

Translation

Overview

Financial Highlights

Annual

- Operating revenue growth of 33.5% YoY to THB 7,864.8mn
- Enhanced profitability with Operating EBITDA margin⁴ reaching 54.0% (43.3% in 2010/11)
- Record ridership on BTS SkyTrain achieved; total ridership of 176.0mn passengers in FY 11/12 representing 21.3% growth versus FY10/11. Average ridership of 541,701 per weekday.
- Record revenue for Media business achieved; THB 1,958.8mn in FY 11/12 or 42.9% growth YoY
- Net income before non-recurring items of THB 1,156.5mn, a 448.9% increase compared to FY 10/11
- Net income attributable to equity holders of the parent of THB 2,105.6mn, a 735.0% increase compared to FY 10/11

Quarterly

- Total operating revenue of THB 2,143.9mn in 4Q 11/12, representing growth of 35.7% YoY and 7.5% QoQ
- Operating EBITDA margin⁴ of 55.8% in 4Q 11/12 (4Q 10/11: 46.8%, 3Q 11/12: 53.6%)
- Quarterly ridership of 48.0mn passengers; representing 22.1% growth YoY and 10.5% growth QoQ
- New average weekday ridership record of 603,014 passengers in March 2012
- Net income before non-recurring items of THB 388.3mn (4Q 10/11 net loss THB 80.7mn)
- Net income attributable to equity holders of the parent of THB 358.4mn, compared to net loss attributable to equity holders of the parent of THB 84.9mn in 4Q 10/11

As the acquisition of the shares of BTSC and its subsidiaries was considered to be a business combination under common control, the Company has restated the consolidated and separate financial statements for the year ended 31 March 2010 as if BTSC and its subsidiaries, acquired in May 2010, had been a subsidiary of the Company since it was established.

Annual Performance – FY 11/12

For FY 11/12, operating revenue of the Company and subsidiaries (together the “Group”) increased 33.5% to THB 7,864.8mn, with increases from all three primary businesses and especially strong growth from mass transit and media. Revenues from mass transit, media, property and services contributed 65.8%, 24.9%, 9.3% and 0.0% of total operating revenues respectively and more details can be seen in the breakdown by business unit.

Operating Revenue ² (THB mn)	FY 11/12	% of Total ²	FY 10/11	% Change (YoY)	FY 11/12 margin ³	FY 10/11 margin ³
Mass Transit ¹	5,176.9	65.8%	3,860.8	34.1%	48.6%	42.5%
Media	1,958.8	24.9%	1,370.6	42.9%	59.0%	64.4%
Property ¹	728.3	9.3%	661.1	10.2%	26.6%	1.4%
Services ¹	0.7	0.0%	-	0.0%	-601.4%	0.0%
TOTAL²	7,864.8	100.0%	5,892.5	33.5%	49.1%	43.0%

¹ Mass Transit revenues include Fare box revenue as well as Service Income from Train Operation Management. Property includes Sales from Real Estate, Rental and Service Income, Construction & Services Businesses and Service income related to Thana City Golf & Sports Club Co. Ltd, Note that income related to Thana City Golf & Sports Club Co. Ltd was reclassified from Services Business to Property business in 4Q 11/12.

² Total excludes other income of THB 1,387.1 (FY11/12) from interest income, revenue from reversal of allowance for diminution in value of civil works awaiting transfer, revenue from court-ordered compensation, gain on exchange rate and others. Other income of THB 936.2mn (FY10/11) from interest income, gain on deposits of assets as guarantee for debt settlement, expenses relating to business combination under common control, gain on exchange rate, and others.

³ Gross profit margin

Cost of sales totaled THB 4,003.3mn, an increase of THB 645.4mn or 19.2% YoY on account of higher costs in the mass transit (increased by 19.9% or THB 442.4mn) and media business (increased by 64.7% or THB 315.4mn). Administrative expenses rose by 17.3% or by THB 178.4mn. This was mainly from an increase in staff expenses related to the new On nut - Bearing extension, new contracts acquired by VGI as well as pre-opening expenses of Eastin Grand Sathorn hotel and other non-recurring items (see below). Selling and servicing expenses decreased by 29.0% or by THB 72.3mn to THB 177.3mn as there was no repeat of expenses related to Abstracts brand during the FY 11/12.

As a result, operating EBITDA⁴ increased by 66.7% or THB 1,700.3mn to THB 4,249.3mn. The corresponding operating EBITDA margin increased to 54.0% (versus 43.3% in FY 10/11). Finance costs fell by 10.6% or THB 170.0mn as despite a higher level of debt, the Company refinanced more expensive floating rate debt with a lower interest convertible bond in January 2011. This together with non-recurring revenue of THB 1,079.1mn meant that net profit for the year increased 620.0% to THB 2,235.6mn compared to THB 310.5mn in the previous year. Profit attributable to equity holders of the Company increased 735.0% to THB 2,105.6mn.

⁴ Operating EBITDA excludes non-recurring items



In FY 11/12, key non-recurring items were related to the favourable verdict by the Supreme Administrative Court in relation to the construction costs of BTSC depot (see 2Q 11/12 financial results) totaling THB 1,072.3mn (reversal of allowance for diminution in value of civil works awaiting transfer: THB 705.2mn and revenue from court-ordered compensation THB 367.0mn) (FY10/11; THB 0mn), THB 36.9mn gain on exchange rate (FY10/11; THB 48.8mn) and THB 44.0mn gain from receiving the return of advance payment for investment in subsidiary (FY10/11; THB 0mn).

Cash flow from operations increased by 26.4% to THB 1,755.8mn primarily due to lower interest costs. Cash flow from investing returned to more normalised levels (THB 2,319.6mn invested compared to THB 24,808.7mn in 2010/11) following the acquisition of BTSC in 2010/11. Similarly Cash flow from financing decreased considerably (no repeat of BTSC acquisition) to THB 70.6mn. The Company paid out a dividend of THB 2,647.1mn resulting in the consolidated Group cash and cash equivalents falling by THB 492.2mn to THB 1,333.2mn.

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

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

Quarterly Performance – 4Q 11/12

Operating revenue rose 35.7% YoY to THB 2,143.9mn. The increase was from improved revenue across mass transit, media and property sectors. Revenues from the Mass Transit, Media, Property and Services businesses accounted for 68.5%, 21.7%, 9.8% and 0.0% of total operating revenues respectively.

Operating Revenue ² (THB mn)	4Q 11/12	% of Total ²	4Q 10/11	% Change (YoY)	4Q 11/12 margin ³	4Q 10/11 margin ³
Mass Transit¹	1,467.9	68.5%	1,038.1	41.4%	54.1%	44.9%
Media	465.0	21.7%	355.2	30.9%	50.7%	61.3%
Property¹	210.2	9.8%	186.4	12.8%	28.3%	6.8%
Services¹	0.7	0.0%	-	N/A	-486.9%	N/A
TOTAL²	2,143.9	100.0%	1,579.7	35.7%	50.6%	44.1%

¹ Mass Transit revenues include Fare box revenue as well as Service Income from Train Operation Management. Property includes Sales from Real Estate, Rental and Service Income, Construction & Services Businesses and Service income related to Thana City Golf & Sports Club Co. Ltd, Note that income related to Thana City Golf & Sports Club Co. Ltd was reclassified from Services Business to Property business in 4Q 11/12.

² Total excludes other income of THB 67.9mn (4Q 11/12) from interest income and others, revenue from court-ordered compensation, gain from receiving the return of advance payment for investment subsidiary and gain on exchange rate

³ Gross profit margin

Total cost of sales rose by 19.9% to THB 1,058.2mn from THB 882.7mn in 4Q 10/11 (increasing less than the increase in operating revenue) hence the Group recorded a healthier gross margin at 50.6% compared with 44.1% in the previous year. Selling and administrative expenses increased 6.7% or by THB 21.7mn to THB 345.5mn.

Operating EBITDA⁴ grew by 61.7% YoY to THB 1,196.1mn, (from THB 739.7mn in 4Q 10/11). Although there was a higher level of debt, finance costs decreased to THB 365.6mn in 4Q 11/12 (compared with THB 473.5mn in 4Q 10/11). These factors, together with stronger business unit growth (see segmental performance) meant the Group recorded a net profit of THB 392.6mn (versus net loss of THB 63.0mn in 4Q 10/11); an increase of THB 455.5mn. Net profit attributable to equity holders of the parent was THB 358.4mn. Besides operational items, the Group had non-recurring income which included gain from court ordered compensation of THB 11.4mn, gain from receiving the return of advance payment for investment in subsidiary of THB 44.0mn and non-recurring expenses such as the write off withholding tax deducted at source of THB 26.8mn and loss from impairment of THB 22.5mn.

⁴ Operating EBITDA excludes non-recurring items



Segmental Performance

Mass Transit Business

(Full year commentary)

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

Income from train operating management also showed rapid growth, rising 178.5% YoY to THB 880.1mn. BTSC was appointed as the operator for the Sukhumvit line (On nut – Bearing) extension.

Cost of fare box for the year rose 13.9% (to THB 2,337.5mn) and slower than the growth in fare box revenues as the Company was able to achieve operating efficiencies across a higher ridership level. The gross profit margin of fare box revenue rose to 45.6% from 42.1% YoY.

Mass transit SG&A fell 7.0% or by THB 39.0mn to THB 515.2mn mainly due to a re-allocation of employee benefit provision to cost of fare-box. Consequently the operating EBITDA margin for the mass transit business increased from 56.2% to 66.8%.

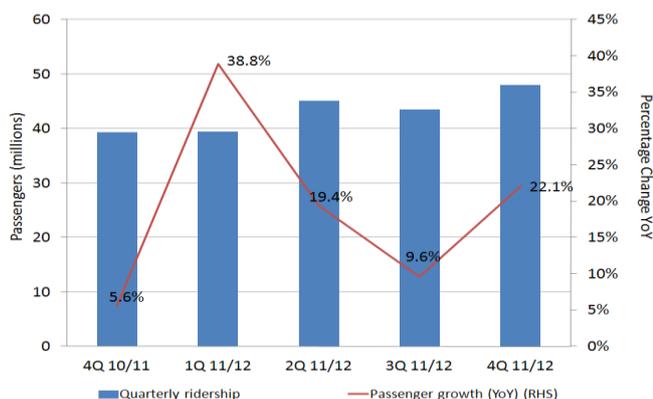
(Quarterly Commentary)

Total revenue from our mass transit business increased by 41.4% or THB 429.8mn YoY to THB 1,467.9mn in 4Q 11/12. Fare box revenue increased THB 218.3mn or 22.8% to THB 1,176.9mn YoY. In 4Q 11/12, total quarterly ridership reached 48.0mn passengers, a 22.1% increase compared to 4Q 10/11 and a 10.5% increase compared to 3Q 11/12 (flood effect in 3Q 11/12 plus organic growth). Average ridership also reached a new record of 586,743 passengers per weekday (in 4Q 11/12) and 603,014 passengers per weekday (in March 2012).

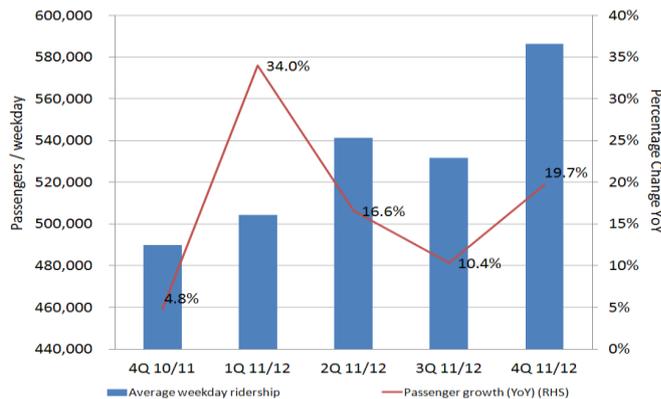
Income from train operating management rose by 266.4% or THB 211.6mn YoY (new Sukhumvit line O&M). Cost of revenues grew 17.9% YoY (as higher ridership was offset by improved economies of scale and reduced maintenance cost) to THB 673.8mn. SG&A fell 13.8% YoY (or THB 19.4mn) mainly due to lower bonus and a decrease in provision for employment benefit.

This resulted in the operating EBITDA margin for the mass transit business improving to 72.6% from 60.1% in 4Q 10/11 and 64.3% in 3Q 11/12.

Historical Quarterly Ridership (passengers / quarter)



Historical Average Weekday Ridership (passengers / weekday)





Media Business

(Full year commentary)

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

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

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

As a result of the increased contribution from modern trade business, non BTS revenue comprised 42.6% of Media revenue in FY11/12 (36.5% in FY10/11). Further, the gross profit margin declined from 64.4% to 59.0% (on account of higher contribution of lower margin modern trade business) but the operating profit before tax remained stable at 47.2%.

(Quarterly Commentary)

In 4Q 11/12, the Group's Media business revenue reached THB 465.0mn; a 30.9% or THB 109.8mn increase YoY and a 7.6% or THB 38.5mn decrease QoQ. The majority of the YoY growth is as a result of aggressive expansion in the modern trade sector (new contract for Tesco Lotus and BigC sales floor). The QoQ decline is partly as a result of seasonal reduction in BTS-related and non-BTS related revenue but this was further impacted as some advertising budget has remained frozen since the flood.

The media business gross profit margin declined to 50.7% in 4Q 11/12 from 61.3% in 4Q 10/11. This was partly due to the increased contribution of lower margin modern trade business but also due to the postponement of advertising spend since the flood. SG&A expenses decreased from THB 73.9mn or 15.4% YoY to 62.6mn mainly due to a drop in selling and marketing expense by 79.7% or by THB 22.2mn. This resulted in an operating EBITDA margin of 43.9% (from 47.8% in 4Q 10/11).



Property Business

(Full year commentary)

In FY 11/12, revenue from the group's property business increased 10.2% or THB 67.2mn to THB 728.3mn. This increase was primarily the result of an increase in sales of real estate from the transfer of the Group's inaugural Abstracts condominium project which generated THB 201.2mn (FY 10/11: THB 0mn). This was offset by a decline in revenue from construction services which fell by THB 188.9mn or 72.2% to THB 72.8mn as the Company completed the low-cost housing contract in 2Q 11/12.

Property cost of sales fell THB 117.6mn or 18.0% as cost of construction services fell (THB 175.7mn or 67.8%) but this was offset by an increase in cost related to Abstracts condominiums by THB 124.3mn (FY 10/11: THB 0mn). Property selling and administration expenses rose THB 38.3mn or 12.5% to THB 343.9mn. The increase was driven by the new staff hired for Eastin Grand Hotel.

Services Business

(Full year commentary)

Our Services business has been reclassified to exclude Thana City Golf course since 4Q 11/12. As such, this division recognised revenue of only THB 0.7mn in FY 11/12 (FY 10/11: THB 0mn). This revenue came from the sale of Rabbit cards (common ticketing cards for Bangkok's mass transit network plus retail e-payment card). There was also THB 5.2mn cost of revenues as well as THB 49.1mn SG&A expenses related to the establishment of the Rabbit card and Carrot Rewards programme.

(Quarterly Commentary)

The Group's Property business saw 4Q 11/12 revenues increase by THB 23.8mn (or 12.8%) YoY (Abstracts condominium sales) and by THB 64.9mn (or 44.7%) QoQ (increase in units sold at Thana City)

Property cost of revenues declined by 13.3% or THB 23.2mn YoY (no cost of construction services) and as a result we saw an improvement in the Property gross margin to 28.3% (4Q 10/11: 6.8%). There was an increase in property-related SG&A of 43.5% or THB 33.2mn to THB 109.5mn primarily from the additional staff hired for the newly completed Eastin Grand Hotel at Sathorn.

Financial Ratios

Key financial ratios	4Q 11/12	4Q 10/11	3Q 11/12	FY 11/12	FY 10/11
Profitability ratios					
Gross operating profit margin (%)	50.6%	44.1%	47.3%	49.1%	43.0%
Selling & administrative expenses to operating sale ratio (%) ⁵	16.1%	20.5%	17.1%	16.9%	21.7%
EBITDA margin (%) ⁷	53.0%	42.8%	53.6%	57.8%	47.0%
Operating EBITDA margin (%) ⁶	55.8%	46.8%	53.6%	54.0%	43.3%
Accounting net profit margin (%) ⁷	15.8%	-5.0%	15.4%	22.8%	3.7%
Operating net profit margin (%) ⁶	16.1%	-6.2%	13.2%	12.7%	-6.5%
ROA (%)	3.1%	0.4%	2.5%	3.1%	0.4%
ROE (%)	6.1%	0.8%	4.9%	6.1%	0.8%
Leverage					
Total liability to total asset (times)	0.45x	0.41x	0.43x	0.45x	0.41x
Total liability to total equity (times)	0.81x	0.70x	0.77x	0.81x	0.70x
Net debt to equity (times)	0.67x	0.56x	0.62x	0.67x	0.56x
Net debt to operating EBITDA (times) ⁶	5.82x	8.19x	6.27x	5.82x	8.19x
Interest coverage (times) ⁸	3.27x	1.56x	2.99x	2.97x	1.59x
Per share ratios					
Earnings per share (THB)	0.0063	-0.0015	0.0057	0.0370	0.0049
Operating cash flow per share (THB)	0.008	0.010	0.009	0.031	0.024
Free cash flow per share ⁹ (THB)	0.004	-0.005	-0.005	-0.004	-0.049
Enterprise value per share (THB) ¹⁰	1.24	1.17	1.14	1.24	1.17
Book value per share (THB)	0.65	0.67	0.66	0.65	0.67

⁵ Selling and administrative expenses include management benefit expenses

⁶ Exclude non-recurring items

⁷ Include non-recurring items

⁸ Operating EBITDA divided by finance cost

⁹ Cash from (used in) operating activities minus capital expenditures

¹⁰ The calculation is based on stock price as of 31 Mar 2012



Management Outlook

Following on from a strong 2011/12, we forecast continued growth with mass transit ridership growth of 12-15% and media revenue growth of 40%. Our Media subsidiary, VGI Global Media has now matured considerably and subject to market conditions, will seek an independent listing on the Thai Stock Exchange.

On 1 May 2012, we launched our “Rabbit” Card, which will act as a common ticketing system across Bangkok’s mass transit network and also as a retail e-payment card. Bangkok Smartcard System targets to have 1.5 million card users by the end of the first year.

On 3 May 2012, our mass transit subsidiary, BTSC, signed a new 30-year operation and maintenance (O&M) contract for all existing Green line extensions under the Bangkok Metropolitan Administration’s (BMA) supervision. The agreement covers the Silom line extension (Saphan Taksin – Wong wian Yai), and the Sukhumvit line extension (On nut – Bearing) from May 2012 until May 2042. It also covers the O&M of the Core Network from December 2029 (when our Concession agreement expires) until May 2042.

The new agreement is a significant milestone for the Company and follows extensive negotiation with the Bangkok Metropolitan Administration (BMA)’s subsidiary; Krungthep Thanakom. The long-term agreement promises to bring lasting benefits to BTSC, the BMA and also the public. BTSC is now able to plan rolling stock and other procurement (including human resources) more efficiently. This in turn allows BMA to benefit from lower pricing (compared to renewing O&M agreements on a short term basis).

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Rangsin Kritalug

(Director)