. This included cooperating with the Bangkok Metropolitan Administration in organising several campaigns to motivate people to travel by public transportation such as the "Car Free Day", which is held yearly on 22 September. On this day, the Group's businesses offer free rides for people with bicycles who wish to ride the BTS SkyTrain for part of their journey.

# 4 MANAGEMENT DISCUSSION & ANALYSIS

"In spite of the flooding in October to November 2011, operating revenue grew 33.5% YoY, operating EBITDA rose 66.7% YoY, and net income attributable to equity holders of the parent improved 735.0% YoY. These improvements were driven by the strong performance in all business units as well as a reduction in the Group's finance cost."

## Introduction

During the fiscal year ended March 2011 (2010/11), the Company acquired 94.6% in Bangkok Mass Transit System Public Co. Ltd (BTSC), its former subsidiary. As the acquisition of the shares of BTSC and its subsidiaries was considered to be a business combination under common control, the Company has restated the consolidated and separate financial statements for the fiscal year ended 31 March 2010 (2009/10) as if BTSC and its subsidiaries, acquired 4 May 2010, had been a subsidiary of the Company since it was established.

| Operating Revenue (THB mn) | 2011/12 | % of Total | 2010/11 | % Change (YoY) | 2011/12 margin[1] | 2010/11 margin[1] |
|---|---|---|---|---|---|---|
| Mass Transit | 5,176.9 | 65.8% | 3,860.8 | 34.1% | 48.6% | 42.5% |
| Media | 1,958.8 | 24.9% | 1,370.6 | 42.9% | 59.0% | 64.4% |
| Property | 728.3 | 9.3% | 661.1 | 10.2% | 26.6% | 1.4% |
| Services | 0.7 | 0.0% | - | 0.0% | (601.4%) | 0.0% |
| TOTAL | 7,864.8 | 100.0% | 5,892.5 | 33.5% | 49.1% | 43.0% |

[1] Gross Profit Margin

## Income Statement

For 2011/12, operating revenue of the Company and subsidiaries (together the "Group") increased 33.5% to THB 7,864.8mn, with increases from all three primary businesses and especially strong growth from mass transit and media. Revenues from mass transit, media, property and services contributed 65.8%, 24.9%, 9.3% and 0.0% of total operating revenues respectively and more details can be seen in the breakdown by business unit.

Cost of sales totaled THB 4,003.3mn, an increase of THB 645.4mn or 19.2% YoY on account of higher costs in the mass transit (increased by 19.9% or THB 442.4mn) and media business (increased by 64.7% or THB 315.4mn). Administrative expenses rose by 17.3% or by THB 178.4mn. This was mainly from an increase in staff expenses related to the new On Nut - Bearing extension, new contracts acquired by VGI as well as pre-opening expenses of Eastin Grand Sathorn hotel and other non-recurring items (see below). Selling and servicing expenses decreased by 29.0% or by THB 72.3mn to THB 177.3mn as there was no repeat of expenses related to Abstracts brand during the 2011/12.

As a result, operating EBITDA increased by 66.7% or THB 1,700.3mn to THB 4,249.3mn. The corresponding operating EBITDA margin increased to 54.0% (versus 43.3% in 2010/11). Finance costs fell by 10.6% or THB 170.0mn as despite a higher level of debt, the Company refinanced more expensive floating rate debt with a lower interest convertible bond in January 2011. This together with non-recurring revenue of THB 1,079.1mn meant that net profit for the year increased 620.0% to THB 2,235.6mn compared to THB 310.5mn in the previous year. Profit attributable to equity holders of the Company increased 735.0% to THB 2,105.6mn.

In 2011/12, key non-recurring items were related to the favourable verdict by the Supreme Administrative Court in relation to the construction costs of BTSC depot (see 2Q 2011/12 financial results) totaling THB 1,072.3mn (reversal of allowance for diminution in value of civil works awaiting transfer: THB 705.2mn and revenue from court-ordered compensation THB 367.0mn) (2010/11; THB 0mn), THB 36.9mn gain on exchange rate (2010/11; THB 48.8mn) and THB 44.0mn gain from receiving the return of advance payment for investment in subsidiary (2010/11; THB 0mn).

On the funding side the Company saw (i) the issuance of 1,299.0mn new shares as consideration to a group of specific investors for the acquisition of their shares in BTSC. This resulted in a THB 831.4mn increase in Share capital as well as a THB 350.7mn increase to the share premium account. (ii) increase of debt by THB 3,340.0mn (development of property assets, purchasing right of claim in assets under the rehabilitation plan and purchase of rolling stock).

| Summary Cash Flow | 2011/12 | 2010/11 | Change |
|---|---|---|---|
| | (THB mn) | (THB mn) | (%) |
| Cash from (used in) operating activities | 3,046.6 | 3,029.6 | 0.6% |
| Net cash from (used in) operating activities | 1,755.8 | 1,389.7 | 26.3% |
| Net cash used in investing activities | (2,319.6) | (24,808.7) | (90.7%) |
| Net cash from financing activities | 70.6 | 22,767.4 | (99.7%) |
| Net increase (decrease) in cash and cash equivalents | (492.2) | (652.3) | (24.6%) |
| Cash and cash equivalents at end of the year | 1,333.2 | 1,825.4 | (27.0%) |

## Cash Flow

Cash flow from operations increased by 26.3% to THB 1,755.8mn primarily due to lower interest costs. Cash flow from investing returned to more normalised levels (THB 2,319.6mn invested compared to THB 24,808.7mn in 2010/11) following the acquisition of BTSC in 2010/11. Similarly Cash flow from financing decreased considerably (no repeat of BTSC acquisition) to THB 70.6mn. The Company paid out a dividend of THB 2,647.1mn resulting in the consolidated Group cash and cash equivalents falling by THB 492.2mn to THB 1,333.2mn.

## Balance Sheet

Total assets stood at THB 66,888.9mn, a THB 3,186.3mn or 5.0% increase from 31 March 2011. The key changes in the balance sheet were; (i) an increase in accrued income by THB 1,188.3mn to THB 1,202.5mn as a result of the non-recurring revenue recognised but not yet paid from the BTSC depot related case (ii) increase in real estate development cost (by THB 493.8mn to THB 3,349.1mn) and Property, plant and equipment (by THB 727.8mn to THB 6,039.2mn) as the Group made progress in developing its existing property assets and (iii) purchased a right of claim in assets of the Company under the rehabilitation plan (THB 741.5mn).

## Mass Transit Business

Total revenue from our mass transit business increased by 34.1% YoY to THB 5,176.9mn. Fare-box revenue increased 21.2% (or THB 752.0mn) to THB 4,296.8mn on account of ridership growth of 21.3%. Ridership reached a new record of 176.0mn passengers. Key factors for the strong ridership growth were the increased popularity of mass transit usage in Bangkok, especially from the development along the core network as well as the opening of the Sukhumvit line (On Nut – Bearing) extension in August 2011, the full year effect of new feeder lines (Red line, opened August 2010 and BRT opened May 2010) and new rolling stock as well as a low base effect (in 2010/11, ridership was impacted from service disruptions during political demonstrations). The average fare was stable at THB 24.4 per trip (2010/11: THB 24.4 per trip).

Income from train operating management also showed rapid growth, rising 178.5% YoY to THB 880.1mn. BTSC was appointed as the operator for the Sukhumvit line (On Nut – Bearing) extension. Cost of fare box for the year rose 13.9% (to THB 2,337.5mn) and slower than the growth in fare box revenues as the Company was able to achieve operating efficiencies across a higher ridership level. The gross profit margin of fare box revenue rose to 45.6%

from 42.1% YoY. Consequently the operating EBITDA margin for the mass transit business increased from 56.2% to 66.8%.

Mass transit SG&A fell 7.0% or by THB 39.0mn to THB 515.2mn mainly due to a re-allocation of employee benefit provision to cost of fare-box.

## Media Business

Media business revenue grew by 42.9% or THB 588.3mn YoY to THB 1,958.8mn, exceeding the target growth of 40%. The primary reason for the increase in revenue was from the non BTS-related sector which saw growth of THB 334.1mn or 66.8% to THB 834.2mn as a result of both new contracts and full year effect of new contracts signed with modern trade partners Tesco Lotus and BigC. Revenue from BTS-related advertising also grew strongly rising by 29.2% or THB 254.1mn to THB 1,124.7mn as a result of additional rolling stock to use as advertising space, an increase in pricing from LCD in-train as well as pricing increases from an upgrade of static on-station displays.

Cost of sales increased by 64.7% or THB 315.4mn YoY to THB 803.1mn. The increase in cost of sales was due to the additional concession fees required paid to new modern trade partners.

Media SG&A increased 11.3% or THB 26.2mn to THB 258.1mn (from 231.9mn) but reduced as a percentage of sales to 13.2% (2010/11: 16.9%) as the business realised economies of scale.

As a result of the increased contribution from modern trade business, non BTS revenue comprised 42.6% of Media revenue in 2011/12 (36.5% in 2010/11). Further, the gross profit margin declined from 64.4% to 59.0% (on account of higher contribution of lower margin modern trade business) but the operating profit before tax remained stable at 47.2%.

## Property Business

In 2011/12, revenue from the group's property business increased 10.2% or THB 67.2mn to THB 728.3mn. This increase was primarily the result of an increase in sales of real estate from the transfer of the Group's inaugural Abstracts condominium project which generated THB 201.2mn (2010/11: THB 0mn). This was offset by a decline in revenue from construction services which fell by THB 188.9mn or 72.2% to THB 72.8mn as the Company completed the low-cost housing contract in 2Q 2011/12.

Property cost of sales fell THB 117.6mn or 18.0% as cost of construction services fell (THB 175.7mn or 67.8%) but this was offset by an increase in cost related to Abstracts condominiums by THB 124.3mn (2010/11: THB 0mn). Property selling and administration expenses rose THB 38.3mn or 12.5% to THB 343.9mn. The increase was driven by the new staff hired for Eastin Grand Hotel Bangkok.

## Services Business

Our Services business has been reclassified to exclude Thana City Golf course, and instead to include it in Property business since 4Q 2011/12. As such, this division recognised revenue of only THB 0.7mn in 2011/12 (2010/11: THB 0mn). This revenue came from the sale of rabbit cards (common ticketing cards for Bangkok's mass transit network plus retail e-payment card). There was also THB 5.2mn cost of revenues as well as THB 49.1mn SG&A expenses related to the establishment of the rabbit card and Carrot Rewards programme.

## Business Performance Outlook

*Please refer to section 2.5: Business Outlook 2012/13.*

# 5.0 CORPORATE GOVERNANCE REPORT

In this Section we outline our Corporate Governance structure and policy as well as the establish of our Corporate Governance Committee. Here you will also find the roles and responsibilities of the Board of Directors and sub-committees, meeting attendance and remuneration details. BTS Group's approach to Risk Management and Directors' and Executives' profiles are also found here.


5.1 POLICY STATEMENT AND STRUCTURE

5.2 CORPORATE GOVERNANCE POLICY AND CORPORATE GOVERNANCE COMMITTEE

5.3 NOMINATION AND REMUNERATION COMMITTEE REPORT

5.4 RISK MANAGEMENT POLICY

5.5 INTERNAL CONTROL

5.6 RELATED PARTY TRANSACTIONS

5.7 DIRECTOR AND EXECUTIVE PROFILES

# 5.1 POLICY STATEMENT AND STRUCTURE

## Definition & Objective

Corporate governance can be defined as the set of processes, rules and standards that govern the manner in which a corporation is run. The purpose of corporate governance is to facilitate effective, accountable and prudent management in order to deliver the long-term strategy of the company. This should be achieved whilst aligning as closely as possible, the interests of all stakeholders. Stakeholders range from individuals and companies (including customers, shareholders, employees, suppliers, and investors) to the corporation itself and society as a whole.

## Corporate Governance in Thailand

The development of effective corporate governance (CG) has high priority in Thailand and the country was ranked 4th in Asia in accordance with CG Watch 2010. CG Watch is a report produced in collaboration between CLSA and the Asian Corporate Governance Association. The four key promoters of CG in Thailand are:-

- The **Stock Exchange of Thailand (SET)** and **Securities and Exchange Commission (SEC)** who issue regulations as well as guidelines and monitor compliance in relation to various corporate governance aspects. The SEC also implements a prevention, intervention and sanction scheme for CG enforcement.
- The **National Corporate Governance Committee (NCGC)** established by the Thai Government in 2002 and chaired by the Prime Minister or assigned Deputy Prime Minister to promote principles of CG and ensure delivery of concrete outcomes.
- **Thai Institute of Directors (IOD)** which together educates local market participants on director professionalism and best CG practices, as well as publishing an annual CG report in collaboration with the SET, SEC and NCGC which includes CG ratings of Thai-listed companies. The ratings are based on the Principles of Corporate Governance of the OECD and the results are available to the capital markets participants. The SEC requires securities companies to disclose the rating in its research reports.

Several other capital markets participants such as the Thai Investors Association and the Thai Listed Companies Association also promote best CG practice as part of their corporate mission.

## Corporate Governance in the BTS Group

BTS Group Holdings plc. is a public limited liability company established under the laws of Thailand. Its common shares are listed on the Stock Exchange of Thailand (SET) and it is a member of the SET50 Index, which comprises Thailand's largest 50 companies by market capitalisation. The company's management and supervision structure is based on two-tiered system, comprising a Board of Directors (and sub-committees, including a Nomination and Remuneration Committee, Audit Committee and Corporate Governance Committee ) as well as an Executive Committee.

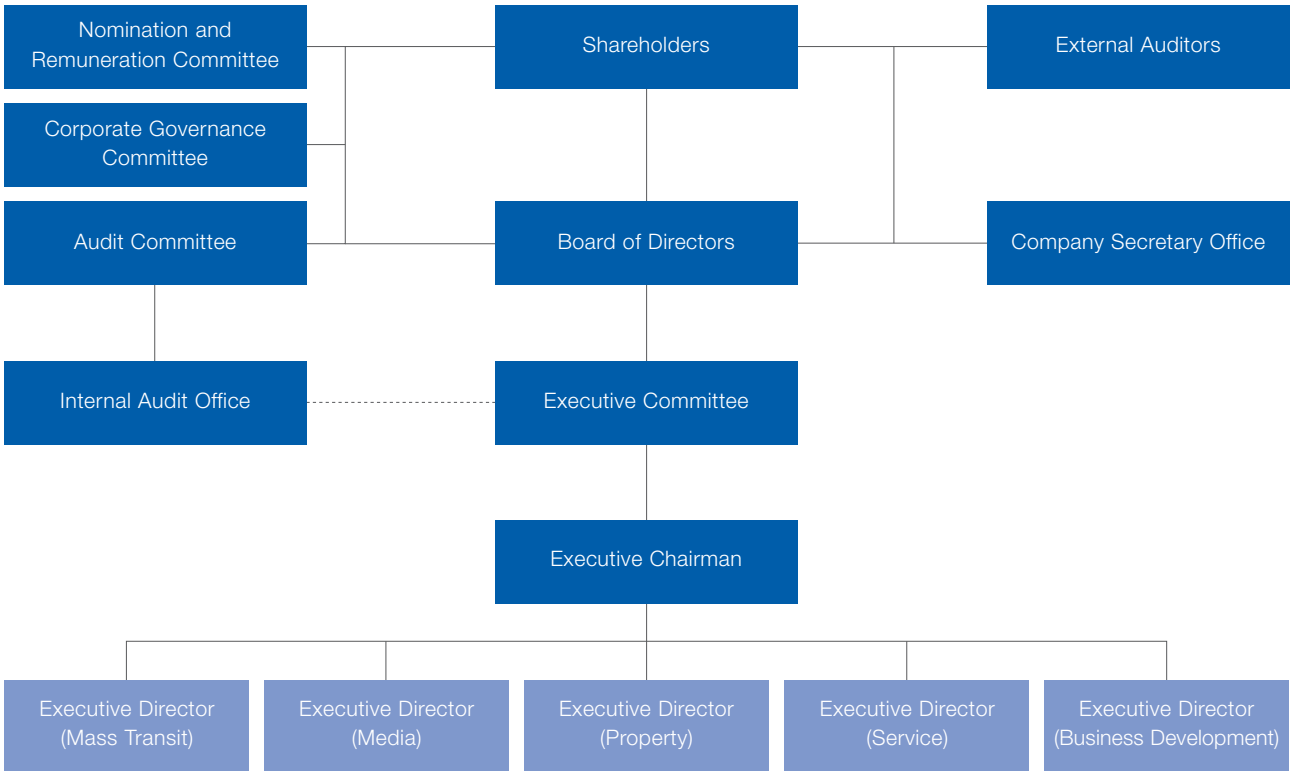
The BTS Group Board is committed to maintaining high standards of corporate governance and has complied with the Principles of Good Corporate Governance for Listed Companies 2006. In particular, the underlying principles of CG which we focus on achieving are:-

- Accountability
- Leadership
- Transparency
- Fairness (Equitable Treatment)
- Focus on long term sustainability
- Integrity

Our corporate governance structure is based on the requirements of the Code of Good Corporate Governance promoted by the SET and supported by the IOD, the Company's Articles of Association, law on public limited companies, rules and regulations of the Securities and Exchange Commission (SEC) as well as the principles of good corporate governance under the Stock Exchange of Thailand (SET). This is further complimented by several internal procedures.

The BTS Group conducts ongoing assessments of its corporate governance policy in order to ensure that the policy is appropriate for the current market situation and the Company's business operations. In accordance with best practice corporate governance the Company has developed an Information & Investor Relations policy to ensure adequate disclosures to the capital markets.

The following is a summary of the members, key responsibilities and dynamics of the key bodies in our corporate governance structure:-



## BOARD OF DIRECTORS

As of 31 March 2012 the Board of Directors consists of 13 members as follows:-

| Name | Position | Authorised Director | Appointment Date | Meeting Attendance in 2011/12 |
|---|---|---|---|---|
| 1. Mr. Keeree Kanjanapas | Chairman | Group A | 26 July 2011 | 7/7 |
| 2. Mr. Paul Tong | Director | No | 29 July 2010 | 4/7 |
| 3. Mr. Anat Arbhabhirama | Director | Group B | 29 July 2010 | 6/7 |
| 4. Mr. Surapong Laoha-Unya | Director | Group A | 26 July 2011 | 7/7 |
| 5. Mr. Kavin Kanjanapas | Director | Group A | 29 July 2010 | 7/7 |
| 6. Mr. Rangsin Kritalug | Director | Group B | 26 July 2011 | 7/7 |
| 7. Mr. Kong Chi Keung | Director | Group B | 26 July 2011 | 7/7 |
| 8. Mr. Kin Chan | Director | No | 26 July 2011 | 2/7 |
| 9. Lt. Gen. Phisal Thepsithar | Independent Director | No | 29 July 2010 | 7/7 |
| 10. Mr. Amorn Chandara-Somboon | Independent Director | No | 29 July 2010 | 4/7 |
| 11. Mr. Suchin Wanglee | Independent Director | No | 29 July 2010 | 6/7 |
| 12. Mr. Charoen Wattanasin | Independent Director | No | 29 July 2010 | 7/7 |
| 13. Mr. Cheong Ying Chew, Henry | Independent Director | No | 29 July 2010 | 6/7 |

*The detailed profile of the Board of Directors can be found in section 5.7: Director and Executive Profiles.*

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.

**Authorities, Roles and Responsibilities of the Board of Directors**

1. To perform their duties in accordance with the laws, the objectives and Articles of Association of the Company as well as the resolutions of the shareholders' meeting with honesty and due care for the benefit of the Company;
2. To determine the Company's vision, policies and business direction and to supervise the Management to ensure the implementation of those policies effectively and efficiently so as to maximise the value for the Company and the shareholders;
3. To determine the Company's policies, strategies, business plans, annual budget including progress of the monthly and quarterly performance of the Company, in comparison with the business plan and budget, and to also consider the future trends for the next period;
4. To evaluate the works of the Management regularly and to monitor the remuneration mechanism of high level executives as deemed appropriate, by having the Nomination and Remuneration Committee to act as superintendent efficiently;
5. To supervise the Management to ensure that the accounting system, financial reports and accounting 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 disposal of assets, investment in new businesses and any matters as required by the laws, save for the matters that the resolution of the shareholders' meeting are required under the laws;
7. To consider, and/or provide opinion on the connected transactions of the Company and its subsidiaries with regard to compliance with the laws, notifications, regulations and relevant rules;
8. To monitor and prevent conflict of interests among stakeholders of the Company;
9. To consider all the Company's affairs by taking into account the benefits of all groups of shareholders and stakeholders equitably. The Director shall report to the Company, without delay, if he has any conflict of interests 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 conflict of interests or conflict of any kind with the Company or its subsidiaries, the Director in conflict shall have no right to vote to approve such transaction;

10. To govern the business operations with business ethics and conduct and to review the corporate governance policy and code of conduct regularly, including to evaluate the implementation of such policies at least once a year;
11. To establish the risk policy and framework, to review the appropriateness of the policy and framework on an ongoing basis and to ensure that risk management and internal controls are implemented;
12. To establish a corporate social responsibility (CSR) policy and to monitor the implementation of such CSR policy;
13. To report the responsibilities of the Board of Directors in the preparation of the financial statements by disclosing such report along with the external auditor report in the Company's Annual Report, covering key issues under the policy statement on code of best practice of directors of listed companies of the SET;
14. To delegate one or more Directors or other persons to perform any task on behalf of the Board of Directors. However, such delegation shall not be the authorisation or sub-authorisation that allows the Director or any authorised person, who has conflict of interests or conflict of any kind with the Company or its subsidiaries, to approve such transaction;
15. To appoint sub-committees to assist and monitor the management system and the internal control system to ensure the compliance with the Company's policies, such as the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee; and
16. To appoint the Company Secretary to ensure that the Board of Directors and the Company comply with the laws and relevant regulations.

## AUDIT COMMITTEE

As of 31 March 2012 the Audit Committee (AC) consists of three members (all Independent Directors):-

| Current Member Name | Position | | Meeting Attendance |
|---|---|---|---|
| 1. Lt. Gen. Phisal Thepsithar | Chairman of the AC* | Independent Director | 6/6 |
| 2. Mr. Suchin Wanglee | Member of the AC | Independent Director | 6/6 |
| 3. Mr. Charoen Wattanasin | Member of the AC | Independent Director | 6/6 |

Mr. Pipop Intaratut, Internal Audit Office Director is the Secretary to the Audit Committee.

*Remarks: 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** (in accordance with the Audit Committee Charter, as amended by the Board of Directors' Meeting held on 28 May 2012)

1. To review the Company's financial reporting process to ensure that it is accurate, in accordance with the generally accepted accounting principles, and adequately disclosed;
2. To review the Company's internal control system, internal audit system and risk management policy to ensure their appropriateness and efficiency, and to review the independence of the Internal Audit Office as well as to approve the appointment, transfer and dismissal of the head of the Internal Audit Office or any other unit in charge of an internal audit;
3. To review that the Company is in compliance with the securities and exchange laws, the regulations of the Stock Exchange of Thailand and the laws relevant to the Company's business;
4. To consider, select and nominate independent person(s) to be elected as the Company's external auditor(s) as well as to propose their remuneration, and to attend a non-management meeting with the external auditor(s) at least once a year;
5. To consider the connected transactions or the transactions that may lead to conflict of interests to ensure that those transactions are in compliance with the laws and the regulations of the Stock Exchange of Thailand, and are justifiable and for the utmost benefit of the Company;
6. To prepare and 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:
   (1) an opinion on the accuracy, completeness and creditability of the Company's financial report;
   (2) an opinion on the adequacy of the Company's internal control system;
   (3) an opinion on the compliance with the securities and exchange laws, the regulations of the Stock Exchange of Thailand, or the laws relevant to the Company's business;
   (4) an opinion on the suitability of the external auditor(s);
   (5) an opinion on the transactions that may lead to conflict of interests;
   (6) number of the Audit Committee's meeting, and the meeting attendance by each committee member;
   (7) an opinion or overview comment of the Audit Committee derived from their performance of duties under the scope of the Audit Committee Charter;
   (8) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, which are in the scope of the duties and responsibilities assigned by the Board of Directors;

7. To review and provide opinion on the internal audit plan and the performance of the Internal Audit Office. In the course of the performance of duties of the Audit Committee, the Audit Committee has the authority to invite the management, executives, or employees relevant to the issues to provide opinion, attend the meeting or submit any relevant and necessary documents;

8. 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 conditions and operating results, the Audit Committee shall report such to the Board of Directors for rectification within the period of time that the Audit Committee deems appropriate:
   (1) a transaction which causes a conflict of interest;
   (2) any fraud, irregularity, or material defect in the internal control system;
   (3) an infringement of the securities and exchange laws, the regulations of the Stock Exchange of Thailand, or the laws relevant to the Company's business;

If the Board of Directors or executives fail to make a rectification within the period of time that the Audit Committee deems appropriate, any member of the Audit Committee may report such transaction or act to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand;

9. To review and update the Audit Committee Charter and present to the Board of Directors for consideration and approval;

10. To perform any other duties as assigned by the Board of Directors as the Audit Committee may agree.

As for the qualifications of the Audit Committee, the Audit Committee shall entirely consists of independent directors and have at least 3 members. The independent directors must have the qualifications as prescribed in the Company's Definition of the Independent Director, which is more stringent than the minimum requirements of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). In addition, the Audit Committee shall have the qualifications as specified by the rules and regulations of SEC and SET and shall be 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.

## NOMINATION AND REMUNERATION COMMITTEE

For details of the members, responsibilities and policies of the Nomination and Remuneration Committee, *please refer to section 5.3: Nomination and Remuneration Committee Report included in this annual report.*

## CORPORATE GOVERNANCE COMMITTEE

For details of the members, responsibilities and policies of the Corporate Governance Committee, *please refer to section 5.2: Corporate Governance Policy and Corporate Governance Committee.*

## INTERNAL AUDIT OFFICE

(The Board of Directors' Meeting held on 28 May 2012 approved to change the name from Internal Audit Department to Internal Audit Office)

The internal audit office function has the responsibility to audit the operation of all departments, as well as the finance and accounting systems, information technology and other internal control processes and give guidance where relevant such that the integrity, accuracy and completeness of such systems are maintained. The internal audit office is also responsible for an independent audit on the risk management process. To preserve the independence of the internal audit office function, the Internal Audit Office Director, Mr. Pipop Intaratut reports directly to the Audit Committee. The Internal audit is tasked with reporting to the Audit Committee on its findings at least on a quarterly basis.

## EXECUTIVE COMMITTEE

As of 31 March 2012 the Executive Committee consists of six members as follows:-

| Name | Position |
|---|---|
| 1. Mr. Keeree Kanjanapas | Executive Chairman |
| 2. Mr. Anat Arbhabhirama | Executive Director |
| 3. Mr. Surapong Laoha-Unya | Executive Director |
| 4. Mr. Kavin Kanjanapas | Executive Director |
| 5. Mr. Rangsin Kritalug | Executive Director and Chief Operating Officer |
| 6. Mr. Kong Chi Keung | Executive Director |

Miss Chayada Yodyingtammakul, Company Secretary and Legal Director, is the Secretary to the Executive Committee.

### Roles and Responsibilities of the Executive Committee

The Executive Committee is delegated by the Board of Directors to (i) propose the appropriate business policy, direction, strategy, and management structure for the Company's business operations, (ii)

prepare a business plan, budget, management authorities of the Company to the Board of Directors for approval, and (iii) manage the overall risk of the organisation, to evaluate such risk and plan the Company's risk management structure, and to monitor and control key risks and any conditions that may have a material impact on business operations of the Company and to report the Board of Directors. It is also charged with reviewing and monitoring the Company's performance to ensure compliance with approved policy and the business plan, approving any new projects, and reporting on progress of each to the Board of Directors.

## EXECUTIVE MANAGEMENT

As of 31 March 2012, BTS Group non-directors executives consisted of six persons as follows:-

| Name | Position |
|---|---|
| 1. Mr. Surayut Thavikulwat | Chief Financial Officer |
| 2 Mrs. Duangkamol Chaichanakajorn | Accounting Director |
| 3. Mrs. Patchaneeya Pootme | Corporate Communications Director |
| 4. Mr. Daniel Ross | Financial Director |
| 5. Miss Chawadee Rungruang | Financial Controller |
| 6. Miss Chayada Yodyingtammakul | Legal Director / Company Secretary |

*The detailed profile of the executive management can be found in section 5.7 : Director and Executive Profiles.*

### Roles and Responsibilities of the Executives

Executive management is responsible for working with the Executive Committee on the preparation of the business plan, budget and management authorities of the Company for the Executive Committee's approval, and to effectively manage the business operations in accordance with such approved plan as well as the Company's policies, strategy, operational structure and any other rules and regulations. In performing these tasks or any other tasks assigned by the Board of Directors, management must exercise a duty of care and loyalty on behalf of the shareholders and provide regular updates to the Board of Directors.

## COMPANY SECRETARY

Miss Chayada Yodyingtammakul, Legal Director, holds the Company Secretary position. The Company Secretary has responsibility for the Company's compliance with statutory and regulatory requirements as well as the upkeep of good corporate governance principles. Such responsibilities include (i) the organisation and recording of the Board of Directors' and shareholders' meetings (ii) ensuring compliance with information disclosure requirements of the Stock Exchange of Thailand and Securities and Exchange Commission (iii) maintaining report on conflicts of interest as well as change of securities holding of the Directors or the Executives (iv) providing advice to the Directors as regards laws and regulations, the good corporate governance and the maintenance of the status as a listed company in the Stock Exchange of Thailand, including laws and regulations relevant to the Company's businesses. The Company Secretary has completed the Corporate Secretary Development Program (2008), organised by Thai Listed Companies Association, the Director Certification Program (2011), organised by the Thai Institute of Directors and also regularly and consistently enrolls in the training or seminar organised by the Stock Exchange of Thailand and Securities and Exchange Commission.

## MEETINGS

The Board of Directors and Audit Committee meet at least once a quarter. The Executive Committee meets on a monthly basis, the Nomination and Remuneration Committee meets on an annual basis and the Corporate Governance Committee meets at least twice a year. In the case where it is deemed appropriate or consideration or approval is required for any outstanding matters, the Board and sub-committees will conduct additional meetings. In addition, the non-executive directors can have a meeting as appropriate and meet at least once a year.

In 2011, the BTS Group was assigned a 4-star rating for CG or a company with a "Very Good" standard of corporate governance. The report is issued by the IOD. Following on from its transfer to become one of Thailand's largest listed companies in May 2010, the Company recognised the importance of further improvement of its good CG structure and initiated a major enhancement. This wide-ranging reform included the expansion of the Board of Directors, the addition of sub-committees, adoption of a new Risk Management Policy, as well as the enhancement of the good CG policy. The Company continually develops its good CG.

# 5.2 CORPORATE GOVERNANCE POLICY AND CORPORATE GOVERNANCE COMMITTEE

The BTS Group has continually developed a corporate governance policy, with key extracts detailed below. For a copy of the full corporate governance policy, *please refer to the Company's Form 56-1, or contact Investor Relations at ir@btsgroup.co.th*.

## A) Right of Shareholders

The Company places emphasis on the rights of shareholders as the true owner of the Company. The shareholders are encouraged to exercise their fundamental rights, e.g. sale, purchase or transfer of shares, profit sharing, receipt of the adequate information either via the Company's or the Stock Exchange of Thailand's websites or other channels, 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.

**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 the shareholders' meeting, the Company arranges for its legal advisor to provide legal advice and act as a moderator in the inspection and vote counting, as well as the financial advisor to provide an explanation or answer to enquiries in the complicated matters proposed to the meeting. The Company also arranges the Company's Auditors to present at the annual general meeting of shareholders on the agenda of the approval of Company's financial statements.

**Invitation Letter and shareholders facilitation:** The Company assigned Thailand Securities Depository Co., Ltd., its securities registrar, to deliver 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. The Company also publishes the invitation together with the supporting documents on the Company's website in advance. In addition, the invitation shall be announced through a Thai newspaper for 3 consecutive days prior to the meeting date. The Company has implemented the Barcode System of the Thailand Securities Depository Co., Ltd. for the registration and vote counting for the purpose of transparency and efficiency. The registration opens two hours prior to the meeting and extends until the period before the last meeting agenda. The Company's officers are assigned to welcome and facilitate the shareholders attending the meeting. The stamp duty is also provided for the attendance on proxy.

**On and After the Meeting Date:** Before each meeting, the Company Secretary introduces to the meeting the Board of Directors, executives, the Company's auditor and legal advisor who acts as a moderation. The Company Secretary shall also inform the meeting about the voting procedures and vote counting in the meeting. After the information has been provided for each agenda, the Chairman of the Meeting shall give floor to all attendants to express opinions or enquires relevant to the agenda. The enquiries shall be answered clearly and precisely and given adequate time for debate. For the agenda on the appointment of directors, the shareholders will vote for each director individually and separately. Also, the minutes of meetings shall be completely recorded and can be reviewed by shareholders. The resolutions of the meeting are also to be clearly recorded with details of approved, non-approved, and abstention votes for all agenda items which require a vote, as well as recording opinions, suggestions and answers to the material questions relating to each agenda item. The Company shall summarise the significant resolutions to the Stock Exchange of Thailand's website within the same day as the meeting, or at least no later than 9.00 a.m. of the following business day. The minutes of the shareholders' meeting shall be submitted to the Stock Exchange of Thailand within 14 days, as well as published on the Company's website.

## B) Equitable Treatment of Shareholders

**Proposing agendas and nominating candidates to be elected as Directors:** In advance of the Annual General Meeting of Shareholders, the Company shall allow the minority shareholders to propose agenda items and nominate candidates to be elected as directors. The objective is to promote the equitable treatment of shareholders. Shareholders with a combined holding of at least 5% of the Company's total issued shares who have continually held such shares for at least 6 months prior to the nomination, are entitled to propose agenda items and nominate candidates to be elected as directors. The Company will publish such criteria on the Company's website as well as publish an announcement on the Stock Exchange of Thailand's website.

For 2012 Annual General Meeting of Shareholders, the Company gave the shareholders the opportunities to submit the proposal for agenda or nomination of director during the period between 29 December 2011 – 31 March 2012 (more than 3 months prior to the end of fiscal year). Nonetheless, none of the shareholders proposed the agenda nor nominated candidate to be elected as Director at the 2012 Annual General Meeting of Shareholders.

In addition, the Board of Directors' Meeting on 28 May 2012 has resolved to approve the amendment of the criteria as regards the minimum shareholding in proposing the agenda or nominating the Director by changing the minimum collective shareholding from "not less than 5%" to "not less than 3%" to encourage the minority shareholders to exercise their rights as recommended by Thai Institute of Directors (IOD). These criteria shall be applied with the 2013 Annual General Meeting of Shareholders and onwards.

**Appointing Proxies:** To maintain the rights of those shareholders who cannot attend in person, the Company is to attach a proxy form to the invitation and include the list of documents and evidence required for the appointment of a proxy is also 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. The Company will also disclose the invitation and proxy forms, together with details and procedures on the Company's website.

**Access to Information:** The Company favors no particular group of stakeholders, giving all equal access to its public information, whether through the Company's website at www.btsgroup.co.th, or through Investor Relations Department at +66 (0) 2273 8631, +66 (0) 2273 8636 and +66 (0) 2273 8637, Email: ir@btsgroup.co.th.

The Company has established rules on the use of inside information and published such in the Code of Conduct as a guideline for the standard practice for the directors, executives, and employees to prevent the use of inside information by such persons for their own benefit. Polices include (i) requirement for directors, executives, including their spouses and minor children to report any changes in the holding of securities to the Securities and Exchange Commission (SEC) within 3 business days from such change and send a copy of such report to the Company Secretary. The Company Secretary shall collect and prepare the summary to report to the Board of Directors' Meeting on a quarterly basis (ii) informing directors, executives, employees and related persons to the Company, such as legal advisors, auditors and financial advisors of the prohibition use of inside information (iii) restrictions on insiders trading in Company shares during 'close' periods (which typically relates to the period leading up to the release of financial results and within 24 hours after such release or any other significant information to the public up until 48 hours after the information has been publically disclosed). Violations are punishable both under SEC regulations as well as under the company's code of conduct. There are four levels of disciplinary action depending on the characteristics of the violation and impact of the action namely; written warning, written warning and work suspension, dismissal with severance pay and dismissal without severance pay.

## C) Role 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 business partners, as well as the pubic and the community, by ensuring that they are treated properly, equitably and honestly. The Company realises that the good relationship with all groups of stakeholders is significant for long-term development and sustained growth of the Company. Therefore, the Company stipulates the written policy in the Code of Conduct and distributes this to all executives and employees of the Company for their acknowledgement and compliance.

### Treatment of Stakeholders

**Shareholders:** The Company operates its business with transparency, justice and fairness to ensure business growth with the objective of generating shareholder returns that outperform

returns from other investment alternatives of a similar risk profile. *(Please refer to the "Right of Shareholders" and "Equitable Treatment of Shareholders" for more details)*

**Customers:** The Company aims to create client satisfaction and confidence by focusing on its responsibility and client's need, in order to ensure business success. It does this by continuing to improve quality and features of the products and services to meet customers' needs and to maintain good relationships in the long run. The Company conducts a survey on the satisfactory of its customers and uses it as a guideline for the improvement of service and management. The Company also organises the personnel development programme for the staff customer services before they begin their duties, as well as to continuously enhance their skill and knowledge for the utmost benefit of customers. The Company also emphasises on safety of its clients. In the mass transit system business for instance, BTSC has received various standard management certification, e.g. ISO 9001 for Quality Management System, OHSAS 18001 for Occupational Health and Safety Zone and Lloyds Register Rail for Safety Management.

**Employees:** As the Company strongly believes that human resource is a principal and valuable resource, it prioritises fair and equitable treatment toward employees without discrimination. It also respects the international human rights principles and values the importance of the wellness and occupational health & safety, working environment and the support of corporate culture and team work. All employees are equally provided with the opportunity for career progression and partake in a clean and fair evaluation procedure. The Company values the quality of employees and places emphasis on the personnel development. The Company consistently arranges internal and external training as well as organises joint activities to develop good relations between employees and the executives. These are all an integral part of the Company's human resource management policy and activities, *full details of which can be seen in the Company's Form 56-1*.

As of 31 March 2012, the Company and subsidiaries had 3,045 employees, with remuneration (salary, bonus and provident fund contribution) for 2011/12 of THB 1,057.33mn. Welfare is provided in the form of provident fund, savings, investment and loan scheme via a Savings and Credit Co-operative, housing loan welfare, life, health and accident group-insurance, granting warrants to purchase ordinary shares of the Company, and providing relief efforts during the flood incident in the end of 2011 in the form of approximately THB 3mn allowance and approximately THB 26mn interest free loan for house repair, *full details of which can be seen in the Company's Form 56-1*.

**Business Partners:** The Company values its business partners as the key to its success through mutual support. The Company therefore treats all business partners on the basis of equality and fair competition. The Company places emphasis on the transparency and justification in negotiation and concluding contracts with its business partners, aiming for fair consideration for both parties. Terms and conditions of contracts shall be complied with as well as the Company's ethics.

**Competitors:** The Company competes within the scope of laws and business ethics and based on fair practice. The Company shall not discredit or seek for confidential information of competitors in a corrupt or unfair manner but shall professionally operate the business with trustworthiness.

**Creditors:** The Company places emphasis on its trustworthiness and therefore strictly conforms with conditions and agreements that made with creditors in order to create reliability. The Company pays all interest and principal accurately, timely, and completely. Also, the Company shall not use the loan proceeds in the way that is contrary to its objectives nor hide any information that may be harmful to creditors.

**Society, the Community and the Environment:** The Corporate Social Responsibility program of the BTS Group is being implemented with the realisation that social responsibility stems from Group's overall operational policies, applicable to every part of the organisation.

The Company believes that if all companies actively contribute to society, conducting business with good governance and providing long-term benefits, then it would create a powerful economic driving force, offering significant advantages to society, both at community level and for the country as a whole.

The Company considers that it is our responsibility to support and procure corporate social activities, benefit the society in various aspects. The Company organises ongoing corporate social activities covering activities that benefit the society at a macro level, community level and operation level. *(Please see Section 4.3: Corporate Social Responsibility Review for more details)*.

**Policies on the Code of Ethics:** In addition to the aforesaid policies, the Company has also established policies on the Code of Ethics to support the good corporate governance of the Company, i.e. policies and procedures on the human rights, policies and procedures on the intellectual property and copyright, policies and procedures on the information technology and communications and policies and procedures on the anti-corruption and bribery. In January 2012, the Company made the declaration of intent in view of establishing Thailand's private sector collective action coalition against corruption in coalition with other leading private sector to declare the intent that BTS Group will conduct the business under the international framework, *full details of which can be seen in the Company's Form 56-1*.

**Complaint Channel:** The Company has provided a channel for all stakeholders to communicate or express any concerns directly to the Board of Directors. The stakeholders may submit the complaint to the Company Secretary Office by email at CompanySecretary@btsgroup.co.th or call: +66 (0) 2273 8611-5 ext. 1525, 1531 fax: +66 (0) 2273 8610 or by letter to the Company's address. All stakeholders' communication will be kept confidential and the Company Secretary will collect all concerns and report to the Board of Directors.

## D) Disclosure & Transparency

**Financial and Non-Financial Disclosure:** 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. The Company shall develop the Company's website and regularly update information to ensure its completeness, accuracy and timeliness. Such disclosure shall be complied with care, clarity, accuracy and transparency and also conveyed in simple and concise language.

**Investor Relations:** The Company has placed a high priority on a professional investor relations functions (IR). The aim of the IR function is to establish and maintain open, accurate, relevant and timely communications with existing and potential Company's investors and shareholders. For more information *please refer to the section 4.1: Capital Markets Review in this Annual report*.

For enquiries by shareholders and investors, please contact our Investor Relations department.

Contact Telephone +66 (0) 2273 8631, +66 (0) 2273 8636, +66 (0) 2273 8637 Email ir@btsgroup.co.th

**Significant Information Disclosure:** The Company has a policy to disclose significant information to the public, namely the Company's objectives; financial status and performance; shareholding structure and voting rights; shareholding structure; voting rights; list of directors; members of the sub-committees and executives including their shareholding; material foreseeable risk factors; 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; the criteria for determining the remuneration of the directors and executives, including the remuneration of directors individually; 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 SET 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 SET and the Company's website at www.btsgroup.co.th.

## E) Board Responsibilities

The Board's responsibilities include the determination of the Company vision and business direction and the regular supervision and evaluation of management (via various sub-committees or otherwise) with the purpose of delivering enhanced shareholder value. In achieving this, the Board of Directors must ensure that their duties are carried out in compliance with the law, objectives and articles of association of the Company as well as paying due concern to corporate governance , conflicts of interest, business ethics and code of conduct.

The Board of Directors is committed to build the Company and its subsidiaries into a leading organisation 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 achieving 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.

**Composition of the Board of Directors**

The Board of Directors consists of 13 Directors (as at 31 March 2012) as follows:

6 Executive Directors

7 Non-Executive Directors (5 Independent Directors)

In this regard, at least one third of the Directors shall be independent directors, which in any cases, the number shall not be fewer than three. 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 Nomination and Remuneration Committee, the Corporate Governance Committee, and the Executive Committee. The Audit Committee consists entirely of Independent Directors and shall have at least 3 members. At least one member of the Audit Committee shall have sufficient knowledge and experience to review the accountability of financial statements. The Nomination and Remuneration Committee consists of at least 3 directors, but shall not exceed 5 directors, and consists mainly of Independent Directors. The Corporate Governance Committee consists of at least 4 directors, but shall not exceed 6 directors.

**Director Qualifications and Self Assessment**

Directors are nominated in line with the Company's Nomination policy which can be seen in more detail in the Nomination and Remuneration Committee Report. Moreover, the Company encourages the Company's Directors to enroll in various director training programs organised by IOD i.e. Director Certification Program (DCP), Director Accreditation Program (DAP), Role of the Compensation Committee Program (RCC), Audit Committee Program (ACP), Anti-Corruption Training Program and the Role of the Nomination and Governance Committee Program (RNG) and the training program organised by Capital Markets Academy, i.e. Executive Program. For the Directors newly appointed to the Board, the Company organises an orientation session on the Company's business plan, the authorities and responsibilities of the Board of Directors and sub-committees, including relevant information such as annual report, corporate governance policy and code of conduct. In addition, the Company provides the Directors with the Director's Handbook, consisting of useful information for the directors of listed companies, e.g. Public Limited Company Act, Securities and Exchange Act, Director Fiduciary Duty Check List for Directors of Listed Companies, the Principles of Good Corporate Governance for Listed Companies, the Listed Companies Director's Handbook, Disclosure Guidelines for Listed Companies' Management, rules and regulations on the Acquisition or Disposal of Assets and the connected transactions.

The Board of Directors conducts **a self-assessment on the performance of the Board of Directors** annually so as to review their accomplishment, problems, and obstacle to the performance in the past year for further correction and improvement. The assessment has covers (i) structure and qualifications of the board (ii) roles and responsibilities of the board (iii) board meetings (iv) the board's performance of duties (v) relationship with management (vi) self-development of directors and executive development. In 2011/12, the assessment result is in the range of 90-100%, *full details of which can be seen in the Company's Form 56-1*.

**Independent Directors**

The Company's independent directors shall constitute no less than one thirds of the board of directors and shall consist of at least three persons. In order to be nominated as an Independent Director, such nominated person shall possess the qualifications as specified in the Company's Definition of Independent Directors, *details of which can be seen in section 5.3: Nomination and Remuneration Committee Report*.

**Conflict of Interest**

The Board of Directors has established written guidelines on conflicts of interest as published in the Code of Conduct, by adhering to the principles of the Stock Exchange of Thailand and the Securities and Exchange Act for the utmost 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.

The Company requires the Directors and Executives to submit the report on the conflict of interest, and to notify of any change therein, to the Company Secretary, in the form approved by the Board of Directors. The Company Secretary shall keep and maintain the reports and submit the copy of the report to the

Chairman of Board of Directors and the Chairman of the Audit Committee for the purpose of monitoring the good corporate governance on the conflict of interest. In addition, the Company Secretary shall quarterly report to the Board of Directors in the change in the holding of securities of the Directors.

In order to prevent an occurrence of a transaction which may conflict with the best interest of the shareholders, the Company has established a set of policies on the conflict of interest relating to (i) conducting new business (ii) holding shares in a company in which the Company makes investment (iii) lending money to a company with which the Company has a joint venture (iv) prepare loan documents in writing (v) entering into related party transactions with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances. For further details of these policies *please refer to section 5.6: Related Party Transactions*.

**Code of Conduct and Ethics**

The Board of Directors has established a set of policies that govern the Company to operate its business with honesty and adhere to the principle of corporate governance and the code of conduct and ethics of the Company, which are stipulated in writing in the Code of Conduct. The Code of Conduct stipulates the guideline for treatment to shareholders, employees, all groups of stakeholders, and public, society and relevant parties. The Company consistently complies with such standard and communicates with the executives and employees. The executives have a responsibility to ensure and encourage that their subordinates comply with such ethics, as well as to behave as a role model.

## CORPORATE GOVERNANCE COMMITTEE

As good corporate governance plays the significant part in the business operation of the Company, the Company's Board of Directors' Meeting held on 28 May 2012 approved the establishment of another sub-committee, the "Corporate Governance Committee" to support the works of the Board of Directors. Members of the Corporate Governance Committee shall consist of at least 4 members, but shall not exceed 6 members.

As of 28 May 2012 the Corporate Governance Committee consists of four members as follows:

| No. | Name | Position |
|---|---|---|
| 1. | Mr. Keeree Kanjanapas | Chairman of the Corporate Governance Committee |
| 2. | Mr. Anat Arbhabhirama | Member of the Corporate Governance Committee |
| 3. | Mr. Charoen Wattanasin | Member of the Corporate Governance Committee |
| 4. | Mr. Rangsin Kritalug | Member of the Corporate Governance Committee |

**Roles and Responsibilities of the Corporate Governance Committee**

1. To consider, determine, review, and update the Corporate Governance Policy and Code of Business and Employees Conduct to be in line with the international standard practices and to propose to the Board of Directors for consideration and approval, and to monitor the implementation of such Corporate Governance Policy and Code of Business and Employees Conduct.
2. To consider, determine, review, and update the Corporate Social Responsibility (CSR) policy and to propose to the Board of Directors for consideration and approval, and to monitor the implementation of such CSR policy.
3. To consider, determine, review, and update the Policy and Guideline on Anti-Corruption and Bribery and to propose to the Board of Directors for consideration and approval, and to monitor the implementation of the Policy and Guideline on Anti-Corruption and Bribery.
4. To appoint the working group to assist the Corporate Governance Committee in performing their duties as well as to appoint the independent expert consultants for providing advice and assistance for the performance of duties by the Corporate Governance Committee.
5. To perform or undertake other tasks as the Board of Directors may assign.

For the full corporate governance policy, *please refer to the Company's Form 56-1, or contact Investor Relations at ir@btsgroup.co.th*.

# 5.3 NOMINATION AND REMUNERATION COMMITTEE REPORT

The Company's Board of Directors has approved to establish two sub-committees; Nomination Committee (or NC) and Remuneration Committee (or RC) since 2009. Subsequently, the Company's Board of Directors' meeting held on 26 July 2011 approved the restructuring of these two sub-committees to be one sub-committee, namely the "Nomination and Remuneration Committee". The Nomination and Remuneration Committee shall consist of at least 3 members, but shall not exceed 5 members; most of them shall be the independent Directors.

As of 31 March 2012, the Nomination and Remuneration Committee consists of 5 members as follows:

| Name | Position | | NC Meeting Attendance* | RC Meeting Attendance* |
|---|---|---|---|---|
| 1. Lt. Gen. Phisal Thepsithar | Chairman of the Nomination and Remuneration Committee | Independent Director | 1/1 | 2/2 |
| 2. Mr. Suchin Wanglee | Member of the Nomination and Remuneration Committee | Independent Director | 1/1 | 2/2 |
| 3. Mr. Charoen Wattanasin | Member of the Nomination and Remuneration Committee | Independent Director | 1/1 | 2/2 |
| 4. Mr. Rangsin Kritalug | Member of the Nomination and Remuneration Committee | Executive Director | 1/1 | 2/2 |
| 5 Mr. Kong Chi Keung | Member of the Nomination and Remuneration Committee | Executive Director | 1/1 | 2/2 |

Miss Chayada Yodyingtammakul (Company Secretary/ Legal Director) is the Secretary to the Nomination and Remuneration Committee

* In 2011/12, prior to restructuring into one sub-committee, the Nomination Committee held 1 meeting and the Remuneration Committee held 2 meetings.

## Roles and Responsibilities of the Nomination and Remuneration Committee

1. To consider and provide opinion on the Board of Directors' structure, such as the appropriate size and composition of the Board of Directors, considering the Company's size and business strategy in comparison with the current size and composition of the Board of Directors as well as to review the independency of each of the Independent Directors, so as to adjust the Board of Directors' structure to be in line with the Company's strategy.

2. To determine the criteria and process in selecting persons for the position of Directors, by considering:
   - Qualifications of the Directors which are in line with the Company's strategy, structure, size and composition of the Board of Directors as determined by the Board of Directors, and
   - The appropriateness of their knowledge, experience, expertise and time availability as well as other requirements as stipulated by the laws or regulations of the government authorities.

3. To select Directors who have qualifications in accordance with the specified qualifications:
   - In case where the Directors retire by rotation, to recommend the person(s) to the Board of Directors for approval and to further propose to the shareholders' meeting for consideration and approval.
   - In case of any vacancy in the Board of Directors for reasons other than the retirement by rotation, to propose the person(s) to the Board of Directors for consideration and appointment as the new Director(s) to replace the vacant position.
   - In case of any need on the appointment of additional Director(s) to meet the Board of Directors' structure, to recommend the person(s) to the Board of Directors for approval and to further propose to the shareholders' meeting for consideration and approval.

4. To consider the structure, amount, form and criteria for all type of remuneration (monetary and non-monetary) to be payable to the Chairman of the Board of Directors, Directors and members of the sub-committees, taking into account the remuneration of other companies in the same industry or with the same range

of market capitalisation in order to motivate and maintain the valuable Directors with the Company, and to propose to the Board of Directors for approval and to further propose to the shareholders' meeting for consideration and approval.

5. To consider the performance assessment criteria of the Executive Chairman and to present the result of such assessment to the Board of Directors for approval, as well as to propose the amount and form of remuneration of the Executive Chairman, in correspondence with the result of the performance assessment, to the Board of Directors for consideration and approval.

6. To consider the appropriateness and conditions in offering new shares, warrants, or other securities to the Directors and employees as motivation for the Directors and employees to perform their duties in order to create long-term value for the shareholders and to maintain the qualified employees with the Company, provided that the criteria shall be impartial to the shareholders.

7. To report the performance result of the Nomination and Remuneration Committee to the Board of Directors and/or the shareholders' meeting.

8. To perform any other acts related to the nomination of Directors and determination of remuneration as assigned by the Board of Directors and to perform any other acts as stipulated by the laws or regulations of the government authorities.

## Director Nomination Policy

The Nomination and Remuneration Committee is responsible for determining the qualification of candidates for Director's position as well as proposing suitable persons to the Board of Directors so that they may in turn be proposed to the Shareholder's meeting. Such nomination process should take in to account balance of skills on the board and the knowledge, experience, length of service and performance of the Directors well as requirements stipulated by law or regulations of the government authorities. It also reviews Director's external interests to identify any actual, perceived or potential conflicts of interests, including the time available to commit to their duties to the company. These criteria are in addition to qualification requirements as prescribed pursuant to the Public Limited Company Act B.E. 2535 (1992) (as amended), Securities and Exchange Act B.E. 2535 (1992) (as amended) and relevant notifications of the Securities and Exchange Commission of Thailand and Capital Market Supervisory Board.

In the case of the nomination of Independent Directors, such nominated person shall possess the qualifications as specified in the Company's Definition of Independent Director. In this regard, the Board of Directors' Meeting held on 28 May 2012 approved to amend the Definition of Independent Director of the Company from the minimum requirements of the SEC and the SET to be more stringent by changing the limitation of shareholding in BTS shares of any Independent Director from "not more than 1%" to be "not more than 0.75%" of the total number of shares with the voting rights of the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company. By definition, an Independent Director shall:-

1. Hold no more than 0.75% of the total number of shares with the voting rights of the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company. For the purpose of this calculation, the number of shares held by related persons of each Independent Director shall also be included.

2. Neither be a Director who takes part, or used to take part in management, nor be or used to be an employee, staff, an advisor who receives a regular salary, nor be a controlling person of the Company, parent company, subsidiaries, associated companies, subsidiaries ranked in the same level, nor be a major shareholder nor the controlling person of the Company*.

3. Not be a blood-related person nor legally related as father, mother, spouse, brother, sister and children, 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 person of the Company or subsidiaries.

4. Neither have, nor formerly have any business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company in the manner that may obstruct the exercise of independent judgment as an Independent Director. Moreover, Independent Directors must neither be, nor used to be a key shareholder or controlling person of the entities having a business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders, or the controlling persons of the Company*.

5. Neither be, nor used to be the auditor of the Company, parent company, subsidiaries, associated companies, major shareholders, controlling persons of the Company, nor be a key shareholder, controlling person or partner of the audit office

having the auditor providing auditing service to the Company, parent company, subsidiaries, associated companies, major shareholders, or the controlling persons of the Company*.

6. Neither be, nor used to be a provider of any professional services including legal advisory or financial advisory services that received fees in the amount of more than THB 2mn per year from the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company, nor be a key shareholder, controlling person, or partner of such professional services provider*.

7. Not be a Director who has been appointed as a representative of the Company's Directors, major shareholders or shareholders relating to major shareholders.

8. Not operate a business of the same nature which significantly competes with the business of Company or its subsidiaries, nor be a significant partner or a Director involved in management, nor be an employee, staff, a member, or a consultant who receives a regular salary, or holds more than 1% of the total number of shares with the voting rights of a company that operates the business having the same nature and significantly competes with the businesses of the Company or its subsidiaries.

9. Have no other conditions that may obstruct the independent expression of comment on the Company's operation.

* Not applicable in the case such Director has resigned from such position for at least two years

In addition, the Company allowed the minority shareholders to nominate candidates to be elected as Director at the 2012 Annual General Meeting of Shareholder. Nonetheless, none of the shareholders nominated a candidate to be elected as Director. *More details can be seen in section 5.2: Corporate Governance Policy and Corporate Governance Committee*.

Moreover, the appointment and removal of the Company's Directors shall comply with the requirements and procedures stipulated in the laws and 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: i) Each shareholder shall have one vote for one share. ii) Each shareholder shall use all of his or her votes to elect one or several persons as Director. However, he or she may not divide his or her votes among candidates. iii) 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 cease holding the position in case of death, resignation, lack of qualifications or possession of prohibited characteristics according to the Public Limited Companies Act B.E. 2535 (1992), removal by a resolution of a shareholders' meeting, and removal by court order.

4. In case of a vacancy in the Board of Directors for reasons other than the retirement by rotation, 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 retirement by rotation, 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 totaling not less than half (1/2) of the number of shares held by the shareholders attending the meeting and having the right to vote.

## Remuneration Policy

The BTS Group has established a remuneration policy with an objective to provide remuneration in a form that will attract, retain and motivate key staff at all levels of the organisation. In particular, the Group places great importance on attracting, retaining and motivating a Board of Directors and senior management team with the appropriate professional, managerial and technical expertise to help realise the strategic objectives of the Group.

The Nomination and Remuneration Committee shall consider and determine the amount and form of the remuneration of

the Executive Chairman by using various indicators and having compared with other companies in the same industry and propose such to the Board of Directors' Meeting for approval. The Nomination and Remuneration Committee has established criteria for the assessment of the performance of the Executive Chairman and uses as the framework for the determination of remuneration of the Executive Chairman and to further present to the Board of Directors for its consideration. In 2011/12, the criteria of the assessment cover 3 sections, i.e. Section I: Status of Achievements (Strategy for the Growth of the Group Business, Strategy for the Long-Term Sustainability and Strategy for the Long-Term Development of the Organisation), Section II: Performance Measures and Section III: Development Needs. The result of the assessment is in the range of 76-100%, *full details of which can be seen in the Company's Form 56-1*. In addition, the Board of Directors' Meeting held on 28 May 2012 also established a policy that the Executive Chairman should not hold a board position in other companies outside BTS Group, subject to certain exceptions.

The Executive Chairman shall consider the appropriateness of the Executives' compensation individually from the performance of each executive by using various indicators. The annual adjustment of salary shall be in accordance with the economic situation and performance of the Company.

As regards to the remuneration of the Board of Directors, the Nomination and Remuneration Committee will determine the remuneration of the Directors from the size of business and responsibilities of the Board of Directors, having compared with other companies with the same range of market capitalisation which are listed in the Stock Exchange of Thailand and further present to the Board of Directors' Meeting and shareholders' meeting for consideration and approval.

## Basis of Director Remuneration

| Monthly Remuneration (THB) | 2011/12 | 2010/11 | 2009/10 |
|---|---|---|---|
| Chairman of the Board of Directors | 60,000 per month | 60,000 per month | 35,000 per month |
| Chairman of the Audit Committee | 50,000 per month | 50,000 per month | 30,000 per month |
| Directors | 30,000 per month | 30,000 per month | 20,000 per month |

| Meeting Allowance (THB) | 2011/12 | 2010/11 | 2009/10 |
|---|---|---|---|
| Chairman of Audit Committee | 20,000 per meeting | 20,000 per meeting | 25,000 per meeting |
| Audit Committee Member | 20,000 per meeting | 20,000 per meeting | 20,000 per meeting |
| Other sub-committees | None | None | None |

| Other Remuneration (THB) | 2011/12 | 2010/11 | 2009/10 |
|---|---|---|---|
| Directors' Bonus* | 10,077,376.3 | 0 | 0 |

* Remark: In order to reflect and to be consistent with the Company's operating results for the fiscal year ended 31 March 2011, the 2011 Annual General Meeting of Shareholders resolved to pay the Directors' bonus at the rate of 0.5% of the annual dividend payment of the Company, or equivalent to THB 10,077,376.3.

## Director Remuneration 2011/12

| Director Name | Days | Monthly Remuneration | Meeting Allowance | Directors' Bonus | Total Remuneration |
|---|---|---|---|---|---|
| 1. Mr. Keeree Kanjanapas | 365 | 720,000 | - | 1,439,625.22 | 2,159,625.22 |
| 2. Mr. Paul Tong | 365 | 360,000 | - | 719,812.59 | 1,079,812.59 |
| 3. Mr. Anat Arbhabhirama | 365 | 360,000 | - | 719,812.59 | 1,079,812.59 |
| 4. Mr. Surapong Laoha-Unya | 365 | 360,000 | - | 719,812.59 | 1,079,812.59 |
| 5. Mr. Kavin Kanjanapas | 365 | 360,000 | - | 719,812.59 | 1,079,812.59 |
| 6. Mr. Rangsin Kritalug | 365 | 360,000 | - | 719,812.59 | 1,079,812.59 |
| 7. Mr. Kong Chi Keung | 365 | 360,000 | - | 719,812.59 | 1,079,812.59 |
| 8. Mr. Kin Chan | 365 | 360,000 | - | 719,812.59 | 1,079,812.59 |
| 9. Lt. Gen. Phisal Thepsithar | 365 | 600,000 | 120,000 | 719,812.59 | 1,439,812.59 |
| 10. Mr. Amorn Chandara-Somboon | 365 | 360,000 | - | 719,812.59 | 1,079,812.59 |
| 11. Mr. Suchin Wanglee | 365 | 360,000 | 120,000 | 719,812.59 | 1,199,812.59 |
| 12. Mr. Charoen Wattanasin | 365 | 360,000 | 120,000 | 719,812.59 | 1,199,812.59 |
| 13. Mr. Cheong Ying Chew, Henry | 365 | 360,000 | - | 719,812.59 | 1,079,812.59 |
| **Total Director Remuneration** | | 5,280,000 | 360,000 | 10,077,376.30 | 15,717,376.30 |

| Director Remuneration | Persons | Remuneration (THB) |
|---|---|---|
| 2011/12 | 13 | 15,717,376.30 |
| 2010/11 | 21* | 5,005,000 |
| 2009/10 | 14 | 3,585,000 |

*Remark: In 2010/11, the 13 former Directors resigned from their position as Directors, Effectively on 29 July 2010 and the 2010 Annual General Meeting of Shareholders, held on 29 July 2010, resolved to approve the new Board of Directors, consisting of 15 Directors. 7 of which are the former Directors. Therefore, in 2010/11, the Company paid remuneration to 21 Directors.

| Executives Remuneration | Persons | Remuneration (THB) |
|---|---|---|
| 2011/12* | 9 | 37,715,266 |
| 2010/11* | 17 | 39,423,460 |
| 2009/10** | 17 | 49,348,220 |

* Remark: Comprises salary, bonus, and provident contribution
** Remark: Comprises salary and bonus

**Base Salary:** The objective of the base salary is to enable the Company to recruit and retain executives of a caliber in line with that of other SET50 companies in Thailand.

**Short-term incentive (annual bonus):** The objective of the short-term incentive is to reward executives based on the financial performance of the consolidated Group as well as the overall economic situation.

**Long-term incentive:** The Company has issued warrants representing the rights to purchase ordinary shares of the Company to employees of BTS Group in order to provide morale support to employees taking part in our success and to encourage participation from the employees in our future growth and improving operating results of BTS Group. In 2011/12, the Non Board executives received non monetary remuneration as a form of BTS-WA which issued to the employees of the Company and its subsidiaries in the total amount of 6,300,000 units.

**Provident Fund:** The Company initiated a Provident Scheme in the November 2010. Under the Company's provident fund scheme, all staff members must contribute 5% of their salary to the Fund, and the Company matches this with an additional 5% of the salary. The Provident Fund scheme is regulated by the Thai Securities and Exchange Commission under The Provident Fund Act B.E 2530 which impose strict limits on investment criteria and requires the Fund to be managed by a licensed Asset Management Company. More details can be seen at www.thaipvd.com

# 54 RISK MANAGEMENT POLICY

In 2010/11, the BTS Group updated its Risk Management Policy, on account of both the material increase in the size of the business and the change in the nature of the business following the acquisition of BTSC. The revised policy has been developed in accordance with the standards set out by the Committee of the Sponsoring Organisations of the Treadway Commission (COSO).

During 2011/12, the Company further strengthened its risk management capability by setting up Risk Management Working Group to support Business Unit in Enterprise Risk Management and engaging KPMG Phoomchai Business Advisory Limited to conduct a risk self assessment workshop with each business.

Taking risks is an integral part of entrepreneurial behaviour. The objectives of our Risk Management function is not to eliminate all risks but to ensure that we are aware of all relevant risks and efforts are made to manage these appropriately at all business levels. Management needs to take those risks into consideration when making any business decision. The aim of our Risk Management Policy is to establish a formal communication to all business levels on the Risk Management Framework and provide guidance on the risk tolerance of the BTS Group. This will ensure that all business units perform risk identification, risk evaluation, risk control and risk monitoring in a consistent manners.

The BTS Group believes Risk Management is one of the key strategies to help the organisation achieve our objectives. We ensure that all business units implement our Risk Management Framework in dealing with all foreseeable risks appropriately. All material risks will be registered, monitored and reported to Management in order to be controlled efficiently such that Risk management becomes an inherent factor to be taken into account when making business decisions. Key safeguards embedded in our Risk Management policy include ensuring compliance with legal requirements and the ensuring the integrity of the company's financial reporting but the BTS Group risk management approach is also integrated with areas of corporate governance and a system of internal controls.

## Risk Management

The BTS Group has established both a "top down" and "bottom up" approach to Risk Management.

The Board of Directors (BoD) provide the top down oversight and accountability and has the responsibility of i) setting out the

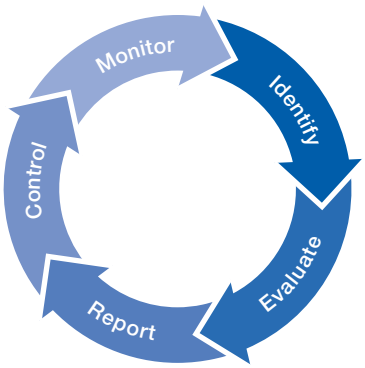
risk policy and framework ii) reviewing the appropriateness of the policy and framework on an ongoing basis and iii) ensuring that risk management and internal controls are implemented. In order to achieve this end, the Audit Committee is tasked with evaluating the sufficiency of the risk management policy and providing advice to both the Board and the Management.

At the core of the Company's Risk Management structure is the Executive Committee (Ex-com). The Ex-com is responsible for monitoring and controlling key risks and any conditions that may have a material effect on business operations. Further, the Ex-com acts as the centre of risk management engagement with the ability to reach out to the rest of the organisation.

Each employee in the firm is encouraged to increase awareness of the impact their own responsibilities may have on the organisation as a whole. Our 'bottom-up' risk management approach is done by business/risk owners. Each unit is responsible for identifying, assessing and controlling key risks that their business is exposed to. The company also engaged Professional Consulting Company to conduct a risk self assessment workshop with each department. This process aims to educate and increase awareness of 'bottom up' risks that each department may be exposed to.

In addition, Ex-com set up Risk Management Working Group (RMWG), which comprise of representatives from all business units. RMWG consolidates risks of all businesses and performs business impact analysis at the Group Level. On continuing basis, RMWG supports each business unit in implementing Risk Management and updates to Ex-com (quarterly) and Board of Directors (annually).

Aside from the role of verifying the effectiveness and integrity of existing internal controls, the internal audit team is also responsible for an independent audit of the risk management process.




## Risk Management Framework

The Risk Management framework is a continuous and developing process which is central to the BTS Group's strategic management and designed to provide 'reasonable assurance'.

To ensure good governance of company-wide risk management, the BoD approved a Risk Management Framework as a guideline for all business units to pursue. The BoD also appointed the Ex-com to monitor and control key risks to be consistent with Group's objectives.

For reporting and compliance related objectives, the system is designed to provide reasonable assurance that objectives are actually met. For strategic and operational objectives (which are subject to external influences) the framework is designed to provide reasonable assurance that management and the board are at least aware of the progress of the company in achieving its objectives.

**1. Risk Identification:** With the aim of identifying our organisation's exposure to uncertainty, the BTS Group has developed a methodical approach to indentifying risk. Each business unit is responsible for identifying relevant risks and assessing its potential impact. This process is reviewed at least annually. Further the Holding company consolidates those risks and categorises into four primary risks; Strategic, Operational, Financial and Compliance. The BTS Group believes that an in-house approach to Risk Management is most effective.

**2. Risk Evaluation:** The Company has developed a "Risk Map". This map summarises material risks that could impact the Company's strategic objectives and financial, such as earnings and continued operations. Risks are considered a material threat if they are above the Company's risk threshold. Each risk is also described, and estimated in terms of probability of occurrence and severity of impact in the case it occurs.

**3. Risk Reporting:** The efficient communication of risk intelligence within a company is critical and supported by a sound corporate governance structure. Each business unit produces a report of critical variables to help the tracking of risks of the business on regular basis.

**4. Risk Control:** For risks which are identified as being above the acceptable threshold, the Company will propose countermeasures to reduce or control the risk with Cost-Benefit Analysis and implement those measures if approved by Ex-com.

**5. Risk Monitoring:** Risk monitoring involves both the ongoing assessment of risks as well as the ongoing review of the system that controls the risks. This is in order for the risk management framework to remain effective in an external and internal environment that is dynamic in nature. Each business unit produces a report with warning threshold at both Company level and Group level to help monitoring their risks closely. If the threshold crossed, the risk will be escalated to the Head of the relevant business unit to take action immediately. To evaluate risk control, each business unit monitors the risks and their impacts on operations, which will be updated to the Ex-com on a quarterly basis. The overall system's integrity is also reviewed by the Board of Directors in the annual 'Evaluation on the Adequacy of the Internal Control System'.

# 5.5 INTERNAL CONTROL

Internal control can be considered a subset of the overall Risk Management process. Specifically, internal control are the systems and processes that are in place to provide reasonable assurance of achieving objectives relating to a) Effectiveness and efficiency of operations; b) Reliability of financial reporting; and c) Compliance with laws and regulations.

As with the overall Risk Management system, the Company places great importance on effectiveness of its internal control system and the Audit Committee is assigned by the Board of Directors to evaluate the adequacy of the internal control system on an annual basis. The Company assesses internal controls across 5 difference areas; The Environment for Organisational Controls, Risk Assessment Measures, Management Control Measures, Information and Communication Measures, and Monitoring Measures, as follows:

## The Environment for Organisational Controls

In order to have an effective risk management and internal control system, it is critical to encourage, and promote a work environment that places importance on an effective process and the achievement of results. Therefore, the Company focuses on creating these conditions and 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. Executive management then holds meetings to convert these business goals into short and long-term business plans (as well as the annual budget) and management in turn communicates this to all departments in order to ensure awareness of the established goals. The Company assesses business operations on a quarterly basis to assess overall performance and improve the business plan. The annual budget is revised every six months.
- The Company reviews the organisational and corporate governance structure with consideration to the efficiency of the Management, and notifies the employees of any changes to the structure.
- 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 Code of Conduct including rules, practices and penalties for management and employees and each employee receives a copy of this at the commencement of employment and is notified of any changes. Each employee also received a copy of the Company's Corporate Governance Policy *(see section 5.2: Corporate Governance Policy and Corporate Governance Committee)*.

## Risk Assessment Measures

The Company has specified clear and harmonised objectives; both at the organisational and operational level in order for the Company to accomplish its goals using the approved annual budget and available resources. More details on the Risk Management framework, including Risk Assessment is included in this annual report *(see section 5.4: Risk Management Policy)*.

## Management Control Measures

The Company has policies, operational guidelines and controls for Management to ensure that the policies specified by the Management are complied with and communicated to the Company's employees. Policies include the scope of duties and authorised credit limit of each level of management, clear separation of the duties relating to (i) purchase approval (ii) accounting entries and (iii) safe keeping of property in order to ensure the efficiency of cross-checking and monitoring. The Company also has strict guidelines relating to 'related or connected' party transactions, which must be conducted in accordance with normal market practice and presented to the Independent Audit Committee for their comments. If a transaction may be deemed not to be in line with market standard, then the Audit Committee must consider and propose to the Board of Directors / Shareholders, as the case may be for their approval. *More details on these internal controls can be found in the Company's Form 56-1*. The Company also 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.

## Information and Communication Measures

As specified in the Risk Management policy, a key component of effective internal controls is the effective communication and reporting. The Company organises 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 enhance the ability to achieve of the objectives of the Company. Our policies include (i) providing the Board of Directors with essential information to support their decision making at least 7 days in advance of the Director's meeting (ii) recording comprehensive minutes of the Board of Directors' meeting including Directors' inquiries, comments and observations on each matter and (iii) maintaining and categorising all accounting records and books in a manner that can be easily investigated.

## Monitoring Measures

As with the monitoring of risk, the Company regularly monitors (i) compliance of performance with the established goals and (ii) the integrity of the internal control system, improving it where appropriate. For example, the Board of Directors conducts quarterly 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. Further, the internal audit conducts a regular audit of the internal control system as part of a clearly specified 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 independence of the internal auditor's performance. If a material error is found by either the internal or external auditors or management, 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 on 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.

# 56 RELATED PARTY TRANSACTIONS

Disclosure of related party transactions in the Annual Report has been prepared in accordance with the Annual Registration Statement Disclosure Form (Form 56-1). The Company discloses and describes the related party transactions occurred in the past period as well as the policy on the execution of related party transactions between the Company/subsidiaries and the person that may have conflict of interest. Nonetheless, the related party transactions with the associated companies or subsidiaries, to which the directors, executives, major shareholders, or controlling persons of the Company hold no greater than 10% shareholding collectively, will not be disclosed. The disclosure of related party transactions in this Annual Report is different from the disclosure in the financial statements. That is to say the disclosure in the financial statements has been prepared in accordance with the Accounting Standards regarding Related Party Disclosures which includes the disclosure of the related party transactions with the subsidiaries and associated companies who are not the person having conflict of interest.

## Necessity and Rationale of Related Party Transactions

The related party transactions of the Company are the outstanding transactions that occurred a long time ago. The Audit Committee has reviewed these transactions as regards the appropriateness of the monitoring and collection process, evaluation of transaction status and evaluation of competency in debt servicing by the debtors, as well as the appropriateness of making provision for the doubtful debt covering the losses may occur.

## Measures or Procedures in approving Related Party Transactions

All related party transactions must be approved by the Audit Committee and the Board of Directors or 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 B.E. 2546 (2003) (as amended) and the Notification of Capital Market Supervisory Board No. Tor Jor. 21/2551 re: Rules on Connected Transactions (as amended), as well as laws on securities and exchange, regulations, notifications, orders or requirements of the Stock Exchange of Thailand relating to the execution of connected transactions or the transactions which might be in conflict of interest (the "Relevant Rules on Regulations on Connected Transactions").

## Policy and Trend of Related Party Transactions

The Company may need to enter into related party transactions with the connected person(s) or with the person(s) who may have conflict of interest in the future. In such an event, the Company will determine the terms and conditions to be in line with the general trading conditions and market price that can be compared with those offered 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 party transactions between the Company/subsidiaries and a connected person or a person who may have conflict of interest or conflict of any kind, the Company will request the Audit Committee to review and give opinion 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, independent financial advisor, or the Company's auditor to provide the opinion on such transaction, so that the Board of Directors or the shareholders, as the case may be, can use such opinion to support their decision making. In case where the related party transaction is proposed to the shareholders' meeting for its consideration and approval, the Company shall appoint an independent financial advisor to report and give their opinion on the execution of such transaction to the shareholders. The Company will disclose related party transactions in the remarks of the financial statements as audited by the Company's auditor, the Annual Registration Statement Disclosure Form (Form 56-1) and in the Annual Report of the Company.

## Policies Relating to Transactions which may be in Conflict with the Company's Interest

In order to prevent an occurrence of a transaction which may be conflict with the best interest of the Company and shareholders and to maintain the good corporate governance, the Company has established a set of policies relating to transactions which may be in conflict with the Company's interest as follows:

### Policy on doing a new business

The Company shall propose the details of the business plan to the Board of Directors or any persons appointed by the Board of Directors. The investment plan shall be reviewed and considered by mainly taking into account the returns and benefits to the Company and its shareholders. Nevertheless, the Company has no policy to do business with its director, executive, major shareholder or any related person thereof except in the case of necessity or to support the businesses of the Company and mainly for the best interest of the Company and its shareholders in general. The Company shall also comply with the Relevant Rules on Regulations on Connected Transactions.

**Policy on holding shares in a company the Company makes investment**

The Company has a policy to hold shares of any investments it makes by its own except in the case of necessity and for the best interest of the Company or its shareholders in general which shall be brought to the consideration of the Audit Committee and the Board of Directors for approval, provided that any person who has an interest in the transaction shall not be present at the Board of Directors' meeting during the course of consideration of such transaction and shall have no right to vote.

**Policy on lending money to a joint venture company**

Lending money is not the business of the Company. However, if the Company has a necessity to lend money to its joint venture company to support the financing of the joint venture company in a form of shareholders loan, the Company will grant the loan pro rata to its investment, except in the case of necessity and appropriateness which may be approved by the Board of Directors on a case by case basis. Nevertheless, the Company has no policy to lend money to its director, executive, major shareholder and/or any related person thereof or the business of the joint venture company with such person, except in the case of providing loan pro rata to the investment or for the best interest of the Company or its shareholders in general. The Company shall also comply with the Relevant Rules on Regulations on Connected Transactions. In addition, if such transaction has the size smaller than the disclosure requirements, the Company shall report such transaction to the Audit Committee for acknowledgement.

**Policy on preparing documents in writing**

The Company will prepare promissory notes, loan agreements and/or any financial support agreements with due care and will prepare them in writing as well as keep all evidence properly, regardless of whether such loan is lent to companies in the Group.

**Policy on entering into the connected transactions with the same commercial terms as those the person in general would agree with any unrelated counterparty under the similar circumstances**

The Board of Directors approved in principle a policy on the execution of connected transactions between the Company/subsidiaries and directors, executives or related person thereof with the same commercial terms and/or market price as those the person in general would agree with any unrelated counterparty under the similar circumstances on the basis of commercial negotiation and without any dependent interest resulting from the status of the director, executive or related person as stipulated in Article 89/12 of the Securities and Exchange Act (No. 4) B.E. 2551. For the connected transaction with different commercial terms or differ from the market price, the Company shall comply with rules and regulations of relevant authorities.

**Related Party Transactions (as of 31 March 2012)**

| Persons who may have conflict of interest | Companies having related party transactions | Relationship | Transactions | Transaction Value 2011/12 (THB mn) | Transaction Value 2010/11 (THB mn) | Necessity / Remarks |
|---|---|---|---|---|---|---|
| **Saraburi Property Co., Ltd.** | The Company | • Saraburi Property Co., Ltd. was an associated company to which the Company formerly held 30% shares (At present, the Company has already written off the investment in this associated company).<br>• Mr. Keeree Kanjanapas, Chairman, Executive Chairman and major shareholder of the Company, is also a major shareholder holding 66% shares in Saraburi Property Co., Ltd. | • Loan which is THB 149mn principal plus interest.<br>• During 1990-1998, the Company provided loan to Saraburi Property Co., Ltd. at the interest rate equaling to financial cost of the Company. Saraburi Property Co., Ltd. used the loan proceeds for buying the land and mortgaged such land as collateral for the Company's debt. Subsequently, the land was foreclosed for the debt repayment both before the business rehabilitation and during the course of the business rehabilitation. As a result, Saraburi Property Co., Ltd. was unable to repay the loan to the Company.<br>• The Company has already made the provision of the doubtful debt in full amount.<br>• On 8 April 2011, the Company filed a bankruptcy case against Saraburi Property Co., Ltd. to the Central Bankruptcy Court. Thereafter, on 29 June 2011, the Central Bankruptcy Court issued an absolute receivership order against Saraburi Property Co., Ltd. | 0 | 501 | This transaction occurred a long time ago. It is a normal transaction of which the interest rate is equivalent to the Company's cost of the borrowing. |

| Persons who may have conflict of interest | Companies having related party transactions | Relationship | Transactions | Transaction Value 2011/12 (THB mn) | Transaction Value 2010/11 (THB mn) | Necessity / Remarks |
|---|---|---|---|---|---|---|
| | | | • The Company has already written off the investment in Saraburi Property Co., Ltd. since Q2 (ended 30 September 2011) pursuant to the resolution of the Audit Committee Meeting and the Board of Directors' Meeting on 26 July 2011.<br>• On 27 March 2012, the first meeting of creditors was held in accordance with the Bankruptcy Act B.E. 2483. The creditors' meeting resolved that the official receiver shall request the Court to issue the bankruptcy order against Saraburi Property Co., Ltd. The official receiver applied to the Court for the issuance of the bankruptcy order. The Court has scheduled the day for a public examination of the debtor on 14 December 2012. | | | |
| **Hwa Kay Thai (Thailand) Co., Ltd.** | The Company, VGI Global Media Plc. and Bangkok Smartcard System Co., Ltd | • Hwa Kay Thai (Thailand) Co., Ltd. was formerly a subsidiary of the Company but all shares in Hwa Kay Thai (Thailand) Co., Ltd. were transferred to the Company's creditors as debts settlement.<br>• Mr. Man Ka Ho Donald, a son in law of Mr. Keeree Kanjanapas, Chairman, Executive Chairman and a major shareholder of the Company, has benefit and controlling power of more than 10% in Oriental Field Ltd. which in turn holds 49% shares in Hwa Kay Thai (Thailand) Co., Ltd. | • Accommodation and banquet expenses at Eastin Hotel Makkasan, Bangkok | 2 | 2 | This transaction occurred as necessary with terms and service fee at the rate which Eastin Hotel Makkasan, Bangkok charges to other third parties. This transaction is in compliance with the policy on the execution of connected transactions having market price and the same commercial terms as those the person in general would agree with the unrelated counterparty under the similar circumstances. The policy on the execution of connected transactions between the Company/ subsidiaries and the connected persons has been approved in principle by the Board of Directors. |
| | Muangthong Assets Co., Ltd. and PrannaKiri Assets Co., Ltd. | | • Loan which is THB 26mn principal plus interest. Muangthong Assets Co., Ltd. and PrannaKiri Assets Co., Ltd. are still charging interest at the rate equaling to their financial cost. However, Muangthong Assets Co., Ltd. and PrannaKiri Assets Co., Ltd. already made the provision of the doubtful debt in full amount.<br>• In 1995, Muangthong Assets Co, Ltd. and PrannaKiri Assets Co., Ltd, provided loan to Hwa Kay Thai (Thailand) Co., Ltd. with the interest rate equaling to their financial cost. At the date of borrowing, Hwa Kay Thai (Thailand) Co., Ltd. was still a subsidiary of the Company. At such time, inter-company loan among companies in the group was applied in the course of working capital management. | 55 | 54 | This transaction occurred a long time ago. It is a normal transaction of which the interest rate is equivalent to the cost of the borrowing of Muangthong Assets Co., Ltd. and PrannaKiri Assets Co., Ltd. |

| Persons who may have conflict of interest | Companies having related party transactions | Relationship | Transactions | Transaction Value 2011/12 (THB mn) | Transaction Value 2010/11 (THB mn) | Necessity / Remarks |
|---|---|---|---|---|---|---|
| | | | • All shares in Hwa Kay Thai (Thailand) Co., Ltd. held by the Company were pledged as the collateral to the Company's loan and subsequently the Company transferred those shares to creditors during the course of business rehabilitation in 2006.<br>• Muangthong Assets Co., Ltd. and PrannaKiri Assets Co., Ltd. have constantly followed up on the debt collection process with Hwa Kay Thai (Thailand) Co., Ltd. Currently, the parties are under negotiation process with some progress. | | | |
| **EGV Co., Ltd.** | The Company | • Mr. Keeree Kanjanapas, Chairman, Executive Chairman and major shareholder of the Company, is a director and a major shareholder holding 40% shares in EGV Co., Ltd. | • Loan which is THB 4mn principal plus interest. The Company is still charging interest at the rate equaling to its financial cost. However, the Company has already made the provision of the doubtful debt in full amount due to the fact that EGV Co., Ltd. has ceased its operation and the Company believes that the opportunity to receive the repayment is low.<br>• EGV Co., Ltd. is a company founded in 1994 in order to make joint investment as a founder of Siam Infotainment Co., Ltd., as now known as ITV Plc. ("ITV").<br>• In 1995, EGV Co., Ltd. borrowed money from the Company at the interest rate equivalent to the financial cost of the Company in order to invest in ITV, and EGV Co., Ltd. pledged all shares in ITV to secure the Company's debt. Later in 2002, the Company underwent the business rehabilitation process. The financial institutional creditor, who was the pledgee of ITV's shares, applied for repayment of the debt with the official receiver. The official receiver issued an order that such financial institutional creditor would receive only a part of the debt applied for repayment. Nevertheless, such creditor filed an objection to the official receiver's order with the Central Bankruptcy Court. The matter is still pending under the consideration of the Supreme Court.<br>• The only asset of EGV Co., Ltd. is its ITV shares which have been pledged as collateral with the financial institutional creditor while EGV Co., Ltd. did not charge any fee from the Company. Therefore, the Company will proceed to have EGV Co., Ltd. transferred these ITV shares to the Company as a debt settlement after the case between the Company and such financial institution creditor in the Supreme Court is final.<br>• Currently, such financial institution is under the liquidation process. The Company is following up on the resolution of the liquidation committee regarding the case between the Company and such financial institution. | 11 | 11 | This transaction occurred a long time ago. It is a normal transaction of which the interest rate is equivalent to the Company's cost of the borrowing. |

# 5 7 DIRECTOR AND EXECUTIVE PROFILES

## DIRECTORS AND EXECUTIVES

### Mr. Keeree Kanjanapas

Age 62

| | |
|---|---|
| Title | Chairman / Executive Chairman / Chairman of the Corporate Governance Committee |
| Education | • Top Executive Program (CMA 10) Year 2010, Capital Market Academy<br>• Director Accreditation Program (DAP) Year 2011, Thai Institute of Directors |
| No. of Shares held (%) * | 25,779,117,139 (45.03%) |
| Family Relationship with the Executives | Father of Mr. Kavin Kanjanapas |

Working Experience for the 5-year period

| | |
|---|---|
| 2006 - Present | Chairman, BTS Group Holdings Plc. |
| 2010 - Present | Executive Chairman, BTS Group Holdings Plc. |
| 1993 - 2006 | Managing Director, BTS Group Holdings Plc. |
| 2012 - Present | Chairman, VGI Global Media Plc. |
| 2010 - Present | Chairman, Bangkok Mass Transit System Plc. |
| 1996 - Present | Executive Chairman, Bangkok Mass Transit System Plc. |
| 2010 - Present | Director, Kampoo Property Co., Ltd.<br>Director, Kamkoong Property Co., Ltd.<br>Director, Carrot Rewards Co., Ltd. |
| 2009 - Present | Director, Nuvo Line Agency Co., Ltd.<br>Director, BTS Land Co., Ltd.<br>Director, Bangkok Smartcard System Co., Ltd. |
| 2007 - Present | Director, Kamala Beach Resort & Hotel Management Co., Ltd. |
| 1994 - Present | Director, Tanayong International Limited |
| 1993 - Present | Director, PrannaKiri Assets Co., Ltd.<br>Director, Sam Pao Petch Co., Ltd. |
| 1992 - Present | Director, Tanayong Food and Beverage Co., Ltd. |
| 1991 - Present | Director, Thana City Golf and Sports Club Co., Ltd. |
| 1990 - Present | Director, Siam Paging and Communication Co., Ltd.<br>Director, Tanayong Property Management Co., Ltd. |
| 1988 - Present | Director, Muangthong Assets Co., Ltd. |
| 2009 - 2010 | Director, BTS Assets Co., Ltd. |
| 1996 - 2009 | Director, Yongsu Co., Ltd. |
| 1991 - 2009 | Director, DNAL Co., Ltd |
| 1990 - 2011 | Director, Saraburi Property Co., Ltd. |

### Mr. Paul Tong

Age 71

| | |
|---|---|
| Title | Director |
| Education | • PhD. Engineering University of Manchester, UK<br>• Master of Science in Engineering, University of Hong Kong, Hong Kong<br>• Bachelor of Science in Engineering, University of Hong Kong, Hong Kong |
| No. of Shares held (%) * | 189,674,297 (0.33%) |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2007 - Present | Director, BTS Group Holdings Plc. |
| 2010 - Present | Chairman, BTS Assets Co., Ltd. |
| 2008 - Present | Director, Kamala Beach Resort & Hotel Management Co., Ltd. |
| 2007 - Present | Managing Director, Hip Hing Construction (China) Co., Ltd. |
| 2006 - 2011 | Managing Director, Hip Hing Construction Co., Ltd.<br>Director, NW Project Management Limited |
| 2006-2010 | Chairman, Bangkok Mass Transit System Plc. |
| 2005-2010 | Director, Parsons Brinckerhoff International Pte Ltd., Singapore |

### Mr. Anat Arbhabhirama

Age 74

| | |
|---|---|
| Title | Executive Director / Corporate Governance Committee Member |
| Education | • PhD. Engineering (Civil Engineering) University of Colorado, USA<br>• Honorary Doctorate Degree in Engineering, Prince of Songkla University<br>• Honorary Doctorate Degree in Civil Engineering, Chulalongkorn University<br>• Master of Engineering (Hydraulic Engineering), Asian Institute of Technology<br>• Bachelor of Engineering (Civil Engineering), Chulalongkorn University<br>• Director Accreditation Program (DAP) Year 2011, Thai Institute of Directors |
| No. of Shares held (%) * | - |
| Family Relationship with the Executives | - |

* Shares held by directors and executives, including shares held by their spouse and minor child. As at 13 June 2012, the Company has 57,252,980,553 issued shares in total.

Working Experience for the 5-year period

| | |
|---|---|
| 2010 - Present | Executive Director, BTS Group Holdings Plc. |
| 2009 - 2010 | Director, BTS Group Holdings Plc. |
| 1998 - 2009 | Audit Committee and Independent Director, BTS Group Holdings Plc. |
| 2010 - Present | Director, Kampoo Property Co., Ltd.<br>Director, Kamkoong Property Co., Ltd. |
| 2009 - Present | Director, BTS Land Co., Ltd. |
| 2008 - Present | Director, Bangkok Mass Transit System Plc. |
| 1996 - 2008 | Advisor to the Board of Directors, Bangkok Mass Transit System Plc. |
| 2009 - 2010 | Director, BTS Assets Co., Ltd. |

## Mr. Surapong Laoha-Unya

Age 50

| | |
|---|---|
| Title | Executive Director |
| Education | • M.M.E. Civil Engineering, Chulalongkorn University<br>• Bachelor of Engineering (Civil Engineering) Kasetsart University<br>• Director Accreditation Program (DAP) Year 2010, Thai Institute of Directors |
| No. of Shares held (%) * | 34,703,916 (0.06%) |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2010 - Present | Executive Director, BTS Group Holdings Plc.<br>Director, Carrot Rewards Co., Ltd.<br>Director, Kamkoong Property Co., Ltd.<br>Director, Kampoo Property Co., Ltd. |
| 2009 - Present | Director, Nuvo Line Agency Co., Ltd.<br>Director, BTS Land Co., Ltd.<br>Director, Bangkok Smartcard System Co., Ltd. |
| 2006 - Present | Director and Chief Operating Officer, Bangkok Mass Transit System Plc.<br>Director, VGI Global Media Plc. |
| 2009 - 2010 | Director, BTS Assets Co., Ltd. |

## Mr. Kavin Kanjanapas

Age 37

| | |
|---|---|
| Title | Executive Director |
| Education | • Stonehenge College, UK<br>• Director Accreditation Program (DAP) Year 2007, Thai Institute of Directors |
| No. of Shares held (%) * | 10,961,009 (0.02%) |
| Family Relationship with the Executives | Son of Mr. Keeree Kanjanapas |

Working Experience for the 5-year period

| | |
|---|---|
| 2010 - Present | Executive Director, BTS Group Holdings Plc. |
| 2006 - 2010 | Managing Director, BTS Group Holdings Plc. |
| 2012 - Present | Executive Chairman, VGI Global Media Plc. |
| 2003 - 2012 | Director, VGI Global Media Plc. |
| 2010 - Present | Director, Tanayong Hong Kong Limited<br>Director, Absolute Hotel Services Hong Kong Limited<br>Director, 999 Media Co., Ltd.<br>Director, 888 Media Co., Ltd.<br>Director, Carrot Rewards Co., Ltd.<br>Director, BTS Land Co., Ltd.<br>Director, Kampoo Property Co., Ltd.<br>Director, Kamkoong Property Co., Ltd.<br>Director, VGI Advertising China Limited<br>Executive Chairman, BTS Assets Co., Ltd. |
| 2009 - Present | Director, Bangkok Mass Transit System Plc.<br>Director, Nuvo Line Agency Co., Ltd.<br>Director, Bangkok Smartcard System Co., Ltd.<br>Director, Point of View (POV) Media Group Co., Ltd. |
| 2009 - Present | Director, VGI Advertising Media Co., Ltd. |
| 2002 - 2007 | Director, VGI Advertising Media Co., Ltd. |
| 2009 - Present | Director, VGI Multi-Tech International Co., Ltd. |
| 2004 - 2007 | Director, VGI Multi-Tech International Co., Ltd. |
| 2008 - Present | Director, Thana City Golf and Sports Club Co., Ltd.<br>Director, Tanayong Property Management Co., Ltd.<br>Director, Muangthong Assets Co., Ltd.<br>Director, PrannaKiri Assets Co., Ltd.<br>Director, Sam Pao Petch Co., Ltd.<br>Director, Siam Paging And Communication Co., Ltd.<br>Director, Tanayong Food and Beverage Co., Ltd.<br>Director, Absolute Hotel Services Co., Ltd. |
| 2007 - Present | Director, Kamala Beach Resort & Hotel Management Co., Ltd. |
| 2008 - 2011 | Director, Saraburi Property Co., Ltd. |
| 2008 - 2009 | Director, DNAL Co., Ltd<br>Director, Yongsu Co., Ltd. |

* Shares held by directors and executives, including shares held by their spouse and minor child. As at 13 June 2012, the Company has 57,252,980,553 issued shares in total.

### Mr. Rangsin Kritalug

Age 50

| | |
|---|---|
| Title | Executive Director / Chief Operating Officer / Nomination and Remuneration Committee Member/ Corporate Governance Committee Member |
| Education | • MBA, Thammasat University<br>• Bachelor of Architecture, Silpakorn University<br>• Director Accreditation Program (DAP) Year 2003, Thai Institute of Directors<br>• Role of the Compensation Committee (RCC) Year 2011, Thai Institute of Directors<br>• Director Certification Program (DCP) Year 2011, Thai Institute of Directors<br>• Anti-Corruption Training Program Year 2012, Thai Institute of Directors<br>• Role of the Nomination and Governance Committee (RNG) Year 2012, Thai Institute of Directors |
| No. of Shares held (%) * | - |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2010 - Present | Executive Director and Chief Operating Officer, BTS Group Holdings Plc. |
| 2006-2010 | Deputy Managing Director, BTS Group Holdings Plc. |
| 1997 - 2006 | Director, BTS Group Holdings Plc. |
| 2011 - Present | Director, BTS Land Co., Ltd. |
| 2010 - Present | Director, Kampoo Property Co., Ltd.<br>Director, Kamkoong Property Co., Ltd.<br>Director, Nuvo Line Agency Co., Ltd.<br>Director, BTS Assets Co., Ltd. |
| 2008 - Present | Director, Siam Paging and Communication Co., Ltd.<br>Director, Absolute Hotel Services Co., Ltd. |
| 2007 - Present | Director, Muangthong Assets Co., Ltd.<br>Director, Kamala Beach Resort & Hotel Management Co., Ltd.<br>Director, HHT Construction Co., Ltd. |
| 2001 - Present | Director, DNAL Co., Ltd.<br>Director, Tanayong Food and Beverage Co., Ltd.<br>Director, Sam Pao Petch Co., Ltd.<br>Director, PrannaKiri Assets Co., Ltd.<br>Director, Tanayong Property Management Co., Ltd.<br>Director, Yongsu Co., Ltd.<br>Director, Saraburi Property Co., Ltd. |
| 1998 - Present | Director, Thana City Golf & Sports Club Co., Ltd. |

### Mr. Kong Chi Keung

Age 37

| | |
|---|---|
| Title | Executive Director / Nomination and Remuneration Committee Member |
| Education | • MBA (Executive) Sasin Graduate Institute of Business Administration of Chulalongkorn University<br>• BA (Honorary Degree), Business Administrative, University of Greenwich, UK<br>• Director Accreditation Program (DAP) Year 2007, Thai Institute of Directors |
| No. of Shares held (%) * | 20,000,000 (0.03%) |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2010 - Present | Executive Director, BTS Group Holdings Plc. |
| 2008 - 2010 | Deputy Managing Director, BTS Group Holdings Plc. |
| 2006 - 2008 | Director, BTS Group Holdings Plc. |
| 2010 - Present | Director, Bangkok Mass Transit System Plc.<br>Director, Tanayong Hong Kong Limited<br>Director, VGI Advertising China Limited<br>Director, BTS Assets Co., Ltd. |
| 2008 - Present | Director, Absolute Hotel Services Co., Ltd. |
| 2000 - Present | Director, VGI Global Media Plc. |

### Mr. Kin Chan

Age 46

| | |
|---|---|
| Title | Director |
| Education | • MBA, The Wharton School of the University of Pennsylvania<br>• AB, Princeton University |
| No. of Shares held (%) * | - |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2010 - Present | Director, BTS Group Holdings Plc. |
| 2011 - Present | Director, United Fiber System Limited, a company listed in Singapore |
| 2010 - Present | Director, Overseas Union Enterprise Limited, a company listed in Singapore |
| 2004 - Present | Director, Transpac Industrial Holdings Limited, a company listed in Singapore |
| 2001 - Present | Partner, Argyle Street Management Limited |
| 2000 - 2001 | Chief Executive and Managing Director, Lazard Asia Limited |
| 1992 - 1999 | Associate, Vice President and Executive Director, Goldman, Sachs & Co. |
| 1989 - 1992 | Financial Analyst, M&A Department, The First Boston Corporation |

* Shares held by directors and executives, including shares held by their spouse and minor child. As at 13 June 2012, the Company has 57,252,980,553 issued shares in total.

## Lt. Gen. Phisal Thepsithar

Age 80

| | |
|---|---|
| Title | Independent Director / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee |
| Education | • MBA, Thammasat University<br>• BA and Higher Diploma in Accounting, Thammasat University<br>• Bachelor of Law, Thammasat University<br>• Bachelor of Education (First Class Honor), Sukhothai Thammathirat University<br>• Bachelor of Dental Surgery (Second Class Honor), University of Medical Science<br>• Director Certification Program (DCP) Year 2002, Thai Institute of Directors<br>• Audit Committee Program(ACP) Year 2009, Thai Institute of Directors |
| No. of Shares held (%) * | 500,000 (0.001%) |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2000 - Present | Chairman of the Audit Committee and Independent Director, BTS Group Holdings Plc. |
| 2005 - Present | Independent Director, President Bakery Plc. |
| 2001 - Present | Independent Director and Chairman of the Audit Committee, President Rice Products Plc. |
| 1999 - Present | Chairman of the Audit Committee and Independent Director, Rockworth Plc. |
| 2009 - 2010 | Independent Director and Audit Committee, Bangkok Mass Transit System Plc. |

## Mr. Amorn Chandara-Somboon

Age 82

| | |
|---|---|
| Title | Independent Director |
| Education | • Doctoral Degree, Public International Law, Paris University, France<br>• Bachelor of Law, Thammasart University<br>• Honorary Doctoral Degree of Law, Thammasat University<br>• Honorary Doctoral Degree of Law, Chulalongkorn University<br>• Honorary Doctoral Degree of Law, Ramkhamhaeng University<br>• Distinguished Research Professor, Sukhothai Thammathirat University<br>• Certificate, National Defence College of Thailand (Class 14)<br>• Director Certification Program (DCP) Year 2003, Thai Institute of Directors<br>• Directors Accreditation Program (DAP) Year 2003, Thai Institute of Directors<br>• Finance of Non-Finance Director (FND) Year 2003, Thai Institute of Directors<br>• Audit Committee, Program (ACP) Year 2009, Thai Institute of Directors<br>• Monitoring the System of Internal Control and Risk Management (MIR) Year 2009, Thai Institute of Directors<br>• Monitoring the Internal Audit Function (MIA) Year 2009, Thai Institute of Directors<br>• Monitoring Quality of Financial Reporting (MFR) Year 2009, Thai Institute of Directors |
| No. of Shares held (%) * | - |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2010 - Present | Independent Director, BTS Group Holdings Plc. |
| 1990 - Present | Director and Executive Director, Bangkok Bank Plc. |
| 2010 - Present | Distinguished Scholar, Law Faculty, National Institute of Development Administration (NIDA) |
| 2000 - Present | Honorary Members of University Council, Mahidol University |
| 1996 - Present | Honorary Members of University Council, Ubon Ratchathani University |
| 1984 - Present | Member of the Advisory Council, Sasin Graduate Institute of Business Administration of Chulalongkorn University |
| 1999 - 2004 | Member of the Anti-Money Laundering Board and Chairman of the Sub-Committee on the Organizational Improvement of the Anti-Money Laundering Office, Anti-Money Launder Board |
| 1995 - 2004 | Member of the Securities and Exchange Commission, Securities and Exchange Commission |
| 1996 - 2000, 1985 - 1991, 1981 - 1985 | Senator, Senate House |
| 1984 - 1988 | Member of The Bank of Thailand Board, Bank of Thailand |

* Shares held by directors and executives, including shares held by their spouse and minor child. As at 13 June 2012, the Company has 57,252,980,553 issued shares in total.

## Mr. Suchin Wanglee

Age 76

| | |
|---|---|
| Title | Independent Director / Audit Committee Member / Nomination and Remuneration Committee Member |
| Education | • Bachelor Degree Electrical Engineering, Northrop Institute of Technology, U.S.A.<br>• Executive Course, Harvard University, U.S.A<br>• Role of the Chairman Program (RCP) Year 2001, Thai Institute of Directors<br>• Top Executive Program (CMA 9) Year 2009, Capital Market Academy<br>• Top Executive Program in Commerce and Trade, Commerce Academy 2010<br>• The Urban Development & Administration Training Course for the Executive Administrator, Year 2011, Urban Green Development Institute |
| No. of Shares held (%) * | 25,500,014 (0.04%) |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2010 - Present | Audit Committee and Independent Director, BTS Group Holdings Plc. |
| 2011 - Present | Vice Chairman, Serm Suk Plc. |
| 2010 - 2011 | Director, Serm Suk Plc. |
| 2010 - Present | Chairman, Thai Metal Drums MFG. Plc. |
| 1989 - 2010 | Director, Thai Metal Drums MFG. Plc. |
| 2007 - Present | Director, Aqua Infinite Co., Ltd. |
| 2006 - Present | Director, Wanglee Pattana Co., Ltd. |
| 2005 - Present | Director, Rajadamri Hotel Plc. |
| 2001 - Present | Chairman, Navakij Insurance Plc. |
| 2007 - 2008 | Chairman of the Risk Management Committee, Navakij Insurance Plc. |
| 1997 - 2006 | Chairman of the Executive Board Navakij Insurance Plc. |
| 1994 - Present | Independent Director, Varopakorn Plc. |
| 1991 - Present | Chairman, Rangsit Plaza Co., Ltd. |
| 1990 - Present | Director, Nuchapon Co., Ltd. |
| 1988 - Present | Director, The Pet Co., Ltd. |
| 1982 - Present | Chairman, Sathorn Thani Co., Ltd. |
| 1978 - Present | Chairman, Thai Reinsurance Plc. |
| 1970 - Present | Chairman, The Falcon Insurance Plc. |
| 1969 - Present | Independent Director, Thai-German Ceramics Industry Plc. |
| 1968 - Present | Director, Wanglee Co., Ltd. |
| 1988 - 2010 | Director, Thai-Petchaboon Co., Ltd. |
| 1971 - 2010 | Director, The General Insurance Association |
| 2007 - 2009 | Chairman, The General Insurance Association |
| 2003 - 2005 | Chairman, The General Insurance Association |
| 1973 - 1975 | Chairman, The General Insurance Association |
| 2003 - 2005, 2001 - 2003, 1974 - 1976 | Director, Board of Trade of Thailand |
| 1997 - 2005 | Director and Audit Committee, Minor Food Group Plc. |
| 1975 - 1976 | Director, Asian Reinsurance Pool<br>Director, National Housing Authority |
| 1974 - 1976 | Director, East Asian Insurance Congress |

## Mr. Charoen Wattanasin

Age 75

| | |
|---|---|
| Title | Independent Director / Audit Committee Member / Nomination and Remuneration Committee Member / Corporate Governance Committee Member |
| Education | • Business Administration, City of Liverpool College of Commerce, UK<br>• Management, B.I.M. London, UK<br>• Director Accreditation Program (DAP) Year 2011, Thai Institutes of Directors<br>• Director Certification Program (DCP) Year 2011, Thai Institutes of Directors<br>• Audit Committee Program (ACP) Year 2011, Thai Institutes of Directors |
| No. of Shares held (%) * | 1,728,571 (0.003%) |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2010 - Present | Audit Committee and Independent Director, BTS Group Holdings Plc. |
| 2003 - Present | Vice President, National Olympic Committee of Thailand under the Royal Patronage of H.M. the King |
| 2002 - Present | President, The Badminton Association of Thailand under The Royal Patronage of H.M. the King |
| 1987 - Present | Special Professorship of Marketing, Faculty of Commerce and Accountancy, Chulalongkorn University |
| 2001 - 2007 | Advisory Board Chairman, Pacific Food Processing Co., Ltd. |
| 1995 - 1998 | Advisory Board Chairman, Media of Medias Plc. |
| 1976 - 1995 | Managing Director, IFF (Thailand) Co., Ltd. |
| 1972 - 1976 | General Manager, Thai Amarit Brewery Co., Ltd. |
| 1969 | Marketing Director, Richardson-Merrell (Thailand) Co., Ltd. |
| 1962 - 1972 | Senior Management - General Sales Manager, Lever Brother (Thailand) Ltd., Unilever Group |

* Shares held by directors and executives, including shares held by their spouse and minor child. As at 13 June 2012, the Company has 57,252,980,553 issued shares in total.

### Mr. Cheong Ying Chew, Henry

Age 64

| | |
|---|---|
| Title | Independent Director |
| Education | • Master of Science in Operational Research and Management, Imperial College, University of London, UK<br>• Bachelor of Science (Mathematics), Chelsea College, University of London, UK |
| No. of Shares held (%) * | - |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2010 - Present | Independent Director, BTS Group Holdings Plc. |
| 2010 - Present | Independent Non-Executive Director, Creative Energy Solutions Holdings Limited |
| 2009 - Present | Independent Non-Executive Director, Hutchison Telecommunications Hong Kong Holdings Limited / Member of Securities and Futures Appeals Tribunal, Hong Kong / Member of Advisory Committee of the Securities and Futures Commission, Hong Kong |
| 2008 - Present | Independent Non-Executive Director, CNNC International Limited |
| 2007 - Present | Independent Non-Executive Director, New World Department Store China Limited |
| 2006 - Present | Independent Non-Executive Director, SPG Land (Holdings) Limited |
| 2004 - Present | Independent Non-Executive Director, Cheung Kong (Holdings) Limited |
| 2000 - Present | Independent Non-Executive Director, Excel Technology International Holdings Limited<br>Independent Non-Executive Director, TOM Group Limited |
| 1997 - Present | Deputy Chairman and Executive Director, Worldsec Limited |
| 1996 - Present | Independent Non-Executive Director, Cheung Kong Infrastructure Holdings Limited |
| 2005 - 2011 | Member of the Disciplinary Panel (Panel A) of the Hong Kong Institute of Certified Public Accountants |
| 2003 - 2006 | Member of the Committee on Real Estate Investment Trust, Securities and Futures Commission, Hong Kong |
| 2003 - 2005 | Independent Non-Executive Director, Hutchison Global Communications Holdings Limited |
| 2002-2006 | Member of Main Board Listing Committee, Hong Kong Exchanges and Clearing Limited |
| 2002-2006 | Member of GEM Listing Committee, Hong Kong Exchanges and Clearing Limited |
| 2000-2006 | Member of the Derivatives Market Consultative Panel, Hong Kong Exchanges and Clearing Limited |
| 2001-2007 | Independent Non-Executive Director, Forefront International Holdings Limited (currently known as Forefront Group Limited) |
| 2000-2008 | Independent Non-Executive Director, Jade Asia Pacific Fund Inc. (currently known as FPP Golden Asia Fund Inc.) |
| 2000-2006 | Member of the Process Review Panel, Securities and Futures Commission, Hong Kong |
| 1999-2009 | Member of Corporate Advisory Council, Hong Kong Securities Institute Limited |

### Mrs. Duangkamol Chaichanakajorn

Age 52

| | |
|---|---|
| Title | Accounting Director |
| Education | • MBA, Thammasat University<br>• BA, Thammasat University |
| No. of Shares held (%) * | - |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2001 - Present | Accounting Director, BTS Group Holdings Plc. |

### Mrs. Patchaneeya Pootme

Age 60

| | |
|---|---|
| Title | Corporate Communications Director |
| Education | • BA, (English Major), Ramkhamhaeng University |
| No. of Shares held (%) * | 1,143,000 (0.002%) |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2010 - Present | Corporate Communications Director, BTS Group Holdings Plc. |
| 2002 - Present | Corporate Communications Division Manager, Bangkok Mass Transit System Plc. |

* Shares held by directors and executives, including shares held by their spouse and minor child. As at 13 June 2012, the Company has 57,252,980,553 issued shares in total.

### Mr. Surayut Thavikulwat

Age 40

| | |
|---|---|
| Title | Chief Financial Officer |
| Education | • MBA, Ross School of Business, University of Michigan – Ann Arbor, U.S.A.<br>• BA, Chulalongkorn University |
| No. of Shares held (%) * | 106,250 (0.0002%) |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2011 - Present | Chief Financial Officer, BTS Group Holdings Plc. |
| 2010 - 2011 | Chief Financial Officer, Unique Mining Services Plc. |
| 1998 - 2010 | SVP, Head of Strategic Planning & Budgeting Bangkok Bank Plc. |
| 1994-1996 | Senior Auditor, Ernst & Young Office Limited |

### Mr. Daniel Ross

Age 36

| | |
|---|---|
| Title | Financial Director and Head of Investor Relations |
| Education | • Bachelor of Science in Mathematics (First Class Honours) King's College, University of London, UK<br>• Director Certification Program (DCP) Year 2009, Thai Institute of Directors |
| No. of Shares held (%) * | 200,000 (0.0003%) |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2010 - Present | Financial Director and Head of Investor Relations, BTS Group Holdings Plc. |
| 2008 - 2010 | Independent Director and Audit Committee, SFG Plc. |
| 2007 - 2009 | Director and Project Management Committee Member, AP Pacific Star Co., Ltd. (Ratchada)<br>Director and Project Management Committee Member, AP Pacific Star Co., Ltd. (Sathorn) |
| 2006 - 2009 | Vice President and Head of Investments, Pacific Star International (Thailand) Co., Ltd. |
| 2002 – 2006 | Associate Director, Mullis Partners |
| 2002 | Business Relations Associate, Stock Exchange of Thailand |
| 1999 – 2001 | Credit Analyst, JPMorganChase, London |

### Miss Chawadee Rungruang

Age 35

| | |
|---|---|
| Title | Financial Controller |
| Education | • MBA, Chulalongkorn University<br>• BA, Chulalongkorn University |
| No. of Shares held (%) * | - |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2011 - Present | Financial Controller, BTS Group Holdings Plc. |
| 2003 - 2010 | Assistant Corporate Controller, Central Plaza Hotel Plc. |
| 1998 - 2003 | Assistant Auditor, Ernst & Young Office Limited |

### Miss Chayada Yodyingtammakul

Age 35

| | |
|---|---|
| Title | Legal Director / Company Secretary |
| Education | • Master of Law (LL.M), Commercial Law University of Bristol, UK<br>• Bachelor of Law, (LL.B) Thammasat University<br>• Director Certification Program (DCP) Year 2011, Thai Institute of Directors |
| No. of Shares held (%) * | - |
| Family Relationship with the Executives | - |

Working Experience for the 5-year period

| | |
|---|---|
| 2011 - Present | Company Secretary, BTS Group Holdings Plc. |
| 2008 - 2010 | Company Secretary, BTS Group Holdings Plc. |
| 2007 - Present | Legal Director, BTS Group Holdings Plc. |
| 2000 - 2007 | Lawyer, Baker & McKenzie Ltd. |

* Shares held by directors and executives, including shares held by their spouse and minor child. As at 13 June 2012, the Company has 57,252,980,553 issued shares in total.

## Information on the Position of Directors and Executives in Subsidiaries and Associated Companies as at 31 March 2012

| Directors and Executives \ Companies | BTS Group Holdings Plc. | Bangkok Mass Transit System Plc. | VGI Global Media Plc.* | 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. | VGI Advertising China Co., Ltd. | BTS Assets Co., Ltd. | Sam Pao Petch Co., Ltd. | PrannaKiri Assets Co., Ltd. | BTS Land Co., Ltd. | Siam Paging And Communication Co., Ltd. | Kampoo Property Co., Ltd. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Mr. Keeree Kanjanapas | A,B,D | A,B,D | A,D | | | | | | | | D | D | D | D | D |
| 2. Mr. Paul Tong | D | | | | | | | | | A,D | | | | | |
| 3. Mr. Anat Arbhabhirama | C,D | D | | | | | | | | | | | D | | D |
| 4. Mr. Surapong Laoha-Unya | C,D | D | D | | | | | | | | | | D | | D |
| 5. Mr. Kavin Kanjanapas | C,D | D | B,D | D | D | D | D | D | D | B,D | D | D | D | D | D |
| 6. Mr. Rangsin Kritalug | C,D | | | | | | | | | D | D | D | D | D | D |
| 7. Mr. Kong Chi Keung | C,D | D | D | | | | | | D | D | | | | | |
| 8. Mr. Kin Chan | D | | | | | | | | | | | | | | |
| 9. Lt. Gen. Phisal Thepsithar | E,F | | | | | | | | | | | | | | |
| 10. Mr. Amorn Chandara-Somboon | F | | | | | | | | | | | | | | |
| 11. Mr. Suchin Wanglee | E,F | | | | | | | | | | | | | | |
| 12. Mr. Charoen Wattanasin | E,F | | | | | | | | | | | | | | |
| 13. Mr. Cheong Ying Chew, Henry | F | | | | | | | | | | | | | | |
| 14. Mrs. Duangkamol Chaichanakajorn | G | | | | | | | | | | | | | | |
| 15. Mrs. Patchaneeya Pootme | G | | | | | | | | | | | | | | |
| 16. Mr. Surayut Thavikulwat | G | | | | | | | | | | | | | | |
| 17. Mr. Daniel Ross | G | | | | | | | | | | | | | | |
| 18. Miss Chawadee Rungruang | G | | | | | | | | | | | | | | |
| 19. Miss Chayada Yodyingtammakul | G | | | | | | | | | | | | | | |

* VGI Global Media Co., Ltd. was registered for conversion into a public company and changed its name to VGI Global Media Public Company Limited on 2 April 2012.

| Companies / Directors and Executives | Kamkoong Property Co., Ltd. | Kamala Beach Resort & Hotel Management Co., Ltd. | DNAL Co., Ltd. | Muangthong Assets Co., Ltd. | Tanayong Food and Beverage Co., Ltd. | Tanayong Property Management Co., Ltd. | Yongsu Co., Ltd. | Thana City Golf & Sports Club Co., Ltd. | Nuvo Line Agency Co., Ltd. | Tanayong International Limited | Tanayong Hong Kong Limited | Carrot Rewards Co., Ltd. | Bangkok Smartcard System Co., Ltd. | HHT Construction Co., Ltd. | Absolute Hotel Services Co., Ltd. | Absolute Hotel Services Hong Kong Limited |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Mr. Keeree Kanjanapas | D | D | | D | D | D | | D | D | D | | D | D | | | |
| 2. Mr. Paul Tong | | D | | | | | | | | | | | | | | |
| 3. Mr. Anat Arbhabhirama | D | | | | | | | | | | | | | | | |
| 4. Mr. Surapong Laoha-Unya | D | | | | | | | | D | | | D | D | | | |
| 5. Mr. Kavin Kanjanapas | D | D | | D | D | D | | D | D | | D | D | D | | D | D |
| 6. Mr. Rangsin Kritalug | D | D | D | D | D | D | D | D | D | | | | | D | D | |
| 7. Mr. Kong Chi Keung | | | | | | | | | | | D | | | | D | |
| 8. Mr. Kin Chan | | | | | | | | | | | | | | | | |
| 9. Lt. Gen. Phisal Thepsithar | | | | | | | | | | | | | | | | |
| 10. Mr. Amorn Chandara-Somboon | | | | | | | | | | | | | | | | |
| 11. Mr. Suchin Wanglee | | | | | | | | | | | | | | | | |
| 12. Mr. Charoen Wattanasin | | | | | | | | | | | | | | | | |
| 13. Mr. Cheong Ying Chew, Henry | | | | | | | | | | | | | | | | |
| 14. Mrs. Duangkamol Chaichanakajorn | | | | | | | | | | | | | | | | |
| 15. Mrs. Patchaneeya Pootme | | | | | | | | | | | | | | | | |
| 16. Mr. Surayut Thavikulwat | | | | | | | | | | | | | | | | |
| 17. Mr. Daniel Ross | | | | | | | | | | | | | | | | |
| 18. Miss Chawadee Rungruang | | | | | | | | | | | | | | | | |
| 19. Miss Chayada Yodyingtammakul | | | | | | | | | | | | | | | | |

The Company  Subsidiaries  Associated Companies

A = Chairman  B = Executive Chairman  C = Executive Director  D = Director
E = Audit Committee  F = Independent Director  G = Executive

## Report on Securities Holding by Directors and Executives

The Board of Directors' Meeting on 28 May 2012 has resolved to approve the policy on requiring directors and executives of the Company to report their movement in holding of the Company's securities to the Board of Directors' Meeting on a quarterly basis and send a copy of Report of Changes in Securities Holding (Form 59-2) to the Company Secretary Office. The Company Secretary Office shall collect and prepare the summary to report to the Board of Directors' Meeting on a quarterly basis.

The Report of changes in shareholding of the Directors and Executives, including their spouse and minor children, during the period between 31 March 2011 – 31 March 2012 are as follows:

| Name of Directors | Number of Shares | | Number of Increased (Decreased) Shares |
|---|---|---|---|
| | 31 Mar 2011 | 31 Mar 2012 | |
| 1. Mr. Keeree Kanjanapas | 21,977,483,535 | 25,779,117,139 | 3,801,633,604 |
| 2. Mr. Paul Tong | 189,674,297 | 189,674,297 | - |
| 3. Mr. Anat Arbhabhirama | - | - | - |
| 4. Mr. Surapong Laoha-Unya | 34,703,916 | 34,703,916 | - |
| 5. Mr. Kavin Kanjanapas | 10,961,009 | 10,961,009 | - |
| 6. Mr. Rangsin Kritalug | - | - | - |
| 7. Mr. Kong Chi Keung | 20,000,000 | 20,000,000 | - |
| 8. Mr. Kin Chan | - | - | - |
| 9. Lt. Gen. Phisal Thepsithar | 500,000 | 500,000 | - |
| 10. Mr. Amorn Chandara-Somboon | - | - | - |
| 11. Mr. Suchin Wanglee | 25,500,014 | 25,500,014 | - |
| 12. Mr. Charoen Wattanasin | 1,728,571 | 1,728,571 | - |
| 13. Mr. Cheong Ying Chew, Henry | - | - | - |

| Name of Executives | Number of Shares | | Number of Increased (Decreased) Shares |
|---|---|---|---|
| | 31 Mar 2011 | 31 Mar 2012 | |
| 1. Mr. Surayut Thavikulwat | 106,250* | 106,250 | - |
| 2. Mrs. Duangkamol Chaichanakajorn | - | - | - |
| 3. Mrs. Patchaneeya Pootme** | 1,010,000 | 1,276,300 | 266,300 |
| 4. Mr. Daniel Ross | - | 200,000 | 200,000 |
| 5. Miss Chawadee Rungruang | - | - | - |
| 6. Miss Chayada Yodyingtammakul | - | - | - |

* Number of shares held as at the date of appointment on 1 June 2011.
** On 23 April 2012, Mrs. Patchaneeya Pootme sold 133,300 shares, resulting in the decrease in the number of shares to 1,143,000 shares.

The Report of changes in the holding of BTS-W2 warrants of the Directors and Executives, including their spouse and minor children, during the period between 31 March 2011 – 31 March 2012 are as follows:

| Name of Directors | Number of Shares | | Number of Increased (Decreased) Warrants |
|---|---|---|---|
| | 31 Mar 2011 | 31 Mar 2012 | |
| 1. Mr. Keeree Kanjanapas | 2,401,260,792 | 2,401,260,792 | - |
| 2. Mr. Paul Tong | 2,678,834 | 2,678,834 | - |
| 3. Mr. Anat Arbhabhirama | - | - | - |
| 4. Mr. Surapong Laoha-Unya | - | - | - |
| 5. Mr. Kavin Kanjanapas | 4,409,588 | 4,409,588 | - |
| 6. Mr. Rangsin Kritalug | - | - | - |
| 7. Mr. Kong Chi Keung | - | - | - |
| 8. Mr. Kin Chan | - | - | - |
| 9. Lt. Gen. Phisal Thepsithar | - | - | - |
| 10. Mr. Amorn Chandara-Somboon | - | - | - |
| 11. Mr. Suchin Wanglee | 2,625,130 | 2,625,130 | - |
| 12. Mr. Charoen Wattanasin | 157,142 | 157,142 | - |
| 13. Mr. Cheong Ying Chew, Henry | - | - | - |

| Name of Executives | Number of Shares | | Number of Increased (Decreased) Warrants |
|---|---|---|---|
| | 31 Mar 2011 | 31 Mar 2012 | |
| 1. Mr. Surayut Thavikulwat | - | - | - |
| 2. Mrs. Duangkamol Chaichanakajorn | - | - | - |
| 3. Mrs. Patchaneeya Pootme** | - | - | - |
| 4. Mr. Daniel Ross | - | - | - |
| 5. Miss Chawadee Rungruang | - | - | - |
| 6. Miss Chayada Yodyingtammakul | - | - | - |

The Company has a total of 28 subsidiaries. Bangkok Mass Transit System Plc. and VGI Global Media Plc. are both deemed core subsidiaries as each of their revenue is more than 10% of the total revenue of the BTS Group 2011/12. The directors of these two subsidiaries are as follows:

| Directors \ Companies | Bangkok Mass Transit System Plc. | VGI Global Media Plc. |
|---|---|---|
| 1. Mr. Keeree Kanjanapas | A | A |
| 2. Mr. Chulchit Bunyaketu | B | |
| 3. Mr. Surapong Laoha-Unya | A | A |
| 4. Mr. Anat Arbhabhirama | A | |
| 5. Mr. William Anthony Gloyne | A | |
| 6. Mr. Anan Santichewasatian | B | |
| 7. Mr. Kavin Kanjanapas | A | A |
| 8. Pol.Maj.Gen. Vara Ieammongkol | A | |
| 9. Mr. Natthasak Chaichana | A | |
| 10. Mr. Lo Yun Sum | A | |
| 11. Mr. Kong Chi Keung | A | A |
| 12. Mrs. Pichitra Mahaphon | B | |
| 13. Mr. Marut Arthakaivalvatee | | A |
| 14. Mr. Chan Kin Tak | | A |
| 15. Mrs. Jaruporn Viyanant | | B |
| 16. Mrs. Maneeporn Siriwatanawong | | B |
| 17. Mr. Mana Jantanayingyong | | B |

A = Director B = Independent Director

# 6.0 FINANCIAL REPORT

In this Section we provide information on the financial position of the Company including the audited financial statements. You will also find the Director's Responsibility Report, Audit Committee Report, and Independent Auditor's Report. The Management discussion and analysis can be found in Section 4.4.


6.1 DIRECTOR'S RESPONSIBILITY REPORT

6.2 AUDIT COMMITTEE REPORT

6.3 INDEPENDENT AUDITOR'S REPORT

6.4 AUDITED FINANCIAL STATEMENTS

6.5 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

# 61 DIRECTORS' RESPONSIBILITY REPORT

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

The Board of Directors of BTS Group Holdings Public Company Limited is responsible for the financial statements of the Company and its subsidiaries, which have been prepared in accordance with generally accepted accounting standards (GAAP) in Thailand under the Accounting Profession Act B.E. 2547, and the presented in compliance with stipulations under Accounting Act B.E. 2543. The Board is aware of the accounting policies and believes that these are appropriate and have been consistently applied. The notes to the financial statements disclose details of useful and material financial information supported by reasonable and prudent judgments and estimations where necessary. The Company's external auditor has audited the financial statements and expressed an unqualified opinion in the auditor's report.

The Board of Directors further recognises the importance of presenting a comprehensive view of the Company's financial position and has reviewed and included in this annual report, the Management's discussion and analysis report on the Company's business performance for the benefit of shareholders and other stakeholders.

The Board is also responsible for overseeing that an effective system of corporate governance, including risk management, internal controls and compliance is put in place in order to have reasonable assurance that the financial records of the Company are accurate and complete. The Board evaluates the adequacy of the internal controls system on an annual basis.

The Board of Directors has also appointed the Audit Committee, entirely comprised of Independent Directors, to oversee the accuracy and adequacy of the financial reporting process as well as review the suitability and efficiency of the internal control and independence of the internal audit system. The opinion of the Audit Committee is shown in the Audit Committee Report contained in this Annual Report.

In the opinion of the Board, the audited financial statements and accompanying notes show essential and accurately the financial status, performance and cash flow of the Company during the reporting period in accordance with GAAP, and that the management discussion and analysis offer a fair and relevant view of the business performance of the Company. Further, that the Company has established and maintains a system of corporate governance and internal controls that give reasonable assurance on the integrity of the financial reporting procedures.

**Mr. Keeree Kanjanapas**
Chairman of the Board of Directors

**Mr. Kavin Kanjanapas**
Executive Director

# 62 AUDIT COMMITTEE REPORT

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, Mr.Suchin Wanglee and Mr.Charoen Wattansin as the Members of the Audit Committee and Mr. Pipop Intaratut as the Secretary to the Audit Committee. The Audit Committee has the duties and core 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, internal audit system and risk assessment policy to ensure that the system are suitable and efficient, to consider 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 Complies 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 consider 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;

7. To perform any other act as assigned by the Board of Directors, with prior consent of the Audit committee.

**In 2011/2012, the Audit Committee has performed the duties as follows;**

1. Reviewed the Company's financial reports, including quarterly and annual financial statements with regards to their accuracy and adequacy of disclosure. The Audit Committee had meetings with the Company's auditor and found no causes to believe that such financial reports were not accurate as mentioned by Generally Accepted Accounting Principles.

2. Reviewed and ensured the Company has an appropriate and efficient internal control and internal audit system by internal audit department is under Audit Committee perform to evaluate the appropriateness and effectiveness of the internal control system to ensure internal control system of the company has an appropriate and 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. Considered, reviewed and evaluated the Company's risk management process on a quarterly basis as well as gave advice, suggestion and support the performance of the board of director and executive management in relation to risk management policy.

4. 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. Conducted meetings with the management and head of related department to ensure the company had good and efficient operations and management processes in accordance with the principle of good corporate governance.

5. 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.Narong Puntawong, Certified Public Accountant (Thailand) No.3315, or Miss Siraporn Ouaanunkun, Certified Public Accountant (Thailand) No.3844 or Mr.Supachai Panyawattano, Certified Public Accountant (Thailand) No.3930 from Ernst & Young Office Limited to act as the Company's auditor for the fiscal year ended March 31, 2012 to review and give opinion on the Company's financial statements. The audit fee was not more than THB 3mn. Such appointment and fee were approved by the Board of Directors and the General Meeting of Shareholders of the Company. In addition, The Audit Committee members also participated in a private meeting with the company's auditor without any executive management to ensure that the auditors can independently performed their function appropriately.

6. Considered and reviewed the connected transactions or the transactions that may lead to conflicts of interest between the Company with related person or related companies whether these transactions were complied and practiced to trade of condition and business agreement. The Company's 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.

7. During the period between 1 April 2011 and 31 March 2012, the Audit Committee had a total of 6 meetings. Each member of Audit Committee attended the Audit Committee Meeting as follows:

| Name | Title | Numbers of Attendances |
|---|---|---|
| Lt. Gen. Phisal Thepsithar | Chairman of the Audit Committee | 6/6 |
| Mr.Suchin Wanglee | Audit Committee | 6/6 |
| Mr.Charoen Wattansin | Audit Committee | 6/6 |

8. 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.

9. Prepared this Audit Committee Report and disclosed the Report signed by the Chairman of the Audit Committee in the Annual Report 2011/12.

10. 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.

11. Overall, the Audit Committee is of the opinion that the performing duties under the Audit Committee charter, can be independently performed, in line with the principles of good corporate governance. In this regard with fully coop eration and support of all parties, the Audit Committee can be efficiently performing functions with a responsible and satisfactory.

**Lt. Gen. (Phisal Thepsithar)**
Chairman of the Audit Committee

# 63 INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BTS Group Holdings Public Company Limited

I have audited the accompanying consolidated statement of financial position of BTS Group Holdings Public Company Limited and its subsidiaries as at 31 March 2012, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of BTS Group Holdings 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 BTS Group Holdings Public Company Limited and its subsidiaries, and the separate financial statements of BTS Group Holdings Public Company Limited as at 31 March 2011 and for the year then ended were audited by another auditor of our firm who expressed an unqualified opinion on those statements but drew attention to the Company's compliance with the rehabilitation plan, investment in ordinary shares of its subsidiary and adoption of accounting standards before their effective date, under his report dated 27 May 2011.

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 BTS Group Holdings Public Company Limited and its subsidiaries, and of BTS Group Holdings Public Company Limited as at 31 March 2012, and 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 complied with the rehabilitation plan, which the Central Bankruptcy Court ordered termination on 14 November 2006. However, there are still undue debts and debts pending final court judgments or comptroller's orders and mandatory terms, and conditions stipulated in the rehabilitation plan with which the Company needs to continue to comply, as discussed in Notes 14, 15, 16 and 30 to the financial statements.

b) As discussed in Notes 3 and 5 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of its financial statements. The Company has restated the financial statements as at 31 March 2011 and for the year then ended to reflect the changes in accounting policies resulting from the adoption of these new accounting standards.

**Siraporn Ouaanunkun**
Certified Public Accountant (Thailand) No. 3844
Ernst & Young Office Limited
Bangkok: 28 May 2012

# 6.4 BALANCE SHEET

As at 31 March 2012 and 2011 (Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|---|
| | | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 9 | 1,333,240,137 | 1,825,422,104 | 453,132,248 | 302,785,329 |
| Trade and other receivables | 10 | 1,106,681,106 | 608,247,347 | 276,156,542 | 169,941,058 |
| Unbilled receivables | | | | | |
| Related party | 8 | - | - | 284,440,564 | 431,841,105 |
| Unrelated parties | | - | 31,933,603 | - | 31,933,603 |
| Total unbilled receivables | 11 | - | 31,933,603 | 284,440,564 | 463,774,708 |
| Consumable spare parts | 12 | 92,956,330 | 33,940,718 | - | - |
| Advances to contractors | | | | | |
| Related party | 8 | - | - | 27,055,252 | - |
| Unrelated parties | | 13,818,246 | - | - | - |
| Short-term loans to related parties | 8 | - | - | 18,500,000 | - |
| Real estate development costs | 13 | 3,349,068,113 | 2,855,310,855 | 778,394,620 | 951,385,900 |
| Assets awaiting transfer under rehabilitation plan | 15 | 73,026,618 | 73,924,808 | 68,326,618 | 69,224,807 |
| Investments in subsidiaries awaiting transfer under rehabilitation plan | 16 | 224,342,586 | 224,342,586 | 197,438,333 | 197,438,333 |
| Accrued income | 20 | 1,202,547,505 | 14,294,351 | - | - |
| Prepaid expenses | | 127,991,280 | 106,240,739 | 7,440,020 | 8,266,555 |
| Other current assets | | 343,995,422 | 250,706,948 | 37,075,374 | 47,399,203 |
| **Total current assets** | | **7,867,667,343** | **6,024,364,059** | **2,147,959,571** | **2,210,215,893** |

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

# 64 BALANCE SHEET (continued)

As at 31 March 2012 and 2011 (Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|---|
| | | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Non-current assets** | | | | | |
| Restricted deposits | 15, 33 | 323,833,601 | 323,934,948 | 321,492,842 | 321,468,964 |
| Cash deposited as collateral for debt settlement | 14 | 232,657,728 | 232,657,728 | 232,657,728 | 232,657,728 |
| Loans to related parties | 8 | - | - | 2,931,324,091 | 2,506,090,237 |
| Investments in subsidiaries | 17 | - | - | 42,777,903,572 | 40,183,814,672 |
| Investments in associates | 18 | 7,033,070 | 7,193,046 | 4,000,000 | 4,000,000 |
| Other long-term investments | 19 | 148,826,514 | 144,217,494 | 148,826,514 | 144,217,494 |
| Elevated rail project costs | 20 | 45,144,217,633 | 44,443,000,016 | - | - |
| Reusable spare parts - elevated train system | 12 | 81,230,587 | 52,900,572 | - | - |
| Spare parts - maintenance contract | 21 | 292,771,346 | 292,771,346 | - | - |
| Land and projects awaiting development | 22 | 2,676,340,050 | 2,659,720,394 | - | - |
| Investment properties | 23 | 2,461,013,308 | 2,497,288,592 | 1,226,078,312 | 1,284,760,835 |
| Property, plant and equipment | 24 | 6,039,192,913 | 5,311,361,962 | 67,877,076 | 66,443,113 |
| Leasehold rights | 25 | 90,025,135 | 87,895,975 | 10,799,626 | 3,600,000 |
| Intangible assets | 26 | 26,696,704 | 21,558,864 | 1,452,161 | 2,456,055 |
| Retention receivable | | | | | |
| Related party | 8 | - | - | 87,753,520 | 46,395,167 |
| Unrelated parties | | 2,145,000 | 9,299,000 | 2,145,000 | 9,299,000 |
| Loans to other companies | 27 | - | - | - | - |
| Goodwill | | 78,656,476 | 78,656,476 | - | - |
| Advance payment for investment in subsidiary | 17 | - | 250,000,000 | - | 250,000,000 |
| Advances for asset acquisitions | | 496,939,338 | 1,190,218,324 | - | - |
| Advances to contractors | | | | | |
| Related party | 8 | - | - | - | 174,604,479 |
| Unrelated parties | | 79,586,010 | 30,958,133 | - | 160,500 |
| Rights of claim from acquisition of debts per rehabilitation plan | 15 | 741,501,854 | - | - | - |
| Other non-current assets | | 98,542,150 | 44,554,180 | 10,201,257 | 8,636,097 |
| **Total non-current assets** | | **59,021,209,417** | **57,678,187,050** | **47,822,511,699** | **45,238,604,341** |
| **Total assets** | | **66,888,876,760** | **63,702,551,109** | **49,970,471,270** | **47,448,820,234** |

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

# 64 BALANCE SHEET (continued)

As at 31 March 2012 and 2011 (Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|---|
| | | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Liabilities and shareholders' equity** | | | | | |
| **Current liabilities** | | | | | |
| Bank overdraft and short-term loans from financial institution | 28 | 1,941,501,854 | 500,000,000 | 741,501,854 | - |
| Trade and other payables | 29 | 1,452,442,165 | 1,170,156,613 | 274,949,264 | 317,583,553 |
| Accrued costs of construction | | | | | |
| Related party | 8 | - | - | 90,414,726 | 299,291,641 |
| Unrelated parties | | 351,908,026 | 387,940,390 | 10,767,640 | 18,135,231 |
| Short-term loans from related parties | 8 | - | - | 98,000,000 | - |
| Current portion of creditors per rehabilitation plan | 30 | 745,356,001 | 745,356,001 | 745,356,001 | 745,356,001 |
| Current portion of long-term loans | 31 | 583,400,000 | 151,750,000 | - | - |
| Current portion of long-term debentures | 32 | 2,495,767,044 | - | - | - |
| Advance received from employer - related party | 8 | - | - | 41,745,000 | 168,300,000 |
| Unearned income | | 297,883,880 | 257,760,051 | - | - |
| Income tax payable | | 55,842,452 | 32,293,801 | - | - |
| Other current liabilities | | 413,907,905 | 416,473,476 | 27,941,216 | 108,595,610 |
| **Total current liabilities** | | **8,338,009,327** | **3,661,730,332** | **2,030,675,701** | **1,657,262,036** |
| **Non-current liabilities** | | | | | |
| Creditors per rehabilitation plan - net of current portion | 30 | 52,074,344 | 52,622,662 | 52,074,344 | 52,622,662 |
| Long-term loans - net of current portion | 31 | 2,933,972,800 | 1,785,272,800 | - | - |
| Long-term debentures - net of current portion | 32 | 9,443,811,417 | 11,906,557,128 | - | - |
| Convertible debentures - liability component | 33 | 8,648,338,304 | 8,363,197,866 | 8,648,338,304 | 8,363,197,866 |
| Retention payable | | | | | |
| Related party | 8 | - | - | 92,391,777 | 50,094,863 |
| Unrelated parties | | 127,514,613 | 67,414,836 | 6,092,464 | 12,394,513 |
| Provision for long-term employee benefits | 34 | 400,178,249 | 349,753,800 | 25,986,847 | 22,789,231 |
| Other non-current liabilities | | 12,727,283 | 6,532,720 | - | - |
| **Total non-current liabilities** | | **21,618,617,010** | **22,531,351,812** | **8,824,883,736** | **8,501,099,135** |
| **Total liabilities** | | **29,956,626,337** | **26,193,082,144** | **10,855,559,437** | **10,158,361,171** |

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

# 64 BALANCE SHEET (continued)

As at 31 March 2012 and 2011 (Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|---|
| | | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Shareholders' equity** | | | | | |
| Share capital | 35 | | | | |
| Registered | | | | | |
| 74,815,275,124 ordinary shares of Baht 0.64 each | | | | | |
| (2011: 77,219,144,170 ordinary shares of Baht 0.64 each) | | 47,881,776,079 | 49,420,252,269 | 47,881,776,079 | 49,420,252,269 |
| Issued and fully paid | | | | | |
| 57,188,274,676 ordinary shares of Baht 0.64 each | | | | | |
| (2011: 55,889,275,885 ordinary shares of Baht 0.64 each) | | 36,600,495,793 | 35,769,136,566 | 36,600,495,793 | 35,769,136,566 |
| Share premium | | 350,729,674 | - | 350,729,674 | - |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | 38 | 1,476,047,924 | 1,303,890,172 | 376,047,924 | 203,890,172 |
| Retained earnings (Deficit) | | (3,508,626,402) | (2,779,682,676) | 3,615,469,179 | 3,006,883,835 |
| Other components of shareholders's equity | | 371,151,726 | 481,724,000 | (1,827,830,737) | (1,689,451,510) |
| Equity attributable to owners of the Company | | 35,289,798,715 | 34,775,068,062 | 39,114,911,833 | 37,290,459,063 |
| Non-controlling interest of the subsidiaries | | 1,642,451,708 | 2,734,400,903 | - | - |
| **Total shareholders' equity** | | **36,932,250,423** | **37,509,468,965** | **39,114,911,833** | **37,290,459,063** |
| **Total liabilities and shareholders' equity** | | **66,888,876,760** | **63,702,551,109** | **49,970,471,270** | **47,448,820,234** |

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

# 6.4 INCOME STATEMENT

For the years ended 31 March 2012 and 2011 (Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|---|
| | | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Revenues** | | | | | |
| Fare box revenues - net | | 4,296,838,956 | 3,544,826,013 | - | - |
| Service income | 39 | 3,281,174,423 | 1,940,876,060 | 109,490,010 | 91,566,704 |
| Revenues from sales of real estate | | 325,466,705 | 144,368,420 | 325,466,705 | 144,368,420 |
| Revenues from construction services | | 72,833,901 | 261,775,359 | 730,853,901 | 1,441,118,706 |
| Other income | | | | | |
| Gain on deposits of assets as guarantee for debt settlement | 30 | - | 708,534,620 | - | 859,000,000 |
| Management income | | - | - | 40,020,000 | 60,983,217 |
| Dividend income | 17 | 409,486 | - | 4,029,109,814 | 4,964,882,045 |
| Interest income | | 39,705,461 | 28,682,341 | 87,822,471 | 17,561,520 |
| Reversal of allowance for diminution in value of civil works awaiting transfer | 20 | 705,248,291 | - | - | - |
| Revenue from court-ordered compensation | 20 | 367,031,292 | - | - | - |
| Gain on exchange | | 36,928,974 | 48,062,020 | - | - |
| Gain from receiving the return of advance payment for investment in subsidiary | 17 | 43,999,700 | - | 43,999,700 | - |
| Others | | 82,232,794 | 151,587,934 | 16,387,976 | 50,513,782 |
| **Total revenues** | | **9,251,869,983** | **6,828,712,767** | **5,383,150,577** | **7,629,994,394** |
| **Expenses** | | | | | |
| Cost of fare box | | 2,337,471,987 | 2,051,156,411 | - | - |
| Cost of services | | 1,372,276,667 | 830,785,492 | 84,533,153 | 83,777,824 |
| Cost of sales of real estate | | 226,791,064 | 215,446,223 | 234,548,188 | 215,446,223 |
| Cost of construction services | | 83,427,473 | 259,164,149 | 651,679,612 | 1,248,831,416 |
| Selling and servicing expenses | | 177,345,434 | 249,631,971 | 38,010,356 | 27,875,731 |
| Administrative expenses | | 1,212,032,650 | 1,033,658,444 | 343,070,033 | 220,825,906 |
| Expenses relating to business combination under common control | | - | 171,404,845 | - | 171,404,845 |
| **Total expenses** | | **5,409,345,275** | **4,811,247,535** | **1,351,841,342** | **1,968,161,945** |

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

# 64 INCOME STATEMENT (continued)

For the years ended 31 March 2012 and 2011 (Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|---|
| | | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Profit before share of income from investments in associates, finance cost and corporate income tax** | | **3,842,524,708** | **2,017,465,232** | **4,031,309,235** | **5,661,832,449** |
| Share of income (loss) from investments in associates | 18 | (2,316,967) | 1,262,560 | - | - |
| **Profit before finance cost and corporate income tax** | | **3,840,207,741** | **2,018,727,792** | **4,031,309,235** | **5,661,832,449** |
| Finance cost | 41 | (1,431,942,291) | (1,601,917,909) | (588,154,194) | (825,056,461) |
| **Profit before corporate income tax** | | **2,408,265,450** | **416,809,883** | **3,443,155,041** | **4,836,775,988** |
| Corporate income tax | 42 | (172,641,874) | (106,283,403) | - | - |
| **Profit for the year** | | **2,235,623,576** | **310,526,480** | **3,443,155,041** | **4,836,775,988** |
| **Other comprehensive income:** | | | | | |
| Exchange differences on translation of financial statements in foreign currency | | 936,442 | (713,281) | - | - |
| Gain on change in value of available-for-sale investments | | 4,240,483 | 1,247,145 | 4,240,483 | 1,247,145 |
| **Other comprehensive income for the year** | | **5,176,925** | **533,864** | **4,240,483** | **1,247,145** |
| **Total comprehensive income for the year** | | **2,240,800,501** | **311,060,344** | **3,447,395,524** | **4,838,023,133** |
| **Profit attributable to:** | | | | | |
| Equity holders of the Company | | 2,105,625,990 | 252,222,825 | 3,443,155,041 | 4,836,775,988 |
| Non-controlling interests of the subsidiaries | | 129,997,586 | 58,303,655 | | |
| | | 2,235,623,576 | 310,526,480 | | |
| **Total comprehensive income attributable to:** | | | | | |
| Equity holders of the Company | | 2,110,802,915 | 252,756,689 | 3,447,395,524 | 4,838,023,133 |
| Non-controlling interests of the subsidiaries | | 129,997,586 | 58,303,655 | | |
| | | 2,240,800,501 | 311,060,344 | | |
| **Earning per share** | 43 | | | | |
| Basic earnings per share | | | | | |
| Profit attributable to equity holders of the Company | | 0.03697 | 0.00485 | 0.06045 | 0.09301 |
| Diluted earnings per share | | | | | |
| Profit attributable to equity holders of the Company | | | 0.00483 | 0.05873 | 0.09098 |

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

# 6.4 CASH FLOW STATEMENT

For the years ended 31 March 2012 and 2011 (Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Cash flows from operating activities** | | | | |
| Profit before tax | 2,408,265,450 | 416,809,883 | 3,443,155,041 | 4,836,775,988 |
| **Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:** | | | | |
| Depreciation and amortisation | 284,154,337 | 260,610,950 | 74,702,109 | 66,234,157 |
| Spare part and elevated rail project cost amortisation | 1,219,242,934 | 926,620,524 | - | - |
| Share of loss (income) from investments in associates | 2,316,967 | (1,262,560) | - | - |
| Allowance for doubtful debts (reversal) | 6,414,056 | (565,240) | 43,162,208 | (98,936) |
| Allowance for loss on diminution in value of assets (reversal) | 5,348,211 | 67,931,686 | (32,062,867) | 67,931,686 |
| Withholding tax written-off | 27,522,580 | - | 26,809,299 | - |
| Penalty expense | 15,476,728 | - | 13,180 | - |
| Allowance for loss on diminution in value of investments (reversal) | - | (23,862,824) | 39,500,000 | (23,862,824) |
| Gain on disposal of property, plant and equipment | (2,325,187) | (1,224,193) | (113,127) | (448,928) |
| Revenue from sale of rights of claim | - | (2,949,291) | - | (2,949,291) |
| Expenses relating to business combination under common control | - | 171,404,845 | - | 171,404,845 |
| Gain on debt settlement | (548,318) | (14,832,680) | (548,318) | (14,832,680) |
| Gain on deposit of assets as guarantee for debt settlement | - | (708,534,620) | - | (859,000,000) |
| Unrealised loss (gain) on exchange | 30,598,530 | (81,487,527) | - | - |
| Provision for long-term employee benefits | 55,074,036 | 49,956,568 | 3,197,616 | 2,933,992 |
| Amortisation of deferred debenture issuing costs | 33,021,333 | 32,922,843 | - | - |
| Amortisation of liability component of convertible debentures | 297,420,651 | 48,814,576 | 297,420,651 | 48,814,576 |
| Amortisation of letter of credit fee for convertible debentures | 151,235,412 | 27,292,784 | 151,235,412 | 27,292,784 |
| Unearned income recognition | - | - | - | (21,783,217) |
| Reversal of allowance for diminuition in value of civil works awaiting transfer | (705,248,291) | - | - | - |
| Revenue from court-ordered compensation | (367,031,292) | - | - | - |
| Dividend income | (409,486) | - | (4,029,109,814) | (4,964,882,045) |
| Share-based payment transaction | 7,380,290 | - | 839,531 | - |
| Gain from receiving the return of advance payment for investment in subsidiary | (43,999,700) | - | (43,999,700) | - |
| Interest income | (39,705,461) | (28,682,341) | (87,822,471) | (17,561,520) |
| Interest expenses | 983,286,227 | 1,486,920,684 | 139,498,130 | 748,949,072 |
| **Profit from operating activities before changes in operating assets and liabilities** | **4,367,490,007** | **2,625,884,067** | **25,876,880** | **64,917,659** |

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

# 64 CASH FLOW STATEMENT (continued)

For the years ended 31 March 2012 and 2011 (Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Decrease (increase) in operating assets** | | | | |
| Trade and other receivables | (507,524,899) | (56,042,943) | (31,035,513) | (31,801,417) |
| Unbilled receivables | 31,933,603 | (315,796) | 179,334,144 | (400,803,401) |
| Spare parts - Automatic Fare Collection system | (101,427,849) | (14,344,380) | - | - |
| Real estate development costs | (458,262,432) | (141,812,175) | 172,991,280 | 14,739,016 |
| Advances to contractors | (62,446,123) | 19,076,328 | 147,709,727 | 66,095,202 |
| Accrued income | (115,973,570) | - | - | - |
| Other current assets | (115,636,299) | (136,298,417) | 12,439,047 | (4,686,096) |
| Other non-current assets | (48,538,769) | 28,022,259 | (35,972,606) | (30,392,158) |
| **Increase (decrease) in operating liabilities** | | | | |
| Trade and other payables | (3,610,398) | 135,435,363 | (51,559,455) | 40,627,520 |
| Accrued costs of construction | (36,032,364) | 335,802,678 | (216,244,506) | 263,287,145 |
| Advances received from employers | - | - | (126,555,000) | (111,292,757) |
| Retention payable | 61,926,214 | 42,711,100 | 35,994,865 | 41,180,937 |
| Unearned income | - | - | - | (55,000,000) |
| Unearned fare box revenues | 40,123,829 | 69,644,559 | - | - |
| Other current liabilities | (5,421,988) | 121,865,139 | (80,654,392) | 68,315,800 |
| **Cash from (used in) operating activities** | **3,046,598,962** | **3,029,627,782** | **32,324,471** | **(74,812,550)** |
| Cash paid for interest expenses | (1,156,831,397) | (1,522,690,302) | (137,173,775) | (726,081,264) |
| Cash paid for corporate income tax | (208,871,401) | (145,957,430) | (28,097,982) | (26,809,299) |
| Returning of withholding tax | 35,052,696 | - | - | - |
| Cash received for interest income | 39,899,202 | 28,682,341 | 11,301,804 | 8,699,396 |
| **Net cash from (used in) operating activities** | **1,755,848,062** | **1,389,662,391** | **(121,645,482)** | **(819,003,717)** |

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

# 64 CASH FLOW STATEMENT (continued)

For the years ended 31 March 2012 and 2011 (Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Cash flows from investing activities** | | | | |
| Decrease in current investments - deposits at financial institution | - | 10,139,575 | - | - |
| Decrease (increase) in restricted deposits | 101,347 | 139,946,869 | (23,878) | (200,009,364) |
| Cash received from sale of rights of claim | - | 180,514,849 | - | 180,514,849 |
| Increase in short-term loans to related parties | - | - | (18,500,000) | - |
| Increase in loans to related parties | - | - | (2,266,567,780) | (34,694,361) |
| Decrease in loans to related parties | - | 482,670 | 197,333,926 | - |
| Increase in rights of claim from acquisition of debts per rehabilitation | (741,501,854) | - | - | - |
| Interest income | - | - | 197,486 | 127,341 |
| Cash paid for purchases of investments in subsidiaries | - | (20,655,711,990) | (1,500,000) | (20,655,711,990) |
| Decrease in investment in subsidiaries | - | 20,000,000 | - | 2,028,246 |
| Cash received from the return of advance payment for investment in subsidiary | 293,999,700 | - | 293,999,700 | - |
| Increase in advance payment for investment in subsidiary | - | (250,000,000) | - | (250,000,000) |
| Cash paid for purchases of investments in associates | - | (1,251,930) | - | - |
| Dividend income | - | - | 4,028,741,277 | 1,110,286,540 |
| Cash received from non-controlling interest of subsidiary for investment in a subsidiary | - | 20,000,000 | - | - |
| Cash paid for expenses relating to business combination under common control | - | (171,404,845) | - | (171,404,845) |
| Increase in advances for asset acquisitions | (472,866,820) | (1,103,873,190) | - | - |
| Increase in elevated rail project costs | (577,648,408) | (1,325,112,315) | - | - |
| Increase in land and projects awaiting development | (16,619,656) | (34,527,581) | - | - |
| Cash paid for purchases of property, plant and equipment | (805,004,181) | (1,619,958,881) | (17,091,392) | (29,812,370) |
| Cash received from sales of property, plant and equipment | 9,109,288 | 5,801,123 | 113,493 | 470,690 |
| Cash paid for purchase of investment properties | (27,860,773) | (24,425,326) | (6,927,330) | (99,738,331) |
| Cash received from sales of investment properties | 43,349,731 | 5,107,028 | 43,366,655 | 5,107,028 |
| Cash paid for purchases of intangible assets | (15,352,545) | (4,394,018) | (752,656) | (883,010) |
| Cash paid for purchases of leasehold rights | (9,274,120) | - | (9,274,120) | - |
| **Net cash from (used in) investing activities** | **(2,319,568,291)** | **(24,808,667,962)** | **2,243,115,381** | **(20,143,719,577)** |

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

# 64 CASH FLOW STATEMENT (continued)

For the years ended 31 March 2012 and 2011 (Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Cash flows from financing activities** | | | | |
| Decrease in cash deposited as collateral for debt settlement | - | 14,832,680 | - | 14,832,680 |
| Increase in short-term loans from financial institution | 1,741,501,854 | - | 741,501,854 | - |
| Cash paid for short-term loans from financial institution | (300,000,000) | (500,000,000) | - | (500,000,000) |
| Increase in short-term loans from related parties | - | - | 98,000,000 | - |
| Cash paid for short-term loans from related parties | - | - | - | (65,558,598) |
| Increase in long-term loans | 1,732,100,000 | 22,541,398,490 | - | 20,753,711,990 |
| Cash paid for long-term loans | (151,750,000) | (20,760,911,990) | - | (20,753,711,990) |
| Cash received from issuance of convertible debentures | - | 10,000,000,000 | - | 10,000,000,000 |
| Cash paid for letter of credit fee for convertible debentures | (163,515,625) | (150,937,500) | (163,515,625) | (150,937,500) |
| Cash paid for costs relating to issue of convertible debentures | - | (183,525,039) | - | (183,525,039) |
| Cash received from issuance of ordinary shares | - | 12,837,537,433 | - | 12,837,537,433 |
| Dividend paid | (2,647,109,209) | (717,576,618) | (2,647,109,209) | (717,576,618) |
| Dividend paid of a subsidiary to non-controlling interest of subsidiary | (140,625,200) | (305,301,317) | - | - |
| Cash received from sale of company's shares held by subsidiaries | - | 24,414,638 | - | - |
| Cash paid for creditors per rehabilitation plan | - | (32,539,206) | - | (32,810,109) |
| **Net cash from (used in) financing activities** | **70,601,820** | **22,767,391,571** | **(1,971,122,980)** | **21,201,962,249** |
| Increase (decrease) in translation adjustment | 936,442 | (713,281) | - | - |
| **Net increase (decrease) in cash and cash equivalents** | **(492,181,967)** | **(652,327,281)** | **150,346,919** | **239,238,955** |
| Cash and cash equivalents at beginning of the year | 1,825,422,104 | 2,477,749,385 | 302,785,329 | 63,546,374 |
| **Cash and cash equivalents at end of the year** | **1,333,240,137** | **1,825,422,104** | **453,132,248** | **302,785,329** |

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

# 64 CASH FLOW STATEMENT (continued)

For the years ended 31 March 2012 and 2011 (Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Supplemental cash flow information** | | | | |
| Non-cash transactions | | | | |
| Issuance of ordinary shares to acquire BTSC's ordinary shares | 1,182,088,901 | 19,378,813,429 | 1,182,088,901 | 19,378,813,429 |
| Issuance of BTSC's ordinary shares to settle account payable from subsidiaries' acquisition | - | 500,000,000 | - | - |
| Deposit assets awaiting transfer under rehabilitation plan as guarantee for debt settlement | - | 150,465,380 | - | - |
| Transfer property, plant and equipment to land and projects awaiting development | - | 388,596,370 | - | - |
| Transfer investment properties to property, plant and equipment | - | 50,510,000 | - | - |
| Transfer advances for asset acquisitions to elevated project costs | 1,133,489,174 | 613,923,395 | - | - |
| Transfer advances for asset acquisitions to property, plant and equipment | - | 38,338,785 | - | - |
| Transfer elevated rail project costs to property, plant and equipment | - | 41,720,005 | - | - |
| Increase in elevated rail project costs - not yet paid | 137,996,178 | - | - | - |
| Payable of acquisition of property, plant and equipment - not yet paid | 95,559,803 | - | - | 12,032,178 |
| Settle creditor per rehabilitation plan with cash deposited as collateral for debt settlement | - | 48,151,965 | - | 48,151,965 |
| Record settlement of investments in subsidiaries with loan to related parties | - | - | 1,600,000,000 | - |
| Decrease in par value of ordinary shares to offset share discounts and deficit | - | 20,120,139,319 | - | 20,120,139,319 |
| Record settlement of inter-company loans with dividend received | - | - | - | 2,396,263,275 |
| Record settlement of investments in subsidiaries with dividend received | - | - | - | 1,458,332,230 |
| Swap investment in subsidiary under common control | - | - | - | 1,613,661,108 |
| Surplus on swap of investment in subsidiary under common control | - | - | - | 325,065,107 |

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

# 64 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended 31 March 2012 and 2011

(Unit: Baht)

| | Consolidated financial statements | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Equity attributable to owners of the Company | | | | | | | | | | | | | | | | |
| | | | | | | Other components of equity | | | | | | | | | | | |
| | | | | | | Other comprehensive income | | | | | | | | | | | |
| | Issued and paid-up share capital | Share discount | Ordinary shares to be issued for business combination under common control | Retained earnings (deficit) | | Translation adjustment | Revaluation surplus on assets | Revaluation surplus (deficit) on changes in value of investments | Convertible debentures - equity component | Surplus on business combination under common control | Capital reserve on consolidation | Share premium on sales of company's shares held by subsidiaries | Company's shares held by subsidiaries | Total other components of shareholders' equity | Total equity attributable to owners of the Company | Equity attributable to non-controlling interests of the subsidiaries | Total shareholders' equity |
| | | | | Appropriated | Unappropriated | | | | | | | | | | | | |
| Balance as at 31 March 2010 - as previously reported | 7,614,391,803 | (735,085,235) | - | - | (3,929,809,823) | (134,060,738) | 2,038,770,040 | (382,580) | - | - | 2,685,013 | - | (15,888,956) | 1,891,122,779 | 4,840,619,524 | 14,970,455 | 4,855,589,979 |
| Cumulative effect of surplus on business combination under common control | - | - | 19,378,813,429 | 1,100,000,000 | (1,206,249,080) | - | 581,033,901 | - | - | (3,371,978,137) | - | - | - | (2,790,944,236) | 16,481,620,113 | 2,483,345,963 | 18,964,966,076 |
| Cumulative effect of change in accounting policy for employee benefits (Note 5) | - | - | - | - | (297,744,570) | - | - | - | - | - | - | - | - | - | (297,744,570) | (16,913,543) | (314,658,113) |
| **Balance as at 31 March 2010 - as restated** | **7,614,391,803** | **(735,085,235)** | **19,378,813,429** | **1,100,000,000** | **(5,433,803,473)** | **(134,060,738)** | **2,619,803,941** | **(382,580)** | **-** | **(3,371,978,137)** | **2,685,013** | **-** | **(15,888,956)** | **(899,821,457)** | **21,024,495,067** | **2,481,402,875** | **23,505,897,942** |
| Issued ordinary shares of the subsidiary to settle account payable from subsidiaries' acquisition | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 500,000,000 | 500,000,000 |
| Disposal of investment in subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 20,000,000 | 20,000,000 |
| Issuance additional ordinary shares of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 20,000,000 | 20,000,000 |
| Disposal of company's shares held by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | 8,525,682 | 15,888,956 | 24,414,638 | 24,414,638 | - | 24,414,638 |
| Issuance of ordinary shares (Note 35) | 48,274,884,082 | (16,058,533,220) | (19,378,813,429) | - | - | - | - | - | - | - | - | - | - | - | 12,837,537,433 | - | 12,837,537,433 |
| Decrease in par value of ordinary shares (Note 35) | (20,120,139,319) | 16,793,618,455 | - | - | 3,326,520,864 | - | - | - | - | - | - | - | - | - | - | - | - |
| Convertible debentures - equity component (Note 33) | - | - | - | - | - | - | - | - | 1,356,596,955 | - | - | - | - | 1,356,596,955 | 1,356,596,955 | - | 1,356,596,955 |
| Dividend paid (Note 44) | - | - | - | - | (720,732,720) | - | - | - | - | - | - | - | - | - | (720,732,720) | - | (720,732,720) |
| Dividend paid of subsidiaries to non-controlling interest of subsidiaries (restated) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (345,305,627) | (345,305,627) |
| Retained earnings transferred to statutory reserve | - | - | - | 203,890,172 | (203,890,172) | - | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year (restated) | - | - | - | - | 252,222,825 | (713,281) | - | 1,247,145 | - | - | - | - | - | 533,864 | 252,756,689 | 58,303,655 | 311,060,344 |
| **Balance as at 31 March 2011** | **35,769,136,566** | **-** | **-** | **1,303,890,172** | **(2,779,682,676)** | **(134,774,019)** | **2,619,803,941** | **864,565** | **1,356,596,955** | **(3,371,978,137)** | **2,685,013** | **8,525,682** | **-** | **481,724,000** | **34,775,068,062** | **2,734,400,903** | **37,509,468,965** |

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

# 64 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended 31 March 2012 and 2011

(Unit: Baht)

| | Consolidated financial statements | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Equity attributable to owners of the Company | | | | | | | | | | | | | | | | |
| | | | | | Other components of equity | | | | | | | | | | | | |
| | | | | | Other comprehensive income | | | | | | | | | | | | |
| | Issued and paid-up share capital | Share premium | Retained earnings (deficit) | | Translation adjustment | Revaluation surplus on assets | Revaluation surplus on changes in value of investments | Convertible debentures - equity component | Surplus on business combination under common control | Excess of investment in subsidiary[1] | Capital reserve on consolidation | Share premium on sales of company's shares held by subsidiaries | Capital reserve for share-based payment transaction | Total other components of shareholders' equity | Total equity attributable to owners of the Company | Equity attributable to non-controlling interests of the subsidiaries | Total shareholders' equity |
| | | | Appropriated | Unappropriated | | | | | | | | | | | | | |
| **Balance as at 31 March 2011 - as previously reported** | **35,769,136,566** | **-** | **1,303,890,172** | **(2,794,553,262)** | **(134,774,019)** | **2,619,803,941** | **864,565** | **1,356,596,955** | **(3,371,978,137)** | **-** | **2,685,013** | **8,525,682** | **-** | **481,724,000** | **34,760,197,476** | **3,099,025,271** | **37,859,222,747** |
| Adjustment of dividend paid of a subsidiaries to non-controlling interest of subsidiaries | - | - | - | 345,305,627 | - | - | - | - | - | - | - | - | - | - | 345,305,627 | (345,305,627) | - |
| | 35,769,136,566 | - | 1,303,890,172 | (2,449,247,635) | (134,774,019) | 2,619,803,941 | 864,565 | 1,356,596,955 | (3,371,978,137) | - | 2,685,013 | 8,525,682 | - | 481,724,000 | 35,105,503,103 | 2,753,719,644 | 37,859,222,747 |
| Cumulative effect of change in accounting policy for employee benefits (Note 5) | - | - | - | (330,435,059) | - | - | - | - | - | - | - | - | - | - | (330,435,059) | (19,318,741) | (349,753,800) |
| **Balance as at 31 March 2011 - as restated** | **35,769,136,566** | **-** | **1,303,890,172** | **(2,779,682,694)** | **(134,774,019)** | **2,619,803,941** | **864,565** | **1,356,596,955** | **(3,371,978,137)** | **-** | **2,685,013** | **8,525,682** | **-** | **481,724,000** | **34,775,068,044** | **2,734,400,903** | **37,509,468,947** |
| Issuance of ordinary shares for acquisition of subsidiary (Note 17) | 831,359,227 | 350,729,674 | - | - | - | - | - | - | - | (123,129,489) | - | - | - | (123,129,489) | 1,058,959,412 | (1,058,959,412) | - |
| Dividend paid (Note 44) | - | - | - | (2,662,411,946) | - | - | - | - | - | - | - | - | - | - | (2,662,411,946) | - | (2,662,411,946) |
| Dividend paid of subsidiaries to non-controlling interest of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (162,987,369) | (162,987,369) |
| Share-based payment transaction (Note 36) | - | - | - | - | - | - | - | - | - | - | - | - | 7,380,290 | 7,380,290 | 7,380,290 | - | 7,380,290 |
| Retained earnings transferred to statutory reserve | - | - | 172,157,752 | (172,157,752) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 2,105,625,990 | 936,442 | - | 4,240,483 | - | - | - | - | - | - | 5,176,925 | 2,110,802,915 | 129,997,586 | 2,240,800,501 |
| **Balance as at 31 March 2012** | **36,600,495,793** | **350,729,674** | **1,476,047,924** | **(3,508,626,402)** | **(133,837,577)** | **2,619,803,941** | **5,105,048** | **1,356,596,955** | **(3,371,978,137)** | **(123,129,489)** | **2,685,013** | **8,525,682** | **7,380,290** | **371,151,726** | **35,289,798,715** | **1,642,451,708** | **36,932,250,423** |

[1] At a price higher than the net book value of the subsidiary at the acquisition date Balance as at 31 March 2011 - as previously reporteda -, Adjustment of dividend paid of a subsidiaries to non-controlling interest of subsidiaries -, Cumulative effect of change in accounting policy for employee benefits

(Note5) -, Balance as at 31 March 2011 - as restated -, Issuance of ordinary shares for acquisition of subsidiary (Note 17) (123,129,489), Dividend paid of subsidiaries to non-controlling interest of subsidiaries -, Share-based payment transaction (Note 36) -, Retained earnings transferred to statutory reserve -, Total comprehensive income for the year -, Balance as at 31 March 2012 (123,129,489)

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

# 64 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended 31 March 2012 and 2011

(Unit: Baht)

| | Separate financial statements | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Other components of equity | | | | | | |
| | | | | | | Other comprehensive income | | | | | | |
| | Issued and paid - up share capital | Share discount | Ordinary shares to be issued for business combination under common control | Retained earnings (deficit) | | Revaluation surplus on assets | Revaluation surplus (deficit) on changes in value of investments | Convertible debentures - equity component | Surplus on transactions under common control | Surplus on business combination under common control | Total other components of shareholders' equity | Total shareholders' equity |
| | | | | Appropriated | Unappropriated | | | | | | | |
| **Balance as at 31 March 2010 - as previously reported** | **7,614,391,803** | **(735,085,235)** | **-** | **-** | **(4,211,934,885)** | **2,019,676,772** | **(382,580)** | **-** | **-** | **-** | **2,019,294,192** | **4,686,665,875** |
| Cumulative effect of surplus on business combination under common control | - | - | 19,378,813,429 | - | - | - | - | - | - | (3,371,978,137) | (3,371,978,137) | 16,006,835,292 |
| Cumulative effect of change in accounting policy for employee benefits (Note 5) | - | - | - | - | (19,855,240) | - | - | - | - | - | - | (19,855,240) |
| Cumulative effect of change in accounting policy for investment properties (Note 5) | - | - | - | - | - | (2,019,676,772) | - | - | - | - | (2,019,676,772) | (2,019,676,772) |
| **Balance as at 31 March 2010 - as restated** | **7,614,391,803** | **(735,085,235)** | **19,378,813,429** | **-** | **(4,231,790,125)** | **-** | **(382,580)** | **-** | **-** | **(3,371,978,137)** | **(3,372,360,717)** | **18,653,969,155** |
| Issuance of ordinary shares (Note 35) | 48,274,884,082 | (16,058,533,220) | (19,378,813,429) | - | - | - | - | - | - | - | - | 12,837,537,433 |
| Decrease in par value of ordinary shares (Note 35) | (20,120,139,319) | 16,793,618,455 | - | - | 3,326,520,864 | - | - | - | - | - | - | - |
| Convertible debentures - equity component (Note 33) | - | - | - | - | - | - | - | 1,356,596,955 | - | - | 1,356,596,955 | 1,356,596,955 |
| Surplus on swap of investment in subsidiary under common control (Note 17) | - | - | - | - | - | - | - | - | 325,065,107 | - | 325,065,107 | 325,065,107 |
| Dividend paid (Note 44) | - | - | - | - | (720,732,720) | - | - | - | - | - | - | (720,732,720) |
| Retained earnings transferred to statutory reserve | - | - | - | 203,890,172 | (203,890,172) | - | - | - | - | - | - | - |
| Total comprehensive income for the year (restated) | - | - | - | - | 4,836,775,988 | - | 1,247,145 | - | - | - | 1,247,145 | 4,838,023,133 |
| **Balance as at 31 March 2011** | **35,769,136,566** | **-** | **-** | **203,890,172** | **3,006,883,835** | **-** | **864,565** | **1,356,596,955** | **325,065,107** | **(3,371,978,137)** | **(1,689,451,510)** | **37,290,459,063** |

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

# 64 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended 31 March 2012 and 2011

(Unit: Baht)

| | Separate financial statements | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Other components of equity | | | | | | | |
| | | | | | Other comprehensive income | | | | | | | |
| | Issued and paid-up share capital | Share premium | Retained earnings | | Revaluation surplus on assets | Revaluation surplus on changes in value of investments | Convertible debentures - equity c omponent | Surplus on transactions under common control | Surplus on business combination under common control | Capital reserve for share-based payment transaction | Total other components of shareholders' equity | Total shareholders' equity |
| | | | Appropriated | Unappropriated | | | | | | | | |
| **Balance as at 31 March 2011 - as previously reported** | 35,769,136,566 | - | 203,890,172 | 3,029,673,067 | 2,019,676,772 | 864,565 | 1,356,596,955 | 325,065,107 | (3,371,978,137) | - | 330,225,262 | 39,332,925,067 |
| Cumulative effect of change in accounting policy for employee benefits (Note 5) | - | - | - | (22,789,231) | - | - | - | - | - | - | - | (22,789,231) |
| Cumulative effect of change in accounting policy for investment properties (Note 5) | - | - | - | - | (2,019,676,772) | - | - | - | - | - | (2,019,676,772) | (2,019,676,772) |
| **Balance as at 31 March 2011 - as restated** | 35,769,136,566 | - | 203,890,172 | 3,006,883,836 | - | 864,565 | 1,356,596,955 | 325,065,107 | (3,371,978,137) | - | (1,689,451,510) | 37,290,459,064 |
| Issuance of ordinary shares for acquisition of subsidiary (Note 17) | 831,359,227 | 350,729,674 | - | - | - | - | - | - | - | - | - | 1,182,088,901 |
| Deficit on debt settlement by ordinary shares of subsidiaries (Note 17) | - | - | - | - | - | - | - | (150,000,000) | - | - | (150,000,000) | (150,000,000) |
| Dividend paid (Note 44) | - | - | - | (2,662,411,946) | - | - | - | - | - | - | - | (2,662,411,946) |
| Share-based payment transaction (Note 36) | - | - | - | - | - | - | - | - | - | 7,380,290 | 7,380,290 | 7,380,290 |
| Retained earnings transferred to statutory reserve | - | - | 172,157,752 | (172,157,752) | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 3,443,155,041 | - | 4,240,483 | - | - | - | - | 4,240,483 | 3,447,395,524 |
| **Balance as at 31 March 2012** | 36,600,495,793 | 350,729,674 | 376,047,924 | 3,615,469,179 | - | 5,105,048 | 1,356,596,955 | 175,065,107 | (3,371,978,137) | 7,380,290 | (1,827,830,737) | 39,114,911,833 |

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

# 65 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BTS Group Holdings Public Company Limited and its subsidiaries
(Formerly known as Tanayong Public Company Limited)

## 1. General information

BTS Group Holdings Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its major shareholder is the Group of Keeree Kanjanapas. The Group is principally engaged in the mass transit business, property business, media business and service business. The registered office of the Company is at 21 Soi Choei Phuang, Viphavadi-Rangsit Road, Chompol, Chatujak, Bangkok.

## 2. Basis of preparation

**2.1** The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions 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 28 September 2011, 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 BTS Group Holdings Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding as at 31 March | |
|---|---|---|---|---|
| | | | 2012 | 2011 (Restated) |
| **Subsidiaries directly owned by the Company** | | | | |
| Bangkok Mass Transit System Public Co., Ltd. ("BTSC") | Elevated mass rapid transit system service | Thailand | 96.44 | 93.50 |
| Dnal Co., Ltd. | Office rental | Thailand | 100 | 100 |
| Muangthong Assets Co., Ltd. | Hotel | Thailand | 100 | 100 |
| PrannaKiri Assets Co., Ltd. | Property development | Thailand | 100 | 100 |
| Yong Su Co., Ltd. | Ceased operation | Thailand | 100 | 100 |
| Tanayong Food and Beverage Co., Ltd. | Property development | Thailand | 100 | 100 |
| Thana City Golf & Sports Club Co., Ltd. | Golf and Sports Club Management | Thailand | 100 | 100 |
| Siam Paging and Communication Co., Ltd. | Property development | Thailand | 100 | 100 |
| Sampaopetch Co., Ltd. | Property development | Thailand | 100 | 100 |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding as at 31 March | |
|---|---|---|---|---|
| | | | 2012 | 2011 (Restated) |
| Tanayong Property Management Co., Ltd. | Building management | Thailand | 100 | 100 |
| Tanayong International Ltd. | Ceased operation | Cayman Island | 100 | 100 |
| HHT Construction Co., Ltd. (formerly known as "Hip Hing Construction (Thailand) Co., Ltd.") | Construction services | Thailand | 51 | 51 |
| Tanayong Hong Kong Ltd. | Securities investment | Hong Kong | 100 | 100 |
| Carrot Rewards Co., Ltd. (formerly known as "Bangkok Smartcard Technology Co., Ltd.") | Technology support services relating to e-money system | Thailand | 100 | 100 |
| Nuvo Line Agency Co., Ltd. | Property development | Thailand | 80 | 80 |
| BTS Assets Co., Ltd. | Hotel and property development | Thailand | 100 | 100 |
| BTS Land Co., Ltd. | Property development | Thailand | 100 | 100 |
| Kampoo Property Co., Ltd. | Property development | Thailand | 100 | - |
| Kamkoong Property Co., Ltd. | Property development | Thailand | 100 | - |
| **Subsidiaries indirectly owned by the Company** | | | | |
| **Held by Bangkok Mass Transit System Public Co., Ltd.** | | | | |
| Bangkok Smartcard System Co., Ltd. | Provides e-money and common ticketing system services | Thailand | 90 | 90 |
| VGI Global Media Co., Ltd. | Provides advertising services on the BTS skytrain, and at stations and leading retail stores | Thailand | 100 | 100 |
| Kamala Beach Resort & Hotel Management Co., Ltd. | Property development | Thailand | 100 | 100 |
| **Held by VGI Global Media Co., Ltd.** | | | | |
| VGI Advertising Media Co., Ltd. | Management of advertising in leading retail stores | Thailand | 100 | 100 |
| VGI Multi-Tech International Co., Ltd. | Rental of advertising equipment | Thailand | 100 | 100 |
| 999 Media Co., Ltd. | Production of radio advertisements at point of purchase in leading retail stores | Thailand | 100 | 100 |
| 888 Media Co., Ltd. | Management of advertising in leading retail stores | Thailand | 100 | 100 |
| Point Of View (POV) Media Group Co., Ltd. | Management of advertising in office building lifts | Thailand | 100 | 100 |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding as at 31 March | |
|---|---|---|---|---|
| | | | 2012 | 2011 (Restated) |
| VGI Advertising China Co., Ltd. | Management of radio advertisements at points of purchase | China | 100 | 100 |
| **Held by BTS Assets Co., Ltd.** | | | | |
| Kampoo Property Co., Ltd. | Property development | Thailand | - | 100 |
| Kamkoong Property Co., Ltd. | Property development | Thailand | - | 100 |

b) Subsidiaries are fully consolidated, 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 using the same significant accounting policies as the Company.

d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.

e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

g) On 4 May 2010, the Company acquired ordinary shares of BTSC and its subsidiaries for a consideration of Baht 40,034.5 million. This acquisition was considered to be a business combination under common control. Therefore, the Company assumed BTSC and its subsidiaries, acquired in May 2010, had been subsidiaries of the Company since they were established. In this regards, the difference between the cost of this business combination under common control and the net book value of equity of BTSC and its subsidiaries (income and loss items recognised directly to the shareholders' equity) of Baht 3,372.0 million was recorded as "Surplus on business combination under common control" and separately presented in shareholders' equity in the statement of financial position. The cumulative effect of the adjustments of surplus on business combination under common control has been presented under the heading of "Cumulative effect of surplus on business combination under common control" in the statement of changes in shareholders' equity. Therefore, the consolidated statement of comprehensive income for the year ended 31 March 2011 included the operating results of BTSC and its subsidiaries as from 1 April 2010, ignoring the actual date of the business combination under common control (the date of acquiring the shares of the subsidiaries).

h) On 16 June 2010, a meeting of the Company's Board of Directors passed a resolution to approve the establishment of a subsidiary, Carrot Rewards Company Limited, to engage in the provision of technology support services. Such company has a registered

share capital of Baht 2,000,000 (20,000 ordinary shares with a par value of Baht 100 each) and the Company held a 100% interest. The consolidated comprehensive income statement for the year ended 31 March 2011 included the operating results of Carrot Rewards Company Limited as from 6 July 2010 (the incorporation date).

i) On 6 August 2010, VGI Global Media Company Limited paid approximately Baht 29 million as an investment in ordinary shares of VGI Advertising China Company Limited, established in the People's Republic of China for engaging in managing and providing of advertising services in that country. The subsidiary held 100% of the fully and paid-up shares capital of VGI Advertising China Company Limited. The consolidated comprehensive income statement for the year ended 31 March 2011 included the operating results of the subsidiary as from 7 August 2010 (the incorporation date).

j) On 11 February 2011, a meeting of the Company's Board of Directors passed a resolution to approve the purchase of 7,999,998 ordinary shares of BTS Assets Company Limited, representing a 100% shareholding, for a consideration of Baht 1,424.1 million from BTSC, the existing major shareholder.

k) On 11 February 2011, a meeting of the Company's Board of Directors passed a resolution to approve the purchase of 99,997 ordinary shares of BTS Land Company Limited, representing a 100% shareholding, for a consideration of Baht 10.0 million from BTSC, the existing major shareholder.

l) On 11 February 2011, a meeting of the Company's Board of Directors passed a resolution to approve the swap of 85,899,998 shares of Kamala Beach Resort & Hotel Management Company Limited, representing all of the Company's 100% stake in that company, for 16,007,998 shares of Nuvo Line Agency Company Limited, representing all of BTSC's 80% stake in that company, and an additional cash payment amounting to Baht 24.2 million.

Moreover, the Company purchased 4,002,000 shares for a consideration of Baht 250 million in Nuvo Line Agency Company Limited, equal to a 20% shareholding, from a company, Pacific Harbor Advisors Pte. Ltd., and granted a one-year option to the seller to buy back these shares. That company has now exercised the option to buy back these shares at the option price. Therefore, the Company's percentage shareholding in Nuvo Line Agency Company Limited remains at 80%.

m) On 6 June 2011, the Company offered an additional 1,289,987,791 ordinary shares with a par value of Baht 0.64 each to BTSC's existing shareholders, excluding the Company, and received 472,827,433 ordinary shares of BTSC at a value of Baht 2.50 each in payment, resulting in an increase in the Company's shareholding in BTSC from 93.50% to 96.44%.

n) On 15 February 2012, the Company received ordinary shares of Kampoo Property Company Limited valued at Baht 1,150 million and Kamkoong Property Company Limited valued at Baht 450 million, to settle debt of BTS Assets Company Limited amounting to Baht 1,600 million. As a result, the Company's shareholding in these two companies is 100%.

**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 during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

**Accounting standards:**

| | |
|---|---|
| TAS 1 (revised 2009) | Presentation of Financial Statements |
| TAS 2 (revised 2009) | Inventories |
| TAS 7 (revised 2009) | Statement of Cash Flows |
| TAS 8 (revised 2009) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (revised 2009) | Events after the Reporting Period |
| TAS 11 (revised 2009) | Construction Contracts |
| TAS 16 (revised 2009) | Property, Plant and Equipment |
| TAS 17 (revised 2009) | Leases |
| TAS 18 (revised 2009) | Revenue |
| TAS 19 | Employee Benefits |
| TAS 23 (revised 2009) | Borrowing Costs |
| TAS 24 (revised 2009) | Related Party Disclosures |
| TAS 26 | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 (revised 2009) | Consolidated and Separate Financial Statements |
| TAS 28 (revised 2009) | Investments in Associates |
| TAS 29 | Financial Reporting in Hyperinflationary Economies |
| TAS 31 (revised 2009) | Interests in Joint Ventures |
| TAS 33 (revised 2009) | Earnings per Share |
| TAS 34 (revised 2009) | Interim Financial Reporting |
| TAS 36 (revised 2009) | Impairment of Assets |
| TAS 37 (revised 2009) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (revised 2009) | Intangible Assets |
| TAS 40 (revised 2009) | Investment Property |

**Financial reporting standards:**

| | |
|---|---|
| TFRS 2 | Share-Based Payment |
| TFRS 3 (revised 2009) | Business Combinations |
| TFRS 5 (revised 2009) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 6 | Exploration for and Evaluation of Mineral Resources |

**Financial Reporting Standard Interpretations:**

| | |
|---|---|
| TFRIC 15 | Agreements for the Construction of Real Estate |

**Accounting Standard Interpretations:**

| | |
|---|---|
| SIC 31 | Revenue-Barter Transactions Involving Advertising Services |

These accounting standards do not have any significant impact on the financial statements, except for the following accounting standards.

**TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period retrospectively as though the Company and its subsidiaries initially recorded these employee benefit expenses. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year ended 31 March 2012 by Baht 55.1 million, or Baht 0.00097 per share (Separate financial statements: decreasing profit by Baht 3.2 million, or Baht 0.00006 per share). The cumulative effect of the changes in the accounting policy has been presented in Note 5 to the financial statements.

**TAS 40 (revised 2009) Investment Property**

This accounting standard requires entities to choose to recognise investment property either under the cost model (with disclosure of fair value in the notes to financial statements) or the fair value model, whereby changes in fair value are to be recognised in profit or loss. Investment property was previously recognised under the caption of property, plant and equipment, and land and projects awaiting development, which are measured using the cost model. In adopting the new accounting policy, the Company and its subsidiaries separately present investment property and measure it using the cost model. The cumulative effect of the changes in the accounting policy has been presented in Note 5 to the financial statements.

## 4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

**Accounting standards:**

| | |
|---|---|
| TAS 12 | Income Taxes |
| TAS 20 (revised 2009) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates |

**Financial reporting standards:**

| | |
|---|---|
| TFRS 8 | Operating Segments |

**Accounting Standard Interpretations:**

| | |
|---|---|
| SIC 10 | Government Assistance - No Specific Relation to Operating Activities |
| SIC 21 | Income Taxes - Recovery of Revalued Non-Depreciable Assets |
| SIC 25 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

**TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

## 5. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the current year, the Company made the changes to its significant accounting policies described in Note 3 to the financial statements, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the financial statements as at 31 March 2012 and 2011 and for the years ended 31 March 2012 and 2011 are summarised below.

(Unit: Thousand Baht)

| | 31 March 2012 | |
|---|---|---|
| | Consolidated financial statements | Separate financial statements |
| **Statements of financial position** | | |
| Increase in investment properties | 2,471,243 | 1,226,078 |
| Decrease in land and projects awaiting development | (2,262,423) | (726,026) |
| Decrease in property, plant and equipment | (12,300) | (2,323,209) |
| Decrease in condominiums and fixtures for lease | (196,520) | (196,520) |
| Increase in provision for long-term employee benefits | 400,178 | 25,987 |
| Decrease in non-controlling interests of the subsidiaries | (23,081) | - |
| Decrease in unappropriated retained earnings | (377,097) | (25,987) |
| Decrease in revaluation surplus on assets | – | (2,019,677) |

(Unit: Thousand Baht)

| | 31 March 2011 | |
|---|---|---|
| | Consolidated financial statements | Separate financial statements |
| **Statements of financial position** | | |
| Increase in investment properties | 2,497,289 | 1,284,761 |
| Decrease in land and projects awaiting development | (2,274,741) | (736,909) |
| Decrease in property, plant and equipment | (12,300) | (2,357,281) |
| Decrease in condominiums and fixtures for lease | (210,248) | (210,248) |
| Increase in provision for long-term employee benefits | 349,754 | 22,789 |
| Decrease in non-controlling interests of the subsidiaries | (19,319) | - |
| Decrease in unappropriated retained earnings | (330,435) | (22,789) |
| Decrease in revaluation surplus on assets | - | (2,019,677) |

(Unit: Thousand Baht)

| | For the year ended 31 March 2012 | |
|---|---|---|
| | Consolidated financial statements | Separate financial statements |
| **Comprehensive income statements** | | |
| Increase in employee expenses | 55,074 | 3,198 |
| Decrease in profit attributable to equity holders of the Company | (51,312) | (3,198) |
| Decrease in non-controlling interests of the subsidiaries | (3,762) | - |
| Decrease in basic earnings per share (Baht) | (0.00090) | (0.00006) |
| Decrease in diluted earnings per share (Baht) | - | (0.00005) |

(Unit: Thousand Baht)

| | For the year ended 31 March 2011 | |
|---|---|---|
| | Consolidated financial statements | Separate financial statements |
| **Comprehensive income statements** | | |
| Increase in employee expenses | 35,096 | 2,934 |
| Decrease in profit attributable to equity holders of the Company | (31,987) | (2,934) |
| Decrease in non-controlling interests of the subsidiaries | (3,149) | - |
| Decrease in basic earnings per share (Baht) | (0.00062) | (0.00006) |
| Decrease in diluted earnings per share (Baht) | (0.00061) | (0.00005) |

## 6. Significant accounting policies

### 6.1 Revenue recognition

**Fare box revenues**

Fare box revenues are recognised when services have been rendered. Fare box revenues are valued at ticket price after deducting discounts on fare. Prepaid value in passengers' stored value ticket is recorded as unearned revenues in the current liabilities.

**Service income**

• Advertising income

Advertising income is recognised when services have been rendered taking into account the stage of completion, charged is in accordance with service areas, service rate charged per area, and service period as stipulated in the contract.

• Revenue from provision of operating services

Income from providing of operating services is recognised when services have been rendered and represent the invoiced value (excluding value added tax) of services rendered after deducting discounts and service charges. Service rate charged is in accordance with rates as stipulated in the contracts.

• Revenue from provision of spaces

Space rental income is income from renting of the advertising spaces and the spaces for retails. Space rental income is recognised on an accrual basis in accordance with the contracts. Rental rate charged is in accordance with rental areas, rental rate charged per area, and rental period as stipulated in the contract.

• Other service income

Service revenue is recognised when services have been rendered taking into account the stage of completion, excluding value added tax.

Revenues from utility services are recognised when services have been rendered and represent the invoiced value (excluding value added tax) of services rendered after deducting discounts and service charges reference to the term of the contract.

Rental income in conjunction with apartments and condominiums is recognised as revenue on an accrual basis.

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.

**Revenues from sales of real estate**

Revenues from sales of land, land and houses and condominium units are recognised in full when ownership is transferred to the buyers.

**Revenues from construction services**

Revenues from construction are recognised on a percentage of completion basis based on the assessment of the Company's engineers. The recognised revenue which is not yet due per the contracts has been presented under the caption of "Unbilled receivables" in the statement of financial position.

**Other income**

Management income is recognised when services have been rendered, with reference to the term of the contract, excluding value added tax.

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends are recognised when the right to receive the payment is established.

## 6.2 Expenses

**Cost of sales of real estate**

Cost of sales of real estate, which is 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, is recognised as costs in the statement of comprehensive income.

**Cost of construction services**

Cost of construction is recognised in accordance with the percentage of work completed based on total estimated costs. Provision for anticipated losses on construction projects is made in the accounts in full when the possibility of loss is ascertained. Differences between the estimated costs and the actual costs are recognised as current assets or current liabilities in the statement of financial position.

### Expenses

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

## 6.3 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.

## 6.4 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.

## 6.5 Real estate development costs

Real estate development costs are valued at the lower of cost and net realisable value.

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

## 6.6 Investments

a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in profit or loss when the securities are sold.

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/accreted by the effective rate method with the amortised/ accreted 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. 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 from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as surplus (deficit) from changes in the value of investments in shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

### 6.7 Elevated rail project costs and Unit of Throughput Amortisation Method (Unit of production)

Elevated rail project costs are stated at cost less any accumulated amortisation and any impairment losses (if any). The subsidiary has capitalised all expenditures and other related expenses as an asset (elevated rail project costs) and amortised as costs of fare box and administrative expenses over the concession period.

Elevated rail project costs include management and consulting fees, design costs, civil works, electrical and mechanical works and rolling stock purchased during the concession period, interest and other financing expenses, including exchange gains and losses incurred before commencement of operations.

Amortisation of elevated rail project costs is calculated by reference to their costs on the Unit of Throughput Amortisation Method as the following formula:-

Annual amortisation = Net elevated rail project costs x Percentage of passengers for the year

Net elevated rail project costs are elevated rail project costs less accumulated amortisation.

$$\text{Percentage of passengers for the year} = \frac{\text{Current year's actual passengers}}{\text{(Current year's actual passengers + Projected passengers during the remaining concession period)}}$$

### 6.8 Spare parts and amortisation

Spare parts - Automatic Fare Collection system are consisted as follows:

a) Consumable spare parts are valued at the lower of cost (weighted average method) and net realisable value and are charged to costs of fare box whenever actually consumed.

b) Reusable spare parts are stated at cost less accumulated amortisation. Amortisation of reusable spare parts is calculated by reference to their costs on the unit of production basis as it is used in elevated rail project costs. The subsidiary amortises them as costs of fare box over the concession period.

Spare parts - awaiting transfer, presented as a part of elevated rail project costs, are stated at cost less accumulated amortisation. Amortisation of spare parts-awaiting transfer is calculated by reference to their costs on the unit of production basis, as it is used in elevated rail project costs. The subsidiary amortises them as costs of fare box over the concession period.

Spare parts - maintenance contract are stated at cost as defined in the maintenance contract. The subsidiary recognises them as costs of fare box whenever actually consumed, after the contract expires.

### 6.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

| | |
|---|---|
| Golf course and construction | 5 - 30 years |
| Buildings for rent | 20 years |
| Condominiums for rent | period of lease |

Depreciation of the investment properties is included in determining income.

No depreciation is provided on land awaiting sales.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

### 6.10 Property, plant and equipment and depreciation

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

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its fair values. Revaluation ismade with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

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 profit or loss. 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 statements of comprehensive income.

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

| | |
|---|---|
| Buildings and improvements | 5 - 20 years |
| Leasehold improvement | At the lower of lease period or 5 years |
| Golf course development costs | 5 - 30 years |
| Furniture and office equipment | 3 - 5 years |
| Machinery and equipment | 3 - 10 years |
| Motor vehicles | 5 years |

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

### 6.11 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.

### 6.12 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible asset with finite useful life of the Company is computer software with estimated useful life of 3 years.

No amortisation is provided on intangible assets under development.

### 6.13 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

### 6.14 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.

### 6.15 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. 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 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 transac tion between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

### 6.16 Convertible debentures

Convertible debentures are classified into liability and equity components and these are presented separately in the statements of financial position. In separately presenting such components, the Company determines the liability component by discounting the stream of future payments of principal, interest and fee charged at the prevailing market rate, while the carrying amount of the equity component is determined by deducting the liability component from the total face value of the convertible debentures and amortising the difference over the life of the debentures.

### 6.17 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.

### 6.18 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.

### 6.19 Equity-settled share-based payment transactions

The Company recognises the share-based payment transactions at the date on which the options are granted, based on the fair value of the share options. They are recorded as expenses over the expected life of the share options, and a capital reserve for share-based payment transactions is presented in shareholders' equity.

Estimating fair value for share-based payment transactions requires determination relating to appropriate assumptions, including the expected life of the share options, share price volatility and dividend yield.

### 6.20 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

### 6.21 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 associated companies 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.

### 6.22 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 end of reporting period.

Gains and losses on exchange are included in determining income.

### 6.23 Interest Rate Swap agreements

The subsidiary will recognise the net amount of interest to be received from or paid to the counterparty under the interest rate swap contracts as income or expenses on an accrual basis.

Interest rate risk and financial instruments management policy are discussed in Note 48.1 to the financial statements.

### 6.24 Gains from troubled debt restructuring

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.

### 6.25 Employee benefits

**Short-term employee benefits**

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

**Post-employment benefits**

- Defined contribution plans

  The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

- Defined benefit plans

  The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

  The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

  Actuarial gains and losses arising from post-employment benefits are recognised as income or expenses when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed 10% of the defined benefit obligation at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

  For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, retrospectively as though the Company initially recorded these employee benefit expenses.

### 6.26 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

## 7. 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 from these estimates. 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 long-term volatility of financial instruments.

**Impairment of equity investments**

The Company treats available-for-sale investments and other investments as impaired when 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 of the management.

**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 residual values of the Company's and its subsidiaries' plant and equipment and to review estimated useful lives and residual values when there are any changes.

The Company measures land, buildings and improvements and golf course development costs at revalued amounts in the consolidated financial statements. 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 estimates 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.

**Goodwill and intangible assets**

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management of the Company to make judgment, based on regulations, information and assumption to determine the fair value of identifiable assets, liabilities and contingent liabilities at the acquisition date, and make estimates of cash flows to be generated

by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Accrued expenses**

In determining a provision for the Company's operation, the management needs to make judgment and estimates, based upon regulations, and information relating to the scope of works and benefits received by the Company, recording expenses as of the statement of financial position date. The management of the Company believes that the actual expenses will be closed to their estimation as recorded.

**Equity-settled share-based payment transactions**

Estimating fair value for share-based payment transactions requires determination relating to appropriate assumptions, including the expected life of the share options, share price volatility and dividend yield.

**Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**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 end of reporting period.

## 8. 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)

| | For the years ended 31 March | | | | |
|---|---|---|---|---|---|
| | Consolidated financial statements | | Separate financial statements | | Transfer Pricing Policy |
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | |
| **Transactions with subsidiaries** (Eliminated from the consolidated financial statements) | | | | | |
| Interest income | - | - | 141 | 82 | At cost of funds |
| Management income | - | - | 40 | 61 | Contract price |
| Revenues from construction services | - | - | 658 | 1,179 | Contract price |

(Unit: Million Baht)

| | For the years ended 31 March | | | | |
|---|---|---|---|---|---|
| | Consolidated financial statements | | Separate financial statements | | Transfer Pricing Policy |
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | |
| Cost of construction services | - | - | 549 | 990 | Contract price |
| Rental income | - | - | 41 | 25 | Contract price |
| Cost of construction of fixed assets | - | - | 2 | 74 | Contract price |
| Cost of construction of condominium | - | - | 50 | 106 | Contract price |
| Dividend income | - | - | 4,029 | 4,965 | Approved by the meeting of Board of Directors |
| Interest expenses | - | - | 2 | 1 | Contract price |
| Management fee | - | - | 14 | 8 | Contract price |
| Utility expenses | - | - | - | 3 | Contract price |
| Rental expenses | - | - | - | 1 | Contract price |
| **Transactions with associates** | | | | | |
| Interest income | 1 | 8 | 1 | 8 | At cost of funds |
| Cost of construction of fixed assets | 2 | 5 | - | - | Contract price |
| Management fee | 26 | 24 | 17 | 16 | Contract price |
| **Transactions with related parties** | | | | | |
| Cost of construction services | 19 | 14 | - | - | Contract price |
| Rental expenses | - | 4 | - | - | Contract price |
| Acquisition of ordinary shares of BTSC | - | - | - | 40,035 | Contract price |
| Administrative expenses | 2 | 2 | - | - | Contract price |

As at 31 March 2012 and 2011, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Trade and other receivables - related parties (Note 10)** | | | | |
| Trade receivables - subsidiary companies | - | - | 157,433 | 125,356 |
| Trade receivables - associated companies | 32 | - | - | - |
| Other receivable - subsidiary companies | - | - | 31 | - |

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Other receivable - associated company | 4,387 | - | - | - |
| Accrued interest income - subsidiary companies | - | - | 87,852 | 13,855 |
| Total trade and other receivables - related parties | 4,419 | - | 245,316 | 139,211 |
| **Unbilled receivable - related party** | | | | |
| Subsidiary company | - | - | 284,441 | 431,841 |
| Total unbilled receivable - related party | - | - | 284,441 | 431,841 |
| **Advance to contractor - related party** | | | | |
| Subsidiary company | - | - | 27,055 | 174,604 |
| Total advance to contractor - related party | **-** | **-** | **27,055** | **174,604** |
| **Retention receivable - related party** | | | | |
| Subsidiary company | - | - | 87,754 | 46,395 |
| Total retention receivable - related party | **-** | **-** | **87,754** | **46,395** |
| **Trade and other payables - related parties (Note 29)** | | | | |
| Trade payables - subsidiary companies | - | - | 81,278 | 139,746 |
| Trade payables - associated companies | 66 | 319 | - | - |
| Other payables - subsidiary companies | - | - | 17,626 | 2,174 |
| Other payables - associated companies | 356 | 120 | - | - |
| Accrued interest expenses - subsidiary companies | - | - | 2,200 | - |
| Total trade and other payables - related parties | 422 | 439 | 101,104 | 141,920 |
| **Accrued cost of construction - related party** | | | | |
| Subsidiary company | - | - | 90,415 | 299,292 |
| Total accrued cost of construction - related party | - | - | 90,415 | 299,292 |
| **Advance received from employer - related party** | | | | |
| Subsidiary company | - | - | 41,745 | 168,300 |
| Total advance received from employer - related party | - | - | 41,745 | 168,300 |
| **Retention payable - related party** | | | | |
| Subsidiary company | - | - | 92,392 | 50,095 |
| Total retention payable - related party | - | - | 92,392 | 50,095 |

**Loans to related parties and loans from related parties**

As at 31 March 2012 and 2011, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

| | | Separate financial statements | | | |
|---|---|---|---|---|---|
| Short-term loans to related parties | Related by | Balance as at 31 March 2011 (Restated) | Increase during the year | Decrease during the year | Balance as at 31 March 2012 |
| Carrot Rewards Co. Ltd. | Subsidiary company | - | 18,500 | - | 18,500 |
| E.G.V. Co., Ltd. | Related company | 4,018 | - | - | 4,018 |
| | | 4,018 | 18,500 | - | 22,518 |
| Less: Allowance for doubtful debts | | (4,018) | - | - | (4,018) |
| Total | | - | 18,500 | - | 18,500 |

(Unit: Thousand Baht)

| | | Separate financial statements | | | |
|---|---|---|---|---|---|
| Long-term loans to related parties | Related by | Balance as at 31 March 2011 (Restated) | Increase during the year | Decrease during the year | Balance as at 31 March 2012 |
| Tanayong Food and Beverage Co., Ltd. | Subsidiary company | 36,606 | 741,502 | - | 778,108 |
| Muangthong Assets Co., Ltd. | Subsidiary company | 41,000 | 3,000 | - | 44,000 |
| Tanayong International Ltd. | Subsidiary company | 432,315 | 1,170 | (40) | 433,445 |
| Tanayong Hong Kong Limited | Subsidiary company | 1,205 | 66 | - | 1,271 |
| Nuvo Line Agency Co., Ltd. | Subsidiary company | 305,234 | - | (197,234) | 108,000 |

(Unit: Thousand Baht)

| | | Separate financial statements | | | |
|---|---|---|---|---|---|
| Long-term loans to related parties | Related by | Balance as at 31 March 2011 (Restated) | Increase during the year | Decrease during the year | Balance as at 31 March 2012 |
| Bangkok Mass Transit System Public Co., Ltd. | Subsidiary company | - | 990,000 | - | 990,000 |
| Siam Paging and Communication Co., Ltd. | Subsidiary company | 32,600 | - | - | 32,600 |
| Sampaopetch Co., Ltd. | Subsidiary company | 897,296 | - | - | 897,296 |
| Kampoo Property Co., Ltd. | | - | 37,033 | - | 37,033 |
| Kamkoong Property Co., Ltd. | Subsidiary company | - | 148,768 | - | 148,768 |
| Less: Allowance for doubtful debts | | (1,331,195) | (45,190) | 60 | (1,376,325) |
| Total | | 2,506,090 | 2,378,349 | (1,953,115) | 2,931,324 |

(Unit: Thousand Baht)

| Short-term loans from related parties | Related by | Separate financial statements | | | |
|---|---|---|---|---|---|
| | | Balance as at 31 March 2011 (Restated) | Increase during the year | Decrease during the year | Balance as at 31 March 2012 |
| Dnal Co., Ltd. | Subsidiary company | - | 40,000 | - | 40,000 |
| PrannaKiri Assets Co., Ltd. | Subsidiary company | - | 58,000 | - | 58,000 |
| Total | | - | 98,000 | - | 98,000 |

**Directors and management's benefits**

During the year ended 31 March 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Short-term employee benefits | 176 | 133 | 53 | 42 |
| Termination benefit | 16 | 15 | 2 | 2 |
| Share-based payment | 1 | 1 | - | - |
| Post-employment benefits | 1 | - | 1 | - |
| Total | **194** | **149** | **56** | **44** |

**Guarantee obligation with related party**

The Company has an outstanding guarantee obligation with its related party, as described in Note 45.7 a) to the financial statements.

In accordance with the resolution of Meeting No. 1/2011 of the Company's Board of Directors, held on 11 February 2011, the Company purchased and swapped shares in order to acquire three subsidiaries (BTS Asset Co., Ltd., BTS Land Co., Ltd. and Nuvo Line Agency Co., Ltd.) from BTSC, as discussed in Note 17 to the financial statements. The agreements stipulate that there is to be novation of the inter-company loans among group companies, for which all three subsidiaries are borrowers (BTS Assets Co., Ltd with Baht 2,019 million, BTS Land Co., Ltd. with Baht 72 million and Nuvo Line Agency Co., Ltd. with Baht 305 million), with the lender changing from BTSC to the Company.

On 15 February 2012, the Company received ordinary shares of Kampoo Property Co., Ltd. valued at Baht 1,150 million and ordinary shares of Kamkoong Property Co., Ltd. valued at Baht 450 million, to settle debt of BTS Assets Co., Ltd. amounting to Baht 1,600 million. As a result, the Company's shareholding in these two companies is 100%. In addition, there is novation of the inter-company loans among group companies, for which all two subsidiaries are borrowers (Kampoo Property Co., Ltd. with Baht 24 million and Kamkoong Property Co., Ltd. with Baht 132 million), with the lender changing from BTS Assts Co., Ltd. to the Company.

## 9. Cash and cash equivalents

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Cash | 39,356 | 19,746 | 135 | 155 |
| Current deposits and saving deposits | 454,222 | 729,329 | 22,979 | 152,626 |
| Fixed deposits with maturity date due not more than 3 months | 23 | 621 | 4 | 4 |
| Bills of exchange | 274,647 | 350,694 | 100,014 | - |
| BOT bonds with maturity date due not more than 3 months | 564,992 | 629,839 | 330,000 | 150,000 |
| Government bonds | - | 95,193 | - | - |
| Total | 1,333,240 | 1,825,422 | 453,132 | 302,785 |

## 10. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Trade accounts receivable** | | | | |
| Total value of contracts signed | 12,331,145 | 11,761,831 | 10,669,844 | 10,506,285 |
| Percentage of total project sale value | 69.72 | 66.18 | 73.58 | 72.46 |
| Installments due | 10,776,536 | 10,398,368 | 10,636,010 | 10,326,923 |
| Less: Cash received | (10,776,536) | (10,398,368) | (10,636,010) | (10,326,923) |
| Trade accounts receivable - real estate | - | - | - | - |
| Trade accounts receivable - construction | - | - | 156,781 | 122,877 |
| Trade accounts receivable - management and consulting | - | - | 652 | 2,479 |
| Trade accounts receivable - management and consulting | 9,262 | 4,824 | - | - |
| Trade accounts receivable - mass transit system | 578,248 | 217,885 | - | - |
| Trade accounts receivable - advertising | 479,889 | 349,225 | - | - |
| Total trade accounts receivable | 1,067,399 | 571,934 | 157,433 | 125,356 |

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Other receivables** | | | | |
| Advances | 1,761 | 1,577 | - | - |
| Interest receivable - related parties | - | - | 87,852 | 13,855 |
| Interest receivable | 368 | 174 | - | - |
| Retention receivable | 10,371 | 8,267 | 10,371 | 8,267 |
| Other receivables - related parties | 4,387 | - | 31 | - |
| Other receivables | 22,395 | 26,295 | 20,470 | 22,463 |
| Total other receivables - net | 39,282 | 36,313 | 118,724 | 44,585 |
| Trade and other receivables - net | 1,106,681 | 608,247 | 276,157 | 169,941 |

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

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Trade receivables - related parties** | | | | |
| Not yet due | 27 | - | - | 122,877 |
| Past due | | | | |
| Up to 3 months | 5 | - | 103,933 | 2,479 |
| 3 - 6 months | - | - | 53,500 | - |
| Total trade receivables - related parties | 32 | - | 157,433 | 125,356 |
| **Trade receivables - unrelated parties** | | | | |
| Not yet due | 578,150 | 304,790 | - | - |
| Past due | | | | |
| Up to 3 months | 280,126 | 171,362 | - | - |
| 3 - 6 months | 158,099 | 53,418 | - | - |
| 6 - 12 months | 6,395 | 31,759 | - | - |
| Over 12 months | 43,329 | 8,990 | - | - |
| Total | 1,066,099 | 570,319 | - | - |
| Posted date cheques | 18,161 | 8,933 | - | - |
| Less: Allowance for doubtful debts | (16,893) | (7,318) | - | - |
| Total trade receivables - unrelated parties, net | 1,067,367 | 571,934 | 157,433 | 125,356 |
| Total trade receivables - net | 1,067,399 | 571,934 | 157,433 | 125,356 |

## 11. Unbilled receivables (construction contracts)

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| **Unbilled receivables** | | | | |
| Project value as per contracts | 1,521,065 | 1,521,065 | 3,721,065 | 3,721,065 |
| Accumulated amounts recognised as revenue on percentage of completion basis | 1,521,065 | 1,447,446 | 3,675,086 | 2,943,446 |
| Less: Value of total billed | (1,521,065) | (1,415,512) | (3,390,645) | (2,479,671) |
| Unbilled receivables | - | 31,934 | 284,441 | 463,775 |

## 12. Spare parts - Automatic Fare Collection system

As at the statement of financial position date, the balances of spare parts - Automatic Fare Collection system were comprised as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| Consumable spare parts | 92,956 | 33,941 |
| Reusable spare parts | 91,999 | 60,962 |
| Less: Accumulated amortisation on reusable spare parts | (10,768) | (8,062) |
| Reusable spare parts - net | 81,231 | 52,900 |

A subsidiary (BTSC) consumed and charged of consumable spare parts and also recorded an amortisation of spare parts - Automatic Fare Collection system for the year ended 31 March 2012, amounting to Baht 14 million (2011: Baht 14 million), as a part of cost of fare box in the statements of comprehensive income.

## 13. Real estate development costs

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Land | 421,320 | 421,320 | 421,320 | 421,320 |
| Townhouses | 14,793 | 25,244 | 14,793 | 25,244 |
| Condominiums | 377,923 | 425,707 | 377,923 | 425,708 |
| Construction in progress | 2,570,673 | 2,092,208 | - | 188,282 |
| | 3,384,709 | 2,964,479 | 814,036 | 1,060,554 |
| Less: Reduce cost to net realisable value | (35,641) | (109,168) | (35,641) | (109,168) |
| Real estate development costs - net | 3,349,068 | 2,855,311 | 778,395 | 951,386 |

As at 31 March 2012, land with construction thereon of the Company and its subsidiary (Nuvo Line Agency Co., Ltd.) amounting to approximately Baht 2,731 million (Separate financial statement: Nil) (2011: Baht 2,025 million (Separate financial statements: Baht 25 million)) had been mortgaged as collateral for credit facilities from a financial institution as discussed in Notes 28 and 31 to the financial statements.

During the year ended 31 March 2012, a subsidiary (Nuvo Line Agency Company Limited) included borrowing costs of Baht 35 million as cost of "Real estate development costs" (2011: Baht 14 million). Interest is charged at rate of 2.750% - 6.125% per annum (2011: 2.750% - 5.625% per annum).

## 14. Cash deposited as collateral for debt settlement

As at 31 March 2012, 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 192.0 million and Baht 40.7 million, respectively (2011: Baht 192.0 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 accounts and the secured creditors are provided guarantees by the mortgage of the Company's assets in full.

## 15. Assets awaiting transfer under rehabilitation plan

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| 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 | 91 | 989 | 91 | 989 |
| Total | 73,027 | 73,925 | 68,327 | 69,225 |

The Company held an open auction of five 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 3,089 million). The Company was 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 statement of financial position. 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 to acquire the rights to purchase certain auctioned assets (4 items), 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. On 29 September 2010, the Company amended the agreement to acquire the rights to purchase certain of the assets that were auctioned to that company, so that from covering assets valued at Baht 800 million (4 items) it covered assets valued at Baht 500 million (3 items). The Company received the return of guarantee money amounting to Baht 15 million from that company.

The Company and the purchaser are in the process of complying with the terms and conditions stipulated in the agreements. However, a creditor of the Company submitted a petition to cancel the auction to the Central Bankruptcy Court. The Central Bankruptcy Court dismissed the petition and the creditor appealed the decision. However, the Supreme Court has also dismissed the petition.

In addition, the Company deposited two assets awaiting transfer under the rehabilitation plan (not included in the agreement to acquire the rights to purchase auctioned assets) with the Central Bankruptcy Court as collateral for debt settlement. The Company therefore recorded the Baht 708.5 million (Separate financial statements: Baht 859.0 million) difference between the value of the assets, amounting to Baht 150.5 million (Separate financial statements: Nil), and the balances of the relevant creditors per rehabilitation plan, amounting to Baht 859.0 million (Separate financial statements: Baht 859.0 million) as "Gain on deposit of assets as guarantee for debt settlement", presenting it as a separate item in the statement of comprehensive income for the year ended 31 March 2011.

However, on 11 November 2011, a meeting of the Company's Board of Directors passed a resolution to approve and/or ratify a subsidiary executing a contract to purchase rights of claim from a group of creditors for a total consideration not exceeding Baht 1,200 million. The purchase of these claims relates to an open auction of assets awaiting transfer (5 items) by the Company under its rehabilitation plan, at which a company successfully bid to purchase the assets at a price of Baht 1,200 million as detailed above. The Company and the subsidiary are in the process of complying with the terms and conditions stipulated in the agreement between them. Moreover, the subsidiary entered into agreements with creditors to acquire rights of claim and other rights in accordance with the Company's rehabilitation plan. As at 31 March 2012, the subsidiary has made payment of approximately Baht 741.5 million for these rights and the subsidiary recorded this transaction under the heading of "Rights of claim from acquisition of debts per rehabilitation plan" in the statement of financial position.

## 16. Investments in subsidiaries awaiting transfer under rehabilitation plan

The remaining balance consists of 72 million ordinary shares of BTSC 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.

## 17. Investments in subsidiaries

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

(Unit: Thousand Baht)

| Company's name | Paid-up capital | | Percentage owned by the Company | | Cost | | Dividend income | |
|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Bangkok Mass Transit System Public Co., Ltd. | 16,067,134 | 16,067,134 | 96.44 | 93.50 | 41,216,615 | 40,034,526 | 4,013,247 | 4,964,882 |
| Dnal Co., Ltd. | 50,000 | 50,000 | 100 | 100 | 680,609 | 680,609 | - | - |
| Muangthong Assets Co., Ltd. | 125,000 | 125,000 | 100 | 100 | 503,695 | 503,695 | - | - |
| PrannaKiri Assets Co., Ltd. | 311,000 | 311,000 | 100 | 100 | 310,010 | 310,010 | - | - |
| Yong Su Co., Ltd. | 234,000 | 234,000 | 100 | 100 | 236,570 | 236,570 | - | - |
| Tanayong Food and Beverage Co., Ltd. | 1,000 | 1,000 | 100 | 100 | 1,000 | 1,000 | - | - |
| Thana City Golf & Sports Club Co., Ltd. | 20,000 | 20,000 | 100 | 100 | 77,472 | 77,472 | - | - |
| 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 | - | - |
| HHT Construction Co., Ltd. | 25,000 | 25,000 | 51 | 51 | 12,750 | 12,750 | 15,453 | - |
| Tanayong Hong Kong Limited | 42 | 42 | 100 | 100 | 42 | 42 | - | - |

(Unit: Thousand Baht)

| Company's name | Paid-up capital | | Percentage owned by the Company | | Cost | | Dividend income | |
|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Carrot Rewards Co. Ltd. | 2,000 | 500 | 100 | 100 | 2,000 | 500 | - | - |
| BTS Assets Co., Ltd. | 800,000 | 800,000 | 100 | 100 | 1,424,078 | 1,424,078 | - | - |
| BTS Land Co., Ltd. | 10,000 | 10,000 | 100 | 100 | 10,000 | 10,000 | - | - |
| Nuvo Line Agency Co., Ltd. | 2,001,000 | 2,001,000 | 80 | 80 | 1,637,915 | 1,637,915 | - | - |
| Kampoo Property Co., Ltd. | 1,075,000 | - | 100 | - | 1,075,000 | - | - | - |
| Kamkoong Property Co., Ltd. | 375,000 | - | 100 | - | 375,000 | - | - | - |
| Total | | | | | 47,569,781 | 44,936,192 | | |
| Less: Surplus on business combination under common control | | | | | (3,371,978) | (3,371,978) | | |
| | | | | | 44,197,803 | 41,564,214 | | |
| Less: Provision for loss on diminution in value | | | | | (1,419,899) | (1,380,399) | | |
| Net | | | | | 42,777,904 | 40,183,815 | | |

### Bangkok Mass Transit System Public Co., Ltd. ("BTSC")

On 4 May 2010, the Company acquired ordinary shares of BTSC and its subsidiaries for a consideration of Baht 40,034.5 million, as detailed below.

a) Acquired 6,656,535,992 ordinary shares of BTSC at a price of Baht 2.665 each, as detailed below.

1) Acquired 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 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) Acquired 508,408,723 ordinary shares of BTSC from Keen Leader Investments Limited ("Keen Leader"), paying Baht 699,061,994.56 in cash and issuing 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) Acquired 400,000,000 ordinary shares of BTSC from Mr. Keeree Kanjanapas ("Keeree"), paying Baht 550,000,000 in cash and issuing 750,000,000 ordinary shares of the Company with a par value of Baht 1 each to Keeree and an exchange value of Baht 0.688 per share.

b) Acquired and transferred 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 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 this acquisition of ordinary shares and transfer of entire business, the Company held 15,022,335,992 ordinary shares of BTSC, equal to 94.60% of its issued and paid up capital. In this regards, the difference between the cost of this business combination under common control and the net book value of equity of BTSC (income and loss items recognised directly to the shareholders' equity) of Baht 3,372.0 million was recorded as "Surplus on business combination under common control" and separately presented in shareholders' equity in the statements of financial position.

On the acquisition date of BTSC and its subsidiaries, net book values of assets and liabilities were summarised below.

(Unit: Thousand Baht)

| | |
|---|---|
| **Assets** | |
| Cash and cash equivalents | 2,285,174 |
| Current investments - deposits at financial institution | 120,000 |
| Trade accounts receivable - net | 505,193 |
| Spare parts - Automatic Fare Collection system - net | 86,250 |
| Real estate development costs | 1,860,879 |
| Other current assets | 145,566 |
| Restricted deposits | 338,549 |
| Elevated rail project costs - net | 43,375,608 |
| Spare parts - maintenance contract | 292,771 |
| Land and projects awaiting development | 2,120,887 |
| Property, plant and equipment - net | 1,542,699 |
| Intangible assets - net | 23,313 |
| Goodwill | 78,656 |
| Advances to contractors | 726,197 |
| Other non-current assets | 69,367 |
| **Liabilities** | |
| Trade accounts payable | (321,406) |
| Other payable | (9,949) |
| Unearned income | (202,243) |
| Accrued interest | (135,000) |
| Accrued expenses | (345,988) |
| Retentions payable | (147,707) |
| Account payable from subsidiaries' acquisition | (500,000) |
| Other current liabilities | (190,388) |
| Long-term loan from a financial institution | (692,626) |
| Long-term debentures | (11,876,728) |
| Other non-current liabilities | (392) |

(Unit: Thousand Baht)

| | |
|---|---|
| Net assets | 39,148,682 |
| Less: Non-controling interest of subsidiary | (2,486,135) |
| Total | 36,662,547 |
| Add: Surplus on business combination under common control | 3,371,978 |
| Purchase price | 40,034,525 |
| Less: Issuance of ordinary shares for acquisition of subsidiary | (19,378,813) |
| Cash payment for purchase of investment in subsidiary | 20,655,712 |

On 28 June 2010, the Extraordinary General Meeting No.1/2010 of BTSC's shareholders approved to register a decrease in its share capital with the Ministry of Commerce as from Baht 21,036,516,393 (21,036,516,393 ordinary shares of Baht 1 each) to Baht 20,867,133,653 (20,867,133,653 ordinary shares of Baht 1 each), decreased by Baht 169,382,740 (169,382,740 ordinary shares of Baht 1 each). Therefore, as at 31 March 2011, BTSC had the registered share capital of Baht 20,867,133,653 (20,867,133,653 ordinary shares of Baht 1 each).

On 28 June 2010, BTSC issued Baht 500 million of ordinary shares (187,617,260 ordinary shares with a value of Baht 2.665 each) to settle the account payable from the acquisition of the subsidiaries (VGI Global Media Company Limited), resulting in a reduction of the Company's shareholding in BTSC to 93.50%.

On 28 July 2010, the Annual General Meeting of BTSC's shareholders passed a resolution to pay a dividend of Baht 650.7 million (the Company's share is Baht 608.4 million) from operating results for the year ended 31 March 2010. BTSC paid the dividend on 18 August 2010.

Subsequently, on 24 February 2011, the Board of Director's Meeting of BTSC passed a resolution to pay a dividend of Baht 4,659.5 million (the Company's share is Baht 4,356.5 million) from operating results for the nine-month period ended 31 December 2010. BTSC paid the dividend on 25 February 2011.

On 6 June 2011, the Company offered an additional 1,289,987,791 ordinary shares with a par value of Baht 0.64 each to BTSC's existing shareholders, excluding the Company, and received 472,827,433 ordinary shares of BTSC at a value of Baht 2.50 each in payment, resulting in an increase in the Company's shareholding in BTSC from 93.50% to 96.44%. The excess of the acquisition price over the attributable net book value of this subsidiary at the acquisition date, amounting to Baht 123.1 million, was therefore recorded in other components of equity under the caption of "Excess on investment in subsidiary arising as a result of additional purchase of investment in the subsidiary at a price higher than the net book value of the subsidiary at the acquisition date".

On 12 July 2011, the Annual General Meeting of BTSC's shareholders passed a resolution to pay dividends of Baht 6,009.1 million (at a rate of Baht 0.374 per share) in respect of the BTSC's past operating results and approved the setting aside of retained earnings of Baht 708.9 million to the statutory reserve. BTSC already paid a part of that dividend in the form of an interim dividend amounting to approximately Baht 4,659.5 million (at a rate of Baht 0.29 per share), which was approved by the meeting of Board of Directors of BTSC held on 7 February 2011. Therefore, BTSC had a remaining dividend of Baht 1,349.6 million (the Company's share is Baht 1,301.6 million) (at a rate of Baht 0.084 per share) and paid the dividend on 25 July 2011.

On 5 January 2012, the meeting of Board of Director of BTSC passed a resolution to pay interim dividend of Baht 1,687 million (the Company's share is Baht 1,626.9 million) (at a rate of Baht 0.105 per share) from operating results of BTSC for the six-month period ended 30 September 2011. BTSC paid the dividend on 31 January 2012.

On 6 March 2012, the meeting of Board of Director of BTSC passed a resolution to pay interim dividend of Baht 1,124.7 million (the Company's share is Baht 1,084.7 million) (at a rate of Baht 0.07 per share) from operating results of BTSC for the nine-month period ended 31 December 2011. BTSC paid the dividend on 26 March 2012.

Some of BTSC's ordinary shares have been pledged with a financial institution as collateral for letters of credit facility for the convertible debentures issued by the Company and short-term loan.

**HHT Construction Company Limited ("HHT") (formerly known as "Hip Hing Construction (Thailand) Company Limited")**

On 30 November 2011, Hip Hing construction (Thailand) Company Limited registered a change of its name to "HHT Construction Company Limited".

On 27 January 2011, Meeting No.1/2011 of the Company's Board of Directors passed a resolution to decrease the registered share capital of HHT from Baht 100 million (1 million ordinary shares with a par value of Baht 100 each) to Baht 25 million (1 million ordinary shares with a par value of Baht 25 each) by eliminating registered but unpaid shares.

On 29 July 2011, the Annual General Meeting of HHT's shareholders passed a resolution to pay dividend of Baht 30.3 million (the Company's share is Baht 15.5 million) from its operating results for the year ended 31 March 2011, and to approve the transfer of Baht 1.5 million of retained earnings to the statutory reserve when the dividend payment is made.

The Extraordinary General Meeting of HHT's shareholders held on 15 August 2011 passed the following resolutions:

a) Approved the change of the par value of the ordinary shares from Baht 10 per share (registered share capital of Baht 100 million divided into 10 million ordinary shares with a par value of Baht 10 each) to Baht 5 per share (registered share capital of Baht 100 million divided into 20 million ordinary shares with a par value of Baht 5 each).

b) Approved the reduction of the registered capital by Baht 75 million by cancelling 15 million ordinary shares with a par value of Baht 5 each, resulting in a remaining registered share capital of Baht 25 million divided into 5 million ordinary shares with a par value of Baht 5 each).

HHT registered the corresponding change and decrease in its registered share capital with the Ministry of Commerce on 25 August 2011 and 30 September 2011, respectively.

**Carrot Rewards Company Limited (formerly known as "Bangkok Smartcard Technology Company Limited")**

On 11 May 2011, Bangkok Smartcard Technology Company Limited registered a change of its name to "Carrot Rewards Company Limited".

On 13 June 2011, a subsidiary called up the remaining uncalled portion of its share capital of Baht 1.5 million (20,000 ordinary shares with a value of Baht 75 each).

**Nuvo Line Agency Company Limited ("Nuvo Line")**

In accordance with the resolution of Meeting No. 1/2011 of the Company's Board of Directors on 11 February 2011, the Company swapped 85,899,998 shares of Kamala Beach Resort & Hotel Management Company Limited, representing all of the Company's 100% stake in that company, for 16,007,998 shares of Nuvo Line, representing all of BTSC's 80% stake in that company, and an additional cash payment amounting to Baht 24.2 million. Moreover, there was novation of loans between the companies, with loans to Nuvo Line for which BTSC is the existing lender novating to the Company, as the new lender.

As a result of the swap of ordinary shares, the Company recognised surplus on swap of investment in subsidiary under common control amounting to Baht 325.1 million (the difference between the book value of the investment in Kamala amounting to Baht 1,288.6 million together with cash payment amounting to Baht 24.2 million and the value of investment in Nuvo Line amounting to Baht 1,637.9 million), presenting it in the other components of equity in the separate financial statements as at 31 March 2011.

In accordance with the resolution of Meeting No.1/2011 of the Company's Board of Directors held on 11 February 2011, the Company purchased 4,002,000 shares of a subsidiary, Nuvo Line, equal to a 20% shareholding, from another shareholder, Pacific Harbor Advisors Pte. Ltd., for a consideration of Baht 250 million. The terms granted a one-year option to the seller to buy back these shares at the option price, and the Company decided not to record the transaction as investment in subsidiary until that option matured. As at 31 March 2011, the Company recorded the investment as advance payment for investment in subsidiary and separately presented it in the statements of financial position. That company has now exercised the option to buy back these shares at the option price and the Company recorded the gain from receiving the return of the advance payment made for investment in this subsidiary, amounting to Baht 44.0 million, as a separately item in the statements of comprehensive income. The Company's shareholding in Nuvo Line remains at 80%.

**BTS Assets Company Limited ("BTS Assets")**

In accordance with the resolution of Meeting No. 1/2011 of the Company's Board of Directors, held on 11 February 2011, the Company purchased 7,999,998 ordinary shares of BTS Assets, representing a 100% shareholding, for a consideration of Baht 1,424 million from BTSC, the existing major shareholder. There was novation of the inter-company loans between the companies, with the lender of BTS Assets, as the borrower, changing from BTSC to the Company.

**BTS Land Company Limited ("BTS Land")**

In accordance with the resolution of Meeting No. 1/2011 of the Company's Board of Directors, held on 11 February 2011, the Company purchased 99,997 ordinary shares of BTS Land, representing a 100% shareholding, for a consideration of Baht 10 million from BTSC, the exiting major shareholder. There was novation of the intercompany loans between the companies, with the lender of BTS Land, as the borrower, changing from BTSC to the Company.

**Kampoo Property Company Limited and Kamkoong Property Company Limited**

On 15 February 2012, the Company received ordinary shares of Kampoo Property Co., Ltd. valued at Baht 1,150 million and ordinary shares of Kamkoong Property Co., Ltd. valued at Baht 450 million, to settle debt of BTS Assets Co., Ltd. amounting to Baht 1,600 million. As a result, the Company's shareholding in these two companies is 100%. In addition, there is novation of the inter-company loans among group companies, for which all two subsidiaries are borrowers (Kampoo Property Company Limited with Baht 24 million and Kamkoong Property Company Limited with Baht 132 million), with the lender changing from BTS Assts Company Limited to the Company.

As a result of the above debt settlement, the Company recognised deficit on debt settlement by ordinary shares of subsidiaries under common control amounting to Baht 150 million, presenting it in the other components of equity in the separate financial statements.

### Subsidiaries indirectly owned by the Company

**Kamala Beach Resort & Hotel Management Company Limited ("Kamala")**

In accordance with the resolution of Meeting No. 1/2011 of the Company's Board of Directors on 11 February 2011, the Company swapped 85,899,998 shares of Kamala, representing all of the Company's 100% stake in that company, for 16,007,998 shares of Nuvo Line, representing all of BTSC's 80% stake in that company, and an additional cash payment amounting to Baht 24.2 million.

As a result of the swap of ordinary shares, the Company recognised surplus on swap of investment in subsidiary under common control amounting to Baht 325.1 million (the difference between the book value of the investment in Kamala amounting to Baht 1,288.6 million together with cash payment amounting to Baht 24.2 million and the value of investment in Nuvo Line amounting to Baht 1,637.9 million), presenting it in the other components of equity in the separate financial statements as at 31 March 2011.

**VGI Advertising China Company Limited ("VGI China")**

On 5 October 2011, a meeting No. 3/2011 of the subsidiary's Board of Directors (VGI Global Media Company Limited) passed a resolution to increase the registered share capital of VGI Advertising China Company Limited in amount of USD 1.1 million, increasing from USD 0.9 million to USD 2.0 million within 2 years.

## 18. Investments in associates

### 18.1 Details of associates

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Consolidated financial statements | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
| | | | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Saraburi Property Co., Ltd. | Property development | Thai | - | 30 | - | 7,500 | - | - |
| Absolute Hotel Services Co., Ltd. | Hotel management | Thai | 50 | 50 | 4,000 | 4,000 | 7,033 | 7,193 |
| Absolute Hotel Services Hong Kong Ltd. | Hotel management | Hong Kong | 50 | 50 | 3,049 | 1,252 | - | - |
| Total | | | | | 7,049 | 12,752 | 7,033 | 7,193 |

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Separate financial statements | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Shareholding percentage | | Cost | | Provision for impairment of investments | | Carrying amounts based on equity method - net | |
| | | | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Saraburi Property Co., Ltd. | Property development | Thai | - | 30 | - | 7,500 | - | (7,500) | - | - |
| Absolute Hotel Services Co., Ltd. | Hotel management | Thai | 50 | 50 | 4,000 | 4,000 | - | - | 4,000 | 4,000 |
| Total | | | | | 4,000 | 11,500 | - | (7,500) | 4,000 | 4,000 |

### 18.2 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 Share of income (loss) from investments in associates for the years ended 31 March | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| Absolute Hotel Services Co., Ltd. | (160) | 2,515 |
| Absolute Hotel Services Hong Kong Ltd. | (2,157) | (1,252) |
| Total | (2,317) | 1,263 |

### 18.3 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 | | Profit (loss) for the years ended 31 March | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Saraburi Property Co., Ltd. | - | 25 | - | - | - | 501 | - | - | - | (8) |
| Absolute Hotel Services Co., Ltd. | 8 | 8 | 23 | 21 | 9 | 8 | 35 | 33 | 2 | 4 |

The Company did not receive the financial statements of Absolute Hotel Services Hong Kong Ltd. as at 31 March 2012 and 2011, and for the year then ended. However, the investment in this company is not significant to the Company's consolidated financial statements and the Company has already recognised share of loss from investment in this company until the value of the investment under the equity method reached zero and believes that there will be no obligations, whether legal or constructive, to make any payments on behalf of this company.

### 18.4 Investment in associate with capital deficit

The Company recognised share of loss from investment in two associates, 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)

| | Unrecognised share of loss | |
|---|---|---|
| Company's name | Share of loss for the year ended 31 March 2012 | Cumulative share of loss up to 31 March 2012 |
| Saraburi Property Company Limited | - | - |
| Absolute Hotel Services Hong Kong Ltd. | 2 | 3 |

On 1 April 2011, Absolute Hotel Services Hong Kong Ltd. registered the additional uncalled portion of its share capital of HKD 1.1 million (1.1 million ordinary shares with a value of HKD 1 each).

On 12 November 2010, a meeting of the Company's Board of Directors passed a resolution to approve the filing of a bankruptcy suit against Saraburi Property Company Limited. The Company submitted the plaint to the Central Bankruptcy Court on 8 April 2011. On 29 June 2011, the Central Bankruptcy Court issued an absolute receivership order.

## 19. Other long-term investments

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | | |
|---|---|---|---|---|
| | 2012 | | 2011 (Restated)) | |
| | Percentage of shareholding | Amount | Percentage of shareholding | Amount |
| **Investments in available-for-sale securities** | | | | |
| Grand Canal Land Plc. | 0.28 | 24,283 | 0.33 | 23,914 |
| Bangkok Land Plc. | 0.01 | 855 | 0.01 | 855 |
| Total | | 25,138 | | 24,769 |
| Add: Revaluation | | 5,105 | | 864 |
| | | 30,243 | | 25,633 |
| **Other investments** | | | | |
| Chanthaburi Country Club Co., Ltd. | 0.17 | 2,000 | 0.17 | 2,000 |
| Changklan Way Co., Ltd. | 15.15 | 117,375 | 15.15 | 117,375 |
| Total | | 122,375 | | 122,375 |

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | | |
|---|---|---|---|---|
| | 2012 | | 2011 (Restated)) | |
| | Percentage of shareholding | Amount | Percentage of shareholding | Amount |
| Less: Provision for loss on diminution in value | | (3,791) | | (3,791) |
| | | 118,584 | | 118,584 |
| Total other long - term investments - net | | 148,827 | | 144,217 |

On 9 December 2010, a Meeting of the Company's Executive Board of Directors passed a resolution to approve the swapping of 205,714 shares held in Belle Development Co., Ltd., for which full provision for loss on diminution in value of investment had been made, for 3,408,975 shares of Grand Canel Land Plc., of which the fair value as at the date of the share swap was Baht 116 per share. The Company then recorded gain on reversal of provision for loss on diminution in value of investment amounting to Baht 23.9 million in the statement of comprehensive income for the year ended 31 March 2011.

## 20. Elevated rail project costs

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| Rights to use of civil works transferred to authorities | 20,565,830 | 20,564,332 |
| Electrical works and machinery | | |
| – Rolling stock | 10,952,667 | 8,855,368 |
| – Other machinery and equipment | 16,879,540 | 15,125,448 |
| Other project costs | 5,453,532 | 5,453,532 |
| Spare parts - awaiting transfer (Note 21) | 132,428 | 132,428 |
| Total | 53,983,997 | 50,131,108 |
| Less: Accumulated amortisation on project costs | (9,564,964) | (8,359,804) |
| Allowance for diminution in value of project costs | (1,146,982) | (1,146,982) |
| Net elevated project costs | 43,272,051 | 40,624,322 |
| Cost of civil works awaiting transfer | – | 705,248 |
| Less: Allowance for diminution in value of civil works awaiting transfer | – | (705,248) |
| Cost of civil works awaiting transfer - net | – | – |
| Work under construction | 1,872,167 | 3,818,678 |
| Total elevated project costs - net | 45,144,218 | 44,443,000 |

BTSC recorded an amortisation of project costs for the year ended 31 March 2012, amounting to Baht 1,181 million as a part of cost of fare box, Baht 19 million as a part of cost of services, and the remaining of Baht 5 million was included in administrative expenses (2011: Baht 910 million as a part of cost of fare box and Baht 3 million included in administrative expenses).

On 2 December 2010, BTSC entered into a loan agreement with a local financial institution in order to fund for the acquisition of 35 elevated train carriages, for use in BTSC's operations. These elevated train carriages will be ready for use within approximately four years. BTSC, therefore, capitalised interests, incurred in relation to the loan for the years ended 31 March 2012, of approximately Baht 57 million (2011: Baht 15 million) as part of the costs of the elevated train carriages, presented under the heading of elevated project cost account.

On 31 March 2011, BTSC has reappointed the independent appraiser to appraise the fair market value of the project costs. Fair market value under the report dated 11 April 2011 was closed to BTSC's net book value as at 31 March 2011. Subsequently, on 31 March 2012, the management of BTSC has appraised the fair market value of the project costs that the fair market value was closed to BTSC's net book value as at 31 March 2012.

The independent appraiser appraised the fair value of the electrical works and machinery based on the consummation of a sale as of the appraisal date (the cost approach) and the value of rights to use of civil works which already transferred to the authorities based on the capitalisation of the net income expected to be generated by the property (the income approach) with reference to estimated revenues and expenses throughout the remaining concession period.

**Cost of civil works awaiting transfer**

In 2002, BTSC invested an additional Baht 705 million for the construction of the maintenance dock base. BTSC will be compensated for the investment by the land developer to whom the government agency which owns the land grants the right to develop the area above the maintenance dock. BTSC therefore recorded the above costs as a cost of civil works awaiting transfer, which is a part of the project costs. However, there has been no progress with bidding for the project to construct the extension and the outcome of the government agency's scheme to develop the land above the maintenance dock remains unclear. For conservative purposes, BTSC has recorded an allowance for diminution in the value of civil works awaiting transfer in full in the statements of comprehensive income for the year ended 31 March 2007.

Subsequently, on 15 September 2011, BTSC received an announcement of the verdict of the Supreme Administrative Court regarding BTSC's plaint seeking compensation. The court ordered the government agency owning the land to compensate BTSC for all costs of civil works awaiting transfer plus interest at the rate of 7.5% per annum within 60 days from the date on which the case is final. However, as of 31 March 2012, BTSC has not received such compensation and interest from the government agency. In these circumstances, BTSC calculated the compensation to be received from the government agency from the date the announcement of the verdict was received to 31 March 2012 to be approximately Baht 1,072 million, and recorded this in the part of "Accrued income". In addition, BTSC recorded the reversal of allowance for diminution in value of civil works awaiting transfer approximately of Baht 705 million, presenting it as a separate item in the statements of comprehensive income for the year ended 31 March 2012. BTSC calculated the accrued interest as ordered by the court and separately presented under the heading of "Revenue from court-ordered compensation" in the statements of comprehensive income for the year ended 31 March 2012, in amounts of approximately Baht 367 million.

## 21. Spare parts - maintenance contract

On 30 December 2004, BTSC entered into a ten-year maintenance contract for spare parts of an elevated mass transit system with a contractor. Under the contract, BTSC has spare parts - maintenance contract valued at Baht 425 million which the contractor is responsible for sourcing spare parts to replace at no cost, and maintain stocks at a constant level to sufficient for one year's commercial operations. This value of spare parts is to be maintained over the contract period and at the end of the contract, the contractor will transfer all such spare parts, amounted to Baht 425 million, which is equal to those sourced in the first year, to the custody of BTSC.

In accordance with the elevated mass transit system concession made with the BMA, BTSC has an obligation to transfer a number of spare parts sufficient for two years' commercial operations (the concession does not identify a specific value for these spare parts) to BMA when the concession expires, at no cost. Therefore, BTSC estimated the spare parts' value to be Baht 132 million, using the actual numbers consumed for two years (2006 to 2007) by BTSC's contractor and classified such spare parts as Spare parts - awaiting transfer, which is presented as a part of project costs as discussed in Note 20 to the financial statements.

## 22. Land and projects awaiting development

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Land and projects awaiting development | 2,699,300 | 2,682,680 | - | - |
| Less: Allowance for impairment | (22,960) | (22,960) | - | - |
| Net | 2,676,340 | 2,659,720 | - | - |

A subsidiary (BTS Assets Co., Ltd.) has mortgaged certain plots of land and projects awaiting development thereon with net book value as at 31 March 2012 of Baht 918 million (2011: Baht 916 million) as collateral for credit facilities from a financial institution as discussed in Note 28 to the financial statements.

## 23. Investment properties

The net book value of investment properties as at 31 March 2012 and 2011 is presented below.

(Unit: Thousand Baht)

| | Consolidated financial statements | | | Separate financial statements | | | |
|---|---|---|---|---|---|---|---|
| | Land awaiting sales | Buildings and condominiums for rent | Total | Land awaiting sales | Buildings and condominiums for rent | Golf course and construction | Total |
| 31 March 2012 | | | | | | | |
| Cost | 2,854,715 | 387,200 | 3,241,915 | 1,316,163 | 361,472 | 1,341,725 | 3,019,360 |
| Less Accumulate depreciation | - | (96,604) | (96,604) | - | (95,903) | (829,662) | (925,565) |
| Less Allowance for impairment | (605,019) | (79,279) | (684,298) | (577,838) | (69,049) | (220,830) | (867,717) |
| Net book value | 2,249,696 | 211,317 | 2,461,013 | 738,325 | 196,520 | 291,233 | 1,226,078 |
| 31 March 2011 | | | | | | | |
| Cost | 2,896,155 | 360,074 | 3,256,229 | 1,359,110 | 359,287 | 1,336,316 | 3,054,713 |
| Less Accumulate depreciation | - | (79,991) | (79,991) | - | (79,990) | (790,182) | (870,172) |
| Less Allowance for impairment | (609,900) | (69,049) | (678,949) | (609,901) | (69,049) | (220,830) | (899,780) |
| Net book value | 2,286,255 | 211,034 | 2,497,289 | 749,209 | 210,248 | 325,304 | 1,284,761 |

A reconciliation of the net book value of investment properties for the years 2012 and 2011 is presented below.

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Net book value at beginning of year | 2,497,289 | 2,538,686 | 1,284,761 | 1,236,208 |
| Acquisition of assets | 27,861 | 24,425 | 6,927 | 99,738 |
| Disposals - net book value | (42,175) | (57,906) | (42,191) | (7,397) |
| Depreciation charged | (16,614) | (16,214) | (55,482) | (52,086) |
| Decrease (increase) in allowance for impairment | (5,348) | 8,298 | 32,063 | 8,298 |
| Net book value at end of year | 2,461,013 | 2,497,289 | 1,226,078 | 1,284,761 |

The fair value of the investment properties as at 31 March 2012 stated below:

(Unit: Thousand Baht)

| | Consolidated financial statements | Separate financial statements |
|---|---|---|
| Land awaiting sales | 2,671,434 | 936,036 |
| Buildings and condominiums for rent | 230,498 | 215,000 |
| Golf course and construction | - | 1,504,331 |

The fair values of the above investment properties have been determined based on valuations performed by an accredited independent valuer. The basis of the appraisal was as follows:

- Land awaiting sales has been determined based on market prices.
- Buildings and condominiums for rent have been determined using the income approach and depreciated replacement cost approach
- Golf course and construction have been determined using the depreciated replacement cost approach.

The main assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

The Company and its subsidiary (BTS Assets Company Limited) have pledged investment properties amounting to approximately Baht 155 million (2011: Baht 141 million) (Separate financial statements: Baht 291 million (2011: Baht 325 million)) as collateral against credit and guarantee facilities received from a financial institution as discussed in Notes 28, 31 and 45.7 b) to the financial statements.

## 24. Property, plant and equipment

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Land (revalued) | Buildings and improvements | Golf course development costs | Machinery and equipment | Furniture and office equipment | Motor vehicles | Construction in progress | Total |
| **Cost** | | | | | | | | |
| 1 April 2010 - restated | 619,976 | 676,278 | 583,798 | 378,993 | 688,515 | 127,994 | 457,347 | 3,532,901 |
| Additions | 6 | 135,923 | 10,084 | 6,246 | 66,992 | 137,778 | 1,262,930 | 1,619,959 |
| Capitalised interest | - | - | - | - | - | - | 22,059 | 22,059 |
| Disposals | - | (2,026) | - | (11,234) | (54,776) | (5,737) | - | (73,773) |
| Transfer in (out) | - | 10,343 | 8,794 | 72,265 | 495 | - | (91,897) | - |
| Transfer in (out) from other assets | (338,086) | - | - | 41,720 | - | 38,339 | - | (258,027) |
| 31 March 2011 - restated | 281,896 | 820,518 | 602,676 | 487,990 | 701,2286 | 298,374 | 1,650,439 | 4,843,119 |
| Additions | - | 6,008 | 6,560 | 2,559 | 51,925 | 2,924 | 830,588 | 900,564 |
| Capitalised interest | - | - | - | - | - | - | 83,334 | 83,334 |
| Disposals | - | (557) | - | (853) | (22,817) | (6,611) | (5,176) | (36,014) |
| Transfer in (out) | - | 175 | 800 | 20,870 | 94 | - | (21,939) | - |
| 31 March 2012 | 281,896 | 826,144 | 610,036 | 510,566 | 730,430 | 294,687 | 2,537,244 | 5,791,003 |
| **Accumulated depreciation** | | | | | | | | |
| 1 April 2010 - restated | - | 516,071 | 308,061 | 170,773 | 549,897 | 108,755 | - | 1,653,557 |
| Depreciation for the year | - | 35,065 | 9,043 | 93,682 | 50,949 | 38,536 | - | 227,275 |
| Depreciation on disposals | - | (2,026) | - | (7,417) | (54,622) | (5,130) | - | (69,195) |
| 31 March 2011 - restated | - | 549,110 | 317,104 | 257,038 | 546,224 | 142,161 | - | 1,811,637 |
| Depreciation for the year | - | 42,054 | 9,951 | 96,908 | 57,682 | 42,688 | - | 249,283 |
| Depreciation on disposals | - | (89) | - | (579) | (22,657) | (5,905) | - | (29,230) |
| 31 March 2012 | - | 591,075 | 327,055 | 353,367 | 581,249 | 178,944 | - | 2,031,690 |

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Land (revalued) | Buildings and improvements | Golf course development costs | Machinery and equipment | Furniture and office equipment | Motor vehicles | Construction in progress | Total |
| **Revaluation surplus** | | | | | | | | |
| 1 April 2010 - restated | 2,600,711 | - | - | - | - | - | - | 2,600,711 |
| 31 March 2011 - restated | 2,600,711 | - | - | - | - | - | - | 2,600,711 |
| 31 March 2012 | 2,600,711 | - | - | - | - | - | - | 2,600,711 |
| **Allowance for impairment** | | | | | | | | |
| 1 April 2010 - restated | 100,000 | 12,405 | 208,426 | - | - | - | - | 320,831 |
| 31 March 2011 - restated | 100,000 | 12,405 | 208,426 | - | - | - | - | 320,831 |
| 31 March 2012 | 100,000 | 12,405 | 208,426 | - | - | - | - | 320,831 |
| **Net book value** | | | | | | | | |
| 31 March 2011 - restated | 2,782,607 | 259,003 | 77,146 | 230,952 | 155,004 | 156,213 | 1,650,437 | 5,311,362 |
| 31 March 2012 | 2,782,607 | 222,664 | 74,555 | 157,199 | 149,181 | 115,743 | 2,537,244 | 6,039,193 |
| **Depreciation for the years** | | | | | | | | |
| 2011 - restated (Baht 102 million included in administrative expenses and the balance in other costs) | | | | | | | | 227,275 |
| 2011 (Baht 113 million included in administrative expenses and the balance in other costs) | | | | | | | | 249,283 |

(Unit: Thousand Baht)

| | Separate financial statements | | | | | |
|---|---|---|---|---|---|---|
| | Buildings and improvements | Golf course development costs | Furniture and office equipment | Motor vehicles | Construction in progress | Total |
| **Cost** | | | | | | |
| 1 April 2010 - restated | 36,576 | 34,104 | 96,431 | 72,780 | 16,125 | 256,016 |
| Additions | 9,219 | 8,959 | 14,780 | - | 8,887 | 41,845 |
| Transfer in (out) | - | 8,794 | 334 | - | (9,128) | - |
| Disposals | - | - | (38,092) | (1,448) | - | (39,540) |
| 31 March 2011 - restated | 45,795 | 51,857 | 73,453 | 71,332 | 15,884 | 258,321 |
| Additions | - | 1,596 | 2,177 | - | 13,318 | 17,091 |
| Transfer in (out) | - | 800 | 33 | - | (833) | - |
| Disposals | (451) | - | (16,110) | (347) | (581) | (17,489) |
| 31 March 2012 | 45,344 | 54,253 | 59,553 | 70,985 | 27,788 | 257,923 |
| **Accumulated depreciation** | | | | | | |
| 1 April 2010 - restated | 25,489 | 34,034 | 89,241 | 72,082 | - | 220,846 |
| Depreciation for the year | 2,772 | 3,515 | 3,949 | 313 | - | 10,549 |
| Depreciation on disposals | - | - | (38,069) | (1,448) | - | (39,517) |
| 31 March 2011 - restated | 28,261 | 37,549 | 55,121 | 70,947 | - | 191,878 |
| Depreciation for the year | 4,104 | 3,875 | 6,243 | 269 | - | 14,491 |
| Depreciation on disposals | - | - | (15,975) | (348) | - | (16,323) |
| 31 March 2012 | 32,365 | 41,424 | 45,389 | 70,868 | - | 190,046 |
| **Net book value** | | | | | | |
| 31 March 2011 - restated | 17,534 | 14,308 | 18,332 | 385 | 15,884 | 66,443 |
| 31 March 2012 | 12,979 | 12,829 | 14,164 | 117 | 27,788 | 67,877 |
| **Depreciation for the years** | | | | | | |
| 2011 - restated (Baht 9 million included in administrative expenses and the balance in cost of services) | | | | | | 10,549 |
| 2012 (Baht 13 million included in administrative expenses and the balance in cost of services) | | | | | | 14,491 |

The Company and a subsidiary (BTS Assets Co., Ltd.) have mortgaged land and construction thereon with net book value as at 31 March 2012 of Baht 5,356 million (2011: Baht 4,616 million) as collateral for credit and guarantee facilities from a financial institution, as discussed in Note 28, 31 and 45.7 b) to the financial statements.

As at 31 March 2012, the subsidiary (BTSC) had motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 1 million (2011: Baht 3 million).

As at 31 March 2012, certain assets have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to approximately Baht 1,198 million (2011: Baht 1,127 million) (Separate financial statements: Baht 152 million (2011: Baht 164 million)).

During the year ended 31 March 2012, the subsidiaries included borrowing costs of Baht 83 million as cost of "Property, plant and equipment" (2011: Baht 22 million). Interest is charged at rate of 5.625% - 6.125% per annum (2011: 4.875% - 5.625% per annum).

The Company now has plans for development of the golf course and structures, whereby a subsidiary leases the golf course and structures in order to manage them in accordance with the plans. Therefore, the Company has reclassified costs of the golf course and structures, totaling Baht 291 million (after reversed revaluation surplus on assets amounting to Baht 2,020 million), which were recorded under the captions of land, buildings and improvements and golf course development costs, as investment properties. The Company has also reclassified related items as at 31 March 2011, in order to be consistent with the current year's classifications.

## 25. Leasehold rights

(Unit: Thousand Baht)

| | Consolidated financial statements | Separate financial statements |
|---|---|---|
| **Cost** | | |
| 1 April 2010 - restated | 110,278 | 12,000 |
| 31 March 2011 - restated | 110,278 | 12,000 |
| Addition | 9,274 | 9,274 |
| 31 March 2012 | 119,552 | 21,274 |
| **Accumulated amortisation** | | |
| 1 April 2010 - restated | 16,923 | 8,000 |
| Amortisation for the year | 5,459 | 400 |
| 31 March 2011 - restated | 22,382 | 8,400 |
| Amortisation for the year | 7,145 | 2,074 |
| 31 March 2012 | 29,527 | 10,474 |
| **Net book value** | | |
| 31 March 2011 - restated | 87,896 | 3,600 |
| 31 March 2012 | 90,025 | 10,800 |
| **Amortisation for the years as included in administrative expenses** | | |
| 2011 - restated | 5,459 | 400 |
| 2012 | 7,145 | 2,074 |

## 26. Intangible assets

(Unit: Thousand Baht)

| | Consolidated financial statements | | |
|---|---|---|---|
| | Computer software | Intangible assets under development | Total |
| **Costs** | | | |
| 1 April 2010 - restated | 79,161 | 1,633 | 80,794 |
| Addition | 4,394 | - | 4,394 |
| Transfer in (out) | 1,633 | (1,633) | - |
| Disposal | (1,000) | - | (1,000) |
| 31 March 2011 - restated | 84,188 | - | 84,188 |
| Addition | 12,439 | 2,914 | 15,353 |
| 31 March 2012 | 96,627 | 2,914 | 99,541 |
| **Accumulated amortisation** | | | |
| 1 April 2010 - restated | 52,789 | - | 52,789 |
| Amortisation for the year | 10,491 | - | 10,491 |
| Amortisation on disposals | (651) | - | (651) |
| 31 March 2011 - restated | 62,629 | - | 62,629 |
| Amortisation for the year | 10,215 | - | 10,215 |
| 31 March 2012 | 72,844 | - | 72,844 |
| **Net book value** | | | |
| 31 March 2011 - restated | 21,559 | - | 21,559 |
| 31 March 2012 | 23,783 | 2,914 | 26,697 |

**Amortisation for the years included in administrative expenses**

| | |
|---|---|
| 2011 - restated | 10,491 |
| 2012 | 10,215 |

(Unit: Thousand Baht)

| | Separate financial statements |
|---|---|
| | Computer software |
| **Costs** | |
| 1 April 2010 - restated | 5,875 |
| Addition | 883 |
| 31 March 2011 - restated | 6,758 |
| Addition | 753 |
| 31 March 2012 | 7,511 |
| **Accumulated amortisation** | |
| 1 April 2010 - restated | 2,273 |
| Amortisation for the year | 2,029 |
| 31 March 2011 - restated | 4,302 |
| Amortisation for the year | 1,757 |
| 31 March 2012 | 6,059 |
| **Net book value** | |
| 31 March 2011 - restated | 2,456 |
| 31 March 2012 | 1,452 |
| **Amortisation for the years included in the administrative expenses** | |
| 2011 - restated | 2,029 |
| 2012 | 1,757 |

## 27. Loans to other companies

(Unit: Thousand Baht)

| Company's name | Consolidated and separate financial statements | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| Chula Land Development Co., Ltd.[1] | - | 1,200,490 |
| Rachada Inter Development Co., Ltd.[1] | - | 813,207 |
| Total | - | 2,013,697 |
| Less: Allowance for doubtful debts | - | (2,013,697) |
| Net | - | - |

[1] These companies were reclassified from related companies to other companies since the Company considered it had no relationship with these companies for a period of time.

On 20 July 2011 and 29 August 2011, the Central Bankruptcy Court issued an absolute receivership orders for Rachada Inter Development Co., Ltd. and Chula Land Development Co., Ltd., respectively. The Company therefore wrote off such loans from its account.

## 28. Bank overdraft and short-term loans from financial institution

Details of the bank overdraft and short-term loans from financial institution are as follows:

### The Company

A facility of Baht 1,200 million is subject to interest at a rate tied to the Minimum Loan Rate (MLR) and is secured by the Company's bank account and some of BTSC's ordinary shares. As at 31 March 2012, the outstanding balance of short-term loans was Baht 742 million (2011: Nil).

### BTS Assets Company Limited

A facility of Baht 15 million is subject to interest at a rate tied to the Minimum Overdraft Rate (MOR) and is secured by the mortgage of a plot of property plant and equipment of the subsidiary as discussed in Note 24 to the financial statements. As at 31 March 2012, there is no outstanding balance of this bank overdraft (2011: Nil).

A facility of Baht 500 million is subject to interest at a rate tied to the Minimum Loan Rate (MLR) and is secured by the mortgage of land and projects awaiting development and investment properties of the subsidiary as discussed in Notes 22 and 23 to the financial statements. As at 31 March 2012, the outstanding balance of short-term loans was Baht 200 million (2011: Baht 500 million).

### Nuvo Line Agency Company Limited

A facility of Baht 25 million is subject to interest at a rate tied to the Minimum Overdraft Rate (MOR) and is secured by the mortgage of a plot of land with construction included in real estate development cost of the subsidiary as discussed in Note 13 to the financial statements. As at 31 March 2012, there is no outstanding balance of this bank overdraft (2011: Nil).

### BTSC

A facility of Baht 1,000 million is subject to interest at a rate of 4.05 to 4.10% per annum and is not collateralised. As at 31 March 2012, the outstanding balance of short-term loans was Baht 1,000 million (2011: Nil).

## 29. Trade and other payables

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Trade payables - related parties | 66 | 319 | 81,278 | 139,746 |
| Trade payables | 208,635 | 267,161 | 144 | 422 |
| Other payables - related parties | 356 | 120 | 17,626 | 2,174 |
| Other payables | 144,796 | 124,341 | 3,595 | 2,114 |
| Accrued interest expenses - related parties | - | - | 2,200 | - |
| Accrued interest expenses | 107,438 | 104,384 | 21,957 | 21,833 |
| Retention payable | 197,446 | 162,768 | 9,381 | 5,194 |
| Deposit payable | 95,000 | 95,000 | 95,000 | 95,000 |
| Accrued expenses | 617,880 | 416,064 | 25,309 | 47,945 |
| Dividend payable | 80,825 | - | 18,459 | 3,156 |
| Total trade and other payables | 1,452,442 | 1,170,157 | 274,949 | 317,584 |

## 30. Creditors per rehabilitation plan

Creditors per rehabilitation plan are detailed as follows:

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| Creditors per rehabilitation plan | 797,430 | 797,979 |
| Less: Current portion | (745,356) | (745,356) |
| Creditors per rehabilitation plan - net of current portion | 52,074 | 52,623 |

The outstanding balances as at 31 March 2012 and 2011 are detailed as follows:

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | |
|---|---|---|---|
| | 2012 | | |
| | Debts pending final judgment | Undue debts/ Installment debts | Total |
| Secured creditors/Unsecured creditors for which other parties' assets are placed as security | 457,159 | - | 457,159 |
| Unsecured creditors | 283,538 | 56,733 | 340,271 |
| Total | 740,697 | 56,733 | 797,430 |
| Less: Current portion | (696,551) | (48,805) | (745,356) |
| Net | 44,146 | 7,928 | 52,074 |

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | |
|---|---|---|---|
| | 2011 | | |
| | Debts pending final judgment | Undue debts/ Installment debts | Total |
| Secured creditors/Unsecured creditors for which other parties' assets are placed as security | 457,159 | - | 457,159 |
| Unsecured creditors | 283,538 | 57,282 | 340,820 |
| Total | 740,697 | 57,282 | 797,979 |
| Less: Current portion | (696,551) | (48,805) | (745,356) |
| Net | 44,146 | 8,477 | 52,623 |

As discussed in Note 15 to the financial statements, the Company deposited two assets awaiting transfer under the rehabilitation plan (not included in the agreement to acquire the rights to purchase auctioned assets) with the Central Bankruptcy Court as collateral for debt settlement. The Company therefore recorded the Baht 708.5 million (Separate financial statements: Baht 859.0 million) difference between the value of the assets, amounting to Baht 150.5 million (Separate financial statements: Nil), and the balances of the relevant creditors per rehabilitation plan, amounting to Baht 859.0 million (Separate financial statements: Baht 859.0 million) as "Gain on deposit of assets as guarantee for debt settlement", presenting it as a separate item in the statement of comprehensive income for the year ended 31 March 2011.

The Company has been unable to transfer the Company's 245,825,783 ordinary shares temporarily registered in the name of a subsidiary, part of which are deposited with the Central Bankruptcy Court as guarantee 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.

## 31. Long-term loans

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Long-term loans | 3,517,373 | 1,937,023 | - | - |
| Less: Current portion | (583,400) | (151,750) | - | - |
| Long-term loans - net of current portion | 2,933,973 | 1,785,273 | - | - |

Details of the long-term loans are as follows:

### The Company

A facility of Baht 150 million is subject to interest at a rate tied to the Minimum Loan Rate (MLR) and is secured by the mortgage of a plot of the Company's investment properties thereon, as discussed in Note 23 to the financial statements. Interest is to be paid monthly and principal is to be repaid within 120 months from the drawdown date. As at 31 March 2012, the Company has not drawn down such loan.

### BTSC

A facility of Baht 2,300 million is subject to interest at a rate tied to the Minimum Loan Rate (MLR) and is not collateralised. It is to be repaid principal in installments every 3 months as from March 2012 to December 2015. As at 31 March 2012, the outstanding balance of this loan was approximately Baht 886.3 million.

### BTS Assets Company Limited

A facility of Baht 1,800 million is subject to interest at a rate tied to the Minimum Loan Rate (MLR) and is secured by the mortgage of the subsidiary's land and construction as discussed in Note 24 to the financial statements. It is to be repaid principal in installments every 3 months as from March 2014 to December 2017. As at 31 March 2012, the outstanding balance of this loan was approximately Baht 1,609.3 million.

### Muangthong Assets Company Limited

A facility of Baht 65 million 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 2012, the outstanding balance of this loan was approximately Baht 45.0 million.

### Nuvo Line Agency Company Limited

A facility of Baht 2,400 million, to construct the building and parking area of a real estate development project, is subject to interest at a rate tied to the Minimum Loan Rate (MLR) and is secured by the mortgage of the subsidiary's land and construction included in real estate development cost, as discussed in Note 13 to the financial statements. Interest is to be paid monthly and principal is to be repaid within 36 months from the drawdown date. As at 31 March 2012, the outstanding balance of this loan was approximately Baht 876.8 million.

A facility of Baht 900 million, to construct the building of a real estate development project, is subject to interest at a rate tied to the Minimum Loan Rate (MLR), is secured by the mortgage of the subsidiary's land and construction included in real estate development cost, as discussed in Note 13 to the financial statements. Interest is to be paid monthly and principal is to be repaid within 30 months from the drawdown date. As at 31 March 2012, the subsidiary has not drawn down such loan.

### Bangkok Smartcard System company Limited

A facility of Baht 300 million is subject to interest at a rate tied to the Minimum Loan Rate (MLR). The principal is to be repaid in monthly installments, from November 2014 to October 2021. As at 31 March 2012, the outstanding balances of this loan was approximately Baht 100.0 million.

Loan agreements contain covenants specified in the agreement pertaining to, among other things; the maintenance of a certain debt service coverage ratio, the incurrence of additional indebtedness, and the maintenance of direct shareholding by BTSC in the subsidiary of not less than 55% of its issued share capital or not less than 25% of its registered share capital in the case that the subsidiary has the other investor who has specific qualification as stipulated on the contract.

As at 31 March 2012, the long-term credit facilities of the Company and its subsidiaries which have not been drawn down amounted to Baht 4,233.9 million.

## 32. Long-term debentures

On 21 August 2009, BTSC issued and offered 12 million units of unsubordinated and unsecured debentures ("the debentures"), with a par value of Baht 1,000 each, total value of Baht 12,000 million to the public. In addition, for the issuance of the debentures, BTSC incurred the issuing costs approximately amounting to Baht 146 million deducting from the debenture's value. The issuing costs will be amortised to increase the debentures' valuation gradually throughout the period of the debentures.

As at the statement of financial position date, details of the debentures were as follows:

(Unit: Thousand Baht)

| | | | Consolidated financial statements | |
|---|---|---|---|---|
| | Maturity date | Interest rate p.a.% | 2012 | 2011 (Restated) |
| Tranche 1 | 21 August 2012 | 4.75 | 2,500,000 | 2,500,000 |
| Tranche 2 | 21 August 2013 | 5.25 | 2,500,000 | 2,500,000 |
| Tranche 3 | 21 August 2014 | 5.75 | 4,000,000 | 4,000,000 |
| Tranche 4 | 21 August 2015 | 6.25 | 1,500,000 | 1,500,000 |
| Tranche 5 | 21 August 2016 | 6.75 | 1,500,000 | 1,500,000 |
| Total | | | 12,000,000 | 12,000,000 |
| Less: the issuing costs | | | (60,422) | (93,443) |
| Total long-term debentures | | | 11,939,578 | 11,906,557 |
| Less: Current portion of long-term debentures | | | (2,495,767) | - |
| Long-term debentures - net of current portion | | | 9,443,811 | 11,906,557 |

The debenture agreement includes certain restrictive covenants pertaining to, among other things, limitations on creation of indebtedness, compliance with the concession agreement, and the maintenance of financial ratios.

A subsidiary (BTSC) has interest rate risk associated with the long-term debentures carrying fixed interest rates, therefore, BTSC has used financial instrument to manage this risk by entering into an interest rate swap agreement to swap fixed interest rate to floating interest rate only for the debentures - Tranche 3, amounting to Baht 3,000 million. The amount of interest expenses depends on the interest rate and conditions stipulated in the agreement with a maximum rate of interest payment at 8.85% per annum. The agreement has scheduled for interest settlement every six months and the last settlement will be in February 2013. As at 31 March 2012, the fair value of the debentures contracted under the agreement was Baht 3,091 million.

## 33. Convertible debentures

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| Convertible debentures | 10,000,000 | 10,000,000 |
| Less: Transaction costs | (205,375) | (205,375) |
| Convertible debentures - equity component | (1,356,597) | (1,356,597) |
| Prepaid Letter of credit facility fee | (135,925) | (123,645) |
| Add: Amortisation of liability component of convertible debentures | 346,235 | 48,815 |
| Convertible debentures - liability component | 8,648,338 | 8,363,198 |

The Company issued the convertible debentures as follows:

| | | |
|---|---|---|
| Value | : | Baht 10,000 million to be redeemed in US dollars, using a stipulated exchange rate of Baht 30.604 per USD 1 |
| Term | : | 5 years |
| Maturity date | : | 25 January 2016 |
| Interest | : | 1.0% per annum for the first 2 years and no interest for next 3 years |
| Call/Put options | : | Called in full after 25 January 2014 and puttable on 25 January 2013 |
| Conversion price | : | Baht 0.85 per share |
| Collateral | : | Letter of credit facility issued by a local bank with fee charge at 1.5% per annum within 25 months and no fee charge for the remaining periods |
| Allocation method | : | Full offering to be made to overseas investors |

As stipulated in the letter of credit facility agreement with a local bank, the Company must open a bank account as a guarantee of interest payment on the convertible debentures. The Company recorded this transaction under the heading of "Restricted deposits" in the statement of financial position.

The letter of credit facility agreement is secured by some of BTSC's ordinary shares as discussed in Note 17 to the financial statements.

The letter of credit facility agreement contains covenants that, among other things, require the Company to maintain certain debt to equity and debt service coverage ratios (calculated from the separate financial statements), and require BTSC to pay dividends at least twice a year.

The Company adjusted the conversion price of the convertible debentures from Baht 0.91 per share to Baht 0.88 per share, effective from 5 July 2011. Subsequently, the Company adjusted the conversion price to 0.85 per share, effective from 31 January 2012 onwards. This is in line with the terms and conditions of the convertible debentures in cases when is a dividend is paid.

## 34. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 March 2012 and 2011, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Balance at beginning of year | 349,754 | 314,658 | 22,789 | 19,855 |
| Current service cost | 40,509 | 37,053 | 2,241 | 2,100 |
| Interest cost | 14,565 | 12,904 | 957 | 834 |
| Benefits paid during the year | (4,650) | (14,861) | - | - |
| Balance at end of year | 400,178 | 349,754 | 25,987 | 22,789 |

Long-term employee benefit expenses included in the profit or loss for the year ended 31 March 2012 amounted to Baht 55.1 million (2011: Baht 50.0 million) (Separate financial statement: Baht 3.2 million (2011: Baht 2.9 million).

Principal actuarial assumptions at the valuation date were as follows:

| | Consolidated and separate financial statements | |
|---|---|---|
| | 2012 (% per annum) | 2011 (% per annum) |
| Discount rate | 3.7 - 4.2 | 4.2 |
| Future salary increase rate | 3 - 5 | 5 |

Amounts of defined benefit obligation for the current and previous two years are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | Separate financial statements |
|---|---|---|
| Year 2012 | 400,178 | 25,987 |
| Year 2011 | 349,754 | 22,789 |
| Year 2010 | 314,658 | 19,855 |

## 35. Share capital / Share premium

On 29 April 2010, the Extraordinary General Meeting No. 1/2010 of the Company's shareholders 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 of the Company.

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 BTSC, 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 purchases of ordinary shares of BTSC.

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 0.63 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 0.63 per share.

The Company is able to offer the 20,150,704,709 additional ordinary shares. The Company allocated the 19,032,004,098 additional ordinary shares, leaving 1,118,700,611 shares unallocated.

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 of the Company 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 not less than Baht 0.60 each.

On 29 July 2010, the Annual General Meeting No. 1/2010 of the Company's shareholders passed a resolution to approve an amendment to the offer price of the 1,118,700,611 additional ordinary shares that are still unallocated from Baht 0.60 - 0.70 per share to not less than Baht 0.80 per share.

On 4 August 2010, the Company issued Baht 882,320,000 of ordinary shares (1,076,000,000 ordinary shares at a value of Baht 0.82 each) to institutional investors and the underwriter of the shares, leaving 42,700,611 shares.

On 3 September 2010, Meeting No. 8/2010 and on 1 October 2010, Meeting No. 9/2010 of the Company's Board of Directors and on 16 November 2010, the Extraordinary General Meeting No. 2/2010 of the Company's shareholders passed the following significant resolutions:

a) Change the number of ordinary shares to be reserved for the exercise of warrants from up to 5,111,610,256 ordinary shares with a par value of Baht 1 each (as discussed in 2.2)) to up to 5,027,000,448 ordinary shares with a par value of Baht 1 each, since the Company has now clearly stipulated the number of warrants to purchase the Company's additional ordinary shares.

b) Cancel the allocation of up to 4,225,914,569 of the Company's ordinary shares and reduce the registered share capital from Baht 65,142,190,902 (65,142,190,902 ordinary shares with a par value of Baht 1 each) to Baht 60,916,276,333 (60,916,276,333 ordinary shares with a par value of Baht 1 each) by canceling unissued shares, as detailed below.

   1) The 84,609,808 ordinary shares remaining from the shares reserved for the exercise of the warrants in a).

   2) The 338,436,924 ordinary shares unallocated to the Company's shareholders.

   3) Up to 3,802,867,837 ordinary shares to be allocated to BTSC's existing shareholders, excluding the Company, at a price of not less than Baht 0.60 per share.

   The Company registered the corresponding decrease in its registered share capital with the Ministry of Commerce on 17 November 2010.

c) Increase the registered share capital from Baht 60,916,276,333 (60,916,276,333 ordinary shares with a par value of Baht 1 each) to Baht 77,219,144,170 (77,219,144,170 ordinary shares with a par value of Baht 1 each) by issuing 16,302,867,837 ordinary shares with a par value of Baht 1 each to be allocated as detailed below.

   1) Up to 12,500,000,000 of the Company's ordinary shares with a par value of Baht 1 each to be reserved for conversion to the convertible debentures discussed in Note 33 to the financial statements.

   2) Up to 3,802,867,837 of the Company's ordinary shares to be allocated to BTSC's existing shareholders, excluding the Company, at a price of not less than Baht 0.80.

   The Company registered the corresponding increase in its registered share capital with the Ministry of Commerce on 18 November 2010.

d) Reduce the registered share capital from Baht 77,219,144,170 (77,219,144,170 ordinary shares with a par value of Baht 1 each) to Baht 49,420,252,268.80 (77,219,144,170 ordinary shares with a par value of Baht 0.64 each), through a reduction in the par value of the Company's ordinary shares from Baht 1 to Baht 0.64, while paid up share capital will decrease from Baht 55,889,275,885 (55,889,275,885 ordinary shares of Baht 1 each) to Baht 35,769,136,566.40 (55,889,275,885 ordinary shares of Baht 0.64 each), in order to offset deficit and share discount.

e) Change the par value of the Company's ordinary shares from Baht 1 to Baht 0.64 per share, in accordance with resolutions as discussed above.

As at 31 March 2011, the Company's issued and fully paid share capital has increased from Baht 7,614,391,803 (7,614,391,803 ordinary shares with a par value of Baht 1 each) to Baht 35,769,136,566 (55,889,275,885 ordinary shares with a par value of Baht 0.64 each) as detailed below.

a) The Company issued Baht 28,166,879,984 of ordinary share (28,166,879,984 ordinary shares with a par value of Baht 1 each) to acquire ordinary shares of BTSC. Respective share discount amounted to Baht 8,788,066,555.

b) The Company issued Baht 19,032,004,098 of ordinary shares (19,032,004,098 ordinary shares with a par value of Baht 1 each) to be allocated ordinary shares to the Company's existing shareholders in proportion to their shareholdings (Right Offering). Respective share discount amounted to Baht 7,064,731,189.

c) The Company issued Baht 882,320,000 of ordinary shares (1,076,000,000 ordinary shares at a value of Baht 0.82 each) to be allocated to institutional investors and the underwriter of the shares. Respective share discount amounted to Baht 205,735,476.

d) The Company reduced its registered and paid up share capital by changing the par value of the Company's ordinary shares from Baht 1 to Baht 0.64 per share, in order to offset deficit and share discount.

The Company registered the corresponding increases in its paid-up capital with the Ministry of Commerce on 4 May 2010, 14 June 2010 and 4 August 2010, respectively. In addition, the Company registered the corresponding decreases in its registered and paid up capital with the Ministry of Commerce on 26 January 2011.

Subsequently, the Annual General Meeting of the Company's shareholders held on 26 July 2011 passed the following resolutions:

a) Approved the reduction of the registered share capital from Baht 49,420,252,268.80 (77,219,144,170 ordinary shares with a par value of Baht 0.64 each) to Baht 47,817,776,079.36 (74,715,275,124 ordinary shares with a par value of Baht 0.64 each) by canceling the 2,503,869,046 unissued shares with a par value of Baht 0.64 each remaining from the offering to BTSC's existing shareholders, excluding the Company, as discussed in Note 17 to the financial statements.

b) Approved an increase in the registered share capital from Baht 47,817,776,079.36 (74,715,275,124 ordinary shares with a par value of Baht 0.64 each) to Baht 47,881,776,079.36 (74,815,275,124 ordinary shares with a par value of Baht 0.64 each) by issuing 100 million ordinary shares with a par value of Baht 0.64 each to reserve for the exercise of the warrants to purchase new ordinary shares of the Company issued to the employees of the Company and its subsidiaries (BTS-WA) as discussed in Note 36 to the financial statements.

The Company registered the corresponding decrease and increase in its paid-up capital with the Ministry of Commerce on 28 July 2011 and 29 July 2011, respectively.

As at 31 March 2012, the Company's issued and fully paid share capital has increased from Baht 35,769,136,566.40 (55,889,275,885 ordinary shares with a par value of Baht 0.64 each) to Baht 36,600,495,792.64 (57,188,274,676 ordinary shares with a par value of Baht 0.64 each) as a result of the issuance of Baht 831,359,226.24 of ordinary shares (1,298,987,791 ordinary shares with a par value of Baht 0.64 each) to BTSC's existing shareholders, as discussed in Note 17 to the financial statements, resulting in a share premium of Baht 350,729,673.57.

The Company registered the corresponding increase in its paid-up capital with the Ministry of Commerce on 6 June 2011.

## 36. Warrants

Warrants to purchase new ordinary shares of the Company issued to the Company's existing shareholders (BTS-W2)

On 29 April 2010, the Extraordinary General Meeting No. 1/2010 of the Company's shareholders passed a resolution to issue the warrants to purchase new ordinary shares of the Company issued to the Company's existing shareholders (BTS-W2) in a ratio of 1 warrant for every 4 existing ordinary shares, without specifying the offer price. Details are as follows:

| | |
|---|---|
| Date of grant | 23 November 2010 |
| Number granted (Units) | 5,027,000,448 |
| Contractual lifes | 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 (warrant to ordinary share) | 1:1 |

Warrants to purchase new ordinary shares of the Company issued to the employees of the Company and its subsidiaries (BTS-WA)

On 26 July 2011, the Annual General Meeting of the Company's shareholders passed a resolution to approve the issue of registered and non-transferable warrants to purchase new ordinary shares of the Company issued to the employees of the Company and its subsidiaries (BTS-WA), at no cost. Details of the warrants are below.

| | |
|---|---|
| Date of grant | 18 August 2011 |
| Number granted (Units) | 87,470,000 |
| Contractual lifes | 5 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 (warrant to ordinary shares) | 1:1 |

The estimated fair value of each warrant granted is Baht 0.27. This was calculated by applying the Black-Scholes-Merton formula. The model inputs were the share price at price determination date of Baht 0.68, exercise price of Baht 0.70, expected volatility of 60%, expected dividend yield of 3%, contractual life of five years, and a risk-free interest rate of 3.48%.

## 37. Revaluation surplus on assets

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

## 38. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

## 39. Service income

Details of service income are as follows:

(Unit: Thousand Baht)

| | For the years ended 31 March | | | |
|---|---|---|---|---|
| | Consolidated financial statements | | Separate financial statements | |
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Advertising income | 1,620,692 | 1,069,698 | - | - |
| Revenue from provision of operating services | 880,108 | 316,007 | - | - |
| Revenue from provision of spaces | 221,329 | 184,626 | - | - |
| Other service income | 559,045 | 370,545 | 109,490 | 91,567 |
| Total | 3,281,174 | 1,940,876 | 109,490 | 91,567 |

## 40. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Salaries, wages and other employee benefits | 1,254,228 | 987,872 | 86,414 | 82,731 |
| Subcontractor costs | 83,004 | 258,124 | 631,853 | 1,247,548 |
| Design and construction cost | 603 | 1,038 | 11,047 | 1,284 |
| Consultation, project management and professional fee | 149,138 | 348,491 | 39,731 | 243,156 |
| Depreciation and amortisation | 284,154 | 260,611 | 74,702 | 66,234 |
| Withholding tax written-off | 27,523 | 220 | 26,809 | - |
| Premise tax and other taxes | 80,470 | 72,611 | 28,207 | 23,040 |
| Expenses relating to business combination under common control | - | 171,405 | - | 171,405 |
| Allowance for loss on diminution in value of assets | 37,411 | 76,230 | - | 76,230 |
| Allowance for loss on diminution in value of investments | - | - | 39,500 | - |
| Rental expenses from operating lease agreements | 39,861 | 43,789 | 22,676 | 22,452 |
| Repair and maintenance expenses | 510,121 | 515,169 | 6,526 | 5,847 |

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Utility expenses | 320,103 | 245,856 | 12,217 | 14,029 |
| Penalty charge | 15,477 | - | 13 | - |
| Advertising and promotional expenses | 109,548 | 35,423 | 14,038 | 11,437 |
| Subcontractor expenses for train operating service | 31,092 | 56,781 | - | - |
| Concession fee | 454,346 | 191,963 | - | - |
| Costs of advertising services | 70,637 | 53,645 | - | - |
| Real estate development during the year | 685,053 | 289,989 | 61,557 | 126,218 |
| Change in real estate development costs | (493,757) | (165,194) | 172,991 | 12,998 |
| Finance cost | 1,550,771 | 1,638,398 | 588,154 | 825,056 |

## 41. Finance cost

Details of finance cost are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| Interest expenses and other fees | 950,265 | 1,492,887 | 139,498 | 748,948 |
| Amortisation of deferred debenture issuing costs | 33,021 | 32,923 | - | - |
| Amortisation of liability component of convertible debentures | 297,421 | 48,815 | 297,421 | 48,815 |
| Amortisation of letter of credit fee for convertible debentures | 151,235 | 27,293 | 151,235 | 27,293 |
| Total | 1,431,942 | 1,601,918 | 588,154 | 825,056 |

## 42. Corporate income tax

The Company and it subsidiary (BTSC) had no corporate income tax payable for the years ended 31 March 2012 and 2011 since its tax loss brought forward exceeds its profit for the years.

## 43. Earnings per share

### Consolidated financial statements

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) 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 profit for the year attributable to equity holders of the Company (excluding other comprehensive income) 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 such conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

### Separate financial statements

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) 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 such conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

Details of calculation of earnings per share for the years ended 31 March 2012 and 2011 are as below.

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | |
|---|---|---|---|---|---|---|
| | Profit | | Weighted average number of ordinary shares | | Earnings per share | |
| | 2012 Thousand Baht | 2011 Thousand Baht (Restated) | 2012 Thousand Baht | 2011 Thousand Baht (Restated) | 2012 Thousand Baht | 2011 Thousand Baht (Restated) |
| **Basic earnings per share** | | | | | | |
| Profit attributable to equity holders of the Company | 2,105,626 | 252,223 | 56,954,029 | 51,994,306 | 0.03697 | 0.00485 |
| **Effect of dilutive potential ordinary shares** | | | | | | |
| Warrants 5,027,000,448 units (2011: 5,027,000,448 units) | - | - | | 278,273 | | |
| **Diluted earnings per share** | | | | | | |
| Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares | 2,105,626 | 252,223 | | 52,272,579 | | 0.00483 |

(Unit: Thousand Baht)

| | Separate financial statements | | | | | |
|---|---|---|---|---|---|---|
| | Profit | | Weighted average number of ordinary shares | | Earnings per share | |
| | 2012 Thousand Baht | 2011 Thousand Baht (Restated) | 2012 Thousand Baht | 2011 Thousand Baht (Restated) | 2012 Thousand Baht | 2011 Thousand Baht (Restated) |
| **Basic earnings per share** | | | | | | |
| Profit attributable to equity holders of the Company | 3,443,155 | 4,836,776 | 56,954,029 | 52,001,620 | 0.06045 | 0.09301 |
| **Effect of dilutive potential ordinary shares** | | | | | | |
| Warrants 5,027,000,448 units (2011: 5,207,000,448 units) | - | - | - | 278,273 | | |
| Convertible debentures | 567,053 | 97,940 | 11,327,762 | 1,956,947 | | |
| **Diluted earnings per share** | | | | | | |
| Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares | 4,010,208 | 4,934,716 | 68,281,791 | 54,236,840 | 0.05873 | 0.09098 |

The conversion to ordinary shares of warrants representing rights to purchase ordinary shares of the Company (BTS-W2) would increase earnings per share for the year ended 31 March 2012 in the consolidated and separate financial statements and the exercise prices (including fair value of services yet to be rendered per warrant) of the warrants to purchase the ordinary shares of the Company issued to the employees of the Company and its subsidiaries (BTS-WA) are higher than the average market price of the Company's shares for the year ended 31 March 2012. Therefore, the Company has not assumed conversion of the warrants in the calculation of diluted earnings per share.

In addition, convertible debentures would increase earnings per share for the years ended 31 March 2012 and 2011 in the consolidated financial statements. Therefore, the Company has not assumed conversion of convertible debentures in the calculation of diluted earnings per share.

## 44. Dividends

(Unit: Thousand Baht)

| | Approved by | Total dividends | Dividend per share |
|---|---|---|---|
| Interim dividend for 2011 | Meeting of the Company's Board of Directors as at 25 February 2011 | 720.7 | 0.01290 |
| Total dividend for 2011 | | 720.7 | |
| Dividend for 2011 | Meeting of the Company's shareholders as at 26 July 2011 | 1,294.3 | 0.02264 |
| Interim dividend for 2012 | Meeting of the Company's Board of Directors as at 13 January 2012 | 1,368.1 | 0.02393 |
| Total dividend for 2012 | | 2,662.4 | |

## 45. Commitments and contingent liabilities

As at 31 March 2012, the Company and its subsidiaries had commitments as follows:

### 45.1 Capital commitments

a) The Company had outstanding commitments of approximately Baht 608 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 subsidiaries (HHT Construction Company Limited, Muangthong Assets Company Limited, Nuvo Line Agency Company Limited, Kampoo Property Company Limited and Kamkoong Property Company Limited) had outstanding commitments of approximately Baht 760 million in respect of agreements of consultation, design and construction projects.

c) The Company had outstanding commitments of approximately Baht 13 million in respect of a construction project with its subsidiaries (HHT Construction Company Limited and Carrot Rewards Company Limited).

d) The Company had outstanding commitments approximately Baht 1 million in respect of renovation and development of golf course.

e) The Company entered into agreements with the Ministry of Finance to lease land for building construction, which the Company must completed in no more than 3 years. During the construction, the Company is to pay rental of Baht 0.1 million per month for land usage, and after handing over the building, the Company is committed to pay an annual rental for 30 years. The rental charge is Baht 0.8 million per year and will be increased by 15% every 5 years of the lease period.

f) A subsidiary (HHT Construction Company Limited) had outstanding commitments not exceeding HKD 4 million in respect of an agreement of project consultation with a related company.

g) A subsidiary (BTSC) had capital commitments of Baht 43 million in respect of a change and improvement of signaling system for elevated train operation.

h) A subsidiary (BTSC) had capital commitments of EUR 16 million, USD 2 million and Baht 55 million in respect of an acquisition of 35 elevated train carriages for extension of the existing carriages of the subsidiary and their transportation fees.

i) A subsidiary (BTSC) had capital commitments of EUR 1 million and Baht 3 million in respect of radio upgrade project for the signaling system for elevated train operation.

j) A subsidiary (BTSC) entered into a contract for acquisition of 5 four-car elevated trains (4 cars per each) with an unrelated foreign company for providing services in the mass transit system - Silom expansion stations (Wongwian Yai - Bang Wa). Under the contract, the Company has committed to pay approximately amounting to EUR 4 million, RMB 110 million and Baht 28 million.

k) A subsidiary (BTS Assets Company Limited) has capital commitments of AUD 1 million in respect of the acquisition of spareparts for Automotic Farebox system.

l) A subsidiary (BTS Assets Company Limited) had an outstanding commitment of Baht 16 million relating to the purchase and installment of hotel equipment.

m) A subsidiary (BTS Assets Company Limited) had an outstanding commitment of Baht 15 million relating to building design services for the hotel, which is currently in the process of preparing for construction.

n) A subsidiary (Bangkok Smartcard System Company Limited) had outstanding commitments of SGD 1 million and RMB 6 million relating to development costs for common ticketing system.

o) A subsidiary (Bangkok Smartcard System Company Limited) entered into a contract for development of the Central Clearing House relating to its common ticketing system with a company. Under the contract, the subsidiary has committed to pay a service fee in the future approximately amounting to Baht 43 million.

p) A subsidiary (Carrot Rewards Company Limited) entered into a contract for implementation and management of the common ticketing system with a company. Under the contract, the subsidiary is committed to pay a service fee in the future and comply with certain conditions as specified in the agreement.

### 45.2 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) A subsidiary (Muangthong Assets Company Limited) had an outstanding commitment of approximately Baht 5 million in respect of a 16-year land and building lease agreement.

### 45.3 Commitments under maintenance contract

On 30 December 2004, a subsidiary (BTSC) entered into a 10-year maintenance contract with a contractor. Under the contract, the subsidiary has capital commitments in respect of the cost of maintenance and spare supply service fees in relation to the project over a period of 10 years. The amount to be paid for the first year is approximately Baht 195.7 million and EUR 1.7 million, and in the future years, the amount to be paid will be adjusted upwards with reference to the consumer price index. During the year ended 31 March 2012, the subsidiary paid the cost of maintenance and spare supply service fees amounting to Baht 201 million and EUR 2 million.

### 45.4 Service commitments

a) In 2008, the Company entered into a service agreement with an associate (Absolute Hotel Services Company Limited), which is to furnish the Company and its subsidiary with consultation and hotel business management-related services. Under the conditions of the agreement, the Company is to pay service fees of Baht 1.4 million per month. The fees for the year ended 31 March 2012 amounted to approximately Baht 16 million.

b) In 2010, the Company entered into a management agreement with a subsidiary (Tanayong Property Management Company Limited), which is to furnish the Company with systems management services. Under the conditions of the agreement, the Company is to pay service fees at the rate specified in the agreement. During the year ended 31 March 2012, the Company paid management fee amounted to Baht 11 million.

c) In 2008, a subsidiary (BTS Assets Company Limited) entered into a hotel management agreement with an oversea company in which it committed to pay fees based on hotel operating revenues at certain percentage and comply with certain conditions as specified in the agreements. The agreement is for a period of 15 years and the hotel is currently in the construction process.

d) In 2009, a subsidiary (BTS Assets Company Limited) entered into a hotel management agreement with an oversea company in which it committed to pay fees based on hotel operating revenues at certain percentage and comply with certain conditions as specified in the agreements. The agreement is for a period of 20 years with an option to renew for a further 10 years. The hotel is currently in the construction process.

e) In 2010, a subsidiary (BTSC) entered into a contract to be an operator and a provider of buses for the Bus Rapid Transit (BRT) project - Chong Nonsi to Sa-pan Krung Thep Line (Chong Nonsi - Ratchaphruek) for 7 years with The Krungthep Thanakom Company Limited. As at 31 March 2012, the subsidiary had commitments relating to its operations in the project of Baht 161 million.

f) The subsidiaries (Muangthong Assets Company Limited and BTS Assets Co., Ltd.) entered into service agreements with an associate (Absolute Hotel Services Company Limited), 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 year ended 31 March 2012 amounted to approximately Baht 9 million.

g) The subsidiaries has committed to pay fees of USD 3 million, HKD 2 million, RMB 1 million and Baht 198 million relating to other rental and service.

### 45.5 Commitments under the concessions

The subsidiaries had outstanding commitments under the concession agreement with respect to the managing and providing advertising services in department stores, and other related concession agreements. Concession fees payable within 1 year under these agreements amount to approximately Baht 564 million and RMB 1 million, while approximately Baht 1,198 million and RMB 12 million is payable in between 1 and 5 years.

### 45.6 Other commitments

a) The Company had outstanding commitments with its subsidiary (BTS Land Co., Ltd.) in respect of the royalty fee of the project. The Company is to pay at a rate as specified in the agreement when the ownership of each unit is transferred.

b) The Company had outstanding commitments with its subsidiary (BTSC) in respect of the train ticket for project. The Company is to pay at a rate as specified in the agreement when the ownership of each unit is transferred.

### 45.7 Guarantees

a) The Company has guaranteed a bank credit facility of its subsidiary (Muangthong Assets Company Limited) amounting to Baht 65 million.

b) There were bank guarantees of Baht 118 million issued by a bank on behalf of the Company to the National Housing Authority for the low-cost residential housing projects and Baht 17 million issued by a bank on behalf of the Company, for construction of a building on state-owned land.

c) A subsidiary (BTSC) had an outstanding bank guarantees of Baht 38 million to the BMA in respect of certain performance bonds as required under the concession agreement, of Baht 25 million to the Metropolitan Electricity Authority to guarantee electricity use, of Baht 200 million to Mass Rapid Transit Authority of Thailand in respect of bidding and of Baht 239 million as required in the subsidiary's operations issued by a bank on behalf of the subsidiary.

d) The Company and its subsidiary (BTSC) had Letters of Credit facilities from a local commercial bank of Baht 10,063 million in respect of collateral for the convertible debentures issued by the Company and EUR 13 million in respect of elevated train's acquisition for the subsidiary's operation.

### 45.8 Litigations

As at 31 March 2012, the litigations involving the Company and its subsidiaries are as detailed below.

a) The Company and two subsidiaries (Yong Su Company Limited and Dnal Company Limited), 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 4,251 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 15 to the financial statements. Therefore, the subsidiaries have not set aside provision for the contingent liability in their accounts.

b) A subsidiary (Sampaopetch Company Limited) has been sued, together with the Company and its subsidiary's directors, by a creditor claiming land costs of approximately Baht 437 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 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.

c) A subsidiary (Muangthong Assets Company Limited) has been sued by an individual for payment for loss of property amounting to approximately Baht 6 million. Currently, the lawsuit is being in the court of appeals process. However, the subsidiary believes that it will suffer no significant loss as a result of this litigation.

d) On 11 February 2002, a subsidiary (BTSC) was sued for damages as the second defendant in a tort case, whereby a company alleged that the subsidiary's contractor caused damage to a section of underground fuel pipeline in the area of a train station and claimed compensation of approximately Baht 108 million. At present, the case is under consideration of the courts. However, the subsidiary has not recorded any allowance for the damage in its accounts since the subsidiary believes that, as an employer, it is, in any case, not liable to third parties for damages caused by its contractor, and that the case will therefore have no significant impact on the subsidiary.

### 45.9 Contingent liabilities

As at 31 March 2012, a subsidiary (BTSC) had interest rate swap agreement with a financial institution as detailed below. The amount of interest expenses depends on the interest rate and conditions stipulated in the agreement with a maximum rate of interest payment of 8.85% per annum. The agreement has scheduled for interest settlement every six months and the last settlement will be in February 2013.

| Principal amount | Interest revenue rate in the agreement | Interest expense rate in the agreement | Fair value as at 31 March 2012 |
|---|---|---|---|
| Baht 3,000 million | Fixed rate of 5.75% per annum | Floating rates of 0 to 8.85% per annum set with reference to DB Pulse Index plus strike rate stipulated in agreement | Baht 3,091 million |

## 46. Segment information

The Company's and its subsidiaries' financial information of elevated mass transit system business, service business, real estate business and construction service business in the consolidated financial statements for the years ended 31 March 2012 and 2011 are as follows:

(Unit: Million Baht)

| | For the years ended 31 March | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Elevated mass transit system business | | Service business | | Real estate business | | Construction service business | | Elimination | | Total | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenues from external customers | 4,297 | 3,545 | 3,281 | 1,941 | 325 | 144 | 73 | 262 | - | - | 7,976 | 5,892 |
| Inter-segment revenues | - | - | 625 | 488 | - | - | 1,260 | 2,367 | (1,885) | (2,855) | - | - |
| Total revenues | 4,297 | 3,545 | 3,906 | 2,429 | 325 | 144 | 1,333 | 2,629 | (1,885) | (2,855) | 7,976 | 5,892 |
| Segment operating profit (loss) | 1,959 | 1,494 | 1,909 | 1,110 | 99 | (71) | (10) | 2 | | | 3,957 | 2,535 |
| Unallocated profit and expenses: | | | | | | | | | | | | |
| Gain on deposit of assets as guarantee for debt settlement | | | | | | | | | | | - | 709 |
| Interest income | | | | | | | | | | | 40 | 29 |
| Reversal of allowance for diminution in value of civil works awaiting transfer | | | | | | | | | | | 705 | - |
| Revenue from court-ordered compensation | | | | | | | | | | | 367 | - |
| Gain on exchange | | | | | | | | | | | 37 | 48 |
| Gain from receiving the return of the advance for purchase of investment in subsidiary | | | | | | | | | | | 44 | - |
| Other income | | | | | | | | | | | 82 | 151 |
| Selling and servicing expenses | | | | | | | | | | | (177) | (250) |
| Administrative expenses | | | | | | | | | | | (1,212) | (1,034) |
| Expenses relating to business combination under common control | | | | | | | | | | | - | (171) |
| Share of income (loss) from investments in associates | | | | | | | | | | | (2) | 1 |
| Finance cost | | | | | | | | | | | (1,432) | (1,602) |
| Corporate income tax | | | | | | | | | | | (173) | (106) |
| Profit for the year | | | | | | | | | | | 2,236 | 310 |
| Profit attributable to non-controlling interests of subsidiaries | | | | | | | | | | | (130) | (58) |
| Profit attributable to equity holders of the Company | | | | | | | | | | | 2,106 | 252 |

The Company's and its subsidiaries' assets of elevated mass transit system, business and services business, real estate business, and construction service business in the consolidated financial statements as at 31 March 2012 and 2011 are as follows:

(Unit: Million Baht)

| | Elevated mass transit system business | | Service business | | Real estate business | | Construction service business | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Trade and other receivables | 3 | 2 | 1,065 | 569 | 28 | 29 | 11 | 9 | 1,107 | 609 |
| Real estate development costs | - | - | - | - | 3,349 | 2,855 | - | - | 3,349 | 2,855 |
| Elevated project costs | 45,144 | 44,443 | - | - | - | - | - | - | 45,144 | 44,443 |
| Spare parts - elevated train system | 174 | 87 | - | - | - | - | - | - | 174 | 87 |
| Spare parts - maintenance contract | 293 | 293 | - | - | - | - | - | - | 293 | 293 |
| Land and projects awaiting development | - | - | - | - | 2,676 | 2,660 | - | - | 2,676 | 2,660 |
| Investment properties | - | - | - | - | 2,461 | 2,497 | - | - | 2,461 | 2,497 |
| Property, plant and equipment | - | - | 501 | 534 | 5,536 | 4,775 | 2 | 3 | 6,039 | 5,312 |
| Leasehold right | - | - | - | - | 90 | 88 | - | - | 90 | 88 |
| Intangible assets | - | - | 24 | 18 | 1 | 3 | 1 | - | 26 | 21 |
| Goodwill | - | - | 79 | 79 | - | - | - | - | 79 | 79 |
| Advance for asset acquisitions | 491 | 1,190 | - | - | 6 | - | - | - | 497 | 1,190 |
| Advances to contractors | - | - | - | - | 79 | 31 | - | - | 79 | 31 |
| Unallocated assets | | | | | | | | | 4,875 | 3,538 |
| Total assets | | | | | | | | | 66,889 | 63,703 |

## 47. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contributed to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by BBL Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year ended 31 March 2012, the Company and its subsidiaries contributed to the fund Baht 32.5 million (2011: Baht 25.5 million) (Separate financial statements: Baht 1.7 million (2011: Baht 0.6 million).

## 48. Financial instruments

### 48.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally consist of the following:

| Financial assets | Financial liabilities |
|---|---|
| – Cash and cash equivalents | – Bank overdraft and short-term loans from financial institution |
| – Trade and other receivables | – Trade and other payables |
| – Short-term loans to related parties | – Short-term loans from related parties |
| – Restricted deposits | – Deposit payable |
| – Cash deposited as collateral for debt settlement | – Advance received from employer |
| – Long-term loans to related parties | – Retention payable |
| – Retention receivable | – Creditors per rehabilitation plan |
| – Advance payment for investment in subsidiary | – Long-term loans |
| – Advances for asset acquisitions | – Long-term debentures |
| – Advances to contractors | – Convertible debentures |

The financial risks associated with these financial instruments and how they are managed are described as follows:

#### Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and 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 and other receivables and loans as stated in the statement of financial position.

### Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at bank, bank overdrafts, loans, debentures and convertible debentures. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal. However, BTSC has interest rate risk associated with the long-term debentures carrying fixed interest rates, as discussed in Note 32 to the financial statements, and has used financial instrument to manage this risk by entering into an interest rate swap agreement to swap fixed interest rates for floating interest rates as stipulated in the agreement on debentures totaling Baht 3,000 million, out of the tranche of 4 million units with a par value of Baht 1,000 each, total value of Baht 4,000 million a five-year term, and a coupon rate of 5.75% per annum that mature on 21 August 2014.

Significant financial assets and liabilities as at 31 March 2012 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the re-priced date if this occurs before the maturity date.

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fixed interest rates | | | | | | |
| | Within 1 year | 1-5 years | Over 5 years | Floating interest rate | Non-interest bearing | Total | Interest rate (% p.a.) |
| **Financial assets** | | | | | | | |
| Cash and cash equivalents | 839.6 | - | - | 454.3 | 39.3 | 1,333.2 | 0.10 - 3.20 |
| Trade and other receivables | - | - | - | - | 1,106.7 | 1,106.7 | - |
| Restricted deposits | 0.2 | 200.0 | - | 3.6 | 120.0 | 323.8 | 0.75 - 2.05 |
| Cash deposited as collateral for debt settlement | - | - | - | - | 232.7 | 232.7 | - |
| Retention receivable | - | - | - | - | 2.1 | 2.1 | - |
| Advances for asset acquisitions | - | - | - | - | 496.9 | 496.9 | - |
| Advances to contractors | - | - | - | - | 93.4 | 93.4 | - |
| | 839.8 | 200.0 | - | 457.9 | 2,091.1 | 3,588.8 | |
| **Financial liabilities** | | | | | | | |
| Bank overdraft and short-term loans from financial institution | 1,000.0 | - | - | 941.5 | - | 1,941.5 | MLR and 4.05 - 4.10 |
| Trade and other payables | - | - | - | - | 1,452.4 | 1,452.4 | - |
| Retention payable | - | - | - | - | 127.5 | 127.5 | - |
| Creditors per rehabilitation plan | - | - | - | - | 797.4 | 797.4 | - |
| Long-term loans | - | - | - | 3,517.4 | - | 3,517.4 | MLR |
| Long-term debentures | 2,495.8 | 9,443.8 | - | - | - | 11,939.6 | 4.75 - 6.75 |
| Convertible debentures | - | 8,648.3 | - | - | - | 8,648.3 | 4.26 |
| | 3,495.8 | 18,092.1 | - | 4,458.9 | 2,377.3 | 28,424.1 | |

(Unit: Million Baht)

| | Separate financial statements | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fixed interest rates | | | | | | |
| | Within 1 year | 1-5 years | Over 5 years | Floating interest rate | Non-interest bearing | Total | Interest rate (% p.a.) |
| **Financial assets** | | | | | | | |
| Cash and cash equivalents | 430.0 | - | - | 23.1 | - | 453.1 | 0.375 - 2.96 |
| Trade and other receivables | - | - | - | - | 276.2 | 276.2 | - |
| Short-term loans to related parties | 18.5 | - | - | - | - | 18.5 | 3.375 - 3.50 |
| Restricted deposits | - | 200.0 | - | 1.5 | 120.0 | 321.5 | 0.75 - 2.00 |
| Cash deposited as collateral for debt settlement | - | - | - | - | 232.7 | 232.7 | - |
| Long-term loans to related parties | - | - | - | 2,931.3 | - | 2,931.3 | 3.375 |
| Retention receivable | - | - | - | - | 89.9 | 89.9 | - |
| Advances to contractors | - | - | - | - | 27.1 | 27.1 | - |
| | 448.5 | 200.0 | - | 2,955.9 | 745.9 | 4,350.3 | |
| **Financial liabilities** | | | | | | | |
| Bank overdraft and short-term loans from financial institution | - | - | - | 741.5 | - | 741.5 | MLR |
| Trade and other payables | - | - | - | - | 274.9 | 274.9 | - |
| Short-term loans from related parties | 40.0 | - | - | 58.0 | - | 98.0 | 3.00 - 3.375 |
| Advances received from employers | - | - | - | - | 41.7 | 41.7 | - |
| Retention payable | - | - | - | - | 98.5 | 98.5 | - |
| Creditors per rehabilitation plan | - | - | - | - | 797.4 | 797.4 | - |
| Convertible debentures | - | 8,648.3 | - | - | - | 8,648.3 | 4.26 |
| | 40.0 | 8,648.3 | - | 799.5 | 1.212.5 | 10,700.3 | |

### Foreign currency risk

The Company's and subsidiaries' exposure to foreign currency risk arises mainly from cash at bank trading transactions, purchase transactions of spare parts and equipment for the project, advances paid to contractors, trade and other payables, and retentions payable, that are denominated in foreign currencies. The Company and its subsidiaries do not use any derivatives to manage its foreign currency risk.

As at 31 March 2012 and 2011 date, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

| Consolidated financial statements | | | | | |
|---|---|---|---|---|---|
| | 2012 | | 2011 | | |
| Foreign currency | Financial assets (Million) | Financial liabilities (Million) | Financial assets (Million) | Financial liabilities (Million) | Average exchange rate as at 31 March 2012 (Baht per 1 foreign currency unit) |
| USD | - | - | 3 | - | 30.8431 |
| EUR | 11 | 1 | 25 | 1 | 41.1741 |
| SGD | - | 2 | - | 4 | 24.5461 |
| RMB | 3 | 3 | - | 2 | 4.9039 |

| Separate financial statements | | | | | |
|---|---|---|---|---|---|
| | 2012 | | 2011 | | |
| Foreign currency | Financial assets (Million) | Financial liabilities (Million) | Financial assets (Million) | Financial liabilities (Million) | Average exchange rate as at 31 March 2012 (Baht per 1 foreign currency unit) |
| USD | - | - | 1 | - | 30.8431 |

### 48.2 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 statements of financial position.

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.

## 49. 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 statement of financial position as at 31 March 2012, the Group's debt-to-equity ratio was 0.85:1 (2011: 0.75:1) and the Company's was 0.28:1 (2011: 0.27:1).

## 50. Subsequent events

Significant subsequent events are detailed below.

**50.1** In May 2012, six holders of the convertible bonds exercised their rights to convert Baht 20,000,000 of bonds at the prevailing conversion price of Baht 0.85 per share. Such convertible bonds were thus converted to 64,705,877 ordinary shares of the Company with a par value of Baht 0.64 per share. The paid-up capital of the Company has increased to Baht 36,641,907,553.92, divided into 57,252,980,553 issued shares with a par value of Baht 0.64 per share, and the Company registered this increase with the Ministry of Commerce on 10 and 18 May 2012.

**50.2** As discussed in Note 15 to the financial statements, in April and May 2012, the subsidiary (Tanayong Food and Beverage Co., Ltd.) additionally entered into a agreements with a creditor to acquire rights of claim and other rights in accordance with the Company's rehabilitation plan, whereby the subsidiary made payment of approximately Baht 75 million for these rights.

**50.3** On 28 March 2012, the meeting of Board of Directors of the subsidiary (Bangkok Smartcard System Co., Ltd.) No.3/2012 approved the subsidiary to register an increase in 30 branches with the Ministry of Commerce. The subsidiary registered the increase with the Ministry of Commerce on 3 April 2012.

**50.4** On 30 March 2012, the Extraordinary General Meeting of the subsidiary's shareholders (VGI Global Media Co., Ltd.) No. 2/2012 approved the subsidiary to;

a) change of the subsidiary's status to a public company limited,

b) change in the par value of the ordinary shares from Baht 10 each to Baht 1 each. As a result, the subsidiary's registered and paid-up share capital of Baht 100 million comprises 100 million ordinary shares of Baht 1 each.

c) increase of the subsidiary's registered share capital from Baht 100 million (100 million ordinary shares of Baht 1 each) to Baht 400 million (400 million ordinary shares of Baht 1 each).

The subsidiary registered the change of its status, the change in the par value of its shares and the increase of its registered share capital with the Ministry of Commerce on 2 April 2012.

**50.5** On 2 April 2012, the subsidiary (BTSC) entered into a long-term loan agreement with a local commercial bank for total credit facility of Baht 1,165 million, for acquisition of 5 elevated trains. The loan has no collateral and carries interest at the Minimum Loan Rate (MLR) minus a certain spread stipulated in the agreement.

Loan agreement contains covenants specified in the agreement pertaining to, among other things; maintenance of a certain debt service coverage ratio, and the incurrence of additional indebtedness.

**50.6** On 3 May 2012, the subsidiary (BTSC) and The Krungthep Thanakom Co., Ltd. entered into the operation and maintenance contract of a mass transit system in Bangkok for 4 lines. The contract period is 30 years, starting 8 May 2012 to 2 May 2042. The new contract will be replaced the existing operation and maintenance contracts which the subsidiary has

licensed at the present. The total price of the contract for 30 years is not exceeding of Baht 187,000 million (VAT inclusive). The aforementioned contract does not amend or revise the existing concession contract.

## 51. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 to the financial statements and as the result of the adoption of revised and new accounting standards as described in Note 3 to the financial statements, certain amounts in the financial statements for the year ended 31 March 2011 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholders' equity.

The reclassifications are as follows :

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---|---|---|
| | As reclassified | As previously reported | As reclassified | As previously reported |
| Service income | 1,940,876 | - | 91,567 | - |
| Revenues from sales of real estate | 144,368 | 146,922 | 144,368 | 146,922 |
| Service income from train operating management | - | 316,007 | - | - |
| Rental and advertising services | - | 1,369,950 | - | - |
| Rental and service income | - | 254,920 | - | 91,567 |
| Gain on debt settlement | - | 14,833 | - | 14,833 |
| Gain on exchange rate | 48,062 | - | - | - |
| Revenue from sale of rights of claim | - | 2,949 | - | 2,949 |
| Other income | 151,588 | 181,248 | 50,514 | 32,112 |
| Cost of services | 830,785 | - | 83,778 | - |
| Cost of sales of real estate | 215,446 | 217,784 | 215,446 | 217,783 |
| Cost of train operating management | - | 167,105 | - | - |
| Cost of rental and advertising services | - | 487,701 | - | - |
| Cost of rentals and services | - | 179,187 | - | 82,976 |
| Selling and servicing expenses | 249,632 | 242,839 | 27,876 | 21,083 |
| Administrative expenses | 1,033,658 | 873,123 | 220,826 | 183,394 |
| Management benefit expenses | - | 128,622 | - | 41,690 |

## 52. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 May 2012.

## Auditor's Remuneration

### Audit Fees

The Company and its subsidiaries (27 companies) paid audit fees for the fiscal year ended 31 March 2012 in the amount of THB 7.95mn to Ernst & Young Office Limited. In addition, VGI Advertising China Ltd., subsidiary incorporated in Republic of China, paid audit fee for the fiscal year ended 31 March 2012 in the amount of THB 0.36mn to BDO China Shu Lun Pan CPAs Ltd. These auditors had no any relationship with the Company in any matters except audit work.

### Non-audit fee

- Nil -

# GLOSSARY OF TERMS

Unless the context otherwise requires, terms defined shall have the following meanings:

| Terms | Definitions |
|---|---|
| **"2009/10"** | The fiscal year from 1 April 2009 to 31 March 2010 |
| **"2010/11"** | The fiscal year from 1 April 2010 to 31 March 2011 |
| **"2011/12"** | The fiscal year from 1 April 2011 to 31 March 2012 |
| **"1Q 11/12"** | The first quarter of fiscal year 2011/12 |
| **"2Q 11/12"** | The second quarter of fiscal year 2011/12 |
| **"3Q 11/12"** | The third quarter of fiscal year 2011/12 |
| **"4Q 11/12"** | The fourth quarter of fiscal year 2011/12 |
| **"AHS" or "Absolute Hotel Services"** | Absolute Hotel Services Co., Ltd. |
| **"BMA"** | Bangkok Metropolitan Administration |
| **"BMCL"** | Bangkok Metro Plc. |
| **"BMTA"** | Bangkok Mass Transit Authority |
| **"BRT"** | Bus Rapid Transit |
| **"BSS"** | Bangkok Smartcard System Co.,Ltd. |
| **"BTS Assets"** | BTS Assets Co., Ltd. |
| **"BTSC"** | Bangkok Mass Transit System Plc. |
| **"BTS Group" or "Group"** | The Company, subsidiaries, and associates |
| **"BTS SkyTrain"** | 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 |
| **"Civil Works"** | Civil Works such as columns, elevated highways, depot buildings and any other constructions |
| **"Company" or "BTSG"** | BTS Group Holdings Public Company Limited |
| **"Concession Agreement"** | Bangkok Mass Transit System Concession Agreement between BMA and BTSC for the operation of Silom Line and Sukhumvit Line |
| **"Core Network"** | The original mass transit line in Bangkok comprising two lines, the Sukhumvit Line and the Silom Line (collectively, the "Green Line"), covering 23 stations with a combined track length of 23.5 km |
| **"EBIT"** | Earnings before interest and taxes |
| **"EBITDA"** | Earnings before interest, taxes, depreciation and amortisation |
| **"Electrical and Mechanical Works" or "E&M"** | Electrical and Mechanical Works include electric trains, trackwork, power supply equipment, computer controlling systems, signaling systems, fare collection systems and communication systems |
| **"Ex-Com"** | Executive Committee |

| Terms | Definitions |
|---|---|
| **"IOD"** | Thai Institute of Directors |
| **"Krungthep Thanakom"** | Krungthep Thanakom Co., Ltd., which is a company established by the BMA |
| **"M-Map"** | Mass Rapid Transit Master Plan of the Bangkok Metropolitan Region prepared by OTP |
| **"MRT" or "MRT Subway"** | M.R.T Chaloem Ratchamongkhon Subway Line which started operation in 2004 |
| **"MRTA"** | Mass Rapid Transit Authority of Thailand |
| **"NCGC"** | National Corporate Governance Committee |
| **"NHA"** | National Housing Authority of Thailand |
| **"O&M"** | Operation and maintenance |
| **"OTP"** | Office of Transport and Traffic Policy and Planning under the Ministry of Transport |
| **"POV"** | Point of View (POV) Media Group Co., Ltd. |
| **"QoQ"** | Quarter-over-quarter |
| **"SARL"** | Suvarnabhumi Airport Rail Link |
| **"SEC"** | Thai Securities and Exchange Commission |
| **"SET"** | Stock Exchange of Thailand |
| **"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 Silom line extension is 7.5 km in length across the Chao Phraya River from Saphan Taksin station to Bang Wa station, comprising 6 stations. This extension line is divided into 2 projects:-<br>The first project (Saphan Taksin – Wongwian Yai) is the 2.2 km extension of the Silom line, comprising Krung Thon Buri station and Wongwian Yai station which commenced operations in 2009.<br>The second project (Wongwian Yai – Bang Wa) is the 5.3 km extension of the Silom Line, comprising 4 stations from Wongwian Yai station to Bang Wa station. |
| **"SRT"** | State Railway of Thailand |
| **"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 |
| **"Sukhumvit Line Extension"** | The 5.25 km. extension of the Sukhumvit line, comprising 5 BTS stations (from Bang Chak station to Bearing Station) |
| **Tanayong** | Tanayong Plc. (former name of BTS Group Holdings Plc.) |
| **"VGI"** | VGI Global Media Plc. |
| **"VGI Group"** | VGI and its subsidiaries |
| **"YoY"** | Year-over-year |

**Annual Report Production**

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