

(Translation)

This English translation has been prepared solely for the convenience of foreign shareholders of BTS Group Holdings Public Company Limited. The Thai language version is the definitive and official document to this report and shall prevail in all respects in the event of any inconsistency with this English translation.

Opinion of the Independent Financial Advisor
Regarding the Disposal and Acquisition of Assets

of



BTS Group Holdings Public Company Limited

Prepared by

Sage Capital

Sage Capital Limited

November 16, 2012

(Translation)

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(Translation)



No. 39/2555

November 16, 2012

Subject: Opinion of the Independent Financial Advisor concerning the Disposal and Acquisition of Assets of
BTS Group Holdings Public Company Limited

To: The Board of Directors and shareholders of BTS Group Holdings Public Company Limited

The Meeting of the Board of Directors of BTS Group Holdings Public Company Limited (“the Company” or “BTSG”) No. 8/2012 held on November 9, 2012 gave approval for Bangkok Mass Transit System Public Company Limited (“BTSC”), a subsidiary in which the Company holds 97.46% of the total issued shares, to sell to BTS Mass Transit Growth Infrastructure Fund (“IFF” or “the Fund”), which is now in the process of preparing to apply for establishment with the Office of the Securities and Exchange Commission (the “SEC”), the net farebox revenue to be generated from the operation of the BTS SkyTrain System pursuant to the Concession Agreement dated April 9, 1992 (and its amendments) entered into between BTSC and Bangkok Metropolitan Administration (“BMA”) covering BTS SkyTrain’s combined track length of 23.5 km which comprises 17.0 km of the Sukhumvit Line and 6.5 km of the Silom Line (collectively, “the Core BTS SkyTrain System”) starting on the transfer date until the expiration of the Concession Agreement (December 4, 2029) or a total remaining concession period of about 17 years (hereinafter called “the IFF Transaction”). BTSC expects that it will receive cash proceeds from the sale of the net farebox revenue to the IFF in an amount of approximately Baht 50,000 million – 60,000 million, or higher, which will be subject to several factors such as prevailing market conditions. However, the selling price shall not be less than Baht 50,000 million (the “Minimum Sale Price”). BTSC’s sale of net farebox revenue from the Core BTS SkyTrain System is hereinafter called the “Net Revenue Sale Transaction.”

After the sale of the net farebox revenue to the IFF, BTSC will still be the operator of the BTS SkyTrain System and the Company will continue to maintain substantial control in the BTS SkyTrain business and to benefit from the economic return from such business (through the 33.3% holding in IFF as well as return in the form of dividend or capital return) and obtain all the benefits from BTSC’s future business potential, which will provide the Company and its subsidiaries (“BTSG Group”) with an additional source of income to invest in mass transit business that will continue to be the Company’s core business.

The objective of the sale of the net farebox revenue is to raise funds for investments in the mass transit projects in which BTS Group may participate in the future, including the extended Green Line (from Mo Chit to Saphan Mai and Bearing to Samut Prakan with a combined track length of 25 km), the Pink Line (from Khae Rai to Min Buri covering 36 km), and the Light Rail Transit Line, which connects Bang Na to

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Suvarnabhumi Airport approximately 18 km. Such investment is in conformity with the Mass Rapid Transit Master Plan in Bangkok Metropolitan Region (2010-2029) and the policy of the Stock Exchange of Thailand (the "SET") and the SEC to promote fund raising through an establishment of infrastructure fund.

In addition, the Company will provide certain support and a guarantee, pledge BTSC shares and enter into an agreement to sell and purchase BTSC shares in order to provide certain support and to guarantee (with limited liability) the obligations of BTSC and the Company under the agreements in relation to the IFF Transaction (the "Security Transaction").

After the SEC approves the establishment of the IFF, the Company will subscribe for the investment units of the IFF in the amount not less than Baht 16,667 million (based on the minimum sale price of Baht 50,000 million and the assumption that IFF does not take any loan. IFF may take on loan to purchase net farebox revenue which will reduce amount of investment units of IFF to be lower than aforementioned minimum sale price.) representing one-third (or approximately 33.33%) of the total issued investment units of the IFF (the "Unit Subscription Transaction"). The final subscription amount depends on the final offering price of investment units of the IFF to be determined through a bookbuilding process, which will be subject to several factors such as prevailing market conditions and an amount of loan taken by the IFF to purchase the net farebox revenue.

The entering into (1) the Net Revenue Sale Transaction, (2) the Security Transaction and (3) the Unit Subscription Transaction by BTSC and the Company are considered disposal and acquisition of assets under the Notification of the Capital Market Supervisory Board No. Tor Jor. 20/2551 Re: Rules for Significant Transactions Constituting an Acquisition or Disposal of Assets and the Notification of the SET Re: Disclosure of Information and Practice of Listed Companies Concerning the Acquisition and Disposal of Assets B.E. 2547 dated October 29, 2004 and the amendments (collectively, the "Acquisition and Disposal Rule"). According to the calculation, these three transactions have the transaction size of 76.26%, 85.65%, and 44.81% respectively. The entering into (1) the Net Revenue Sale Transaction and (2) the Security Transaction are considered Type 1 transaction according to the Acquisition and Disposal Rule, which would result in the Company having the duty to disclose to the SET information related to such transactions and to take relevant actions, including obtaining approval from the meeting of shareholders of the Company with a vote of not less than three-fourths of all the votes of the shareholders or their proxies attending the meeting and having the right to vote, excluding the minority shareholders. In addition, this transaction is a sale or transfer of a material part of BTSC's business to another person under Section 107 of the Public Limited Company Act B.E. 2535 (as amended), which requires the approval from the meeting of shareholders of BTSC with a vote of not less than three-fourths of the votes of all of the shareholders attending the meeting and having the right to vote. At the same time, the Unit Subscription Transaction is considered as a Type 2 transaction under the Acquisition and Disposal Rule, which requires the Company to report and disclose the transaction to the SET and to send the information related to the transaction to the shareholders within 21 days from the date of disclosure to the SET. The value of the subscription amount of Baht 16,667 million is estimated from the number of units of one-

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third (or approximately 33.33%) of the total issued investment units of the IFF which is the maximum holding permitted under the relevant regulations times the minimum sale price at Baht 50,000 million (on the assumption that IFF does not take any loan). However, the final subscription amount will depend on the final offering price of the investment units and may be higher than a Type 2 transaction under the Acquisition and Disposal Rule. Nonetheless, three transactions as mentioned above are related to Infrastructure Fund Transaction and are related to each other. Hence, the Company's Board of Directors will seek approval from the Extraordinary General Meeting of Shareholders No. 1/2012 to be held on December 18, 2012 for the Company and BTSC to enter into the above three transactions.

In this respect, the Company has appointed Sage Capital Limited as the independent financial advisor ("We" or the "IFA") to provide opinion on such disposal and acquisition of assets for the Company's shareholders. In providing our opinion, we have considered the publicly disclosed information such as the Annual Registration Statement (Form 56-1), annual reports and financial statements of the Company and its subsidiaries, as well as the information and documents available from the Company such as the independent appraiser's asset evaluation reports, projection of revenue and expenses in relation to the Core BTS SkyTrain System prepared by BTSC's special consultant, financial projections and assumptions for preparing the financial projections, and information derived from interviews with the Company's management. Nevertheless, tax, accounting, agreements and contracts including all other relevant issues related to Infrastructure Fund Transaction have not yet finalized which may cause information disclosed in this report to be changed.

Our opinion is provided under the assumption that the available information, assumptions and documents are reliable, complete and accurate and without any change or revision being made thereto after our receipt of such information. Thus, we cannot certify or guarantee the accuracy or completeness of the information obtained from the Company and the parties concerned. We have, moreover, taken into account the economic situation and the information known during the time of preparing this study. Given any material change in these factors, it could then cause a subsequent change in our opinion and the appraised fair value of the net farebox revenue in respect of the Core BTS SkyTrain System only.

Executive Summary

The Meeting of the Board of Directors of BTS Group Holdings Public Company Limited ("the Company" or "BTSG") No. 8/2012 held on November 9, 2012 approved for the Company and BTSC to enter into the following transactions:

(1) The Net Revenue Sale Transaction

After the offering of investment units of BTS Mass Transit Growth Infrastructure Fund ("IFF") is completed, the fund management company will register the pool of assets received from the offering to establish IFF with the SEC. Thereafter, IFF will use the proceeds from the offering (and any loan IFF

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may take) to purchase the net farebox revenue to be generated from the operation of the Core BTS SkyTrain System from BTSC at a price not lower than the Minimum Sale Price. However, the final sale price of the net farebox revenue depends on agreement between BTSC and IFF.

In this regard, IFF will make payment to BTSC in cash of approximately Baht 50,000 million – 60,000 million, or higher but not be lower than Baht 50,000 million (the “Minimum Sale Price”). The full amount will be transferred to BTSC’s account after all conditions precedent set out in the Net Revenue Purchase and Transfer Agreement have been satisfied or waived. Moreover, BTSC will receive management fee and/or incentive fee on a yearly basis, which varies in line with BTSC’s ability to operate the Core BTS SkyTrain System.

(2) The Security Transaction

The Company will enter into the Security Transaction, by way of a limited guarantee, to secure the obligations of BTSC and the Company owed to IFF under the Net Revenue Purchase and Transfer Agreement and the Sponsor Support and Guarantee Agreement to be entered by and between the Company and IFF, respectively.

The limited guarantee to be given by the Company will be limited and IFF cannot enforce the limited guarantee obligation of the Company by any means other than enforcing against all BTSC shares held or to be held by the Company (the “BTSC Shares”) through and subject to the conditions of any of the following agreements:

- 2.1) an agreement for the Company to pledge BTSC Shares in favor of IFF pursuant to the share pledge agreement to be entered into and between the Company and IFF; and
- 2.2) an agreement for the Company to sell, and IFF to purchase, the BTSC Shares pursuant to the Share Sale and Purchase Agreement to be entered into and between the Company and IFF.

(3) The Unit Subscription Transaction

The Company will subscribe for one-third (or approximately 33.33%) of the total issued investment units of IFF. The final subscription amount depends on the final offering price of investment units of IFF. The final offering price of the investment units will be determined through a bookbuilding process which will be subject to several factors such as prevailing market condition and amount of the loan IFF may take to purchase the net farebox revenue. The Company will borrow a bridging loan from a financial institution to pay for such investment units of IFF.

IFF will be established upon approval of the SEC and managed by the fund management company. All of the investment units will be listed in the SET upon establishment of IFF.

Nonetheless, three transactions as mentioned above are related to Infrastructure Fund Transaction and are related to each other.

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The entering into (1) the Net Revenue Sale Transaction, (2) the Security Transaction, and (3) the Unit Subscription Transaction will bring about several benefits to BTSG Group. These include increase of BTSG Group's ability to participate in the bid for new rail mass transit lines using proceeds from the sale of net farebox revenue, which will help increase future profitability if BTSG Group wins the bid for the operation of new mass transit line projects. BTSC will not have to pay corporate income tax on gain on sale of the net farebox revenue as of the transaction date, but to gradually recognize the revenue as taxable income throughout the concession period as usual practice. Moreover, BTSC will enjoy interest tax shield since the Net Revenue Sale Transaction will, in terms of tax treatment, be considered as a financing transaction, whereby the consideration received by BTSC for the sale of net farebox revenue will be deemed as a long-term debt financing and BTSC will recognize the total net farebox revenue to be transferred to IFF as payment of principal and interest on such loan, with such interest to be counted as tax-deductible expense throughout the remaining concession term. The interest tax shield is estimated, at present value, at approximately Baht 6,450 million. In terms of tax implication with the sale of net farebox revenue considered as a financing transaction similar to long-term debt financing, IFF is deemed to be a lender and is therefore required to pay the special business tax at a rate of 3.3% on the interest receivable from BTSC as mentioned above. However, BTSC agrees to pay compensation to IFF for such special business tax in the amount, at present value, of approximately Baht 1,050 million (for the case that IFF is unable to be waived for the special business tax).

As regards the entering into these transactions, there are issues that should also be taken into consideration, i.e. a change in the structure of revenue, expense and operating profit of BTSG Group, and risk from a loss of opportunity to gain the full amount of benefit from the Core BTS SkyTrain System in case the actual ridership of the Core BTS SkyTrain System is higher than the estimate by Systra MVA (Thailand) Limited ("MVA"). Moreover, the structure of assets and shareholders' equity of BTSG Group will also change. The shareholders may incur risk of change in dividend payout or capital return in the future. Any event of default by BTSC may also have material effects on the financial position and operating results of BTSG Group.

We deem that the minimum sale price (Baht 50,000 million) of the net farebox revenue from the Core BTS SkyTrain System to be sold to IFF is reasonable because it is within the fair value range determined by the discounted cash flow approach of between Baht 47,026.9 million and Baht 56,644.9 million (excluding effects from interest tax shield and reimbursement of special business tax), which is (lower)/higher than the said minimum sale price by Baht (2,973.1) million – Baht 6,644.9 million or by (5.9)% - 13.3% of the minimum sale price. For the subscription price of IFF investment units, the said offering price of IFF investment units will be determined by a bookbuilding process to be conducted among institutional investors, who will naturally analyze fundamental factors and operational capability of the Fund, together with economic condition and money and capital market situations before making their investment decision.

As regards the condition on certain support and a guarantee to be provided by the Company to IFF, it is deemed essential for the Company to give the said support and guarantee in order to compensate for

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non-transfer of the concession right to IFF due to the reasons discussed above. This is similar to a sale of assets or shares in general, where the ownership must be transferred to the buyer.

Based on all the above reasons, we recommend that the shareholders give approval for the Company and BTSC to enter into the disposal and acquisition of assets and the support and guarantee transactions. However, in deciding whether to approve or not approve the transactions, the shareholders are recommended to consider the information and opinion in various aspects rendered by the IFA. The decision to approve or disapprove the said transactions rests solely with the shareholders' own judgment.

The IFA's opinion in various aspects regarding the entering into the transactions is summarized below:

1. Nature and details of the disposal and acquisition of assets

1.1 Nature of the disposal and acquisition of assets transactions

The Meeting of the Company's Board of Directors No. 8/2012 held on November 9, 2012 gave approval for Bangkok Mass Transit System Public Company Limited ("BTSC"), a subsidiary in which the Company holds 97.46% of the total issued shares, to enter into the following transactions:

(1) The Net Revenue Sale Transaction

After the offering of investment units of IFF is completed, the fund management company will register the pool of assets received from the offering to establish IFF with the SEC. Thereafter, IFF will use the proceeds from the offering (and any loan IFF may take) to purchase from BTSC the net farebox revenue to be generated from the operation of the BTS SkyTrain System pursuant to the Concession Agreement dated April 9, 1992 (and its amendments) entered into between Bangkok Metropolitan Administration ("BMA") and BTSC covering BTS SkyTrain System's combined track length of 23.5 km which comprises 17.0 km of the Sukhumvit Line and 6.5 km. of the Silom Line (collectively, the "Core BTS SkyTrain System") starting from the sale of net farebox revenue date until the expiration of the Concession Agreement (December 4, 2029) or a total remaining concession period of about 17 years. (Please refer to details of the ongoing BTSC's SkyTrain Projects in Item 2 Profile of BTSG.) BTSC will enter into the Net Revenue Purchase and Transfer Agreement with IFF (the "Net Revenue Purchase and Transfer Agreement") at a price not lower than the Minimum Sale Price. However, the final sale price of the net farebox revenue depends on agreement between BTSC and IFF.

In this regard, IFF will make payment to BTSC in cash of approximately Baht 50,000 million – 60,000 million, or higher but not be lower than Baht 50,000 million (the "Minimum Sale Price"). The full amount will be transferred to BTSC's account after all conditions precedent set out in the Net

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Revenue Purchase and Transfer Agreement have been satisfied or waived. Moreover, BTSC will receive management fee and/or incentive fee on a yearly basis, which varies in line with BTSC's ability to operate the Core BTS SkyTrain System. The fee rate is divided into five levels as follows:

Level	Net Farebox Revenue Per Year ^{1/} (% of projected yearly net farebox revenue)	Fee
1.	Lower than 95% of projected yearly net farebox revenue	1% of net farebox revenue per year
2.	95% but less than or equal to 105% of projected yearly net farebox revenue	2% of net farebox revenue per year
3.	Higher than 105% but less than or equal to 115% of projected yearly net farebox revenue	5% of surplus on the projected revenue range of 105%-115% of the projected yearly net farebox revenue
4.	Higher than 115% but less than or equal to 125% of projected yearly net farebox revenue	10% of surplus on the projected revenue range of 115%-125% of the projected yearly net farebox revenue
5.	Higher than 125% of projected yearly net farebox revenue	15% of surplus on the projected revenue higher than 125% of the projected yearly net farebox revenue

Note: 1/ In case the net farebox revenue transferred by BTSC to IFF is equal to or lower than 95% of the projected net farebox revenue in any year, the difference thereof will be deducted from the net farebox revenue earned in the following year before being used for the calculation of the management fee and/or incentive fee.

The net farebox revenue consists of two parts (1.1 + 1.2) as follows:

- (1.1) all farebox revenue to be generated from the operation of the Core BTS SkyTrain System and all compensation and payment by the BMA to be made to BTSC and moneys payable to BTSC under or in connection with or pursuant to the Concession Agreement (collectively, the "Gross Revenue"), less all costs, expenses, capital expenditures, and fees properly incurred by BTSC in connection with the operation and maintenance of the Core BTS SkyTrain System (other than any financing costs and expenses with respect to working capital facilities or any other financing requirements of BTSC and BTSC's corporate income tax), including transaction fees payable to Bangkok Smartcard System Co., Ltd. ("BSS") under the relevant service provider agreement between BTSC and BSS (collectively, the "O&M Costs"); and
- (1.2) all cash relating to any claims, awards, judgments, suits, causes of action, and any other rights of BTSC in favor of, receivable, or any amount to be received by BTSC arising out of or related to (1.1) above and the Concession Agreement (the "Ancillary Rights and Claims"), except for BTSC's rights and claims under the Concession Agreement to which

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BTSC is or has been entitled prior to the sale of the net farebox revenue, regardless of whether BTSC makes a claim or receives payment from the Ancillary Rights and Claims before or after the sale of the net farebox revenue to IFF.

With respect to the accounting treatment, the Net Revenue Sale Transaction may be regarded as a true sale transaction pursuant to Thai Accounting Standard No. 18 if material economic rewards and risks are transferred to IFF. In the case that the Net Revenue Sale Transaction is treated as true sale, project costs will be de-recognized from the statement of financial position of BTSC and BTSC will recognize cash proceed from the above Net Revenue Sale Transaction. However, in terms of tax implication, the Net Revenue Sale Transaction is considered as a financing transaction, and the sale price to be payable to BTSC is not taxable income of BTSC because legal ownership of the Concession Agreement remains at BTSC.

After the completion of the Net Revenue Sale Transaction, BTSC will deliver the farebox revenues from operation of the Core BTS Sky Train System to IFF according to terms and conditions as specified in the Net Revenue Purchase and Transfer Agreement. BTSC will still be the concessionaire under the Concession Agreement and the operator of the Core BTS SkyTrain System in compliance with the Concession Agreement, and will be responsible for, among other things, operating and managing the BTS SkyTrain, maintaining the BTS SkyTrain system and rolling stock, and collecting fares. BTSC will remain the owner of the operating assets of BTS SkyTrain system such as the rolling stocks.

Since the actual amount of the net farebox revenue to be payable to IFF that exceeds the amount of the sale price allocated for purchase of the relevant net farebox revenue during such period may be treated as a deemed interest to be paid by BTSC to IFF, IFF is deemed to be a lender, and therefore required to pay the special business tax at the rate of 3.3% thereon (for greater certainty, if the actual amount of the net farebox revenue to be payable to IFF is lower, then IFF is not required to pay any special business tax). As a result, BTSC agrees to pay a fee or compensation to IFF for an amount equal to such special business tax, and such obligation of BTSC will be ended upon enactment of any tax laws, and/or issuance of the Revenue Department's guideline and/or interpretation to provide that such exceeding amount is no longer subject to special business tax.

BTSC will grant IFF, to the extent permissible under applicable laws and subject to satisfaction of certain conditions or approvals, the right to purchase, and/or the right of first refusal to purchase, the rights to receive the revenues, rights, benefits and/or title under (a) any extension of the Concession Agreement, (b) the Long Term O&M Agreement and (c) any other agreement entered into with any

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governmental authority in relation to or in connection with the procurement, provision of services, operation and/or maintenance of any part of Bangkok and vicinity's mass transit system by BTSC. The Company will also grant IFF, to the extent permissible under applicable laws and subject to satisfaction of certain conditions or approvals, the right to purchase, and/or the right of first refusal to purchase, the right to receive the revenues, rights, benefits and/or title under any other agreement entered into with governmental authority in relation to or in connection with the procurement, provision of services, operation and/or maintenance of any part of Bangkok and vicinity's mass transit system by the Company and/or affiliates as set out in the relevant agreements. The granted period for IFF the right to purchase, and/or the right of first refusal to purchase by BTSC and the Company is set out in the relevant contracts. The key conditions precedent for The Net Revenue Sale Transaction are illustrated in "1.5.1 Draft Net Revenue Purchase and Transfer Agreement".

(2) The Security Transaction

The Company will enter into the Security Transaction (by way of a limited guarantee) to secure the obligations of BTSC and the Company owed to IFF under the Net Revenue Purchase and Transfer Agreement and the sponsor support and guarantee agreement to be entered by and between the Company and IFF (the "Sponsor Support and Guarantee Agreement"), respectively.

The limited guarantee to be given by the Company will be limited and IFF cannot enforce the limited guarantee obligation of the Company by any means other than enforcing against all BTSC shares held or to be held by the Company (the "BTSC Shares") through and subject to the conditions of any of the following agreements:

- 2.1) an agreement for the Company to pledge BTSC Shares in favor of IFF pursuant to the share pledge agreement to be entered into and between the Company and IFF (the "Share Pledge Agreement"); and
- 2.2) an agreement for the Company to sell, and IFF to purchase, the BTSC Shares pursuant to the Share Sale and Purchase Agreement to be entered into and between the Company and IFF (the "Share Sale and Purchase Agreement").

Upon the transfer and/or delivery of the BTSC Shares by enforcement of the Share Pledge Agreement or the Share Sale and Purchase Agreement, the Company shall be completely released from its guarantee obligation.

In addition, the Company may consider providing any additional guarantee to IFF to facilitate the IFF Transaction and for the best interest of the Company depending on final agreement between BTSC and IFF.

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For any other assets of BTSC (other than the net farebox revenue), e.g. revenue generated under the Long Term O&M Agreement and all shares held by BTSC (the “Excluded Assets”), BTSC may transfer the Excluded Assets to the Company or any person designated by the Company at the time to be determined and agreed by the relevant parties. However, in the case that the Company transfers and/or delivers the BTSC Shares pursuant to the Share Pledge Agreement or the Share Sale and Purchase Agreement but BTSC has not transferred the Excluded Assets to the Company or any person designated by the Company, IFF and/or a new shareholder of BTSC will procure BTSC to operate and/or manage such Excluded Assets (as applicable) to the standard as agreed and in accordance with the terms and conditions of the relevant agreements.

The key conditions precedent for The Security Transaction are:

- (a) Resolutions of shareholders of the Company approving the Unit Subscription Transaction, the Net Revenue Sale Transaction, the Security Transaction and other related transactions.
- (b) Resolutions of shareholders of BTSC approving the Net Revenue Sale Transaction and other related transactions.

(3) The Unit Subscription Transaction

The Company will subscribe for one-third (or approximately 33.33%) of the total issued investment units of IFF. The final subscription amount depends on the final offering price of investment units of IFF. The final offering price of the investment units will be determined through a bookbuilding process which will be subject to several factors such as prevailing market condition and amount of the loan IFF may take to purchase the net farebox revenue. The Company will borrow a bridging loan from a financial institution to pay for such investment units of IFF.

IFF will be established upon approval of the SEC and managed by the fund management company. All of the investment units will be listed in the SET upon establishment of IFF.

After receiving the consideration for the transaction, the cash proceeds of not less than Baht 50,000 million, from IFF, BTSC will allocate such amount for the following purposes:

- (1) BTSC will set aside a fund for principal and interest payment to baht-denominated debenture holders which is sufficient for principal and interest payment to the debenture holders throughout the remaining debenture term.
- (2) BTSC will provide a long-term loan to the Company to repay a bridging loan borrowed from a financial institution for investment in IFF, with the management authorized to determine the terms and conditions and repayment period as deemed fit.

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- (3) BTSC will make a special dividend payment to the shareholders and/or seek the shareholders' approval of a capital reduction in order to return some equity capital to the shareholders. The Company, as a shareholder of BTSC, may utilize part of such fund to repay the long-term loan borrowed from BTSC as in (2) above and/or to expand its investment in the mass transit projects to be put up for open bid in the future. If there is remaining cash available after a reserve set aside for investment in such mass transit business expansion, the Company may consider paying dividend to its shareholders.

The Unit Subscription Transaction has key conditions precedent as follow:

- (a) Resolutions of shareholders of the Company approving the Unit Subscription Transaction, the Net Revenue Sale Transaction, the Security Transaction and other related transactions.
- (b) Resolutions of shareholders of BTSC approving the Net Revenue Sale Transaction and other related transactions.
- (c) The SEC approves the establishment of IFF

Future plan of BTSC and BTSG

After the sale of net farebox revenue generated from the Core BTS SkyTrain System to IFF, BTSC will still operate the Core BTS SkyTrain System until the expiration of the Concession Agreement and continue providing operation and maintenance services of the mass transit systems offered by BTSC, which comprise (1) the Silom Line Extension: Saphan Taksin - Somdet Phrachao Taksin Road (from Saphan Taksin Station to Wongwian Yai Station), (2) the Sukhumvit Line Extension Section 1 (from On-Nut Station to Bearing Station, (3) the Silom Line Extension: Taksin - Phet Kasem (from Wongwian Yai Station to Bangwa Station), and (4) the core line in accordance with the Long Term O&M Agreement between BTSC and Krungthep Thanakom Co., Ltd., after the expiration of the Concession Agreement on December 4, 2029 and to provide the operation and station management services of the Bus Rapid Transit (the "BRT") for Krungthep Thanakom Co., Ltd. Nonetheless, BTSC still operates its media business through 51.00% shareholding in VGI Global Media Plc. ("VGI") and its subsidiaries and e-money and common ticket system business under the name "Rabbit" through 90.00% shareholding in Bangkok Smartcard System Co., Ltd.

BTSG and/or BTSG Group plan to participate in the bid for MRTA projects approved by the Cabinet. BTSG Group will choose to bid for the lines that BTSG Group considers having advantages over other operators. The following three projects are under BTSG Group's bidding plan:

- (1) Green Line (Mo Chit – Saphan Mai and Bearing – Samut Prakan)
- The project has the combined track length of 25 km (21 stations). The government expects to complete the bidding by 2013.
 - Investment budget for civil works, E&M Work and trains is approximately Baht 64,543 million, of which about Baht 24,216 million is for the E&M Work only.

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- The Company has an advantage over other operators in terms of connectivity of the operation system of the existing lines with the Green Line, leading to cost effectiveness, a more convenient, uninterrupted transport for passengers with no need to change trains during their commute, and a growing ridership.

(Source: Mass Rapid Transit Authority of Thailand, MRTA)

(2) Pink Line (Khae Rai – Min Buri)

- The project has a combined track length of 36 km (24 stations). The government expects to complete the bidding by 2013.
- Investment budget for E&M Work and trains is approximately Baht 42,067 million, with approximately Baht 18,588 million for the E&M Work only.
- The Company has an advantage of its expertise in the elevated electric railway system. The Pink Line covers densely populated areas and interconnects the Green Line, thus helping to increase ridership of the Green Line as well as the existing BTS SkyTrain lines.

(Source: Mass Rapid Transit Authority of Thailand, MRTA)

(3) Light Rail Transit Line (Bang Na – Suvarnabhumi)

- The project has a combined track length of 18.3 km. The government expects to complete the bidding after completion of the above two lines.
- Investment budget for civil works, E&M Work and trains is approximately Baht 25,000 million.
- The Company has the advantage of its expertise in the elevated electric railway system. The Light Rail Transit Line covers densely populated areas and thus could increasing ridership of the Green Line as well as the existing BTS Sky Train lines.

(Source: Bangkok Metropolitan Administration's website www.bangkok.go.th)

If the Company wins the bid for these projects, it is expected that the investment must be made within the next few years. The final investment value of the Company depends on several factors such as the final bidding format, the government's financial support, prices of materials and equipment, capital structure, etc.

1.2 Date of the transactions

(1) The Net Revenue Sale Transaction

The Net Revenue Sale Transaction will take place after the conditions precedent specified in the Net Revenue Purchase and Transfer Agreement have been satisfied or waived and in accordance with the terms and conditions of the Net Revenue Purchase and Transfer Agreement.

(2) The Security Transaction

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The Security Transaction will be only enforceable upon the occurrence of an event of default under the relevant agreements.

(3) The Unit Subscription Transaction

The Unit Subscription Transaction will take place after the SEC approves the establishment of IFF and during the subscription period of IFF investment units which will be announced later by the fund management company.

1.3 Type and size of the transactions

(1) The Net Revenue Sale Transaction

BTSC, a subsidiary in which the Company holds 97.46% of the total issued shares, will sell to IFF the net farebox revenue to be generated from the operation of the Core BTS SkyTrain System. IFF will pay BTSC the amount of approximately Baht 50,000 million – 60,000 million or higher. However, it shall not be lower than Baht 50,000 million (Minimum Sale Price). The full amount shall be transferred to BTSC's account after all conditions precedent set out in the Net Revenue Purchase and Transfer Agreement have been satisfied or waived.

The transaction size can be calculated based on the following criteria:

1) Asset value	:	Not applicable as the transaction is not a sale of BTSC shares.
2) Net profit	:	Not applicable as the transaction is not a sale of BTSC shares.
3) Total value of consideration	:	Total value of consideration compared with total asset value of the Company and its subsidiaries is <u>76.26%</u> .
4) Securities value	:	Not applicable as the Company does not issue any new shares.

$$\begin{aligned} \text{Total value of consideration} &= \frac{\text{Value of consideration} * 100}{\text{BTSG's total assets}^1} \\ &= \frac{50,000 * 100}{65,562.53} \\ &= 76.26\% \end{aligned}$$

Note:

1/ According to the reviewed financial statements for the 6-month period ended September 30, 2012.

The highest transaction size is figured out based on the total value of consideration, representing 76.26% of total assets of the Company and its subsidiaries.

(Translation)

(2) The Security Transaction

The Company will enter into the Security Transaction, by way of a limited guarantee, to secure the obligations of BTSC and the Company owed to IFF. The limited guarantee to be given by the Company will be limited and IFF cannot enforce the limited guarantee obligation of the Company by any means other than enforcing against all BTSC shares held or to be held by the Company (the "BTSC Shares") through and subject to the conditions of any of the following agreements:

- 2.1) an agreement for the Company to pledge BTSC Shares in favor of IFF pursuant to the share pledge agreement to be entered into and between the Company and IFF; and
- 2.2) an agreement for the Company to sell, and IFF to purchase, the BTSC Shares pursuant to the Share Sale and Purchase Agreement to be entered into and between the Company and IFF.

The transaction size is calculated on the sale of BTSC shares of only the Core BTS SkyTrain System that may take place in the future, as shown below:

1) Asset value	:	The net asset value of BTSC for the Core BTS SkyTrain System only according to the Company's shareholding (97.46%) compared with the net asset value of the Company and its subsidiaries is <u>85.65%</u> .
2) Net profit	:	The net profit from the normal operation of BTSC for the Core BTS SkyTrain System only according to the Company's shareholding (97.46%) compared with the net profit from the normal operation of the Company and its subsidiaries is <u>74.64%</u> .
3) Total value of consideration	:	Not applicable as there is no value of consideration.
4) Securities value	:	Not applicable as the Company does not issue any new shares.

$$\begin{aligned} \text{Asset value} &= \frac{\text{Net asset value of BTSC for the Core BTS SkyTrain System only}^1 * 100}{\text{Net asset value of BTSG}^2} \\ &= \frac{(43,162.54 - 10,469.94 - 8.04) * 97.46\% * 100}{(65,562.53 - 26,610.02 - 1,654.14 - 78.66 - 29.48)} \\ &= 85.65\% \end{aligned}$$

$$\begin{aligned} \text{Net profit} &= \frac{\text{Net profit from normal operation of BTSC for the Core BTS SkyTrain System only}^3 * 100}{\text{Net profit from normal operation of BTSG}^3} \\ &= \frac{1,014.84 * 97.46\% * 100}{1,325.18} \\ &= 74.64\% \end{aligned}$$

Notes :

(Translation)

- 1/ Based on the reviewed carve-out statement of financial position and statement of income of BTSC for the Core BTS SkyTrain System only for the 6-month period ended September 30, 2012.
- 2/ Based on the reviewed statement of financial position and statement of comprehensive income of BTSG (consolidated) for the 6-month period ended September 30, 2012.
- 3/ Net profit from the normal operation of BTSC for the Core BTS SkyTrain System only and of BTSG over the past four quarters (October 1, 2011 - September 30, 2012).

The highest transaction size is figured out based on the value of assets, representing 85.65% of net asset value of the Company and its subsidiaries.

(3) The Unit Subscription Transaction

After the SEC approves the establishment of IFF, the Company will subscribe for IFF investment units of not less than Baht 16,667 million (estimated based on the Minimum Sale Price of Baht 50,000 million and on the assumption that IFF does not take any loan. IFF may take on loan to purchase net farebox revenue which will reduce amount of investment units of IFF to be lower than aforementioned minimum sale price.), representing one-third (or approximately 33.33%) of the total issued investment units of IFF. The transaction size is calculated as follows:

1) Asset value	:	The net asset value of IFF for the Company's investment portion only compared with the net asset value of the Company and its subsidiaries is <u>44.81%</u> .
2) Net profit	:	Not applicable as IFF is a newly established fund.
3) Total value of consideration	:	Total value of consideration for purchase of IFF investment units compared with total asset value of the Company and its subsidiaries is <u>25.42%</u> .
4) Securities value	:	Not applicable as the Company does not issue any new shares.

$$\begin{aligned} \text{Asset value} &= \frac{\text{Net asset value of IFF for the Company's investment portion only}^1 * 100}{\text{Net asset value of BTSG}^2} \\ &= \frac{16,666.67 * 100}{(65,562.53 - 26,610.02 - 1,654.14 - 78.66 - 29.48)} \\ &= 44.81\% \end{aligned}$$

$$\begin{aligned} \text{Total value of consideration} &= \frac{\text{Total value of consideration for purchase of IFF investment units} * 100}{\text{Total assets of BTSG}^2} \\ &= \frac{16,666.67 * 100}{65,562.53} \end{aligned}$$

(Translation)

= 25.42%

Notes:

- 1/ Estimated based on 33.33% of the total issued investment units of IFF and the Minimum Sale Price of Baht 50,000 million and on the assumption that IFF does not take any loan.
- 2/ From the reviewed statement of financial position and statement of comprehensive income of BTSG (consolidated) for the 6-month period ended September 30, 2012.

The highest transaction size is figured out based on the value of assets, representing 44.81% of total assets of the Company and its subsidiaries.

The combined size of (1) the Net Revenue Sale Transaction and (2) the Security Transaction is higher than 50% but less than 100% and, therefore, they are considered as Type 1 transaction under the Notification of the Capital Market Supervisory Board No. Tor Jor. 20/2551 Re: Rules for Significant Transactions Constituting an Acquisition or Disposal of Assets and the Notification of the SET concerning the Acquisition and Disposal of Assets. Therefore, the Company has the duty to disclose to the SET the information related to such transactions and to take relevant actions, including obtaining approval from the meeting of shareholders of the Company with a vote of not less than three-fourths of all the votes of the shareholders or proxies attending the meeting and having the right to vote, excluding shareholders with a vested interest. As for the Unit Subscription Transaction, the transaction size is higher than 15% but lower than 50%, and therefore is considered as a Type 2 transaction, which requires the Company to report and disclose the transaction to the SET and to send the information related to the transaction to the shareholders within 21 days from the date of disclosure to the SET. However, the calculation of such transaction size is based on the Minimum Sale Price and the assumption that IFF does not take any loan. If the size of IFF (IFF capital) is significantly higher than the Minimum Sale Price, the Unit Subscription Transaction may be considered a Type 1 transaction (i.e. if IFF offers to sell the investment units at higher than Baht 55,786 million). Therefore, the Company deems it appropriate to seek approval of the Unit Subscription Transaction as a Type 1 transaction. The Board of Directors thus resolved to seek approval from the Extraordinary General Meeting of Shareholders No. 1/2012 to be held on December 18, 2012 for the Company and BTSC to enter into the above three transactions.

1.4 Details of the assets being disposed of and acquired

1.4.1 The Net Revenue Sale Transaction

BTSC is the sole operator of the BTS SkyTrain System. The “BTS SkyTrain” is an electric elevated railway with two separate lines running above business districts and major destinations of central Bangkok. BTSC also invests in its subsidiaries engaging in advertising media and service businesses. (Please refer to the business operation of BTSC and its subsidiaries in Item 2 Profile of BTSG.)

(Translation)

At present, the revenue structure of BTSC for the part concerning mass transit business (excluding businesses run by its subsidiaries) consists of two major sources as follows:

- (1) Farebox revenue from the Core BTS SkyTrain System covering 23.5 km including 17 km of the Sukhumvit Line and 6.5 km of the Silom Line; and
- (2) Revenue from train operating management and maintenance services for the two line extensions, namely (1) the Silom Line Extension: Saphan Taksin - Somdet Phrachao Taksin Road (from Saphan Taksin Station to Wongwian Yai Station) length 2.2 km, and (2) the Sukhumvit Line Extension Section 1 from Sukhumvit 85 to Sukhumvit 107 (from On-Nut Station to Bearing Station) covering 5.25 km, and for the BRT.

In the Net Revenue Sale Transaction, BTSC will sell to IFF only the farebox revenue from the Core BTS SkyTrain System mentioned in (1) minus all operating expenses and capital expenditures related to Core BTS Sky Train System.

Therefore, to clearly present the financial position and structure of revenues and expenses from the past three years to the 6-month period of fiscal 2012/2013 for the part to be disposed of to IFF, BTSC's management has prepared the carve-out financial statements representing the Core BTS SkyTrain System only, duly reviewed by Ernst and Young who is also the Company and BTSC's auditor.

The key assumptions and those different from the current accounting policies of BTSC are summarized as follows:

- Core BTS Sky Train System's net book value of assets and liabilities as of April 1, 2009 is presented as total contribution of capital by owners in statements of financial position of BTSC representing the Core BTS SkyTrain System only.
- Cash and cash equivalence including short term investment – cash deposit at financial institutions at the end of each accounting period are treated as Core BTS Sky Train System solely regardless of interest income incurred during the year.
- BTSC's related parties are considered as Core BTS SkyTrain System's related parties
- Reusable spare parts, spare parts-maintenance contract, loans to employee including loans to saving cooperative established by BTSC, accrued dividend payment, financial lease, long term loans at the end of each accounting period are treated as Core BTS Sky Train System solely.
- Short term loans from financial institution and from related parties and gain/loss from foreign exchange rate are not considered as Core BTS Sky Train System.
- Operating and administrative expense, depreciation and amortization expense are set out based on the actual expenses of the Core BTS SkyTrain System together with an allocation of undistributed expenses by route length of Core BTS Sky Train System at the end of each accounting period.

(Translation)

- Maintenance expense for the E&M Work, carriages and related equipment is determined by allocation according to the distance in kilometer of each carriage being actually used.
- Employee compensation, i.e. salary, benefit, provident fund and post-employment benefit illustrated by actual expenses of Core BTS Sky Train System plus an allocation of undistributed expenses according to participation of staff in each business units in the past or an allocation of undistributed expenses according to route length at the end of each accounting period.
- Interest expense is calculated based on liabilities allocated to the Core BTS SkyTrain System.
- The management assumes that there is no accrued corporate income tax payable as the Company has loss carried forward which can lead to tax benefits for fiscal 2010-2012 and Q2 of fiscal 2012/2013.

The carve-out financial statements representing the Core BTS SkyTrain System only are shown below:

The reviewed statements of financial position of BTSC representing the Core BTS SkyTrain System only as of March 31, 2010 - 2012 and as of September 30, 2012

Statements of Financial Position Unit: Baht Million	As of March 31			As of September 30
	2010	2011	2012	2012
Assets				
Current assets				
Cash and cash equivalents	1,330.73	360.24	67.76	170.27
Current investments – deposits at financial institution	10.14	-	-	
Trade and other receivables	0.57	1.07	1.40	3.11
Consumable spare parts – elevated train system	33.00	33.94	78.91	77.90
Prepaid expenses	35.32	38.22	45.44	26.85
Other current assets	4.13	11.05	9.42	17.82
Total current assets	1,413.89	444.52	202.93	295.96
Non-current assets				
Restricted deposits at financial institution	253.91	-	-	-
Elevated rail project costs	43,333.68	43,896.23	42,976.80	42,356.74
Reusable spare parts - elevated train system	53.58	52.90	81.23	82.20
Spare parts – maintenance contract	292.77	292.77	292.77	292.77

(Translation)

Statements of Financial Position Unit: Baht Million	As of March 31			As of September 30
	2010	2011	2012	2012
Equipment	105.29	118.59	88.93	79.11
Intangible assets	10.16	7.25	8.97	8.04
Advances for acquisition of assets	521.89	73.86	25.67	11.97
Other non-current assets	14.02	13.56	37.43	35.76
Total non-current assets	44,585.30	44,455.16	43,511.81	42,866.59
Total assets	45,999.19	44,899.68	43,714.74	43,162.54
Liabilities				
Current liabilities				
Trade and other payables	187.48	187.04	135.16	244.92
Unearned farebox revenue	115.83	110.42	144.82	127.62
Deposit on stored value tickets	25.52	17.72	18.56	14.06
Accrued expenses	51.35	65.72	218.65	40.44
Current portion of finance lease facilities	3.43	0.28	0.22	0.14
Current portion of long-term debentures	-	-	2,495.77	2,493.02
Retention payable	131.24	139.25	148.81	145.76
Other current liabilities	52.58	80.24	103.91	115.94
Total current liabilities	567.44	600.66	3,265.90	3,181.89
Non-current liabilities				
Finance lease liabilities – net of current portion	0.28	0.29	0.06	0.01
Long-term debentures – net of current portion	11,873.63	11,906.56	9,443.81	6,962.26
Provision for long-term employee benefits	253.39	277.58	311.30	325.78
Total non-current liabilities	12,127.30	12,184.43	9,755.17	7,288.05
Total liabilities	12,694.74	12,785.09	13,021.08	10,469.94
Total contribution of capital by owners^{1/}	33,304.45	32,114.59	30,693.66	32,692.60

Note: ^{1/} Calculated from the difference between the book value of total assets and the book value of total liabilities (for the Core BTS SkyTrain System only) as of April 1, 2009. Total contribution of capital by owners carried forward amounted to Baht 28,358.08 million.

The reviewed structure of revenues and expenses representing the Core BTS SkyTrain System only for the years ended March 31, 2010-2012 and the 6-month period ended September 30, 2012 is tabulated below:

(Translation)

Statements of Income	For the Year Ended March 31			For 6-month Period Ended September 30
	2010	2011	2012	2012
Revenue				
Farebox revenue	3,484.62	3,544.83	4,296.84	2,373.88
Other income	-	0.04	1.83	0.03
Total revenue	3,484.62	3,544.86	4,298.67	2,373.91
Expenses				
Cost of farebox	2,064.30	1,997.86	2,231.81	1,186.29
Selling expenses	51.71	67.76	60.07	33.18
Administrative expenses	467.96	455.76	356.97	202.23
Total expenses	2,583.97	2,521.38	2,648.86	1,421.70
Profit before finance cost and gain on debt restructuring under rehabilitation plan	900.65	1,023.48	1,649.81	952.21
Finance cost	460.28	744.71	812.33	389.54
Profit before gain on debt restructuring under rehabilitation plan	440.38	278.77	837.48	562.67
Gain on debt restructuring under rehabilitation plan	4,528.04	-	-	-
Profit for the year	4,968.42	278.77	837.48	562.67

The reviewed statements of cash flows representing the Core BTS SkyTrain System only for the years ended March 31, 2010-2012 and the 6-month period ended September 30, 2012 are as follows:

Statements of Cash Flows	For the Year Ended March 31			For 6-month Period Ended September 30
	2010	2011	2012	2012
Cash flows from operating activities				
Profit for the year	4,968.42	278.77	837.48	562.67
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities				

(Translation)

Statements of Cash Flows	For the Year Ended March 31			For 6-month Period Ended September 30
	2010	2011	2012	2012
Unit: Baht Million				
Gain on debt restructuring under rehabilitation plan	(4,528.04)	-	-	-
Depreciation	42.14	55.24	48.61	20.07
Amortization	961.15	955.57	1,214.58	670.87
Loss (Gain) on disposals / write-off of assets	0.01	(0.04)	(1.83)	(0.64)
Provision for long-term employee benefits	33.89	35.03	33.72	15.40
Interest expenses	436.53	706.30	772.46	371.74
Profit from operating activities before changes in operating assets and liabilities	1,914.09	2,030.87	2,905.02	1,640.10
Decrease (Increase) in operating assets				
Trade and other receivables	(0.23)	(0.50)	(0.33)	(1.72)
Spare parts – elevated train system	9.39	(1.50)	(75.65)	(1.24)
Other current assets	21.01	(9.82)	(5.59)	10.20
Other non-current assets	(1.34)	0.46	(23.87)	1.10
Increase (Decrease) in operating liabilities				
Trade and other payables	(78.45)	(10.64)	(54.36)	121.12
Unearned income	11.82	(5.40)	34.40	(17.20)
Deposits on stored value tickets	2.46	(7.80)	0.84	(4.50)
Retention payable	16.76	8.02	9.56	(3.06)
Other liabilities	32.39	4.89	38.61	(166.54)
Cash flows from operating activities	1,927.89	2,008.57	2,828.62	1,578.27
Cash paid for interest expenses	(517.72)	(695.94)	(769.93)	(383.07)
Net cash flows from operating activities	1,410.17	1,312.63	2,058.69	1,195.19
Cash flows from investing activities				
Decrease in current investments	137.73	10.14	-	-
Decrease in restricted deposits	-	253.91	-	-
Increase in advances for acquisition of assets	(40.69)	(21.19)	(0.29)	-
Increase in elevated rail project costs	(883.78)	(1,025.62)	(69.28)	(20.55)
Cash paid for acquisition of intangible assets	(3.14)	(1.63)	(5.75)	(0.89)

(Translation)

Statements of Cash Flows Unit: Baht Million	For the Year Ended March 31			For 6-month Period Ended September 30
	2010	2011	2012	2012
Cash paid for acquisition of property, plant and equipment	(34.40)	(26.87)	(19.09)	(8.03)
Proceeds from disposal of property, plant and equipment	0.11	0.09	1.96	0.67
Net cash flows used in investing activities	824.17	(811.17)	(92.45)	(28.80)
Cash flows from financing activities				
Repayment of finance lease liabilities	(3.56)	(3.32)	(0.32)	(0.15)
Repayment of liabilities under rehabilitation plan	(10,016.16)	-	-	-
Proceeds from issuing of long-term debentures	11,854.47	-	-	(2,500)
Net asset value received from (paid to) the Company	(5,003.93)	(1,468.63)	(2,258.40)	1,436.27
Net cash flows provided by (used in) financing activities	(3,169.17)	(1,471.95)	(2,258.72)	(1,063.88)
Increase (Decrease) in cash and cash equivalents	(2,583.17)	(970.49)	(292.48)	102.51
Cash and cash equivalents at beginning of year	3,913.90	1,330.73	360.24	67.76
Cash and cash equivalents at end of year	1,330.73	360.24	67.76	170.27

Operating results of BTSC for the Core BTS SkyTrain System only

Total revenue of BTSC for the Core BTS SkyTrain System only increased continuously by 1.73% from Baht 3,484.62 million in fiscal 2009/10 to Baht 3,544.86 million in 2010/11 and by 21.26% to Baht 4,298.67 million in 2011/12. Total revenue for the 6-month period ended September 30, 2012 was Baht 2,373.91 million, up by 16.14% from Baht 2,044.06 million in the same period of 2011. The income came entirely (100%) from farebox revenue.

The farebox revenue in 2010/11 grew by merely 1.73% as the ridership moved up by just 0.49% from 144.47 million passenger trips in 2009/10 to 145.19 million passenger trips in 2010/11. Despite the complete closing of service for eight days and partial closing for 20 days in April and May 2010 caused by the political demonstrations in some areas and the average fare increase of 1.20% from Baht 24.15 in 2009/10 to Baht 24.44 in 2010/11, the farebox revenue in 2011/12 rose significantly from the previous year (by 21.21%), driven

(Translation)

by growth in ridership to 176.04 million passenger trips, the highest since BTSC's start of operation. This was because the BTS SkyTrain had become increasingly popular, coupled with the launch of the Sukhumvit Line Extension from On Nut Station to Bearing Station in August 2011 which helped to feed even more passengers to the Core BTS SkyTrain System, while the average fare was Baht 24.43, close to that of the previous year. As such, the farebox revenue for the first six months of 2012/13 recorded growth of 16.14% to Baht 2,373.88 million from Baht 2,044.03 million in the corresponding period of the previous year due to a 13.4% increase of ridership to 95.8 million passenger trips from 84.5 million passenger trips in the same period of 2011/12. At the same time, the average fare per trip increased from Baht 24.2 to Baht 24.8.

The cost of farebox from 2009/10 to 2011/12 was recorded at Baht 2,064.30 million, Baht 1,997.86 million and Baht 2,231.81 million respectively. The cost of farebox dropped by 3.22% in 2010/11 from the previous year due mainly to a decrease of maintenance cost, and increased by 11.71% in 2011/12 in line with the growth of farebox revenue and re-stating of employee benefit provision under cost of farebox. However, the cost of farebox increased at a slower rate than the farebox revenue as the Company was able to efficiently manage train operation at a lower cost. The gross profit margin of farebox revenue rose from 43.64% in 2010/11 to 48.06% in 2011/12, compared with only 40.76% in 2009/10. For the first six months of 2012/13, the cost of farebox rose in accordance with the growth of farebox revenue by 13.57% from Baht 1,044.57 million in the same period of the previous year to Baht 1,186.29 million. With the slower growth of the cost of farebox than the growth of farebox revenue, the gross profit margin rose from 48.90% in the first six months of 2011/12 to 50.03% in the first six months of 2012/13, which was close to that of 2011/12.

Selling and administrative expenses from 2009/10 to 2011/12 was Baht 519.67 million, Baht 523.52 million and Baht 417.05 million respectively. The amount in 2009/10 was rather close to that in 2010/11, representing 14.91% and 14.77% of the farebox revenue respectively. In 2011/12, selling and administrative expenses significantly decreased by 20.34% or represented only 9.71% of the farebox revenue due mainly to the re-stating of employee benefit provision under the cost of farebox. Selling and administrative expenses in the first six months of 2012/13 moved up in line with the growth of farebox revenue, from Baht 208.17 million in the same period of the previous year to Baht 235.41 million or by 12.55%, and, as percentage of the farebox revenue, decreased from 10.23% to 9.92%.

Net operating profit for the Core BTS SkyTrain System only (excluding gain on debt restructuring under the rehabilitation plan which was an extraordinary item) from 2009/10 to 2011/12 was Baht 440.38 million, Baht 278.77 million, and Baht 847.48 million respectively. The shrinking profit in 2010/11 was due to a sharp increase in finance cost from Baht 460.28 million in 2009/10 to Baht 744.71 million arising from liabilities under the rehabilitation plan and convertible debentures. On August 21, 2009, BTSC issued debentures of Baht 12,000 million to repay debts under the rehabilitation plan. The interest expense on debentures was higher than interest expense under the rehabilitation plan. However, the interest expense on debentures was not incurred for a full year in fiscal 2009/10, while it was incurred for the whole fiscal 2010/11, leading to a significantly higher finance cost than in 2009/10. The net operating profit in 2011/12 rocketed by 200.41%

(Translation)

from the previous year due to stronger cost efficiency and a considerable increase in ridership. Similarly, in the first six months of 2012/13, net operating profit for the Core BTS SkyTrain System only surged to Baht 562.67 million or by 46.03% from merely Baht 385.30 million in the same period of 2011/12.

BTSC's financial position for the Core BTS SkyTrain System only

As of March 31, 2010 to March 31, 2012, total assets for the Core BTS SkyTrain System only dropped consistently from Baht 45,999.19 million to Baht 44,899.68 million and Baht 43,714.74 million respectively due to lower project costs which were the core component of assets representing 94.21%, 97.77% and 98.31% of total assets respectively. Such decrease of the project costs was caused by depreciation and amortization throughout the concession period. Nonetheless, the project costs as of March 31, 2011 moved up since an increase in the project costs in 2010/11 was higher than depreciation and amortization. In addition, the decrease in total assets also resulted from a drop in cash and cash equivalents. As of September 30, 2012, total assets went down slightly to Baht 43,162.54 million due to a decline in project costs.

As of March 31, 2010-2012 and as of September 30, 2012, total liabilities for the Core BTS SkyTrain System only were Baht 12,694.74 million, Baht 12,785.09 million, Baht 13,021.08 million and Baht 10,469.94 million respectively, slightly rising by 0.71% and 1.85% at the end of 2010/11 and 2011/12 respectively. However, total liabilities as of September 30, 2012 decreased by 19.62% from March 31, 2012 due to long-term debentures issued in 2009 which were the key component of liabilities. The outstanding balance of such debentures was Baht 11,873.63 million, Baht 11,906.56 million, Baht 11,939.58 million and Baht 9,455.28 million as of March 31, 2010 to 2012 and as of September 30, 2012 respectively. In the first six months of 2012/13, BTSC repaid the debentures due for redemption in the amount of Baht 2,500 million.

Total contribution of capital by owners amounted to Baht 33,304.45 million, Baht 32,114.59 million, Baht 30,693.66 million and Baht 32,692.60 million as of March 31, 2010-2012 and as of September 30, 2012 respectively, which indicated a downward trend due to dividend payment to the shareholders. Total contribution of capital by owners as of September 30, 2012 rose from that as of March 31, 2012 since the net profit earned and no dividend payout during the period.

BTSC's liquidity for the Core BTS SkyTrain System only

In 2009/10, BTSC, for the Core BTS SkyTrain System only, recorded net cash from operating activities of Baht 1,410.17 million, most of which was from operating profit and depreciation and amortization added back. Net cash used in investing activities was Baht 824.17 million due mainly to increases in investment in project costs, advances and acquisition of assets by Baht 883.78 million, Baht 40.69 million and Baht 34.40 million respectively, with a decline in current investments by Baht 137.73 million. Meanwhile, net cash used in financing activities accounted for Baht 3,169.17 million, resulting from a fall in total contribution of capital by owners of Baht 5,003.93 million although the amount of debentures issued was approximately Baht 1,838.32 million higher than the amount of repayment for liabilities under rehabilitation plan.

(Translation)

In 2010/11, net cash from operating activities of Baht 1,312.63 million came mainly from operating profit and depreciation and amortization added back. Net cash used in investing activities was Baht 811.17 million due mainly to an increase in investment in project costs by Baht 1,025.62 million, advances by Baht 21.19 million and acquisition of property, plant and equipment by Baht 26.87 million, with a drop in restricted deposits by Baht 253.91 million. Net cash used in financing activities was Baht 1,471.95 million, coming mainly from a decline in total contribution of capital by owners.

Net cash from operating activities in 2011/12 amounted to Baht 2,058.69 million due mainly to operating profit and depreciation and amortization added back. Net cash used in investing activities was Baht 92.45 million, chiefly arising from an increase in investment in project costs and acquisition of property, plant and equipment by Baht 69.28 million and Baht 19.09 million respectively. Net cash used in financing activities was Baht 2,258.72 million due to a drop in total contribution of capital by owners.

In the first six months of 2012/13, net cash from operating activities of Baht 1,195.19 million came mainly from operating profit and depreciation and amortization added back. Net cash used in investing activities was posted at Baht 28.80 million due mainly to an increase in investment in project costs by Baht 20.55 million and in acquisition of property, plant and equipment by Baht 8.03 million. Net cash used in financing activities was recorded at Baht 1,063.88 million came mainly from redemption payment of due debenture amounted of Baht 2,500 million.

1.4.2 The Security Transaction

The Company will enter into the Security Transaction, by way of a guarantee (with limited liability). The limited guarantee to be given by the Company will be limited and IFF cannot enforce the limited guarantee obligation of the Company by any means other than enforcing against all BTSC shares held or to be held by the Company (the "BTSC Shares") through and subject to the conditions of any of the following agreements:

- 2.1) an agreement for the Company to pledge BTSC Shares in favor of IFF pursuant to the share pledge agreement to be entered into and between the Company and IFF; and
- 2.2) an agreement for the Company to sell, and IFF to purchase, the BTSC Shares pursuant to the Share Sale and Purchase Agreement to be entered into and between the Company and IFF.

Upon the transfer and/or delivery of the BTSC Shares by enforcement of the Share Pledge Agreement or the Share Sale and Purchase Agreement, the Company shall be completely released from its guarantee obligation.

In addition, the Company may consider providing any additional guarantee to IFF to facilitate the IFF Transaction and for the best interest of the Company depending on final agreement between BTSC and IFF.

(Translation)

For any other assets of BTSC (other than the net farebox revenue), e.g. revenue generated under the Long Term O&M Agreement and all shares held by BTSC (the “Excluded Assets”), BTSC may transfer the Excluded Assets to the Company or any person designated by the Company at the time to be determined and agreed by the relevant parties. However, in the case that the Company transfers and/or delivers the BTSC Shares pursuant to the Share Pledge Agreement or the Share Sale and Purchase Agreement but BTSC has not transferred the Excluded Assets to the Company or any person designated by the Company, IFF and/or a new shareholder of BTSC will procure BTSC to operate and/or manage such Excluded Assets (as applicable) to the standard as agreed and in accordance with the terms and conditions of the relevant agreements.

BTSC was founded in 1992 and was granted a concession by the BMA to exclusively operate the Core BTS SkyTrain System for a period of 30 years from December 5, 1999. Subsequently, BTSC was appointed by Krungthep Thanakom Co., Ltd. to operate and maintain the extensions of the Core BTS SkyTrain System and the Bus Rapid Transit (the “BRT”). In addition, BTSC expanded its business to media business, operated by VGI Global Media Plc. which currently is its subsidiary. (Please refer to the business operation of BTSC and its subsidiaries in Item 2 Profile of BTSC.)

However, the Security Transaction involves a provision of guarantee by the Company. Therefore, the Company will continue to hold BTSC Shares unless an event of default occurs and is continuing pursuant to which the Company sells BTSC Shares to IFF or IFF enforces the pledged BTSC Shares pursuant to the Share Sale and Purchase Agreement or the Share Pledge Agreement. The value of the sale of BTSC Shares will be at the value of BTSC shares to be determined by the parties (“Share Value”). If IFF enforces the pledged BTSC Shares pursuant to the Share Pledge Agreement, the sale of BTSC Shares will be done by public auction. However, the Company will not receive any cash from the sale of BTSC Shares as IFF will set off the consideration to be paid to the Company against the limited guaranteed amount to be paid by the Company to IFF.

1.4.3 The Unit Subscription Transaction

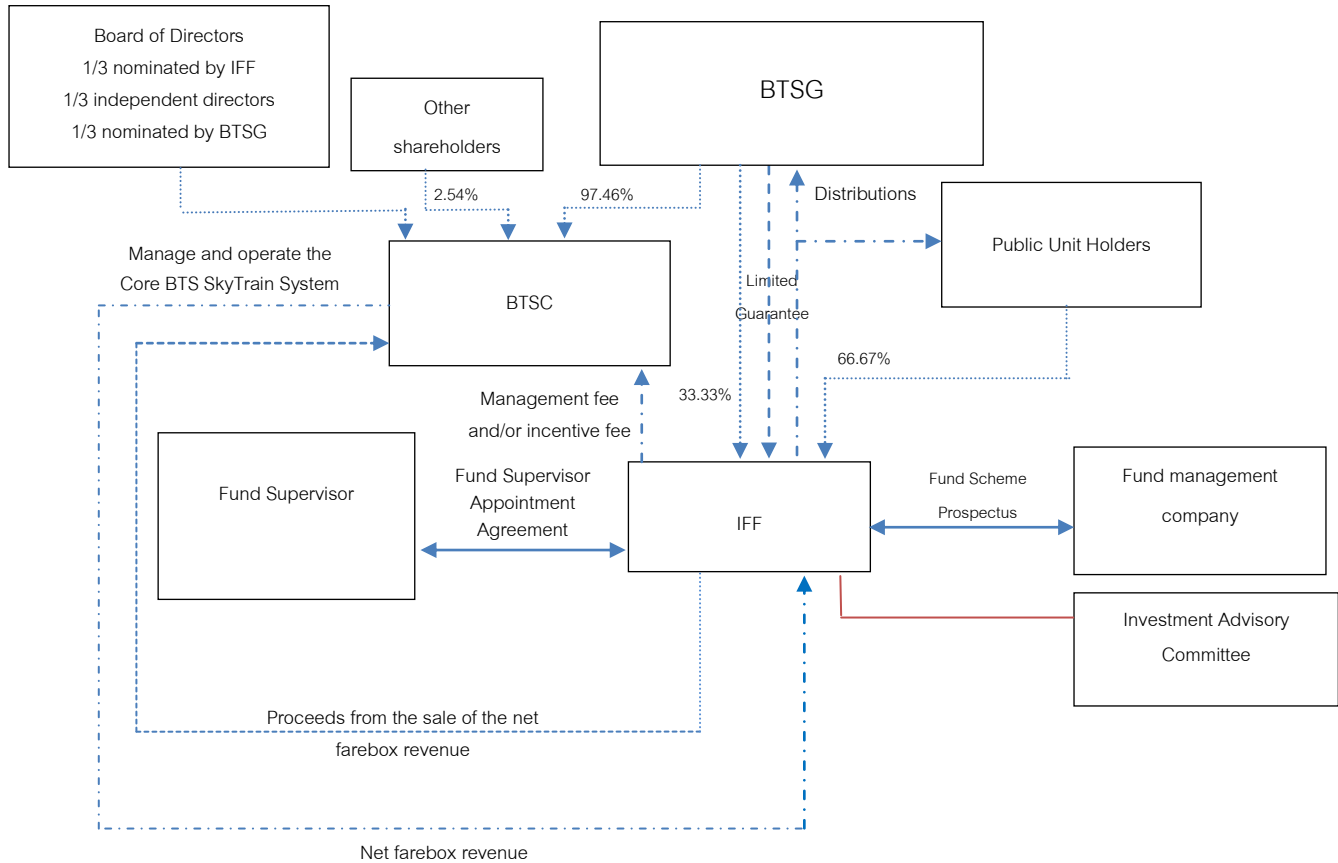
After the SEC approves the establishment of IFF, the Company will subscribe for IFF investment units of not less than Baht 16,667 million (estimated based on the Minimum Sale Price of Baht 50,000 million and on the assumption that IFF does not take any loan. IFF may take on loan to purchase net farebox revenue which will reduce amount of investment units of IFF to be lower than aforementioned minimum sale price.), representing one-third (or approximately 33.33%) of the total issued investment units of IFF. Details of the IFF are as follows:

BTS Mass Transit Growth Infrastructure Fund (IFF) will be established with the key objective of investing in infrastructure businesses as permitted under the relevant notification of the Capital Market Supervisory Board, including the BTS SkyTrain System’s net farebox revenue, which will be the initial assets of IFF. After the SEC approves the establishment of IFF, the fund management company will make an offering of

(Translation)

the investment units of IFF and thereafter will register the pool of assets to establish IFF with the SEC. IFF will then acquire the net farebox revenue on the completion date under the Net Revenue Purchase and Transfer Agreement.

The following diagram illustrates the structure of IFF and the relationships among IFF, the fund management company, the fund supervisor, the Company (as a unit holder, guarantor and support provider), and other unit holders upon the registration of the establishment of IFF, and upon the completion under the Net Revenue Purchase and Transfer Agreement and relevant agreements.



Management of IFF

The Fund will be managed by a licensed fund management company in accordance with the fund scheme, the commitments between the fund management company and the unit holders, the prospectus, the relevant laws and regulations and various agreements to which IFF will be a party.

Involvement of IFF in BTSC Management

To ensure that IFF and the unit holders will have appropriate and adequate protection, BTSC and the Company will give certain levels of participation to IFF in terms of corporate matters both through its one-third representatives in the board of directors of BTSC and through contractual obligations. Passing of any "reserved matter" requires approval from IFF as stated to relevant contracts. The "reserved matters" in relation to BTSC may include, but not limited to, the incurrence of capital expenditure or new debt over specified

(Translation)

amounts and the undertaking of any new lines of business. Such "reserved matters" will be specified in the Articles of Association of BTSC to the extent permissible by applicable laws.

Upon completion of the sale of the net farebox revenue to IFF, BTSC's Board of Directors will be composed of:

- (a) one-third of BTSC's directors will be the persons nominated by IFF;
- (b) one-third of BTSC's directors will have the qualifications as independent directors as set out in the notifications of the Capital Market Supervisory Board; and
- (c) one-third of BTSC's directors will be the persons nominated by the Company.

1.5 Summary of major agreements concerning the disposal and acquisition of assets

The following major agreements concerning the disposal and acquisition of assets are draft agreements that are still under negotiation for the final conclusion. Therefore, some conditions may, after the completion of this report, be changed for appropriateness and for the best interest of the parties thereto.

1.5.1 Draft Net Revenue Purchase and Transfer Agreement

Parties: The Agreement is made between:

- (1) Infrastructure Fund (IFF) as "Purchaser;" and
- (2) Bangkok Mass Transit System Public Company Limited (BTSC) as "Seller;"

Conditions on the purchase and transfer of net farebox revenue:

- (1) The Seller agrees to sell, transfer the right on and transfer net farebox revenue generated from BTS SkyTrain System under the Concession Agreement to the Purchaser upon receipt of written confirmation from the Purchaser regarding satisfaction or waiver of conditions precedent.
- (2) The Seller agrees to provide the Purchaser the right to purchase additional assets, whereas the Purchaser shall submit a written notification of intention to the Seller.
- (3) If there is an offer to purchase additional assets by other offeror, the Seller agrees to give to the Purchaser the right of first refusal..

Conditions precedent:

The purchase and transfer of the net farebox revenue under the draft Net Revenue Purchase and Transfer Agreement will be brought about upon fulfillment of some conditions stated therein, unless relaxation is agreed by the Seller at least three days before the closing date. These conditions are as follows:

- (1) Resolutions of shareholders of the Company approving the Net Revenue Sale Transaction, the Unit Subscription Transaction, the Security Transaction and other related transactions.
- (2) Resolutions of shareholders of BTSC approving the Net Revenue Sale Transaction and other related transactions.

(Translation)

- (3) Contracts and document related to the Net Revenue Sale Transaction and the Security Transaction are signed
- (4) Registration of IFF establishment in accordance with the Securities and Exchange Act.
- (5) Obtaining exemption or approval from necessary 3rd parties.

Key closing action:

- (1) The pledge of BTSC shares held by the Company having been entered into the share register book of BTSC in favor of IFF.
- (2) At least one-third of BTSC's directors nominated by IFF being appointed as directors of BTSC.
- (3) The Articles of Association of BTSC with respect to certain corporate matters at the Board of Directors' level being amended to the extent permissible by applicable laws.

1.5.2 Draft Sponsor Support and Guarantee Agreement

Parties: The Agreement is made between:

- (1) Infrastructure Fund (IFF) as "Purchaser;" and
- (2) BTS Group Holdings Public Company Limited (BTSG) as "Sponsor;"

Conditions on the Sponsor Support and Guarantee for IFF:

- (1) The Sponsor agrees to comply with the following conditions:
 - To pledge all BTSC shares held by the Sponsor to the Purchaser.
- (2) The Sponsor agrees to take actions concerning the appointment of the directors as follows:
 - To appoint persons nominated by the Purchaser as directors of the Seller, representing at least one-third of the directors, whereas at least one-third of the directors of the Seller shall be independent directors.
- (3) The Sponsor certifies that the Seller will not perform any of the actions specified in the "reserved matters," unless approval is obtained by law from directors nominated by the Purchaser. It shall be stated in the Articles of Association of the Seller that any actions specified in the "reserved matters" shall be approved by directors nominated by the Purchaser as specified in the contract.
- (4) Grant of the right to purchase new opportunities and/or right of first refusal
 - 4.1) The Sponsor agrees to grant to the Purchaser the right to purchase revenue, right or benefit to belong to the Sponsor in the future concerning new opportunities and/or new investment relating to mass transit system in Bangkok and vicinity to be operated by the Sponsor and/or its subsidiary after the date of this agreement.
 - 4.2) If there is an offer to purchase the right in 4.1), the Seller agrees to give the Purchaser the right of first refusal. The Purchaser shall express the intention to purchase such assets to the Sponsor within the period specified in the contract.

(Translation)

(5) Guarantee and indemnity

5.1) The Sponsor is the guarantor for all obligations of the Seller to the Purchaser in relation to the Net Revenue Purchase and Transfer Agreement.

5.2) In case of event of default under the Net Revenue Purchase and Transfer Agreement, the Purchaser shall not enforce the Sponsor to compensate obligations referred to the guarantee by other way except (1) transfer of BTSC shares held by the Sponsor to the Purchaser according to the Share Sale and Purchase Agreement or (2) enforce to pledge BTSC shares according to the Share Pledge Agreement.

1.5.3 Draft Share Sale and Purchase Agreement

Parties: The Agreement is made between:

- (1) BTS Group Holdings Public Company Limited (BTSG); and
- (2) Infrastructure Fund (IFF)

Key conditions:

- (1) BTSG agrees to sell to IFF all BTSC shares held or will be by BTSG and IFF agrees to purchase such shares at the price specified in the contract.
- (2) The said share sale and purchase shall take place when:
 - There is an event of default according to the Net Revenue Purchase and Transfer Agreement which has continuous
- (3) Upon occurrence of the conditions in (2), BTSG shall submit the share certificates with its transfer endorsement to IFF or the person designated by IFF. As set forth in the Sponsor Support and Guarantee Agreement, IFF shall have no obligation to pay for the said shares transferred by BTSG.

1.5.4 Draft Share Pledge Agreement

Parties: The Agreement is made between:

- (1) BTS Group Holdings Public Company Limited (BTSG) as "Pledgor;" and
- (2) Infrastructure Fund (IFF) as "Pledgee;"

Key conditions:

- (1) To provide guarantee for compliance with the Sponsor Support and Guarantee Agreement, the Pledgor agrees to pledge its BTSC shares held or will be held by the Pledgor to the Pledgee.

2. Profile of BTSG

2.1 Background

BTS Group Holdings Public Company Limited ("the Company" or "BTSG") (formerly Tanayong Public Company Limited) was established on March 27, 1968 to engage in property business. In 1988, the Company launched its first property development project, 'Thana City,' located on Bang Na-Trat Road Km. 14. Later, it expanded its business into various types such as real estate, condominium in central Bangkok, service apartment, office building, hotel and large public utility projects, and pioneered the elevated rail project, BTS SkyTrain, in Thailand under the name of Bangkok Mass Transit System Public Company Limited ("BTSC") which began the commercial operation on December 5, 1999.

The Company's background and major developments are summarized below:

- 1991 : Tanayong was listed on the Stock Exchange of Thailand ("SET") and commenced its trading under the property development sub-index.
- 1993 : Tanayong registered for conversion into a public company under the name Tanayong Public Company Limited.
- 1997 – 2001 : Asian financial crisis hit the region. The Company suffered under the weight of dollar-denominated debt as the Thai Baht depreciated against the US dollar. The SET therefore posted the SP sign to suspend trading of the Company's securities as from September 7, 2001.
- 2002- 2006 : The Company went through the debt restructuring and business rehabilitation process. After the completion of the business rehabilitation process, the Central Bankruptcy Court ordered the termination of the business rehabilitation on November 14, 2006. Its shares resumed trading on the SET on December 28, 2006.
- 2007 - 2009 : The Company and its group members invested in properties for future development by acquiring freehold land at Kamala beach in Phuket, Sukhumvit Road in Bangkok, Kanchanaburi, Khao Yai, etc. and leasehold land in Chiang Mai for its boutique hotel, 'U Chiang Mai,' which is managed by Absolute Hotel Services Co., Ltd., its associated company. The Company also engaged in a turnkey contract to design and construct a hotel project near Surasak BTS Station.
 - : In May 2009, the Company commenced the operations of the Silom Line Extension from Saphan Taksin to Wongwian Yai covering 2.2 km for which BTSC is appointed the operator under the operation and maintenance service agreement.
 - : In September 2009, BTSC acquired 100% shares of VGI Global Media Co., Ltd. VGI is

(Translation)

- authorized by BTSC to use space in the carriages and stations to earn advertising income.
- 2010 : The Company acquired 94.60% of BTSC's total sold shares, returning mass transit operations to be the primary business of the Company. The Company also changed its name to BTS Group Holdings Public Company Limited. On May 11, 2010, the Company was re-categorized under "Transportation and Logistics" Industry Group, "Services" Sector, of the SET with a change of the share symbol to "BTS."
- : In May 2010, BTSC began operation and maintenance of Bangkok's inaugural Bus Rapid Transit (BRT) system, Chong Nonsi – Ratchaphruek route, under the Bus Operation and Procurement Contract and the Bus Station Operation Contract.
- : On December 14, 2010, 'BTS' was announced as a constituent member of SET50 Index.
- 2011 : In January 2011, the Company issued and offered Baht 10,000 million of convertible bonds outside Thailand, the proceeds of which were used to fully repay the BSTC acquisition loan. The Company registered capital reduction by changing the par value of shares from Baht 1 per share to Baht 0.64 per share to write off the share discount and retained loss.
- : In June 2011, the Company issued 1,299 million new ordinary shares to a group of specific investors who were shareholders of BTSC as payment, instead of cash, for Baht 473 million BTSC shares that BTSC shareholders transferred to the Company (swap ratio of 1 BTSC share for 2.7473 shares of the Company). The Company's shareholding in BTSC thereby increased to 96.44%.
- : In August 2011, BTSC commenced the operations of Sukhumvit Line Extension from On Nut to Bearing covering 5.25 km under the Operation and Maintenance Services Contract.
- 2012 : On May 3, 2012, BTSC signed a 30-year Operation and Maintenance Services (O&M) Contract with Krungthep Thanakom Co., Ltd., to provide O&M services, from May 8, 2012 to May 2, 2042, for the BTS SkyTrain System covering the Silom Line Extension from Saphan Taksin to Wongwian Yai and from Wongwian Yai to Bang Wa, and the Sukhumvit Line Extension from On Nut to Bearing. This O&M contract also covers the core network post concession expiration on December 4, 2029 (track length of 23.50 km).
- : In August 2012, the Company announced a change in the par value of its ordinary shares from Baht 0.64 each to Baht 4.00 each.
- : On September 12, 2012, BTSC disposed of all investment in Kamala Beach Resort & Hotel Management Co., Ltd., which as a result is no longer a subsidiary of BTSC.

(Translation)

- : During September 19 - October 2, 2012, VGI and BTSC offered ordinary shares as follows: 1) 26,000,000 new ordinary shares to the shareholders of BTSG and those of BTSC at the price of Baht 35 per share, totaling Baht 890.30 million (after relevant expenses), and 2) 62,000,000 existing shares held by BTSC to the public at the price of Baht 35 per share, totaling Baht 2,170 million. VGI began trading on the SET on October 11, 2012.
- : On October 26, 2012, the Company additionally acquired 1.02% of BTSC shares, bringing its shareholding in BTSC from 96.44% to 97.46% of total issued shares.
- : On October 30, 2012, the Company disposed of all shares in Kampoo Property Co., Ltd., its wholly-owned subsidiary. As a result, Kampoo Property Co., Ltd. is no longer a subsidiary of the Company.

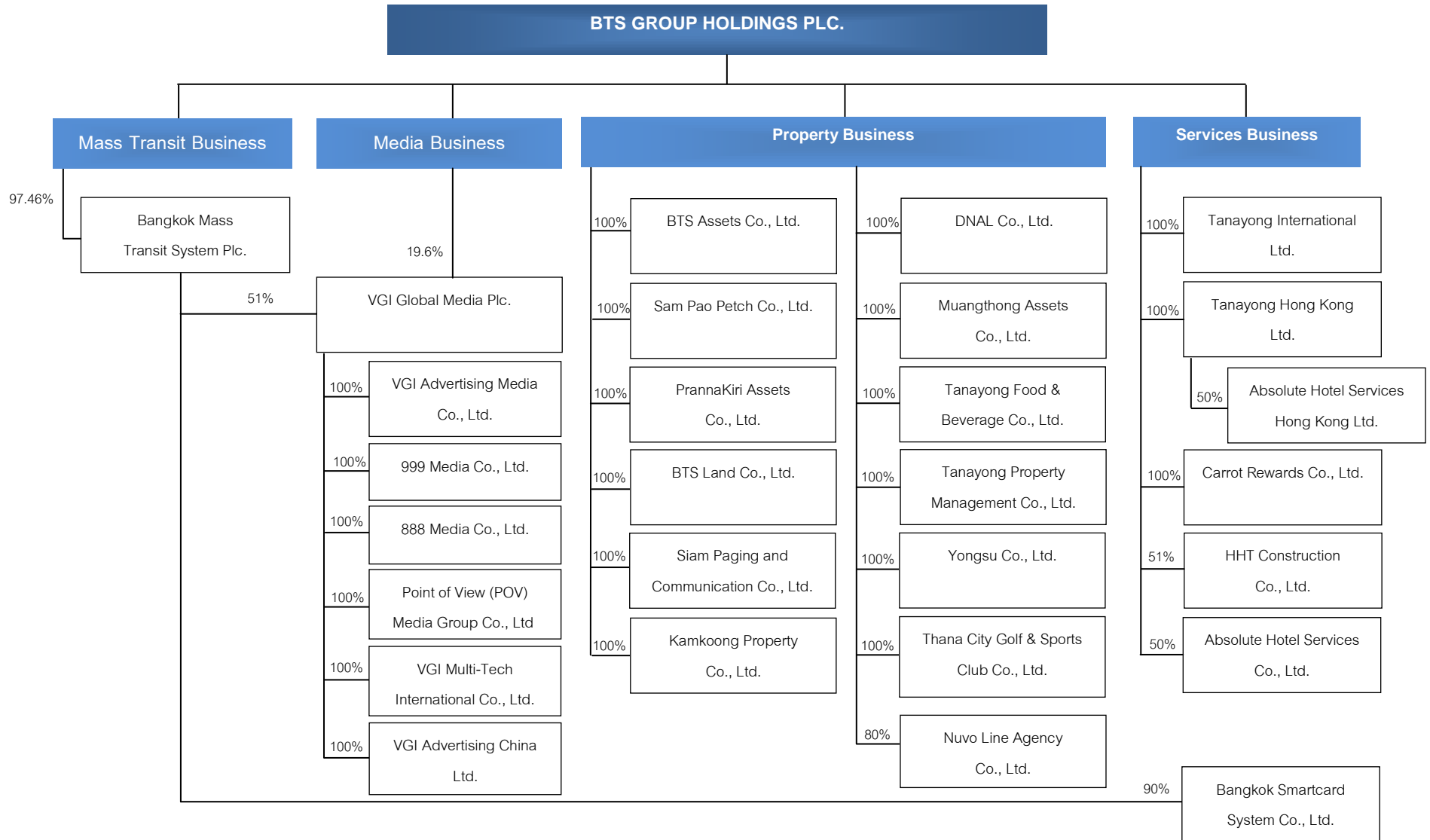
2.2 Overview of business operation of BTSG and its subsidiaries

BTSG Group has engaged in the following lines of business:

1. Mass transit business - operation of BTS sky train system and Bus Rapid Transit ("BRT").
2. Media business - rent of advertising space and space for shops on stations, including advertising space on the platforms and inside and outside the carriages, and advertising media services for modern trade retailers.
3. Property business - development of properties along BTS SkyTrain routes and the extensions, hotels, office buildings, residential apartments, and golf course.
4. Services business - e-money and common ticketing system for BTS SkyTrain, MRT Subway, BRT, and other mass transit systems under the name "Rabbit," coupon kiosks, loyalty program under the name "Carrot Rewards," hotel management, construction management, etc.

(Translation)

Business organization chart of the Company and Its Subsidiaries (as of November 9, 2012)



BTSG Group operates four core business lines, namely mass transit, media, property and services.

1) **Mass transit business**

The mass transit business comprises BTS SkyTrain and Bus Rapid Transit (BRT).

1.1) **BTS SkyTrain**

The Company operates the BTS SkyTrain through BTSC, a subsidiary in which the Company holds 97.46% of total issued and paid-up shares. The service is divided into two parts as follows:

■ **The Core BTS SkyTrain System**

BTSC entered into a concession agreement with the Bangkok Metropolitan Administration (BMA) on the operation of the Core BTS SkyTrain System with a total track length of 23.5 km, 23 stations, consisting of:

- The 17-km Sukhumvit Line covering 17 stations from Sukhumvit 77 to Mo Chit Terminal, passing main routes such as Sukhumvit, Phloenchit, Rama I, Phayathai and Phahonyothin Roads (including Siam Station).
- The 6.5-km Silom Line covering seven stations from Taksin Bridge (Charoen Krung side) to National Stadium Station on Banthat Thong Road, passing main routes such as Sathon, Silom, Rajdamri and Rama I Roads (including Siam Station).

The Sukhumvit Line and Silom Line runs in parallel on Rama I Road, covering 800 km and including one interchange station (Siam). The BTS SkyTrain System is connected to MRT Subway at three stations, Mo Chit, Asok and Sala Daeng, to Suvarnabhumi Airport Rail Link at Phayathai Station, and to BRT at Chong Nonsi Station.

■ **The BTS SkyTrain extensions of the BMA**

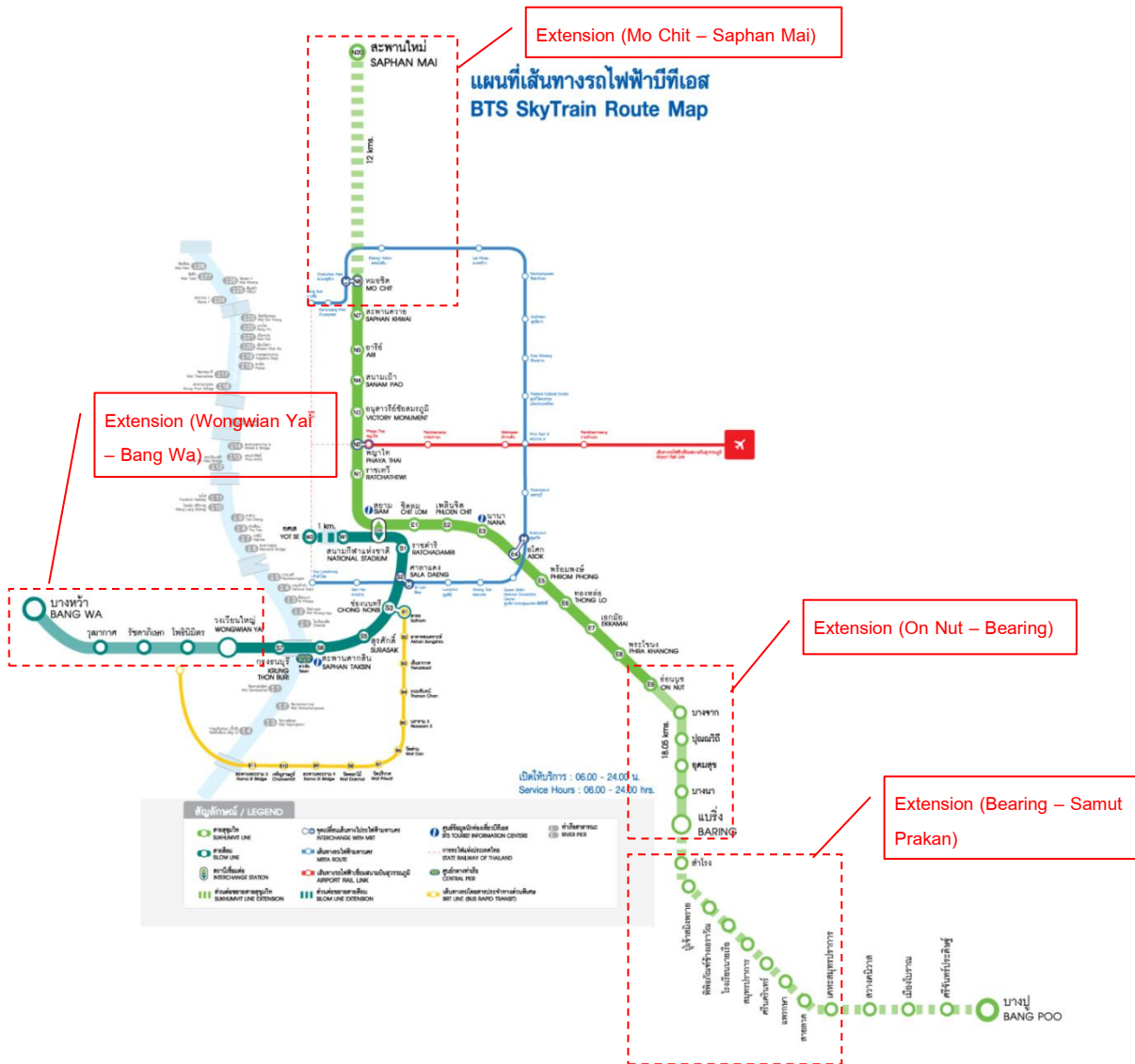
The BMA has invested in the civil works and electrical and mechanical (E&M) works of three extension lines, while BTSC is the operator of all the three extensions, comprising:

- The Silom Line Extension continues from Saphan Taksin Station, covering 2.2 km and comprising two stations - Krung Thon Buri and Wongwian Yai. It commenced operation on May 15, 2009.
- The Silom Line Extension runs from Wongwian Yai to Bang Wa, covering 5.3 km and comprising four stations – Pho Nimit, Talat Phlu, Wutthakat and Bang Wa. At present, the BMA completed the rail construction and the station construction and E&M works are underway. The start of operation is expected in 2012 only two stations i.e. Pho Nimit and Talat Phlu. The remaining stations (Wutthakat and Bang Wa) are expected to start operation in 2013.

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- The Sukhumvit Line Extension Section 1 runs from Sukhumvit 85 to Sukhumvit 107, covering 5.25 km and comprising five stations – Bang Chak, Punnawithi, Udom Suk, Bang Na and Bearing. The operation began on August 12, 2011.

The Core BTS SkyTrain System and the extension lines are illustrated below:



For the Sukhumvit Line, the extension from Mo Chit to Saphan Mai covering 12 km and the extension from Bearing to Samut Prakan covering 13 km were approved by the Cabinet. The State Railway of Thailand (“SRT”) has been assigned by the government to invest in the civil works. It is expected that the E&M works, operation, fare collection and maintenance will be invested by a private operator in the same manner as those of the Purple Line. The BMA also plans to participate in the operation and arrange for connection with other mass transit systems for convenience of passengers.

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BTSC has an advantage in terms of convenience provided by the connectivity with the extension line, enabling passengers to commute with no need to change trains. It also believes that its investment and operating expenses will be lower than those of other operators which have to invest in all control centers and systems while BTSC can utilize the existing systems. BTSC also has the right of first operation under the concession agreement, i.e. if the BMA has an intention to operate additional mass transit lines during the concession term or to extend the BTS SkyTrain route, BTSC will have the preferential right to negotiate with the BMA and apply for the right to operate such new mass transit lines, provided that BTSC agrees to give the best offer to the BMA.

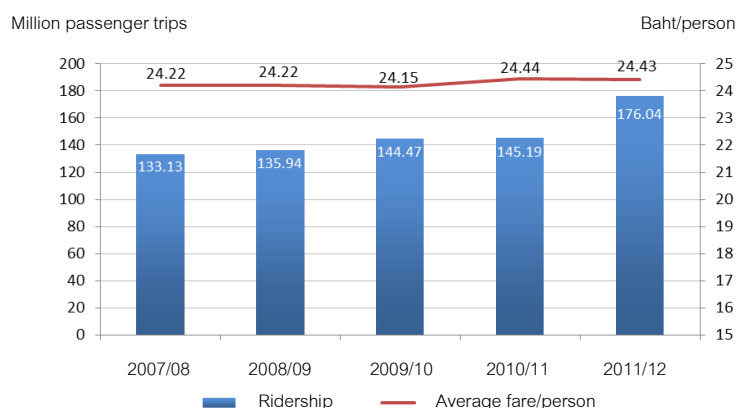
At present, BTSC has a total of 47 trains. All are designed to specifically suit the condition of Bangkok. Each train has either three cars or four cars. There are 35 three-car trains each with a maximum capacity of 1,106 passengers, and 12 four-car trains each with a maximum capacity of 1,490 passengers. All cars are air-conditioned and interconnected with a walkway to allow passengers to walk from one car to another. The train runs by AC motor. The service speed of each train, including each stop for passengers, averages at about 35 km/hour, with a maximum running speed of 80 km/hour. The wheel is equipped with noise-reduction tool. However, in September 2010, BTSC signed a contract to purchase 35 new cars from Siemens to expand the existing 35 three-car trains to four cars per train. These cars will gradually be delivered, starting August 2012. BTSC also ordered five four-car trains from CRC to accommodate the Silom Line Extension from Wongwian Yai to Bang Wa. CRC will gradually import the trains in late 2013.

For the 35 trains purchased from Siemens, the maintenance service is provided by Siemens's staff under the maintenance agreement dated December 30, 2004. BTSC has its staff working together with them to ensure BTSC can handle the maintenance by itself in case it does not renew the maintenance agreement with Siemens. The maintenance agreement takes effect on January 1, 2005 and will expire on December 30, 2014. BTSC can extend the agreement for another 10 years under the existing terms and conditions (except for the scope of service and maintenance fee which will be further agreed by both parties). The maintenance fee is paid on a monthly basis according to the distance of train running and at the agreed rate. Expense on unplanned or unexpected changes of equipment is based on quotations by Siemens.

Regarding the 12 trains procured from CRC, BTSC will carry out the maintenance by itself. Under the train purchase agreement, CRC is obliged to provide training on system operation and maintenance for BTSC staff within one month before the first batch of train handover, and on overhaul within 18 months after the first batch of train handover.

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The ridership and average fare are shown in the figure below:



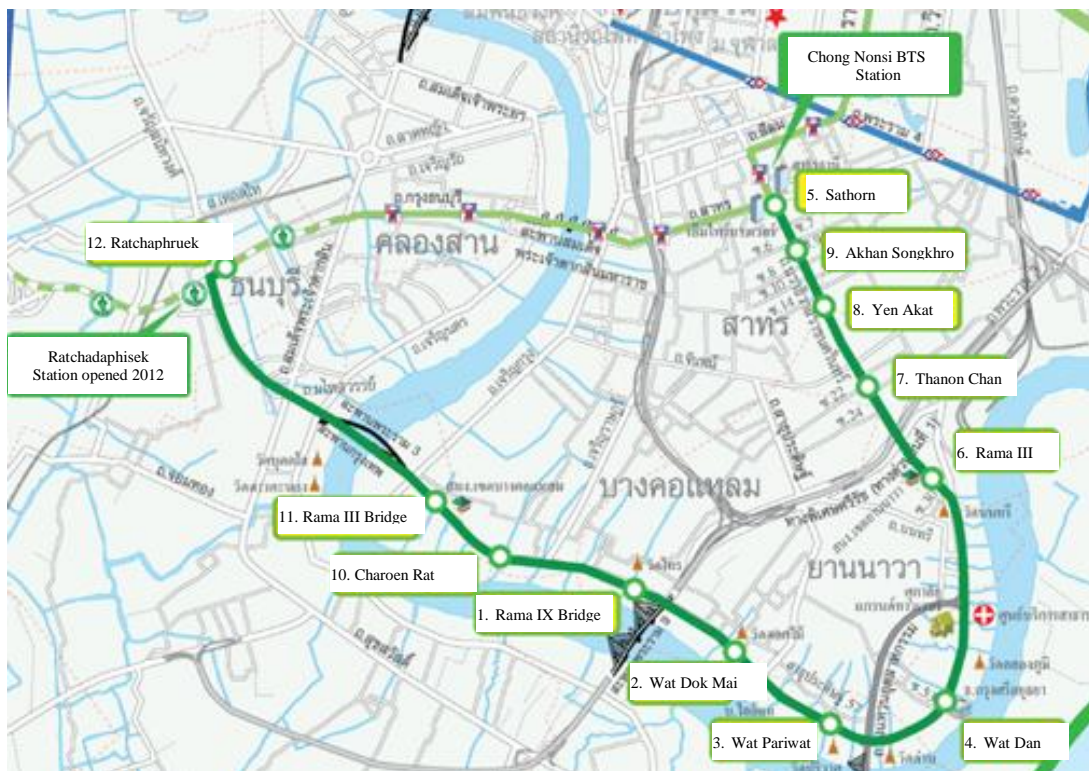
The ridership of BTS SkyTrain has increased continuously since 2007/08 which saw the total ridership of 133.13 million passenger trips. In 2010/11, despite the complete closing of service for eight days and reduction of service time for 20 days caused by the political demonstrations, the ridership for the year moved up to 145.19 million passenger trips, or by 0.49% compared with the same period of the previous year. This was due to the urban population growth and property development along the BTS SkyTrain routes, which led to growth in number of passengers. Moreover, in 2011/12, the ridership rose by 21.25% from 2010/11 to 176.04 million passenger trips, the highest since BTSC's start of operation, although the flood crisis in October-November 2011 necessitated closing of the directly affected Mo Chit Station while other stations remained in operation. The BTS SkyTrain System's average ridership is 480,995 passengers/day or 541,637 passengers/weekday, resulting partly from the opening of the Sukhumvit Line Extension in August 2011.

The fare is charged based on the distance traveled. Currently, the effective fare rate is a step-up rate according to the number of stations of each passenger trip, ranging from Baht 15 to Baht 40. BTSC may offer a discount occasionally through sale promotion campaigns. However, on February 1, 2012, BTSC was granted approval to apply the ceiling fare rate in a range of Baht 18.79 – 56.36.

On May 3, 2012, BTSC signed the Operation and Maintenance Service (O&M) agreement with Krungthep Thanakom Co., Ltd. ("Krungthep Thanakom"), under which BTSC will provide the O&M services for all Bangkok mass transit systems. These include the Silom Line Extension from Saphan Taksin to Wongwian Yai and from Wongwian Yai to Bang Wa, covering 7.50 km (with O&M performed since the start of the operation), and the Sukhumvit Line Extension from On Nut to Bearing, covering 5.2 km. The agreement will cover the existing lines under the Concession Agreement after the end of the concession period on December 4, 2029 (a combined track length of 23.50 km). In this regard, the operation will commence on May 8, 2012 and end on May 2, 2042. BTSC will earn an annual fee (payable on a monthly basis) from Krungthep Thanakom for the operation and maintenance service throughout the 30-year period. Under such new long term O&M agreement, BTSC is responsible for the procurement, operation, management, maintenance, fare collection as well as management of skybridge and park & ride areas.

1.2) Bus 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 covers 12 stations, with a total route distance of 15 km, running from Chong Nonsi on Narathiwat Ratchanakkharin Road, crossing Rama III Bridge to Ratchaphruek Road. The BRT is connected to the BTS SkyTrain at Chong Nonsi station. The BRT started the operation on May 29, 2010. The route is illustrated below:

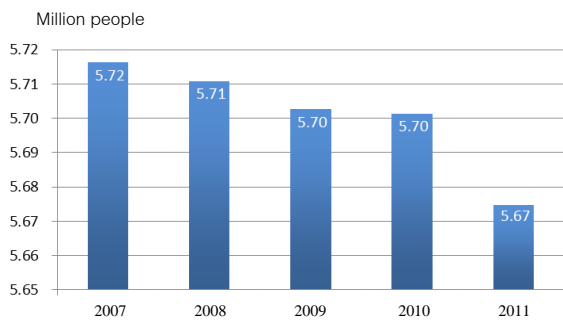


The BMA outsourced the management to BTSC under a Bus Operation Agreement and a Station Management Agreement for a 7-year term starting from the commencement of the operation. Under the Agreements, the BMA receives all the fare revenues, and BTSC receives a pre-agreed annual fee. In return, BTSC bears the operating expenses, maintenance expenses and investment in buses. In this regard, BTSC ordered 25 NGV buses with higher specifications than those commonly used in Thailand from a leading manufacturer in China.

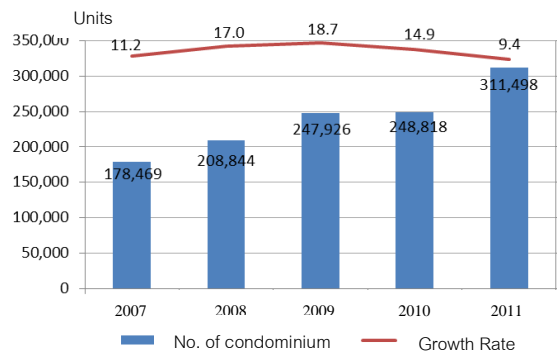
Overview of Bangkok's mass transit system

Bangkok is a highly populated city occupying a total area of 1,562 sq km. At present, commuting in Bangkok is considered a major problem due to high population density and inadequate mass transit system. As of the end of 2011, the number of Bangkok population according to the census was 5.67 million which might reach 7 million if including non-registered population.

Number of Population in Bangkok (according to the census) Number of Condominiums in Bangkok



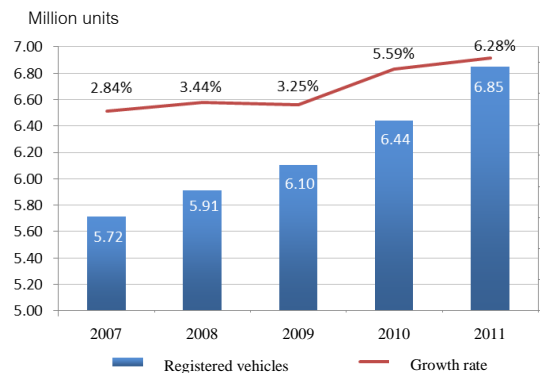
Source: Ministry of Interior



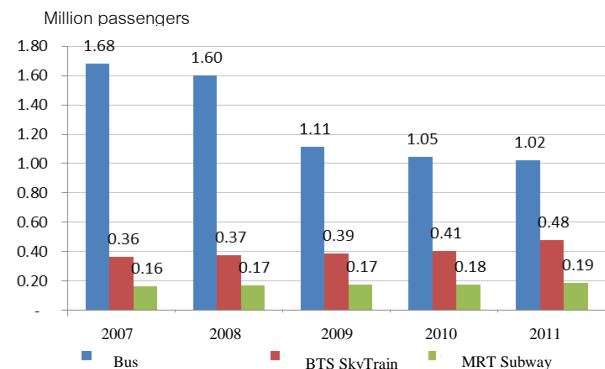
Source: CB Richard Ellis Thailand

The rapid increase of condominium units in Bangkok, from 178,469 units in 2007 to 311,498 units in 2011, is likely to benefit the BTS SkyTrain System which runs through central business districts.

No. of Vehicles Registered in Bangkok Daily Ridership in Bangkok



Source: Department of Land Transport



Source: Ministry of Transport

There are two main traveling modes in Bangkok, private car and public transport, i.e. bus, BTS SkyTrain and MRT Subway. Vehicle registration in Bangkok has increased consistently since 2007 while the number of roads is static. The consequential heavy traffic congestion especially during rush hours has led commuters to increasingly turn to public transport, in particular BTS SkyTrain and MRT Subway, for a fast and

(Translation)

convenient transport. This is evident from a decrease of bus ridership in Bangkok from 1.68 million passenger trips in 2007 to only 1.02 million passenger trips in 2011 as buses share road space with private cars, causing bus passengers to suffer traffic jams. Meanwhile, the ridership of BTS SkyTrain and MRT Subway has grown continuously. The daily ridership of BTS SkyTrain increased from 0.36 million passenger trips in 2007 to 0.48 million passenger trips in 2011 and the daily ridership of MRT Subway rose from 0.16 million passenger trips in 2007 to 0.19 million passenger trips in 2011.

Over the past six years from 2006 to 2011, mass transit fares especially for non-air and air-conditioned buses changed only slightly. Despite rising oil prices, the government took measures to maintain the fare rates using subsidies to offset the increasing cost, hence no significant fare increase. However, such bus fare freeze did not affect demand for use of BTS SkyTrain. The mass transit fares are summarized in the table below:

Mass Transit Fares in Bangkok in December 2011		
Type	Fare (Baht)	Note
Minibus	6.50	Flat rate
Two-row seat bus	5.50	Flat rate
Cream-red bus	7.00	Flat rate
White-blue bus	8.00	Flat rate
Express bus	9.00	Flat rate
Air-conditioned bus	11.00 – 19.00	Distance-based
Air-conditioned bus (Euro II)	12.00 – 24.00	Distance-based
Taxi	≥ 35	Starting rate of Baht 35 for the first km and distance-based for the remainder.
BTS SkyTrain	15 – 40	Starting rate of Baht 15 and then increasing in line with the number of stations
BMCL Subway	15 – 40	Starting rate of Baht 15 and then increasing in line with the number of stations

Source: Bangkok Mass Transit Authority and Bangkok Metro Plc.

(Translation)

2) Media Business

VGI Group is a provider of advertising media network with emphasis on lifestyle media. Its advertising media network currently consists of:

- 1) Advertising media on the BTS Skytrain system: VGI operates a total advertising space of 17,000 sq. m. on 23 main stations of BTS SkyTrain network (total 23.5 km distance) and the entire fleet of 47 trains. The advertising media includes multimedia, i.e. digital screens on the platforms and inside the train, and static media which is displayed both inside and outside of the trains, on the stations, and on the platforms.

VGI also manages merchandising space (total area of 6,000 sq. m.) for 464 shops and 527 kiosks on 23 main stations.

- 2) Advertising media for three leading modern trade retailers: VGI provides advertising media service for three modern trade retailers, including Tesco Lotus, Big C and Watsons, totaling 1,500 branches nationwide. Ad at Tesco Lotus and Big C is displayed across sales floor areas, i.e. cashier counter and shelves, and non-sales floor areas, i.e. outside of the store including food zone, shopping area, entrance and parking areas. VGI also has the exclusive rights to manage these advertising spaces for Tesco Lotus and Big C.
- 3) Advertising media in 51 premier office buildings in Bangkok: The key media is digital screens installed in elevators of commercial establishments, which are accessible to office employees on a daily basis.

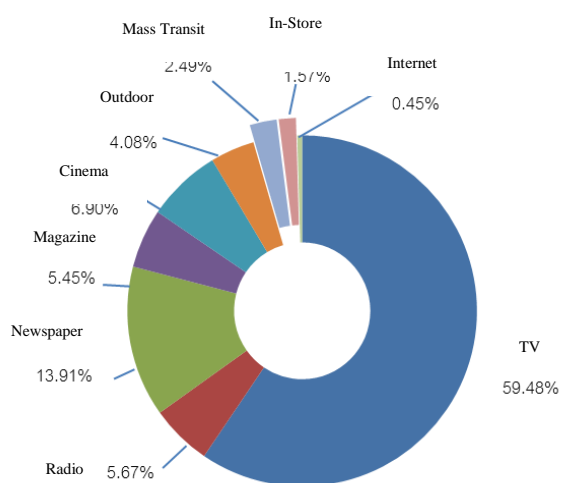
In addition, VGI provides production services for static media and commercial spots for point of purchase radio (POP radio) and sells air time on large LED screens.

Media market overview

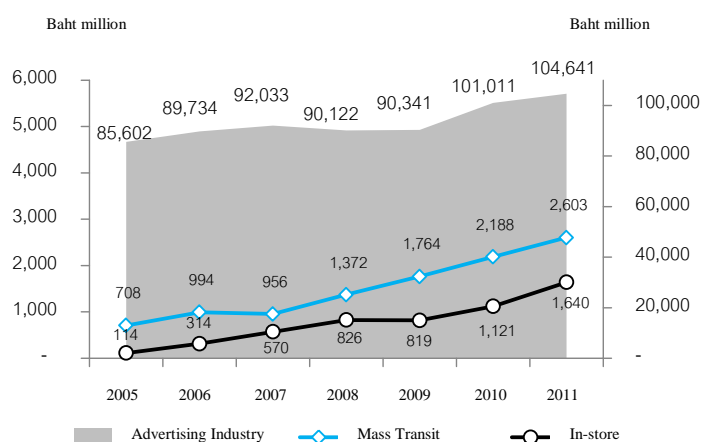
Baht 104,641 million was the total estimated size of advertising expenditures spent in Thailand during 2011. Transit media and in-store media segments of the advertising industry accounted for Baht 2,603 million and Baht 1,640 million or 2.49% and 1.57% of total advertising market share respectively.

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Advertising Expenditures in 2011



Advertising Expenditures (Transit & In-store)



Source: The Nielsen Company (Thailand) available from the website of the Advertising Association of Thailand

Despite the relatively low market share, advertising expenditures of the mass transit and in-store sectors recorded dramatic growth, as seen from a 172.28% surge in advertising expenditure of the mass transit media sector from 2007 to Baht 1,640 million in 2011. This was mainly related to the significant development of the mass transit system in Thailand to cover more areas, and new mass transit networks such as BRT and Airport Rail Link which led to strong growth in ridership. Advertising innovations such as LCD in train, platform truss, and train-body wrap can also draw greater customer attention and enhance the influence of the advertisement to the target group.

Meanwhile, advertising expenditures of the in-store sector in 2011 amounted to Baht 1,640 million, jumping by 187.71% from 2007. The contributing factors were the brisk branch expansion of modern trade retailers such as Tesco Lotus, Big C and Big C Extra and a shift of shopping trends from 'mom and pop' stores to the larger chains. There is also a larger variety of advertising platforms including ad on trolley and along walkway, billboard and digital screen at sales floor areas, which make the advertisements more interesting. VGI Group commands a majority market share, 61% and 66% market share of these respective segments (compared with VGI Group's revenue and advertising expenditures of the mass transit and in-store sectors after average standard discount for each media type of 40% and 45% respectively).

3) Property business

BTSG Group has engaged in property development since 1968 with a track record that spans residential real estate, condominiums, golf course, hotel and offices. After the acquisition of BTSC, the operator of the BTS SkyTrain System, the Group's property development projects in many locations focus on

building urban communities under the concept “City Solutions,” a strategy to enhance urban density and ridership of the BTS SkyTrain System.

At present, the Group’s property projects are divided into two types: property development projects along the BTS SkyTrain routes and property development projects in other locations.

3.1) Property development projects along the BTS SkyTrain routes

The Group has developed projects in the areas of the existing BTS SkyTrain stations as well as the future extensions. Details are as follows:

- ABSTRACTS Phahonyothin Park

The project includes three 34-storey residential condominium buildings and one car park building located on the area of approximately 22 rai of Nuvo Line Agency Co., Ltd. (“Nuvo Line”) on Phahonyothin Road, close to Central Plaza Ladprao and along the Dark Green Line. In July 2010, Tower A with 1,012 units was open for sale under the name of ABSTRACTS Phahonyothin Park. The target customers are middle- to upper-middle income earners who take BTS SkyTrain on a daily basis. As of June 30, 2012, 592 units were sold (with agreement signed), totaling approximately Baht 1,860 million. The project construction is 70% complete and a partial completion is expected by December 2012. Completion of the whole project is scheduled for March 2013 and the ownership transfer will begin around January 2013.

However, Nuvo Line has planned to develop the remaining two towers of ABSTRACTS Phahonyothin Park which will require an investment of approximately Baht 3,900 million.

- ABSTRACTS Sukhumvit 66/1

ABSTRACTS Sukhumvit 66/1 consists of two low-rise boutique condominium projects, The Moon and The Sun, each of 56 units, totaling 112 units, offering one or two bedrooms each. The project worth Baht 300 million also includes all facilities such as swimming pools and fitness rooms. Located on the land of 1-3-89 rai, 250 meters from Udomsuk Station, the project targets at middle- to upper-middle income earners who take BTS SkyTrain on a daily basis. Currently, the construction of both projects was complete and, since July 2010, a total of 75 units were sold (as of June 30, 2012), totaling about Baht 251 million. The ownership transfer of The Moon and The Sun began in late May 2011 and November 2011 respectively.

- The Royal Place 2 and The Grand

The Royal Place 2 and The Grand are residential apartments on land leased from the Privy Purse, located on Soi Mahatlek Luang 2, Ratchadamri Road, with nearby access to Ratchadamri Station and central business and shopping districts. The initial project which includes three residential apartments, The Royal Place 1 (394 units), The Royal Place 2 (371 units) and The Grand (338 units) was open for long-term lease of 30 years in 1993. All the leasehold rights for The Royal Place 1 were sold out. For the remaining two

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apartments, 77 fully-furnished units with a total area of 4,823.50 sq. m. are currently available for lease, and three ground-floor commercial units covering 1,307 sq. m. are also available for short-term lease.

- Eastin Grand Hotel Sathorn

BTS Assets Co., Ltd. has developed the project on its land of 2 rai, 1 ngan and 57 sq. wah on South Sathon Road, close to Surasak Station. Eastin Grand Hotel Sathorn is a 33-storey four-star hotel with 396 rooms. It is one of the very few hotels in Bangkok with its own direct access to the BTS Skytrain System. The hotel was launched in May 2012. As of June 30, 2012, the construction was 99.88% completed with an investment of approximately Baht 2,409.67 million.

3.2) Property development projects in other locations

Most of the non-BTS route projects are the existing projects of the Group before acquisition of BTSC shares. These projects are located in Bangkok and other provinces. Details as classified by business type are as follows:

- Property development

Thana City, a project developed by the Company, commenced the operation in 1988. Located on Bang Na-Trat Road Km. 14, this large project covers a total area of more than 1,600 rai with complete facilities. The residents can apply for membership of the sports club which provide outdoor activity areas such as tennis court and swimming pool, and for indoor activity areas such as badminton court, basketball court, sauna rooms, playground, fitness and aerobic rooms. They can also join as member of the 18 hole, 72 par golf course and other golf courses in the project. The Company has also developed various types of properties to meet different demand of customers such as detached house with land, townhouse, condominium and allotted land. As of June 30, 2012, the project details are as shown in the table below:

Name of Project	Thana City			
Type of Product	Detached House with Land (1)	Townhouse (2)	Condominium (3)	Land (4)
Project area	304-2-80 rai	14-3-20 rai	55-2-10 rai	120-3-7.5 rai
Project value	Baht 1,946.1 million	Baht 212.8 million	Baht 2,680.6 million	Baht 1,384.9 million
Unit details	100 - 250 sq. wah	3-4 stories, 40-60 sq. wah	Low- to mid-rise building	Land for sale and built to order
Number of units	680 units	92 units	1,701 units	186 units
Units with agreement	467 units	76 units	1,675 units	126 units

(Translation)

Name of Project	Thana City			
	Detached House with Land (1)	Townhouse (2)	Condominium (3)	Land (4)
signed and ownership transferred				
Available balance	213 units	16 units	26 units	60 units
Unit price	Baht 29,000- 42,000/sq. wah	Baht 1.8 million - 5.1 million	Baht 0.5 million - 15.0 million	Baht 1.2 million - 23.2 million

- (1) Prestige House II, Prestige House III, and Thana Place King Kaew
(2) Habitat, riverside and park-side townhouse
(3) Nouvelle Condominium, Prestige Condominium and King Kaew Condominium
(4) Habitat, Prime Land Zone B, C, D, Californian and other land in the project

■ Hotel

At present, the Group owns four-star hotels under U Hotels & Resorts chain managed by Absolute Hotel Services Co., Ltd., a joint venture company between the Group and alliances which have experience in the hotel industry. The following two hotels under U Hotels & Resorts brand in Chiang Mai and Kanchanaburi are in operation:

● U Chiang Mai Hotel

U Chiang Mai Hotel, opened on June 1, 2008, is a 4-star boutique hotel with Lanna architecture set to surround the restored heritage building. The hotel is located on Ratchadamnoen Road offering 41 rooms. The target group is Thai and foreign tourists and business people. In 2011, U Chiang Mai Hotel received recognition from the Association of Siamese Architects under the Royal Patronage of His Majesty the King with the award of Historical Architectural Conservation Hotel for 2011/12. The hotel's occupancy rate rose from 42.2% in 2010/11 to 63.9% to 2011/12.

● U Inchantree Kanchanaburi Hotel

U Inchantree Kanchanaburi Hotel is a 4-star boutique hotel with 26 accommodations, conference rooms and other facilities. It is located on the 5-rai land along the Kwai River, close to the famous River Kwai Bridge. Starting the operation on November 6, 2010, it is uniquely known for the century-old tree called "Inchantree." U Inchantree Kanchanaburi Hotel also won Thailand's Leading Romantic Resort 2011 from World Travel Awards Organization. In 2011/12, the occupancy rate of the hotel averaged at 72.2%.

■ Office building

TST Tower is located on Viphavadi-Rangsit Road (outbound), close to Lat Phrao intersection. It is a 24-storey office building for rent with a total rental area of approximately 15,670 sq. m., including a 16-

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storey office and an 8-storey car park. In 2011/12, the occupancy rate was 91%. Key clients include Office of Small and Medium Enterprises Promotion (OSMEP), Rangsit University - Viphavadee Campus, etc.

(Note: TST Tower is part of collateralized assets under the business rehabilitation plan. The Central Bankruptcy Court ordered the auction sales of these assets and the sale proceeds will be shared among creditors pro rata to their debt proportion. BTSG Group held the auction and got the awarded bidder on May 14, 2009. However, two creditors filed a request to the Central Bankruptcy Court to cancel such auction, which was dismissed on June 9, 2010. The two creditors subsequently appealed against such court order to the Supreme Court, which dismissed such appeal on January 26, 2011. Arrangements for transfer of the assets are currently underway and the first transfer is expected by October 2012. In addition, the Company deposited TST Tower with the Central Bankruptcy Court as security asset under the business rehabilitation plan. Therefore, the Company wrote off the value of such asset and balance of creditors per rehabilitation plan and recorded the difference as gain on deposit of assets as guarantee for debt settlement in 2010/11.)

- Low-cost residential housing (Baan Aur-Arthorn)

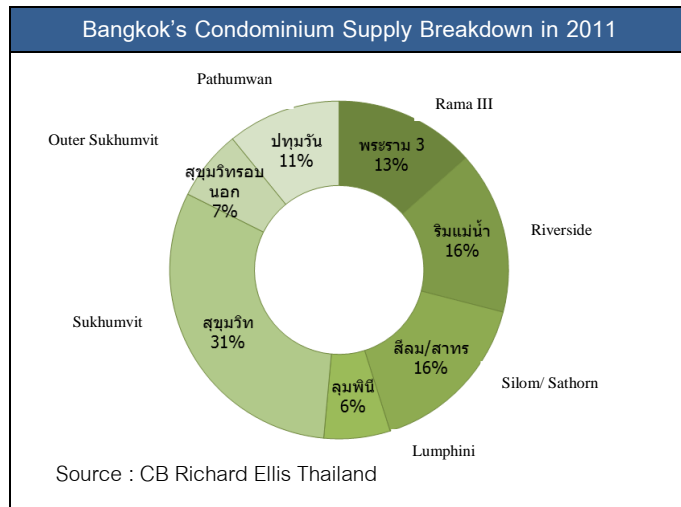
In 2006, the Company signed a partnership agreement with the National Housing Authority (NHA) to construct 20,000 units of low-cost residential housing project (Baan Aur-Arthorn) in Chon Buri (Na Chomthian), Prachuap Khiri Khan (Hua Hin) and Saraburi (Khok Yae). The construction of 8,048 units was started upon approval, of which 6,324 units were completed and transferred to NHA. For the remaining 1,724 units, NHA and the Company signed the memorandum on the agreement cancellation on January 31, 2012. However, the Group has no plan to expand low-cost housing business unless it is a proven value-added business opportunity.

- Golf course

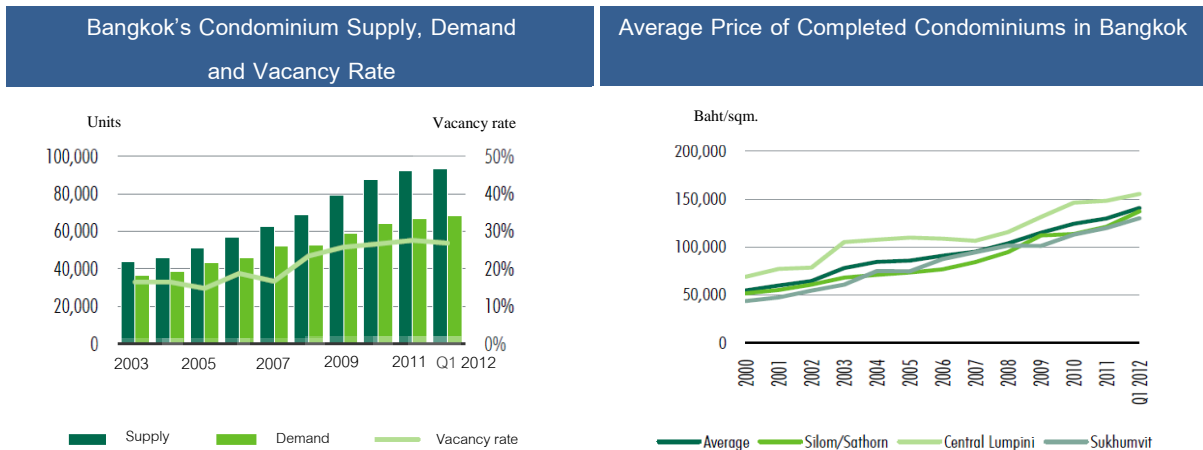
The Company operates Thana City Golf Course located on Bang Na-Trat Road Km. 14 through its subsidiary, Thana City Golf and Sports Club Co., Ltd. It is an 18-hole golf course, the sole course in Thailand which was designed by world-class professional golfer, Greg Norman, and is managed by Absolute Golf Services Co., Ltd., a professional golf club operating service provider. However, the Group started to improve and fully renovate the golf course and facilities in October 2010. It has been opened to full services already and also been awarded the "Best Golf Course Renovation in ASIA 2011" (2nd Runner Up) from Asian Golf Monthly Magazine.

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Property market overview



Total supply in Q1/2012 stood at 93,593 units, up by 1.11% from 92,562 units in Q4/2011. The prime condominium locations in Bangkok are in business districts where BTS SkyTrain is available, including Sukhumvit, Silom, Sathon, Lumphini and Pathumwan, together representing 64% of total supply in Bangkok.



Source: CB Richard Ellis Thailand

Source: CB Richard Ellis Thailand

In Q1/2012, the existing condominium supply Bangkok increased by 1.1% QoQ, while the demand was up by 3.97% QoQ from 65,820 units to 68,436 units. Nonetheless, the vacancy rate was evident as the market remained oversupplied.

The average price of completed units increased by 1.77% QoQ from Baht 138,397/sq.m. to Baht 140,851/sq.m. in Q1/2012. Lumphini was the area with the highest average price of Baht 155,311/sq.m., followed by Sathon/Silom (Baht 137,187/sq.m.) and Sukhumvit (Baht 130,054/sq.m.).

4) **Services business**

BTSG Group renders the following services:

4.1) **E-money service smartcard**

BTSC formed Bangkok Smartcard System Co., Ltd. (BSS) to provide e-money service smartcard under the name "Rabbit," which was launched on May 1, 2012. The Rabbit Card can be used as e-money payment at retail partners, and in the future will serve as a common ticketing system across Bangkok's mass transit network, including BRT and MRT Subway.

4.2) **Loyalty and CRM services and couponing kiosks**

Carrot Rewards Co., Ltd. was established to operate the loyalty and earn points program, called the Carrot Rewards. Members earn "Carrot Points" when they top up their Rabbit Card or use it at any of Rabbit's affiliates. These points can subsequently be used to redeem items via Carrot Rewards website. Carrot Rewards earns revenue by selling points to the affiliates in exchange for publicity of messages and promotion campaigns to the members. The loyalty program commenced on May 1, 2012. A target of 500,000 members is expected within the first year of operation.

Moreover, Carrot Rewards has planned to install couponing kiosks on BTS Skytrain stations and other mass transit stations, shopping centers and office buildings. At a couponing kiosk, members can check their Carrot Points balance, redeem points, and print out discount coupons of quick service restaurants (QSR) or fast moving consumer goods (FMCG). Carrots Rewards will earn revenue from sale of coupons and monthly advertisements. It expects to complete installation of 60 couponing kiosks on BTS SkyTrain stations by August 2012 and 100 kiosks by 2012.

4.3) **Hotel management**

BTSG Group, in collaboration with a joint venture partner which has long-time experience in hotel management, established Absolute Hotel Services Co., Ltd. and Absolute Hotel Services Hong Kong Ltd., to render consultation and management services for local and overseas hotels under the "U Hotels & Resorts" and "Eastin" brands. Besides U Chiang Mai Hotel, U Inchantree Kanchanaburi Hotel and Eastin Grand Hotel Sathorn, Absolute Hotel Services Co., Ltd. has planned to manage two more hotels under the brand "U Hotels & Resorts," namely U Sathorn Hotel on Soi Atthakan Prasit, Sathorn Road, which is currently under construction, and U Khao Yai Hotel which is awaiting market readiness. It also signed hotel management agreements with other companies, both domestic and overseas. To date, 53 agreements were signed for hotel management service under the brands "U Hotels & Resorts" and "Eastin" with a total of approximately 5,900 accommodations, and 13 hotels are now in operation. In the quarterly period ended June 30, 2012,

(Translation)

Absolute Hotel Services Co., Ltd. entered into three additional agreements to manage the following hotels in India under the brand “U Hotels & Resorts:”

- 1) U Tropicana Alibag with 140 rooms, to be opened in 2013
- 2) U Manor with 150 rooms, to be opened in 2013
- 3) U Lonavala with 90 rooms, to be opened in 2014

4.4) Construction management service

The Company set up Hip Hing Construction (Thailand) Co., Ltd. (later renamed HHT Construction Co., Ltd.) to provide construction management service for BTSG projects such as Eastin Grand Hotel Sathorn, ABSTRACTS Phahonyothin Park, ABSTRACTS Sukhumvit 66/1, Thana City Golf and Sports Club (renovation project) and U Sathorn Hotel.

2.3 Revenue structure

	2009/10 (Restated)		2010/11 (Restated)		2011/12		H1/2012/13	
	(Baht million)	(%)	(Baht million)	(%)	(Baht million)	(%)	(Baht million)	(%)
Farebox revenue from Core BTS SkyTrain System	3,484.65	32.32%	3,544.83	51.91%	4,296.84	46.44%	2,373.39	47.43%
Revenue from operation of Silom and Sukhumvit Line Extensions, and BRT	194.97	1.81%	316.01	4.63%	880.11	9.51%	527.67	10.54%
Revenue from renting of advertising spaces, merchandising spaces, advertising media in BTS sky trains, on stations, and at large modern trade retailers	1,100.17	10.20%	1,370.57	20.07%	1,958.82	21.17%	1,362.09	27.22%
Revenue from sales of real estate (Thana City, land outside Thana City, and ABSTRACTS Sukhumvit 66/1)	100.85	0.94%	144.37	2.11%	325.47	3.52%	93.55	1.87%
Rental and service income (hotel, residential housing, office building and golf course)	203.97	1.89%	254.95	3.73%	330.00	3.57%	255.79	5.11%
Revenue from low-cost housing construction service	546.15	5.07%	261.78	3.83%	72.83	0.79%	-	-
Revenue from services business	-	-	-	-	0.74	0.01%	13.95	0.28%
Total operating revenue	5,630.76	52.22%	5,892.51	86.29%	7,864.81	85.01%	4,626.44	92.45%
Other income ^{1/}	5,151.20	47.78%	936.20	13.71%	1,387.06	14.99%	377.98	7.55%
Total revenue	10,781.96	100.0%	6,828.71	100.0%	9,251.87	100.0%	5,004.42	100.00%

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Note: ^{1/} Other income includes gain on deposit of assets as guarantee for debt settlement, reversal of allowance for diminution in value of civil works awaiting transfer, revenue from court-ordered compensation, gain on debt restructuring, etc.

In 2011/12, BTSG Group's operating revenue mainly came from mass transit business (farebox revenue from the Core BTS SkyTrain System and revenue from operation of the Silom and Sukhumvit Line Extensions and the BRT), amounting to Baht 5,176.95 million, followed by Baht 1,958.82 million from media business (revenue from renting of advertising spaces, merchandising spaces, advertising media in BTS sky trains, on stations, and at large modern trade retailers), and Baht 728.30 million from property business (revenue from sales of real estate, rental and service income, revenue from low-cost housing construction service), and Baht 0.74 million from services business. These primary businesses contributed 55.95%, 21.17%, 7.88% and 0.01% of the Group's total revenues respectively.

For the first six-month period ended September 30, 2012, the Company still recorded revenues primarily from the mass transit business of Baht 2,901.06 million, followed by Baht 1,362.09 million from media business, Baht 349.34 million from property business and Baht 13.95 million from services business, representing 57.97%, 27.22%, 7.98% and 0.28% of total revenues respectively.

2.4 Future projects

Future projects of the Group are as follows:

1) Mass transit business

■ Additional purchase of trains

In September 2010, BTSC signed the agreement to purchase 35 cars from Siemens to expand the existing 35 three-car trains of the Sukhumvit Line to four cars each. As of August 2012, four cars were delivered and the remaining cars are expected to arrive completely by September 2013. In this regard, the BTSC requires a total investment of approximately EUR 43.2 million and Baht 81.9 million. As of June 30, 2012, there was a balance of approximately EUR 15.8 million and Baht 43 million due for payment by 2012/13, to be covered by project financing.

BTSC also entered into an agreement to purchase five trains of four cars each, or a total of 20 cars, from CRC, a leading train and electric train manufacturer in China, to accommodate the Silom Line Extension from Wongwian Yai to Bang Wa, of which the first two stations are expected to open in 2013. The trains will gradually be imported by September 2013. For this purpose, BTSC will make a total investment of approximately EUR 14.2 million and RMB 110.3 million. As of June 30, 2012, BTSC was required to pay the remaining amount of approximately EUR 3.6 million, RMB 110.3 million and Baht 27 million by 2013/14, which will be covered by project financing.

- Other mass transit systems

Apart from providing operation and maintenance service for the BTS SkyTrain System under the operation and maintenance (O&M) agreement dated May 3, 2012, BTSC also has a keen interest to operate future mass transit projects, including the BTS SkyTrain extensions and others, either under O&M service or by partial or full investment. However, consideration will be given on details of relevant risks and benefits for the Company and BTSC. For other projects, particularly the Green Line Extension from Mo Chit to Saphan Mai and from Bearing to Samut Prakan, preparation is underway and the government has not yet reached conclusion on the guidelines and role of participating private entrepreneurs. BTSC will keep close watch and evaluate bidding opportunities, either provision of operation and management service only or investment in the infrastructure. The Company will make investment decision only on value-added opportunity.

BTSC is also interested in other mass transit systems such as Light Rail and in operating overseas mass transit systems. Taking advantage of its extensive experience, BTSC can engage in the business by providing operation or consultation service, or by investment.

2) Media business

VGI has the following plans for 2012/13:

- Installation of platform screen doors and media on BTS SkyTrain stations

BTSC will install platform screen doors to enhance passenger safety. VGI plans to take part in the project by investing in the installation of platform screen doors and media to control the news and ad broadcasting to be consistent with the on-train ad media. VGI will be given the right to earn income from advertising space on such platform screen doors.

- Installation of additional digital and static advertising media at the BTS SkyTrain and large modern trade retailers

- Investment for BTS SkyTrain System

By 2012, VGI will install additional digital advertising media in 35 cars newly purchased to expand Sukhumvit Line's existing three-car trains to four cars each.

- Investment for modern trade retailers

VGI will install digital and static advertising media on non-sales floor at 50 branches of modern trade retailers, including:

- Escalator lightbox, cart lightbox and entrance lightbox at 30 new branches
- Trivision entrance lightbox at 20 branches.

- Investment in business software and IT network improvement to accommodate the business growth

VGI has outsourced software development for sales and operating system control with connection to the accounting system. It also plans to improve IT network to enable an efficient group-wide connection and

to develop an emergency back-up system to ensure uninterrupted operation so as to accommodate new technologies and business growth.

3) Property business

■ Property along the BTS SkyTrain routes

(1) ABSTRACTS Condominium, near Phayathai Station

Kamkung Property Co., Ltd. will develop a 40-storey condominium project with 400 units and complete facilities under the brand “ABSTRACTS” on the land of approximately 2 rai, close to Phayathai Station. The project is under construction design process and application for license from related authority.

(2) BTS Square on Phahonyothin Road, Chatuchak

BTS Assets Co., Ltd. is the owner of more than 15 rai of land on Phahonyothin Road, opposite to Chatuchak Park and near BTSC’s head office. It is currently working on the conceptual designs to study and consider the possibility to construct a complex of office, residential, commercial and parking buildings on the total area of approximately 200,000 sq. m. with connecting walkways and link to Mo Chit Station. An investment of over Baht 7,000 million is estimated for the whole project.

■ Property in other locations

(1) U Sathorn Hotel

U Sathorn Hotel is a member of the “U Hotels and Resorts,” located on the land of approximately 16 rai on Soi Atthakan Prasit, near Sathon Road and central business districts. The Company signed the 30-year land lease agreement with the Treasury Department for development of a low-rise hotel with 86 accommodations. Investment is estimated at Baht 700 million. The construction started in February 2012. The grand opening is scheduled for 2014.

(2) U Khao Yai Hotel

U Khao Yai Hotel, a hotel under the brand “U Hotels and Resorts,” will be developed on the land of approximately 20 rai in Pong Ta Long Sub-District, Pak Chong District, Nakhon Ratchasima, near Khao Yai National Park. The land belongs to Muangthong Assets Co., Ltd. The project is under designing process while waiting for market readiness.

(3) PrannaKiri Project

Owning the land of more than 600 rai in Pong Ta Long Sub-District, Pak Chong District, Nakhon Ratchasima, the Group plans to develop a residential housing project located on a foothill with beautiful landscape and pleasant natural environment surrounding U Khao Yai Hotel. It is currently preparing to apply for land allocation with the concerned authority.

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2.5 Registered capital and shareholding structure

As of September 30, 2012, the Company had a registered capital of Baht 47,945.78 million, divided into 11,986.44 million ordinary shares with a par value of Baht 4.0 per share, of which Baht 38,666.91 million is the issued and fully paid capital, divided into 9,666.73 million ordinary shares with a par value of Baht 4.0 per share.

The top 10 major shareholders, as of June 29, 2012, are as follows:

Name	No. of Shares (Shares) ^{1/}	% ^{2/}
1. Mr. Keeree Kanjanapas Group ^{3/}	4,497,392,853	46.52
2. Bangkok Bank Plc.	476,527,462	4.93
3. Goldman Sachs & Co	344,236,698	3.56
4. Bangkok Bank Plc., Hong Kong Branch	131,922,048	1.36
5. Thai NVDR Co., Ltd.	105,947,524	1.10
6. UOB Kay Hian (Hong Kong) Ltd. - Client Account	103,464,492	1.07
7. Mr. Wanchai Phanwichien	54,233,585	0.56
8. Mr. Sombat Panichewa	52,392,992	0.54
9. Somers (U.K.) Limited	52,160,000	0.54
10. Mr. Chatri Sophonpanich	52,000,000	0.54
11. Other shareholders, including Tanayong Food and Beverage Co., Ltd., which is a subsidiary holding 39,650,550 shares in BTSG on behalf of creditors under the rehabilitation plan, currently awaiting transfer to the creditors	3,796,449,230	39.27
Total	9,666,726,883	100.00

Note: 1/ Outstanding number of shares as of June 29, 2012 with par value adjusted from Baht 0.64 to Baht 4.00 per share.

2/ Computed from the outstanding number of shares as of June 29, 2012 at adjusted par value, divided by total number of paid-up shares as of September 30, 2012 of 9,666,726,883 shares.

3/ Consisting of 1) Mr. Keeree Kanjanapas holding 4,124,658,742 shares, 2) Mr. Kavin Kanjanapas holding 1,753,761 shares, 3) K2J Holding Co., Ltd. holding 360,000,000 shares, and 4) Amsfield Holdings Pte. Ltd. holding 10,980,350 shares (all shares already adjusted to the par value of Baht 4.00 per share).

2.6 Board of Directors

BTSG Board of Directors, as of November 9, 2012, was composed of 12 members, as follows:

(Translation)

Name	Position
1. Mr. Keeree Kanjanapas	Chairman
2. Mr. Paul Tong	Director
3. Mr. Anat Arbhabhira	Director
4. Mr. Surapong Laoha-Unya	Director
5. Mr. Kavin Kanjanapas	Director
6. Mr. Rangsin Kritalug	Director
7. Mr. Kong Chi Keung	Director
8. Lt. Gen. Phisal Thepsithar	Chairman of the Audit Committee/Independent Director
9. Mr. Suchin Wanglee	Audit Committee Member/Independent Director
10. Mr. Charoen Wattanasin	Audit Committee Member/Independent Director
11. Mr. Amorn Chandarasomboon	Independent Director
12. Mr. Cheong Ying Chew, Henry	Independent Director

Source: SET website, www.set.or.th

2.7 Summary of financial position and operating results

2.7.1 Financial statements

Table: Balance sheets as of March 31, 2010-2012 and September 30, 2012

Balance Sheets	March 31, 2010 ^{1/}		March 31, 2011		March 31, 2012		September 30, 2012	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Assets								
<i>Current assets</i>								
Cash and cash equivalents	2,477.75	4.04%	1,825.42	2.87%	1,333.24	1.99%	927.36	1.41%
Current investments - deposits at financial institution	10.14	0.02%	-	-	-	-	-	-
Trade and other receivables	527.20	0.86%	608.25	0.95%	1,106.68	1.65%	866.71	1.32%
Unbilled receivables								
Related party	-	0.00%	-	-	-	-	-	-
Unrelated parties	31.62	0.05%	31.93	0.05%	-	-	-	-
Total unbilled receivables	31.62	0.05%	31.93	0.05%	-	-	-	-
Consumable spare parts - elevated train system	86.57	0.14%	33.94	0.05%	92.96	0.14%	91.95	0.14%
Advances to contractors								
Related party	-	-	-	-	-	-	-	-

(Translation)

Balance Sheets	March 31, 2010 ^{1/} (Restated)		March 31, 2011 (Restated)		March 31, 2012		September 30, 2012	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Unrelated parties	-	0.00%	-	0.00%	13.82	0.02%	44.38	0.07%
Short-term loans and advances to related parties	6.67	0.01%	-	-	-	-	-	-
Account receivable from sale of rights of claim and interest receivable	177.57	0.29%	-	-	-	-	-	-
Real estate development costs	2,867.74	4.68%	2,855.31	4.48%	3,349.07	5.01%	3,749.30	5.72%
Assets awaiting transfer under rehabilitation plan	225.56	0.37%	73.92	0.12%	73.03	0.11%	73.02	0.11%
Investments in subsidiaries awaiting transfer under rehabilitation plan	224.34	0.37%	224.34	0.35%	224.34	0.34%	224.34	0.34%
Accrued income	-	0.00%	14.29	0.02%	1,202.55	1.80%	1,210.94	1.85%
Prepaid expenses	-	0.00%	106.24	0.17%	127.99	0.19%	141.69	0.22%
Other current assets	210.66	0.34%	250.71	0.39%	344.00	0.51%	421.92	0.64%
Total current assets	6,845.82	11.17%	6,024.36	9.46%	7,867.67	11.76%	7,751.61	11.82%
<i>Non-current assets</i>								
Restricted deposits	463.88	0.76%	323.93	0.51%	323.83	0.48%	288.97	0.44%
Cash deposited as collateral for debt settlement	295.64	0.48%	232.66	0.37%	232.66	0.35%	232.66	0.35%
Loans to related parties	7.60	0.01%	-	-	-	-	-	-
Investments in subsidiaries	-	0.00%	-	-	-	-	-	-
Investments in associates	4.68	0.01%	7.19	0.01%	7.03	0.01%	7.90	0.01%
Other long-term investments	119.08	0.19%	144.22	0.23%	148.83	0.22%	182.34	0.28%
Elevated rail project costs	43,443.02	70.90%	44,443.00	69.77%	45,144.22	67.49%	44,658.36	68.12%
Reusable spare parts - elevated train system	-	0.00%	52.90	0.08%	81.23	0.12%	82.21	0.13%
Spare parts - maintenance contract	292.77	0.48%	292.77	0.46%	292.77	0.44%	292.77	0.45%
Land and projects awaiting development	4,427.14	7.22%	2,659.72	4.18%	2,676.34	4.00%	-	-
Investment properties	-	0.00%	2,497.29	3.92%	2,461.01	3.68%	3,883.79	5.92%
Property, plant and equipment	4,185.38	6.83%	5,311.36	8.34%	6,039.19	9.03%	6,286.92	9.59%
Leasehold rights	93.36	0.15%	87.90	0.14%	90.03	0.13%	85.82	0.13%
Condominiums and fixtures for lease	233.26	0.38%	-	-	-	-	-	-
Intangible assets	28.01	0.05%	21.56	0.03%	26.70	0.04%	29.48	0.04%
Retention receivable								
Related party	-	-	-	-	-	-	-	-
Unrelated parties	7.42	0.01%	9.30	0.01%	2.15	0.00%	2.15	0.00%
Goodwill	78.66	0.13%	78.66	0.12%	78.66	0.12%	78.66	0.12%
Advance payment for investment in subsidiary	-	-	250.00	0.39%	-	-	-	-

(Translation)

Balance Sheets	March 31, 2010 ^{1/} (Restated)		March 31, 2011 (Restated)		March 31, 2012		September 30, 2012	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Advances for asset acquisitions	653.62	1.07%	1,190.22	1.87%	496.94	0.74%	462.51	0.71%
Advances to contractors								
Related party	-	-	-	-	-	-	-	-
Unrelated parties	50.03	0.08%	30.96	0.05%	79.59	0.12%	0.21	0.00%
Rights of claim from acquisition of debts per rehabilitation plan	-	-	-	-	741.50	1.11%	816.13	1.24%
Other non-current assets	48.49	0.08%	44.55	0.07%	98.54	0.15%	420.07	0.64%
Total non-current assets	54,432.04	88.83%	57,678.19	90.54%	59,021.21	88.24%	57,810.93	88.18%
Total assets	61,277.86	100.00%	63,702.55	100.00%	66,888.88	100.00%	65,562.53	100.00%
Liabilities								
<i>Current liabilities</i>								
Bank overdraft and short-term loans from financial institution	1,000.00	1.63%	500.00	0.78%	1,941.50	2.90%	2,813.13	4.27%
Trade and other payables	413.25	0.67%	1,170.16	1.84%	1,452.44	2.17%	1,454.75	2.21%
Accrued costs of construction								
Related party	-	-	-	-	-	-	-	-
Unrelated parties	52.14	0.09%	387.94	0.61%	351.91	0.53%	262.20	0.40%
Current portion of creditors per rehabilitation plan	1,681.57	2.74%	745.36	1.17%	745.36	1.11%	745.36	1.13%
Current portion of long-term loans	7.20	0.01%	151.75	0.24%	583.40	0.87%	607.15	0.92%
Current portion of long-term debentures	-	-	-	-	2,495.77	3.73%	,493.02	3.79%
Unearned income	188.12	0.31%	257.76	0.40%	297.88	0.45%	440.96	0.67%
Income tax payable	-	0.00%	32.29	0.05%	55.84	0.08%	108.23	0.16%
Account payable from subsidiaries' acquisition	21,155.71	34.52%	-	-	-	-	-	-
Other current liabilities	833.43	1.36%	416.47	0.65%	413.91	0.62%	504.68	0.77%
Total current liabilities	25,331.40	41.34%	3,661.73	5.75%	8,338.01	12.47%	9,429.47	14.32%
<i>Non-current liabilities</i>								
Creditors per rehabilitation plan - net of current portion	70.94	0.12%	52.62	0.08%	52.07	0.08%	52.07	0.08%
Long-term loans - net of current portion	149.34	0.24%	1,785.27	2.80%	2,933.97	4.39%	3,148.06	4.78%
Long-term debentures - net of current portion	11,873.63	19.38%	11,906.56	18.69%	9,443.81	14.12%	6,962.26	10.57%
Convertible debentures - liability component	-	0.00%	8,363.20	13.13%	8,648.34	12.93%	6,510.23	9.89%
Retention payable								
Related party	-	-	-	-	-	-	-	-
Unrelated parties	24.92	0.04%	67.41	0.11%	127.51	0.19%	78.99	0.12%

(Translation)

Balance Sheets	March 31, 2010 ^{1/} (Restated)		March 31, 2011 (Restated)		March 31, 2012		September 30, 2012	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Provision for long-term employee benefits	-	0.00%	349.75	0.55%	400.18	0.60%	421.74	0.64%
Other non-current liabilities	7.07	0.01%	6.53	0.01%	12.73	0.02%	7.21	0.01%
Total non-current liabilities	12,125.90	19.79%	22,531.35	35.37%	21,618.62	32.32%	17,180.55	26.09%
Total liabilities	37,457.30	61.13%	26,193.08	41.12%	29,956.63	44.79%	26,610.02	40.41%
Shareholders' equity								
Issued and fully paid share capital	7,614.39	12.43%	35,769.14	56.15%	36,600.50	54.72%	38,666.91	58.98%
Share premium (discount)	(735.09)	-1.20%	-	-	350.73	0.52%	649.51	0.99%
Ordinary shares to be issued for business combination under common control	19,378.81	31.62%	-	-	-	-	-	-
Retained earnings								
Appropriated - statutory reserve	1,100.00	1.80%	1,303.89	2.05%	1,476.05	2.21%	1,477.03	2.25%
Retained earnings (deficits)	(5,136.06)	-8.38%	(2,779.68)	-4.36%	(3,508.63)	-5.25%	(3,888.60)	-5.93%
Other components of shareholders' equity	(899.82)	-1.47%	481.72	0.76%	371.15	0.55%	393.52	0.60%
Equity attributable to owners of the Company	21,322.24	34.80%	34,775.07	54.59%	35,289.80	52.76%	37,298.37	56.89%
Non-controlling interest of the subsidiaries	2,498.32	4.08%	2,734.40	4.29%	1,642.45	2.46%	1,654.14	2.52%
Total shareholders' equity	23,820.56	38.87%	37,509.47	58.88%	36,932.25	55.21%	38,952.51	59.41%
Total liabilities and shareholders' equity	61,277.86	100.00%	63,702.55	100.00%	66,888.88	100.00%	65,562.53	100.00%

Note: ^{1/} The Company restated the financial statements for the year ended March 31, 2010 to reflect its investments in BTSC shares, made in May 2010, in its operating results and financial position, as if BTSC and its subsidiaries, acquired in May 2010, had been subsidiaries of the Company since they were established. The financial statements were duly audited by the auditor.

Table: Statements of comprehensive income for the years ended March 31, 2010-2012 and for the six-month period ended September 30, 2012

Statements of Income	2009/10 ^{1/} (Restated)		2010/11 (Restated)		2011/12		6-Month Period of 2012/13	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Revenues								
Farebox revenues - net	3,484.65	32.32%	3,544.83	51.91%	4,296.84	46.44%	2,373.39	47.42%
Service income	1,499.11	13.90%	1,940.88	28.42%	3,281.17	35.46%	2,195.59	43.87%
Revenues from sales of real estate	100.86	0.94%	144.37	2.11%	325.47	3.52%	93.55	1.87%
Revenues from construction services	546.15	5.07%	261.78	3.83%	72.83	0.79%	1.07	0.02%
Other income								6.82%
Gain on deposit of assets as guarantee for debt settlement	-	-	708.53	10.38%	-	-	-	-

(Translation)

Statements of Income	2009/10 ^{1/} (Restated)		2010/11 (Restated)		2011/12		6-Month Period of 2012/13	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Management income	2.20	0.02%	-	-	-	-	-	-
Dividend income	-	0.00%	-	-	0.41	0.00%	1.85	0.04%
Interest income	31.81	0.30%	28.68	0.42%	39.71	0.43%	13.33	0.27%
Reversal of allowance for diminution in value of civil works awaiting transfer	-	-	-	-	705.25	7.62%	-	-
Revenue from court-ordered compensation	-	-	-	-	367.03	3.97%	7.15	0.14%
Gain on exchange	-	-	48.06	0.70%	36.93	0.40%	-	-
Gain from receiving the return of advance payment for investment in subsidiary	-	-	-	-	44.00	0.48%	-	-
Gain on sale of investment in subsidiary	-	-	-	-	-	-	289.04	5.78%
Reversal of allowance for loss on diminution in value of projects	45.55	0.42%	-	-	-	-	-	-
Reversal of allowance for impairment of assets	166.98	1.55%	-	-	-	-	-	-
Gain on debt settlement	142.66	1.32%	-	-	-	-	-	-
Gain on debt restructuring	4,528.04	42.00%	-	-	-	-	-	-
Others	233.96	2.17%	151.59	2.22%	82.23	0.89%	29.47	0.59%
Total revenues	10,781.96	100.00%	6,828.71	100.00%	9,251.87	100.00%	5,004.42	100.00%
Expenses								
Cost of farebox	2,114.96	19.62%	2,051.16	30.04%	2,337.47	25.26%	1,186.29	23.70%
Cost of services	534.59	4.96%	830.79	12.17%	1,372.28	14.83%	1,040.36	20.79%
Cost of sales of real estate	106.27	0.99%	215.45	3.16%	226.79	2.45%	68.80	1.37%
Cost of construction services	515.82	4.78%	259.16	3.80%	83.43	0.90%	0.63	0.01%
Selling and servicing expenses	96.27	0.89%	249.63	3.66%	177.35	1.92%	96.03	1.92%
Administrative expenses	1,107.35	10.27%	1,033.66	15.14%	1,212.03	13.10%	648.59	12.96%
Expenses relating to business combination under common control	-	-	171.40	2.51%	-	-	-	-
Loss on exchange	-	-	-	-	-	-	11.93	0.24%
Total expenses	4,475.25	41.51%	4,811.25	70.46%	5,409.35	58.47%	3,052.62	61.00%
Profit (Loss) before share of income from investments in associates, finance cost and corporate income tax	6,306.71	58.49%	2,017.47	29.54%	3,842.52	41.53%	1,951.80	39.00%
Share of income (loss) from investments in associates	0.54	0.01%	1.26	0.02%	(2.32)	-0.03%	0.87	0.02%
Profit (Loss) before finance cost and	6,307.25	58.50%	2,018.73	29.56%	3,840.21	41.51%	1,952.67	39.01%

(Translation)

Statements of Income	2009/10 ^{1/} (Restated)		2010/11 (Restated)		2011/12		6-Month Period of 2012/13	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
corporate income tax								
Finance cost	(545.50)	-5.06%	(1,601.92)	-23.46%	(1,431.94)	-15.48%	(751.07)	-15.01%
Profit before corporate income tax	5,761.75	53.44%	416.81	6.10%	2,408.27	26.03%	1,201.60	24.01%
Corporate income tax	(70.16)	-0.65%	(106.28)	-1.56%	(172.64)	-1.87%	(143.22)	-2.86%
Profit for the year	5,691.58	52.79%	310.53	4.55%	2,235.63	24.16%	1,058.38	21.15%
Profit attributable to								
Equity holders of the Company	5,396.54	50.05%	252.22	3.69%	2,105.63	22.76%	1,000.49	19.99%
Non-controlling interest of the subsidiaries	295.04	2.74%	58.30	0.85%	130.00	1.41%	57.89	1.16%
	5,691.58	52.79%	310.53	4.55%	2,235.63	24.16%	1,058.38	21.15%
Other comprehensive income								
Exchange differences on translation of financial statements in foreign currency	-	0.00%	(0.71)	-0.01%	0.94	0.01%	0.14	0.00%
Gain on change in value of available-for-sale investments	-	0.00%	1.25	0.02%	4.24	0.05%	33.51	0.67%
Other comprehensive income for the year	-	0.00%	0.53	0.01%	5.18	0.06%	33.65	0.67%
Total comprehensive income for the year	-	0.00%	311.06	4.56%	2,240.80	24.22%	1,092.04	21.82%
Total comprehensive income attributable to								
Equity holders of the Company	-	0.00%	252.76	3.70%	2,110.80	22.81%	1,034.14	20.66%
Non-controlling interest of the subsidiaries	-	0.00%	58.30	0.85%	130.00	1.41%	57.89	1.16%
	-	0.00%	311.06	4.56%	2,240.80	24.22%	1,092.04	21.82%

Note: ^{1/} The Company restated the financial statements for the year ended March 31, 2010 to reflect its investments in BTSC shares, made in May 2010, in its operating results and financial position, as if BTSC and its subsidiaries, acquired in May 2010, had been subsidiaries of the Company since they were established. The financial statements were duly audited by the auditor.

Table: Summary of statements of cash flows for the years ended March 31, 2010-2012 and for the six-month period ended September 30, 2012

(Unit: Baht Million)

Statements of Cash Flows	2009/10 ^{1/} (Restated)	2010/11 (Restated)	2011/12	6-Month Period of 2012/13
Net cash from operating activities	1,546.19	1,389.66	1,755.85	1,433.62
Net cash provided by (used in) investing activities	3,818.06	24,808.67	(2,319.57)	968.53
Net cash provided by (used in) financing activities	398.16	22,767.39	70.60	(2,808.24)
Net increase (decrease) in cash and cash equivalents	(1,873.67)	(652.33)	(492.18)	(405.88)

(Translation)

Statements of Cash Flows	2009/10 ^{1/} (Restated)	2010/11 (Restated)	2011/12	6-Month Period of 2012/13
Cash and cash equivalents at beginning of year	4,351.42	2,477.75	1,825.42	1,333.24
Cash and cash equivalents at end of year	2,477.75	1,825.42	1,333.24	927.36

Note: ^{1/} The Company restated the financial statements for the year ended March 31, 2010 to reflect its investments in BTSC shares, made in May 2010, in its operating results and financial position, as if BTSC and its subsidiaries, acquired in May 2010, had been subsidiaries of the Company since they were established. The financial statements were duly audited by the auditor.

2.7.2 Financial ratios

Financial Ratios		2009/10	2010/11	2011/12	6-Month Period of 2012/13 ^{1/}
Liquidity ratio					
Current ratio	(time)	0.27	1.65	0.94	0.82
Quick ratio	(time)	0.12	0.66	0.29	0.19
Cash flow ratio ^{2/}	(time)	0.06	0.10	0.29	0.32
Receivable turnover ^{2/}	(time)	10.68	10.38	9.30	9.45
Average collection period	(day)	33.71	34.69	38.70	38.08
Payable turnover ^{2/}	(time)	7.92	4.24	3.07	3.16
Average payment period	(day)	45.47	84.91	117.43	113.95
Profitability ratio					
Gross profit margin	(%)	41.90	43.03	49.60	50.77
Operating profit margin	(%)	112.00	34.24	48.17	41.85
Other profit margin	(%)	47.78	13.72	13.79	6.81
Cash to earning ratio	(%)	24.52	68.88	45.70	73.45
Net profit margin – for the Company	(%)	50.05	3.69	22.76	19.99
Return on equity – for the Company ^{2/}	(%)	25.31	0.90	6.01	5.51
Efficiency ratio					
Return on assets – for the Company ^{2/}	(%)	8.81	0.40	3.22	3.02
Financial policy ratio					
Debt to equity ratio	(time)	1.57	0.70	0.81	0.68
Interest coverage ratio	(time)	3.90	2.01	2.70	3.59
Commitment coverage ratio	(time)	0.83	0.05	0.34	0.32

Note: 1/ Calculation was based on annualizing of figures from the statements of income and the statements of cash flows for the six-month period of fiscal 2012/13.

2/ These ratios were computed from an average of the financial position figures of a given year and its previous year, except for fiscal 2009/10 where the average figures were not applied because the financial position figures as of March 31, 2010 had not yet reflected results of business combination with BTSC. For the six-month period of fiscal 2012/13, the ratios were calculated based on an average of the financial position figures of such period and those as of the end of 2011/12.

2.7.3 Discussion and analysis of financial position and operating results

Operating results of BTS Group

BTS Group operates four business lines: mass transit, media, property and services, with mass transit and media as its main income sources. In fiscal 2010/11, the Group recorded total revenues of Baht 6,828.71 million, plunging by 36.67% from Baht 10,781.96 million in 2009/10 due primarily to gain on debt restructuring of Baht 4,528.04 million which was a one-time transaction arising in 2009/10. Operating revenues (excluding other income) in 2010/11 were recorded at Baht 5,892.51 million, growing 4.65% from Baht 5,630.76 million in 2009/10 driven by higher revenues from the mass transit and media businesses with a drop in revenues from property. Cost of sales edged up 2.60 % from Baht 3,271.63 million in 2009/10 to Baht 3,356.55 million in 2010/11, attributed largely to higher costs in the media business as a result of an increase in contracts with modern trade. Gross profit margin was 43.03%. Selling and administrative expenses rose 6.62% YoY from Baht 1,203.62 million to Baht 1,283.29 million, caused by higher costs in the media business in line with revenue growth, as well as higher marketing costs in the property business and increased payroll expenses. Finance cost soared to Baht 1,601.92 million, ascribed to interest expenses and fees related to the share acquisition. As a result, the Group in 2010/11 posted a net profit of Baht 310.53 million, with profit attributable to equity holders of the Company of Baht 252.22 million, representing a net profit margin of 3.69%.

For 2011/12, BTS Group reported total revenues of Baht 9,251.87 million, a surge of 35.48% YoY driven mainly by higher revenues from the mass transit, media and property businesses and also by revenues earned by the Company from one-time transactions such as gain on reversal of allowance for diminution in value of civil works awaiting transfer of Baht 705.25 million, revenue from court-ordered compensation of Baht 367.03 million, etc. Cost of sales rose by 19.76% YoY to Baht 4,019.97 million, due chiefly to higher costs in the mass transit and media businesses. Gross profit margin was 49.60%. Selling and administrative expenses amounted to Baht 1,389.38 million, up 8.27% YoY as a result of increased payroll expenses for the Sukhumvit Extension Line from On Nut to Bearing, higher expenses in the media business due to new contract signing of VGI, and a rise in pre-operating expenses of Eastin Grand Hotel Sathorn. Despite the Group's huge debt burdens, its finance cost fell 10.61% YoY to Baht 1,431.94 million, as a result of an issuance of convertible debentures which bore a lower cost than its existing debts. As such, the Group could bring in a net profit of Baht 2,235.62 million, with profit attributable to equity holders of the Company of Baht 2,105.63 million, representing a net profit margin of 22.76%.

For the six-month period ended September 30, 2012, the Group recorded total revenues of Baht 5,004.42 million, up by 2.84% YoY from Baht 4,866.28 million. The reason for such slight revenue increase was that in the first six-month period of 2011/12 the Group generated other one-time revenues such as gain on reversal of allowance for diminution in value of civil works awaiting transfer and revenue from court-ordered

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compensation in a combined amount as high as Baht 1,049.45 million (not earned from the usual course of business). Operating revenues in this period soared by 25.14%, helped largely by revenue growth in the mass transit and media businesses. At the same time, cost of sales mounted by 21.39% YoY from Baht 1,891.50 million to Baht 2,296.08 million, stemming from higher management costs of advertising space of modern trade retailers in line with revenue growth in the media business. Selling and administrative expenses were Baht 744.61 million, rising 12.39% YoY from Baht 662.50 million, due partly to higher selling and administrative expenses in the media business caused by increases in payroll expenses and marketing costs and partly to higher selling and administrative expenses in the property business resulting from increased payroll expenses of Eastin Grand Hotel Sathorn. In the first six-month period of 2012/13, BTS Group posted a net profit of Baht 1,058.38 million, with profit attributable to equity holders of the Company of Baht 1,000.49 million.

Operating results by business line

BTS Group's operating revenues (excluding other income) could be broken down by its line of business as follows:

	2009/10		2010/11		2011/12		6M of 2012/13	
	(Baht Million)	(%)	(Baht Million)	(%)	(Baht Million)	(%)	(Baht Million)	(%)
Mass transit	3,679.62	65.35%	3,860.84	65.52%	5,176.95	65.82%	2,901.06	62.71%
- Farebox revenue from Core BTS SkyTrain System	3,484.65	61.89%	3,544.83	60.16%	4,296.84	54.63%	2,373.39	51.30%
- Revenue from operation of the Silom and Sukhumvit extension lines and the BRT	194.97	3.46%	316.01	5.36%	880.11	11.19%	527.67	11.41%
Media	1,100.17	19.54%	1,370.57	23.26%	1,958.82	24.91%	1,362.09	29.44%
Property ^{1/}	850.97	15.11%	661.10	11.22%	728.30	9.26%	349.34	7.55%
Services	-	-	-	-	0.74	0.01%	13.95	0.30%
Total operating revenues	5,630.76	100.00%	5,892.51	100.00%	7,864.81	100.00%	4,626.44	100.00%

Note: ^{1/} Consisting of revenue from sales of properties (Thana City project, land outside Thana City project, and Abstracts Sukhumvit 66/1 project), revenue from rentals and services (hotels, residential condominiums, office buildings, and golf courses) and revenue from development of low-cost housing projects.

■ Mass transit business

In 2010/11, the Group generated total revenues from the mass transit business of Baht 3,860.84 million, growing by 4.92% YoY from Baht 3,679.62 million. This was contributed by a rise in farebox revenue resulting from 0.49% YoY growth in ridership from 144.47 million passengers to 145.19 million passengers,

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despite the 8-day full closure and 20-day partial closure of the SkyTrain System during April-May 2010, triggered by political demonstrations in certain areas. Such farebox revenue growth was also attributed to a 1.20% increase in the average fare from Baht 24.15 in 2009/10 to Baht 24.44 in 2010/11. Meanwhile, income from train operating management of the Silom extension line and the BRT went up, partly resulting from the commencement of the BRT operation in May 2010.

Cost of farebox in 2010/11 increased by 2.06% YoY from Baht 2,173.50 million to Baht 2,218.17 million, due to a rise from the commencement of the BRT operation, though, there was a drop in maintenance cost. Selling and administrative expenses rose 17.37% to Baht 554.12 million, springing from higher payroll and staff benefits caused partly by the commencement of the BRT operation. Gross profit margin was 42.55%, compared with 40.93% in a year earlier.

Total revenues from the mass transit business in 2011/12 increased sharply by 34.09% YoY to Baht 5,176.95 million, primarily driven by growth in farebox revenue. In such fiscal year, ridership reached 176.04 million passengers, a record high since the BTS SkyTrain service inauguration. Key factors for the strong ridership growth were the increased popularity of mass transit usage in Bangkok, the opening of the Sukhumvit extension line from On Nut to Bearing in August 2011, and the full-year effect of new feeder lines (Airport Rail Link opened in August 2010 and BRT in May 2010). The average fare was Baht 24.43, about the same as the previous year. Income from train operating management of the Silom and Sukhumvit extension lines and the BRT also went up, partly due to the appointment of BTSC as the operator for the Sukhumvit extension line from On Nut to Bearing.

Cost of farebox in 2011/12 mounted 19.95% to Baht 2,660.58 million, which was in line with farebox revenue growth and also resulted from a re-allocation of employee benefit provision to cost of farebox. Still, the cost of farebox grew at a slower pace than the revenue from farebox as the Company was able to achieve operating efficiencies across a higher ridership level, thus driving gross profit margin up to 48.61%. Selling and administrative expenses decreased 7.03% to Baht 515.16 million, owing to the re-allocation of employee benefit provision to cost of farebox.

For the first six-month period ended September 30, 2012, total revenues from the mass transit business grew 22.74% YoY from Baht 2,363.55 million to Baht 2,901.06 million, buoyed mainly by increased farebox revenue. Ridership rose 13.4% YoY from 84.5 million passengers to 95.8 million passengers, contributed primarily by growing usage of the BTS SkyTrain services and launch of the Sukhumvit extension line service from On Nut to Bearing in August 2011. Moreover, the average fare per trip edged up from Baht 24.2 to Baht 24.8.

Cost of sales in the first six-month period ended September 30, 2012 jumped 13.19% YoY from Baht 1,278.17 million to Baht 1,446.77 million, in line with growth in farebox revenue and income from train operating management. In particular, payroll expenses went up on account of new staff recruitment for the Sukhumvit extension line service from On Nut to Bearing. Meanwhile, there was a rise in depreciation, which

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was computed based on the increased number of passengers, the signaling system and the increased number of trains.

■ **Media business**

In 2010/11, the Group recorded media business revenue of Baht 1,370.57 million, a surge of 24.48% YoY from Baht 1,101.34 million. The strong growth in such revenue was driven mainly by increased revenue from the modern trade sector as a result of new contracts signed and increased rental rates of advertising space on the existing contracts. Further, revenue related to office building media grew on account of the synergies realized with existing sales platform and the full-year effect from Point of View Media Group Co., Ltd., an operator of office building media acquired by BTS Group in October 2009.

Cost of sales surged by 38.05% YoY from Baht 353.28 million to Baht 487.70 million, resulting from a rise in cost of modern trade media in line with revenue growth. Selling and administrative expenses increased slightly by 5.12% YoY from Baht 220.56 million to Baht 231.85 million, due to cost of business acquisition, which was a one-time transaction, arising in 2009/10. Besides, the economies of scale realized in 2010/11 led selling and administrative expenses to increase only minimally. Due to the lower margin of modern trade, gross profit margin of the media business therefore declined from 67.92% in 2009/10 to 64.42% in 2010/11.

In 2011/12, media business revenue grew sharply by 42.92% YoY to Baht 1,958.80 million, contributed by both new contracts signed with modern trade partners and full-year effect of contracts signed with Tesco Lotus and Big C. Revenue from BTS-related advertising also grew strongly as a result of additional rolling stocks to use as advertising space, an increase in pricing from LCD in-train, and pricing increases from an upgrade of static on-station displays.

Cost of sales increased dramatically by 64.68% YoY to Baht 803.13 million, due to the additional concession fees required to be paid to new modern trade partners. Selling and administrative expenses rose 11.31% YoY to Baht 258.08 million, resulting from increased number of staff for servicing under the new media contracts signed. Gross profit margin declined to 59.0% on account of higher contribution of the lower margin modern trade business.

For the first six-month period ended September 30, 2012, total revenues from the media business were Baht 1,362.09 million, a surge of 37.54% YoY from Baht 990.31 million due to higher modern trade revenues earned from increased contracts signed with Tesco Lotus and Big C. Cost of media business soared 51.56% YoY from Baht 367.42 million to Baht 556.85 million, due chiefly to the additional concession fees in line with new contracts signing. Selling and administrative expenses mounted 43.71% YoY from 123.57 Baht million to Baht 177.58 million, on account of an increase in payroll expenses and marketing expenses. Gross profit margin dropped from 62.90% in the same period of the previous fiscal year to 59.12%, stemming from higher contribution of the lower margin modern trade business.

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■ **Property business**

In 2010/11, the Group recorded total revenue from the property business of Baht 661.09 million, contracting 21.89% YoY from Baht 846.31 million. The main reason was a decline in revenue from construction services for the low-cost housing project from Baht 546.10 million in 2009/10 to Baht 261.80 million. Meanwhile, revenue from sales of real estate in the Thana City project went up. Cost of sales decreased 12.56% YoY from Baht 745.72 million to Baht 652.03 million, due to a fall in cost of construction services in tandem with the lowered revenue from construction services. Selling and administrative expenses jumped 137.01 % YoY from Baht 128.91 million to Baht 305.53 million, driven by higher marketing expenses related to the launch of Abstracts condominium brand.

In 2011/12, revenue from the property business grew 10.17% YoY to Baht 728.30 million, driven primarily by an increase in sales of the Abstracts Sukhumvit 66/1 condominium units. Revenue from construction services declined as the Company completed the low-cost housing contract in Q2 of 2011/12. Cost of sales dropped 18.04% YoY to Baht 534.40 million, resulting from a decrease in cost of construction services due to completed contracts, but with an increase in cost related to the Abstracts Sukhumvit 66/1 condominium project. Selling and administrative expenses rose to Baht 343.86 million, owing largely to increased staff expenses for Eastin Grand Hotel Sathorn. Gross profit margin was 26.62%.

In the first six months of 2012/13, revenue from the property business dropped 6.28% YoY from Baht 372.73 million to Baht 349.34 million, caused mainly by a decline in revenue from construction services for the low-cost housing project which was completed, and also by a decrease in the transfer of the Abstracts Sukhumvit 66/1 condominium units. Nonetheless, the Group earned more revenue from the operation of Eastin Grand Hotel Sathorn. Cost of sales fell 15.80% YoY from Baht 284.23 million to Baht 239.31 million, in line with the decline in revenue from construction services for the low-cost housing project. Selling and administrative expenses soared 39.79% YoY from Baht 154.62 million to Baht 216.15 million, resulting from new staff recruitment for Eastin Grand Hotel Sathorn. Gross profit margin was 23.41%.

■ **Services business**

In 2011/12, the Group generated revenue from the services business of Baht 0.74 million, coming from sale of common ticketing cards for Bangkok's mass transit network and retail e-payment cards (rabbit card). Cost of the services business was Baht 5.19 million. Selling and administrative expenses amounted to Baht 49.12 million, arising from establishment of the rabbit card and the Carrot Rewards program.

For the first six-month period ended September 30, 2012, services revenue totaled Baht 13.95 million, coming from sale of rabbit cards. Cost of sales was Baht 40.44 million and selling and administrative expenses amounted to Baht 45.98 million, arising from operation of the rabbit card and establishment of the Carrot Rewards program.

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Financial position of BTS Group

As of March 31, 2011, the Group had total assets of Baht 63,702.55 million, up 3.96% from Baht 61,277.86 million as of March 31, 2010. The asset growth was mainly due to an increase in fixed assets derived from investments in the BRT and the BTS SkyTrain's signaling system and construction of Eastin Grand Hotel Sathorn.

The Group's total liabilities plummeted 30.07% YoY from Baht 37,457.30 million to Baht 26,193.08 million. This was primarily the result of a decline in account payable from BTSC acquisition of Baht 21,155.71 million, a decrease in bank overdraft and short-term loans and also in creditors per rehabilitation plan, together with an issue of convertible debentures by the Company to repay the Baht 10,000 million loan borrowed to cover the BTSC acquisition cost and an increase in long-term payables of Baht 1,780.49 million. Equity attributable to owners of the Company as of March 31, 2011 soared 63.09% YoY from Baht 21,322.24 million to Baht 34,775.07 million. Such sharp equity growth resulted mainly from an issue of new ordinary shares worth Baht 32,216.35 million and a decrease in ordinary shares to be issued for business combination under common control of Baht 19,378.81 million as a result of the restating of financial statements in relation to the acquisition of BTSC under common control.

As of March 31, 2012, total assets grew 5.00% YoY to Baht 68,888.88 million. This came mainly from a dramatic increase in accrued income by Baht 1,183.25 million to Baht 1,202.55 million resulting from recognition of gain on reversal of allowance for diminution in value of civil works awaiting transfer and revenue from court-ordered compensation, an increase in elevated rail project costs of Baht 701.22 million, an increase in property, plant and equipment of Baht 727.83 million derived from existing real estate development, and a purchase of rights of claim from acquisition of debts per rehabilitation plan of Baht 741.50 million.

Liabilities as of March 31, 2012 totaled Baht 29,956.63 million, rising 14.37% YoY. Such increase was attributable to a rise of Baht 1,580.35 million in long-term loans and Baht 1,441.50 million in short-term loans from financial institutions resulting from real estate development, purchase of rights of claim from acquisition of debts per rehabilitation plan and procurement of additional rolling stocks. Equity attributable to owners of the Company as of March 31, 2012 amounted to Baht 35,289.80 million, up by 1.48% YoY due chiefly to an issue of new shares of Baht 1,182.08 million for additional acquisition of BTSC shares from the group of existing shareholders.

As of September 30, 2012, the Group's total assets were Baht 65,562.53 million, down 1.98% from March 31, 2012 owing to a decline in cash and cash equivalents, trade and other receivables, and a drop in total land and projects awaiting development and investment properties. The Group's key asset item was elevated rail project costs, which made up 68.12% of total assets, followed by property, plant and equipment and investment properties accounting for 9.59% and 5.92% of total assets respectively.

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Total liabilities as of September 30, 2012 lowered by 11.17% from March 31, 2012 to Baht 26,610.02 million, due to redemption of maturing debentures of Baht 2,500.00 million. The major items were long-term debentures, convertible debentures and long-term loans, constituting 35.53%, 9.93% and 14.11% of total liabilities respectively. Equity attributable to owners of the Company grew from March 31, 2012 by 5.69% to Baht 37,298.37 million, due largely to an issue of new shares derived from exercise of conversion rights under convertible debentures, thereby bringing the issued and fully paid share capital to Baht 38,666.91 million.

Liquidity

In 2010/11, the Group had net cash from operating activities of Baht 1,389.66 million, resulting from profit earned by the Group and an increase in accrued costs of construction. The Company recorded net cash used in investing activities of Baht 24,808.67 million, due to an acquisition of BTSC of Baht 20,655.71 million and investments in rolling stocks and property business. It had net cash from financing activities of Baht 22,767.39 million, coming principally from an issue of new shares of Baht 12,837.54 million, an increase in long-term loans of Baht 22,541.40 million, an issue of convertible debentures of Baht 10,000 million, and repayment of long-term loans of Baht 20,760.91 million. In addition, the Company paid, during the fiscal 2010/11, dividend of Baht 717.57 million, resulting in a decrease in net cash of Baht 652.33 million, with cash balance at end of period of Baht 1,825.42 million.

In 2011/12, the Group had net cash from operating activities of Baht 1,755.85 million, resulting primarily from growth in profit earned by the Group, an increase in spare part and elevated rail project cost amortization, and amortization of liability component of convertible debentures. Meanwhile, the Group had net cash used in investing activities of Baht 2,319.57 million, attributed mainly to investments in property, plant and equipment, investments in rights of claim from acquisition of debts per rehabilitation plan, and investments in elevated rail project costs. Net cash from financing activities was Baht 70.60 million, mainly owing to an increase in short-term loans from financial institutions and also in long-term loans. With dividend payment by the Company in the amount of Baht 2,647.11 million, net cash reduced by Baht 492.18 million, with cash balance at end of period of Baht 1,333.24 million.

For the six-month period ended September 30, 2012, the Group had net cash from operating activities of Baht 1,433.62 million, which grew from the same period of the previous year due to a drop in trade and other receivables, unearned income, and spare part and elevated rail project cost amortization. Net cash from investing activities totaled Baht 968.53 million, derived from cash received from disposal of subsidiaries of Baht 1,505.91 million. Net cash used in financing activities amounted to Baht 2,808.24 million, caused mainly by redemption of maturing debentures of Baht 2,500.00 million. As a result, net cash decreased by Baht 405.88 million, with cash balance as of September 30, 2012 amounting to Baht 927.36 million.

3. Opinion of the Independent Financial Advisor on reasonableness of the disposal and acquisition of assets

3.1 Reasonableness of the transaction and benefits to listed company

The transactions to be entered into by BTSC with respect to the sale to IFF of the net farebox revenue to be generated from the operation of the Core BTS SkyTrain System pursuant to the Concession Agreement and the investment in IFF investment units will bring about the following benefits to BTS Group:

(1) Strengthening of BTS Group's ability to participate in the bid for new rail mass transit lines

With a sizable investment required of the three potential transit lines which will be put up for bidding by the government as described above (Green Line extensions, Pink Line and Light Rail Transit Line), raising funds for the entire investment at the Company level would be less optimal to the Company. Debt financing will significantly increase the Company's leverage, while an equity offering will substantially dilute the control and economic benefit of existing shareholders. Therefore, the Net Revenue Sale Transaction would enable BTS Group to use a part of the proceeds obtainable thereof for participating in the bid for the new transit lines, in order to expand its mass transit business in which BTS Group already has a competitive edge through its considerable experience accumulated from the management of the BTS SkyTrain System under the Concession Agreement and the extension system for the BMA, as well as from the operation of the BRT. Besides, given that BTS Group wins the bid for the new transit line operation, passengers can enjoy a more convenient, uninterrupted transport, with no need to change trains during their commute. The Company also believes that BTS Group will bear lower capital expenditure and operating cost than other operators who will have to newly invest in the entire control center and all other systems, while BTS Group can readily operate the new lines on its existing systems. Last but not least, the bid winning will enable BTS Group to carry on the mass transit business in the future after expiration of the Concession Agreement between BTSC and the BMA.

(2) Increase of future profitability

Since BTSC is the operator of the BTS SkyTrain System, winning the bid for the new transit line operation, for which the bid arrangement is presently underway, will enable BTS Group to enhance its cost efficiency, leading to stronger future profitability achievable from both the existing BTS SkyTrain System currently operated by BTSC and the new lines additionally bid by BTS Group. After the sale of net farebox revenue to IFF, BTSC will earn revenue from a management fee and/or incentive fee, calculated as a percentage of the net farebox revenue transferred by BTSC to IFF. Therefore, if BTSC efficiently operates the mass transit system that

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covers the additional routes and successfully cuts down the operating cost, the net farebox revenue from the Core BTS SkyTrain System will increase, thus relatively boosting up not only the management fee and/or incentive fee receivable by BTSC in the future but also the return to be obtained by the Company from its investment of not over 33.33% in IFF investment units.

- (3) BTSC not having to pay corporate income tax on gain on sale of the net farebox revenue as of the transaction date, but to gradually recognize the revenue as taxable income throughout the concession period

According to the preliminary consultation with the Revenue Department, the Company and BTSC have decided to sell the net farebox revenue obtainable in the future from the Core BTS SkyTrain System to IFF, instead of disposing of either the BTS SkyTrain System concession or the shares in BTSC to IFF. The rationale behind this is that the disposal or assignment of concession to other party is subject to prior consent and approval from the BMA and other concerned authorities, the process of which is complicated and time-consuming and could involve risk from failure to obtain such approval. Moreover, considering the remaining concession term of only 17 years and given a lengthy approval process, the concession value will depreciate by time and the IFF investment units will then become less attractive to investors. Meanwhile, if they opt for the sale of BTSC shares to IFF at a price higher than the book value, the Company will then be subject to corporate income tax payment for gain on the sale of those shares. On the contrary, by selling the net farebox revenue to IFF, the cash proceeds obtainable thereof will not be accounted for as income from disposal of assets (taxable) as of the transaction date because legal ownership of such assets has not been transferred and, hence, no assessment of gain and income tax thereon has been made (taxable). The net farebox revenue will instead be gradually recognized in each period when it is actually incurred throughout the remaining concession term as if the net farebox revenue had not been disposed of.

- (4) Interest tax shield for BTSC throughout the remaining concession period

Primarily under tax principles, the sale of net farebox revenue to IFF in the future in the same manner as the sale of net farebox revenue from the Core BTS SkyTrain System by BTSC to IFF as contemplated herein is not considered as a disposal of asset transaction because there is no legal ownership transfer of the assets or claims. Instead, it is considered as a financing transaction, whereby the consideration received by BTSC for the sale of net farebox revenue will be deemed as a long-term debt financing throughout the remaining concession period and BTSC will recognize the total net farebox revenue to be transferred to IFF in each period as payment of principal and interest on such loan, with such interest payable to be counted as

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additional expense in the calculation of taxable income for submission to the Revenue Department. As a consequence, after completion of the said Net Revenue Sale Transaction, BTSC will enjoy a tax shield out of such loan interest expense that it will additionally recognize in the annual income tax calculation. To date, no guideline has yet been issued by the Revenue Department regarding the exact proportion of the net revenue remitted to IFF to be recognized as principal and interest in each year. In the calculation of such interest tax shield throughout the remaining concession term (assuming that the estimated net revenue transferred by BTSC to IFF in each year is deducted by the loan principal based on the proportion of net farebox revenue that BTSC could remit in each year and that the difference between the net farebox revenue to be transferred to IFF throughout the concession period and the principal will be treated as interest expense in each year) by discounting the estimated interest expense to a present value at a discount rate of 10.0% – 10.9%, it is found that the Net Revenue Sale Transaction will provide BTSC with interest tax shield, at present value, of approximately Baht 6,450 million. As a result of considered as a financing transaction, IFF will be treated as a lender who obliged to pay special business tax at the rate of 3.3% of interest received from BTSC as mentioned. However, the aforementioned special business tax will be reimbursed by BTSC according to the agreement (for the case that IFF is unable to be waived for the special business tax). The present value of the special business tax is calculated to be approximately at Baht 1,065 million (at a discount rate of 10.0% - 10.9%). Details of the tax shield estimation are tabulated below:

(Unit: Baht million)

Estimates (Fiscal Year)	2014	2015	2016	2017	2018	2019
Number of ridership (million trips)	214.0	230.4	239.0	252.1	281.1	306.9
Yearly ridership as % of total ridership from such relevant year to end of projection period (%)	3.7	4.2	4.5	5.0	5.9	6.8
Net farebox revenue	3,712.9	4,001.8	4,514.7	4,844.2	5,723.7	6,160.9
Principal*	1,868.0	2,010.6	2,085.6	2,199.8	2,453.5	2,678.2
Interest (Net farebox revenue – Principal)	1,845.0	1,991.2	2,429.1	2,644.4	3,270.2	3,482.7
Corporate income tax rate (%)	20.0	20.0	20.0	20.0	20.0	20.0
Interest tax shield	369.0	398.2	485.8	528.9	654.0	696.5
Special business tax	60.9	65.7	80.2	87.3	107.9	114.9

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(Unit: Baht million)

Estimates (Fiscal Year)	2020	2021	2022	2023	2024	2025
Number of ridership (million trips)	323.6	339.9	348.1	359.9	371.8	383.6
Yearly ridership as % of total ridership from such relevant year to end of projection period (%)	7.7	8.8	9.8	11.3	13.1	15.6
Net farebox revenue	6,743.7	7,457.4	8,224.1	8,700.7	9,396.0	10,180.2
Principal*	2,824.4	2,966.1	3,037.9	3,141.3	3,244.8	3,348.3
Interest (Net farebox revenue – Principal)	3,919.3	4,491.3	5,186.2	5,559.4	6,151.2	6,832.0
Corporate income tax rate (%)	20.0	20.0	20.0	20.0	20.0	20.0
Interest tax shield	783.9	898.3	1,037.2	1,111.9	1,230.2	1,366.4
Special business tax	129.3	148.2	171.1	183.5	203.0	225.5

(Unit: Baht million)

Estimates (Fiscal Year)	2026	2027	2028	2029	2030
Number of ridership (million trips)	395.5	407.4	421.7	436.0	418.2**
Yearly ridership as % of total ridership from such relevant year to end of projection period (%)	19.0	24.2	33.1	51.0	100.0
Net farebox revenue	10,791.2	11,383.0	12,390.6	13,391.9	14,301.3
Principal*	3,451.7	3,555.2	3,680.0	3,804.9	3,649.8
Interest (Net farebox revenue – Principal)	7,339.5	7,827.9	8,710.6	9,587.0	10,651.5
Corporate income tax rate (%)	20.0	20.0	20.0	20.0	20.0
Interest tax shield	1,467.9	1,565.6	1,742.1	1,917.4	2,130.3
Special business tax	242.2	258.3	287.4	316.4	351.5

* Calculated based on the Minimum Sale Price of the net farebox revenue of Baht 50,000 million multiplied by the percentage of yearly ridership to total ridership from such relevant year to end of projection period.

** Being adjusted from the full-year estimate by MVA to reflect the Concession Agreement that will expire on December 4, 2029.

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However, for the Net Revenue Sale Transaction, the Security Transaction and the Unit Subscription Transaction to be entered into by BTSC, the following issues should also be taken into consideration:

- (1) A change in the structure of revenue, expense and operating profit of BTS Group after entering into the disposal and acquisition of assets transactions

On accounting perspective, entering into the Net Revenue Sale Transaction may be regarded as a true sale transaction pursuant to Thai Accounting Standard No. 18 if material economic rewards and risks are transferred to IFF. In the case that the Net Revenue Sale Transaction is treated as true sale, BTSC will recognize cash proceed thereof as though it was revenue from a one-off disposal of the entire Core BTS SkyTrain System assets and will account for the difference between the sale price of the Net Revenue Sale Transaction and the cost of the Core BTS SkyTrain System project and related assets as gain on the said sale of net farebox revenue for income tax calculation as of the transaction date.

The Core BTS SkyTrain System project has been BTS Group's major source of income and profit, constituting more than 50% of its consolidated income and profit from operation. As such, after completion of the Net Revenue Sale Transaction, the revenues, expenses and operating profit from the Core BTS SkyTrain System will disappear and there will be only revenue generated from other businesses such as the operation of the Silom and Sukumvit Line Extensions, revenue from the operation of the BRT, revenue from media business, revenue from property business, and revenue from service business. Apparently, the revenue and operating profit of BTS Group will decrease by more than half from the total revenue and profit earned at present. However, the said lost revenue could be partially offset by returns on the investment of not over than 33.33% in IFF units in the form of dividend or capital return to the Company and by a management fee and/or incentive fee that IFF will pay to BTSC. The dividend received from investment in IFF will be from a very high distribution rate calculated from net cash flows excluding all accounting expenses i.e. depreciation. Moreover, IFF is a tax exemption entity, thus, IFF's cash flows are not taxable. Apart from return from the investment in IFF, cash received from the sale of net farebox revenue to IFF which set aside for repayment of principal and interest of debenture and for future investment projects can yield return on investment in low risk assets. In addition, the Company plans to use cash proceeds from the sale of net farebox revenue partly for investment in the new mass transit lines which are currently being put up for bid. If the Company wins the bid for any of such projects, it will be able to generate, though not in the initial stage but after the new line project becomes commercially launched, revenue and profit from such new project to gradually compensate for the lost revenue and profit from the Core BTS SkyTrain System.

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On the contrary, if the Company fails to win the bid for the operation of any of such new mass transit line projects, its operating profit will decline because gain on the Net Revenue Sale Transaction will be recognized as of the transaction date. The Company must, otherwise, use the cash proceeds from the sale of net farebox revenue to IFF for other investment that yields a return higher than or equal to that earned from the current mass transit business. However, in view of the Company's track record in the BTS SkyTrain System operation and the increased passenger convenience provided by connectivity of the existing BTS SkyTrain System and the new transit line operated by the same operator, the Company believes that BTS Group has an advantage over other players to participate in the bid for the new mass transit projects. However, no final consideration from the relevant authorities regarding the accounting treatment of the Net Revenue Sale Transaction as a true sale. In the case that the Net Revenue Sale Transaction is treated in the same way as the consultation with the Revenue Department, BTSG Group's revenue and expense structure will not change. However, there will be an additional interest expense because the Net Revenue Sale Transaction is treated as a financing transaction.

(2) Risk from a loss of opportunity to enjoy full benefit from the Core BTS SkyTrain System in case the actual ridership is higher than the estimate by MVA

BTSC will sell the net farebox revenue from the Core BTS SkyTrain System to IFF at a price determined based on the present value of future net farebox revenue expected until the expiration of the Concession Agreement (as estimated by Systra MVA (Thailand) Ltd. ("MVA")). Given that the actual revenue is higher than projected by MVA, BTSC will enjoy only part of the excessive revenue through the management fee and/or incentive fee to be received yearly and based on the projected annual net farebox revenue that BTSC can generate and transfer to IFF. As such, BTSC will not fully obtain the benefit from the operation of the Core BTS SkyTrain System if the number of passengers is greater than the estimate by MVA because the Company holds stake in IFF only 33.33%.

(3) A change in the structure of assets and shareholders' equity of BTS Group after entering into the disposal and acquisition of asset transactions

On accounting perspective, entering into the Net Revenue Sale Transaction may be regarded as a true sale transaction pursuant to Thai Accounting Standard No. 18 if material economic rewards and risks are transferred to IFF. In the case that the Net Revenue Sale Transaction is treated as true sale, structure of assets and shareholders' equity will be changed. As of September 30, 2012, the key component of the Company's total assets (consolidated financial statements) was the elevated rail project costs, accounting for roughly 68.12% of total assets.

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After completion of the Net Revenue Sale Transaction, the costs of the Core BTS SkyTrain System and related assets will disappear from the account and be replaced by cash proceeds from such sale of net farebox revenue. The cash proceeds will be partially divided into (1) fund for principal and interest payment to baht-denominated debenture holders, and (2) about one-third of the cash proceeds, which will be invested in the investment units of IFF. At the same time, gain on the sale of net farebox revenue (after tax) will be recognized in the shareholders' equity, leading to an increase in BTS Group's equity (Please refer to the financial position in Attachment 2 Pro Forma Consolidated Financial Statements of the Company after Entering into the Infrastructure Fund Transaction). Moreover, the Net Revenue Sale Transaction will cause variation in income tax calculation in terms of the accounting treatment and the tax treatment. With respect to the accounting treatment, the consideration received from the sale of net farebox revenue is regarded as a true sale transaction, whereby revenue and gain on the said disposal of assets will be incurred as of the transaction date and will be incorporated into taxable income calculation in the relevant accounting year. In terms of the tax treatment, the Revenue Department does allow the Net Revenue Sale Transaction to be regarded as a disposal of asset transaction, but instructs BTSC to account for the consideration to be received for the sale of net farebox revenue in the future as a long-term debt financing and to recognize the total net farebox revenue to be transferred to IFF in each period as payment of principal and interest on such loan, with such interest payable to be counted as additional expense in the calculation of taxable income for submission to the Revenue Department. Due to the said variation in income tax calculation in terms of the accounting treatment and the tax treatment together with the implementation of Accounting Standard No. 12 "Corporate Income Tax" by BTSC in fiscal year 2013/14, BTSC will have to charge the difference in income tax as "Deferred Tax Liabilities" in the liabilities caption of the financial statements after entering into the Net Revenue Sale Transaction. However, no final consideration from the relevant authorities regarding the accounting treatment of the Net Revenue Sale Transaction as a true sale. In the case that the Net Revenue Sale Transaction is treated in the same way as the consultation with the Revenue Department, the elevated rail project costs will remain a main assets of BTSG Group. Cash will rise at the same amount of cash received from sale of net farebox revenue which will be partially divided into assets as mentioned above. BTSG Group's long term loan will increase the same amount of cash received from sale of net farebox revenue. In addition, there will be no difference of tax calculation between accounting's and tax's perspective.

(4) Risk of shareholders from a possible change in return on investment in the form of dividend or capital return

After entering into the Net Revenue Sale Transaction, BTSC can no longer recognize its farebox revenue from the Core BTS SkyTrain System (in the accounting treatment terms), thus resulting in a fall in the realized operating profit of BTS Group as discussed earlier. Such lost revenue can be compensated, but only partially, by revenue from investment in IFF in the form of dividend and revenue from management fee and/or incentive fee receivable from IFF. As a consequence, the profit from operation will decrease, likely leading to a drop in return on investment for the shareholders in the form of dividend. However, given that BTS Group wins the bid for the new mass transit projects and uses a part of the cash proceeds from the Net Revenue Sale Transaction for financing the said new projects, it will, after completion of the projects, generate additional revenue and could grow its performance from the operation of those projects. The shareholders will receive a smaller amount of dividend during the new mass transit line project development and then have a chance of obtaining a higher return through dividend in the future after the new projects have fully recognized a profit from operation. Alternatively, if BTSC uses a part of the cash proceeds from the Net Revenue Sale Transaction for other more lucrative investment than the Core BTS SkyTrain System project, the shareholders will likely receive a higher return through dividend than that currently paid to them. Meanwhile, if BTS Group fails to win the bid for the new transit lines and uses a part of the said cash proceeds for any other investment that gives a different yield from that of the Core BTS SkyTrain System, the shareholders will bear risk involved with a change in return on investment in the form of dividend.

(5) A potential material impact on BTS Group's financial position and business performance caused by any event of default by BTSC

Pursuant to the Sponsor Support and Guarantee Agreement, which is part of the security under the Net Revenue Purchase and Transfer Agreement, the Company, as a sponsor, is obligated to enter into the share pledge agreement and the agreement to sell and purchase shares of BTSC owned by the Company in the entire amount of 97.46% of total sold shares of BTSC. As set forth under such agreement, the Company shall transfer the entire amount of its shares in BTSC to IFF in the case where BTSC breaches any of the conditions with respect to the events of default specified in the Net Revenue Purchase and Transfer Agreement and IFF enforces the Company to transfer BTSC's shares according to support and guarantee provided to IFF. Therefore, if in the future there is any incident causing BTSC to breach the agreement and thereby enforcing the Company to transfer the shares, this will significantly affect the financial position and performance, as well as the business operation capability of BTS Group in the future. However,

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before the Company transfers BTSC's shares to IFF, BTSC will transfer all Excluded Assets to the Company or the party assigned by the Company in an agreed timeframe. In the event that the Excluded Assets have not transferred by BTSC before transfer to IFF, IFF or new shareholder(s) of BTSC will allow BTSC to operate and/or manage the Excluded Assets at the standards specified in the related agreement(s).

3.2 Plan for utilizing proceeds from the disposal of assets and source of funds used for the acquisition of assets

Plan for utilizing proceeds from the disposal of assets

- The proceeds of not less than Baht 50,000 million will be allocated by BTSC and the Company for the following purposes:
 - (1) BTSC will set aside fund for principal and interest payment to baht-denominated debenture holders of approximately Baht 10,500 million (calculation from April 1, 2013 until the end of each debenture's tranche), which is sufficient for principal and interest payment to the debenture holders throughout the remaining debenture term
 - (2) BTSC will provide a long-term loan to the Company to repay a bridging loan borrowed from a financial institution for investment in IFF, with the management authorized to determine the terms and conditions and repayment period as deemed fit.
 - (3) BTSC will make a special dividend payment to the shareholders and/or seek the shareholders' approval of a capital reduction in order to return some equity capital to the shareholders. The Company, as a 97.46% shareholder, may utilize part of such fund to repay the long-term loan borrowed from BTSC as in (2) above and the remainder as a financing source for its participation in the bid for the mass transit projects approved by the cabinet to be put up for open bid. In this respect, the Company plans to participate in only the transit lines in which it has an advantage over other bidders. If there is remaining cash available after a reserve set aside for investment in such mass transit business expansion, the Company may consider paying dividend to its shareholders. The dividend payment will be subject to certain legal restrictions and conditions, including but not limited to the Company's financial need and plan for the future investment, the approval from the Company's Board of Directors or shareholders (as the case may be).

Source of funds used for the acquisition of assets

The Company will borrow a bridging loan from a financial institution for investment in IFF investment units in an amount of one-third of the fund size and will in this regard negotiate with the financial institution for the terms and conditions that are appropriate for the transaction.

3.3 Fairness of price and conditions for the transaction

3.3.1 Fairness of price

3.3.1.1 Fairness of the disposal of assets

BTSC will enter into the transaction to sell the net farebox revenue to be generated from the operation of the BTS SkyTrain System pursuant to the Concession Agreement signed by BTSC with the BMA with the remaining concession term of about 17 years, ended December 2029, covering the core BTS SkyTrain route which consists of the 17-km Sukhumvit Line from Mo Chit to On Nut and the 6.5-km Silom Line from National Stadium to Taksin Bridge, with a combined track length of 23.5 km. The net revenue is derived from all farebox revenue collected from the Core BTS SkyTrain System less the operating and maintenance expenses and capital expenditure incurred. The IFA measures a fair value of the said net farebox revenue by applying the following approaches:

- (1) Net Book Value of Assets Approach
- (2) Market Comparables Approach
- (3) Enterprise Value of Assets Approach
- (4) Discounted Cash Flow Approach

(1) Net Book Value of Assets Approach

The net book value of assets approach demonstrates a book value of the Core BTS SkyTrain System at a certain point of time. Here, the valuation is based on the book value shown on BTSC's carve-out financial statements as of September 30, 2012, which have been prepared, in accordance with the accounting standards applicable in Thailand and duly reviewed by an auditor, by BTSC management to represent past operational performance during 2010-2012 of the Core BTS SkyTrain System only and not reflecting its future operating results. (Please see the financial statements and assumptions used for the financial statement preparation in Item 1.4 Details of the Assets Disposed of.) The book value of assets of the Core BTS Sky Train System derived is Baht 43,162.5 million.

Therefore, the Core BTS SkyTrain System is valued by the net book value of assets approach at Baht 43,162.5 million.

(Translation)

(2) Market Comparables Approach

Under this approach, the assets are valued by using multiples, comprising 1) price to earnings ratio (P/E ratio) and 2) price to book value ratio (P/BV ratio), multiplied by net earnings and book value of the contribution of capital by owners of the Core BTS SkyTrain System respectively and then added back with interest-bearing debt to arrive at a fair value of assets of the Core BTS SkyTrain System.

This approach measures value of the assets through comparison of multiples of SET-listed entities operating a business similar to BTSC's business, which is a mass transit service operated under concession awarded by the government. We have singled out one listed company in the SET's Services Industry Group, Transportation & Logistics Sector, as a peer company of BTSC, namely Bangkok Metro Plc. ("BMCL") which is an operator of the Chaloem Ratchamongkhon Line metro service.

(Unit: Baht million)

No.	Peer Group	Symbol	Total Assets ^{1/}	Shareholders' Equity ^{1/}	Total Revenue ^{1/}	Net Profit ^{1/}	Average Turnover Ratio (%) ^{2/}
1	Bangkok Metro Plc.	BMCL	18,246.67	1,041.57	1,655.93	(895.63)	0.06%
2	BTS Group Holdings Plc.	BTS	65,562.53	38,952.51	7,506.6 ^{3/}	1,587.6 ^{3/}	0.55%

Note: Source: www.setsmart.com

^{1/} Derived from the reviewed financial statements as of September 30, 2012.

^{2/} Calculated from an average of the ratio of trading volume to total paid-up shares of each security over the past one year from November 9, 2011 to November 8, 2012.

^{3/} Being adjusted to three-quarter figures for comparative purpose.

In this comparison, we take no account of companies operating a mass transit business overseas due to the much different business size and nature of service from BTSC's, as well as the difference in stock market condition and trading pattern in each country. Therefore, their financial ratios are not comparable.

Likewise, we do not incorporate into the comparison the financial ratios of BTS Group Holdings Plc. ("BTSG" or "the Company") even though the Core BTS SkyTrain System is its current core activity. This is because BTSG also operates other businesses of a significant size such as the property business and the advertising and merchandizing business, including other service businesses. Accordingly, it is somewhat inappropriate to adopt BTSG's multiples in this comparison for valuation of assets of the Core BTS SkyTrain System, which is part of the activities of BTS Group.

The multiples used in the comparison are 1) price to earnings ratio (P/E ratio) and 2) price to book value ratio (P/BV ratio).

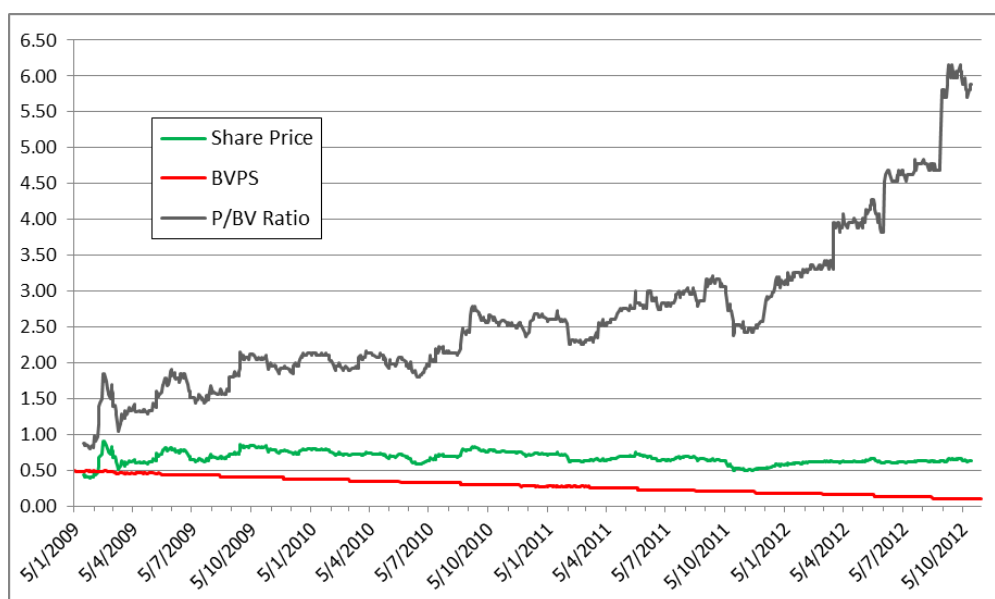
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2.1) Price to Earnings Ratio or P/E Ratio Approach

The assets valuation by this approach is based on the net earnings of the Core BTS SkyTrain System, multiplied by the average P/E ratio of the peer company, BMCL, and then added back with interest-bearing debt of the Core BTS SkyTrain System. Nonetheless, since BMCL reported a loss in the four previous quarters, its P/E ratio is incalculable and, hence, it is not possible to value the Core BTS SkyTrain System by this approach.

2.2) Price to Book Value or P/BV Ratio Approach

Under this method, assets of the Core BTS SkyTrain System is evaluated based on its net book value of the contribution of capital by owners, which is Baht 32,692.6 million, multiplied by the average P/BV ratio of the peer company and then added with the Core BTS SkyTrain System's interest-bearing debt which BTSC will be responsible for repaying. Since BMCL has been operating at a loss, leading its shareholders' equity to be considerably lower than its asset value, the P/BV ratio of BMCL is therefore at a very high level and could not serve as a reasonable industry benchmark for this valuation.



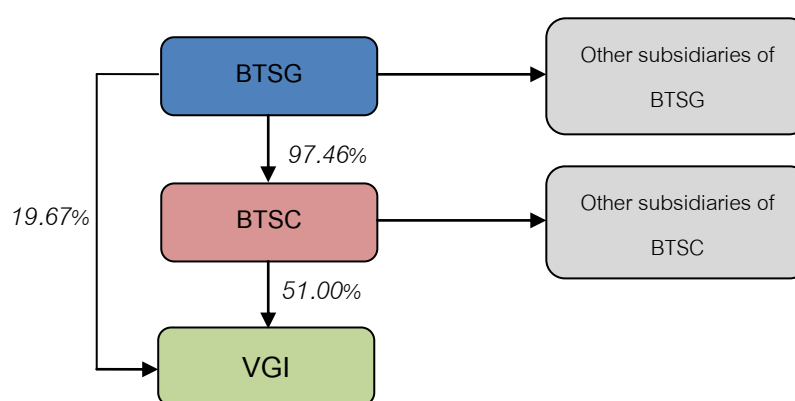
(3) Enterprise Value of Assets Approach

Valuation by the enterprise value of assets approach is based on market capitalization of the appraised entity, added back with its interest-bearing debt and then deducted by cash held by the entity.

Although BTSC securities are not directly traded on the SET, the securities of BTSG, its parent company, are traded on the market. BTSG operates four major activities: (1) mass transit business, (2) advertising business, (3) property business and (4) service business.

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We therefore estimate only the value of the Core BTS SkyTrain System (consisting of the 17-km Sukhumvit Line from Mo Chit to On Nut and the 6.5-km Silom Line from National Stadium to Taksin Bridge, with a combined track length of 23.5 km and covering 23 stations and with the two lines intersecting at Siam Station as a single shared interchange station). The valuation is based on the market capitalization of BTSG and a BTSC subsidiary which has a reference market price, i.e. VGI Global Media Plc. ("VGI") whose shares commenced trading on the SET on October 11, 2012. It is also based on the appraised value (latest) of land and construction of the property group of BTSG and subsidiaries of BTSG and BTSC, the value of other subsidiaries engaging in service business, the auditor-reviewed financial information for Q2/2013 accounting period of BTSG and its subsidiaries, and the carve-out financial statements representing the Core BTS SkyTrain System only as reviewed by BTSC's auditor. The method of valuation is as follows:



At first, we estimate the market capitalization of BTSG from the closing price of BTSG shares traded on the SET as of November 8, 2012 (the last business day before the date of board resolution approving the Company to enter into the transaction), which was Baht 6.25 per share, multiplied by total number of registered and paid-up shares of BTSG of 10,470.6 million shares, thereby deriving its market capitalization of Baht 65,441.5 million. Then, we add back to the said market cap the interest-bearing debt of BTSG as of the end of a six-month period on September 30, 2012 of Baht 22,533.8 million, minus cash of Baht 3,260.0 million and non-controlling minority interest of Baht 1,654.1 million, to arrive at BTSG's enterprise value of Baht 83,061.2 million.

After that, the enterprise value of BTSG is deducted by the enterprise value of VGI since VGI has a reference market price (VGI shares began trading on the SET on October 11, 2012). As of November 8, 2012 (the last business day before the date of board resolution approving the Company to enter into the transaction), the closing price of VGI shares was Baht 75.00 per share. The market cap of VGI is not added back with interest-bearing debt since VGI has had no such debt, but is deducted by its cash of Baht 291.1 million (VGI does not have any minority interest), resulting in an enterprise value of Baht 22,208.9 million. However, BTSG owns shares in VGI through BTSC, which holds 51.00% of VGI's issued and paid-up shares

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while BTSG holds 97.46% of BTSC's issued and paid-up shares and BTSG holds 19.67% of VGI's issued and paid-up shares, directly. Therefore, the enterprise value of VGI, computed pro rata to such shareholding, is equal to Baht 15,407.3 million.

The market cap is then deducted by the enterprise value of property business, which is one of BTSG's activities, for the portions held by BTSG and other subsidiaries. We assume that such enterprise value is equal to the appraised value (latest) of land and construction of the property business. For lands and constructions which have no appraised value and assets await transfer under rehabilitation plan, we assume value equal to book value of such assets. Thus, the value of property business is Baht 11,870.9 million (source: BTSC, please refer to Attachment 1 Summary of Real Estate Appraisal). The value have adjusted such property business's enterprise value down by the sale value of shares in Kampoo Property Co., Ltd., which owns a plot of vacant land of about 3 rai, disposed of by the Company to a third party on October 30, 2012 at Baht 1,811 million (appraised price of Baht 1,233 million), and have added the said sale price of shares back to the Company's cash.

In addition, BTSG also has subsidiaries that have engaged in other service businesses but have not earned any income or not yet come into full commercial operation such as Bangkok Smartcard System Co., Ltd. We assume that the enterprise value of these companies is equivalent to their respective book value, multiplied by percentage of shareholding by BTSG and BTSC, thus arriving at their combined enterprise value of Baht 284.6 million.

After that, the remaining amount derived from the above adjustments is allocated based on BTSC's revenue from the Core BTS SkyTrain System in percentage of its total mass transit business revenue, which includes the BTS SkyTrain System Extensions and the BRT (according to the carve-out financial statements representing the Core BTS SkyTrain System only and notes to the financial statements for first six-month period of 2013 fiscal year) to arrive at the enterprise value of the Core BTS SkyTrain System of Baht 45,402.4 million.

Particulars		Value (Baht Million)
Market cap of BTSG (as of November 8, 2012)	(1)	65,441.5
<u>Add:</u> Interest-bearing debt ¹	(2)	22,533.8
<u>Less:</u> Cash ¹ (adjusted by sale price of shares in Kampoo Property Co., Ltd.)	(3)	3,260.0
<u>Less:</u> Minority Interest	(4)	1,654.1
Enterprise value of BTSG	(5) = (1) + (2) – (3) – (4)	83,061.2
Market cap of VGI (as of November 8, 2012)	(6)	22,500.0
<u>Add:</u> Interest-bearing debt ¹	(7)	0.00

(Translation)

Particulars		Value (Baht Million)
<u>Less: Cash</u> ¹	(8)	291.1
Enterprise value of VGI	(9) = (6) + (7) – (8)	22,208.9
BTSC's shareholding in VGI (%) ²	(10)	51.0
BTSG's shareholding in BTSC (%) ³	(11)	97.5
BTSG's shareholding in VGI (%) ²	(12)	19.7
Enterprise value of VGI according to BTSG's shareholding in BTSC (directly and indirectly)	(13) = (9) x (10) x (11)+(9) x (12)	15,407.3
Appraised value (latest) of land and construction of property business (minus value of land owned by Kampoo Property Co., Ltd.)	(14)	11,870.9
Enterprise value of subsidiaries in service businesses of BTSG and BTSC ¹	(15)	284.6
Remaining enterprise value of mass transit business	(16) = (5) - (13) - (14) - (15)	55,498.3
Revenue from Core BTS SkyTrain System ⁴	(17)	2,373.0
Revenue from BTS SkyTrain System Extensions and BRT ⁴	(18)	527.7
Total revenue from mass transit business	(19) = (17) + (18)	2,900.7
Revenue from Core BTS SkyTrain System as % of total mass transit business revenue (%)	(20) = (17)/(19)	81.8
Enterprise value of Core BTS SkyTrain System	(16) x (20)	45,402.4

1/ Based on the reviewed financial statements for a six-month period of 2013 fiscal year of VGI and BTSG and information received from the Company

2/ Based on the Registration Statement of Securities Offering of VGI

3/ Based on data available from the SET

4/ Based on the reviewed financial statements for first six-month period of 2013 fiscal year of BTSC

We have adopted a range of the weighted average closing price of BTSG shares over different time horizons from five business days to 30 business days between Baht 5.88 and Baht 6.13 per share in the calculation of enterprise value of the Core BTS SkyTrain System, as follows:

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Number of Business Days	Time Period	Weighted Average Closing Price (Baht/Share)	Enterprise Value of Core BTS SkyTrain System (Baht Million)
1 day	Nov 8, 12	6.25	45,402.4
5 days	Nov 2, 12 - Nov 8, 12	6.13	44,378.2
10 days	Oct 26, 12 - Nov 8, 12	6.00	43,287.4
15 days	Oct 18, 12 - Nov 8, 12	5.96	42,876.7
30 days	Sep 27, 12 - Nov 8, 12	5.88	42,262.2

From the above table, the enterprise value of the Core BTS SkyTrain System is in a range of Baht 42,262.2 million – Baht 45,402.4 million.

(4) Discounted Cash Flow Approach

This approach estimates the net present value of free cash flow of the net farebox revenue of the Core BTS SkyTrain System. We use the following assumptions for such estimation:

Revenue

The farebox revenue projection of the Core BTS SkyTrain System on which this financial projection is based has been prepared by Systra MVA (Thailand) Ltd. ("MVA"), a consultant engaged by BTSC to conduct an estimation of BTSC's yearly ridership and farebox revenue for the purpose of operational planning since the opening to service of BTS SkyTrain System. MVA has had a global experience in providing consultancy services on transport systems, including large buildings and constructions, of both governmental and private sectors in the Asia-Pacific Region. In Thailand, aside from the BTS SkyTrain project, MVA has offered its consulting services to such other mass transit systems as Don Muang Tollway, MRTA and several local expressway projects. The results of BTS ridership estimates performed by MVA over the past several years represented a low deviation rate against the actual number of passengers, equal to 0% in 2011.

The yearly farebox revenue of the Core BTS SkyTrain System depends on its ridership and average fare per trip. The projection by MVA has been based upon an array of factors prevailing under the present circumstances. Therefore, any change in these factors in the future could have an effect on such projection. In its forecasts, MVA has taken into account the ensuing impacts of the opening to service in the future of the Green Line extensions, consisting of extensions from Wongwian Yai to Bang Wa, Mo Chit to Saphan Mai, Bearing to Samut Prakan, and National Stadium to Phran Nok. These extension lines, once opened to service, will feed passengers from the extension line areas into the Core BTS SkyTrain System and, thus, help to increase the latter's ridership. As well, the opening of other mass transit lines in the future, namely the Red, Light Red, Blue, Purple and Orange Lines, will relatively have a positive impact on the Core BTS SkyTrain

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System's ridership arising from expansion of the mass transit network into suburban areas to feed commuters into the Core BTS SkyTrain System that covers the main CBDs in inner city areas.

MVA has also taken into consideration the overall national economic situation in terms of growth rate of land use in Bangkok and its vicinities, future expressway and road networks, expansion of mass transit systems and mass transit fare rates. MVA has forecast the ridership and farebox revenue of the Core BTS SkyTrain System according to the fiscal year of BTSC (April 1-March 31). Based on the most recent forecast by MVA, conducted in November 2012, the actual ridership, average fare per trip, and farebox revenue of the Core BTS SkyTrain System in the past three accounting years and projections for the remaining concession term could be shown as follows:

(Unit: Baht Million)

Past Performance (Fiscal Year)	2010	2011	2012
Ridership (million trips)	144.5	145.2	176.0
Growth rate (%)	6.3	0.5	21.2
Average fare per trip (Baht/trip)	24.1	24.4	24.4
Growth rate (%)	(0.4)	1.2	(0.0)
Farebox revenue of the Core BTS SkyTrain System (Baht million)	3,484.6	3,544.8	4,296.8
Growth rate (%)	6.0	1.7	21.2

(Unit: Baht Million)

Projection (Fiscal Year)	2013	2014	2015	2016	2017	2018
Ridership (million trips)	195.3	214.0	230.4	239.0	252.1	281.1
Growth rate (%)	10.9	9.6	7.6	3.7	5.5	11.5
Average fare per trip (Baht/trip)	24.7	26.0	25.9	27.4	27.4	29.1
Growth rate (%)	1.4	5.1	(0.2)	5.8	(0.2)	6.4
Farebox revenue of the Core BTS SkyTrain System (Baht million)	4,831.5	5,563.5	5,975.4	6,557.9	6,901.4	8,192.5
Growth rate (%)	12.4	15.2	7.4	9.7	5.2	18.7

(Unit: Baht Million)

Projection (Fiscal Year)	2019	2020	2021	2022	2023	2024
Ridership (million trips)	306.9	323.6	339.9	348.1	359.9	371.8
Growth rate (%)	9.2	5.5	5.0	2.4	3.4	3.3
Average fare per trip (Baht/trip)	28.8	30.2	30.2	32.0	32.8	33.6
Growth rate (%)	(1.2)	5.0	(0.1)	5.8	2.7	2.5
Farebox revenue of the Core	8,838.3	9,783.0	10,258.9	11,114.4	11,802.7	12,491.0

(Translation)

Projection (Fiscal Year)	2019	2020	2021	2022	2023	2024
BTS SkyTrain System (Baht million)						
Growth rate (%)	7.9	10.7	4.9	8.3	6.2	5.8

(Unit: Baht Million)

Projection (Fiscal Year)	2025	2026	2027	2028	2029	2030
Ridership (million trips)	383.6	395.5	407.4	421.7	436.0	418.2*
Growth rate (%)	3.2	3.1	3.0	3.5	3.4	(4.1)
Average fare per trip (Baht/trip)	34.4	35.1	35.7	37.2	38.7	40.0
Growth rate (%)	2.3	2.1	1.9	4.2	3.8	3.4
Farebox revenue of the Core BTS SkyTrain System (Baht million)	13,179.4	13,867.7	14,556.0	15,703.5	16,851.0	16,716.4
Growth rate (%)	5.5	5.2	5.0	7.9	7.3	(0.8)

* The IFA has revised the full-year ridership estimate by MVA to the figures as of the end of the Concession Agreement on December 4, 2029 (representing an operational period of about 8 months in the final fiscal year).

For fiscal years 2013 and 2014, MVA expects the ridership to grow by roughly 11.0% and 9.5% respectively, driven by the opening of the Silom extension lines from Wongwian Yai Station to Talad Plu Station in fiscal 2013 and from Talad Plu Station to Bang Wa Station in fiscal 2014, both of which will be directly extended for the Core BTS SkyTrain System. Moreover, in fiscal 2014, there will be an addition of 27 new trains to the Core BTS SkyTrain System fleet to serve the growing number of passengers to be derived from the extension lines. Following the operation of the Wongwian Yai - Bang Wa extension lines in fiscal 2013 and 2014, the ridership is predicted to increase by around 7.5% in fiscal 2015. For fiscal 2016, in which year MVA assumes there will be a launch of the Purple Line on the Tao Pun - Kiak Kai (new parliament location) route and the Bang Sue - Bang Yai route, the ridership is expected to grow by about 3.5%. For fiscal 2017, the Red Line (Bang Sue - Taling Chan) and the Pink Line (Min Buri - Nonthaburi) are expected to be opened to service and will help to grow the ridership by 5.5%.

MVA predicts further that the Bearing - Samut Prakan and Mo Chit - Saphan Mai extension lines, which will be extended from the existing Sukhumvit Line and will come into operation in 2018, and the Orange Line (Thailand Cultural Center - Bang Kapi) will together lead the Core BTS SkyTrain System's ridership in such fiscal year to increase strongly by 11.5%. For fiscal 2019, it is forecast that the anticipated opening of the Blue Line extensions from Bang Sue to Tha Phra and from Hua Lamphong to Bang Khae and a launch of the Red Line routes from Bang Sue to Rangsit and Bang Sue to Phayathai and the Orange Line from Bang Kapi to Min Buri will help to sharply grow the Core BTS SkyTrain System's ridership by an expected rate of 9.0%. The ridership growth rate for fiscal 2020 will be 5.5%, driven by the opening of the National Stadium –

(Translation)

Yot Se extension line, the Purple Line from Kiak Kai to Rat Burana and the Orange Line from Thailand Cultural Center to Taling Chan, coupled with an increase in number of trains of the Core BTS SkyTrain System. Such opening of additional mass transit lines and increase in number of trains will also lead the ridership in fiscal 2021 to rise by 5.0%. MVA forecasts that after a full operation of all mass transit lines, the ridership will grow in a range of 2.5%-3.5% between 2022 and 2029. The estimated ridership for the final fiscal year of the concession term will decline because it will not cover the full fiscal year as the concession will expire on December 4, 2029 (representing an operational period for fiscal 2030 of only about 8 months).

The average fare is forecast by MVA to be revised up by 6.0% at a two-year interval, with the fare increase to be firstly made in fiscal 2014 and then every two years until the end of the projection life. Thus, the growth rate of average fare per trip will be between 5.0% and 6.5% per year in fiscal 2014, 2016, 2018, 2020 and 2022 and will be an average of 3.0% per year from 2023 until the end of the projection life. MVA has made the projection for the period after a full operation of all mass transit lines (fiscal 2022 onwards) by the interpolation method, using the forecast in fiscal 2022, 2027 and 2032 as a base ("base year") for a yearly projection.

Operating & maintenance expenses

BTSC hired PB Asia Ltd. ("PB Asia") to conduct operating cost projection, operational planning and maintenance cost estimation to be in line with the operational plans and ridership growth projection prepared by MVA.

PB Asia is a world-class consulting firm with more than 30 years of experience and expertise in transportation industry. It has been trusted to provide consulting and planning services for many mega projects such as international airports, expressways, roads and tunnels, rail transit systems, etc. to both public and private clients in more than 80 countries across the globe, including the government-initiated infrastructure projects in Thailand.

The operating cost projection for the Core BTS SkyTrain System made by PB Asia is divided into direct and indirect expenses. The direct costs are comprised of public utilities, repair and maintenance, direct labor's salary and welfare, and other direct costs such as insurance, security, cleaning, and so on. The indirect costs are salary and welfare for indirect labor and other expenses such as marketing expense, advisory and other professional fees, etc.

The projection is made on operating expenses of the Core BTS SkyTrain System only, while some expenses that are incurred in the entire system (Core BTS SkyTrain System and all extensions) will be allocated according to route length and number of stations of the Core BTS SkyTrain System in proportion to total length of the entire system, Core BTS SkyTrain System plus all extensions.

Growth rate of the direct costs (excluding repair and maintenance) for fiscal years 2013-2014 is projected by PB Asia at 5.5% – 7.0% per year in line with the opening of the Wongwian Yai – Bang Wa

(Translation)

extension line and the increase of 27 new trains. The growth rate will then slow to 4.0% - 5.0% per year for fiscal 2015-2029. It will turn negative in fiscal 2030 because such year will cover an operational period of only 8 months as the concession will expire on December 4, 2029.

Repair and maintenance cost is estimated to be 9.5% – 10.5% of farebox revenue of the Core BTS SkyTrain System for fiscal 2013-2016, before declining to 8.5% in fiscal 2017-2018 due to cost saving by the use of an in-house repair and maintenance team after the outsource contract expires in fiscal 2016.

After that, there will be a major overhaul every 7 – 8 years. Each major overhaul is undertaken gradually to avoid service disruption and accordingly is time-consuming. BTSC performed the first major overhaul in early 2006 and completed it in late 2008. The next one is set to take place from fiscal 2019 to 2024, during which the repair and maintenance cost is projected to rise to 9.0% – 10.5% of farebox revenue of the Core BTS SkyTrain System. The repair and maintenance cost is expected to fall to 6.0% – 7.0% of farebox revenue of the Core BTS SkyTrain System for fiscal 2025-2029 because it will have just undergone a major overhaul, and is forecast at only 4.2% for the final fiscal year of the concession term as it will not cover a full-year operational period.

The indirect expenses are projected by PB Asia to grow at an average 4.5% per year (a range of 3.5%-5.5%) throughout the projection period (except the last fiscal year of the concession term where such growth rate will turn negative as it will not cover a full-year operational period). In the final fiscal year of the concession term, the indirect costs will decrease significantly due to a drop in, among others, advertising and PR expenses, special consulting fees, additional fare card printing, etc.

Capital expenditure

Capital expenditure is composed of investment in trains of the Core BTS SkyTrain System, which is estimated by PB Asia based on the ridership and maintenance plan so as to ensure income sustainability for BTSC. It is projected that 27 new trains will be procured in fiscal 2014 and 12 in fiscal 2020. The said new trains procured in fiscal 2014 will not bear any capital expenditure since they will be part of the trains financially supported in the form of rent receivable from Krungthep Thanakom Co., Ltd., whereas the capital expenditure for the 12 trains in fiscal 2020 is estimated at Baht 800 million, which will be gradually paid to the supplier over four fiscal years (2018-2021).

Management fee and/or incentive fee

After BTSC sells its right to receive net farebox revenue generated from the Core BTS SkyTrain System, it will receive a management fee and/or incentive fee on a yearly basis for the operation of the Core BTS SkyTrain System, which is regarded as part of the expenses of the Net Revenue Sale Transaction (please refer to Item 1.1 Nature of the Disposal and Acquisition of Assets Transactions). In the case where the actual

(Translation)

net revenue per year is in a range of 95%-105% of the projected yearly net revenue, BTSC will receive the management fee and/or incentive fee at 2% of the yearly net revenue on the assumption that BTSC will manage the Core BTS Sky Train System to be in line with the projection of net farebox revenue.

Based on the above assumption, BTSC is expected to receive the net revenue – after management fee and/or incentive fee on the farebox revenue from the Core BTS SkyTrain System as follows:

(Unit: Baht Million)

Projection (Fiscal Year)	2013	2014	2015	2016	2017	2018
Net revenue – after management fee and/or incentive fee	3,050.7	3,638.7	3,921.8	4,424.4	4,747.4	5,609.2
Projection (Fiscal Year)	2019	2020	2021	2022	2023	2024
Net revenue – after management fee and/or incentive fee	6,037.7	6,608.9	7,308.2	8,059.6	8,526.7	9,208.1
Projection (Fiscal Year)	2025	2026	2027	2028	2029	2030
Net revenue – after management fee and/or incentive fee	9,976.6	10,575.4	11,155.4	12,142.8	13,124.0	14,015.3

Discount rate

The discount rate used for estimating the net present value of the net farebox revenue of the Core BTS SkyTrain System is derived from the weighted average cost of capital (WACC).

Calculation of WACC:

$$\text{WACC} = K_e \times (E/(D+E)) + K_d \times (D/(D+E)) \times (1-T_c)$$

Where: K_e = Cost of equity calculated by the Capital Asset Pricing Model (CAPM)

K_d = Loan interest of BTSC debentures for the Core BTS SkyTrain System

T_c = Corporate income tax

E = Shareholders' equity

D = Interest-bearing debt

$$\text{Calculation of } K_e = R_f + \beta_L \times (R_m - R_f)$$

(Translation)

Where: Rf = Risk free rate, which is based upon a bid yield on government bond with a maturity of 17 years to be consistent with the projection period covering the remaining concession term, equivalent to 3.8% as of November 8, 2012

Rm = Market return, derived from the average rate of return on the SET over the past 20 years, equal to 13.1%

β_L = Beta of BTSG, using the average historical beta from May 11, 2010, which was the first trading day of the new BTSG shares issued in the acquisition of BTSC (source: Bloomberg), until November 2, 2012, equivalent to 1.0. Since BTSG and BTSC, for the operation of the Core BTS SkyTrain System only, have a different D/E ratio, we have measured an unleveraged beta, equal to 0.8, with the following formula:

$$\beta_u = \frac{\beta_L}{[1 + (1-T_c)*(D/E)]}$$

As there will be principal repayment for debentures during 2013-2017, the D/E ratio will change significantly. Besides, the annual average of coupon rates on debentures is changeable due to the varied coupon rates of different debenture series and the expiry of certain debenture series during such period. Therefore, we cannot use only one discount rate for measuring the net present value of free cash flow throughout the projection life. The β_L of BTSC for the Core BTS SkyTrain System only will vary with the D/E ratio in a particular year. During the period from fiscal 2018 onwards, BTSC for the Core BTS SkyTrain System only will no longer incur the interest-bearing debt, resulting in a stable WACC. Shown below is WACC used for each year throughout the projection life:

Projection (Fiscal Year)	2013	2014	2015	2016	2017	2018-2030
D/E ratio	0.3	0.2	0.1	0.1	0.0	0.0
β_L	1.0	0.9	0.9	0.8	0.8	0.8
Ke (%)	12.9	12.6	11.9	11.3	11.0	10.9
Kd (%)	5.9	6.0	6.2	6.6	6.8	N/A
WACC (%)	10.0	10.1	10.4	10.6	10.8	10.9

Remark: * The last tranche of BTSC's debenture will be expired in August 2016. BTSC will not have any interest bearing debt in fiscal year 2018 – 2030.

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Therefore, the net present value of the net farebox revenue of the Core BTS SkyTrain System (Mo Chit – On Nut and National Stadium – Taksin Bridge routes) from the expected date of the Net Revenue Sale Transaction until the expiration date of the concession (April 1, 2013 – December 4, 2029) is estimated to be Baht 51,608.0 million.

Sensitivity analysis

We have conducted a sensitivity analysis on the above estimation of the net present value of the net farebox revenue of the Core BTS SkyTrain System, using the market return (Rm) and percentage change in ridership from the base-case projection by MVA to derive the net present value of the net farebox revenue as shown in the table below:

(Unit: Baht Million)		% Change of Ridership from MVA's Projection (%)				
		-2.50	-1.25	0.00	1.25	2.50
Rm (%)	12.1	52,901.2	53,837.1	54,773.1	55,709.0	56,644.9
	12.6	51,338.5	52,247.8	53,157.0	54,066.3	54,975.5
	13.1	49,840.6	50,724.3	51,608.0	52,491.7	53,375.4
	13.6	48,404.4	49,263.6	50,122.7	50,981.8	51,841.0
	14.1	47,026.9	47,862.5	48,698.0	49,533.6	50,369.2

The net present value of the net farebox revenue of the Core BTS SkyTrain System derived from the sensitivity analysis is in a range of Baht 47,026.9 million - Baht 56,644.9 million.

Summary of opinion on the fair value

Our estimation of a fair value of the Core BTS SkyTrain System by different approaches can be summed up in the below table:

Valuation Approach	Fair Value (Baht Million)	Minimum Sale Price (Baht Million)	Difference	
			(Baht)	(%)
1. Net book value of assets approach	43,162.5		(6,837.5)	(13.7)
2. Market comparables approach				
- P/E ratio	N/A		N/A	N/A
- P/BV ratio	N/A		N/A	N/A
3. Enterprise value of assets approach	42,262.2 – 45,402.4		(7,737.8) – (4,597.6)	(15.5) – (9.2)
4. Discounted cash flow approach	47,026.9 – 56,644.9		(2,973.1) – 6,644.9	(5.9) – 13.3

(Translation)

From the table, a fair value measured by the above approaches is in a range of Baht 42,262.2 million – Baht 56,644.9 million.

In our view, the **net book value of assets approach** is not suitable because it demonstrates the book value of the Core BTS SkyTrain System at a certain point in time, which is the outcome of past operations, but does not reflect the future net farebox revenue to be generated from the disposed assets.

As for the market comparables approach using the **price to earnings or P/E ratio**, it is found not applicable since the selected peer company, BMCL, has operated at a loss, making it not possible to measure a fair value by this method. At the same time, by using the **price to book value or P/BV ratio**, there is only one peer company available for ratio comparison, i.e. BMCL, which could not serve as a reasonable industry benchmark for this valuation. Besides, the peer company differs greatly from BTSC in asset size, equity and working performance, leading to the difference in their share value and financial ratios from investors' perspectives. The loss from its operation causes a continued drop in BMCL's equity, at a rate faster than the decline in its share price, thereby driving up the average P/BV of BMCL from 2.25 times in 2010 to 2.75 in 2011 and 4.61 in 2012 (January 1-November 8, 2012). As such, the P/BV ratio of the peer company may not properly reflect a fair value of the Core BTS SkyTrain System. We therefore are of the opinion that the P/BV ratio approach is not suitable to be used for such assets valuation.

The **enterprise value of assets approach** is considered not suitable either. This method takes into account the value of earning assets by using the present market prices of BTS shares and VGI shares for measuring the enterprise value of the Core BTS SkyTrain System, which reflects the enterprise value from investors' perspectives. However, there are other businesses of BTSG which do not have a reference market price on the SET such as its property business and service business. For the property business, we determine its enterprise value by basing on the most recent appraised value of its immovable properties, some of which were so appraised while they were still under development. Currently, those projects have been completely developed or made more progress than from the time of the said appraisal, but have not yet been revaluated. Hence, such appraised value adopted by the IFA in this valuation might not accurately reflect value of the property business. As regards the service business, we made the valuation based on value of the registered paid-up capital, considering that some companies in this group have not earned any income and some have not yet come into a full commercial operation. Moreover, the value allocation of BTSC's Core BTS SkyTrain System in percentage of its total mass transit business revenue is made by assuming that the return and risk of the Core BTS SkyTrain System are at the same level as those of other mass transit businesses of BTSC (all BTS extensions and the BRT), while in fact they are different from each other. Thus, we deem that the appraised value derived from the enterprise value of assets approach is not appropriate.

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In our opinion, the **discounted cash flow approach** is most suitable for valuing the Core BTS SkyTrain System because it focuses on future performance and profitability of these earning assets and could genuinely reflect value of the disposed assets. Nonetheless, the assets valuation by this approach is based on the financial projection and assumptions prepared under the current economic condition and circumstances. Accordingly, any future change that has a crucial impact on the assumptions could cause a relative change in the financial projection and the fair value estimated by this approach.

Based on the above factors, the fair value of the Core BTS SkyTrain System is appraised at between Baht 47,026.9 million and Baht 56,644.9 million. When compared with the minimum sale price of the Core BTS SkyTrain System of Baht 50,000 million, it is evident that the minimum sale price is within such fair value range determined by the discounted cash flow approach.

3.3.1.2 Fairness of the acquisition of assets

The Company will subscribe for IFF investment units in an amount not less than Baht 16,667 million (calculated based on the minimum sale price of Baht 50,000 million and assuming that IFF does not take any loan. IFF may take on loan to purchase net farebox revenue which will reduce amount of investment units of IFF to be lower than aforementioned minimum sale price.), representing one-third (or approximately 33.33%) of total issued investment units of IFF. The final subscription amount depends on the final offering price of the investment units to be determined through a bookbuilding process, which will be subject to several factors such as prevailing market conditions and an amount of loan taken by IFF to purchase the net farebox revenue. In our opinion, the acquisition price of such assets is reasonable since it will be determined by a suitable method through a bookbuilding process to be conducted among institutional investors, who will naturally analyze fundamental factors and operational capability of the Fund, together with economic condition and money and capital market situations before making their investment decision.

3.3.2 Fairness of the conditions for the transactions

In entering into the Net Revenue Sale Transaction, the Company and BTSC are required to fulfill a number of conditions. Among these, the Company shall provide certain support and a guarantee (with limited liability), pledge BTSC shares and enter into an agreement to sell and purchase BTSC shares in order to provide certain support and to guarantee the obligations of BTSC and the Company. We view that such conditions conform to the usual conditions in a disposal of assets or shares in general where a seller must transfer ownership of the disposed assets or shares to the buyer. However, the concession granted to BTSC by the BMA is not transferable or negotiable unless prior consent and approval is obtained from the BMA and other concerned authorities, which will involve a complicated and time-consuming process, including risk of failure to obtain such approval. Therefore, in entering into the Net Revenue Sale Transaction, it is necessary

that the Company must provide the said certain support and guarantee (with limited liability) to the IFF which will not truly own the Core BTS SkyTrain System concession after having paid the price of the Net Revenue Sale Transaction to BTSC.

3.4 Conclusion of the IFA's opinion on reasonableness of the disposal and acquisition of assets transactions

By entering into (1) the Net Revenue Sale Transaction, (2) the Security Transaction and (3) the Unit Subscription Transaction, BTSC and the Company will gain several benefits such as a stronger BTS Group's ability to participate in the bid for new rail mass transit lines by using the cash proceeds from such sale of net farebox revenue, thereby helping to increase future profitability if the group wins the said bid. In addition, BTSC will not have to pay corporate income tax on gain on sale of the net farebox revenue as of the transaction date, but to gradually recognize the revenue as taxable income throughout the concession period as usual practice. Moreover, BTSC will enjoy interest tax shield since the Net Revenue Sale Transaction will, in terms of tax treatment, be considered as a financing transaction, whereby the consideration received by BTSC for the sale of net farebox revenue will be deemed as a long-term debt financing and BTSC will recognize the total net farebox revenue to be transferred to IFF as payment of principal and interest on such loan, with such interest to be counted as tax-deductible expense throughout the remaining concession term. The interest tax shield is estimated, at present value, at approximately Baht 6,450 million. In terms of tax implication with the sale of net farebox revenue considered as a financing transaction similar to long-term debt financing, IFF is deemed to be a lender and is therefore required to pay the special business tax at a rate of 3.3% on the interest receivable from BTSC as mentioned above. However, BTSC agrees to pay compensation to IFF for such special business tax in the amount, as discounted to a present value, of approximately Baht 1,065 million (for the case that IFF is unable to be waived for the special business tax).

Despite the above, the transactions involve certain crucial issues that should also be taken into account. These include 1) a change in the structure of revenue, expense and operating profit of BTS Group after entering into the disposal and acquisition of assets transactions, 2) risk from a loss of opportunity to enjoy full benefit from the Core BTS SkyTrain System in case the actual ridership is higher than the estimate by MVA, 3) a change in the structure of assets and shareholders' equity of BTS Group, 4) risk of shareholders from a possible change in return on investment in the form of dividend, and 5) a potential material impact on BTS Group's financial position and business performance caused by any event of default by BTSC.

We deem that the minimum sale price (Baht 50,000 million) of the net farebox revenue from the Core BTS SkyTrain System to be sold to IFF is reasonable because it is within the fair value range determined by the discounted cash flow approach of between Baht 47,026.9 million and Baht 56,644.9 million, which is (lower)/higher than the said minimum sale price by Baht (2,973.1) million – Baht 6,644.9 million or by (5.9)% - 13.3% of the minimum sale price. For the subscription price of IFF investment units, the said offering price of

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IFF investment units will be determined by a bookbuilding process to be conducted among institutional investors, who will naturally analyze fundamental factors and operational capability of the Fund, together with economic condition and money and capital market situations before making their investment decision.

As regards the condition on certain support and a guarantee to be provided by the Company to IFF, it is deemed essential for the Company to give the said support and guarantee in order to compensate for non-transfer of the concession right to IFF due to the reasons discussed above. This is comparable to a sale of assets or shares in general, where the ownership must be transferred to the buyer.

Based on the above rationale, we recommend that the shareholders cast a vote to approve the Company and BTSC to enter into the disposal and acquisition of assets transactions and the security transaction. Nonetheless, in deciding whether to grant such approval, the shareholders are recommended to study the information and opinion in various aspects provided herein by the IFA. The shareholders have the sole discretion to make decision whether to approve the transactions.

(Translation)

We hereby certify that we have provided the opinion prudently under the professional standards and with the interest of the shareholders taken into account.

Yours sincerely,
Sage Capital Limited

Thanathip Vidhayasirinun

.....
(Thanathip Vidhayasirinun)

Managing Director

Saranya Krasaesian

.....
(Saranya Krasaesian)

Deputy Managing Director

Rutchanee Chatbunchachai

.....
(Rutchanee Chatbunchachai)

Operational Controller

(Translation)

Attachment 1: Summary of Real Estate Appraisal as of 30 September 2012

Detail	Location	No. (Plot)	Area			Appraised Date	Appraised Value	Valuation Approach	Appraiser	Book Value
			Rai	Ngan	Wah ²					
Real Estate Development Cost										
Thana City Bangna-Trad km.14										
<i>Detached House and Vacant Land:</i>										
Prestige House II	Bangchalong, Bangplee, Samutprakarn	40	28	2	91.9	29/03/10	298.8	Market Comparable	Brooke Real Estate	97.3
Prestige House III	Bangchalong, Bangplee, Samutprakarn	83	22	-	73.1	29/03/10	230.7	Market Comparable	Brooke Real Estate	73.7
Vacant Land	Bangchalong, Bangplee, Samutprakarn	102	18	3	99.2	29/03/10	197.6	Market Comparable	Brooke Real Estate	107.9
<i>Townhouse:</i>										
Townhouse Habitat	Bangchalong, Bangplee, Samutprakarn	16	1	3	68.8	29/03/10	20.0	Market Comparable	Brooke Real Estate	14.8
<i>Condominium:</i>										
Nouvelle Condominium	Bangchalong, Bangplee, Samutprakarn	16 Units	692.9 m ²			29/03/10	16.7	Market Comparable	Brooke Real Estate	10.6
Thana Place Condominium	Bangchalong, Bangplee, Samutprakarn	5 Units	294.2 m ²			29/03/10	3.8	Market Comparable	Brooke Real Estate	3.0
<i>Vacant Land:</i>										
Prime Land Zone B/ C/ D	Bangchalong, Bangplee, Samutprakarn	29	21	1	55.8	29/03/10	256.7	Market Comparable	Brooke Real Estate	71.3
Californian	Bangchalong, Bangplee, Samutprakarn	31	7	2	70.3	29/03/10	79.8	Market Comparable	Brooke Real Estate	25.6
Prime Land Zone A	Bangchalong, Bangplee, Samutprakarn	2	35	2	19	29/03/10	213.3	Market Comparable	Brooke Real Estate	118.6
Large Plot Habitat	Bangchalong, Bangplee, Samutprakarn	1	9	-	53	29/03/10	54.8	Market Comparable	Brooke Real Estate	30.5
Vacant Land Opposite Prestige Condominium	Bangchalong, Bangplee, Samutprakarn	1	4	3	44	29/03/10	29.2	Market Comparable	Brooke Real Estate	16.2
Vacant Land Opposite Prestige House	Bangchalong, Bangplee, Samutprakarn	1	3	-	38	29/03/10	18.6	Market Comparable	Brooke Real Estate	10.3
Vacant Land beside Prime Land Zone B	Bangchalong, Bangplee, Samutprakarn	1	11	3	34	29/03/10	71.0	Market Comparable	Brooke Real Estate	39.5
Vacant Land outside Thana City										
Klong Ladkrabang	Rachathewa, Bangplee, Samutprakarn	1	10	2	6	29/03/10	15.8	Market Comparable	Brooke Real Estate	15.8

(Translation)

Attachment 1: Summary of Real Estate Appraisal as of 30 September 2012 (Cont.)

Detail	Location	No. (Plot)	Area			Appraised Date	Appraised Value	Valuation Approach	Appraiser	Book Value
			Rai	Ngan	Wah ²					
Abstract Sukhumvit 66/1										
The Moon	Sukhumvit, Bangna, BKK	13 Units	580.3 m ²			30/09/10	14.6 ^{1/}	Depreciated Replacement Cost	Brooke Real Estate	24.5
The Sun	Sukhumvit, Bangna, BKK	21 Units	1,017.8 m ²			30/09/10	16.3 ^{1/}	Depreciated Replacement Cost	Brooke Real Estate	46.5
Abstract Pahonyothin Park										
Abstract Phahonyothin Park	Pahonyothin, Ladyao, Bangkean, BKK	18	21	3	24	30/09/10	2,133.8 ^{1/}	Depreciated Replacement Cost	Brooke Real Estate	3,003.3
Vacant Land	Pahonyothin, Ladyao, Bangkean, BKK	2	-	2	84	30/09/10	31.2 ^{1/}	Depreciated Replacement Cost	Brooke Real Estate	40.0
Investment Property										
Residential Building (For Rent)										
The Regent Royal Place 2	Mahadlek Luang 2, Patumwan, BKK	54 Units	4,514.9 m ²			30/03/10	158.0	Income Approach	Brooke Real Estate	140.3
The Grand Royal Place	Mahadlek Luang 2, Patumwan, BKK	26 Units	1,616.0 m ²			30/03/10	57.0	Income Approach	Brooke Real Estate	48.6
Land under BTSG										
Vacant Land	Ratburana, Ratburana, BKK	1	27	2	10	23/03/10	771.0	Market Comparable	Brooke Real Estate	660.8
Vacant Land	Baan Nam Lad-Baan Mae Yao, Rim Kok, Amphur Muang, Chiangrai	4	21	3	60	21/03/10	12.0	Market Comparable	Brooke Real Estate	11.0
Vacant Land	South Chanchawa (Ta Kao Puek), Mae Chan, Chiangrai	28	180	3	60	21/03/10	8.7	Market Comparable	Brooke Real Estate	7.3
Vacant Land	Thepkasatre, Koh Kaew, Amphur Muang, Phuket	2	37	1	35	22/03/10	112.0	Market Comparable	Brooke Real Estate	29.8
Vacant Land	Baan na-Kang Koy, Cha oum, Kang Koy, Saraburi	4	95	-	93	22/03/10	9.5	Market Comparable	Brooke Real Estate	7.6
Vacant Land	Ladprao, Ladprao, BKK	13	-	3	51	20/03/10	12.3	Market Comparable	Brooke Real Estate	12.3

^{1/}The properties were appraised during the development phase. Currently, the properties are in further development phase or already completed

(Translation)

Attachment 1: Summary of Real Estate Appraisal as of 30 September 2012 (Cont.)

Detail	Location	No. (Plot)	Area			Appraised Date	Appraised Value	Valuation Approach	Appraiser	Book Value
			Rai	Ngan	Wah ²					
Land under Subsidiaries										
Vacant Land (Prankiri Assets)	Pongtalong, Pakchong, Nakornratchsima	15	447	3	2	20/03/12	217.8	Market Comparable	Brooke Real Estate	191.9
Vacant Land (Thanayong Food & Beverage)	Pongtalong, Pakchong, Nakornratchsima	1	87	3	94	20/03/12	35.2	Market Comparable	Brooke Real Estate	33.3
Vacant Land (Siam Paging & Communication)	Pongtalong, Pakchong, Nakornratchsima	2	56	1	76	20/03/12	22.6	Market Comparable	Brooke Real Estate	21.8
Vacant Land (Muangthong Assets)	Pongtalong, Pakchong, Nakornratchsima	1	20	-	-	20/03/12	8.0	Market Comparable	Brooke Real Estate	16.1
Vacant Land (Siam Paging & Communication)	Vibhavade Rangsit, Chatujak, BKK	2	-	-	71	22/03/12	14.2	Market Comparable	Brooke Real Estate	14.2
Vacant Land (Yongsu)	Klongkhwai Samkhok Pathumthani	1	26	-	11	23/03/12	26.0	Market Comparable	Brooke Real Estate	14.2
Land with Existing Structure ^{2/} (BTS Assets)	Pahonyothin, Ladyao, Bangkhen (Bangsue), BKK	1	-	-	14.8	-	-	-	-	12.2
Land with Existing Structure (BTS Assets)	Pahonyothin, Ladyao, Bangkhen (Bangsue), BKK	87	15	2	63.5	16/05/12	1,252.0	Depreciated Replacement Cost	Brooke Real Estate	1,073.6
Vacant Land (Kam Kung Property)	Phayathai, Ratchthewee, BKK	2	1	2	64.4	01/03/12	412.0	Market Comparable	American Appraisal (Thailand)	264.4
Vacant Land (Kam Kung Property)	Phayathai, Ratchthewee, BKK	1	1	-	1	01/03/12	248.6	Market Comparable	American Appraisal (Thailand)	150.8
Vacant Land (Kam Kung Property)	Phayathai, Ratchthewee, BKK	3	-	3	49	01/03/12	216.4	Market Comparable	American Appraisal (Thailand)	94.8

^{2/} The Company just acquired this plot of land, hence, there is no appraisal report.

(Translation)

Attachment 1: Summary of Real Estate Appraisal as of 30 September 2012 (Cont.)

Detail	Location	No. (Plot)	Area			Appraised Date	Appraised Value	Valuation Approach	Appraiser	Book Value
			Rai	Ngan	Wah ²					
Operating Real Estate										
Real Estate under BTSG										
Golf Course and Club House	Bangchalong, Bangplee, Samutprakarn	5	475	-	23.5	22/05/12	2,803.2	Depreciated Replacement Cost	Brooke Real Estate	2,287.1
Real Estate under Subsidiaries (Hotel)										
U Hotel Chiangmai ^{3/} (Muangthong Assets)	Ratchdamnern, Sri Phum, Amphur Muang, Chiangmai	1	1	1	38	-	-	-	-	77.3
Eastin Grand Sathorn (BTS Assets)	South Sathorn, Yannawa, Sathorn, BKK	1	2	1	57	30/09/10	1,539.0 ^{4/}	Depreciated Replacement Cost	Brooke Real Estate	2,745.1
U In-Chantre Kanchanaburi (Muangthong Assets)	Tha Ma Kham, Amphur Muang, Kanchanaburi	13	5	1	30	29/03/10	59.0	Income Approach	Brooke Real Estate	80.0
Land Deposit										
Vacant Land (Prankiri Assets)	Pongtalong, Pakchong, Nakornratchsima	1	28	2	28	20/03/12	11.4	Market Comparable	Brooke Real Estate	10.9
Real Estate Await Transfer according to Rehabilitation Plan										
Real Estate under BTSG										
King Keaw Condominium	Bangchalong, Bangplee, Samutprakarn	73 Units	3,774.2 m ²			02/04/04	39.9	N/A	Pasupat Appraisal	39.9
Baan Mitra Condominium	Sukhumvit 39, Klongton, Prakhonong, BKK	3 Units	438.1 m ²			02/04/04	13.6	N/A	Pasupat Appraisal	0.1
Vacant Land	Tab Sai, Pong Nam Ron, Chanthaburi	1	2	-	96.7	18/03/04	2.2	N/A	Pasupat Appraisal	2.24
Vacant Land	Tor Lor. 108, km. 77, Mae Soi, Chomthong, Chiangmai	3	6	-	60	01/06/04	0.7	N/A	Pasupat Appraisal	0.7
Vacant Land	Bangna-Trad, Bangchalong, Bangplee, Samutprakarn	4	12	-	-	02/04/04	36.0	N/A	Pasupat Appraisal	25.3
Real Estate under Subsidiary										
Vacant Land (Sam Pao Petch)	Na Toey, Tai Muang, Phang-Nga	19	117	2	15	19/03/04	4.7	N/A	Pasupat Appraisal	4.7

^{3/} Land and hotel building are under long-term lease contract with 3rd party. The contract will be expired on 31 January 2028

^{4/} The property was appraised during the development phase. Currently, it is already developed.

(Translation)

Attachment 2: Pro Forma Statement of Financial Position of the Company after Entering into the Infrastructure Fund Transaction (prepared by the Company's management)

Statement of Financial Position (Consolidated) Unit : Million Baht	Before IFF Transaction	Adjustment for IFF Transaction					After IFF Transaction
	30 September 2012	Bridging Loan	Proceeds from Net Revenue Sale	Reserved Cash (L/C)	IFF	Bridging Loan Repayment	30 September 2012
Assets							
Cash and cash equivalents	927	16,667	50,000	(10,778)	(16,667)	(16,667)	23,483
Trade and other receivables	867						867
Real estate development costs	3,749						3,749
Assets awaiting transfer under rehabilitation plan	73						73
Deposit for LC against Baht Bond	-			10,778			10,778
Other current assets	2,135						2,135
Total current assets	7,752	16,667	50,000	-	(16,667)	(16,667)	41,085
Restricted deposits and cash	522						522
Investments in associates	8						8
Elevated train project costs - net	44,658		(42,357)				2,302
Investment in IFF	-				16,667		16,667
Reusable spare parts and Spare parts - maintenance contract	375						375
Land and projects awaiting development	-						-

(Translation)

Statement of Financial Position (Consolidated) Unit : Million Baht	Before IFF Transaction	Adjustment for IFF Transaction					After IFF Transaction
	30 September						30 September
	2012	Bridging Loan	Proceeds from Net Revenue Sale	Reserved Cash (L/C)	IFF	Bridging Loan Repayment	2012
Investment properties - net	3,884						3,884
Property, plant and equipment	6,287						6,287
Leasehold rights	86						86
Advances for asset acquisitions	463						463
Other non-current assets	1,529						1,529
Total non-current assets	57,811	-	(42,357)	-	16,667	-	32,121
Total assets	65,563	16,667	7,643	-	-	(16,667)	73,206
Liabilities							
Bank overdraft and short-term loans from financial institution	2,813						2,813
Trade and other payables and accrued costs of construction	1,717						1,717
Current portion of creditors per rehabilitation plan	745						745
Current portion of long-term loans	607						607
Current portion of long-term debentures	2,493						2,493
Bridging Loan for investment in IFF	-	16,667				(16,667)	-

(Translation)

Statement of Financial Position (Consolidated) Unit : Million Baht	Before IFF Transaction	Adjustment for IFF Transaction					After IFF Transaction
	30 September						30 September
	2012	Bridging Loan	Proceeds from Net Revenue Sale	Reserved Cash (L/C)	IFF	Bridging Loan Repayment	2012
Other current liabilities	1,054						1,054
Total current liabilities	9,429	16,667	-	-	-	(16,667)	9,429
Creditors per rehabilitation plan - net of current portion	52						52
Long-term loans - net of current portion	3,148						3,148
Long-term debentures - net of current portion	6,962						6,962
Convertible debentures - liability component	6,510						6,510
Retention payable	79						79
Provision for long-term employee benefits	422						422
Other non-current liabilities	7						7
Total non-current liabilities	17,181	-	-	-	-	-	17,181
Total liabilities	26,610	16,667	-	-	-	(16,667)	26,610
Shareholders' equity							
Registered capital	47,946						47,946
Issued and paid-up capital	38,667						38,667
Share premium	650						650

(Translation)

Statement of Financial Position (Consolidated) Unit : Million Baht	Before IFF Transaction	Adjustment for IFF Transaction					After IFF Transaction
	30 September 2012	Bridging Loan	Proceeds from Net Revenue Sale	Reserved Cash (L/C)	IFF	Bridging Loan Repayment	30 September 2012
Retained earnings (Deficit)	(2,412)		7,643				5,232
Other components of shareholders' equity	394						394
Equity attributable to owners of the Company	37,298	-	7,643	-	-	-	44,942
Non-controlling interest of the subsidiaries	1,654						1,654
Total shareholders' equity	38,953	-	7,643	-	-	-	46,596
Total liabilities and shareholders' equity	65,563	16,667	7,643	-	-	(16,667)	73,206

Assumptions for preparing the Company's pro forma statement of financial position as of 30 September 2012 after entering into IFF Transaction

1. The pro forma statement of financial position prepared by the Company's management in accordance with the existing Thai Accounting Standard and Net Revenue Transaction is considered as true sale.
2. Total IFF fund size is Baht 50,000 million (minimum sale price) on the assumption that IFF does not take any loan.
3. The Company will invest in IFF representing 33.33% of total issued of investment units of IFF.
4. The Company will borrow short term loan from financial institution (Bridging Loan) to subscribe the investment units of IFF.
5. The book value of cost of Core BTS SkyTrain System is Baht 42,357 million (based on Core BTS SkyTrain System's statement of financial position as of September 30, 2012).

(Translation)

6. BTSC will reserve cash for repayment of debentures' principal and interest which is equivalent to Baht 10,778 million (calculated from outstanding principal of four tranches of debentures amounting Baht 9,500 million and interest from October 1, 2012 until maturity of each tranche).