

3Q 15/16 FINANCIAL HIGHLIGHTS

- **New quarterly ridership record of 59.1mn trips, 4.7% growth YoY. Average fare of THB 27.83 per trip, an increase of 3.5% YoY**
- **Share of net profit from investment in BTSGIF in 3Q 15/16 increased by 13.2% YoY to THB 219.1mn**
- Total Media revenue declined by 34.4% YoY and 3.0% QoQ to THB 511.7mn although **revenue from Office Building Media grew 41.7% YoY and 9.1% QoQ to THB 66.2mn**
- Following the successful launches of The Line Jatujak - Mochit and The Line Sukhumvit 71, **The Line Ratchathewi was also 100% pre-sold with average selling price of approximately THB 266k/sqm**
- **Services business revenue¹ rose by 36.9% YoY to THB 189.5mn** mainly from services revenue generated from development of fare collection system for mass transit by Bangkok Payment Solutions Co., Ltd. (“BPS”) and ChefMan Restaurants
- **Pre-tax recurring profit (before MI) was THB 694.0mn in 3Q 15/16**, dropping 25.4% YoY and reported net profit (before MI) was THB 682.1mn, a decrease of 38.1% YoY mainly from a reduction in services revenue, lower interest income, a decline in non-recurring gains (i.e. gain on sales of assets, warrants and investments) as well as an increase in share of net loss from associates/JVs

ACCOUNTING AND RECLASSIFICATION

From 1 April 2014, BTS Group Holdings Public Company Limited (“the Company”) and its subsidiaries (together, the “Group”) have adopted TFRIC 12 – Service Concession Arrangements. This new standard provides accounting guidelines for concession operators for recognising and measuring the obligations and related rights in public-to-private service concession arrangements. BTSC (the subsidiary) provides services to procure electric trains (infrastructure) to be used in the provision of public services and to operate and maintain this infrastructure for a specified period of time under the 30-year O&M contract. BTSC is paid for its services over the period of the arrangement which is a public-to-private service concession arrangement. BTSC’s management, therefore, considers this arrangement under the 30-year O&M contract to be within the scope of TFRIC 12. The effects of the changes are recognised retrospectively in the financial statements.

SIGNIFICANT EVENTS

- **6 October 2015:** The Company completed the disposal of 50% shares in Nuvo Line Agency Co., Ltd. (“Nuvo Line”) to Sansiri Public Co., Ltd. (“SIRI”). The intention is to turn Nuvo Line into another 50:50 joint venture company under the strategic alliance framework agreement (“SAFA”) between the Company and SIRI. As a result of the completion of this transaction, the Company’s shareholding in Nuvo Line has been decreased from 100% to 50% and Nuvo Line has changed its status from a subsidiary to a joint venture company of BTS Group.
- **7 October 2015:** The Company established Keystone Estate Co., Ltd., a new subsidiary, to invest in the property business. This wholly-owned subsidiary of Unicorn Enterprise Co., Ltd. has an initial capital of THB 10,000,000.
- **15 October 2015:** Bayswater Co., Ltd., a 50% owned affiliate of BTS Group, won the auction for 48-2-96.8 rai (77,987.2sqm) land plot located at Phaholyothin Road near Ratchayothin intersection.
- **16 November 2015:** The Company and SIRI approved the establishment of 5 new 50:50 joint venture companies to accommodate the development plan of new residential projects for sale under the SAFA.
- **18 November 2015:** BSS Holdings Co., Ltd. (“BSSH”), a wholly-owned subsidiary of the Company, and Logistics (Thailand) Co., Ltd. (“LT”) have invested 80% and 20%, respectively, in a new joint venture company named RabbitPay System Co., Ltd.
- **27 November 2015:** BSSH has completed the acquisition of shares in a group of companies which offers online insurance and financial products (25% in ASK Hanuman Co., Ltd., 51% in ASK Direct Co., Ltd. and 51% in ASK Broker Association Co., Ltd.). The objective of this investment is to expand our services business to cover e-services pursuant to the service business development plan of BTS Group.
- **December 2015:** The Company established 4 new subsidiaries, Ratburana Property Co., Ltd., Kingkaew Assets Co., Ltd., The Community One Co., Ltd. and The Community Two Co., Ltd. to invest in the property business. These wholly-owned subsidiaries each have initial capital of THB 10,000,000.

- **11 January 2016:** The Board of Directors approved the interim dividend payment from the operating results of the six-month period (1 April 2015 – 30 September 2015) and the retained earnings at THB 0.34/share or THB 4,022.3mn in total. Based on the share price as of 8 January 2016 at THB 8.55 (one day before BOD date), this is equivalent to a dividend yield of 7.49% on an annualised basis.

3Q 15/16 PERFORMANCE

The Group recorded consolidated total revenue of THB 1,607.3mn in 3Q 15/16. This represented a decrease of 31.2% YoY or THB 729.6mn from THB 2,336.9mn in 3Q 14/15. The decrease was primarily due to (1) a decrease in gain on the sale of assets of THB 369.1mn (mainly from gain on sale of 5-rai land at Mo Chit to BTS Sansiri Holding One Limited of THB 367.5mn in 3Q 14/15) which was not repeated in 3Q 15/16, (2) a reduction in service income of THB 190.4mn mainly from softened Property and Media revenues (see details in *Segmental Performance* section), (3) a decline in interest income of THB 125.2mn mainly from the decrease in investment balance under the treasury management. The decrease was partially offset with (4) an increase in dividend income of THB 136.2mn.

Despite higher Mass Transit revenue and an increase in revenue from Services business unit, operating revenue² fell by 19.7% YoY or THB 362.7mn to THB 1,476.6mn largely as a result of the reduction in Property revenue as well as Media revenue from the discontinuation of Modern Trade Media business. Property operating revenue contracted from the previous year, which resulted from the divestment of Eastin Grand Hotel Sathorn (“EGS”) to U City PCL (“U City”) and the divestment of 50% shares in Nuvo Line to SIRI in October 2015 (see details in *Segmental Performance* section). Revenue from the Mass Transit, Media, Property and Services businesses accounted for 41.6%, 34.7%, 10.9% and 12.8% of total operating revenue, respectively.

Operating Revenue and Operating Gross Profit Margin by BU

Operating Revenue ² (THB mn)	3Q 15/16	% of Total ²	3Q 14/15	% of Total ²	% Change (YoY)	3Q 15/16 GP Margin ⁵	3Q 14/15 GP Margin ⁵
Mass Transit³	613.9	41.6%	579.9	31.5%	5.9%	61.5%	60.1%
Media	511.7	34.7%	780.1	42.4%	(34.4)%	73.1%	57.6%
Property⁴	161.4	10.9%	340.9	18.5%	(52.7)%	40.5%	46.4%
Services¹	189.5	12.8%	138.4	7.5%	36.9%	20.0%	31.7%
TOTAL²	1,476.6	100.0%	1,839.3	100.0%	(19.7)%	57.9%	54.4%

Total consolidated expenses and SG&A reached THB 1,045.3mn in 3Q 15/16, a decrease of THB 47.0mn or 4.3% YoY mainly from (1) a decline in cost of services of THB 105.3mn mainly from lower costs of Media and Commercial Property businesses (see details in *Segmental Performance* section) as well as (2) a reduction in cost of sales of real estate of THB 46.2mn following the divestment of 50% shares in Nuvo Line to SIRI in October 2015. However, the decrease was partially offset with (3) an increase in administrative expenses of THB 121.1mn largely from expenses related to the transfers of assets under the property business restructuring.

Operating costs decreased by 26.0% YoY to THB 621.4mn. As operating costs decreased at a higher rate than the decline in operating revenues, the Group operating gross profit margin⁵ improved to 57.9% from 54.4% in the previous year.

As a result of the aforementioned changes, the Group operating EBITDA⁶ was THB 625.6mn, a decrease of THB 91.1mn or 12.7% YoY. However, the operating EBITDA⁶ margin improved to 42.4% in 3Q 15/16 (versus 39.0% in 3Q 14/15) from higher contribution of higher margin Mass Transit business as well as from lower contribution of Modern Trade Media businesses. Finance costs fell by 24.8% YoY or THB 19.4mn to THB 58.9mn primarily as the Group repaid the fourth tranche of BTSC debentures (THB 1,468.9mn) during 2Q 15/16.

Other recurring income⁷ fell by THB 154.6mn or 38.9% YoY to THB 242.5mn largely from the increase in share of net loss from investments in joint ventures/associates (not including share of profit in BTSGIF) of THB 96.8mn and a decrease in gain on sales of equity investments of THB 64.0mn to THB 3.8mn. Despite lower finance costs, pre-tax recurring profit⁷ for this quarter was THB 694.0mn, decreasing 25.4% YoY from THB 930.7mn in 3Q 14/15 as a result of lower operating revenue and the reduction in other recurring income. Reported income tax expense was THB -50.1mn (3Q 14/15: THB 264.2mn) as tax deductible expenses were higher than taxable income in this quarter.

Taking into account all the aforesaid transactions, the Group recorded a consolidated net profit of THB 682.1mn (decreasing 38.1% YoY) and profit attributable to the equity holders of the Company of THB 607.4mn (decreasing 38.1% YoY). Net profit margin attributable to the equity holders of the Company in 3Q 15/16 was 37.8% (versus 42.0% in 3Q 14/15).

¹ Services revenue includes sales from BSS, revenue from Carrot, revenue from BPS, revenue from HHT construction and revenue from ChefMan Restaurants.

² Operating revenue from the operational performances from 4 BUs and share of net profit (loss) from BTSGIF; EXCLUDES interest income, dividend income and non-recurring items

³ Mass Transit revenues include:

- i) Share of net profit (loss) from BTSGIF (included in 'Share of profit (loss) from investments in associates' in Statement of comprehensive income)
- ii) Service Income from Train & Bus Operation Management (included in 'Service income' under 'Revenues from provision of operating services')

⁴ 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.

⁵ Operating gross profit calculated based on the operational performances from 4 BU and share of net profit (loss) from BTSGIF

⁶ Operating EBITDA calculated based on the operational performances from 4 BU and share of net profit (loss) from BTSGIF; EXCLUDES interest income, dividend income, share of net profit (loss) from other associates (except from BTSGIF) and joint ventures, non-recurring items from sales of net fare-box revenue to BTSGIF and other non-recurring items

⁷ Recurring profit calculated based on the operational performances from 4 BU and share of net profit (loss) from BTSGIF and other associates and joint ventures as well as other recurring items which are interest income and other recurring items (before MI)

SEGMENTAL PERFORMANCE

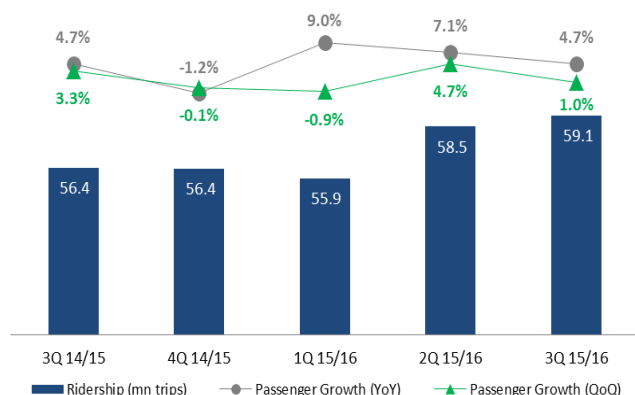
MASS TRANSIT BUSINESS

Total **Mass Transit** revenue³ increased 5.9% YoY to THB 613.9mn supported by an increase in share of net profit from BTSGIF and higher O&M income. O&M revenue rose by 2.2% or THB 8.6mn YoY to THB 394.9mn, mainly attributable to the contractually agreed increase in the operating fee of Green Line – Sukhumvit extension and Silom extension.

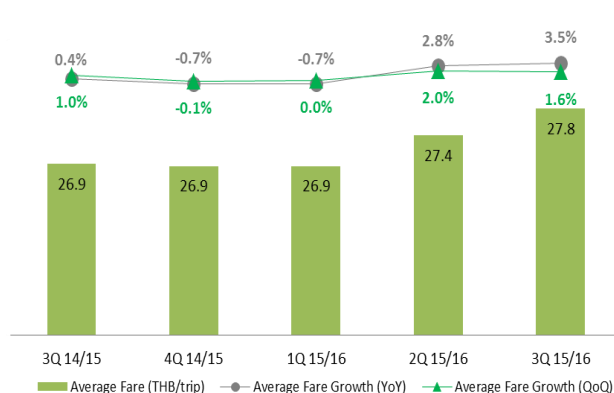
Fare-box revenue of the core system rose by 8.4% YoY or THB 126.7mn to THB 1,644.1mn attributable to ridership growth and the increase in average fare. Total quarterly ridership peaked this quarter at 59.1mn trips, up 4.7% YoY mainly from organic growth. Average fare was THB 27.83 per trip, an increase of 3.5% YoY from the adjustment in card promotions on the monthly passes, which became effective since July 2015. Share of net profit from investment in BTSGIF in 3Q 15/16 increased by THB 25.5mn or 13.2% YoY to THB 219.1mn, which resulted from the increase in core network performance.

Cost of Mass Transit revenue increased by THB 5.0mn or 2.1% YoY to THB 236.3mn largely from higher repair and maintenance expenses and wages. As operating cost increased at a lower rate than the increase in operating revenue, the operating EBITDA margin improved YoY (62.4% in 3Q 15/16 versus 60.7% in 3Q 14/15).

Historical ridership and growth (%)



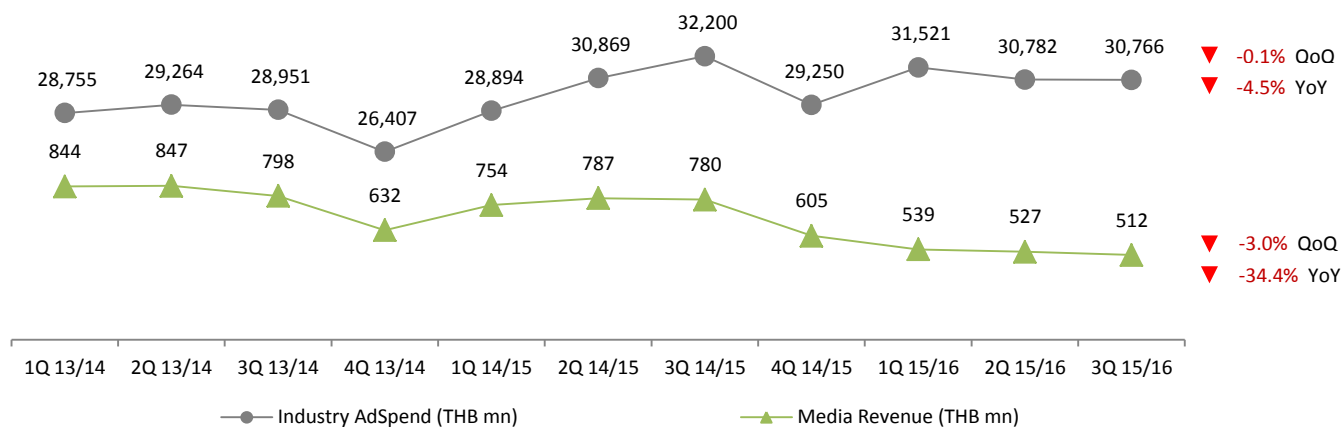
Historical average fare and growth (%)



MEDIA BUSINESS

Thailand's GDP growth is expected to remain muted from the slowdown in the global economy. The Thai media industry is generally proportionally sensitive to fluctuations in economic conditions and as a result, advertisement spending decreased by 4.5% YoY and 0.1% QoQ (Source: The Nielsen Company (Thailand) Limited).

Thai Advertising Spending VS Media Revenue (THB mn)



Sources: The Nielsen Company (Thailand) Limited

Media revenue declined by 34.4% YoY to THB 511.7mn primarily as a result of the discontinuation of Modern Trade Media business and also dropped 3.0% QoQ reflecting a slow down in economic activities. However, the decrease was partially offset with Office Building and Other Media, which continued to grow resiliently by 41.7% YoY and 9.1% QoQ.

BTS-related Media revenue decreased by 8.4% YoY, from THB 486.1mn in 3Q 14/15 to THB 445.2mn mainly due to a decrease in BTS media occupancy as a result of the economic slowdown. The decrease in revenue was partially offset by the expansion into 7 new BTS extension stations, which started to generate income in 1Q 15/16.

Modern Trade Media revenue was THB 0.0mn, a decline of 100.0% YoY from THB 247.3mn in the previous year. This business has been discontinued since May 2015.

Office Building and Other Media revenue was THB 66.2mn, increasing 41.7% from THB 46.7mn in the previous year. Key growth drivers came from the increase in additional office buildings from 103 buildings to 123 buildings, as well as package adjustments, which became effective since October 2015, to match the increasing number of viewers. Revenue from Other Media also increased YoY mainly from the commission fee for being a sole agent for Midas Global Media Limited.

Cost of revenue decreased 58.4% YoY or THB 192.9mn to THB 137.6mn mainly from the reduction in costs associated with the discontinuation of Modern Trade Media. The decrease was partially offset with (1) higher depreciation of the new digital media (Platform Truss LEDs, Platform Screen Doors and E-Posters), static media and the infrastructure on the 7 new BTS extension stations, (2) expenses associated with the management of the 7 new BTS extension stations and (3) rental cost of digital screens at Victory Monument. As a result of the discontinuation of the lower margin Modern Trade Media business, the operating EBITDA margin in this quarter improved to 66.6% (versus 49.0% in 3Q 14/15).

More commentary on Media business can be found in VGI Global Media's management discussion and analysis for 3Q 15/16.

<http://vgi.listedcompany.com/misc/MDNA/20160126-vgi-mdna-3q20152016-en.pdf>

PROPERTY BUSINESS

On 31 October 2015, The Line Ratchathewi, the third condominium project under the BTS-SIRI joint venture, was launched. The project sold out completely within the pre-sale period with total project value of THB 2.9bn and average selling price of approximately THB 266k/sqm. However, the Company recorded share of loss from BTS-SIRI joint ventures of THB 70.0mn mainly from the selling and marketing expenses related to The Line projects.

Property operating revenue was THB 161.4mn, decreasing 52.7% YoY from THB 340.9mn in 3Q 14/15 due to the reduction in both Residential Property and Commercial Property revenue.

Residential Property revenue decreased by 86.8% YoY or THB 77.6mn to THB 11.8mn in 3Q 15/16. This decrease was mainly driven by no revenue recognition from Abstracts Phahonyothin Park (Tower A) under Nuvo Line in this quarter, following the divestment of 50% shares in Nuvo Line to SIRI in October 2015. The remaining units of Abstracts Phahonyothin Park (Tower A) were all transferred this quarter and recorded as share of profit from BTS-SIRI joint venture instead.

Commercial Property revenue reached THB 149.3mn, a reduction of 40.2% YoY or THB 100.2mn mainly driven by a decrease in revenue from EGS following the disposal of the hotel to U City since 20 April 2015. However, the decrease was partially offset with the increase in revenue from U Sathorn Hotel of THB 41.1mn. The Company also recognised share of loss from U City of THB 34.2mn in this quarter.

Operating costs decreased 47.5% YoY or THB 86.9mn to THB 95.9mn mainly as there was no costs related to the transfer of units of Abstracts Phahonyothin Park (Tower A) in this quarter (following the divestment of 50% shares in Nuvo Line to SIRI) as well as no costs related to EGS (following the disposal of the hotel to U City). Property SG&A expenses also decreased by 43.5% YoY or THB 62.0mn to THB 80.6mn largely from the reduction in expenses related to EGS and Abstracts Phahonyothin Park (Tower A). The operating EBITDA margin dropped to 5.6% in 3Q 15/16 (15.7% in 3Q 14/15).

SERVICES BUSINESS

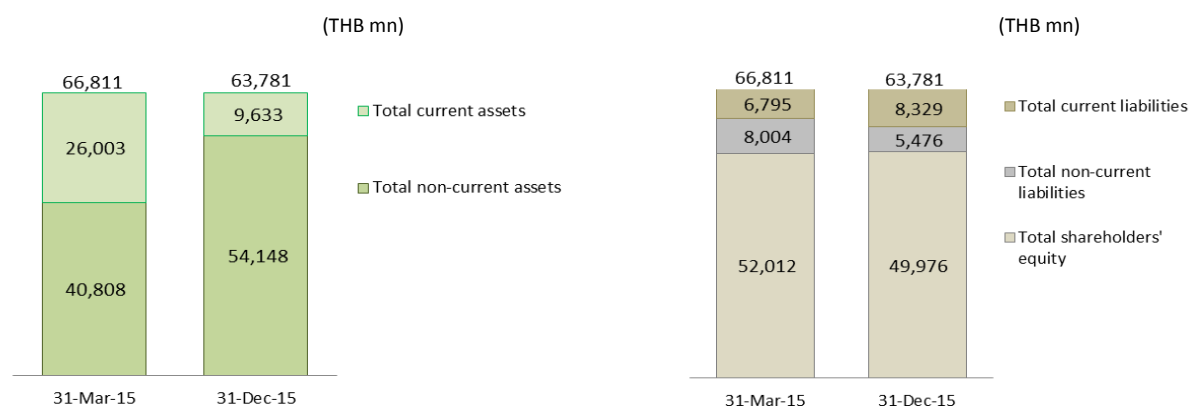
Services business revenue increased by THB 51.1mn or 36.9% YoY to THB 189.5mn. This increase was primarily due to (1) growth in services revenue generated from development of fare collection system for mass transit by BPS which increased by THB 25.9mn YoY, (2) an increase in revenue from ChefMan Restaurants, which increased by THB 15.0mn or 18.5% YoY to THB 96.3mn as well as (3) an increase in royalty fee on Rabbit card of THB 8.5mn YoY.

Operating costs increased by 60.3% YoY or THB 57.0mn to THB 151.5mn. There was also THB 69.5mn of SG&A expenses, an increase of 31.5% YoY. Key costs and SG&A items were mainly from food & beverage cost at ChefMan Restaurants and staff costs.

Share of Income / (Loss) from Investments in Joint Ventures & Associates (as of 30 December 2015)

	Effective Holding (%)	Amount (THB mn)
Shares on investments in Joint Ventures		
ATS (AEON-rabbit)	51.00%	4
BTS-SIRI JV Projects	50.00%	(70)
Total		(66)
Shares on investments in Associates		
Absolute Hotel Services Co., Ltd.	50.00%	5
Bayswater	50.00%	(5)
BTSGIF	33.33%	219
MACO	18.22%	11
U CITY	35.64%	(34)
Total		195

FINANCIAL POSITION



Total assets as of 31 December 2015 stood at THB 63,781.2mn, a decrease of THB 3,030.3mn or 4.5% from 31 March 2015. Total current assets stood at THB 9,633.0mn, decreasing by 63.0% or THB 16,370.0mn. The decrease was primarily attributed to (1) a reduction in cash and cash equivalents of THB 8,284.9mn (see further details in *Cash Flow* section), (2) the decrease in “non-current assets classified as held for sale” of THB 4,576.2mn following the de-recognition of assets in relation to the disposal of shares in BTS Assets Co., Ltd. (“BTSA”) and Kamkoong Property Co., Ltd. (“KKP”) to U City on 20 April 2015, (3) a decline in current investments of THB 2,079.0mn from investment in subsidiaries and (4) a decrease in real estate development costs of THB 1,606.9mn following the divestment of 50% shares in Nuvo Line to SIRI in October 2015.

Total non-current assets was THB 54,148.2mn, an increase of 32.7% or THB 13,339.7mn primarily attributable to (1) an increase in investments in associates of THB 7,108.3mn mainly from the 35.64% investment in U City (of THB 7,394.6mn) and (2) an increase in investment in joint ventures (up THB 1,047.5mn or 919.0%) largely from the investments in BTS-Sansiri Joint Venture projects and Nuvo Line and (3) an increase in loans to related parties of THB 4,819.6mn or 634.9% YoY mainly from long-term loans to Bayswater (THB 3,901.3mn) and BTS-Sansiri Joint Venture projects.

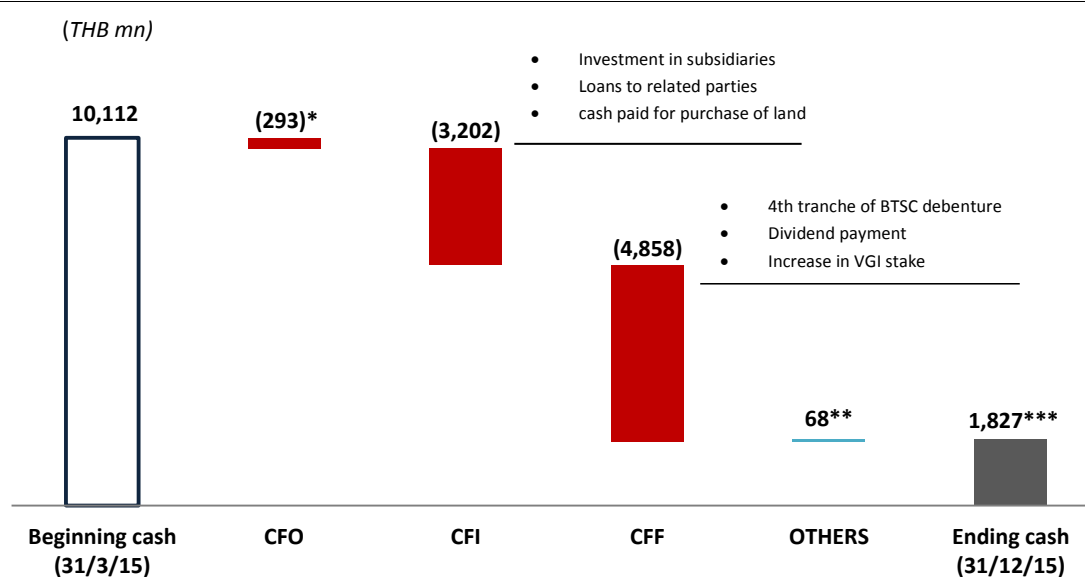
Total liabilities decreased from 31 March 2015 by 6.7% or THB 994.1mn to stand at THB 13,804.8mn largely due to (1) the fourth tranche repayment of BTSC debentures in August 2015, (2) the decrease in “liabilities directly associated with assets classified as held for sale” of THB 515.8mn mainly from the de-recognition of liabilities (related to U City transaction). However, the decrease was partially offset with (3) higher loans from financial institutions of THB 1,178.0mn as well as (4) an increase in bill of exchange payable of THB 795.2mn which was issued for Treasury Management purposes.

Total equity decreased by THB 2,036.1mn or 3.9% to THB 49,976.3mn mainly attributable to (1) a reduction in surplus from the changes in the ownership interests in subsidiaries of THB 1,418.7mn which was primarily the result of the Company increasing its shareholding in VGI from 69.6% to 74.3%, (2) a decline in other components of shareholders' equity of THB 1,290.2mn as a result of recognition of deficit on changes in value of investments. However, the decrease was partially offset with (3) the reduction in unappropriated deficit of THB 1,129.5mn. As of 31 December 2015, total issued and fully paid-up shares stood at 11,929.3mn shares.

CASH FLOW

For the nine months ended 31 December 2015, **cash and cash equivalents** reached THB 1,827.0mn, a decrease of 81.9% or THB 8,284.9mn. Despite lower Media and Property revenues, cash from operating activities was THB 1,832.6mn, increasing 41.4% or THB 536.2mn primarily from the decrease in trade and other receivables. After deducting cash paid for corporate income tax of THB 1,997.4mn (9M 14/15: THB 1,628.4mn) and cash paid for interest expenses of THB 128.1mn (9M 14/15: THB 252.5mn), **net cash used in operating activities** was THB 292.9mn. **Net cash used in investing activities** was THB 3,201.8mn. The key components are (1) an increase in net loans to related parties of THB 4,878.9mn mainly from long-term loans to Bayswater and BTS Sansiri Joint Venture projects, (2) the decrease in current investment of THB 4,023.4mn largely from investment in subsidiaries, (3) net cash paid for purchases of other long-term investments of THB 2,822.8mn, (4) cash paid for purchase of land and projects awaiting development of THB 975.7mn as well as (5) dividend received of THB 1,229.0mn. **Net cash used in financing activities** was THB 4,858.4mn mainly from (1) dividend payment of THB 3,546.7mn, (2) cash paid for purchases of investments in subsidiaries of THB 1,543.2mn (increase in shareholding in VGI), (3) the cash paid for the repayment of the fourth tranche of BTSC debenture of THB 1,468.9mn and (4) net increase in short-term loans from financial institutions of THB 1,090.0mn.

Nine-Months Cash Flow Snapshot



* After tax (THB 1,997.4mn) and interest expense (THB 128.1mn)

** Cash and cash equivalents of BTSA and KKP as well as Nuvo Line (presented as assets held for sale at beginning and ending of the year)

*** Excluding BTSC sinking fund and THB 12.8bn liquid investments

KEY FINANCIAL RATIOS

Profitability ratios	3Q 15/16	3Q 14/15	2Q 15/16
Gross operating profit margin (%)	57.9%	54.4%	58.0%
Selling and administrative expenses to operating sales ratio (%)	23.3%	21.1%	22.1%
Operating EBITDA margin (%) ^A	42.4%	39.0%	42.3%
Accounting EBITDA margin (%)	46.5%	57.7%	42.3%
Recurring pre-tax profit margin (%) ^B	40.4%	41.6%	31.6%
Net recurring profit margin (%) ^B	44.1%	29.8%	25.3%
Accounting net profit margin (%) ^C	39.3%	41.1%	28.2%
ROA (%) ^D	7.5%	4.1%	8.1%
ROE (%) ^E	9.4%	5.2%	10.2%
Liquidity ratio			
Current ratio (times)	1.16x	4.74x	1.91x
Leverage ratios			
Total liabilities to total asset (times)	0.22x	0.20x	0.21x
Total liabilities to total equity (times)	0.28x	0.25x	0.27x
Interest bearing debt to equity (times)	0.10x	0.08x	0.06x
Net debt to equity (times)	0.06x	(0.05)x	0.03x
Net debt to operating EBITDA (times)	1.22x	(1.09)x	0.62x
Interest coverage (times) ^F	10.63x	9.15x	10.17x
Per share ratios ^G			
Basic earnings per share (THB)	0.0513	0.0830	0.0401
Operating cash flow per share (THB)	(0.085)	(0.022)	(0.009)
Free cash flow per share (THB)	(0.180)	(0.118)	(0.020)
Enterprise value per share (THB)	9.56	9.61	10.08
Book value per share (THB)	4.22	4.81	4.23

Note:

^A Excludes non-operating items and interest income

^B Calculated based on recurring profit (before MI) / total recurring revenue

^C Calculated based on accounting net profit (before MI) / total accounting revenue including shares of income from investments in associates

^D Calculated based on accounting net profit (before MI) / total assets

^E Calculated based on accounting net profit (before MI) / total shareholders' equity

^F Calculated based on operating EBITDA / finance cost

^G Calculated based on weighted average number of shares at par value of THB 4.0

MANAGEMENT OUTLOOK

Ridership on the **Mass Transit** Core Network for 9 months grew 6.9% YoY, ahead of the Company's FY target of 4 – 6%. Average fare for the same period increased by 2.0% YoY, in line with the Company's guidance (2% growth for FY 15/16). For FY 16/17, the Company is targeting 5% growth in ridership from organic growth, urbanisation, developments along the mass transit lines and feeder from the Purple Line, which is due to commence operation in August 2016. Average fare is expected to grow by 1%, attributable to the full year effect of the adjustment in card promotions on the monthly passes in July 2015 and the fare increase on the stored value Rabbit Cards, which became effective on 2 January 2016.

The transfer of the Green Line extension projects (South: Bearing – Samut Prakarn; 12.8km and North: Mo Chit – Saphan Mai – Khu Khot; 18.4km) from the Mass Rapid Transit Authority of Thailand ("MRTA") to the Bangkok Metropolitan Administration ("BMA") is awaiting the MOU signing, which is expected to take place later this month. Civil works for both of these lines have progressed ahead of schedule (South: 77.3% and North: 3.2% complete as of January 2016; source: MRTA) and the Company expects to be awarded the O&M contracts for the Dark Green Lines by mid-2016, as the Bangkok governor is targeting to commence trial run of the Dark Green South Line in December 2016. The timeline for the Pink Line (Khae Rai – Min Buri; 36.0km) is on track under the PPP Fast Track scheme and the bidding for this project is anticipated to take place within this year.

Despite the recent implementation of various stimulus measures that accelerated disbursement of government spending and boost in private consumption, the Thai economy continued to remain stagnant, resulting in a significant cut in advertising expenditure and adversely affecting our **Media** business. As such, VGI will likely miss the target for FY 15/16 (guidance of 26% overall revenue contraction) and this is reflected in the softened 9-months revenue. On a brighter note, VGI was recently appointed to be the sole sales agent to manage advertising screens across 219 condominiums under leading brands such as AP, LPN, U Delight and Grand Unity Development for Artista Media Limited Partnership ("ARTISTA"). ARTISTA expects to expand its portfolio to 300 condominiums and 400 condominiums by 2016 and 2017, respectively, generating over THB 100mn revenue over 3 years. Furthermore, subsequent to VGI's acquisition of 20% stake in Aero Media Group Co., Ltd. ("Aero Media") in 1Q 15/16, Aero Media has expanded its LCD screen network in 13 airports nationwide from 32 screens to 342 screens in 2016. It aims to add another 80 – 100 screens in the next 2 years as well as to branch out into gas station advertisements across Bangkok and other prime provinces. These expansions will serve as a catalyst for VGI's fundamental growth going forward.

The BTS-SIRI partnership has plans to launch 6 additional **Residential Property** projects in 2016 with total project value of THB 23bn. The first of the projects will start transferring in FY 16/17 onwards (revenue recognised on transfer) although the Company will still record minimal share of loss from JVs in FY 16/17, since most of the projects will not start transferring until 2018 and beyond. As such, we expect to see share of profit from JVs starting from FY 18/19.

The government-initiated National Common Ticketing System (NCTS), which will allow a single ticket to be used across rail mass transit systems in Bangkok in the first phase, is expected to come to fruition in August 2016. The government has yet to start the selection process for the system operator and with the launch date approaching, the Company sees the opportunity to potentially operate this system. In addition to a track record in developing and operating the Rabbit Card under our **Services** business, the Company also has an existing user base of 4.9mn Rabbit cards (as of 31 December 2015), which is compatible with NCTS.

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Rangsin Kritalug

(Executive Director and Chief Operating Officer)