

Modern Trade Media



BTS-related Media



Office Building and Other Media



**VGI**  
GLOBAL MEDIA

VGI GLOBAL MEDIA PCL

# ANNUAL REPORT 2013/14

A WORLD OF DIGITAL LIFESTYLE



# 1.0 Introduction



# Creating Impact





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# 1.1 Our Vision, Mission & Values

## Vision:

To be the leader of innovative lifestyle media networks and solutions

## Mission:

To provide the most valuable with highest impact advertising lifestyle media networks and solutions

## Values:

VGI HEART

V = VERY

G = GOOD

I = INDEED

H = HELPFUL

E = ENERGETIC

A = ADAPTIVE

R = RELIABLE

T = TEAMWORK

## Motto:

Always From The Heart

# 1.2 Financial Highlights

	2013/14	2012/13 restated	2011/12
<b>INCOME STATEMENT (THB mn)</b>			
Revenue from services <sup>1</sup>	3,149.0	2,837.8	1,977.3
BTS-related Media	1,678.8	1,422.5	1,143.2
Modern Trade Media	1,295.2	1,249.6	754.1
Office Building & Other Media	175.1	165.8	80.1
Cost of sales	1,341.9	1,289.4	1,295.9
Gross profit	1,807.1	1,548.5	681.5
EBITDA	1,509.7	1,288.7	526.0
Net profit	1,145.7	901.6	278.5
<b>BALANCE SHEET (THB mn)</b>			
Total assets	2,740.9	2,579.3	1,313.9
Total liabilities	787.6	758.4	1,020.7
Total shareholders' equity	1,953.3	1,820.9	293.1
<b>CASH FLOW (THB mn)</b>			
Cash from operating activities	1,341.7	560.5	342.6
Capital expenditures	(559.8)	(322.5)	(59.3)
<b>PER SHARE DATA (THB)</b>			
Earnings per share	0.3	0.3	27.8
Dividend per share	0.3	0.2	40.0
Book value per share	0.6	0.6	-
<b>KEY RATIOS</b>			
Gross profit margin (%)	57.4%	54.6%	34.5%
EBITDA margin (%)	47.9%	45.4%	26.6%
Net profit margin (%)	36.4%	31.8%	14.1%
Net debt to equity (times)	No Leverage		
ROA (%)	43.1%	46.3%	21.3%
ROE (%)	60.7%	85.3%	78.8%
<b>SHARE INFORMATION (as of 31 March)</b>			
Share price (THB)	11.40	131.50	-
Outstanding shares (shares mn)	3,432.0	300.0	10.0
Market capitalisation (THB mn)	39,124.5	39,450.0	-

<sup>1</sup> Excludes other income.



# 1.3 Message from the Chairman





## Dear Stakeholders

During the fiscal year ended 31 March 2014, VGI Global Media delivered net profit growth of 27.1% (reaching THB 1,145.7mn) from revenue growth of 11.3% (reaching THB 3,195.6mn). Amidst a backdrop of political instability and consumption slowdown in Thailand which caused total advertising expenditure in Thailand to decline, this has proven to be a very resilient performance.

This year, VGI has delivered to its shareholders return on equity of 60.7%, a return on assets of 43.1%, a proposed total dividend of THB 1,053.3mn and a stock dividend of 1 new share for every 25 existing shares. We were included in the SET100 and SET50 Index (Thailand's largest 100 and 50 companies by market capitalisation) since July 2013 and January 2014 respectively. Overseas, our company continues to garner growing interest. Although overseas shareholding remains relatively low compared to other companies in SET50, it has risen from 7.1% to 9.7% of total shares over the course of the fiscal year.

VGI has strategically positioned itself in the faster growing segments of the media industry. More specifically, sectors where we expect the media will demonstrate a higher engagement and effectiveness with the passage of time. Although we still remain subject to the cyclical nature of media industry spending, we are confident our strategy will support demand and pricing increase **in excess of the overall media industry over the longer term.**

**As of 31 March 2014, our media network consists of 5,400 screens and 14,800 panels of advertising space across Thailand.** This includes 66 new roadside screens within our newly formed joint venture Midas Global Media Co., Ltd. This joint venture with Deelight Multimedia Co., Ltd. into the 'outdoor media sector' marks our first step in this estimated THB 4bn value market and we aim to become a meaningful portion of this over the medium term.

Further, in May 2014, **VGI Global Media purchased a 24.43% stake in Master Ad Plc. (MACO).** MACO has a successful track record in the transit, billboard and street furniture segments which have been professionally developed by its highly experienced management team. We believe that this investment is complementary to our existing business, extends and reinforces our domestic media network and brings synergy for growth potential.

We will continue to assess further opportunities for inorganic growth to supplement our core business growth where such opportunities can deliver long term incremental returns to shareholder value. **Our goal is clear; to reinforce our position as the number one player in the Thai Out-of-Home market and to selectively expand our network across the ASEAN market.**

Internally we have also made great progress. In 2013, **VGI received the highest rating of 5-stars or "Excellent" in the Corporate Governance report** prepared by the Thai Institute of Directors (in collaboration with the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission).

We believe we continue to have great opportunity for expansion ahead of us. Let us close by extending our sincere appreciation to all our shareholders, customers, business partners and employees for their support throughout the year. We look forward to delivering another successful year in 2014/15.



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

# 1.4 Message from the Chairman of the Executive Committee and CEO



**Mr. Kavin Kanjanapas**  
Chairman of the Executive Committee

**Mr. Marut Arthakaivalvatee**  
Chief Executive Officer

It was evident that the overall Thai economic activities in 2013 had a continuous slowdown, resulted from the stall of annual government budget spending, the slow recovery of Thai export compared to a reviving sign of global economy in the second half of 2013, political impasse and also other factors that discouraged domestic consumption as well as private investments. Those caused Thai media industry to slightly shrink at 0.9%.

Despite all negative factors of Thai economy in 2013, the Company can still generate a satisfy revenue growth at 11%, and also picked up profit growth rate at 27%. In this respect, while comparing to other advertising media, Television – the main media had a contraction of 0.9%, transit media grew at 10.4% and In-store media declined at 11.6%, the Company revenue can be considered as an impressive result, reflecting effective performance in management. Consequently, the Board of Directors unanimously agreed to propose to the general meeting of share holders 2014 to consider and approve the annual dividend payment in cash at THB 0.31 per share, and in stock (1 new share for 25 existing shares or equivalent to THB 0.004 per share). Therefore, the full year dividend payout would account for 93.4% of the net profit for the year (in separate financial statement).

In the past year, the Company emphasised cautiously on business operation as well as reinforcing rapid adaptability and maximizing Company's competency so as to ride changing trends and cope up with uncertain factors along with expanding advertising space including new media development, and adopting high technology to increase more effectiveness in client service and management. The Company, by all means, will maintain the leadership in the Out-of-Home lifestyle media in Transit and In-store categories. Furthermore, the Company has had a remarkable development to gain more market shares - penetrating into the Outdoor media by forming a joint venture with Deelight Multimedia Co., Ltd., under the name 'Midas Global Media Co., Ltd.', in order to co-manage the Outdoor Media Network (Street Furniture) nationwide. In the early phase, the Company has developed and installed 66 dual LED/lightbox panels along the road under Chaloen Mahanakhon, Chalong Rat and Sirat, Expressway.

It has been less than 2 years that the Company was listed on the SET; nevertheless, we are committed to pursue business operations with ethics and transparency under the corporate governance principles. According to the recent corporate governance assessment of 2013 SET listed companies by the Thai Institute of Directors (IOD), the Company has been rated 'Excellence' (5 Stars). Furthermore, in July 2014 the VGI share was selected to be part of SET100 Index, and part of SET50 Index since January 2014 onwards. Consequently, we have pride to be part of prominent SET50 Index because this signifies that investors keep taking great interest and trust in trading values of VGI shares, resulting in maintaining its remarkable SET Index

positions. Driven by such pride, we are committed to relentlessly forge ahead to unceasingly keep the level of excellence in corporate governance towards the future.

Our staff headcount has now grown to reach 514 persons, having grown from 475 in 2013. This year, an additional 7 staff members were rewarded for their dutiful 10 years of service, taking the total number to having worked for the company for 10 years or more to 50 persons. The average length of service for a VGI employee is now 4 years, and our turnover rate of staff is only 1% per year, both of which compare favourably with the industry average. Our heartfelt thanks goes to the VGI family of 514 staff for their unwavering commitment and professionalism.

The Company has placed great importance on environment conservation and social contributions. As we have realised that good environment & society will lead to added values to the entire company and every social sectors, paving the sustainability path for the Company, communities and our nation. Simultaneously, activities of social contribution are crucial part of the Company's mission. In the past year, we participated with Pollution Control Department, Ministry of Natural Resources & Environment in contributing used aluminum scraps from dismantled advertising billboards to "Aluminum Smile" Project (Aluminum Scraps Retrieving for making prosthesis under HM the King patronage), as well as help reduce pollutions from hazardous substances, reduce in harming natural resources, and benefit the handicapped and senior people. Moreover, the Company replaces the fluorescent lamps used in the advertising media to the LED power-saving lamps which can save electricity more than 50% compare to traditional fluorescent lamps.

The company has a strong vision to be the leader in advertising media and a passion to do business with sustainable principles. In 2013/14, we will focus on the new innovative advertising media which effectively reach various target audiences and services by stretching our leading advantages of Out-of-Home media in Transit and In-store media as well as keep pacing with changing lifestyles of consumers who stay out of home with their digital devices everywhere. More importantly, we will keep ahead to increase our market shares and become the sector leader in Out-of-Home Media in Thailand, as well as seek opportunities to expand advertising space & network across the Asian region.

We would like to express a sincere gratitude to the shareholders, investors, and all stakeholders, including suppliers and customers for your support and trust in our VGI business operations which lead us to success throughout the time, and more importantly, we highly value the dedication of all VGI staff and have a high hope that everyone will continue to support the Company for our mutual future success.



## 1.5 Our Board of Directors

1



2



1

**Mr. Keeree Kanjanapas**

Chairman of the Board of Directors

2

**Mr. Kavin Kanjanapas**

Director

3

**Mr. Surapong Laoha-Unya**

Director

4

**Mr. Kong Chi Keung**

Director

5

**Mr. Marut Arthakaivalvatee**

Director

3



6

**Mr. Chan Kin Tak**

Director

7

**Assoc. Prof. Jaruporn Viyanant**

Independent Director /  
Chairman of the Audit Committee

8

**Mrs. Maneeporn Siriwatanawong**

Independent Director /  
Member of the Audit Committee

9

**Mr. Mana Jantanayingyong**

Independent Director /  
Member of the Audit Committee



## 1.6 Our Management



**1**  
**Mr. Kavin Kanjanapas**  
Chairman of Executive Committee

**2**  
**Mr. Marut Arthakaivalvatee**  
Member of Executive Committee  
and Chief Executive Officer

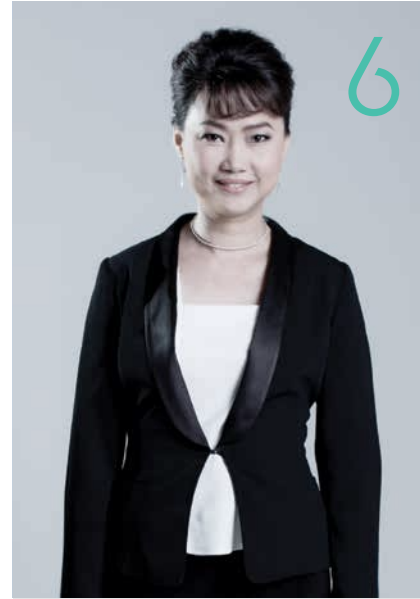
**3**  
**Mr. Chan Kin Tak**  
Member of Executive Committee  
and Chief Operating Officer

**7**  
**Ms. Penjun Tangjaruwatanachai**  
Member of Executive Committee  
and Chief of Legal\*

**8**  
**M.L. Kriengkrai Hastindra**  
Member of Executive Committee  
and Deputy Chief Sales and Marketing Officer (non an Executive by definition of SEC)

\* The Board of Directors' Meeting No. 2/2014 held on March 21, 2014, approved the appointment of Ms. Catharin Jirarudee to be an executive in position of Chief Legal and Compliance Officer, which all shall be effective from April 1, 2014 onwards.





**4**

**Mrs. Oranuch Rujirawona**

Member of Executive Committee  
and Chief Sales and Marketing  
Officer

**5**

**Mr. Chavin Kalayanamitr**

Member of Executive Committee  
and Chief Technology Officer

**6**

**Mrs. Suparanan Tanviruch**

Member of Executive Committee  
and Chief Financial Officer

**9**

**Ms. Daranee Phanklin**

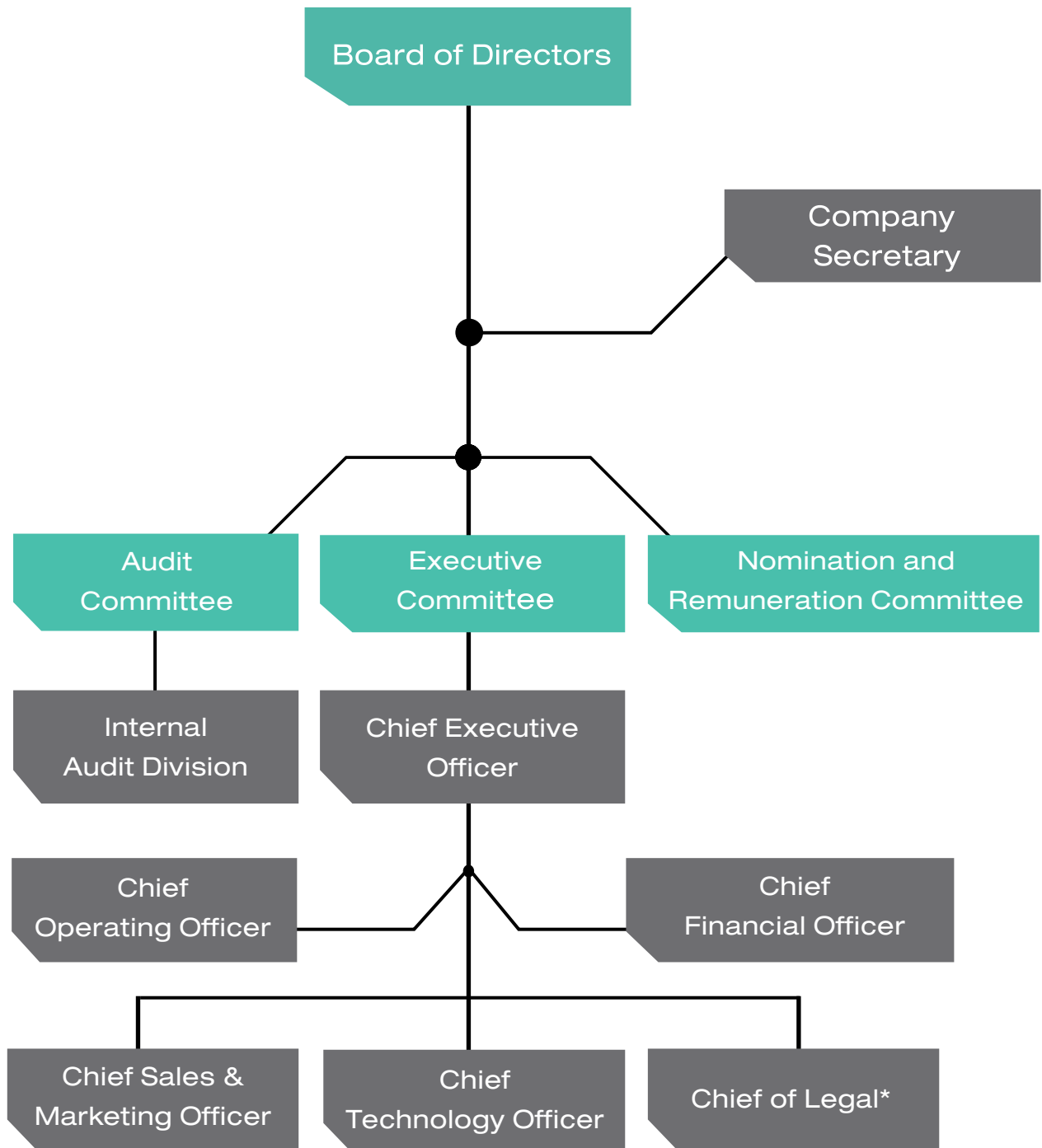
Financial Controller

**10**

**Mrs. Pitchapaksorn Jitopas**

Billing and Accounting Director

# 1.7 Organisation Chart



\* The Board of Directors' Meeting No. 2/2014 held on March 21, 2014, approved the appointment of Ms. Catharin Jirarudee to be an executive in position of Chief Legal and Compliance Officer, which all shall be effective from April 1, 2014 onwards.

2.0 Highlights 2013/14  
and Outlook 2014/15



# Influential Advertising



## 2.1 Important Events in 2013/14

### July 2013

VGI increased its existing registered capital from THB 300,000,000 to THB 330,000,000 by issuing 30,000,000 newly issued ordinary shares. The shares were issued to accommodate stock dividend of every 10 existing shares for 1 stock dividend.

### July 2013

VGI was included as a constituent member of SET100 Index.

### September 2013

To increase trading liquidity, VGI completed the share split as approved by the Extraordinary General Meeting of Shareholders No.1/2013 on 19 September 2013, changing the par value from THB 1.00 per share to THB 0.10 per share. VGI's shares begin trading on SET with new par value on 27 September 2013.

### November 2013

VGI's Board of Directors announced an interim dividend payment of THB 0.18 per share and stock dividend of 25 existing shares for 1 stock dividend, which paid on 27 December 2013.

### December 2013

To accommodate stock dividend payment, VGI reduced its registered capital by THB 1,077, from the existing registered capital of THB 330,000,000 to THB 329,998,923, by cancelling 10,770 unissued registered ordinary shares and increased the registered capital of the Company by THB 13,199,956.90 from the existing registered capital of THB 329,998,923.00 to THB 343,198,879.90.

### January 2014

VGI was included as a constituent member of SET50 Index.

### February 2014

VGI has formed a joint venture with Deelight Multimedia Company Limited by carrying through VGI's subsidiaries, i.e. VGI Multi-Tech International Company Limited ("Joint Venture Company") to manage advertising space of 66 lightboxes from Expressway Authority of Thailand. VGI has been also appointed to be the exclusive sales agent for the Joint Venture company for all existing and future media. In respect of this, after the completion of joint venture, Joint Venture Company ceased to be VGI's subsidiary and became associated company.

## 2.2 Business Target Assessment 2013/14

2013/14 was a challenging year for VGI as the business was hard affected by weak domestic consumption and investment as well as the prolonged political turmoil. As a result, total Thai advertising spending decreased by 0.9% in 2013/14. Below find an assessment of our stated targets at the start of the fiscal year and how we performed against them.

	2013/14 Expected Revenue Growth	2013/14 Actual Revenue Growth	Target Assessment
<b>BTS-Related Media</b>	20%	18%	Although we did not meet our target, BTS-related media revenue once again demonstrated solid growth of 18% in the face of adverse economic conditions. This came mainly from strong improvement in revenue performance from increased carriages and Platform Truss LEDs Project.
<b>Modern Trade Media</b>	40%	4%	Modern Trade and Office building & Other media segment, were harder hit by weakened consumption particularly as spending on fast moving consumer goods (normally 90% of In-store spending) was withdrawn or delayed.
<b>Office Building and Other Media</b>	20%	6%	

## 2.3 Business Outlook 2014/15

Overall revenue growth for 2014/15  
Expected revenue growth of **13-17%**  
from

### BTS-related Media

#### **22-24%** expected revenue growth

Our BTS-related media division is expected to maintain strong revenue growth of approximately 22-24% during 2014/15, driven by a 16% increase in capacity from additional carriages. Moreover, the Company is updating its media network to respond to customer demand, which includes Platform Truss LEDs, Platform Screen Doors and E-Posters (electronic posters). As such, the Company expects to see the revenue contribution from the aforesaid updated media.

### Modern Trade Media

#### **5-9%** expected revenue growth

Modern Trade Media revenue is expected to see revenue growth of 5-9%, primarily driven by increased pricing which is expected to be generated from the adjustment in sales strategy by launching more customised packages.

### Office Building and Other Media

#### **7-10%** expected revenue growth

Office building and other media revenue growth is expected from an increased office building portfolio. This is from the full year effect of a larger office building portfolio (24 new office building contracts added since October 2013) as well as new contracts signed (target 100 office building contracts buildings within 2014/15 from 75 as of 31 March 2014). In line with the Company's vision to be the leader in lifestyle media network, the Company has begun to seek new growth opportunities by expanding its footprint into the street furniture media segment. VGI formed a joint venture with Deelight Multimedia Company Limited in February 2014 which will begin to contribute revenues within 2014/15.

Expected 2014/15 CAPEX of **THB 600mn**

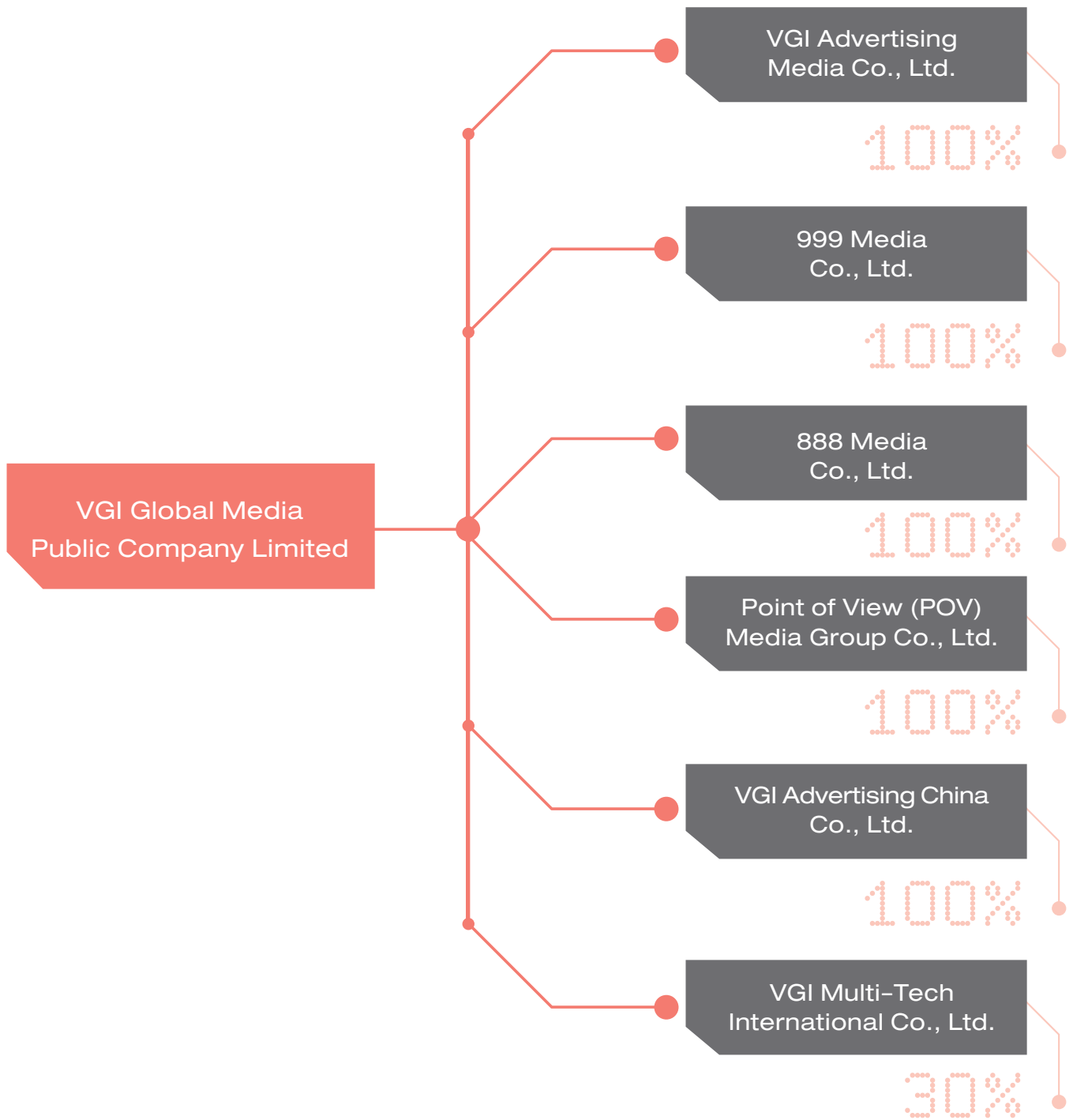


# 3.0 The Company and Media Industry



# Interactive Media

# 3.1 Corporate Structure



Remark : (1) On April 4, 2014, VGI Multi-Tech International Co., Ltd. changed its name to Midas Global Media Co., Ltd.

(2) On May 12, 2014, the Company acquired 73,500,000 shares in Master Ad Public Company Limited ("MACO") from a group of existing shareholders, as equivalent to 24.43% of the total issued shares of MACO. Consequently MACO became to the Company's associated company.

## 3.2 Corporate Information

### Company Profile

<b>Year Established :</b>	1995
<b>Equity First Trade Date :</b>	11 October 2012
<b>Stock Symbol :</b>	VGI
<b>Market :</b>	SET
<b>Industry :</b>	Services
<b>Sector :</b>	Media & Publishing
<b>Registered Capital :</b>	THB 343,198,879.90
<b>Paid-up Capital :</b>	THB 343,197,362.50
<b>No. of Listed Shares :</b>	3,431,973,625 shares
<b>Par Value :</b>	THB 0.10 per share

### Key Contact Details

#### Head Office

Tel : +66 (0) 2273 8884  
Fax : +66 (0) 2273 8883

#### Company Secretary

Tel : +66 (0) 2273 8884 ext. 554  
Fax: +66 (0) 2273 8883  
Email : companysecretary@vgi.co.th

#### Investor Relations

Tel : +66 (0) 2273 8611-5 ext. 1528, 1529  
Fax : +66 (0) 2273 8610  
Email : ir@vgi.co.th

### Stock Registrar

**Thailand Securities Depository Co., Ltd.**  
62 The Stock Exchange of Thailand Building  
Rachadapisek Road, Klongtoey  
Bangkok 10110, Thailand  
Tel : +66 (0) 2229 2800  
Call Center : +66 (0) 2229 2888  
Fax : +66 (0) 2359 1259  
Website : www.tsd.co.th

### Auditor

**EY Office Limited**  
**(Formerly known as Ernst & Young Office Limited)**  
33rd Floor, Lake Rajada Office Complex  
193/136-137 New Rajadapisek Road  
Klongtoey, Bangkok 10110, Thailand  
Tel : +66 (0) 2264 0777  
Fax : +66 (0) 2264 0789-90  
Mr. Supaachai Phanyawattano  
Certified Public Accountant No. 3930

### Company Registered Address

21 TST Tower, 9th Floor  
Viphavadi-Rangsit Road  
Chomphon, Chatuchak  
Bangkok 10900 Thailand  
Registration No.: 0107555000066  
Website: www.vgi.co.th



## 3.3 Our History

- 
- April 1995** The Company was established under the name Global Technologies & Telecom Co., Ltd.
  - December 1998** The Company changed its name to VGI Global Media Co., Ltd.
  - January 1999** The Company signed a contract with BTSC, receiving the rights to manage the advertising and merchandising areas on 23 stations and for all BTS trains for 10 years.
  - May 2003** The Company expanded its business into Modern Trade media. The first modern trade retailer granted the Company the right to manage the advertising space was Watsons.
  - December 2004** The Company received the rights to manage the advertising area on Non-Sales Floor areas in all branches of Tesco Lotus in Thailand.
  - August 2005** The Company received the rights to manage the advertising area in all branches of Big C in Thailand.
  - 2008** The Company received additional advertising rights to manage the digital media network in 31 branches of Tesco Lotus and the rights to manage the advertising area in 250 branches of Tesco Lotus Express.
  - December 2008** The Company acquired VGI Multi tech, VGI Ad, and 999 Media.
  - February 2009** The Company acquired 888 Media. The Company received the rights to manage the advertising area in Non-Sales Floor areas of all Carrefour branches in Thailand.
  - September 2009** BTSC acquired the Company by financing a portion of the acquisition by cash and by new equity issuance of 187,617,260 BTSC shares, or 1.17% of BTSC's total shares as of 31 December 2010 (after issuing the shares).
  - October 2009** The Company acquired POV, the provider of advertising media in passenger lifts in large office buildings in the business district of Bangkok Metropolis.
  - March 2010** The Company received additional rights to manage point of purchase ("POP") radio in all branches of Tesco Lotus throughout Thailand.
  - June 2010** The Company established a wholly-owned subsidiary VGI Ad China in the Republic of China to provide advertising media service through POP radio in all branches of CP Lotus in China.

- November 2010** ● The Company signed a contract with BTSC, receiving the rights to manage the advertising area on the BRT with the contract expiring in May 2017.
- December 2010** ● The Company was granted exclusive rights to manage the advertising area on Sales Floor areas in all branches of Tesco Lotus in Thailand.
- May 2011** ● The Company was granted exclusive rights to manage the advertising area on Sales Floor areas in all branches of Big C in Thailand.
- December 2011** ● The Company received exclusive rights to manage the advertising area on Sales Floor areas in all branches of Carrefour (now is Big C) throughout Thailand.
- January 2012** ● The Company was granted exclusive rights to manage the digital media network and POP radio in all branches of Big C in Thailand.
- February 2012** ● The Company was granted exclusive rights to manage additional advertising area in all branches of Tesco Lotus.
- April 2012** ● VGI converted into a public company limited with a registered capital of THB 400mn.
- May 2012** ● VGI signed a License to Manage Marketing Service Agreement with BTSC to supercede the previously signed agreement. The new agreement expires in December 2029, at the same time the concession agreement between BTSC and BMA expires.
- July 2012** ● VGI was granted the rights to manage advertising for Chulalongkorn University's bus system, which includes 15 buses and 15 bus shelters.
- 11 October 2012** ● The Company was listed on the SET and commenced the first trading day of its shares.
- January 2013** ● VGI Ad China changed its type of business from providing advertising media service through point of purchase radio in CP Lotus China to providing advertisement of Chinese products in Thailand.

# 3.4 Industry and Business Overview

## 1. Thai Media Industry in 2013/14

In 2013/14, Thailand faced growing political uncertainty amidst economic slowdown which adversely affected consumer confidence, and had a knock-on impact on the media sector. This was reflected in media sector stocks, as the Entertainment Index dropped 19.0% in the year ended 31 December 2013, the worst performing sub-index on the Stock Exchange of Thailand. Moreover, total market value of the Thai media industry dropped by 0.9% to THB 113,408mn in 2013/14, far below the Media Agency Association of Thailand's expectations of 10.0% growth. The performance of the media industry has a tendency to strengthen or weaken depending on the country's economy, which can be observed by the relationship between GDP growth and advertising spending

growth from 2007/08 to 2013/14 (see figure 1). Hence, it is deduced that the decline in 2013/14 advertising growth was caused by the country's economy and political unrest, as evident from GDP drop of 1.4%, a significant drop from 7.8% growth achieved in 2012/13<sup>1</sup>.

Despite the slowdown in the overall media industry, the Transit Media sector (in which the Company also operates its business) grew 10.4%, the second best performing sector in the media industry, following the Internet sector which grew 33.4%.

<sup>1</sup> The data was recalculated based on fiscal year from April to March from the Office of the National Economic and Social Development Board

Figure 1: Media Advertising Growth vs GDP Growth (2007/08 -2013/14)

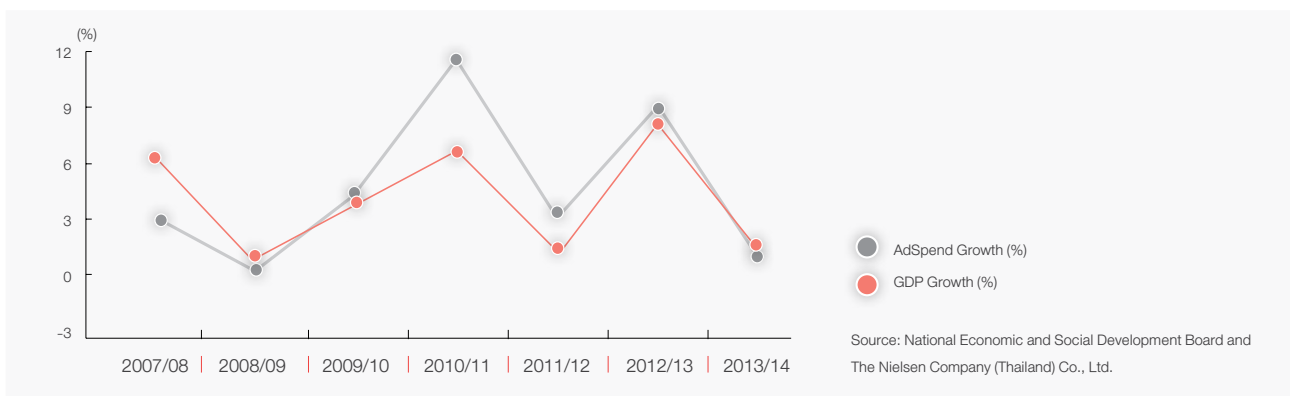
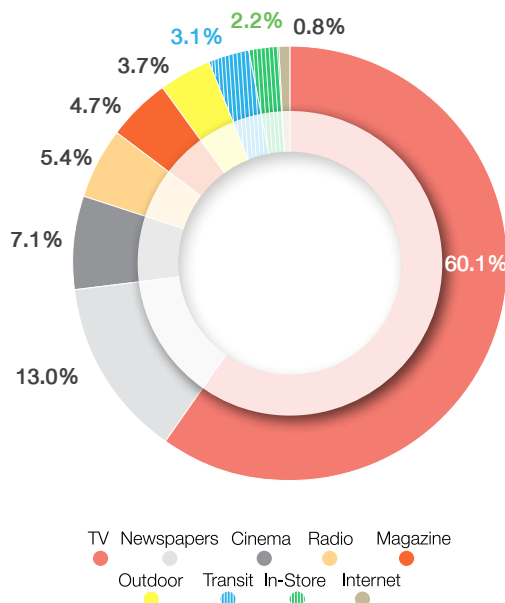
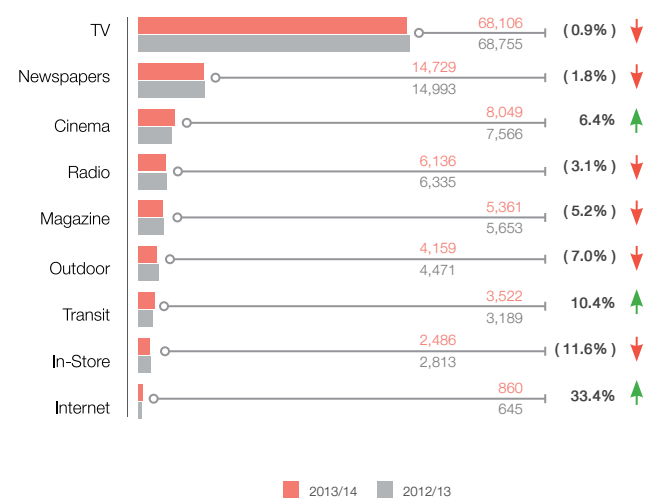


Figure 2: Thailand Media Industry Market Share in 2013/14



Source: The Nielsen Company (Thailand) Co., Ltd.

Figure 3: Advertising Expenditure in Thailand in 2013/14 vs 2012/13 (THB mn)



Source: The Nielsen Company (Thailand) Co., Ltd.



## 2 Key Trends

### 2.1 Out-of-Home Media vs. Traditional Media in Thailand

In 2013/14, Out-of-Home media spending which includes Transit, In-Store and Outdoor media was THB 10,167mn, or 9.0% of Thailand's advertising spending, which totaled THB 113,408mn. Out-of-Home media has grown continuously at a higher rate each year compared to traditional media segments such as TV, Radio, Newspaper and Magazine. Whilst Traditional media still had the highest market share at 83.2% of Thailand's advertising spending, the trend is expected to move towards Out-of-Home media over time. This is apparent from the faster pace in advertising spending in Out-of-Home media during the past 5 years. During 2008/09 – 2013/14, In-Store and Transit media had compound annual growth rate (CAGR) of 24.0% and

18.6%, respectively. On the contrary, the three highest ad spending growth in Traditional media was Television, Newspaper and Radio with CAGR of 5.7%, -0.1% and -1.9%, respectively. Moreover, Out-of-Home media segment gained the most market share. Out-of-Home media's market share grew from 6.3% in 2005/06 to 9.0% in 2013/14, or a 2.7% increase. In comparison, Traditional media's market share which includes Radio, Newspaper and Magazine declined from 33.5% in 2005/06 to 23.1% in 2013/14 (or a 10.4% decrease) and TV's market share saw a steady increase from 58.6% in 2005/06 to 60.1% (a 1.5% increase).

Figure 4: Thailand Media Industry Spend from 2008/09 – 2013/14 (THB mn)

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	5 Year CAGR
TV	51,581	54,535	62,537	62,528	68,755	68,106	5.7%
Newspaper	14,821	14,513	15,038	14,650	14,993	14,729	-0.1%
Cinema	4,155	5,037	6,382	7,231	7,566	8,049	14.1%
Radio	6,739	6,208	6,057	6,027	6,335	6,136	-1.9%
Magazine	5,872	5,490	5,764	5,715	5,653	5,361	-1.8%
Outdoor	4,158	3,883	3,962	4,319	4,472	4,159	0.0%
Transit	1,498	1,828	2,262	2,650	3,189	3,522	18.6%
In-Store	847	846	1,198	1,760	2,813	2,486	24.0%
Internet	170	287	328	500	645	860	38.3%
<b>Total Ad Spending</b>	<b>89,841</b>	<b>92,627</b>	<b>103,527</b>	<b>105,382</b>	<b>114,421</b>	<b>113,408</b>	<b>4.8%</b>

Note: Excludes classified and house ads

Source: The Nielsen Company (Thailand) Co., Ltd.

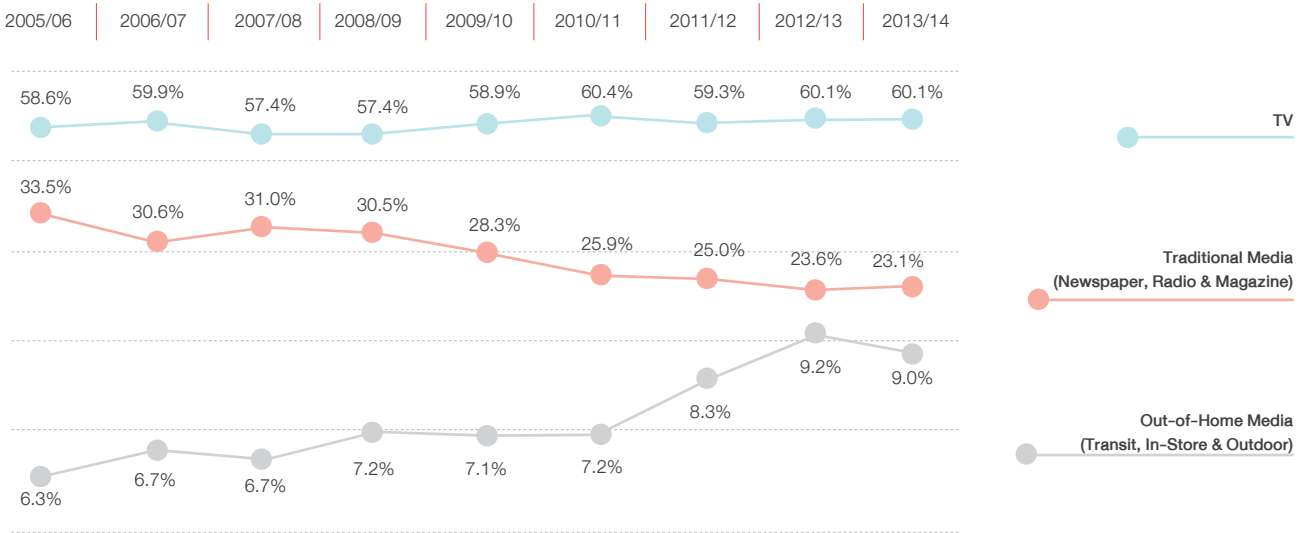
### 2.2 Urbanisation Shifts AdSpend to Out-of-Home Media

Over the past decade, Thailand became more industrialised which brought urbanisation with it, as evident from population growth in Bangkok metropolitan and urban areas. The population in Bangkok Metropolis and other urban areas has increased significantly from 17.0% of the total population in 1950 to 35.0% in 2010<sup>2</sup>. Urbanisation played a role in driving social changes in Thailand, which also correlates to the increase in the growth in Out-of-Home media spending. For example, high population density and severe traffic congestion as a result of urbanisation and lack of road development have made it inevitable for Bangkok to aggressively develop rail mass transit. BTS SkyTrain's Core Network ridership has increased significantly over the past 5 years from 135.9mn passengers in 2008/09 to 214.7mn passengers in 2013/14, representing compounded annual growth rate of 9.6%. This excludes any additional

ridership growth from extensions to the Core Network, the Blue line and the Airport Rail Link. The growth in mass transit ridership has resulted in increased Out-of-Home media spending, particularly in the Transit sector which had compound annual growth rate of 18.6% over the past 5 years, as advertisers follow this rising trend. Furthermore, today's consumers are spending more time than ever outside of their homes. Most of this time is spent commuting in their cars, in rail mass transit, buses, office buildings, shopping malls or airports. To capture this ever changing lifestyle of consumers, advertisers have increased their advertising spending on Out-of-Home media, as evident from the increase in Out-of-Home advertising spending from THB 6,503mn to THB 10,167mn, representing a CAGR of 9.3% over the past 5 years.

<sup>2</sup> United Nations Population Fund (UNFPA), Thailand

**Figure 5: Out-of-Home vs Traditional Media Market Share Trend (2005/06 – 2013/14)**



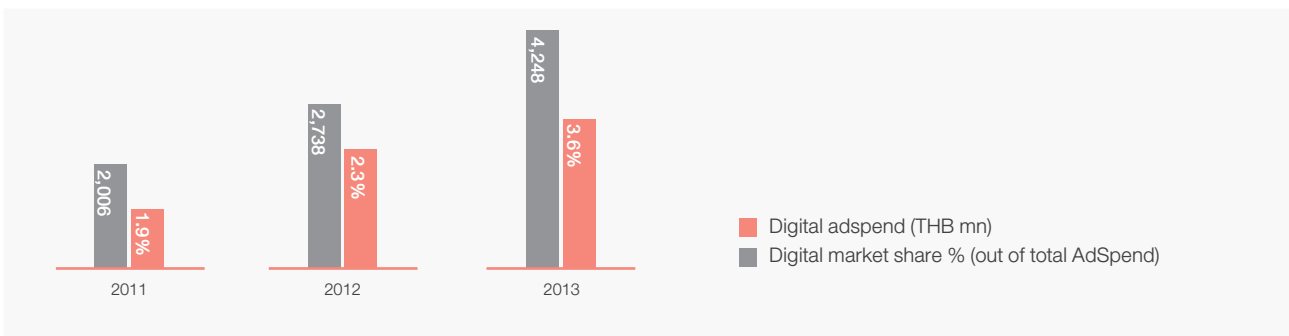
Note: Excludes classified and house ads  
 Source: The Nielsen Company (Thailand) Co., Ltd.

**2.3 Transitions to Digital Media**

A remarkable change in media landscape is the increasing proliferation of Digital media. According to figures released by Digital Advertising Association, Thailand (DATT), Thai digital advertising spending has grown from THB 2,005mn in 2011 to THB 4,248mn in 2013, representing CAGR of 45.5%. Moreover, the market share of Digital advertising spending out of total advertising spending has increased significantly from 1.9% to 3.5%, or a 1.6% increase. Recent development in Digital media is posing as a major threat to Traditional media, particularly in Newspaper as evident from the decline of its advertising spending from THB 15,258mn in 2011 to THB 14,541mn in 2013, a 4.7% decrease. The growth of Digital media is supported by its flexibility and scalability for advertisers to deliver message to a target audience.

Through its flexibility, advertisers can easily and faster deploy marketing campaigns which reach a broader scope of audience compared to Static media. Hence, Digital media is becoming more time-and cost-effective than other Traditional media, which is one of the most critical components to keep up with the trend in the media industry going forward. Moreover, Digital media allows advertisers to deliver a dynamic image which is a powerful tool that can more easily capture attention from the audience as well as evoke a sense of interaction. At the consumer-end, the ever increasing demand for instant information gives Digital media the ability to keep consumers informed responsively and interactively. Hence, media owners who are able to offer advertisers media that are increasingly interactive and provide better engagement with consumers would have competitive advantage.

**Figure 6: Digital Advertising Spending and Market Share (2011 – 2013)**



Source: Digital Advertising Association (Thailand)

### 3. Competitive Environment

There are a few local key players in Out-of-Home media in Thailand. The table below shows the key players based on 2013 revenues:

Company	Revenue (THB mn)
VGI Global Media Public Company Limited*	3,149.0
Plan B Media Public Company Limited**	644.6
Master Ad Public Company Limited	724.6
ThreeSixtyFive Public Company Limited	412.2
Aqua Corporation Public Company Limited	397.1

\*Fiscal Year ends 31 Mar

\*\* 6 months revenue ended 30 June 2013

In the past 2-3 years, the trend for allocating advertising budget has become increasingly fragmented across different media types since each has its own strengths and effectiveness in communicating messages to consumers, and the allocation across multiple media types often enhances the effectiveness of a single message. Advertising agencies and product owners therefore opt to employ a wide variety of media in their advertising mix that is suitable to their target groups and budget in order to create a consistent brand and product recognition, expand customer base, and reinforce brand loyalty. For this reason, competition in the media industry today is not merely to grab the market share from the same type of media but also to compete with all types of media in the industry. Companies that have media networks covering a wide range of media and reaching all target groups thus have competitive advantage in meeting the needs of advertisers, which translates into capturing more market share. Furthermore, consumers in this generation have a tendency to multitask and as a result, using a single type of media as per earlier generations no longer matches this change in consumer behaviour. As a consequence, there is increasing acceptance in combining Conventional and Digital media and in integrating innovative elements into these media to create an engaging and enjoyable experience for viewers.

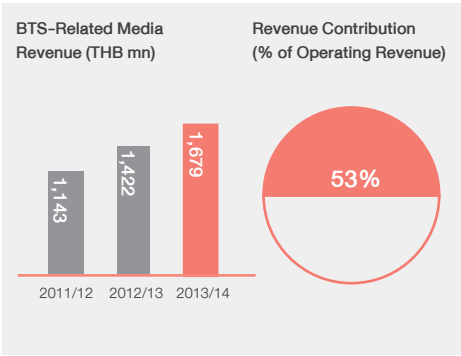
As the number and variety of media platforms that reach all target groups increase, Traditional media also needs to keep up with the trend since advertising agencies or media consumers are opting to pay for the most suitable media to their target group that is available in the market. Likewise, TV which has been one of the most dominant media mediums in Thailand also needs to develop its platform in order to compete with other media, particularly against those that are more flexible in integrating its product with consumer's lifestyle such as Out-of-Home media. In 2013, the TV sector was all about "digital" as Thailand has started to liberalise its digital TV system. In terms of the landscape of media industry

after the liberalisation, it is expected that advertising spending in the TV sector will be more equally distributed as advertisements will no longer be clustered in the free TV channels. In the next 3 – 5 years, the transition to digital TV will create a competitive environment in the TV sector itself as the key success of digital TV business will rely heavily on the quality of content. Therefore, the market share of the media industry is believed to follow the current trend where TV has the highest market share. Nevertheless, the TV sector will be more competitive as there is lower entry to barriers and operators have to compete in terms of the media content to stay in business.

Taking into account trends such as this, the Company believes that its media network has advantage over competitors as its media network conforms to the modern lifestyle of consumers and interweaves itself with Out-of-home lifestyles of consumers regardless of whether they are on the BTS SkyTrain, in modern trade outlets or in office buildings. Moreover, advertisers can select specific target groups in terms of geography and demography. Findings from the Company's survey show that the reason product owners and agencies choose the Company's media is due to its ability to enhance the image of modernisation and product image, to boost repeated views in order to build brand loyalty and to promote brand distinction. The Company's media is also perceived to have the ability to reach its target market effectively, to persuasively stimulate impulse buying from consumers at the point of purchase and to consistently communicate the properties of the product or services. In line with the Company's vision to be the leader in lifestyle media network, the Company is constantly developing its media network to respond to customer demands and to keep pace with the digital change (see more information on the updated digital media in *section 3.4.1: Transit Media*).



# 3.4.1 Transit Media



BTS-related Media	2013/14	2012/13	Change (%)
Revenue (THB mn)	1,678.8	1,422.6	18.0%
Gross Profit (THB mn)	1,363.9	1,110.2	22.9%
Gross Profit Margin (%)	81.2%	78.0%	

## 1. Transit Media in 2013/14

The total estimated size of advertising expenditures in Thailand during 2013/14 was THB 113,408mn where Transit media advertising spending was THB 3,522mn, accounting for 3.1% out of total advertising spending. Despite the prolonged series of political protests in Bangkok since November 2013, which caused major disruptions to the economy and the country, Transit media grew 10.4% compared to the previous year, the second best performing sector in the media industry following the Internet sector, which grew 33.4%<sup>1</sup>.

<sup>1</sup>The Nielsen Company (Thailand) Co., Ltd.

## 2. Key Trends

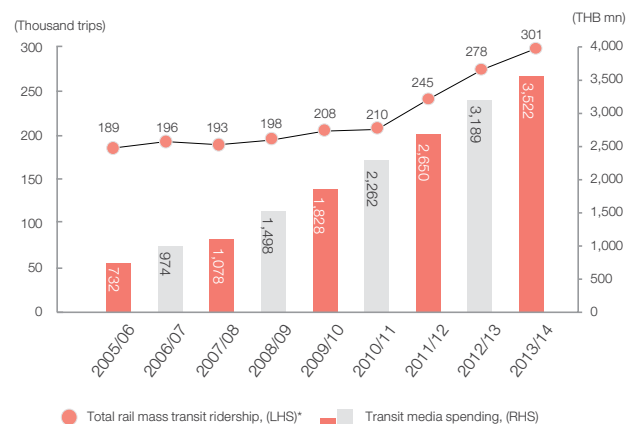
### 2.1 Change in Commuting Patterns Support Transit Media Advertising Spending Growth

In recent years there has been a shift in media landscape brought on by the change in people's lifestyle. Bangkok commuting patterns have shifted towards increased usage of rail mass transit, as it is more reliable and is a less time-consuming form of transit. Advertisers have recognised this shift and adjusted their budget allocation accordingly. This is evident from the increase in Transit media advertising spending, which increased from THB 732mn in 2005/06 to THB 3,522mn in 2013/14, or a CAGR of 21.7%. This increase was assisted by the growth in total ridership on rail mass transit system, which grew from 189mn passengers in 2005/06 to 301mn passengers in 2013/14, or a CAGR of 6.0%. The positive correlation between Transit media advertising spending and ridership growth demonstrates that more advertising spending is reallocated to mass transit sector as a result of change in commuting patterns.

### 2.2 Expansion of Rail Mass Transit Network and the Opportunity in Transit Media

The Ministry of Transport's Office of Transport and Traffic Policy and Planning (OTP) had conducted a study and forecasted that rail mass transit demand in Bangkok will start to replace bus transit demand significantly between now and 2032, driven by the expansion of rail network length. Mass transit market share in Bangkok is projected to rise from 5.8% in 2012 to 42.4% in 2032. Consequently, we expect the trend of Transit media to continue to be popular as its key strengths are a rapidly growing audience (driven by the broader network coverage area) and the increased opportunity for it to be seen repeatedly by target groups as they tend to commute along the same routes every day.

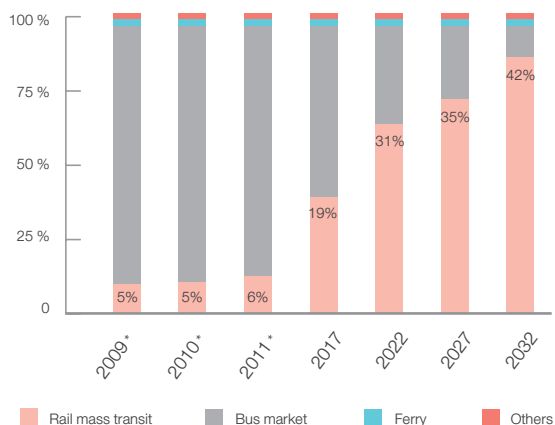
Figure 1: Total Ridership on Rail Mass Transit System vs Transit Media Spending



Note: Included BTS Skytrain and MRT Subway Ridership (fiscal year starts 1 April and 1 January, respectively)  
Sources: The Nielsen Company (Thailand) Co., Ltd, BTSC and Bangkok Metro Pcl

Currently, the route length of existing rail mass transit line is only 84.8km (including BTS SkyTrain, MRT Subway and Airport Rail Link) which mainly covers areas around the city centre. The pervasion (defined as rail mass transit length per million population) in Bangkok has reached merely 8.2km per million of the Bangkok population, far behind those of other developed countries. As such, the government has made the expansion of public transportation infrastructure a top priority on the national agenda. The latest Mass Rapid Transit Master Plan in the Bangkok Metropolitan Region (M-MAP, 2010 – 2029) outlines an aggressive plan to develop rail mass transit into a more mature network. The OTP targets to have 12 routes with a total rail length of 508km across Bangkok and vicinities by 2029. The expansion of the rail mass transit network such as the BTS SkyTrain, MRT Subway, and Airport Rail Link can all expect to receive mutual benefits as the lines act as a feeder to each other, which gives potential opportunities for Transit media companies to tap into the rail mass transit expansion network.

**Figure 2: Bangkok’s Rail Mass Transit Market Share (Forecast 2017 – 2032)**



\*Actual data

Source: OTP’s transport data and model integrated with multi-model transport and logistics (TDML II)

### 3. Competitive Environment

Transit media covers all formats of advertisements that are installed inside and outside public vehicles. In Thailand, there are media companies that manage mass transit media as follows:

Company	Revenue (THB mn)
VGI Global Media Public Company Limited*	3,149.0
Plan B Media Public Company Limited**	644.6
JC Decaux (Thailand) Co., Ltd.	n/a
Bangkok Metro Networks Limited	n/a

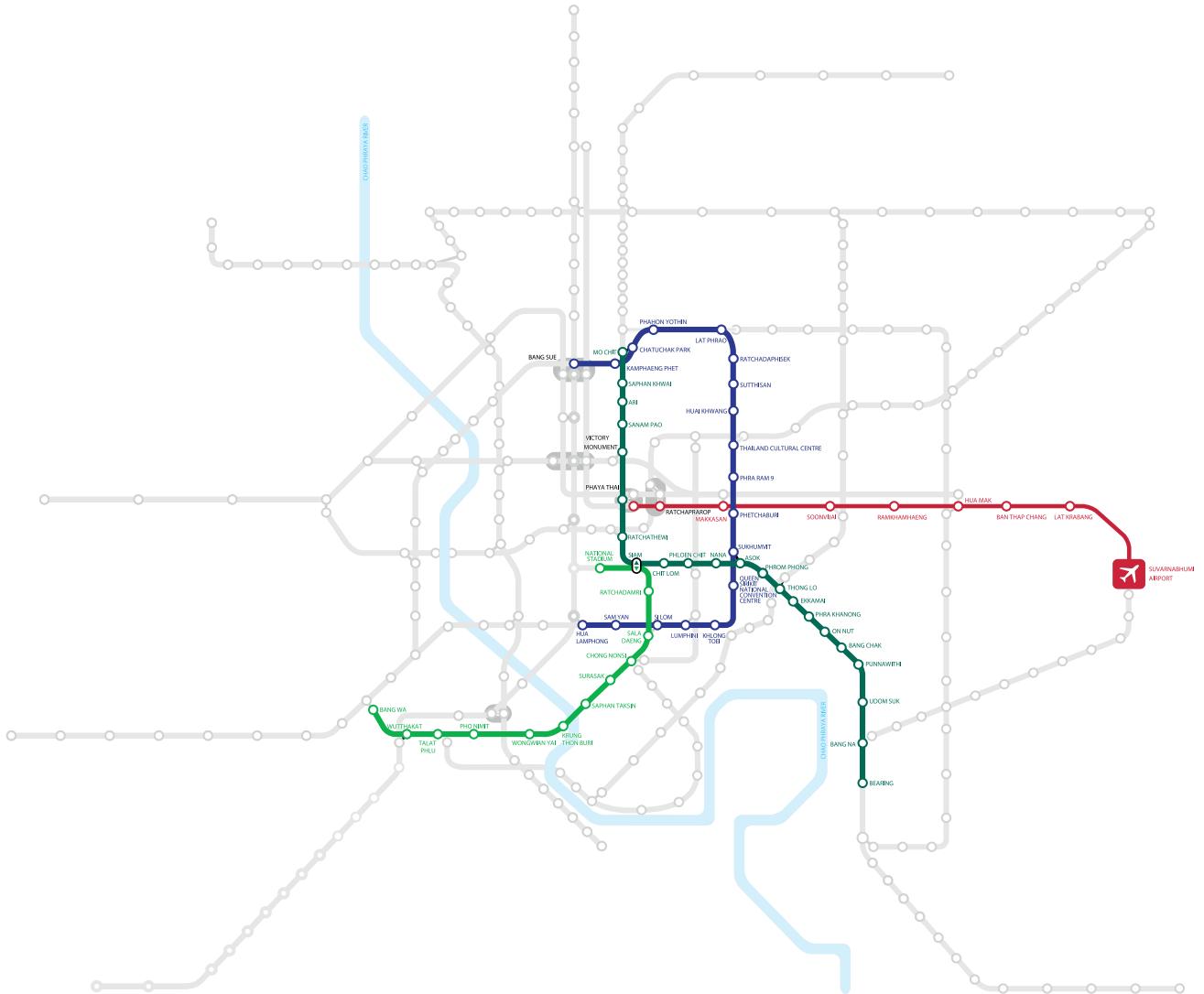
\*Fiscal Year ends 31 Mar

\*\* 6 months revenue ended 30 June 2013

Key players within the Thai Transit media market are divided according to transportation type. For example, BTS SkyTrain advertising is exclusively operated by VGI Global Media, bus advertising is mainly operated by Plan B Media and MRT underground advertising is mainly operated by Bangkok Metro Networks. Since BTS SkyTrain’s route is located within Bangkok’s central business district and key commercial and residential areas, the Company has competitive advantages from being strategically located, from having increasing viewership from the number of growing passengers on the rail mass transit and from being a highly effective media that caters directly to the target group.



**Current Rail Mass Transit System Routes in Bangkok and the Vicinity (total of 84.8km in 2013) and Future Routes (total of 508 km in 2029)**



Existing lines (Total 84.8 km)

Future lines (Total 508 km)



508 km (including existing lines)

Source : Office of Transpat and Traffic Policy and Planning.

#### 4. BTS-related Media Overview

The Company possesses exclusive rights to manage advertising spaces on the Core Network, which expires in 2029 and has the first right to extend the contract. Altogether, VGI has the rights to manage 23 stations on the Core Network and all BTS trains, which run through the key commercial, residential and office areas of central Bangkok. The BTS-related media's profile is listed below (as of 31 March 2014):

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<b>Number of locations :</b>	23 stations & 188 carriages
<b>Static media :</b>	>13,500 in-train & on-station displays
<b>Digital media (screens) :</b>	734 on-station & 1,128 LCDs in-train
<b>Viewer reach per day :</b>	654,100 people/viewers
<b>Area coverage :</b>	CBD
<b>Target viewer :</b>	<ul style="list-style-type: none"> <li>• Working people and younger generation</li> <li>• Ages 15 – 35</li> <li>• Middle income</li> </ul>

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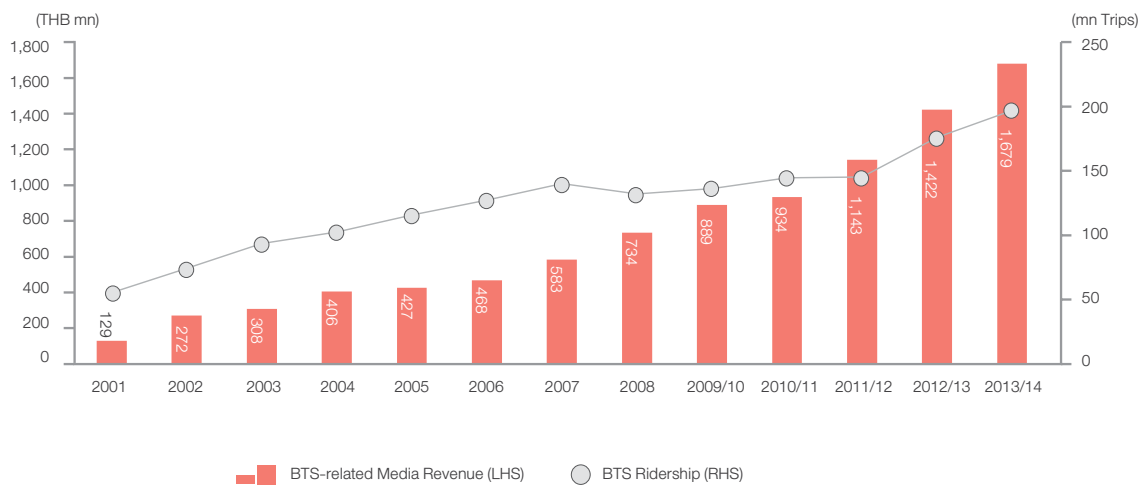
Strong growth in ridership, new train capacity, expansion of the rail mass transit network, and new advertising technologies are the main contributing factors to the growth of BTS-related media. Over the past 12 years, VGI has enjoyed impressive revenue CAGR of 23.8% from the BTS-related media.

#### 4.1 2013/14 BTS-related Media Performance

In 2013/14, BTS-related media represented 53.3% of the Company's revenues. BTS-related media grew 18.0% to THB 1,678.8mn in 2013/14 compared to THB 1,442mn in 2012/13. Key growth factors were the increase in total annual ridership which reached 214.7mn passenger trips (a growth of 8.9%) and the extensions of all trains on the Sukhumvit line from 3-car trains to 4-car trains since May 2013 (total carriages increased from 153 to 188 carriages). Moreover, the Company is updating its media network to respond to the growing demand for digital screens in order to deliver better interactive advertising messages, which includes Platform Truss LEDs, Platform Screen Door, and E-Posters (electronic posters) across the BTS SkyTrain Network. Please find more detail of the performance this year in *Section 4.4 : Management Discussion & Analysis*



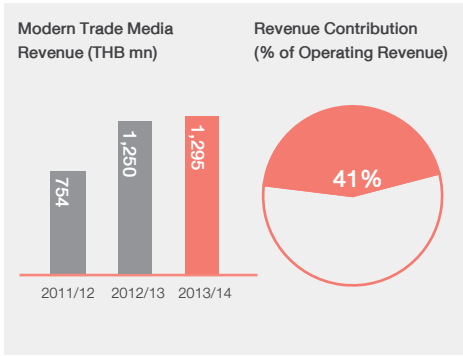
Figure 3 : BTS-related Media Revenue vs BTS Total Ridership (2001 – 2013/14)



Source: BTS and VGI



# 3.4.2 In-Store Media



Modern Trade Media	2013/14	2012/13	Change (%)
Revenue (THB mn)	1,295.2	1,249.6	3.7%
Gross Profit (THB mn)	321.8	319.4	0.8%
Gross Profit Margin (%)	24.8%	25.6%	

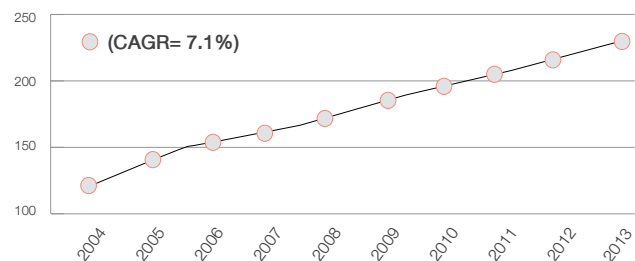
In-store media is considered as one of the best advertising media to complement sales of consumer goods from its proven ability to stimulate impulse buying in hypermarkets as well as in small and medium-format stores. In-store media can be placed everywhere, outside and inside the stores, from the entrance and along walkways until the sales floor area, and can be highly diversified platforms such as cart ads, floor stickers, message boards, digital screens at various points of purchase, and event radio media.

The Company had been granted exclusive rights from top-two hypermarket brands in Thailand, Tesco Lotus and Big C, to operate advertising media space in their branches nationwide including future branches that will be open within the term of contract. Under the contract, the Company earns revenue from providing space for advertisers to put their advertisements and then shares the revenue with the hypermarket owners. The factors that have a tendency to impact on the Company's revenue are sales of the hypermarkets, number of the branches, number of people who preferred to shop in the hypermarkets, and the overall economy of Thailand.

## 1. Overview of Hypermarket

Modern trade (as opposed to Traditional trade) stores refer to stores that provide a wider variety of products which are displayed by categories as well as multiple checkout points. Businesses in Thailand that are classified under modern trade are hypermarkets (such as Tesco Lotus and Big C), supermarkets (such as Tops and Home Fresh Mart), convenience stores (such as 7-Eleven and Family Mart) and department stores (such as Central, The Emporium, The Mall and Robinsons).

Figure 1: Department Store Sales Index in Thailand



Remark: The Department Store sales index processed from sales in the segment including hypermarket, supermarket, department store, but excludes small-format stores, such as 7-eleven, that pays taxes to the Revenue Department, Ministry of Finance. The report shows turnover of the stores mentioning above, which are then calculated to find the annual index (base year = 2002) in the quantitative value using the consumer price index as the deflator.

Source: The Bank of Thailand - www.bot.or.th

Figure 2: No. of Hypermarket Branches in Thailand



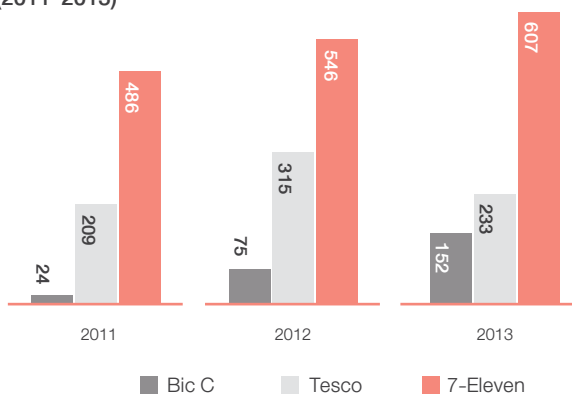
Source: Big C Supercenter PCL. and Ek-Chai Distribution System Co., Ltd.

Remark: no. of branch includes large format and medium format at end of December each year

\*The number of Big C branches as if it had acquired Carrefour since 2005.

The number of hypermarket branches of Tesco Lotus and Big C increased from 48 branches and 68 branches (including former Carrefour branches) to 121 branches and 119 branches in 2013, respectively. The continuous expansion of hypermarkets is attributable to the change in consumers' behaviour, which shows a shift from shopping at traditional retail shops to modern trade stores. Consumers are increasingly seeking the convenience of having goods and services that can be reached under one roof, such as foods, home supplies, banks, beauty salons, tutoring schools, game machines and playgrounds. Further the mass scale procurement, supply and distribution systems of modern trade often result in a cheaper product cost compared to traditional retail shops. As a result, statistics shows that the number of consumers who shopped at Tesco Lotus increased from 2.3 mn people/month in 2011 to over 3.1 million people/month in 2012 (Source: Tesco Lotus Retail Growth Freehold and Leasehold Property Fund prospectus) or an increase of 35.8% YoY.

**Figure 3: Increasing No. of branches of small-format store (2011-2013)**



Source: Big C Supercenter PCL., Ek-Chai Distribution System Co., Ltd. and www.cpall.co.th

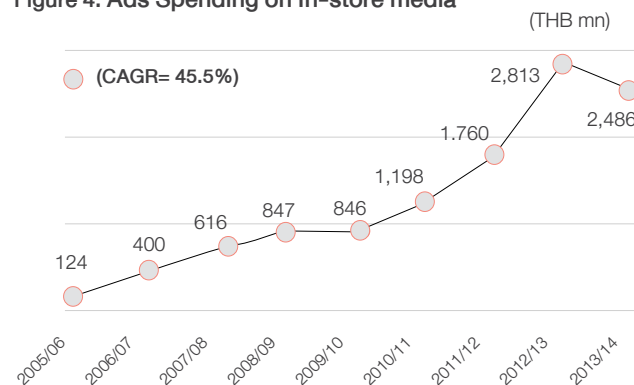
Whilst hypermarket branch expansions tend to focus on areas outside of Bangkok due to the high supermarket penetration and high land cost in the Bangkok area, there are limitations to the number of branches that can be expanded. In the past few years, the Thai government has tightened regulations on the use of land for large format shopping centres under the "Retail Act". As a result, Modern trade retailers were unable to execute the expansion of large format branches as planned. Consequently, they shifted their growth to focus on small and medium format branches instead.



## 2. Overview of In-Store Media

In-store media started to gain recognition since 2005, with advertising spending for this sector seeing an increase from THB 124mn in 2005/06 to THB 2,813mn in 2012/13, before dropped to 2,486mn in 2013/14 following the economic downturn and political turmoil in Thailand during this period. Despite the recent drop, the compound average growth rate (CAGR) of advertising spending in the past 8 years was equivalent to 45.5%.

**Figure 4: Ads Spending on In-store media**



Source: The Nielsen company (Thailand) Co., Ltd.

The growth trend of In-store media is in the same direction with the Department Store index and number of hypermarket branches demonstrated above. This stemmed from In-store media's ability to promote sales of products in the hypermarket on the right place and at the right time, than other types of media and, most importantly, its ability to stimulate impulse buying which, in Thailand, research from Bodhi Tree Knowledge Co., Ltd. (a marketing consultancy and research firm) found that as much as 68% of purchases came from impulse buying. With its effectiveness to reach the right target group, advertising rates are also lower than TV, radio, newspaper, and magazine. Another factor that makes In-store media more preferable is the ongoing change in consumers' behaviour. Research conducted by Kinetic Worldwide (Thailand) Co., Ltd. found that 69% of the respondents are likely to visit hypermarkets as a favourite leisure destination. In addition, most consumers spend an average of 9.7 hours per weekday outside their homes and an average of 7.4 hours per weekend, demonstrating that modern trade outlets are not merely a place for purchasing goods, but also a place where consumers go to relax and socialise.



As evidenced with this year's decline in In-store media sales spending on In-store media is more sensitive to economic downturns and political situation in comparison to the Department Store Sales Index (see figure 1). During such slowdowns, media operators have to use different techniques to stimulate spending. These include the development of new media technology and new media space to attract interest of, both, advertisers and customers, such as radio steaming which can interact real-time with shoppers, or ads that activate and respond only when sensor can detect shoppers nearby. Moreover, there are also development of new sales strategies such as, offering special discounts for clients whose media purchases are campaign-based bookings, minimising package

values by reducing numbers of assorted media so as to attracting limited- budget clients and launching more customised packages within the modern trade media.

### 3. Competitive Environment

The Company is considered a major player in the In-store media sector as it was granted exclusive rights to manage the advertising space in both Tesco Lotus and Big C, the top two market leaders of the hypermarket industry. The table below illustrates some of the key players in the In-store media sector:

Modern Trade Store Format	Retailer Name	Media Operator	Type of Advertising
Hypermarket	Tesco Lotus	VGI Global Media Pcl. and its subsidiaries	Static media, POP radio, multimedia inside/outside stores
	Big C	VGI Global Media Pcl. and its subsidiaries	Static media, POP radio, multimedia inside/outside stores
Supermarket	Tops	RS In-Store Media Co., Ltd.	POP radio inside the stores
Department Store	Central	SFG Pcl.	Multimedia inside the stores
	Mega Bangna, Siam Paragon, Siam Center	Plan B Media Pcl.	Static media and digital media inside and outside the store
	The Mall	Absolute Impact Pcl.	Static media and multimedia inside the stores
Convenience Store	Watsons <sup>1</sup>	VGI Global Media Pcl. and its subsidiaries	Multimedia inside store

### 4. Modern Trade Media Overview

In 2013/14, the Company retains exclusive rights to manage advertising spaces in Tesco Lotus, Big C, and Watsons<sup>1</sup>, on the areas which are defined in the concession. The exclusive right also gives the Company an option to manage advertising space in new stores opened by the modern trade retailers. The length of contract between the Company and the retailers normally lasts for approximately 3-5 years. Remunerations for the retailers depend upon each agreement and typically comprise revenue sharing with annual minimum guarantees, or annual fixed rate. The Company's media coverage of Modern Trade branches is listed in figure 5.



Figure 5: Total number of Modern Trade stores and number of stores with the Company's media (as of 31 Mar 14)

No. of Branch	Tesco Lotus				Big C				Total
	Large	Medium	Small	Total	Large	Medium	Small	Total	
All (as of 31 March 2014)	124	223	1,409	1,756	121	30	295	446	2,202
1) Static Media									
- which are granted the right	All	All	250	597	All	All	All	446	1,043
- with installed advertising media	115	205	250	570	119	29	-	148	718
2) Point of Purchase Radio									
- which are granted the right	All	All	All	1,756	All	All	All	446	2,202
- with installed advertising media	124	223	1,409	1,756	121	30	295	446	2,202
3) Multimedia type									
- which are granted the right	31	-	-	31	All	All	All	446	477
- with installed advertising media	31	-	-	31	45	-	-	45	76

<b>Number of locations:</b>	2,202 stores nationwide (exclude Watsons)	
<b>Static Media:</b>	574 panels (exclude temporary panels which vary by sales)	
<b>Multimedia:</b>	<ul style="list-style-type: none"> <li>• 2,711 digital screens Screen</li> <li>• radio media in every store, 2,202 branches</li> </ul>	
<b>Viewer reach:</b>	More than 3.1 mn shoppers/month <sup>2</sup>	
<b>Area coverage:</b>	Nationwide	
<b>Target viewer:</b>	<ul style="list-style-type: none"> <li>• Family, Housewife, office workers</li> <li>• Ages 21-40</li> <li>• Middle-low income</li> </ul>	
<b>Top 5 customers &amp; revenue contributions:</b>	1. FMCG	88%
	2. Motor vehicle accessories	5%
	3. Motor vehicles	4%
	4. Food outlets & restaurants	1%
	5. Pharmaceuticals	0.8%

#### 4.1 2013/14 Modern Trade Media Performance

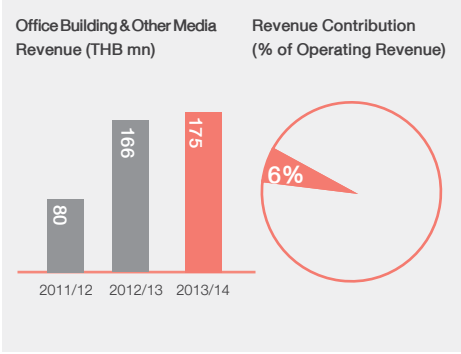
Consumer goods (normally 90% of In-store spending) was withdrawn or delayed. However, the Company still achieved revenue growth of 3.7% YoY due to coverage expansion of Sales floor media through Tesco Lotus's and Big C's hypermarket branch network expansion. Tesco and Big C increased their hypermarket branches from 106 and 114 branches in 2012/13 to 124 and 121 branches, respectively, in 2013/14. The sales growth was also helped by the successful technology development of Radio Streaming to broadcast radio media via internet network in Big C branches nationwide. Please find more detail of the performance this year in *Section 4.4 : Management Discussion & Analysis*.

<sup>1</sup> The contract to operate advertising media in Watsons was expired in December 2013

<sup>2</sup> Source: Tesco Lotus Retail Growth Freehold and Leasehold Property Fund prospectus



# 3.4.3 Office Building and Other Media



Office Building & Other Media	2013/14	2012/13	Change (%)
Revenue (THB mn)	175.1	165.8	5.6%
Gross Profit (THB mn)	121.4	118.9	2.1%
Gross Profit Margin (%)	69.3%	71.7%	

## 1. Overview of Office Building Media

Office Building media is one of the Company’s media network categories. This network consists of digital screens which are installed inside elevators of office buildings or other waiting areas inside office buildings such as lobbies, etc. Office Building media is considered a captive media as there are limited spaces inside elevators and lift lobbies. Moreover, the media is presented when people are usually idle, therefore, the audiences’ attention on the media tends to be more focused

The type of Office Building media which is installed in elevators will be highly effective when installed in high-rise buildings as people spend more than 1 minute per trip in the elevators on average. From a survey of the Department of City Planning in 2010, there were approximately 240 buildings in Bangkok with 30 floors or higher. During 2010 through 2013, there were approximately 26 high-rise buildings (more than 30 floors) that have completed or are actively under construction<sup>1</sup> and 12 high-rise buildings that are planned for construction<sup>1</sup>. Therefore, within the next few years, it is estimated that Bangkok will have 278 high-rise buildings, of which approximately half of that are non-residential buildings.

<sup>1</sup> www.en.wikipedia.org/wiki/List\_of\_tallest\_buildings\_in\_Thailand#cite\_note-1

## 2. Competitive Environment

The key success factor of Office building media is the size of the network and viewer base. Miessthe to spend on advertising regarding to the reports mentioned above, Office Building media has limited supply. There are no more than 300 high-rise buildings in Bangkok and only part of those buildings are suitable for this category of media, as non-commercial buildings have low traffic of visitors and are non-commercially viable to install media screens. Moreover, to gain a sizable network, media operators need to negotiate with each building owner individually as each building is usually owned by different landlords. The Company views these conditions as high barriers to entry for competitors to step into the Company’s Office Building media segment.



### 3. Office Building Media

At the end of 2013/14, the Company owned the largest Office Building media network with 75 office buildings in Bangkok under management, including 656 screens which are centrally-controlled from VGI's head office. The Company's selling package offers 1.5 minutes per loop, in which 1 loop lasts for 60 minutes, on all 656 screens of this network. The Company receives the rights to install and manage LCD screens in elevators in office building by entering into agreements with each office building landlord.

The duration of the contract is approximately 3 years and it has sole exclusive rights during the contractual term. Other individuals are not permitted to advertise inside the elevators, at the lift lobby or within 20-30 metres from the lift lobby area. Remunerations for the landlords' building depend upon each agreement; some landlords require annual fixed rate while other landlords require revenue sharing with annual minimum guarantees. Summary of the Company's Office Building media as of 31 March 14 is shown below:

<b>Number of locations:</b>	75 office buildings in Bangkok
<b>Multimedia:</b>	656 digital screens
<b>Viewer reach:</b>	Average 5,000 viewers per buildings per day
<b>Area coverage:</b>	Bangkok
<b>Target viewer:</b>	<ul style="list-style-type: none"> <li>• White collar workers</li> <li>• Ages 24-45</li> <li>• Middle-high income</li> </ul>



### 4. Other Media

Aside from Transit media, In-store media and Office Building media, the Company received the rights to be the sole selling agent of Mega LED Screens for a total of 4 screens in Bangkok located at: Rama IX junction, Victory Monument, Rama IV - Sathorn junction and at Watergate area. The contract terms are for the duration of approximately 3 years and the Company received compensation on a revenue sharing basis from the LED screen owners.

In addition, the Company received rights to manage the media on Chulalongkorn University's shuttle bus project for university students. The route runs inside the university as well as through certain parts of Siam Square, a major shopping centre in Bangkok. The contract includes rights for advertising media at bus shelters, inside and outside the buses, and LCD screens inside the bus. This contract is ending in June 2014.

### 5. 2013/14 Office Building and Other Media Performance

In 2013/14, Office Building and Other media was hit by the political situation as the office building network is located in central Bangkok area where political demonstrations occurred. However, the Company still achieved revenue growth of 5.6% YoY due to coverage expansion of office buildings throughout 2013/14, from 51 buildings at the beginning of the year to 75 buildings at end of the year, as well as selling package rate adjustment which started in October 2013. Please find more detail of the performance this year in *Section 4.4: Management Discussion and Analysis*.



## 3.5 Subsidiaries and Associates Information

Company	Type of Business	Address	Paid-up Capital (THB)	Shareholding (%)
VGI Advertising Media Co., Ltd.	Provide advertising media service in Tesco Lotus	9th Floor, TST Tower, 21 Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Tel.: +66 (0) 2273-8884 Fax: +66 (0) 2273-8883	10,000,000	100.00
888 Media Co., Ltd.	Provide advertising media service in Non-Sales Floor of Big C (former Carrefour)	9th Floor, TST Tower, 21 Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Tel.: +66 (0) 2273-8884 Fax: +66 (0) 2273-8883	20,000,000	100.00
999 Media Co., Ltd.	Provide point of purchase radio in modern trade retailer	9th Floor, TST Tower, 21 Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Tel.: +66 (0) 2273-8884 Fax: +66 (0) 2273-8883	7,500,000	100.00
Point of View (POV) Media Group Co., Ltd.	Provide advertising media service in office building	9th Floor, TST Tower, 21 Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Tel.: +66 (0) 2273-8884 Fax: +66 (0) 2273-8883	40,000,000	100.00
VGI Advertising China Company Limited	Provide advertisement of Chinese products in Thailand	Room 43A13, 4 Fl, Building B, No. 666 Beijing East Road, Huangpu, Shanghai, China Tel.:+86 (2) 152401333 Fax:+86 (2) 152400910	USD 2,000,000	100.00
VGI Multi-Tech International Co., Ltd. (It changed its name to Midas Global Media Co., Ltd. on 4 April 2014.)	Providing services in relation to sale, marketing and managing advertising space	9th Floor, TST Tower, 21 Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Tel.: +66 (0) 2273-8884 Fax: +66 (0) 2273-8883	150,000,000	30.00
Master Ad Public Company Limited	Providing service and producing Out-of-Home media materials	Floor 4-6, 1 Soi Ladprao 19, Ladprao Road, Chompol, Chatuchak, Bangkok 10900 Tel.: +66 (0) 2938-3388 Fax: +66 (0) 2938-3489	300,896,950	24.43

4.0 Annual Business Review

# Capture the Attention





# 4.1 Capital Markets Review

"VGI share price dropped -13.3% YoY outperforming the SET Media Index which dropped -20.0%. Weakened consumer spending, political impasse as well as additional dilution from stock dividends were key factors. As of 31 March 2014, VGI market capitalisation was THB 39.1bn (USD 1.3bn<sup>1</sup>), almost unchanged from THB 39.5bn (USD 1.3bn<sup>1</sup>) at the end of the previous year."

## 1. Historical Share Price Analysis

VGI's share price closed at THB 13.15<sup>2</sup> on 29 March 2013 and at THB 11.40 on 31 March 2014, a 13.3% decline year on year. In comparison, the SET Index dropped 12.3% and SET Media Index dropped 20.0% over the same period. Generally, the share price moved in line with the market but with a higher beta.

VGI's share price moved in response to a series of events which were positive during the first quarter of the fiscal year, including a dramatic jump in year-on-year earnings and announcement of dividend which caused share price to peak at THB 15.35 on 23 May and 27 May 2013. In addition, investors bought VGI shares in anticipation of the inclusion of VGI in the MSCI Thailand Small Cap Index (which became effective on 1 June 2013).

From the beginning of the second quarter, VGI's share price responded negatively to concern of the US Federal Reserve's QE3 tapering scheme (which broadly effected all emerging market equities as fund flows returned to developed markets) as well as the fear of consumption slowdown in Thailand<sup>3</sup> (to which VGI's modern trade media is more vulnerable) and signs of GDP growth deceleration. Shareholders also took profit on recent gains. On the positive side,

the Company's strong first fiscal quarter results announcement, a first-time stock dividend payment and par split also supported the share price. However, ongoing political protests peaked in January hurting sentiment causing the share price to reach a trough at THB 8.35 on 30 January 2014.

Towards the end of 2013/14, the Thai stock market rebounded and VGI outperformed the market. This outperformance stemmed from positive reaction to the announcement of a joint venture with Deelight Multimedia Co., Ltd. whereby VGI expanded its footprint into the Outdoor media segment as well as the buyback of 5.88% of VGI shares by BTS Group in February 2014.

## 2. SET Index Performance (SET versus regional peers)

The SET Index was one of the world's weakest markets in the year-ended 31 March 2014 with a decrease of -12.3%. Other regional peers also did not perform well such as the Straits Times Index (STI - Singapore) which decreased -3.6% and Hang Seng Index (Hong Kong) which decreased -0.7%. However, Nikkei 225 (NKY - Japan) increased 19.6%, outperforming most of the world major markets.

Figure 1: VGI Annual Stock Performance

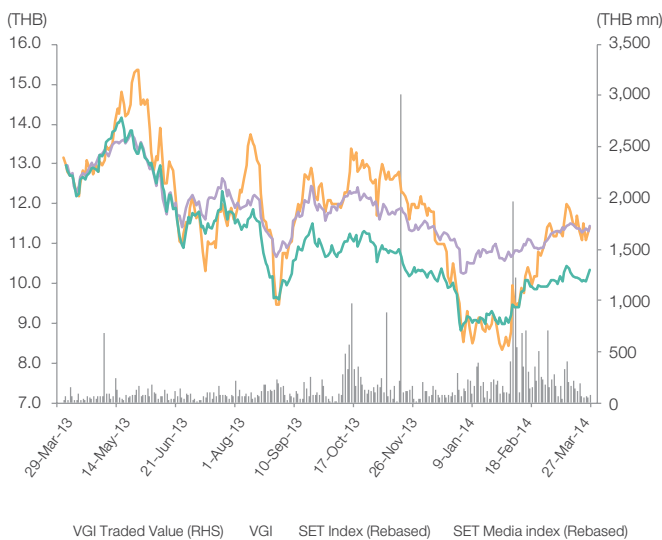


Figure 2: Indices performance (rebased for comparison)



<sup>1</sup>Exchange rate at THB 31.00 per USD 1.00

<sup>2</sup>New par value adjusted based on ordinary shares at par value of THB 0.10 per share from the beginning of fiscal year.

<sup>3</sup>Source: Gross Domestic Product report 3Q /2013 and 4Q/2013 by the Office of the National Economic and Social Development Board (NESDB)

### 3. VGI's Trading Summary

From 1 April 2013 to 31 March 2014, VGI's shares average daily traded volume was 14.8mn shares<sup>2</sup> and its average daily value traded was THB 166.4 mn or USD 5.4mn<sup>1</sup>. Compared to the previous year, the drop in average daily traded volume was partly contributed by the high base in 2012/13 which saw an extraordinarily high traded volume during the first 2 days after VGI's initial public offering in the SET. Excluding the impact of the initial days trading, the decline was in line with the average daily traded value of SET Index and SET Media Index which saw a 16.5% and 36.8% respective decline in YoY value.

Figure 3: Summary of VGI Stock Performance and Indices in regional

Share price (THB)	2013/14 <sup>2</sup>	2012/13
Year-end	11.40	131.50
Year-high	15.35	140.00
Year-low	8.35	55.00
Average daily traded value (THB mn)	166.4	270.9
Average daily traded volume (mn shares)	14.8	3.3
Number of shares outstanding at year-end (mn shares)	3,432.0	300.0
Market capitalisation at year-end (THB mn)	39,124.5	39,450.0
<b>%YoY</b>		
VGI TB	-13.3%	+139.1%
SET Media Index	-20.0%	+35.9%
SET Index	-12.3%	+20.6%
Japan (Nikkei 225)	+19.6%	+45.1%
Singapore (STI)	-3.6%	+9.1%
Hong Kong (Hang Seng)	-0.7%	+6.2%

<sup>2</sup>New par value adjusted based on ordinary shares at par value of THB 0.10 per share from the beginning of fiscal year.

### 4. Shareholder Structure

As of 31 March 2014, the Company had 10,572 shareholders. The major shareholders are BTSC and BTSG, who owned 51.0% or 1,750.3mn shares, and 10.8% or 372.1mn shares respectively. For more details of major shareholders, see figure 5 shareholders table. Non-Thai shareholding represented 8.8% of total shares. The Company actively engaged both Thai and overseas shareholders throughout the year. For more details, please see the subsequent heading 'Investor Relations'. The Company's free float shareholding stood at 37.6% of total paid-up capital as of 31 March 2014.

Figure 4: Shareholder by Shareholder Type

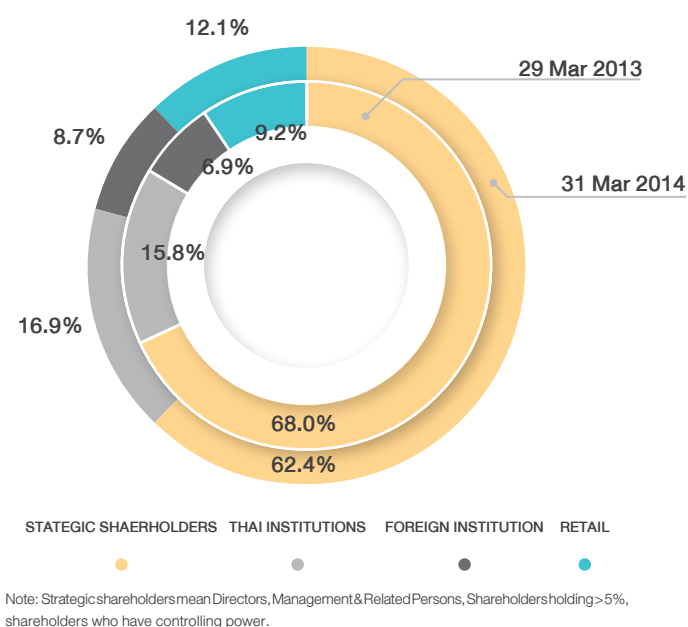


Figure 5: Shareholder Distribution (as of 31 Mar 2014)

No. of share held	No. of shareholder(s)	% of all shareholders
>100mn	2	61.84%
>50mn - 100mn	6	12.21%
>1mn - 50mn	110	19.95%
100,001 - 1mn	425	3.59%
10,001 - 100,000	2,259	1.86%
1,001 - 10,000	4,562	0.52%
1 - 1,000	3,208	0.03%
<b>Total</b>	<b>10,572</b>	<b>100.00%</b>

Figure 6: Top 10 major shareholders (as of 31 Mar 2014)

Name	No. of shares	% of Total
1. Bangkok Mass Transit System Plc.	1,750,320,000	51.0%
2. BTS Group Holdings Plc.	372,093,496	10.8%
3. Mr. Pracha Dumrongsuthipong	93,307,000	2.7%
4. Thai NVDR Co., Ltd.	84,780,226	2.5%
5. HSBC (Singapore) Nominees Pte Ltd.	66,901,058	2.0%
6. State Street Bank Europe Limited	65,113,252	1.9%
7. Krungsri Long-term Dividend Fund	56,695,891	1.7%
8. Mr. Nares Ngamapichon	52,174,200	1.5%
9. Nortrust Nominees Limited-NT0 SEC Lending Thailand	44,213,752	1.3%
10. Krungsri Dividend Fund	31,243,721	0.9%

Remark: According to BTSG's annual report, as of 31 Mar 2014, BTSG's major shareholder is BTSG, holding 97.46%.

As of 16 April 2014, Major shareholder of BTSG, holding 41.70%, is Mr. Keeree Kanjanapas Group, which consists of:

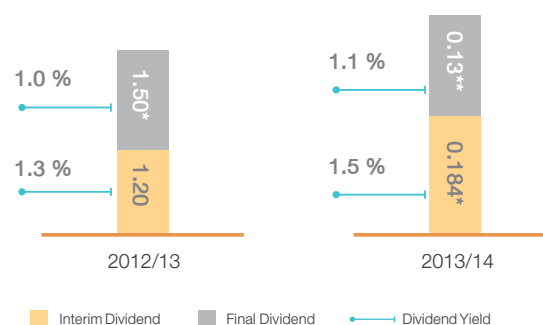
- (1) Mr. Keeree Kanjanapas holding 3,964,164,652 shares on his own name, holding 350,000,000 shares through the custodian, UBS AG HONG KONG BRANCH, and holding 260,000,000 shares through the custodian, CREDIT SUISSE AG, SINGAPORE BRANCH
- (2) Mr. Kavin Kanjanapas holding 2,459,295 shares,
- (3) Ms. Susan Kanjanapas holding 32,000,000 shares,
- (4) K2J Holding Co., Ltd. holding 360,000,000 shares, and
- (5) Amsfield Holdings Pte. Ltd. holding 51,092 shares.

## 5. Dividend Policy

The Company has a policy to pay dividends of not less than 50% of net profit (standalone basis). The dividend payment policy takes into consideration the current cash flow and financial status, future business plan and investment capital requirement. The Company has intention to pay dividends at least twice yearly. In accordance with this policy, in 2013/14 the Company paid out an interim dividend in the form of cash and stock dividend by paying THB 0.18 per share in cash and paying a stock dividend at rate of 1 new share for every 25 existing shares (equivalent to of THB 0.004 per share when using par value<sup>1</sup> as the value per share). The stock dividends resulted in the issuance of 131,984,395 ordinary shares. For the final dividend, the board of directors has approved to propose cash dividend of THB 0.13 per share for shareholders' approval. Assuming the final dividend is approved by shareholders, the total dividend payment for the full year translates into a dividend payout ratio of approximately 93.4% of net profit (standalone basis) for 2013/14.

<sup>1</sup>The Extraordinary General Meeting of Shareholders No. 1/2013 of the Company, held on 19 September 2013, resolved to approve the change in par value of shares of the Company from THB 1 per share to THB 0.10 per share. The new par value was effective from 27 September 2013.

Figure 7: VGI Dividend Record



Note: Dividend yield is calculated using VGI closing share price one day before the date of Board of Directors meeting approving the relevant dividend

\*2012/13 final dividend and 2013/14 interim dividend included stock dividend of 10:1 and 25:1, respectively.

\*\*2013/14 final dividend per share is subject to shareholders' approval at the AGM on 3 July 2014

## 6. Other Capital Markets Activity

### 6.1 Share split

On 23 September 2013, the Company completed the registration of the change in both the number of shares and par value of the Company's shares. The par value was changed from THB 1 per share to THB 0.1 per share. VGI shares started trading on the SET with the new par value of THB 0.1 per share on 27 September 2013.

### 6.2 New Equity Issuance

During the course of the year, the Company issued new shares twice to accommodate two stock dividends; 1) issued 30.0mn ordinary shares at a par value of THB 1 per share on 17 July 2013 to accommodate the final dividend paid from 2012/13 performance (1 new share for every 10 existing shares); and 2) issued 132.0mn ordinary shares at a par value of THB 0.1 per share on 27 December 2013 to accommodate the interim dividend paid from the first-half performance of 2013/14 (1 new share for every 25 existing shares). As a result of the above stock dividends as well as the change in the Company's par value (mentioned above), the total issued and fully paid up ordinary shares of the Company reached 3,432.0mn shares as of 31 March 2014 from 300.0mn shares as of 31 March 2013.

### 6.3 Subsequent Activity: VGI-W1

On 12 May 2014, VGI's board of directors approved the issuance of warrants allocated to the existing shareholders of the Company at the allocation ratio of 4 existing ordinary shares for 1 unit of Warrants. The exercise price of the Warrants is set at THB 14 per share and the term of the Warrants is 4 years from the issuance date. The Company will issue and allocate the Warrants to the shareholders whose names appear as shareholders of the Company on the date for determining the names of shareholders who shall be entitled to receive the VGI-W1 Warrants (Record Date) on 14 July 2014 and the date for gathering the names of shareholders under Section 225 of the Securities and Exchange Act B.E. 2535 (as amended) by closing the share register book and suspending the share transfer on 15 July 2014. This remains subject to shareholders' approval at the AGM 2014, which will be held on 3 July 2014.

### 6.4 SET Index Constituent Member

Since the beginning of July 2013, VGI was included as a constituent member of SET100 Index. Then in January 2014, VGI was included as a constituent member of SET50 Index. The SET50 and SET100 Index comprises Thailand's largest 50 and 100 companies, respectively, by market capitalisation which also conforms to certain turnover and free float conditions. For turnover, the monthly turnover value of the company stock must be at least 50% of the average turnover for each company in the SET and for the free float, a minimum threshold of 20% of paid-up capital must be maintained. The SET re-assesses the Index constituents on a twice-yearly basis (during June and December for inclusion in the Index in July and January, respectively). As a result of the inclusion in the SET50 and SET100 Index, VGI's potential shareholder base expanded. For example, VGI automatically became eligible under certain investment funds investment criteria.

### 6.5 MSCI Thailand Small Cap Constituent Member

On 20 May 2013, MSCI announced VGI as a constituent member of MSCI Global Small Cap Indices, effective from 1st June. To qualify for inclusion in the MSCI Indices, a company must first meet all the necessary criteria for the MSCI Global Investable Market Indices (IMI), which comprises size-segment (in terms of full company market capitalisation), free float-adjusted market capitalisation, and liquidity requirements at the time of the review. The appropriate size-segment for inclusion is then determined from the IMI. MSCI Small Cap Indices cover all investable small cap securities with a market capitalisation below that of the companies in the MSCI Standard Indices, targeting approximately 14% of each market's free-float adjusted market capitalisation. The MSCI GIMI Indices are reviewed on a quarterly basis and the results are announced mid of February, May, August, and November.

Source: MSCI (<http://www.msci.com/>) and SET (<http://www.set.or.th>)

## 7. Investor Relations

The Company places a high priority on investors' access to the Company. The Investor Relations (IR) Department is responsible for communications between the Company and investors, which includes shareholders, analysts and potential investors. The IR Department functions as the channel for two-way communications, the first of which is to publicize the accurate, complete and timely information of the Company, which includes business operations, performance and key events that affect the Company's performance. The other aspect is to report the investment community's opinions and suggestions to the Executive Committee and the Board of Directors on a quarterly basis in order to acknowledge (and respond where relevant to) the viewpoints that investors have on the Company.

Key performance indicators are established in order to align the goals of the division with the goals of the Company. In short, these are related to enlarged visibility (such as number of meetings held, number of roadshows attended, website traffic) as well as quality and timeliness of product and service offerings (taking into account product delivery times, response times as well as results from surveys). In 2013/14, the Company has arranged activities with investors and potential investors, including analysts from securities companies.



The Company met 30 domestic institutional investors, 113 overseas institutional investors, had 4 quarterly results meetings and participated in "Opportunity Day" with the SET twice. The percentage of meetings attended by top management is 92.9%. Moreover, the Company has attended 7 overseas conferences, i.e. Asia Rising Dragons Forum arranged by J.P Morgan at Hong Kong and Singapore, Thailand Investor Forum arranged by Bank of America Merrill Lynch in corporation with Phatra Securities at London, ASEAN Access Conference arranged by CLSA at Hong Kong, Asia Rising Dragons Forum arranged by J.P Morgan at Kuala Lumpur, ASEAN Conference

2014 arranged by Credit Suisse (Singapore) and the 17th Annual Asian Investment Conference arranged by Credit Suisse at Hong Kong. The Company also attended and arranged 3 domestic roadshows in Bangkok, i.e. Thailand Focus 2013 arranged by Bank of America Merrill Lynch in corporation with Phatra Securities, Small Group meeting with local fund managers arranged by Credit Suisse, and a local NDR arranged by TISCO Securities.

Investor Relations Key Statistics	2013/14	% attended by Top Management	2012/13	% attended by Top Management
Domestic investors (Buy-side) met	30	100.0%	29	89.7%
Oversea investors (Buy-side) met	113	94.7%	87	85.1%
Domestic Sell-side met	18	72.2%	16	93.7%
Oversea Sell-side met	9	88.9%	4	50.0%
<b>Total</b>	<b>160</b>	<b>92.9%</b>	<b>146</b>	<b>80.2%</b>
Analyst Earning Review meeting / Opportunity day	6	100%	5	100%
No. of Roadshow / Conference	10	90.0%	4	100%

In 2013/14, the Company was covered by 17 research companies, i.e. Asia Plus Securities, Bualuang Securities, Capital Nomura Securities, CIMB Securities (Thailand), Credit Suisse Securities (Thailand), DBS Vickers Securities, Finansia Syrus Securities, Kasikorn Securities, KGI Securities (Thailand), KKTrade Securities, Krungsri Securities, KTZMICO Securities, Maybank Kim Eng Securities, Phatra Securities, Phillip Securities, Thanachart Securities and Tisco Securities. For the period 1 January 2014 – 31 March 2014 there were 12 updated. 4 of 12 research analysts placed a "buy" or "add" recommendation, 5 placed a "hold" or "neutral" recommendation and 3 placed a "sell" or "underperform" recommendation, with an average consensus target price of THB 10.30 per share.

For enquiries from the investment community, please contact our Investor Relations Department at Contact Telephone: +66 (0) 2273 8639, +66 (0) 2273 8636, or email [ir@vgi.co.th](mailto:ir@vgi.co.th).

The Company website represents one of the key communications channels with the investor and has been designed based on best corporate governance practices. Its contents include real-time share price feeds, download version of publications, financial calendar and webcasts of analyst meetings. The Company also provides an e-mail alert service so as to the investors can be automatically alerted when there are any new press releases or website update. Furthermore, potential investors can see recorded webcasts which are available no later than 24 hours after the analyst meeting. In 2013/14, the top 3 countries of visitors are from; 1) Thailand; 2) USA; and 3) UK.

## 4.2 Risk Factors

Although the Company has not yet setup the Risk Management Committee to take the responsibility for the risk management, the Board of Directors has assigned Executive Committee to assess risks, both internal risks and external risks, which could affect the Company's operations as a whole, assessing risks, and structuring risk management to minimise the impact of risks at the appropriate and acceptable level. Principle for the risk management is that all executives and employees possess risks in their own department and it is their duties to assess those risks and propose methods to reduce the risks. The risk assessment plan and procedure will be reported to the Executive Committee. The results of the assessed risks will be integrated into the annual business plan to determine risk management in accordance with the Company's goal, target, and strategic planning. The assessed risk management procedure and outcome of the risk management will be reported to the Board of Directors. The Company's risks can be categorised into dimensions such as strategic risks, operation risks and financial risks. The key risks factor that the Board of Directors has classified to be material-impact risks to the current operation, however doesn't mean all risk, are as follow;

### 4.2.1 The Company's operations depending on few business partners

Major revenue contribution comes from (1) advertising media and merchandising space on the BTS SkyTrain system which the Company was granted the right from BTSC; and (2) Modern Trade media which the Company was granted the right to manage advertising spaces from Tesco Lotus and BigC including those formerly called Carrefour. The revenue contribution from both businesses accounted for more than 90% of total revenue of the Company. Thus, the Company could face a significant negative impact in case of losing one of the business partners.

For limiting the risk, the Company has a policy to expand the business into new media and new partners for reducing the impact in case of losing one of the current business partner.

### 4.2.2 Dependency on large advertising agencies

The Company's customers can be categorised into two groups which are media agencies and direct advertisers. Generally, product owners or direct advertisers tend to rely on media agencies to provide strategic planning on the uses of media, including budget plan and media platform allocation. Currently the Company has 20 media agencies as customers, while 10 of which are large agencies. The Company's revenue contributed from the top 5 media agencies is approximately 55.32% of the total advertising income. It is a risk if those media agencies do not recommend or allocate media budget on the Company's advertising media network.

However in the Company's revenue portfolio, there is none of media agency contributes more than 25% of the Company's total advertising income. Moreover, with a large coverage network and high viewer based, which covers both, BTS skytrain system and modern trade, the Company's customers would gain value for money and efficiency for budget spending. As a result, the Company can maintain its market share in the media industry in the long run.

### 4.2.3 Performance of advertising media industry varies by the overall economic of the country

Tendency of media advertising business is greatly varying by the overall economic situation of the country. When the economy is on the up-trend, the advertising budget from advertisers will be increased according to the consumers' spending. That will reflect in a higher income for advertising media providers. On the other hand, when the economy is on the down-turn, or there's some situations that affect on the consumers' confident, the consumers' spending will be lower. That would normally affects in a cut on advertising budget of advertisers which immediately affect on revenue of advertising media providers.

In the recent past year, political situation has negative impact on the overall economy of the country, especially decreasing in consumers' spending which causes a decrease in advertising budget, particularly in-stored media in the modern trade. As a result, in order to increase business opportunity of the Company, the Company attempts to expand the Company's media network to other new media and expand into the overseas business.

### 4.2.4 Investment expansion

The Company has strategy to expand into new business both in Thailand and outside Thailand. In this regard, the Company would consider the project which has high potential and select the potential strategic partner, including invest in certain businesses of which the Company has an expertise. All of these would lead to the Company's long-term growth. Before making each investment, the Company will provide and present feasibility study to the Board of Directors or other persons authorized by the Board of Directors for consideration. In considering this, the Company would take the greatest benefit of the Company and shareholders into account.

In the past year, the Company has undertaken a joint venture with Deelight Multimedia Co., Ltd. by means of joint investment in the previous Company's subsidiary, VGI Multi-tech International Company Limited ("VGI Multitech") in order to increase market share by actively expanding business into street furniture advertising. After the completion of this joint venture, VGI Multitech ceased being the Company's subsidiary and becomes the Company's associated company.

#### **4.2.5 Business operations depend on specialized personnel and person who has good relations with the customers.**

Advertising media business is a service business which depends on people to keep contact and offering services to customers, both type agencies and direct advertisers. Thus, the personnel in sales and marketing, including its management, must maintain good relations with the agencies and direct advertiser. For that reason, the Company has given priority on development of human resources continuously by pushing staff to be on-the-job-training which could result in an interchangeable working team. Moreover, the Company encourages middle management to participate in the Company's business planning to increase job satisfaction and increase knowledge and experience as well as to prepare their career part on a higher position. The Company is implementing a succession plan which is a preparation for building up the next generation of the management team to maintain organisational growth in the long run. Remuneration is one of the employees' concerns; the Company has policy to offering package by comparing with other companies in the same industry.

Moreover, in order to have the clear target and efficient management in human resources, in the past year, the Company has conducted employee satisfaction survey and found that on the whole, employees have their satisfaction and great expectation of working with the Company.

#### **4.2.6 Dependency on few service providers in maintenance the technological network**

The advertising media under the Company's management are static media and multimedia. For the multimedia, the Company uses central control system which some of the system are imported technology under subscription based. Currently, the Company's staff still lack of skill to carry on the complex maintenance works. Therefore, the Company has risk to loss revenue in case the system need maintenance but the operator couldn't carry on the duty.

However, the Company uses different system for controlling the media in each business lines. Therefore, a failure of one system would not affect the other systems. Moreover, the Company recruited the permanent employees who are knowledgeable and have competent to solve the problems of the existing control system. Moreover, the Company has examined the service providers to check that (1) they keep the inventories safely; (2) the system is stable; and (3) their operation and service are international standard. The Company also compared standard of the service provider with others and found that our service provide is reliable and acceptable by other leading companies.

#### **4.2.7 Growth of income from advertising media varies by the number of users who use service of the Company's landlord**

An increase of the number of ridership on BTS and shoppers in modern trade is the key factors for considering advertising budget allocation. Thus, when there's any factor that has impact on the number of BTS passengers or the number of modern trade customers (For instance, a political protest or demonstration, natural disaster, changing of behavior of the modern trade's customers, promulgation of the retail and wholesale legislation that might create certain limitation of an expansion of modern trade's brances). It may affect the incomes as well as the ability to adjust the advertising rate.

However, the Company believes that this risk is quite low, because (1) the current BTS SkyTrain's route passes through business centres in Bangkok which connect to the other types of transit, e.g. the MRT, BRT, the airport rail link, etc.; (2) the development of new real estate projects are along the BTS route which would result in an increase in the number of commuters; and (3) consumers have tendency to do shopping in the modern trade.

#### **4.2.8 The change of advertising law**

The Company has a policy to continuously follow up the change of law regarding advertising business in order to prevent and prepare itself if there is any change of relevant law which might affect the Company's business. Moreover, in order to comply with the law, Legal division of the Company has examined advertising contents before the Company has publicized them on the advertising space.

# 4.3 Corporate Social Responsibilities

The Company has committed itself to be a good member of society, enhance well-being and prosperity of society, preserving environment, promoting all religions without discrimination. In order to return our contribution back to the society, the Company would continuously conduct activities and environment protection with a social conscience by designing and creating a good benchmark of products & services.

Consequently, the Company has initiated numerous projects of social contributions, e.g., the set-up of VGI Volunteer Club, which was voluntarily initiated by the Company's employees, aiming to fulfill wishes of children in remote area in the way of constructing school buildings, donating book, stationery, scholarship, and other necessary educational materials, including tree planting in "One Day, One Thousand Smiles" Project to be a base for children's career path in the future.

The Company group's corporate social responsibility (CSR) has been always conducted with the social conscience, from the main policy of the Company's group to the levels of operations, including in every unit of the Company's group organisation. In our belief, if there is achieving synergy among business organisations which drives our social with the good conscience to all extent in order to achieve a long-term goal that would lead to a significant benefit and great development in our community and nation to a large extent.

Currently, the Company has set up a working group responsible for the CSR. In the meanwhile, we are in the process of preparing a long-term plan for CSR which the Board of Directors will specify the vision and operation guidelines to manage as well as approve the policy and related guidelines as proposed by management. By all means, the Company would consider the main business operation to be in line with the principles of corporate governance and business ethics as well as consider operation impact on any groups who are closely around us, i.e., customers, business partners, employees, shareholders and local communities, including the regulators and the public.

Our CSR operational guidelines have also been focused on enhancing a sense of responsibility in own initiatives, and defining the responsibility in the business plan of the Company. It consists of the followings:

## 1. Corporate Social Responsibility in Process

- Internal CSR management in our workplace, i.e., arranging proper surroundings and working atmosphere; enhancement of quality of life for employees
- CSR Implementation of environment and society, e.g. reducing the use of paper by utilizing both sides of paper sheet; reducing the use of printing ink by using less color print, reducing the use of energy by turning off unnecessary lights and not using light during lunch break.

## 2. Corporate Social Responsibility After Process

Most of the projects have been social contribution and charity events, e.g., promotion of social sharing activities such as making a merit of Kathin-Samaggi together with BTSG Group.

At present, although the long-term CSR plan has not yet been approved by the Board of Directors, the following CSR operations have been implemented:

### On fair business operation

- The Company has emphasised the importance of keeping customers informed of the effectiveness and quality of the media of our businesses in order to open chances to the customers to consider the worth of money before making decision of using our media by conducting research among consumers by checking the effectiveness, uniqueness, attractiveness and influence on consumers' behaviors to make their decisions to buy products. In this respect, we have assigned the research company with the high level of expertise to conduct research every 2 years, and then we apply the research so as to improve our media for effectively responding to our customers' need and to be the basic information for our customers to make their decision based on the complete information.

### On Anti-Corruption

The Company has policy to conduct our business operations with ethic. The Company would maintain corporate social responsibility and be responsible for all stakeholders with the principle of good corporate governance and business ethics. In the past year, the Company launched a manifesto to join with private sector in the Collective Anti-Corruption Practice (CAC) so as to show our strong intention against all kinds of corruption. In the Board of Directors' Meeting as held on March 22, 2013, the Board of Directors approved the policy of corporate governance and business ethics, specifying the guidelines against bribery and anti-corruption as follows:

- Employees must not request for gifts, assets, or any benefits from contractors, business partners, sales persons, joint partners or any stakeholders of the Company's business.
- Employees must not give or take any gifts, assets or any benefits that might influence on decision-making, except for the gift giving during festive seasons with reasonable price. In case of being doubtful about improper practice, Chief has authority to order employee to return to giver.
- In case of selecting contractors who will assist in the Company's activities, employees must consider the quality, reasonableness of cost and time period of the activity by inspecting details of work, services and costs of one contractor in comparison with other contractors'.



### On Respect for Human Rights

The Company has the policy of no discrimination and provide opportunity of work based on equal basis, regardless of being a woman, disabled persons and other underprivileged group of people. In this respect, the Company has currently employed 2 disabled staffs in order to create the opportunity to disable persons to work with others. Also, the ratio of male to female employees is 343 : 171(Data as of 31 March 2014).

### On Fair Labor Treatment

- **Fair Treatment** : the Company would treat every employee equally and fairly as being the significant part of the Company
- **Employment** : No discrimination in employment and in compliance with law. In this respect, the Company would recruit for each position based on fairness by considering qualifications of each position and other related requirements of each position. In case where there is a vacancy, the Company would give priority to existing employee for his/her furthering development of career path. If there is no person suitable for that position, the Company would recruit from external sources.
- **Wage** : the Company would pay wages based on fairness, working condition & job description, business profits of the Company and employees' performance. There is job evaluation in every position, line of command as well as salary structure arrangement in order to create fairness in the organization and in comparing with other companies in the same industry. At present, the Company has managed remuneration based on line of command and salary structure, and have updated then on annual basis.
- **Health & Safety** : Knowledge sharing and placing are important to health and safety of employees by arranging for annual check-up
- **Disciplines of Being Together** : For making employees maintain and follow the disciplines, employee who avoids or violates any rules would be sanctioned according to certain measures as appropriate.
- **Fair Treatment** : The Company has set up the regulations to have employees that are capable of making complaint in order to create the fairness of treatment for all employees and reduce their grievance
- **Employee Development** : The Company has implemented the project to develop the employees' potential, including training courses which give advantages to the employees, and to enhance advancement to the employees. In this regard, the Company has collected data on the number of training courses per year that the employees attend. This is in line with international standards. In the past year, the employees had attended the training course around 59.6 hours /year.

- **Communications** : In order to create awareness and to encourage employees to participate in the Company's activities, the Company realises that good communication will create effectiveness and good relationship among employees. Therefore, the Company has always encouraged employees to receive information via various channels, e.g. Love & Share Board, Popup website, Intranets, seminars, and meetings.

At present, the Company has established the Core Competency System as a policy and guidelines on driving more effective operations so that the Company would achieve the corporate vision, mission and objectives as specified, which comprise of the following 3 principles:

1. **Customer Focus**: The behavior, both internally and externally reflecting the Company's operations which respond to requirement and great satisfaction of the customers.
2. **Responsibility & Reliability**: The behavior reflecting the responsibility for the work which has been assigned so as to achieve qualified success.
3. **Planning**: The behavior reflecting the ability to forecast events in the future, well preparation in order to support the Company's operations in the future with prudence and effectiveness.

### Responsibility towards Consumers

- The advertising media of the Company meets standard requirement, especially the safety, including but not limited, to media installation and media attention. The Company has continuously studied, evaluated and improved any impact on the consumers regularly whether by means of conducting survey or evaluating. For example, the Company, on a regular basis, has measured noise levels creating from digital media in the BTS trains in order to avoid noise pollution, continuously inspected the strength of the advertising media as installed which might fall onto the floor to injured people.
- The Company has prepared information with the clear details as the content of the advertising media package in order to cause the consumers make their decision in the easier way. The information as appeared to be a content of the advertising media would be corrected and not hide any material information or be misleading to the buyers.
- The Company respects the right of the consumers to buy the products and use services, including protecting personal information of the customers and the media audiences on the confidential basis. In this respect, the Company would not disclose such information to other people, or using it in order to seek benefits for other purposes without prior consent from the information owner.

- The contracts between the Company and its business partners and customers have fairness, have been written in the clear language, easy to read and comprehensive, no unfair condition or having the very long term. In addition, before signing the contracts, the Company has also allowed the contractual parties to study and inquire about details and information as specified in the relevant contracts as always. .
- Apart from advertising media services, the Company has also broadcasted the contents that are benefits to the society, for example, news and reports of current situations in the form of multimedia on BTS stations so that passengers can update news and relevant information during their commute.

### Responsibility for the Environment

- The Company has implemented to preserve the energy resources in many methods, e.g., replacing fluorescent lamps as used in the advertising media with the LED lamps which results in the decrease in electricity consumption more than 70%. As for deteriorated fluorescent lamps, the Company has delivered them to the manufacturers which have a division responsible for garbage disposing in relation to fluorescent lamps so as to eliminating or recycling. For fluorescent lamps which are still in good condition, the Company will make donations of some fluorescent lamps and keeps the rest for the Company's internal use.
- The Company has a policy to use the resources with sustainability, e.g., using two sides of the paper for printing, filing and safe-keeping information in the electronic form, reducing color printing ink, reducing numbers of lamps for energy preservation, switching light on when necessary, and switching off during lunch breaks. In this respect, the Company has set up Popup Website to campaign for these policies, and discloses via Intranet of the Company as well as follows up the result of the operation and makes reports to the Executive Committee regularly.



### Responsible for Community and Social Development

- The Company has participated in and supported the community by bringing prosperity to the community so that it can be sustainably self-sufficient via the project named "One Day, One Thousand Smiles" of VGI Volunteer Club, which was voluntarily initiated by the Company's employees. In the past year, VGI Volunteer Club has built a library, making a donation to support library activities as well as making a donation of sporting goods, text books and educational kits to Ban Huapuang School, Nakorn Sawan province.
- The Company participated in the social investment with sustainability by applying the potential or capability of the Company to help the society. It has undertaken activities to spread Buddhism and arouse the conscience on sharing in order to create peace in the society with sustainability by broadcasting it in multimedia of the Company on Buddhist holy days and important religious days throughout the year. Furthermore, the Company has also made donations for (1) Buddhist religious places to Tawornjittatavaro-Wongmalai Foundation and (2) Savikasikhalai Mahavichalaidhama at Satiendhamasathan so that they can be religious places for Buddhists and community to conduct religious rites.
- The Company has set up an activity for BTS passengers to be a volunteer to take the blind to join Dhama practice at Satiendhamasathan for 3 days and 2 nights – an activity of giving good opportunity to the socially underprivileged groups.



- The Company has carried out a project to support the flood victims in Thailand by putting donation boxes at BTS stations, joining with manufacturers in packing goods in survival bags and delivered to those who lived in flooded areas in Chacheungsao province, regardless of the high-flooded area or flood victim supporting centers, with full supports of 11th Infantry Battalion (King's Guard).



**Responsible for Innovation and Publicity of Innovation from CSR Operations towards Society, Environment and Stakeholders**

- The Company has participated in Thailand Institute of Packaging and Recycling Management for Sustainable Environment, The Federation of Thai Industries, by taking unused 156 scrapped advertising light boxes made from aluminum to have them produced prosthesis (under HM the King Patronage) for the handicapped.





# 4.4 Management Discussion and Analysis

## Media Industry And Business Impact Analysis

The Thai economy slowed sharply in 2013 as a result of the decline in annual government budget spending, contraction in exports as well as private investments, political impasse and also other factors that discouraged domestic consumption. These situations caused Thailand's GDP to grow merely 2.9%, a significant drop from 6.5% growth recorded in 2012<sup>1</sup>, resulting in 0.9% decrease in the total Thai advertising spending<sup>2</sup> (Please refer to *Section 3.4: Industry and Business Overview* for more detail). The Company's operating revenue in the second half of 2013/14 was adversely affected, causing the Company to miss its target revenue growth of 30.0%. Despite the decrease in total Thai advertising spending, the Company was still able to generate 11.3% revenue growth owing to the strong improvement in BTS-related media business. The increase was driven by the favorable ridership growth rate of 8.9% in 2013/14 mainly due to the organic growth and the commencement of 4 stations (from Wongwian Yai – Bang Wa) of the Silom line extension, which fed more passengers to the Core Network. Moreover, the increase in BTS-related media revenue came from the increase in capacity on the 35 single-car trains which arrived in stages since August 2012. Resilience of BTS-related media was once again demonstrated from the revenue growth of 18.0% in 2013/14.

<sup>1</sup>Source: www.nesdb.go.th (Jan – Dec 2013)

<sup>2</sup>Source: The Nielsen Company Limited Co., Ltd (Apr 2013 – Mar 2014)

## 2013/14 Key Developments

### BTS-Related Media

- Installed and began selling Platform Truss LEDs (transformed 76 static media boards to digital media screens on 20 BTS stations) from November 2013 onwards
- Installed E-Posters on 11 prime stations across the BTS SkyTrain network (total of 23 panels), which the Company expects to start selling by the beginning of 2014/15
- Installed and began selling media on Platform Screen Doors across 9 BTS stations (total of 640 screens) from January 2014 onwards
- In the process of installing the media on the new five 4-car trains (20 carriages), which the Company expects to start selling by the beginning of 2014/15

### Modern Trade Media

- Expanded sales floor media coverage in Big C from 114 in 2012/13 to 121 branches in 2013/14
- Expanded sales floor media coverage in Tesco Lotus from 106 in 2012/13 to 124 branches in 2013/14

### Office Building and Other Media

- Added 24 new contracts into the Office Building portfolio, totaling 75 buildings (656 screens) under management.

## Expanded The Footprint Into Outdoor Media

Out-Of-Home media consists of 3 principal segments, namely Outdoor media, Transit media and Modern trade media, with market value of THB 4,159mn, THB 3,522mn and THB 2,486mn in 2013/14 respectively. Outdoor media is therefore one of the most prominent media categories in Out-of-Home media. To expand the footprint in Outdoor media segment, the Company formed a joint venture with Deelight Multimedia Co., Ltd., under the name Midas Global Media Co., Ltd., in order to manage the Outdoor media network (Street Furniture) nationwide. In the early phase, the Company has developed and installed 66 digital advertising billboards along the road under Chaloe Mahanakhon, Chalong Rat and Sirat, Expressway – the project is now ready for advertising service.

## Dividend Payments

- Interim cash dividend of THB 0.18 per share and stock dividend of 25 existing shares for 1 stock dividend paid on 27 December 2013
- Final cash dividend payment of THB 0.13 per share (subject to the resolution of Annual General Meeting of Shareholders, which will be held on 3 July 2014)
- Dividend payout ratio for 2013/14 is 93.4%

## 2013/14 Performance

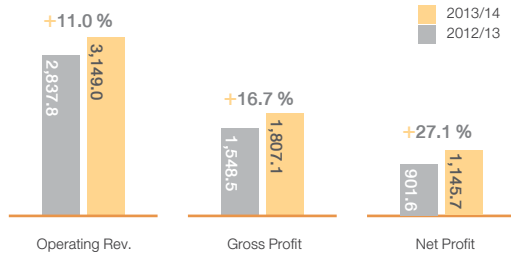
**Revenue from services** increased 11.0% YoY, or THB 311.2mn, to THB 3,149.0mn. The growth was mainly from BTS-related media. Even though the 30% revenue growth target was not achieved as a result of consumption slowdown and political disruptions in the second half, the Company has proactively sought opportunities by developing new sales strategies such as (1) offering special discounts for clients whose media purchases are campaign-based bookings; (2) minimising package values by reducing numbers of assorted media so as to attract limited-budget clients; (3) launching more customised packages within the modern trade media and (4) developing new spaces and types of media to attract advertising spending from other media. The sales strategies were developed in order to maintain revenue growth in 2013/14 and the years to come.

**Cost of services-to-sales-ratio** decreased to 42.6% from 45.4% in the previous year, as a result of the full year effect of reduction in license fee paid to Bangkok Mass Transit System Public Company Limited (“BTSC”) coupled with lower depreciation expenses of BTS-related media. Consequently, the Company's **gross profit margin** improved to 57.4% from 54.6% in the previous year.

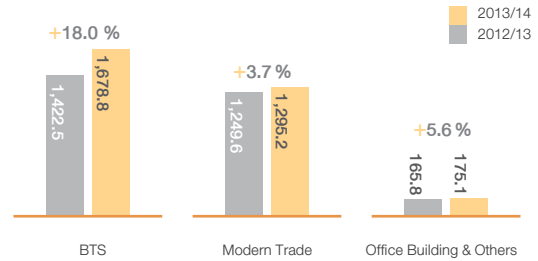
**SG&A-to-sales ratio** decreased to 13.8% from 13.9% in the previous year primarily as a result of economies of scale and our ability to control marketing expenses in accordance with turnover and economic conditions. Consequently, **net profit** increased 27.1% YoY to THB 1,145.7mn.



### Operating Revenue and Profit (THB mn)



### Segmental Operating Revenue (THB mn)



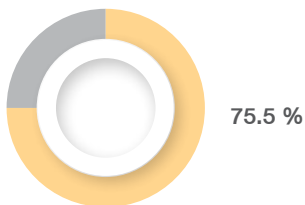
### Segmental Performance (2013/14 compares to 2012/13)

#### BTS-Related Media

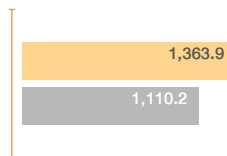
**Revenue** increased by 18.0% YoY or THB 256.3mn to THB 1,678.8mn. The key growth drivers for revenue growth were (1) the aforementioned increase in carriages; (2) the increase in capacity from i) Platform Truss LEDs ii) Platform Screen door iii) Platform Truss Static and (3) increased merchandising revenue as a result of the increase in rent for long-term contracts of merchandising space on the BTS station which became effective this year, coupled with the increased occupancy of

small rental shops on stations, which grew with increased ridership. **Gross profit margin** increased to 81.2% from 78.0% in the previous year as a result of the reduction in license fee paid to BTSC, effective May 2012 (10.5 months effect) coupled with the lower depreciation expense from the fully depreciated advertising equipment.

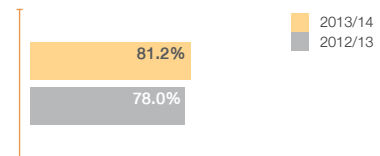
#### Gross Profit Contribution



#### Gross Profit (THB mn)



#### Gross Profit Margin

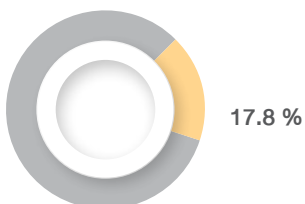


#### Modern Trade Media

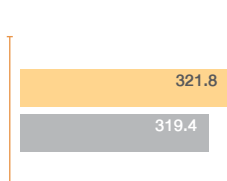
**Revenue** increased 3.7% YoY or THB 45.6mn to THB 1,295.2mn. Key growth drivers came from the increase in occupancy of sales floor areas and the development of radio streaming technology in Big C branches nationwide.

**Gross profit margin** decreased to 24.8% from 25.6% in the previous year as a result of investment in digital media in Big C network which consequently increased the depreciation expense compared to the previous year. However, the Company believes the decrease was a short-term impact as digital media is expected to generate more sales volume which will lead to the economies of scale and resulting in the improvement of margin in the long-term.

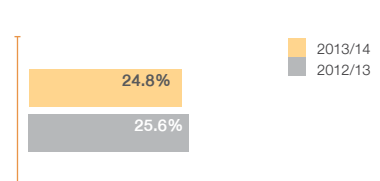
#### Gross Profit Contribution



#### Gross Profit (THB mn)



#### Gross Profit Margin

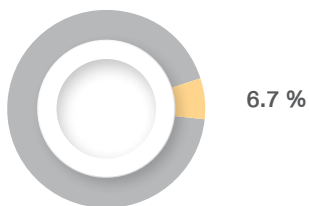


### Office Building and Other Media

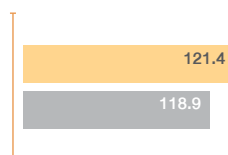
**Revenue** increased 5.6% YoY or THB 9.3mn, to THB 175.1mn. This increase was primarily due to (1) higher sales from additional office buildings and (2) full year recognition of the rights to advertise in Chulalongkorn University's bus system.

**Gross profit margin** decreased to 69.3% from 71.7% in the previous year as a result of the decrease in revenue from mega LED media of which the Company is the sole selling agent. In this regard, there are no direct costs associated with this revenue.

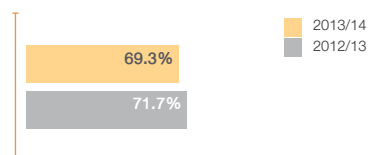
#### Gross Profit Contribution



#### Gross Profit (THB mn)



#### Gross Profit Margin



### Financial Position

#### Assets

For the fiscal year ended 31 March 2013/14, the Company's **total assets** increased to THB 2,740.9mn from THB 2,579.3mn in the previous year. The increase was driven by the increase in total equipment-net netted with the decrease in cash and cash equivalents as well as short-term investment.

**Cash and cash equivalents and short-term investment** decreased to THB 1,009.3mn from 1,253.8mn. The decrease was attributable to dividend payment (see liquidity and cash flow analysis)

**Account receivables decreased** to THB 607.0mn, in line with the lower sales in 4Q 13/14 as a result of the aforementioned political disruptions. The Company gives 60 – 90 days credit terms to

customers and has a policy to setup an allowance for doubtful accounts for receivables of more than 120 days. In addition, the Company also considers the customers' historical payment and creditability to setup such allowance. As of 31 March 2014, the allowance for doubtful accounts increased to THB 12.4mn from THB 9.9mn in the previous year of which accounted for 2.1% and 1.5% out of total account receivables in 2013/14 and 2012/13, respectively.

**Total equipment-net** increased to THB 922.7mn from THB 473.4mn, mainly from the investment in Platform Truss LEDs and Platform Screen Door.

#### Assets Breakdown

	31-Mar-14		31-Mar-13	
	(THB mn)	%	(THB mn)	%
Cash & cash equivalents	1,009.3	36.8%	1,253.8	48.6%
Trade & other receivables	607.0	22.1%	673.4	26.1%
Equipment - net	922.7	33.7%	473.4	18.4%
Other asset	201.9	7.4%	178.6	6.9%
<b>Total Asset</b>	<b>2,740.9</b>	<b>100%</b>	<b>2,579.3</b>	<b>100%</b>

#### Aging of Trade Receivables

	31-Mar-14	31-Mar-13
	(THB mn)	(THB mn)
Not yet due	507.9	449.2
Up to 6 month	86.4	205.9
Over 6 months	12.7	10.4
<b>Total</b>	<b>607.0</b>	<b>665.5</b>
% to total receivables	100.0%	98.8%
Allowance for doubtful debt	12.4	9.9
% to total receivables	2.1%	1.5%

## Liabilities and Shareholder's Equity

**Total liabilities** were THB 787.6mn, an increase of THB 29.2mn or 3.8% YoY, from THB 758.4mn in the previous year. This was primarily from (1) increase in accrued expenses, most of which were tax payables and marketing expenses and partially offset by (2) decrease in trade and other payables and corporate income tax. The Company's payable days in 2013/14 decreased to 44.7 days from 91.5 days in the previous year. The main reason was the change in credit terms of the new license agreement signed with BTSC. Under the new contract, the credit terms have been shortened to quarterly payments, whereas previously, the Company received more than 6 months credit.

**Total equity** increased by THB 132.4mn to THB 1,953.3mn. This increase was attributable to (1) increase in retain earnings from 12 months operating performance and partially offset by (2) total dividends of THB 1,013.9mn paid to shareholders on 17 July and 27 December 2013. Moreover, Return on Equity for 2013/14 is 60.4%, down from 85.3% in the previous year as a result of the increase in shareholders' equity. This is attributable to (1) the increase in retained earnings from operating profits, (2) the capital increase to support the interim and final stock dividend payments at the ratios of 10:1 and 25:1, respectively and (3) the lower weighted average equity in 2012/13 as the Company had total registered capital of THB 100mn before the listing on the Stock Exchange of Thailand in October 2012.

## Liabilities And Equity Breakdown

	31-Mar-14		31-Mar-13	
	(THB mn)	%	(THB mn)	%
Trade & Other payables	150.8	5.5%	177.9	6.9%
Accrued expenses	363.4	13.3%	296.0	11.5%
Other current liabilities	247.5	9.0%	262.9	10.2%
Non-Current Liabilities	25.9	0.9%	21.6	0.8%
Equity	1,953.3	71.3%	1,820.9	70.6%
<b>Total</b>	<b>2,740.9</b>	<b>100%</b>	<b>2,579.3</b>	<b>100%</b>

## Liquidity and Cash Flow

**Cash and cash equivalents** as of 31 March 2014 stood at THB 1,007.4mn, which included short term investment-net of THB 503.9 mn, a THB 246.4mn decrease from 1,253.8mn as of 31 March 2013. During 2013/14, the Company had cash inflows from operating activities of THB 1,341.7mn. Total **CAPEX** was THB 605.0mn, of which THB 560.0mn came from the i) investment in Platform Truss LEDs project and Platform Screen Door in order to increase capacity and generate value added on BTS media networks and ii) jointventure investment in Midas Multimedia Co. Ltd of THB 45.0mn. Moreover, the Company paid total dividends of THB 1,013.9mn to shareholders.

## Financial Ratio

Profitability Ratios		2013/14	2012/13 <sup>1</sup>
Gross profit <sup>2</sup>	(%)	57.4%	54.6%
Operating EBITDA	(%)	47.9%	45.4%
Cash-to-net profit	(%)	94.5%	47.1%
Net profit	(%)	36.4%	31.8%
Return on equity	(%)	60.7%	85.3%

## Efficiency Ratios

Return on assets	(%)	43.1%	46.3%
Return of fixed assets <sup>3</sup>	(%)	177.1%	285.6%
Asset turnover	(times)	1.2	1.5

## Liquidity Ratios

Current ratio	(x)	2.1	2.7
Liquidity ratio	(x)	2.1	2.6
Account receivable turnover	(x)	4.9	4.9
Average collection period	(day)	74.2	74.5
Payable days	(day)	44.7	91.5

## Leverage Ratios

Liability to Equity	(times)	0.4	0.4
Debt to equity	(times)	-	-
Dividend payout ratio <sup>4</sup>	(%)	93.4%	81.9%

<sup>1</sup> The Company was required to restate the prior year's financial statement for comparison purposes in order to comply with the new accounting standard of deferred tax which became effective since January 2013. Thus, the ratios in 2012/13 were based on the restatement.

<sup>2</sup> Calculated from revenue from services

<sup>3</sup> (Net Profit + Depreciation) / Net Average Non-current Asset

<sup>4</sup> Calculated from 2013/14 operating performance. The Company will pay the 2013/14 dividends in the total amount not exceeding THB 1,053.3mn. The Company paid out an interim dividend of THB 0.18 per share and stock dividend of 25 existing share for 1 new share, or a total of THB 607.1mn. The Board of Directors approved dividend payment from 2H 13/14 operating performance of THB 0.13 per share, or a total of not exceeding THB 446.2mn (subject to the resolution of Annual General Meeting on 3 July 2014).

## Management Outlook

Please refer to *Section 2.3: Business outlook 2014/15*

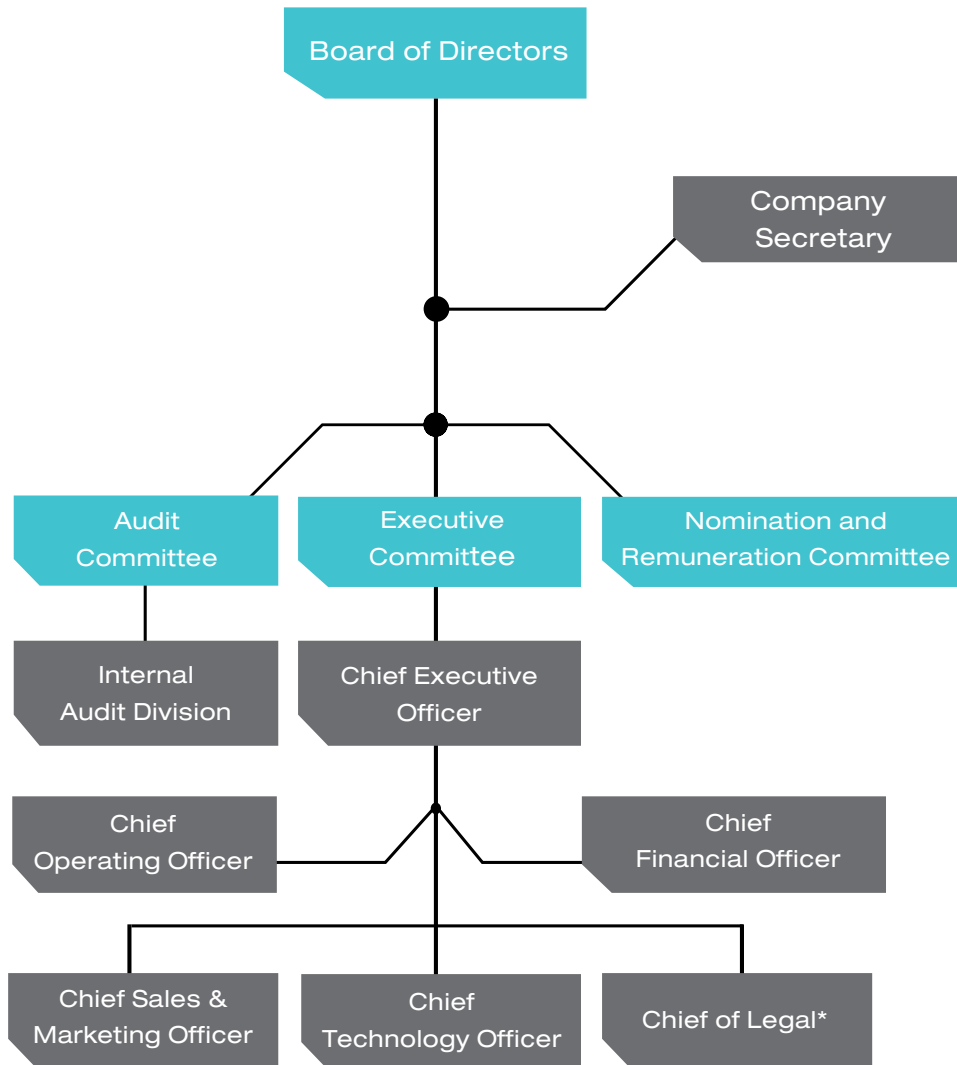
# 5.0 Corporate Governance Report





# 5.1 Corporate Governance Structure

As of 31 March 2014, the Company's organisation chart is as follows:



\* The Board of Directors' Meeting No. 2/2014 held on 21 March 2014, approved the new organisation chart by changing the position of "Chief of Legal" to "Chief Legal and Compliance Officer", which all shall be effective from 1 April 2014 onwards.

## 5.1.1. Board of Directors

There were 9 Directors, which consists of 2 women and 7 men with diversified professional backgrounds including business administration, engineering, marketing, auditing and accounting and other experience that is considered beneficial and relevant to the media business. Composition of the Board of Directors is as follows

- (1) Three executive directors are Mr. Kavin Kanjanapas, Mr. Marut Arthakaivalvatee and Mr. Chan Kin Tak.
- (2) Three non-executive directors are Mr. Keeree Kanjanapas, Mr. Surapong Laoha-unya and Mr. Kong Chi Keung.
- (3) Three independent directors are Mrs. Jaruporn Viyanant, Mrs. Maneeporn Siriwatanawong and Mr. Mana Jantanayingyong.

In this respect, the names of these 9 directors, their position in sub-committee and number of attendance in the Board of Directors' Meeting in fiscal year of 2013/14 are as follows;

No.	Name	Position	Meeting Attendance in 2013/14
1.	Mr. Keeree Kanjanapas	Chairman of the Board of Directors	8/8
2.	Mr. Kavin Kanjanapas	Director / Chairman of the Executive Committee	8/8
3.	Mr. Kong Chi Keung	Director	7/8*
4.	Mr. Surapong Laoha-unya	Director	7/8*
5.	Mr. Marut Arthakaivalvatee	Director / Member of the Nomination and Remuneration Committee / Member of the Executive Committee	8/8
6.	Mr. Chan Kin Tak	Director / Member of the Nomination and Remuneration Committee / Member of the Executive Committee	8/8
7.	Mrs. Jaruporn Viyanant	Independent Director / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee	8/8
8.	Mrs. Maneeporn Siriwatanawong	Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee	8/8
9.	Mr. Mana Jantanayingyong	Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee	8/8

Miss Penjun Tangjaruwatanachai was the Company Secretary from 1 November 2012 to 31 December 2013 and Miss Catharin Jirarudee is the Company Secretary since 1 January 2014.

\* Absence as a result of Business trip in abroad

For the Board of Directors' meeting, the Company has policy by providing that there must be 2 from 3 of directors present at the time of having resolution of the Board of Directors.

### The directors authorised to sign and bind the Company

The directors authorised to sign and bind the Company Directors who have authority to sign for and on behalf of the Company consist of Mr. Keeree Kanjanapas, Mr. Kavin Kanjanapas, Mr. Kong Chi Keung, Mr. Surapong Laoha-unya, Mr. Marut Arthakaivalvatee and Mr. Chan Kin Tak, in which two of six directors must sign jointly and affix the Company's seal.

### Authorities, Scope of Duties and Responsibilities of the Board of Directors

- To perform their duties in accordance with the laws, the objectives and Articles of Association of the Company as well as the resolutions of the shareholders' meetings with honesty and due care for the benefit of the Company.
- To determine the Company's vision, policies and business direction and to supervise the Management to ensure implementation of those policies effectively and efficiently so as to maximize the value for the Company and the shareholders.
- To determine the Company's policies, strategies, business plans, annual budget, monitor and supervise the Management's business administration, including progress and quarterly performance of the Company, in comparison with the business plan and budget, and to also consider the future trends for the next period.
- To evaluate the performance of the Management on a regular basis and to monitor the remuneration mechanism of high level executives as deemed appropriate.
- To establish a framework and policy for determining salaries, adjustment of salaries, determining bonuses and compensation payments to the Company's employees.
- To supervise the Management to ensure that the accounting system, financial reports and accounting audit system are accountable, as well as to ensure that the Company has an appropriate and sufficient internal control system.
- To consider and approve the acquisition and disposal of assets, investment in new businesses and any matters with regard to compliance with the laws, notifications, regulations and relevant rules.
- To consider, and/or provide opinion on the connected transactions and/or the entering into transactions (in the event that the transaction size does not require approval by the shareholders' meeting) of the Company and its subsidiaries with regard to compliance with the laws, notifications, regulations and relevant rules.

9. To monitor and prevent conflict of interests among stakeholders of the Company.
10. To consider and approve the payment of interim dividends to shareholders.
11. To consider all the Company's affairs by taking into account the benefits of all groups of shareholders and stakeholders equitably. The Director shall report to the Company, without delay, if he has any conflict of interests in a contract executed with the Company or acquires more shares or sells shares in the Company or its subsidiaries. Hence, for any transaction with the Director or the person having conflict of interests or conflict of any kind with the Company or its subsidiaries, the Director in conflict shall have no right to vote to approve such transaction.
12. To govern the business operations with business ethics, to conduct and to review the corporate governance policy and code of conduct regularly, including to evaluate the implementation of such policies at least once a year.
13. To report the responsibilities of the Board of Directors in the preparation of the financial statements by disclosing such report along with the external auditor report in the Company's Annual Report, covering key issues under the policy statement on the Code of Best Practice for Directors of Listed Companies of the SET.
14. To delegate one or more Directors or other persons to perform any task on behalf of the Board of Directors. However, such delegation shall not be the authorisation or sub-authorisation that allows the Director or any authorised person, who has conflict of interests or conflict of any kind with the Company or its subsidiaries, to approve such transactions.
15. To appoint sub-committees to assist and monitor the management system and the internal control system to ensure the compliance with the Company's policies, such as the Executive Committee and the Audit Committee.
16. To appoint the Company Secretary to ensure that the Board of Directors and the Company comply with the laws and relevant regulations.

#### Term of the directorship

In each of the annual general meeting, one-third (1/3) of the existing directors shall retire by rotation. If the number of the directors cannot be divided into exactly three parts, the closest number to one-third (1/3) shall be applied.

The retired directors may be re-elected again.

For the first and second year following the listing of the Company, the directors who must retire by rotation shall draw lots. For the years after, the longest serving directors shall retire by rotation.

#### Qualifications of the independent directors

The Independent Director of the Company must have the qualifications as set out by the Securities and Exchange Commission of Thailand (SEC), and the Stock Exchange of Thailand as follows:

1. Not hold shares exceeding 1% of the total number of voting shares of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person including shares held by related persons of the independent director.
2. Not be nor have been an executive director, officer, employee, controlling person, or advisor who receives a salary, of the Company, its parent company, subsidiary, same-level subsidiary, affiliate, major shareholder or controlling person.
3. Not be a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
4. Not have nor have had a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in a manner which may interfere with his or her independent judgment, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person who may have a conflict of interest.
5. Neither be nor have been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person nor be a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person.
6. Neither be nor have been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding THB 2mn from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and neither be nor have been a substantial shareholder, controlling person or partner of the professional advisor.
7. Not be appointed as a representative of the Company's directors, the major shareholder or any other shareholder who is a related person to the major shareholder.
8. Not conduct any business which of the same nature as the Company's or its subsidiaries' businesses and is in competition with them in any material respect, nor be a substantial partner, shareholder holding more than 1% of the voting shares, director (having management role), employee, officer or advisor (obtaining a regular salary) of any company whose business is of the same nature as the Company's or its subsidiaries' businesses, and is in competition with them in any material respect.
9. Not have any characteristics that make him or her incapable of expressing independent opinions with regard to the Company's business affairs.

## 5.1.2. Executive Management

As of 31 March 2014, the executive management consists of 9 members as follows

No.	Name	Position
1.	Mr.Kavin Kanjanapas	Chairman of Executive Committee
2.	Mr.Marut Arthakaivalvatee	Chief Executive Officer
3.	Mr.Chan Kin Tak	Chief Operation Officer
4.	Mrs.Oranuch Rujirawona	Chief Marketing Officer
5.	Mr.Chavin Kalayanamitr	Chief Technology Officer
6.	Mrs.Suparanan Tanviruch	Chief Financial Officer
7.	Ms.Penjun Tangjaruwatanachai	Chief of Legal*
8.	Ms.Daranee Phanklin	Financial Controller
9.	Mrs.Pitchapaksorn Jit-Opas	Billing and Accounting Director

\* The Board of Directors' Meeting No. 2/2014 held on 21 March 2014 approved the appointment of Ms. Catharin Jirarudee, the Company Secretary, to be an executive in position of Chief Legal and Compliance Officer and which shall be effective from 1 April 2014 onwards.

### Scope of Duties and Responsibilities of the Chief Executive Officer (CEO)

1. To supervise, manage, operate and conduct normal business operations for the benefit of the Company, to comply with the policies, visions, targets, business plans and budget as stipulated by the Board of Directors' meetings and/or as assigned by the Executive Committee.
2. To manage the operations of the Company to comply with the missions as specified by the Executive Committee, in order to ensure consistency with the business plan and the budget of the Company, as well as the business strategy as specified by the Board of Directors and/or the Executive Committee.
3. To supervise the financial and marketing operations, manage the personnel and other operations, to ensure compliance with the policy and operation plans of the Company as specified by the Board of Directors and/or the Executive Committee.
4. To have the authority to employ, appoint, transfer, dismiss, terminate, and determine the employment rate and remuneration for employees that rank below the Executive Committee, by appointing an authorised person to act on his behalf.
5. To determine the remuneration, adjust the salary, reward and special bonus other than the normal salary and bonus of the employees, with approval from the Board of Directors and / or the Executive Committee.
6. To negotiate and enter into any agreement and/or transactions related to the Company's normal course of business (such as the purchase of machinery and other assets in accordance to the budget as approved by the Board of Directors, purchase of

inventory and sale of goods, etc) The limit for each transaction shall not exceed the amount as approved by the Board of Directors, which is not exceeding THB 10mn per transaction.

7. To consider and approve the borrowing of any loan between the Company and its subsidiaries.
8. To issue internal order, policy, announcement and other notices Company in accordance to the policy and benefit of the Company, including maintaining the discipline within the organisation.
9. To perform any other duties as assigned by the Board of Directors and/or the Executive Committee, including having the authority for performing such duties.

However, in a transaction, the delegation within the scope of duties and responsibilities of the Chief Executive Officer shall not be an authorisation or sub-authorisation that allows the Chief Executive Officer and/or any authorised person who has a conflict of interests or a conflict of any kind with the Company or its subsidiaries to approve such a transaction. In such cases, the Chief Executive Officer shall have no authorisation to approve such transactions, and it shall be proposed that the transactions be considered and approved by the Board of Directors and/or the Shareholders' Meeting (as the case may be), unless such transactions are in the normal course of the Company's business and are at arm's length.

### 5.1.3 Company Secretary

Miss Penjun Tangjaruwatanachai was the Company Secretary from 1 November 2012 to 31 December 2013 and the Board of Directors' Meeting No. 8/2013 held on 9 December 2013 resolved to appoint Ms. Catharin Jirarudee, as the Company Secretary from 1 January 2014 onwards with the scope of duties and responsibilities as follows:

1. To prepare and keep the following documents;
  - a register of directors;
  - invitation to the Board of Directors' Meetings and the Executive Committee's Meetings, minutes of the Board of Directors' Meetings and the Executive Committee's Meetings and the Company's annual report; and
  - invitation to the shareholders' meetings and minutes of the shareholders' meetings;
2. To keep report on the conflict of interest filed by the Directors or the Executives;
3. To coordinate with the Board of Directors and sub-committee for the purpose of conducting meeting properly and smoothly; and
4. To perform other duties as stipulated by the Capital Market Supervisory Board.



The Company Secretary has completed the Corporate Secretary Program (CSP), organised by the Thai Institute of Directors and also regularly and consistently enrolls in the training or seminar organised by the Stock Exchange of Thailand, Securities and Exchange Commission and other relevant organisation. Consequently the Company Secretary is able to fully understand the scope of duties and responsibilities of the Company Secretary and support the operations of the Board of Directors.

#### 5.1.4 Employee

As of 31 March 2014, there were 514 employees in total, of which 50 employees were working with the Company for over 10 years, equivalent to 10% of total employees. 2013/14 employees' compensation was THB 345.86mn which consisted of a salary, bonus, contribution portion for provident fund, overtime wage, social security, allowance, commission and others. (Full details of which can be seen in the Company's Form 56-1: 8.5 Employee)

#### Report on Securities Holding by Directors and Executives

The Company has a policy requiring directors and executives of the Company to report their securities holding to Board of Directors in every meeting, the Company Secretary therefore sets agenda of acknowledgement the securities holding report of the Company by Directors and Executives in every the Board of Directors' Meeting.

The report of changes in securities holding of the Directors and Executives, including their spouse and minor children during the period from March 31 March 2013 to 31 March 2014 is as follows:

No.	Name-Surname	Number of Shares		Percentage of shareholding	
		31 March 2013**	31 March 2014***	31 March 2013	31 March 2014
1.	Mr. Keeree Kanjanapas	1,905,090	16,594,229	0.66	0.48
2.	Mr. Kavin Kanjanapas	-	-	-	-
3.	Mr. Kong Chi Keung	8,475	96,948	0.003	0.003
4.	Mr. Surapong Laoha-unya	14,705	168,220	0.005	0.005
5.	Mr. Marut Arthakaivalvatee	10,669	122,044	0.004	0.004
6.	Mr. Chan Kin Tak	-	-	-	-
7.	Mrs. Jaruporn Viyanant	-	-	-	-
8.	Mrs. Maneeporn Siriwatanawong	-	-	-	-
9.	Mr. Mana Jantanayingyong	-	-	-	-
10.	Mr. Oranuch Rujirawona	4,237	228,800	0.001	0.007
11.	Mr. Chavin Kalayanamitr	1,437	328,888	0.0005	0.010
12.	Mrs. Suparanan Tanviruch	-	-	-	-
13.	Ms. Penjun Tangjaruwatanachai	-	-	-	-
14.	Ms. Daranee Phanklin	-	-	-	-
15.	Mrs. Pitchapaksorn Jitopas	-	-	-	-

\* Including shares held by spouse and minor children

\*\* Par value of THB 1 per share

\*\*\* Par value of THB 0.10 per share

\*\*\*\* Ms. Catharin Jirarudee, whom has been appointed being executive of the Company by the Board of Directors' Meeting No. 2/2014 held on 21 March 2014 has not held the Company's securities (as of 31 March 2014).

## 5.2 Corporate Governance Policy

### Corporate Governance report 2013/14

The Board of Directors has established a policy on corporate governance that is in accordance with the principles and guidelines on good corporate governance of The Stock Exchange of Thailand and recommendations of the Thai Institute of Directors (IOD). The Board of Directors consistently adheres to good corporate governance principles and practices and recognizes the critical importance of corporate governance (CG) in the Company's pursuit of sustainable. As a result, in the 2013 CG assessment results announced by IOD, the Company was recognised as an organisation with excellent corporate governance practices from the first year of being listed on the Stock Exchange of Thailand.

In addition, as IOD has increased the criteria for the 2014 CG assessment, the Board of Directors, in the Board of Directors' meeting No. 2/2014 held on 21 March 2014, resolved to approve the appointment of CG Committee for the purpose of; (1) study on New Criteria Assessment (2) the completion of the amendment of the Company's Corporate Governance Policy; and (3) practical compliance with policy for overall organisation.

The Company's corporate governance policy is divided into 5 sections as follows:

- (1) Rights of Shareholders
- (2) Equitable Treatment of Shareholders
- (3) Role of Stakeholders
- (4) Disclosure and Transparency
- (5) Board Responsibilities

### Section 1: Right of Shareholders

The Company places emphasis on the rights of shareholders as the true owner of the Company. The shareholders are encouraged to exercise their fundamental rights, e.g. sale, purchase or transfer of shares, profit sharing, receipt of the adequate information either via the Company's or the SET's websites or other channels, attendance at shareholders' meetings to acknowledge the Company's annual business performance, and voting rights at the shareholders' meetings to approve significant matters as specified by law, such as the appointment or removal of directors, directors' remuneration, the appointment of the auditor and determination of the auditor's fee, dividend payment or suspension of dividend payment, any capital increase and issuance of new shares, and making enquires or comments on the matters that the Board of Directors presents or requests for approval at the shareholders' meeting.

### Shareholders' Meeting

In 2013/14, the Company held the 2013 Annual General Meeting of Shareholders (the 2013 AGM) on 4 July 2013, which was within 4 months from the end of the Company's fiscal year. The Company conducted the shareholders' meeting in accordance with good governance practices.

1. The Company has appointed the Company Secretary to ensure that the 2013 AGM was called and held as required by law in accordance with guidelines for shareholders' meetings as stipulated by the SET. In the 2013 AGM, the Company arranged for legal advisor to provide legal advice and act as a moderator in the inspection and vote counting, as well as the Company's auditors to present on the agenda of the approval of the Company's financial statements.

In addition, the Company has encouraged the shareholders to send the question(s) in relation to any agenda to be considered in the 2013 AGM in advance since 26 March 2013

2. The Company assigned Thailand Securities Depository Company Limited, its securities registrar, to deliver the Invitation to the 2013 AGM, stating the place, date and time of the meeting together with the meeting's agenda and sufficient supporting documents for each agenda to shareholders, included detailed objectives and the reason for each proposed agenda, as well as the comments of the Board of Directors on each agenda. To ensure that shareholders and/or investors were able to easily access the invitation to the 2013 AGM and its supporting documents the Company has publicised the Invitation to the 2013 AGM both in Thai and English on its website one month prior to the meeting date. Then, such Invitation to the 2013 AGM, in both in Thai and English, together with the 2012/13 Annual Report (in CD-ROM format) was sent via post to shareholders 21 days in advance of the meeting date.

3. The Company encouraged shareholders to use Proxy Form B, which is the form in which each particular matter in detail is specified.

4. The Company facilitated attendance by all shareholders and proxies by (1) opening registration desk two hours prior to the meeting time; (2) providing registration officer; (3) setting up registration desk for each shareholder by type, i.e., individuals, juristic persons, and fund managers or custodians; and (4) using the Barcode system in the registration and votes counting. Furthermore, the registration remained open to shareholders during the meeting, allowing shareholders to register and attend the meeting at any time and vote on any remaining agenda.

5. Before the 2013 AGM starting, the Company Secretary introduced the meeting of the Board of Directors, executives, the Company's auditor and legal advisor who acts as a moderator. The Company Secretary also informed the meeting about the voting procedures and vote counting in the meeting and completely recorded it in the minutes of the 2013 AGM.

6. During the 2013 AGM, the Chairman of the Meeting gave floor to all attendants to express opinions or enquiries relevant to the agenda. The enquiries were answered clearly and precisely and given adequate time for debate. For the agenda on the appointment of directors, the shareholders voted for each director individually and separately. In addition, there were no hidden agenda or other agenda not stated in the Invitation to the 2013 AGM.

7. Following the meeting date, the Company completely recorded minutes of the 2013 AGM, which it can be reviewed by shareholders. The resolutions of the 2013 AGM were also clearly recorded with details of approved, disapproved, and abstention votes for all agenda which require a vote, as well as recording opinions, suggestions and answers to the material questions relating to each agenda. The Company summarised the resolutions to the SET's website within the same day as the date of the 2013 AGM. The minutes of the 2013 AGM was submitted to the SET within 14 days, as well as published on the Company's website.

Other than the 2013 AGM, there were two extraordinary general meeting of shareholders (EGM) held by the Company, of which were as follows;

- EGM No. 1/2013 held on 19 September 2013, of which the main agenda was approval of the change in the number and par value of shares of the Company; and
- EGM No. 2/2013 held on 9 December 2013, of which the main agenda was approval of the stock dividend from the allocation of profit for the operating results during the 6-month period of the fiscal year 2013/14 of the Company.

In such 2 EGMs, all shareholders were treated equally and their rights were recognised equally, similar to those of the 2013 AGM.

#### **Dividend Payment**

The 2013 AGM held on 4 July 2013 resolved to approve the allocation of profit for the results of the operation in the fiscal year ended 31 March 2013 (1 April 2012 - 31 March 2013) to pay dividends to the shareholders in the total amount of not exceeding THB 809.87mn, or equivalent to 81.48% of the net profit after the corporate income tax according to the Company's stand-alone financial statements, detailed as follows;

- The Company paid the interim dividend payment on 27 December 2012 in the amount of Baht 359.87 million or equivalent to the dividends at the rate of Baht 1.20 per share, as per the resolution of the Board of Directors' Meeting No. 9/2012 held on 29 November 2012; and
- The Company paid the remaining dividend payment in the amount of not exceeding Baht 450.00 million to the shareholders or equivalent to the dividends at the rate of Baht 1.50 per share which was paid in (a) stock dividends at the ratio of every 10 existing shares for 1 stock dividend, or equivalent to the dividends at the rate of Baht 0.10 per share; and (b) cash dividends at the rate of Baht 1.40 per share. The dividend payment date was on 17 July 2013.

In addition, the EGM No. 2/2012 held on 9 December 2013 resolved to approve the allocation of profit for the operating results during the 6-month period of the fiscal year 2013/14 of the Company to pay dividends to the shareholders in the total amount of not exceeding Baht 607.20 million or at the rate of Baht 0.184 per share. The interim dividends was paid in (a) stock dividends at the ratio of every 25 existing shares for 1 stock dividend, or equivalent to the dividends at the rate of Baht 0.004 per share; and (b) cash dividends at the rate of Baht 0.18 per share. The payment date was on 27 December 2013.

#### **Section 2: Equitable Treatment of Shareholders**

##### **Proposing Agendas and Nominating Candidates to be Elected as Director**

In advance of the Annual General Meeting of Shareholders, the Company shall allow minority shareholders to propose agenda and nominate candidates to be elected as directors. The objective is to promote the equitable treatment of shareholders. Shareholders with a combined holding of at least 5 per cent of the Company's total issued shares who have continually held such shares for at least 6 months prior to the proposal of agenda and the nomination, are entitled to propose agenda and nominate candidates to be elected as directors. The Company will publish such criteria on the Company's website as well as publish an announcement on the SET's website. The Company will give shareholders the opportunity to propose meeting agenda items and nominate candidates within the period set forth by the Company.

In addition, in order to provide clear and transparent procedures for consideration of proposal of agenda and nomination of director proposed by minority shareholders, the Board of Directors' Meeting held on 22 March 2013 resolved to approve the criteria for minority shareholders to propose agenda and nominate candidate(s) to be elected as director. These criteria were publicized together with the invitation to shareholders to propose agenda and/or nominate candidate to be elected as Director on the Company's website.

Moreover, the Company has invited the shareholders to send the question (s) in relation to any agenda to be considered in the shareholders' meeting in advance for every meeting.

For the 2014 Annual General Meeting of Shareholders, the Company has invited the shareholders to propose agenda and/or nominate a candidate to be elected as Director during the period between 27 December 2013 and 28 March 2014 through various channels such as by email of the Company Secretary at Company Secretary@vgi.co.th (for submission of document copies) and by registered mail to the Company Secretary Division (for submission of original documents). However, there were eventually no shareholders proposing any agenda and/or candidate to be elected as the Director of the Company.

### **Appointing Proxies**

To maintain the rights of those shareholders who cannot attend the meeting in person, the Company is to attach a proxy form to the invitation and clearly state the list of documents and evidence required for the appointment of a proxy. The shareholders may assign a representative or an independent director to attend the meeting and cast the vote on his/her behalf. The Company will specify in the invitation the name of at least 1 independent director, whom a shareholder can give proxy to. The Company will also disclose the invitation and proxy forms, together with details and procedures on the Company's website.

Moreover, the Company has policy to facilitate and encourage the shareholders to attend the meeting by giving the right to the shareholders to submit proxy form together with the supporting documents to appoint the Company's Independent Director in advance, not only on the meeting date. The Company also encourages the institute shareholders to attend the meeting by providing officer for collecting proxy form and supporting documents, if institute shareholders request to the Company.

### **Access to Information**

The Company favors no particular group of stakeholders, giving all equal access to its public information, through the Company's website at [www.vgi.co.th](http://www.vgi.co.th) or through Investor Relations Department at +66 (0) 2273 8611-15 ext. 1528 or 1529 or email [ir@vgi.co.th](mailto:ir@vgi.co.th).

## **Section 3: Roles of the Stakeholders**

### **Treatment of Stakeholders**

The Company is aware of the role of stakeholders and pays close attention to the significance of the rights of all groups of stakeholders, such as shareholders, employees, customers and business partners, as well as the public and the community, by ensuring that they are treated properly, equitably and honestly. The Company realizes that the good relationship with all groups of stakeholders is significant for long-term development and sustained growth of the Company and its subsidiaries. Therefore, the Company stipulates the written policy and guidelines on treatment of stakeholders as set forth in the Company's Corporate Governance Policy and Code of Conduct and distributes this to all executives and employees of the Company for their acknowledgement and compliance.

### **Treatment of Stakeholders**

#### **Shareholders**

The Company is determined to perform the job with prudence to present benefits at the suitable level to the shareholders with continuously sustainability of good operation results, while considering the risk factors at present and future. The Company shall implement for transparency on the operation and try fully in protecting the assets and maintain its reputation.

### **Customers**

The Company gives priority to its customers by determining to build satisfaction and confidence with its customers by presenting and servicing with quality and equity readying to deliver excellent service to its customers with integration. It put emphasis on attention and accountability with effects on business success. It develops the quality and format of the goods and service in response to the demand of the customers continuously and regularly. It is to maintain good relations in the long run by surveying the customer's satisfaction and listen to their comments or complaints and bring to use as guideline for improving the service and management. Moreover, it also develops personnel that provide the service to the customers by providing training and knowledge and understanding to the employees before the actual performance. It develops and increases skills to its employees continuously, so its customers can benefit from the service optimization. The Company also provides accident insurance covered all of damages arisen from the Company's inventories, whether body, life and assets, of the third person.

### **Employees**

The Company believes its employees are the main successful factor and valuable resource in business operation. It significantly gives priority to employees by providing fairness to every level of employees without discrimination and respects their right according to the basic international human rights, also the law and the rules. It also gives importance to health, occupation, hygiene, and safety in life, property and the working environment of its employees. It also fortifies good culture and working atmosphere and promotes teamwork. Moreover, the Company has presented an opportunity to create working advancement to all employees with equality and seeing importance on potential of employees. So it focuses on personnel development with training of employees continuously inside and outside the organisation, as well as organizing activities to create good relations in the organisation among the employees and between the employees and the management. In fiscal year of 2013/14, the Company has conducted employee satisfaction survey. The objective is to maintain human resource given high priority by the Company. This will result the sustainable growth of the Company. Please find more detail in the form 56-1 Section 8.5 Employees.

### **Business Partners**

The Company values our business partners as the key to our success through mutual support. We therefore treat our business partners on the basis of equalities and fair competition.

The Company places emphasis on the transparency and justification in negotiation and concluding contracts with our business partners, aiming for fair consideration for both parties. Terms and conditions of the contracts shall be complied as well as the Company's code of conducts.



### **Competitors**

The Company shall compete with our competitors within the scope of laws and code of conducts and the competition is based on the fair competition. We shall not discredit or seek for confidential information of competitors in a corrupt or unfair manner but shall professionally operate the business with integrity.

### **Creditors**

The Company places emphasis on creating trustworthiness by abiding to our integrity, and strictly conform to terms and conditions of the contracts made with the creditors. We made all principle and interest payment on accuracy, timely and complete basis. Also, we shall not use the loan proceeds in the way that contrary to its objectives nor hide any information that may be harmful to creditors.

### **Society, Community and Environment**

The Company places emphasis on sustainable business growth together with development of society, community, environment and quality of life in Thailand. With the awareness of social responsibility, the Company has implemented policy on social responsibility stems from the Company's overall operational policies, applicable to every part of the organisation. In this regard, we believe that conducting business with good governance for society would create a powerful economic driving force, offering sustainable development to society, both at community level and for the country as a whole.

The Company considers that it is our duty and responsibility to support and procure corporate social activities providing benefit to the society in various aspects. We continuously organize some corporate social activities conformed with social context, covering the activities benefit the society at the macro level, community level and operation level as the contribution to the society.

### **Policy on Business Ethics**

The Company has the policy related to business ethics, which is the policy that promotes good governance such as the policy and guidance on human rights violation, policy and guidelines on anti corruption and bribery. The policy and guidance on non-violation of intellectual property or copyright, policy and guidelines on using IT and communication, of those can be summarised as follows:

### **Human Rights Violation**

The Company treats all stakeholders with justification by adhering laws and regulations concerning employees and the international fundamental principles of human rights, regardless of the place of birth, nationality, gender, age, skin color, religious belief, disability, status, family status, educational institute, or other status irrelevant to job performance, apart from respecting individualism and human dignity.

### **Anti-Corruption and Bribery**

The Company's policy is to encourage employees to abide by the laws and be a good citizen of our social and country and to support the transparent business operation with our business partners. The objective is to improve and support the sustainable development of our society. The Company therefore established a set of policies and procedures on the giving or acceptance of presents or properties to ensure that the policies are practically adhered, as follows:

- (1) Employees shall not demand presents, properties or any benefit from contractors, dealers, sellers, joint investors, or any person related to business of the Company.
- (2) Employees shall not give or accept any presents, properties or any benefit which influences decisions except for traditional presents having an appropriate price. If there is any doubt whether such acceptance is appropriate or not, the supervisor can demand employees to return presents, properties or any benefit to the giver.

### **Intellectual Property and Copyright**

The Company emphasizes on the policy against any infringement of intellectual property and requires a strict adherence from directors, executives and employees. The Information Technology Division is responsible for the monitoring and inspection to prevent any copyright infringement of computer software.

### **Information Technology and Communications**

The Company places emphasis on the policy on the use of information technology and communications by setting an information security standard to prevent or reduce any leak of significant or confidential information, whether intentionally or unintentionally. We have established a set of guidelines and procedures on the use of Information Technology and Communications, which are based on the international standard, i.e. ISO 12207 established by Institute of Electrical and Electronics Engineers (IEEE) and Control Objectives for Information and Related Technology (COBIT) published by IT Governance Institute.

Moreover, the Information Technology Division is required to keep the employees' traffic information as required by the Computer-Related Crime Act B.E. 2550 and the Notification of the Ministry of Information and Communication Technology Re: Rules on the Record of Traffic Information by the Service Provider.

Any of the Company's confidential documents and information will only be kept in the system of the relevant division. It then limits only the relevant employees to access in.

**Filing a Complaint**

The Company has provided a channel for the stakeholders of all groups can contact or complain on the matter that may be a problem with the Board of Directors directly. They can send a complaint by the email of the Company Secretary at [companysecretary@vgi.co.th](mailto:companysecretary@vgi.co.th) or the secretary of the audit committee at [internalaudit@vgi.co.th](mailto:internalaudit@vgi.co.th) or by mail to Company Secretary Division at the address of the Company. However, the complainant can be sure that the Company shall keep his information confidential, and the Company Secretary shall gather the complaints to be presented to the board of directors later.

As the Company believes that its employees are the main successful factor and valuable resource in business operation, the Company provides a channel for its employee to file a complaint. The methods and procedures of filing a complaint, as well as the protection to employee who filing a complaint, are in written regulation and guideline of human resource management, which publicly discloses to the employees through the Company's intranet.

**Section 4: Disclosure and Transparency**

**Financial and Non-financial Disclosure**

The Board of Directors has a duty to fully, sufficiently, reliably and on a timely basis disclose financial and non-financial information to all shareholders and stakeholders to ensure equal treatment. The Company shall develop the Company's website and regularly update information to ensure its completeness, accuracy and timeliness. Such disclosure shall be compiled with care, clarity, accuracy and transparency and also conveyed in a simple and concise language.

**Investor Relations**

The Company has placed a high priority on investors' and the public's attitude towards the Company. The Company therefore established an Investor Relations (IR) Department to be responsible for communications between the Company and investors, which includes shareholders, analysts and potential investors. For more information, please refer to *Section: 4.1 Capital Markets Review*.

For enquiries by shareholders and potential investors, please contact our Investor Relations Department at Telephone: +66 (0) 2273 8636, +66 (0) 2273 8639, or Email: [ir@vgi.co.th](mailto:ir@vgi.co.th).

**Policy on Information Disclosure to the Public**

The Company has a policy to disclose significant information to the public, namely the Company's objectives, financial status and performance, shareholding structure, voting rights, list of directors, members of the sub-committees and executives including their

shareholding, material foreseeable risk factors related to the business operations and finances, corporate governance structures and policies as well as directors' responsibilities regarding the financial report and the report of the Chairman of the Audit Committee, information on the numbers of meetings each director and member of sub-committee attended in comparison with the number of meetings of the Board of Directors and sub-committee, as well as the profile of each director and executive, the criteria for determining the remuneration of the directors and executives, including the remuneration of directors individually, to report the information regarding the Company's business operations, information affecting the Company's share price, investment decision or the rights and benefits of shareholders in accordance with the notification of the SET and relevant laws and regulations. Additionally, the Company also discloses information as required by relevant regulations and law, including the financial reports and the Annual Report for investors, shareholders and potential investors to use in making investment decisions, via the SET and the Company's website.

**Section 5 : Board Responsibilities**

The Company consists of the Board of Directors and sub-committees, which are the Audit Committee, the Executive Committee and the Nomination and Remuneration Committee to review and study guidelines on supervision and management of the Company. All directors are well aware of their duties and responsibilities and nature of business. They have the independence to express their opinions on the Company's operations to ensure that the business is efficiently, accurately and transparently administered by the Management.

**Components of the Board of Directors**

As of 31 March 2014, there were 9 directors, and the number of directors is commensurate with the Company's size and the nature of its business. The Company considered the components of the Board of Directors with the aim of creating diversity in terms of knowledge, experience and gender.

Additionally, the Board of Directors appoints sub-committees to assist and monitor the management system to ensure the compliance with the Company's corporate governance policies, i.e. (1) the Audit Committee, (2) the Executive Committee and (3) the Nomination and Remuneration Committee. The details of authorities and scope of duties and responsibilities of each sub-committee are as follows:

## (1) The Audit Committee

The Audit Committee must comprise of not less than three members of the Independent Director of the Company, one of which shall be elected as Chairman of the Audit Committee. As of 31 March 2014, the Audit Committee of the Company consisted of three members as follows:

No	Name	Position	Meeting attendance in 2013/14
1.	Mrs. Jaruporn Viyanant	Chairman of the Audit Committee	7/7
2.	Mrs. Maneeporn Siriwatanawong	Member of the Audit Committee	7/7
3.	Mr. Mana Jantanayingyong	Member of the Audit Committee	7/7

Mr. Pipop Intharathat is the Secretary to the Audit Committee.

Remarks: Mrs. Jaruporn Viyanant and Mrs. Maneeporn Siriwatanawong are members of the Audit Committee, who is knowledgeable and experienced in reviewing the Company's financial statements.

### Scope of Duties and Responsibilities of the Audit Committee

- To review the Company's financial reporting process to ensure that it is accurate and adequate.
- To review the Company's internal control system and internal audit system to ensure their appropriateness and efficiency, to consider the adequacy of the budget and manpower and to review the independence of the Internal Audit Office as well as to approve the appointment, transfer and dismissal of the head of the Internal Audit Office or any other unit in charge of an internal audit.
- To review that the Company is in compliance with securities and exchange laws, the regulations of the SET and the laws relevant to the Company's businesses.
- To consider, select and nominate independent person(s) to be elected as the Company's external auditor(s) as well as to propose their remuneration, and to attend a non-management meeting with the external auditor(s) at least once a year.
- To consider the connected transactions or the transactions that may lead to conflict of interests to ensure that those transactions are in compliance with the laws and regulations of the SET, and are justifiable and for the utmost benefit of the Company.
- To prepare and disclose in the Company's Annual Report, the Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
  - An opinion on the accuracy, completeness and credibility of the Company's financial report
  - An opinion on the adequacy of the Company's internal control system
  - An opinion on the compliance with the securities and exchange laws, the regulations of the SET, Capital Market Supervisory Board or the laws relevant to the Company's businesses
  - An opinion on the suitability of the external auditor(s)
  - An opinion on the transactions that may lead to conflict of interests
  - The number of the Audit Committee's meeting, and the meeting attendance by each committee member
  - An opinion or overview comment of the Audit Committee derived from their performance of duties under the scope of the Audit Committee Charter
  - Other transactions which should be known to the shareholders and general investors, and are in the scope of duties and responsibilities assigned by the Board of Directors.
- To perform any other duties as assigned by the Board of Directors as the Audit Committee may agree.
- To consult with independent consultants as appropriate. Any relevant consulting fee should be relised as the Company's expenditures.
- To review regulations and the preceding fiscal year operational result at least once a year.

### Qualifications of the Members of the Audit Committee

All members of the Audit Committee shall possess the qualifications as the requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand. At least one (1) of member of the Audit Committee must be knowledgeable and experienced in reviewing the Company's financial statement. Each term to be member of the Audit Committee is equal to three (3) years.

## (2) The Nomination and Remuneration Committee

As of 31 March 2014, there were 5 members of the Nomination and Remuneration Committee, as follows;

No.	Name	Position	Meeting attendance in 2013/14
1.	Mrs. Jaruporn Viyanant	Chairman of the Nomination and Remuneration Committee	9/9
2.	Mrs. Maneeporn Siriwatanawong	Member of the Nomination and Remuneration Committee	9/9
3.	Mr. Mana Jantanayingyong	Member of the Nomination and Remuneration Committee	9/9
4.	Mr. Marut Arthakaivalvatee	Member of the Nomination and Remuneration Committee	9/9
5.	Mr. Chan Kin Tak	Member of the Nomination and Remuneration Committee	8/9

Mrs. Sununya Srinoikhao, Human Resources Director is the Secretary to the Nomination and Remuneration Committee.

### Scope of Duties and Responsibilities of the Nomination and Remuneration Committee

- To consider and provide opinion on the Board of Directors' structure, such as the appropriate size and composition of the Board of Directors, considering the Company's size and business strategy in comparison with the current size and composition of the Board of Directors as well as to review the independency of each of the Independent Directors, so as to adjust the Board of Directors' structure to be in line with the Company's strategy.
- To determine the criteria and process in selecting persons for the position of Directors, by considering:
  - Qualifications of the Directors which are in line with the Company's strategy, structure, size and composition of the Board of Directors as determined by the Board of Directors.
  - The appropriateness of their knowledge, experience, expertise and time availability as well as other requirements as stipulated by the laws or regulations of the government authorities.
- To select Directors who have qualifications in accordance with the specified qualifications:
  - In case where the Directors retire by rotation, to recommend the person(s) to the Board of Directors for approval and to further propose to the shareholders' meeting for consideration and approval.
  - In case of any vacancy in the Board of Directors for reasons other than the retirement by rotation, to propose the person(s) to the Board of Director(s) to replace the vacant position.
- In case of any need on the appointment of additional Director(s) to meet the Board of Directors' structure, to recommend the person(s) to the Board of Directors for approval and to further propose to the shareholders' meeting for consideration and approval.
- To consider the structure, amount, form and criteria for all types of remuneration (monetary and non-monetary) to be payable to the Chairman of the Board of Directors, Directors and members of the sub-committees, taking into account the remuneration of other companies in the same industry or with the same range of market capitalisation in order to motivate and maintain the valuable Directors with the Company, and to propose to the Board of Directors for approval and further propose to the shareholders' meeting for consideration and approval.
- To consider the performance assessment criteria of the Executive Chairman and the Chief Executive Officer and to present the result of such assessment to the Board of Directors for approval, as well as to propose the amount and form of remuneration of the Executive Chairman and the Chief Executive Officer, in correspondence with the result of the performance assessment, to the Board of Directors for consideration and approval.
- To consider the appropriateness and conditions in offering new shares, warrants, or other securities to the Directors and employees as motivation for the Directors and employees to perform their duties in order to create long-term value for the shareholders and to maintain the qualified employees with the Company, provided that the criteria shall be impartial to the shareholders.



7. To report the performance result of the Nomination and Remuneration Committee to the Board of Directors and/or the shareholders' meeting.
8. To perform any other acts related to the nomination of Directors and determination of remuneration as assigned by the Board of Directors and to perform any other acts as stipulated by the laws and regulations of the government authorities.

### (3) The Executive Committee

As of 31 March 2014, there were 8 members of the Executive Committee, as follows;

No.	Name	Position	Meeting attendance in 2013/14
1.	Mr.Kavin Kanjanapas	Chairman of Executive Committee	10/12
2.	Mr.Marut Arthakaivalvatee	Chief Executive Officer	12/12
3.	Mr.Chan Kin Tak	Chief Operation Officer	11/12
4.	Mrs.Oranuch Rujirawona	Chief Marketing Officer	10/12
5.	Mr.Chavin Kalayanamitr	Chief Technology Officer	12/12
6.	Mrs.Suparanan Tanviruch	Chief Financial Officer	10/12
7.	Ms.Penjun Tangjaruwatanachai	Chief of Legal*	12/12
8.	M.L. Kriengkrai Hastindra	Deputy Chief Marketing Officer	11/12

Miss Penjun Tangjaruwatanachai was the Secretary to the Executive Committee from 1 November 2012 to 31 December 2013 and Miss Catharin Jirarudee is the Secretary to the Executive Committee since 1 January 2014.

**Remark:** The Board of Directors' Meeting No. 2/2014 held on 21 March 2014 resolved to approve the appointment of Ms. Catharin Jirarudee, Company Secretary and Chief Legal and Compliance Officer, to be member of the Executive Committee in replace of Ms. Penjun Tangjaruwatanachai. The appointment was effective from 1 April 2014 onwards.

#### Scope of Duties and Responsibilities of the Executive Committee

1. To determine the business policy, direction, strategy, and the management structure of the Company's business operations to be suitable to economic and competitive conditions, and to propose such to the Board of Directors for approval.
2. To prepare a business plan and a budget, and to define the authority of the Company's management, and to propose such to the Board of Directors for approval.
3. To review and monitor the Company's performance to ensure compliance with approved policy and the business plan, and to ensure efficiency and effectiveness.
4. To consider and approve the entry into any agreements and/or transactions concerning the Company's normal course of business (such as sales and purchases, investments, or joint investments in the Company's normal course of business and its interests, within its scope of objectives) with a transaction value not exceeding Baht 30,000,000, or equivalent, per transaction.
5. To consider and approve the borrowing of any loans or credit facilities from financial institutions, as well as lending, pledging, mortgaging, or entering into guarantee agreements by the Company or subsidiaries with a transaction value not exceeding Baht 30,000,000, or equivalent, per transaction.
6. To consider and approve the performance and operation of the Company's projects, as approved by the Board of Directors, and to report to the Board of Directors on the progress of such projects.
7. To manage the overall risk of the organisation, to evaluate such risk, and to plan the Company's risk management structure.
8. To authorise other people to perform any act under the supervision of the Executive Committee, or to empower such people as the Executive Committee deems appropriate and for a period that the Executive Committee deems appropriate, which authorisation the Executive Committee may, at any time, cancel, revoke, alter, or amend, as deemed appropriate.
9. To consider and approve opening and closing bank accounts, as well as utilizing any services provided by commercial banks, including determining the authorized signatories for the Company's bank accounts.
10. To consider and approve any communications, proceedings, and registrations with the authorities on behalf of the Company in the Company's interests within the scope of the Company's objectives.
11. To consider and approve related transaction in which the Company and subsidiary enters into with a director, an executive, or a related party, provided that such related transaction have general trading conditions and the transaction value exceeds Baht 1,000,000 but does not exceed Baht 30,000,000 per transaction.
12. To perform other tasks, as assigned by the Board of Directors.

However, in a transaction, the delegation within the scope of duties and responsibilities of the Executive Committee and/or shall not be an authorisation or sub-authorisation that allows the Executive Committee and/or any authorised person who has a conflict of interests or a conflict of any kind with the Company or its subsidiaries to approve such a transaction. In such cases, the Executive Committee shall have no authorisation to approve such transactions, and it shall be proposed that the transactions be considered and approved by the Board of Directors and/or the Shareholders' Meeting (as the case may be), unless such transactions are in the normal course of the Company's business and are at arm's length.

### The Board of Directors' and Sub-Committee's Meetings

The Board of Directors shall hold at least 6 meetings to acknowledgement and follow up on the Company's operations. The Independent Directors have a duty to review the performance of the Board of Directors. The Audit Committee shall hold at least one meeting every quarter.

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

In addition, the non-executive directors will hold a meeting as seem appropriated which shall be at least on annually basis without the attendance from the executive directors or management in order to allow a discussion on any issues of concern.

The details of meeting attendance of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee can be seen in each part of them.

### Assessment of the performance of the Board of Directors and sub-committee

The Board of Directors conducted a self assessment on the performance of the Board of Directors on 9 May 2014, so as to review their accomplishments, problems, and other obstacles for further correction and improvement for efficient performance. The self assessment of the Board of Directors considers 6 various aspects which can be summarised as follows:

1. Structure and Characteristics of the Board of Directors
2. Roles and Responsibilities of the Board of Directors
3. Board Meetings
4. The Board's Performance of Duties
5. Relationship with Management
6. Development of Directors and Executive Development

Other than the assessment of the performance of the Board of Directors, sub-committees, namely the Audit Committee, the Nomination and Remuneration and the Executive Committee, conducted a self-assessment on the accomplishment, problems, and obstacle for further improvement on performance as well as on effectiveness. (Details of which can be seen in the Company's Form 56-1 topic "Assessment of the performance of the Board of Directors and sub-committee").

### Assessment of the performance and consideration of remuneration of the Chairman of the Executive Committee and Chief Executive Officer

The Nomination and Remuneration Committee (by the Directors having no conflict of interest) assessed the performance of the Chairman of the Executive Committee and Chief Executive Officer through the following key performance indicator;

#### Key Performance Indicator

Chairman of the Executive Committee	Shareholder's wealth To provide the Corporate Governance to the Company (Corporate Governance) To provide the Social Responsibilities to the Company (Social Responsibilities) Relationship with customers, landlords, and business alliance
Chief Executive Officer	Performance by financial aspect (Financial) Service and product recognised by the customers (Customer) Internal process improvement (Operation Excellent) People Development

On 7 May 2014, the meeting of Nomination and Remuneration Committee has assessed the performances of the Chairman of the Executive Committee and the Chief Executive Officer, which resulted in excellent performances. On 9 May 2014, this performances result, as well as an increase in salary and bonus of the Chairman of the Executive Committee and Chief Executive Officer, was presented to the Board of Directors' Meeting for consideration and approval.

## 5.3 Directors and Executives Nomination

The Nomination and Remuneration Committee shall determine the criteria and process in selecting persons for the position of Directors, by considering qualifications of the Directors which are in line with the Company's strategy, structure, size and composition of the Board of Directors as determined by the Board of Directors, and the appropriateness of their knowledge, experience, expertise and time availability as well as other requirements as stipulated by Public Company Limited Act B.E. 2535 (as amended), Securities and Exchange Act B.E. 2535 (as amended) and the relevant notifications of the Stock Exchange of Thailand and Capital Market Supervisory Board. The appointment of the Directors requires approval from the meeting of the Board of Directors (by the Directors having no conflict of interest) and/or the meeting of the shareholders (as the case maybe). In this regards, in case of the nomination of additional Director(s), the Nomination and Remuneration Committee may consider using of Professional Search Firm or Director Pool.

In case of the nomination of Independent Director, such nominated person shall possess the qualifications as specified in the Company's Definition of Independent Directors as equaled to the requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand (Please see details in *Section 5.1: Corporate Governance Structure*)

For the nomination of Director(s) to propose to the Board of Directors' meeting and to further purpose to the 2014 Annual General Meeting of Shareholders, the Nomination and Remuneration Committee (by the Directors having no conflict of interest) has considered (i) structure of the Board of Directors in order to create the diversity in the Board of Directors, (ii) appropriateness of qualifications, and (iii) capability of the director which is necessary but be lacking in the Board of Directors of the Company by making the Board Skill Matrix. In accordance with the principle of the Good Corporate Governance, the Company, during 27 December 2013 to 28 March 2014, has provided the opportunity to have the minority shareholders who are collectively holding their shares at least 5% of the Company's total issued shares and continually holding those shares for at least 6 months, propose candidates to be elected as Directors in the 2014 Annual General Meeting of Shareholders. The criteria to propose candidates by the minority shareholders to be elected as Directors were publicly disclosed in the Company's website. However, there were eventually no shareholders proposing any candidate to be elected as the Director of the Company.

Meanwhile, the members of Executive Committee are appointed from the Board of Directors and the Company's executives to lighten the load of the Board of Directors from routine jobs exceeding the authorization of Chief Executive Officer. This is for the Board of Directors can manage the job on policy and managerial governance more easily. The Executive Committee will initially consider the appointment of member(s) of the Executive Committee by considering the appropriateness of their knowledge, experience and expertise for the job position, and propose to the Board of Directors for consideration and approval.

### Remuneration for the Directors and the Executives

#### 1. Remuneration for the Directors

- Monetary remuneration

The Nomination and Remuneration Committee has considered and determined the 2013 directors' remuneration by consideration from the size of business and the scopes of duties and responsibilities of the Board of Directors in comparison with other companies with the same range of market capitalisation and listed in the Stock Exchange of Thailand. The 2013 directors' remuneration has been approved by the 2013 Annual General Meeting of Shareholders held on 4 July 2013. Details of the comparison of directors' remuneration (included the Executives who take position of Director) between Year 2013 and Year 2014 are as follows:

	Rate	
	Year 2013	Year 2012
<b>Monthly Remuneration</b>		
Chairman of the Board of Directors	THB 60,000 per month	THB 60,000 per month
Chairman of the Audit Committee	THB 50,000 per month	THB 50,000 per month
Directors	THB 30,000 per month	THB 30,000 per month
<b>Meeting allowance</b>		
The Board of Directors	None	None
The Audit Committee		
- Chairman of the Audit Committee	THB 20,000/ Attendance	THB 20,000/ Attendance
- Member of the Audit Committee	THB 20,000/ Person/Attendance	THB 20,000/ Person/Attendance
The Nomination and Remuneration Committee		
- Chairman of the Nomination and Remuneration Committee	THB 20,000/ Attendance	None
- Member of the Nomination and Remuneration Committee	THB 20,000/ Person/Attendance	None
The Executive Committee	None	None

- Bonus

The 2013 Annual General Meeting of Shareholders held on 4 July 2013 has resolved to approve the directors' bonus at the rate of 0.5% of the annual dividend of the Company paid to the shareholders from the business operation for the fiscal year ended 31 March 2013 (1 April 2012–31 March 2013), of which are the directors' bonus in the amount of not exceeding Baht 4.05 million. After the 2013 Annual General Meeting of Shareholders has approved directors' bonus, the Board of Directors' Meeting No. 4/2013 has allocated directors' bonus by equally dividing into 10 portions, 2 portions for the Chairman of the Board of Directors and 1 portion for each director.

Details of each Director's remuneration for the fiscal year of 2013/14 (1 April 2013 to 31 March 2014) are as follows:

Name	Remuneration	Meeting allowance	Bonus	Total
1. Mr. Keeree Kanjanapas	720,000	-	810,000	1,530,000
2. Mr. Kavin Kanjanapas	360,000	-	405,000	765,000
3. Mr. Kong Chi Keung	360,000	-	405,000	765,000
4. Mr. Surapong Laoha-unya	360,000	-	405,000	765,000
5. Mr. Marut Arthakaivalateee	360,000	100,000	405,000	865,000
6. Mr. Chan Kin Tak	360,000	80,000	405,000	840,000
7. Mrs. Jaruporn Viyanant	600,000	240,000	405,000	1,245,000
8. Mrs. Maneeporn Siriwatanawong	360,000	240,000	405,000	1,005,000
9. Mr. Mana Jantanayingyong	360,000	240,000	405,000	1,005,000

For the directors' Bonus for the fiscal year of 2013/14, the Board of Directors approved to propose to the 2014 Annual General Meeting of Shareholders to consider and determine the director's bonus at the rate of 0.5% of the annual dividend of the Company paid to the shareholders from the business operation for the fiscal year ended 31 March 2014 (1 April 2013–31 March 2014), of which are the directors' bonus in the amount of not exceeding Baht 5.265 million. The directors' bonus shall be allocated among the Directors at their discretion after the shareholders' meeting passes resolution approving the directors' bonus.

- Non-monetary remuneration
  - None -

## 2. Remuneration for the Executives

The Nomination and Remuneration Committee shall consider and determine the amount and form of the remuneration of the Chairman of the Executive Committee and the Chief Executive Officer by using assessment result of the performance as key performance indicators, and propose such to the Board of Directors' Meeting for approval. (Please see the details of key performance indicators of the Chairman of the Executive Committee and the Chief Executive Officer in *Section 5.2: Corporate Governance Policy*)

The Chief Executive Officer shall consider the appropriateness of the Executives' compensation individually and propose such to the Board of Directors' Meeting for approval. Details of the comparison of executives' remuneration (excluded the remuneration of Executives who take position of Director) between Year 2013/14 and 2012/13 are as follows:

	2013/14	2012/13
Number of person	9	9
Remuneration (THB mn)	65.79	56.79



## 5.4 Internal Control and Risk Management

The effective internal control system would enable the companies to be operated in the way that the Company could successfully achieve its objectives, especially in regard to (1) effectiveness and efficiency (2) credibility of the financial report and (3) compliance with laws. Consequently, the Company has continuously emphasized importance of the internal control. In the regard, the Board of Director assigned the Audit Committee to review and assess the internal control system and then propose to the Board of Directors in order to establish guidelines of corporate governance policy and effective internal control system. For the purpose of effectiveness and efficiency, the guidelines necessarily consist of Control Environment, Risk Management, Control Activities, Information & Communication and Monitoring Activities.

In the Board of Directors' Meeting No. 3/2014 held on 9 May 2014, of which there are 3 independent directors attending this meeting, the Board of Directors made an evaluation of adequacy of internal control system by inquiring information of the management, then reviewed the guidelines and provided the opinion that the internal control system is effectively adequate and appropriate for operating the Company's business, which resulted in the fact that the Company could achieve Company's objectives in the effective way. It was further considered in the Meeting that the Company has sufficient manpower to effectively implement the internal control system, the internal control system enables the Company to monitor and control an operation of the Company's subsidiaries in the way that assets of the Company and the subsidiaries can be prevented from any fraud or any misconduct as behaved without authority, including to cover transactions as entered or to be entered into with the persons having the conflict of interest and with the connected persons of the Company. Those could be summarised as follows:

### 1. Control Environment

The Organisation Chart and the good working environment are the firm basis for the efficient internal control system. In order to create an environment of the good internal control system, the Company has the organisation chart with having each line of work, a chain of command and relations among all Company's departments. In addition, the Company has continuously improved the internal control system in the light of actual business operation and supported each department to perform their functions so that they could reach their targets as approved by the Board of Directors. Their performance then has been evaluated on the quarterly basis in order to be appropriately adjusted to the Company's business goals. Moreover, the Company has prepared policies and procedures concerning approvals of transactions in relation to finance, procurement, management and the Corporate Governance Policy and Code of Conduct, employee manuals and penalties in case of violation of those requirements so that the Company could prevent corruption and use of internal information to cause conflict of interest. The Company has conveyed those to all employees for their acknowledgment and also publicly disclosed at the intranet of the Company. Furthermore, the Company has emphasized development

of capacity of the Company's employees. In order to reflect such, the Company has arranged for the training course inside the Company to the employees so as to increase the employees' capacity and knowledge. Additionally, the Company has also encouraged the management in the middle level to participate in making the Company's business plan in order to increase broader participation and stimulate job satisfaction.

### 2. Risk Management

The Company has identified, analyzed and evaluated both external and internal factors, including possible factors which would probable contribute to the corruption and impact on achievement of the Company's objectives. This would result in the fact that the Company could impose a measure to mitigate risks which would probably incur to the extent that those remain at appropriate and acceptable level for the Company. In addition, the Company at all time has followed up a change of those factors which would have possibility of affecting attainment of the Company's goal, for example, economic trend, industrial growth. The Company has also conveyed that measure to the relevant employees in all level so that they would implement those in the same direction. The Company has constantly stressed that all employees must bear responsibility for risk management. A framework of the COSO (The Committee of Sponsoring Organisation of Tradeway Commission) was applied to be used in the Company in order to evaluate and prepare plan of risk management of the Company. In this regard, the Board of Directors has assigned the Executive Committee to have the duties to manage and evaluate overall risks, throughout the Company, including establish a risk management structure of the Company. The Executive Committee already reported result of risk management for the year of 2013/14 to the Board of Directors in order to use it as one of all elements to determine the Company's business goal. Furthermore, the Company has the Internal Audit Office which has the duty to examine independently a procedure of risk management and assess an effectiveness of internal control system. In the year of 2013/14, the Company has taken many actions in order to reduce the operational risk of the Company, for instance, installing system of emergency generator in case of disconnection of electricity, installing and checking a center of backup computer systems, preparing business continuity plan.

### 3. Control Activities

The Company has written policy, procedures and operation manuals, including a measure to ensure that the policies as provided by the management has been satisfied and implemented by all personnel of the Company. Those policy, procedures, operation manuals and measure have specified a scope of authorities and responsibilities, and authorized limit of approval for each level of management which has been clearly elaborated and in writing. Those were clearly divided into (a) authority of purchase, (b) authority of recording an accounting transaction and (c) assets keeping and collection, so that the Company can cross-check and monitor in the effective way.

In addition, the Company has established code and framework in relation to entering into transactions with major shareholders, directors, executives and any persons related to those. Moreover, the Company has apparently established the policy, procedures and general framework in regard to entering into connected transactions which is in compliance with the rules of the Stock Exchange of Thailand, and of the Securities and Exchange Commission, and also specify procedures and persons who have authority to approve, one of those covers the persons concerned to take the opportunity of benefits of the Company for their own interest.

Apart from those as above-mentioned, the Company has continuously monitored and controlled the Company's subsidiaries, and has also provided a direction to be implemented by persons as appointed by the Company to act as the directors and executives of the Company's subsidiaries. Additionally, the Company has formulated a policy to cross-check and to monitor the operations of the Company and the subsidiaries to be in compliance with relevant laws.

#### 4. Information and Communication

One of all criteria in order to perform the duty with care is making a decision on the basis of qualitative and sufficient information. As a result, important and correct information must be provided to the Board of Directors, Executives, stakeholders such as the shareholders, in the time manner. In this regard, the Company has implemented as follows:

- (a) delivering an invitation to the Board of Directors' meeting together with material supporting information to the directors at least 7 days in advance.
- (b) preparing the minutes of the Board of Directors' meeting with the sufficient details and providing recording on the queries, comments, recommendation, and observation of the directors, including opinions of any directors who disagree on any matters, with relevant rationale.
- (c) disclosing important information according to the specified rules and/or that might have any effect on the price of the Company's securities
- (d) preparing management report for the Executive Committee on the monthly and quarterly basis. The monthly report includes company performance analysis compare to targets. The quarterly report additionally includes market share report and overall Thai advertising spending compares to the Company's performance.

Furthermore, the Company has Investment Relations Department to response to enquiries from investors. The Company also provides communication channels via email and post, for all stakeholders to contact or sending complaint. Those enquiries will be collected and presented to the Board of Directors.

#### 5. Monitoring Activities

The Company has followed-up the implementation of the goals as aimed and credibility inside the Company which they have been improved on the continuous and regular basis, for example, the Board of Directors set a meeting quarterly in order to consider business operation and performance in comparison to targets. In addition, the Company has also had the Internal Audit Office which has been under the Audit Committee. The Internal Audit Office has the responsibility to review and evaluate the internal control system and propose any recommendation to improve the relevant processes in order to ensure that the internal control system is fully effective and efficient. In order to maintain full independence, the Internal Audit Office has directly reported to the Audit Committee. In the event that any importance defects have been discovered, the relevant persons who are in charge must directly report to the Board of Directors or the Audit Committee in order to clarify causes and also suggest an effective solution to those problems. Furthermore, the Company has also followed up progress in correcting those defects and then reported to the Board of Directors and the Audit Committee in the timely manner as specified.

#### Opinion of the Audit Committee and the Auditor on the internal control system of the Company

The Board of Directors has evaluated the adequacy of internal control system from the assessment report of the Audit Committee in 5 components, as mentioned above. It was concluded that currently the Company has sufficient internal control system and appropriate for business operation. There were no major defect in the internal control system.

In addition, the auditor has taken the view in regard to the appropriate internal control which is consistent with the Board of Directors that there is no observation which is significant for any defect in the Company's internal control system. It consisted of a prevention of the Company's and its subsidiaries' assets against the misconduct of use of assets or the use of assets without authority, a credibility of financial report which are in line with the accounting standard as generally accepted and the standard of financial report.

### Internal Audit Office

The Internal Audit Office has responsibilities to review and evaluate data by both the financial and non-financial information on a regular basis, including to review the compliance with the internal principle. The objective is to ensure that the Company strictly abides by the regulations and the law, and to promote good corporate governance, good internal control, and achieve the operational objectives of the organisation.

The Internal Audit Office plans the internal audit annual plan and long term plan (three years plan). The audit plans are based on the assessment risks that affect Company's operations. Also, the plans will cover the Company's operation. The plans are approved by the Audit Committee. The scope of Internal Audit Office covers the test, collate and assess the sufficiency and effectiveness internal control system of the Company, including the quality of performance in the following:

- Reliability of internal control as well as compliance with standards and accounts and financial policy to provide accurate and reliable accounting and financial information. Organisation plans, procedures and standard used to protect assets to be safe from all kinds of corruption.
- Reliability of internal control management and operations are consistent with the policy, plans, and according to the requirements of the law and regulations of government and supervisory authorities. The Company's regulations are covering activities such as operation management, procurement, marketing, administration, finance, accounting and human resources.
- Reliability of internal control regarding information systems. To review the internal control structure that the computer systems department, access to information, access to program, data processing, system development, backup data, business continuity plan in case of emergency, authorities of system operation, documentation from system including storage of documentation, guideline and system flowchart.

The Internal Audit Office always reports the audit report to the Audit Committee on quarterly basis. As well as the Internal Audit Office has monitored the implementation of the recommendations regularly. The Internal Audit Office is independent from other departments in the Company. The Internal Audit Office has access to all relevant information and properties, and entitled to require information and explanation from an audited person as assigned by the Audit Committee. It is responsible for internal auditing, monitoring, controlling, examining, reviewing and evaluation of the operating results of all departments based on the roles and responsibilities assigned by the Audit Committee, including facilitating a risk self-assessment with all departments in the Company. The objective is to ensure that the internal control system is effective and efficient, the financial reporting is reliable and timely and the performance is based on the provision or rule of law, government regulations, regulatory bodies and standards, policy, plan, rules, regulations, notices of

the Company, including to prevent damage that may occur to the Company. This office is an appropriate counterbalance, cross-checking between the Company's units to ensure reasonable accountability in the Company's operations and to achieve the Company's goals.

In addition, the Internal Audit Office has concerned the development of the staffs. The department always encourages their staffs to training to both internal training and external training in order to update the knowledge, increase audit profession, and other skills which are needed to practice.

### Head of Internal Audit Office

In the Board of Directors' meeting No. 4/2012 held on 8 May 2012, the Company has established the Internal Audit Office and appointed Mr. Pipop Intaratut as the head of internal audit office of the Company, with the effective date on 8 May 2012.

The profile summary of Mr. Pipop Intaratut are as follows:- Mr. Pipop earned his Bachelor Degree of Business Administration (Accounting) and Master Degree of Business Administration (Financial) from Ramkhamhaeng University. He has 9-year internal auditing experience in the business which its nature is the same as the Company's business and enrolled in various internal audit training programs, which are the Audit Committee Program (ACP) by IOD, the Monitoring Fraud Risk Management (MFM) by IOD, the Monitoring the System of Internal Control and Risk Management (MIR) by IOD, the Monitoring the Internal Audit Function (MIA) by IOD, the Audit Project Management, Control Self-Assessment, the Tools and Techniques for the Audit Manager, the Business Continuity Management, Internal control and COSO concept, ISO/IEC 27001: 2013 Transaction Training Course FDIS Stage, Audit Change from Internal Auditor to Consultant. Furthermore, Mr. Pipop Intaratut has knowledge and well understanding in the Company's activities and operation. Therefore, the Audit Committee is of the opinion that Mr. Pipop Intaratut is suitable and adequate for this position.

Consideration and approval on the appointment, dismissal, or transfer of the Company's head of Internal Audit office must be granted from the Audit Committee.

## 5.5 Related Party Transactions

Disclosure of related part transactions in the Annual Report, the Company has been prepared in accordance with the Notification of Capital Market Supervisory Board No. TorChor 44/2556 re: Rules, Conditions and Procedures for Disclosure of Information Relating to the Financial Status and Operating Results of the Company issuing the Securities dated October 22, 2013.

### **Necessity and Rationale of the Related Party Transaction**

The related party transaction among the Company and the related persons were the outstanding transactions that occurred long time ago as per; (a) commercial agreements executed in the past; or (b) the normal characteristics of business; or (c) necessity at the time, which can be classified by category as follows:

(1) Item on concession fee: As BTSC granted the Company the right to manage advertising space and merchandising space, both in trains and on stations, as well as exterior train area, the Company has to pay BTSC concession fee to repay it for utilizing the said area according to the conditions specified in the concession agreement, which is long-term ended on 4 December 2029.

(2) General Items: e.g. providing advertising services on the BTS Skytrain system, office building space rental, hiring of investor relations service etc., of those were normal and supporting normal business transaction of the Company as necessity under general trading conditions as those an ordinary person would agree with any unrelated counterparty under the similar circumstances. The Company has the policy for related party transaction in accordance with market price machinery.

(3) Item on financial support: This transaction occurred long time ago as at the time the Company had high cash flow liquidity, while the related company needed the fund as working capital. Therefore, to generate the maximum benefits to the Company, the Company gave financial support in the form of a promissory note, which was repaid in full already. Although the Company determined the policy on lending money to the related companies clearly, the policy was determined it during the Company had the status of a limited company. At present the Company has no policy to give financial support to the related companies. In case of necessity to have financial support, the approval on this must be complied with the regulations regarding related party transaction as defined by the SEC and the SET.

The Audit Committee has considered the related party transaction between the Company and the related persons and deemed it occurred long time ago and these transaction was arisen from necessity and rationale with the maximum benefits to the Company.

### **Measures or Procedure in approving Related Party Transactions**

In the past, the Company was a limited company and was a subsidiary of BTSC and BTSG, whose shareholding directly and indirectly by more than 90 per cent. The Company then has not (1) determined policy on entering into related party transaction and; (2) had the Audit Committee to consider and review on the related party transactions.

However, after the Company determined measures or procedure in approving related party transactions, entering into related party transactions must be considered and reviewed on the appropriateness of the transactions by the Audit Committee on basis of the highest benefit to the Company. Moreover, if the Audit Committee does not possess expertise to review such transaction, the Company will involve an independent expert or the Company's auditor to provide the opinion on such transaction, so that the Audit Committee and/or the Board of Directors and/or the shareholders, as the case may be, can use such opinion to support their decision making. For approval of the related party transactions, person who may have conflict of interest should not be entitled to vote on the related party transaction. The Company will disclose related party transactions in the remarks of the financial statements as audited by the Company's auditor, the Annual Registration Statement Disclosure Form (Form 56-1) and in the Annual Report of the Company.

### **Policy of the Company on entering into Related Party Transaction**

(1) Directors and Executives of the Company and its subsidiaries shall prepare a report on conflicts of interest of their own or of their related party and inform such conflicts of interest to the Company so that the Company has sufficient information for internal use in complying with the provisions concerning related party transactions;

(2) Any entry into transactions that may lead to conflicts of interest shall be avoided;

(3) In cases that entering into related party transactions is unavoidable, such related party transactions shall be proposed to the Executive Committee, the Board of Directors or the meeting of shareholders, as the case may be, for approval except those having general trading conditions as the guidelines determined by the Board of Directors;

(4) In entering into related party transactions, the Company's internal procedure and the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand shall be complied with;

(5) The price and conditions of related party transactions shall be determined on an arm's length basis which shall be fair, reasonable and for the best interest, comparing to comparable transactions entered into with a third party;

(6) Any person who has conflicts of interest on a related party transaction shall abstain from voting to approve such transaction;

(7) In considering a related party transaction, the Company or its subsidiary may appoint an independent appraiser to assess and compare the price of such related party transaction to ensure that such related party transaction is reasonable and for the best interests of the Company.

#### **Trend of Related Party Transaction**

Although the Company has a policy of avoidance of entry into related party transactions that may lead to conflicts of interest, the Company may need to enter into related party transactions with the person(s) who may have conflict of interest continuously in the future, which is the continuity of the commercial agreement entered in the past or normal business transaction of the Company. These can be concluded as follows:

#### **(1) Item on concession fee**

This transaction has terms and conditions as well as concession fee as specified in License to Manage Marketing Services Agreement between the Company and BTSC. It is necessity towards the business of the Company. Thus, the concession fee for this right will be happened continuously.

#### **(2) General Items**

(2.1) Advertising media service: It is normal business transaction of the Company. The Company then will enter into this related party transaction with the person(s) who may have conflict of interest continuously. The service fees and conditions given to the person(s) who may have conflict of interest will be compared with those given to the third person.

(2.2) Office building space rental: Conditions and rental rate of TST Tower given by Dnal was rationale and necessity to support normal business of the Company. The Company then expects that the entry into of this related party transaction with Dnal will be continuously. However, in case there will be additional office building space rental, the Company will provide information of rental rate and significant condition and will take it into account for consideration of approval before implementation.

#### **(3) Item on financial support**

The Company sometimes has high cash flow liquidity and the company(s) who may have conflict of interest sometimes may lack of cash flow liquidity and need to use money in a short term. To generate the maximum benefits to the Company in management of excess cash flow, the Company may give financial support to the connected person(s). However, at present the Company has no policy to give financial support to the related companies. In case of necessity to have financial support, the approval on this must be complied with the regulations regarding Related Party Transaction as defined by the SEC and the SET.

Additionally, the Board of Directors shall comply with the laws on securities and exchange and the relevant regulations, notification, orders or requirements relating to the execution of connected transactions and acquisition and disposition of assets, so that making decision of the entry into the transaction will not create a conflict of interest but will have the highest benefit to all shareholders of the Company. The Company will disclose related party transactions in the Annual Registration Statement Disclosure Form (Form 56-1), in the Annual Report of the Company and in the remarks of the financial statements as audited by the Company's auditor.



Related party transactions among the Company and person who may have conflict of interest for the fiscal year ended 31 March 2013 and the fiscal year ended 31 March 2014 can be summarised in table below.

Person who may have conflict of interest / Relationship	Transactions / Descriptions	Transaction Value ended on 31 March 2013 (THB mn)	Transaction Value ended on 31 March 2014 (THB mn)	Necessity and Rationale of Transactions
BTS Group Holding Public Company Limited ("BTSG")  - BTSG is a major shareholder and a controlling juristic person of the Company  - There were 4 directors in common in BTSG and the Company, namely,  (1) Mr. Keeree Kanjanapas (2) Mr. Kavin Kanjanapas (3) Mrs. Surapong Laoha-unya (4) Mr. Kong Chi Keung	Expense for the warrant to purchase the ordinary shares of BTSG issued and offered to the employees in accordance with the BTS Group ESOP 2011 Scheme	2.00	0.69	BTSG has issued and offered the warrant to purchase the ordinary shares of BTSG ("warrant") to the employees of BTSG and its subsidiaries (BTS Group ESOP 2011 Scheme), to motivate the employees and to retain key personnel to work with the Company group in the long term. The Company allocated the warrants to the Company's employee, which was a part of the compensation to employees. Thus, the Company had to pay BTSG for the 13.61 million warrants units at the fair value of Baht 0.27 each (which was assessed by the independent experts), equivalent to Baht 3.67 million.
	Expense for hiring of investor relations service	1.75	4.20	Since (1) BTSG is listed company on the Stock Exchange of Thailand, which has investor relations department already; and (2) BTSG is the parent company resulted in the database of the Company and BTSG some parts have to be used jointly, the hiring of investor relations service from BTSG can create flexibility on working and can use the same teamwork to do road show for the two companies.
Bangkok Mass Transit System Public Company Limited ("BTSC")  - BTSC is a major shareholder and a controlling juristic person of the Company	Revenue from providing advertising media on BTS Skytrains and its stations	17.15	15.23	It was normal business transaction of the Company. The service fees charged to BTSC by the Company were at the same rate charged to other major customer.

Person who may have conflict of interest / Relationship	Transactions / Descriptions	Transaction Value ended on 31 March 2013 (THB mn)	Transaction Value ended on 31 March 2014 (THB mn)	Necessity and Rationale of Transactions
<p>Bangkok Mass Transit System Public Company Limited ("BTSC")</p> <p>- There were 3 directors in common in BTSC and the Company, namely,            (1) Mr. Keeree Kanjanapas            (2) Mr. Kavin Kanjanapas            (3) Mr. Surapong Laoha-unya</p>	Concession fee and management fee	148.11	110.55	BTSC granted the Company the right to manage advertising space, merchandising space, exterior train area and additional area. The Company then has to pay BTSC concession fee as agreed. Provided that, the rate of concession fee could be compared and be similar to the rate that same media business company paid.
<p>BTS Asset Company Limited ("BTS Assets")</p> <p>- BTS Assets is a subsidiary of BTSG, who is the major shareholder and the controlling juristic person of the Company.            - There were 2 directors in common in BTS Assets and the Company, namely,            (1) Mr. Kavin Kanjanapas            (2) Mr. Kong Chi Keung</p>	Revenue from providing static media in BTS Skytrains system in public relation of Eastin Grand Sathorn Hotel	0.82	0.00	It was normal business transaction of the Company. The service fees charged to BTS Assets by the Company were at the same rate charged to other major customer.
	Room rental fees, hotel service fees, service on shareholders' meeting fee at Eastin Grand Hotel Sathorn	2.19	5.37	It was supporting normal business transaction of the Company for having room rental, included meeting room, at Eastin Grand Hotel Sathorn, to greet the Company's customer and to be venue for the shareholders' meeting.

Person who may have conflict of interest / Relationship	Transactions / Descriptions	Transaction Value ended on 31 March 2013 (THB mn)	Transaction Value ended on 31 March 2014 (THB mn)	Necessity and Rationale of Transactions
Bangkok Smart Card Company Limited ("BSS")  - BSS is a subsidiary of BTSC, who is the major shareholder of the Company and the controlling juristic person of the Company. - There were 3 directors in common in BSS and the Company, namely, (1) Mr. Keeree Kanjanapas (2) Mr. Kavin Kanjanapas (3) Mr. Surapong Laoha-unya	Revenue from providing multimedia and static media in BTS Skytrains system in public relation of Rabbit card	10.03	15.84	It was normal business transaction of the Company. The service fees charged to BSS by the Company were at the same rate charged to other major customer.
	Expense of purchasing Rabbit card	0.10	0.00	It was supporting normal business transaction of the Company for having expense of purchasing Rabbit card, to convenient the Company's customer to watch advertise media on BTS skytrain stations.
Carrot Rewards Company Limited ("Carrot Rewards")  - Carrot Rewards is a subsidiary of BTSG, who is the major shareholder of the Company and the controlling juristic person of the Company. - There were 3 directors in common in Carrot Rewards and the Company, namely, (1) Mr. Keeree Kanjanapas (2) Mr. Kavin Kanjanapas (3) Mr. Surapong Laoha-unya	Revenue from providing multimedia and static media in BTS Skytrains system in public relation of reward program of Carrot Rewards and Rabbit card	12.94	12.23	It was normal business transaction of the Company. The service fees charged to Carrot Rewards by the Company are at the same rate charged to other major customer.

Person who may have conflict of interest / Relationship	Transactions / Descriptions	Transaction Value ended on 31 March 2013 (THB mn)	Transaction Value ended on 31 March 2014 (THB mn)	Necessity and Rationale of Transactions
Dnal Company Limited ("Dnal")  - Dnal is a subsidiary of BTSG, who is the major shareholder of the Company and the controlling juristic person of the Company. - There was a directors in common in BTSG and Dnal, namely Mr. Rangsin Kritlak.	Expense for office building space rental	19.80	21.90	It was supporting normal business transaction of the Company for having expense for office building space rental used as office and advertisement storage of the Company and its subsidiaries due to its building is near the BTS depot, which is convenient to install the equipment used in advertising on the BTS network. The term of rental agreement is 3 years, from 2013 to 2016. Each floor has a different rate, at the rate between Bath 470 to 480 per square meter per month, which was as same as charged to the third person. This rate was also similar to the rate charged by nearby office buildings, at the rate of Baht 470 to Baht 560 per square meter per month. Moreover, the Company has placed the deposit to Dnal for 3 months, which is comparable to leasing from the third parties.
	Expense for LCD in office building serviced to the Company's customer	0.00	0.29	It was normal business transaction of the Company. The service rate paid to Dnal was the same rate that the Company pays to other owner of office buildings.
Hwakay Thai (Thailand) Company Limited ("Hwakay Thai")  - Mr. Man Ka Ho Donald, who is son-in-law of Mr. Keeree Kanjanapas, Chairman of the Board of Directors, has the interest and control power more than 10 per cent in Oriental Field Ltd., which Oriental Field Ltd., is the shareholder 49 per cent in Hwakay Thai.	Room rental fees, hotel service fees and service on shareholders' meeting fee at Eastin Hotel Makkasan Bangkok	0.12	0.53	It was supporting normal business transaction of the Company for having room rental included meeting room, Eastin Hotel Makkasan Bangkok, to greet the Company's customer and to be venue for the shareholders' meeting. The Company was given credit term for payment of 30 days.

# 5.6 Profiles of Directors and Executives

Shares held by Directors and Executives including shares held by their spouse and minor child. As of 31 March 2014, the Company has 3,431,973,625 issued shares in total.

## Mr. Keeree Kanjanapas

age 64

### Title

Chairman of the Board of Directors  
(Authorized director to sign and bind the Company)

### Education

- Top Executive Program (CMA 10) Year 2010, Capital Market Academy
- Director Accreditation Program (DAP) Year 2011, Thai Institute of Directors

### No. of Shares held (%)

16,594,229 (0.48%)

### Family Relationship between Director and Executive

Father of Mr. Kavin Kanjanapas

### Date of Appointment as Director

March 30, 2012

### Working experience for the past 5 years

Position in Listed Company

2012 - Present	Chairman VGI Global Media Plc.
2010 - Present	Executive Chairman BTS Group Holdings Plc.
2006 - Present	Chairman BTS Group Holdings Plc.

Position in Other Company

2010 - Present	Chairman Bangkok Mass Transit System Plc.
1996 - Present	Executive Chairman Bangkok Mass Transit System Plc.
2010 - Present	Director Kamkoong Property Co., Ltd. Director Carrot Rewards Co., Ltd.
2009 - Present	Director Nuvo Line Agency Co., Ltd. Director BTS Land Co., Ltd. Chairman Bangkok Smartcard System Co., Ltd.
1994 - Present	Director Tanayong International Limited
1993 - Present	Director PrannaKiri Assets Co., Ltd.
1992 - Present	Director Tanayong Food and Beverage Co., Ltd.
1991 - Present	Director Thana City Golf and Sports Club Co., Ltd.
1990 - Present	Director Siam Paging and Communication Co., Ltd. Director Tanayong Property Management Co., Ltd.
1988 - Present	Director Muangthong Assets Co., Ltd.
2010 - 2012	Director Kampoo Property Co., Ltd.
2009 - 2010	Director BTS Assets Co., Ltd.
2007 - 2012	Director Kamala Beach Resort & Hotel Management Co., Ltd.
1996 - 2009	Director Yongsu Co., Ltd.
1991 - 2009	Director DNAL Co., Ltd.

## Mr. Kavin Kanjanapas

age 39

### Title

Director and Chairman of the Executive Committee  
(Authorized director to sign and bind the Company)

### Education

- Top Executive Program (CMA 16) Year 2013, Capital Market Academy
- Stonyhurst College, UK
- Director Accreditation Programme (DAP) Year 2007, Thai Institute of Directors

### No. of Shares held (%)

- None -

### Family Relationship between Director and Executive

Son of Mr. Keeree Kanjanapas

### Date of Appointment as Director

May 28, 2003

### Working experience for the past 5 years

Position in Listed Company

2012 - Present	Chairman of the Executive Committee VGI Global Media Plc.
2003 - Present	Director VGI Global Media Plc.
2010 - Present	Executive Director BTS Group Holdings Plc.
2007 - 2010	Managing Director BTS Group Holdings Plc.

Position in Other Company

2014 - Present	Director Mak8 Co., Ltd.
2013 - Present	Director Man Kitchen Co., Ltd.
2010 - Present	Director Tanayong Hong Kong Limited Director 999 Media Co., Ltd. Director 888 Media Co., Ltd. Director Carrot Rewards Co., Ltd. Director Absolute Hotel Services Hong Kong Limited Director BTS Land Co., Ltd. Executive Chairman BTS Assets Co., Ltd. Director Kamkoong Property Co., Ltd. Director VGI Advertising China Limited
2009 - Present	Director Bangkok Mass Transit System Plc. Director Point of View (POV) Media Group Co., Ltd. Director Nuvo Line Agency Co., Ltd. Director Bangkok Smartcard System Co., Ltd. Director VGI Advertising Media Co., Ltd.
2008 - Present	Director Thana City Golf and Sports Club Co., Ltd. Director Tanayong Property Management Co., Ltd. Director Muangthong Assets Co., Ltd. Director PrannaKiri Assets Co., Ltd. Director Siam Paging And Communication Co., Ltd. Director Tanayong Food and Beverage Co., Ltd. Director Absolute Hotel Services Co., Ltd.
2009 - 2014	Director VGI Multi-Tech International Co., Ltd. (Currently known as Midas Global Media Co., Ltd.)
2010 - 2012	Director Kampoo Property Co., Ltd.
2008 - 2009	Director DNAL Co., Ltd. Director Yongsu Co., Ltd.
2007 - 2012	Director Kamala Beach Resort & Hotel Management Co., Ltd.



## Mr. Surapong Laoha-Unya

age 52

### Title

Director

(Authorized director to sign and bind the Company)

### Education

- Master Degree of Engineering, Civil Engineering Chulalongkorn University
- Bachelor Degree of Engineering (Civil Engineering), Kasetsart University
- Director Accreditation Program (DAP) Year 2010, Thai Institute of Directors
- The Senior Executive Bangkok Management Program Year 2013, Urban Green Development Institute

### No. of Shares held (%)

168,220 (0.004%)

### Family Relationship between Director and Executive

- None -

### Date of Appointment as Director

November 10, 2006

### Working experience for the past 5 years

Position in Listed Company

2006 - Present	Director VGI Global Media Plc.
2010 - Present	Executive Director BTS Group Holdings Plc.

Position in Other Company

2014 - Present	Director Bangkok Payment Solutions Co., Ltd.
2010 - Present	Director Carrot Rewards Co., Ltd. Director Kamkoong Property Co., Ltd.
2009 - Present	Director Nuvo Line Agency Co., Ltd. Director BTS Land Co., Ltd. Director Bangkok Smartcard System Co., Ltd..
2006 - Present	Director, Chief Operating Officer Bangkok Mass Transit System Plc.
2010 - 2012	Director Kampoo Property Co., Ltd.
2009 - 2010	Director BTS Assets Co., Ltd.

## Mr. Kong Chi Keung

age 39

### Title

Director

(Authorized director to sign and bind the Company)

### Education

- Master Degree of Business Administration (Executive), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor Degree of Business Administrative (Honorary Degree), University of Greenwich, UK
- Director Accreditation Program (DAP) Year 2007, Thai Institute of Directors

### No. of Shares held (%)

96,948 (0.003%)

### Family Relationship between Director and Executive

- None -

### Date of Appointment as Director

June 15, 2000

### Working experience for the past 5 years

Position in Listed Company

2000 - Present	Director VGI Global Media Plc.
2010 - Present	Executive Director BTS Group Holdings Plc.
2008 - 2010	Deputy Managing Director BTS Group Holdings Plc.
2007 - 2008	Director BTS Group Holdings Plc.

Position in Other Company

2012 - Present	Chief Financial Officer Bangkok Mass Transit System Plc.
2010 - 2013	Director Bangkok Mass Transit System Plc.
2010 - Present	Director Tanayong Hong Kong Limited Director VGI Advertising China Limited Director BTS Assets Co., Ltd.
2008 - Present	Director Absolute Hotel Services Co., Ltd.

## Mr. Marut Arthakaivalvatee

age 58

### Title

Director / Member of the Nomination and Remuneration Committee / Member of Executive Committee / Chief Executive Officer  
(Authorized director to sign and bind the Company)

### Education

- Master Degree of Business Administration, Chulalongkorn University
- Bachelor Degree of Communication Arts, Chulalongkorn University
- Director Accreditation Program (DAP) Year 2007, Thai Institute of Directors

### No. of Shares held (%)

122,044 (0.004%)

### Family Relationship between Director and Executive

- None -

### Date of Appointment as Director

November 15, 2007

### Working experience for the past 5 years

Position in Listed Company

1999 - Present	Director / Member of the Nomination and Remuneration Committee / Member of the Executive Committee / Chief Executive Officer VGI Global Media Plc.
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Position in Other Company

2010 - Present	Director 999 Media Co., Ltd. Director 888 Media Co., Ltd. Director VGI Advertising China Co., Ltd. Director Point of View (POV) Media Group Co., Ltd.
2007 - Present	Director VGI Advertising Media Co., Ltd Director VGI Multi-Tech International Co., Ltd. (Currently known as Midas Global Media Co., Ltd.)

## Mr.Chan Kin Tak

age 48

### Title

Director / Member of the Nomination and Remuneration Committee /  
Member of the Executive Committee / Chief Operating Officer  
(Authorized director to sign and bind the Company)

### Education

- St. Louis Old Boy College
- Director Accreditation Program (DAP) Year 2007, Thai Institute of Directors
- Director Certification Program (DCP) Year 2013, Thai Institute of Directors

### No. of Shares held (%)

- None -

### Family Relationship between Director and Executive

- None -

### Date of Appointment as Director

November 15, 2007

### Working experience for the past 5 years

Position of Listed Company

2003 - Present	Director / Member of the Nomination and Remuneration Committee / Member of the Executive Committee / Chief Operating Officer VGI Global Media Pcl.
Position in Other Company	
2010 - Present	Director 999 Media Co., Ltd. Director 888 Media Co., Ltd. Director VGI Advertising China Co., Ltd.
2009 - present	Director Point of View (POV) Media Group Co., Ltd.
2007 - present	Director VGI Advertising Media Co., Ltd. Director VGI Multi-Tech International Co.,Ltd. (Currently, known as Midas Global Media Co., Ltd.)

## Assoc. Prof. Jaruporn Viyanant

age 70

### Title

Independent Director / Chairman of the Audit Committee  
/ Chairman of the Nomination and Remuneration Committee

### Education

- Master Degree of Financial Economics, Middle Tennessee State University, USA
- Bachelor Degree of Accounting, Thammasat University
- Top Executive Program (CMA 10)Year 2010, Capital Market Academy
- Advanced Certificate Course, King Prajadhipok's Institute
- Monitoring Fraud Risk Management (MFM) Year 2011, Thai Institute of Directors
- Monitoring the System of Internal Control and Risk Management (MIR) Year 2011, Thai Institute of Directors
- Monitoring the Internal Audit Function (MIA) Year 2010, Thai Institute of Directors
- Role of the Compensation Committee (RCC) Year 2010, Thai Institute of Directors
- Improving the Quality of Financial Reporting (QFR) Year 2010, Thai Institute of Directors

- Director Certification Program (DCP) Year 2009, Thai Institute of Directors
- Audit Committee Program (ACP) Year 2009, Thai Institute of Directors

### No. of Shares held (%)

- None -

### Family Relationship between Director and Executive

- None -

### Date of Appointment as Director

March 30, 2012

### Working experience for the past 5 years

Position of Listed Company

2012 - Present	Independent Director / Chairman of the Audit Committee/ Chairman of the Nomination and Remuneration Committee VGI Global Media Pcl.
----------------	--

Position of Other Company

2011 - Present	Financial Institution Policy Committee Bank of Thailand Director Electronic Government Agency (EGA)
2009 - Present	Expert Director Federation of Thai Insurance
2011 - 2012	Director Anti-Money Laundering Office (resigned)
2009 - 2011	Director The Stock Exchange of Thailand
1973 - 2009	Permanent Professional Thammasat University

## Mrs. Maneeporn Siriwatanawong

age 65

### Title

Independent Director / Member of the Audit Committee / Member of the  
Nomination and Remuneration Committee

### Education

- Bachelor Degree of Accounting, Thammasat University
- Director Accreditation Program (DAP)Year 2007, Thai Institute of Directors

### No. of Shares held (%)

- None -

### Family Relationship between Director and Executive

- None -

### Date of Appointment as Director

March 30, 2012

### Working experience for the past 5 years

Position in Listed Company

2012 - Present	Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee VGI Global Media Pcl.
----------------	--

Position in Other Company

2010 - Present	Consultant Singhapattana Chiang Mai Co.,Ltd. Consultant Chiang Mai Pattana Group Co., Ltd.
1979 - 2009	Head of Auditor Officer The Revenue Department
1973 - 1979	Auditor Officer Bank of Ayudhya Public Company Limited

### Mr. Mana Jantanayingyong

age 54

#### Title

Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee

#### Education

- Bachelor Degree of Marketing, The Institute of Technology and Vocational Education
- Director Accreditation Program (DAP) Year 2007, Thai Institute of Directors

#### No. of Shares held (%)

- None -

#### Family Relationship between Director and Executive

- None -

#### Date of Appointment as Director

March 30, 2012

#### Working experience for the past 5 years

Position in Listed Company

2012 - Present	Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee VGI Global Media Pcl.
2005 - 2007	Chief Executive Officer Group M

### Mrs. Oranuch Rujirawona

age 53

#### Title

Member of the Executive Committee / Chief Sales and Marketing Officer

#### Education

- Bachelor Degree of Business Administration, Bangkok University

#### No. of Shares held (%)

228,800 (0.007%)

#### Family Relationship between Director and Executive

- None -

#### Working experience for the past 5 years

1999 - Present	Member of the Executive Committee / Chief Sales and Marketing Officer VGI Global Media Pcl.
----------------	--

### Mr. Chavin Kalayanamitr

age 51

#### Title

Member of the Executive Committee / Chief Technology Officer

#### Education

- Master Degree of Business Administration, University of Phoenix, USA
- Bachelor Degree of Engineering, California State Polytechnic University Pomona, USA
- Director Certification Program (DCP) Year 2011, Thai Institute of Directors

#### No. of Shares held (%)

328,888 (0.010%)

#### Family Relationship between Director and Executive

- None -

#### Working experience for the past 5 years

2014 - Present	Director Master Ad Pcl.
2000 - Present	Member of the Executive Committee / Chief Technology Officer VGI Global Media Pcl.

### Mrs. Suparanan Tanviruch

age 48

#### Title

Member of the Executive Committee / Chief Financial Officer

#### Education

- Master Degree of Accounting, Thammasat University
- Bachelor of Accounting, Thammasat University

#### No. of Shares held (%)

- None -

#### Family Relationship between Director and Executive

- None -

#### Working experience for the past 5 years

2008 - Present	Member of the Executive Committee / Chief Financial Officer VGI Global Media Pcl.
2000 - 2008	Chief Financial Officer ITV Public Company Limited

### Ms. Penjun Tangjaruwatanachai

age 44

#### Title

Chief of Legal (Operation)

#### Education

- Bachelor Degree of Law, Thammasat University
- Postgraduate Diploma in Management Studies and Business English, The University of Kent at Canterbury, UK
- Director Certification Program (DCP) Year 2011, Thai Institute of Directors

#### No. of Shares held (%)

- None -

#### Family Relationship between Director and Executive

- None -

#### Working experience for the past 5 years

2014 - Present	Chief of Legal (Operation) VGI Global Media Pcl.
1999 - 2014	Member of the Executive Committee / Chief of Legal VGI Global Media Pcl.
2012 - 2013	Company Secretary VGI Global Media Pcl.

### Ms. Catharin Jirarudee

age 40

#### Title

Member of the Executive Committee / Chief Legal and Compliance Officer /  
Company Secretary

#### Education

- Bachelor Degree of Law, 2nd Class Honours, Chulalongkorn University
- Thai Barrister at Laws, Thai Bar Association
- Master of Laws with Merit (International Business Law), University of Manchester, UK
- Company Secretary Program

#### No. of Shares held (%)

- None -

#### Family Relationship between Director and Executive

- None -

#### Working experience for the past 5 years

2014 - Present	Member of the Executive Committee / Chief Legal and Compliance Officer / Company Secretary VGI Global Media Pcl.
2008 - 2013	Legal Advisor (Freelance)
2005 - 2008	Senior Associate White & Case (Thailand) Ltd.
2004 - 2005	Legal Management Executive, CPB Equity Ltd, Asset Management Company Of the Crown Property Bureau
1998 - 2004	Associate Linklaters & Alliacne (Thailand)

### Mr. Kriengkrai Hastindra

age 69

#### Title

Member of the Executive Committee / Deputy Chief Sales and  
Marketing Officer

#### Education

- Rajamangala University of Technology Krungthep

#### No. of Shares held (%)

- None -

#### Family Relationship between Director and Executive

- None -

#### Working experience for the past 5 years

2007 - Present	Member of the Executive Committee/ Deputy Chief Sales and Marketing Officer VGI Global Media Pcl.
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### Ms. Daranee Phanklin

age 49

#### Title

Financial Controller

#### Education

- Master Degree of Business Administration, Dhurakij Pundit University
- Bachelor Degree of Accounting, Dhurakij Pundit University

#### No. of Shares held (%)

- None -

#### Family Relationship between Director and Executive

- None -

#### Working experience for the past 5 years

2014 - Present	Director Master Ad Pcl.
2008 - Present	Financial Controller VGI Global Media Pcl.
2000 - 2008	Financial Manager VGI Global Media Pcl.

### Mrs. Pitchapaksorn Jit-Opas

age 46

#### Title

Billing and Accounting Director

#### Education

- Master Degree of Accounting, Rammkhamhaeng University
- Bachelor Degree of Accounting, Rammkhamhaeng University

#### No. of Shares held (%)

- None -

#### Family Relationship between Director and Executive

- None -

#### Working experience for the past 5 years

2014 - Present	Financial and Accounting Director VGI Multi-Tech International Co., Ltd. (Currently known as Midas Global Media Co., Ltd.)
2008 - Present	Billing and Accounting Director VGI Global Media Pcl.
2000 - 2008	Accounting Manager VGI Global Media Pcl.

## 5.7 Positions of the Directors and the Executives in the Company, Subsidiaries, Associates and Related Companies

Company	Directors and Executives																
	Mr. Keeree Kanjanapas	Mr. Kavin Kanjanapas	Mr. Surapong Lacha-Unya	Mr. Kong Chi Keung	Mr. Marut Arthakaivavee	Mr. Chan Kin Tak	Mrs. Jaruporn Viyanant	Mrs. Maneeporn Sriwatanawong	Mr. Mana Jantanayngyong	Mrs. Oranuch Rujirawona	Mr. Chavin Kalayanamitr	Mrs. Suparanan Tanviruch	Miss Penjun Tangjaruwatanachai	Miss Catharin Jirarudee	M.L. Kriengkrai Hastindra	Mrs. Pitchapaksorn Jit-Opas	Miss Daranee Phanklin
VGI Global Media Plc.	A,D	B,D,G	D	D	C,D,G	C,D,G	D,E,F	D,E,F	D,E,F	C,G	C,G	C,G	C,G	C,G	C	G	G
<b>Subsidiaries</b>																	
1.VGI Advertising Media Co., Ltd.		D			D	D											
2.999 Media Co., Ltd.		D			D	D											
3.888 Media Co., Ltd.		D			D	D											
4.Point of View (POV) Media Group Co., Ltd.		D			D	D											
5.VGI Advertising China Company Limited		D		D	D	D											
<b>Associated Companies</b>																	
1. VGI Multi-Tech International Co.,Ltd.*					D	D										G	
<b>Related Companies</b>																	
1. BTS Group Holdings Plc.	A,B,D	C,D	C,D	C,D													
2. Bangkok Mass Transit System Plc.	A,B,D	D	D	G													
3. Siam Paging and Communication Co., Ltd.	D	D															
4. PrannaKiri Assets Co., Ltd.	D	D															
5. BTS Land Co., Ltd.	D	D	D														
6. BTS Assets Co., Ltd.		B,D		D													
7. Kamkoong Property Co., Ltd.	D	D	D														
8. Muangthong Assets Co., Ltd.	D	D															
9. Tanayong Food and Beverage Co., Ltd.	D	D															
10. Tanayong Property Management Co., Ltd.	D	D															
11. Nuvo Line Agency Co., Ltd.	D	D	D														
12. Thana City Golf & Sports Club Co., Ltd.	D	D															
13. Tanayong International Limited	D																
14. Tanayong Hong Kong Limited		D		D													
15. Bangkok Smartcard System Co., Ltd.	A,D	D	D														
16. Carrot Rewards Co., Ltd.	D	D	D														
17. Absolute Hotel Services Co., Ltd.		D		D													
18. Absolute Hotel Services Hong Kong Limited		D															
19. Mak8 Co., Ltd.		D															
20. Man Kitchen Co., Ltd		D															

**Remark**

\*On 4 April 2014, VGI Multi-Tech International Co., Ltd. changed its name to Midas Global Media Co., Ltd.  
 \*\*On April 30,2014, BTS Group Holdings Plc., our Parent Company, established new subsidiary, namely Bangkok Payment Solution Co.,Ltd., Mr. Surapong Lacha-Unya and Mr. Kong Chi Keung hold the position of Director in this Company.  
 \*\*\* On 12 May 2014, the Company acquired 73,500,000 shares in Master Ad Public Company Limited or representing 24.43% of the total issued shares of MACO. Consequently MACO became to the Company's associated company. Mr. Chavin Kalayanamitr and Miss Daranee Phanklin hold the position of Director in this associated company.

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



# 6.0 Financial Report



## 6.1 Director's Responsibility Report

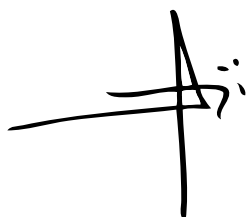
The Board of Directors of VGI Global Media Public Company Limited is responsible for the financial statements of the Company and its subsidiaries provided in this Annual Report, which have been prepared in accordance with generally accepted accounting standards (GAAP) in Thailand under the Accounting Profession Act B.E. 2547, and the presented in compliance with stipulations under Notification of Department of Business Development dated 28 September 2011 by virtue of Accounting Act B.E. 2543. In this regard, the Board is aware of the accounting policies and believes that these are appropriate and have been consistently applied. The notes to the financial statements disclose details of useful and material financial information supported by reasonable and prudent judgments and estimations where necessary. The Company's external auditor has audited the financial statements and expressed an unqualified opinion in the auditor's report.

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

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

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

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



**Mr. Kavin Kanjanapas**

Chairman of Executive Committee



**Mr. Marut Arthakaivalvatee**

Member of Executive Committee and  
Chief Executive Officer

# 6.2 Audit Committee Report

## The Audit Committee

The Audit Committee of VGI Global Media PLC. ("the Company") consists of 3 Independent Directors, namely Mrs. Jaruporn Viyanant as the Chairman of the Audit Committee, Mrs. Maneeporn Siriwatanawong and Mr. Mana Jantanayingyong as the Members of the Audit Committee and Mr. Pipop Intaratut as the Secretary to the Audit Committee.

## Audit Committee's Duties and Responsibilities

The Audit Committee has the duties and core responsibilities as assigned by the Board of Directors in accordance with its Charter as follows:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, consider the adequacy of the budget and manpower and consider the independency of the internal audit unit including approve the appointment, transference or dismissal of the chief of the internal audit unit or any other unit in charge of the internal audit;
3. To ensure that the Company complies with the regulation of the Securities & Exchange commission, the Stock Exchange of Thailand as well as other applicable laws such as the Public Companies Act;
4. To consider, select and nominate an independent person to act as the Company's auditor, and to propose such person's remuneration to the Board of Directors, as well as to attend a meeting with the auditor without the attendance of any Company management at least once a year;
5. To consider the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the regulation of the Securities & Exchange commission, the Stock Exchange of Thailand as well as other applicable laws such as the Public Companies Act, and ensure that such transactions are reasonable and for the utmost benefit of the Company
6. To prepare, and to disclose in the Company's annual report, the Audit Committee Report which must be signed by the Chairman of the Audit Committee and contain the requisite information;
7. To perform any other act as assigned by the Board of Directors, with the prior consent of the Audit committee;
8. To consult with independent consultants as appropriate. Any associated consulting fees should be realized as company expenditure;
9. To review regulations and the preceding fiscal year's operational result at least once a year.

## Audit Committee's Performance during the year

In 2013/2014, the Audit Committee has performed its duties as follows;

1. Reviewed the Company's financial reports, including quarterly and annual financial statements with regards to their accuracy and adequacy of disclosure. The Audit Committee has had meetings with the Company's auditor and found no reason to believe that such financial reports were not prepared in accordance with Generally Accepted Accounting Principles.
2. Reviewed and ensured the Company has an appropriate and efficient internal control and internal audit system, considered the adequacy of the budget, manpower and considered the independence of the internal audit department. Also the audit committee has monitored the approval, promotion, transfer, and layoff of chief of internal audit and any other functions which work under the internal audit department. The internal audit department is under the Audit Committee and is tasked with evaluating the appropriateness and effectiveness of the internal control system by considering business operation, prevention and control of loss, authority to make financial decisions ensuring the compliance with applicable laws, ensuring internal control system that the company has an appropriate and adequate internal control system in each of the Company's activities to achieve the purpose and goals of the Company and to manage the Company's business.
3. Reviewed the Company's operations to be in compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange and all applicable laws relating to the Company's business. Has conducted meetings with the management and head of related departments to ensure the Company had good and efficient operations and management processes in accordance with the principle of good corporate governance. In addition, the Audit Committee has reviewed the practices of Corporate Governance according to the principles of Corporate Governance of Thailand Listed Companies. The management always considers social and environmental responsibility, so that the Company can comply with the international principles
4. Considered, selected and nominated independent persons to act as the Company's auditor by proposing to the Board of Directors to appoint Mr. Narong Puntawong, Certified Public Accountant (Thailand) No.3315, and/or Mr. Supachai Phanyawattano, Certified Public Accountant (Thailand) No.3930, and/or Mrs. Chonlaros Suntiasvaraporn, Certified Public Accountant (Thailand) No.4523 from Ernst & Young Office Limited (The company has been known by EY Office Company Limited since February 12th 2014)

to act as the auditor for the Company and its subsidiaries with the exception of VGI Advertising China Company Limited which is domiciled in China and has appointed BDO China Shu Pan CPAs Limited as an auditor. Such appointment and fee for fiscal year 2013/2014 were approved by the Board of Directors and are to be proposed to the General Meeting of Shareholders of the Company.


5. Considered and reviewed the connected transactions or the transactions that may lead to conflicts of interest between the Company with related person or related companies and whether the transactions are appropriate and benefit the company and have been transacted on an arm's length basis.
6. Prepared this Audit Committee Report and disclosed the Report signed by the Chairman of the Audit Committee in the Annual Report 2013/2014.
7. Considered, reviewed and evaluated the Company's risk management process as well as gave advice, suggestion and supported the performance of the Board of Directors and executive management in relation to its risk management policy.
8. From 1 April 2013 to 31 March 2014, the Audit Committee conducted seven meetings by which each member has attended the meetings as follows

No.	Names	Position	Times attended / Total number of meetings
1.	Assoc. Prof. Jaruporn Viyanant	Chairman of the Audit Committee	7/7
2.	Mrs. Maneeporn Siriwatanawong	Member of the Audit Committee	7/7
3.	Mr. Mana Jantanayingyong	Member of the Audit Committee	7/7

The executive management, company's auditors and internal auditors have provided opinions on relevant agenda for each meeting, and the Audit Committee has participated in one meeting with the company's auditor without any executive management present.

### Overall Audit Committee's Opinions

In the fiscal year 2013/2014, the Audit Committee is of the opinion that it performs its duties under the Audit Committee Charter, which in turn follow the Stock Exchange of Thailand's regulations. In this regard with full cooperation and support of all parties, the Audit Committee has efficiently performed its functions within a responsible and satisfactory manner. The Audit Committee has reviewed the Company's financial reporting and found that it is accurate, adequate, and complied with the General Accepted Accounting Principles. The Internal Control and Internal Audit systems are suitable and efficient enough for achieving the Company's target, in line with the principles of good corporate governance and in compliance with the Public Companies Act, the Securities and Exchange Act, as well as all relevant laws and regulations that relate to the Company's operation. In addition, the Audit Committee has reviewed the practices of Corporate Governance according to the principles of Corporate Governance of Thailand Listed Companies. The management always gives due consideration to social and environmental responsibility, so that the Company can comply with the international principles.



Assoc. Prof. Jaruporn Viyanant  
Chairman of the Audit Committee

## 6.3 Independent Auditor's Report

### To the Shareholders of VGI Global Media Public Company Limited

I have audited the accompanying consolidated financial statements of VGI Global Media Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 March 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of VGI Global Media Public Company Limited for the same period.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VGI Global Media Public Company Limited and its subsidiaries and of VGI Global Media Public Company Limited as at 31 March 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### Other matter

The financial statements of VGI Global Media Public Company Limited and its subsidiaries for the year ended 31 March 2013 were audited by another auditor of our office who, under her report dated 15 May 2013, expressed an unqualified opinion on those financial statements.



Supachai Phanyawattano  
Certified Public Accountant (Thailand) No. 3930

EY Office Limited  
(Formerly known as Ernst & Young Office Limited)  
Bangkok: 9 May 2014



# 6.4 Financial Statements

## VGI Global Media Public Company Limited and its subsidiaries

### Statement of financial position

As at 31 March 2014

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 March 2014	31 March 2013 (Restated)	1 April 2012	31 March 2014	31 March 2013 (Restated)	1 April 2012
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	7	503,456,825	1,253,816,095	381,252,573	379,306,354	1,133,876,525	222,163,825
Current investments	8	505,806,554	-	-	505,806,554	-	-
Trade and other receivables	9	606,992,868	673,423,619	484,264,197	486,699,065	522,144,076	305,801,332
Short-term loans to subsidiaries	6	-	-	-	97,000,000	86,000,000	130,000,000
Prepaid expenses		4,032,575	53,928,834	63,218,855	2,959,255	3,795,901	6,756,342
Other current assets		9,870,935	13,890,888	31,641,085	5,658,781	5,971,082	26,995,327
<b>Total current assets</b>		<b>1,630,159,757</b>	<b>1,995,059,436</b>	<b>960,376,710</b>	<b>1,477,430,009</b>	<b>1,751,787,584</b>	<b>691,716,826</b>
<b>Non-current assets</b>							
Investments in subsidiaries	10	-	-	-	139,202,587	227,698,572	225,442,572
Investment in a joint venture	11	44,517,103	-	-	45,000,000	-	-
Equipment	12	922,686,714	473,444,807	227,858,759	908,663,249	445,586,000	166,206,140
Goodwill		78,656,476	78,656,476	78,656,476	-	-	-
Intangible assets - computer software	13	23,895,587	13,130,568	8,810,281	23,492,613	12,524,382	7,868,509
Deferred tax assets	20	16,730,991	6,289,647	5,803,204	15,942,438	5,883,124	4,773,165
Other non-current assets		24,204,364	12,710,769	38,190,181	22,745,737	9,764,392	7,218,634
<b>Total non-current assets</b>		<b>1,110,691,235</b>	<b>584,232,267</b>	<b>359,318,901</b>	<b>1,155,046,624</b>	<b>701,456,470</b>	<b>411,509,020</b>
<b>Total assets</b>		<b>2,740,850,992</b>	<b>2,579,291,703</b>	<b>1,319,695,611</b>	<b>2,632,476,633</b>	<b>2,453,244,054</b>	<b>1,103,225,846</b>

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

VGI Global Media Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2014

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 March 2014	31 March 2013 (Restated)	1 April 2012	31 March 2014	31 March 2013 (Restated)	1 April 2012
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Trade and other payables	14	150,758,972	177,877,001	468,517,698	126,754,065	111,190,542	450,200,563
Accrued expenses		363,417,604	296,035,571	340,177,304	332,458,241	250,693,444	259,673,062
Income tax payable		89,620,887	108,326,733	55,627,288	84,427,149	94,232,076	35,499,565
Unearned revenues		50,869,551	47,429,262	64,730,952	42,444,601	35,015,591	39,519,223
Deposits received from renting spaces		54,719,846	47,100,000	34,874,400	54,719,846	47,100,000	34,874,400
Other current liabilities		52,327,081	60,077,730	40,985,399	40,492,197	44,000,695	26,803,477
<b>Total current liabilities</b>		<b>761,713,941</b>	<b>736,846,297</b>	<b>1,004,913,041</b>	<b>681,296,099</b>	<b>582,232,348</b>	<b>846,570,290</b>
<b>Non-current liability</b>							
Provision for long-term employee benefits	15	25,867,947	21,553,690	15,835,519	23,747,842	19,768,454	14,393,202
<b>Total non-current liability</b>		<b>25,867,947</b>	<b>21,553,690</b>	<b>15,835,519</b>	<b>23,747,842</b>	<b>19,768,454</b>	<b>14,393,202</b>
<b>Total liabilities</b>		<b>787,581,888</b>	<b>758,399,987</b>	<b>1,020,748,560</b>	<b>705,043,941</b>	<b>602,000,802</b>	<b>860,963,492</b>
<b>Shareholders' equity</b>							
Share capital	16						
Registered							
3,431,988,799 ordinary shares of Baht 0.1 each (31 March 2013: 400,000,000 ordinary shares of Baht 1 each) (1 April 2012: 10,000,000 ordinary shares of Baht 10 each)		343,198,880	400,000,000	100,000,000	343,198,880	400,000,000	100,000,000
Issued and fully paid-up							
3,431,973,625 ordinary shares of Baht 0.1 each (31 March 2013: 300,000,000 ordinary shares of Baht 1 each) (1 April 2012: 10,000,000 ordinary shares of Baht 10 each)		343,197,363	300,000,000	100,000,000	343,197,363	300,000,000	100,000,000
Share premium		862,536,543	862,536,543	-	862,536,543	862,536,543	-
Retained earnings							
Appropriated - statutory reserve	17	40,000,000	40,000,000	10,000,000	40,000,000	40,000,000	10,000,000
Unappropriated		708,861,250	583,126,251	153,240,441	683,331,081	613,197,137	96,752,782
Surplus (deficit) on business combination							
under common control	10	(1,632,295)	35,509,572	35,509,572	(1,632,295)	35,509,572	35,509,572
Other component of shareholders' equity		306,243	(280,650)	197,038	-	-	-
<b>Total shareholders' equity</b>		<b>1,953,269,104</b>	<b>1,820,891,716</b>	<b>298,947,051</b>	<b>1,927,432,692</b>	<b>1,851,243,252</b>	<b>242,262,354</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,740,850,992</b>	<b>2,579,291,703</b>	<b>1,319,695,611</b>	<b>2,632,476,633</b>	<b>2,453,244,054</b>	<b>1,103,225,846</b>

## Statement of comprehensive income

For the year ended 31 March 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
<b>Profit or loss:</b>					
<b>Revenues</b>					
Service income	18	3,149,038,721	2,837,810,453	2,410,770,685	2,066,526,681
Dividend income	6, 10	-	-	184,517,687	220,796,591
Other income		46,601,111	34,033,403	44,421,373	36,658,226
<b>Total revenues</b>		<b>3,195,639,832</b>	<b>2,871,843,856</b>	<b>2,639,709,745</b>	<b>2,323,981,498</b>
<b>Expenses</b>					
Costs of services		1,341,934,057	1,289,352,543	855,379,866	782,381,540
Selling expenses		69,123,535	74,732,341	66,521,667	70,580,999
Administrative expenses		356,737,890	315,572,446	306,988,266	249,082,474
Other expenses		7,733,101	3,203,124	47,061,728	334,544
<b>Total expenses</b>		<b>1,775,528,583</b>	<b>1,682,860,454</b>	<b>1,275,951,527</b>	<b>1,102,379,557</b>
<b>Profit before share of loss from investment in a joint venture, finance cost and income tax expenses</b>					
		1,420,111,249	1,188,983,402	1,363,758,218	1,221,601,941
Share of loss from investment in a joint venture	11	(812,297)	-	-	-
<b>Profit before finance cost and income tax expenses</b>					
		1,419,298,952	1,188,983,402	1,363,758,218	1,221,601,941
Finance cost		(676,066)	(2,157,273)	(690,118)	(2,046,689)
<b>Profit before income tax expenses</b>					
		1,418,622,886	1,186,826,129	1,363,068,100	1,219,555,252
Income tax expenses	20	(272,896,798)	(285,226,219)	(235,801,200)	(230,875,741)
<b>Profit for the year</b>					
		<b>1,145,726,088</b>	<b>901,599,910</b>	<b>1,127,266,900</b>	<b>988,679,511</b>
<b>Other comprehensive income:</b>					
Actuarial losses		-	(1,846,100)	-	(2,367,156)
Exchange differences on translation of financial statements in foreign currency		586,893	(477,688)	-	-
<b>Other comprehensive income for the year</b>					
		<b>586,893</b>	<b>(2,323,788)</b>	<b>-</b>	<b>(2,367,156)</b>
<b>Total comprehensive income for the year</b>					
		<b>1,146,312,981</b>	<b>899,276,122</b>	<b>1,127,266,900</b>	<b>986,312,355</b>
<b>Earnings per share</b>					
Basic earnings per share	21				
Profit attributable to equity holders of the Company		0.33	0.29	0.33	0.32

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

# VGI Global Media Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

### For the year ended 31 March 2014

(Unit: Baht)

#### Consolidated financial statements

	Note	Issued and fully paid-up share capital	Share premium	Retained earnings		Surplus (deficit) on business combination under common control	Other component of shareholders' equity		Total shareholders' equity
				Appropriated	Unappropriated		Other comprehensive Income		
							Exchange differences on translation of financial statements in foreign currency	Total other component of shareholders' equity	
<b>Balance as at 31 March 2012 - as previously reported</b>		100,000,000	-	10,000,000	147,437,237	35,509,572	197,038	197,038	293,143,847
Cumulative effect of change in accounting policy for deferred tax	3	-	-	-	5,803,204	-	-	-	5,803,204
<b>Balance as at 31 March 2012 - as restated</b>		100,000,000	-	10,000,000	153,240,441	35,509,572	197,038	197,038	298,947,051
Increase share capital (restated)		200,000,000	862,536,543	-	-	-	-	-	1,062,536,543
Dividend paid	24	-	-	-	(439,868,000)	-	-	-	(439,868,000)
Total comprehensive income for the year (restated)		-	-	-	899,753,810	-	(477,688)	(477,688)	899,276,122
Retained earnings transferred to statutory reserve		-	-	30,000,000	(30,000,000)	-	-	-	-
<b>Balance as at 31 March 2013 - as restated</b>		<b>300,000,000</b>	<b>862,536,543</b>	<b>40,000,000</b>	<b>583,126,251</b>	<b>35,509,572</b>	<b>(280,650)</b>	<b>(280,650)</b>	<b>1,820,891,716</b>
<b>Balance as at 31 March 2013 - as previously reported</b>		300,000,000	856,125,381	40,000,000	583,247,766	35,509,572	(280,650)	(280,650)	1,814,602,069
Cumulative effect of change in accounting policy for deferred tax	3	-	6,411,162	-	(121,515)	-	-	-	6,289,647
<b>Balance as at 31 March 2013 - as restated</b>		300,000,000	862,536,543	40,000,000	583,126,251	35,509,572	(280,650)	(280,650)	1,820,891,716
Stock dividend issued	24	43,197,363	-	-	(43,197,363)	-	-	-	-
Dividend paid	24	-	-	-	(1,013,935,593)	-	-	-	(1,013,935,593)
Transfer surplus on business combination under common control to retained earnings due to change in status of a subsidiary to a jointly controlled entity	11	-	-	-	37,141,867	(37,141,867)	-	-	-
Total comprehensive income for the year		-	-	-	1,145,726,088	-	586,893	586,893	1,146,312,981
<b>Balance as at 31 March 2014</b>		<b>343,197,363</b>	<b>862,536,543</b>	<b>40,000,000</b>	<b>708,861,250</b>	<b>(1,632,295)</b>	<b>306,243</b>	<b>306,243</b>	<b>1,953,269,104</b>

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



## VGI Global Media Public Company Limited and its subsidiaries

### Statement of changes in shareholders' equity (continued)

#### For the year ended 31 March 2014

(Unit: Baht)

		Separate financial statements					
Note	Issued and fully paid-up share capital	Share premium	Retained earnings		Surplus (deficit) on business combination under common control	Total shareholders' equity	
			Appropriated	Unappropriated			
	100,000,000	-	10,000,000	91,979,617	35,509,572	237,489,189	
3	-	-	-	4,773,165	-	4,773,165	
	100,000,000	-	10,000,000	96,752,782	35,509,572	242,262,354	
	200,000,000	862,536,543	-	-	-	1,062,536,543	
24	-	-	-	(439,868,000)	-	(439,868,000)	
	-	-	-	986,312,355	-	986,312,355	
	-	-	30,000,000	(30,000,000)	-	-	
	<b>300,000,000</b>	<b>862,536,543</b>	<b>40,000,000</b>	<b>613,197,137</b>	<b>35,509,572</b>	<b>1,851,243,252</b>	
	300,000,000	856,125,381	40,000,000	613,725,175	35,509,572	1,845,360,128	
3	-	6,411,162	-	(528,038)	-	5,883,124	
	300,000,000	862,536,543	40,000,000	613,197,137	35,509,572	1,851,243,252	
24	43,197,363	-	-	(43,197,363)	-	-	
24	-	-	-	(1,013,935,593)	-	(1,013,935,593)	
11	-	-	-	-	(37,141,867)	(37,141,867)	
	-	-	-	1,127,266,900	-	1,127,266,900	
	<b>343,197,363</b>	<b>862,536,543</b>	<b>40,000,000</b>	<b>683,331,081</b>	<b>(1,632,295)</b>	<b>1,927,432,692</b>	

**Balance as at 31 March 2012 - as previously reported**

Cumulative effect of change in accounting policy for deferred tax

**Balance as at 31 March 2012 - as restated**

Increase share capital (restated)

Dividend paid

Total comprehensive income for the year (restated)

Retained earnings transferred to statutory reserve

**Balance as at 31 March 2013 - as restated**
**Balance as at 31 March 2013 - as previously reported**

Cumulative effect of change in accounting policy for deferred tax

**Balance as at 31 March 2013 - as restated**

Stock dividend issued

Dividend paid

Reverse surplus on business combination under common control due to

change in status of a subsidiary to a jointly controlled entity

Total comprehensive income for the year

**Balance as at 31 March 2014**

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



## Cash flow statement

For the year ended 31 March 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (Restated)	2014	2013 (Restated)
<b>Cash flows from operating activities</b>				
Profit before tax	1,418,622,886	1,186,826,129	1,363,068,100	1,219,555,252
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	85,576,799	95,040,619	73,770,066	47,072,602
Amortisation	4,812,483	4,676,776	4,478,752	4,341,189
Allowance for doubtful accounts	2,538,345	200,223	963,063	174,543
Gain on change in status of investment	(12,435)	-	(768,600)	-
Allowance for impairment of investment	-	-	45,354,118	-
Loss (gain) on sales / write-off of assets	3,912,287	7,882,249	(34,423)	428,433
Provision for long-term employee benefits	4,314,257	3,410,546	3,979,388	2,416,307
Dividend income	-	-	(184,517,687)	(220,796,591)
Gain on sales of current investments	(188,870)	-	(188,870)	-
Unrealised gain on changes in value of current investments in trading securities	(1,679,003)	-	(1,679,003)	-
Share of loss from investment in a joint venture	812,297	-	-	-
Interest income	(29,095,614)	(18,523,877)	(30,088,307)	(20,478,684)
Interest expenses	-	-	94,318	-
Profit from operating activities before changes in operating assets and liabilities	1,489,613,432	1,279,512,665	1,274,430,915	1,032,713,051
Operating assets (increase) decrease				
Trade and other receivables	62,727,756	(189,359,645)	33,352,183	(216,486,164)
Other current assets	53,377,581	27,040,218	1,148,946	23,984,686
Other assets	(11,493,595)	25,479,412	(12,981,346)	(2,545,757)
Operating liabilities increase (decrease)				
Trade and other payables	(21,315,542)	(325,923,193)	14,424,513	(369,287,848)
Accrued expenses	67,410,366	(44,141,733)	81,764,797	(8,979,618)
Unearned revenues	3,440,289	(17,301,690)	7,429,010	(4,503,632)
Deposits received from renting spaces	7,619,846	12,225,600	7,619,846	12,225,600
Other current liabilities	(7,739,250)	19,092,332	(3,508,498)	17,197,218
Cash flows from operating activities	1,643,640,883	786,623,966	1,403,680,366	484,317,536
Cash paid for interest expenses	-	-	(94,318)	-
Cash paid for corporate income tax	(301,953,077)	(226,140,530)	(255,665,440)	(166,250,238)
<b>Net cash flows from operating activities</b>	<b>1,341,687,806</b>	<b>560,483,436</b>	<b>1,147,920,608</b>	<b>318,067,298</b>

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

Cash flow statement (continued)

For the year ended 31 March 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (Restated)	2014	2013 (Restated)
<b>Cash flows from investing activities</b>				
Purchase of current investments	(1,630,736,501)	-	(1,630,736,501)	-
Proceeds from sales of current investments	1,126,797,820	-	1,126,797,820	-
Decrease (increase) in short-term loans to subsidiaries	-	-	(11,000,000)	44,000,000
Cash paid for investments in subsidiaries	-	-	-	(18,756,000)
Cash paid for investment in a joint venture	(43,200,000)	-	(43,200,000)	-
Cash received from share capital reduction of subsidiaries	-	-	-	16,500,000
Net cash received (paid) from change in status of investment	(1,743,967)	-	4,968,600	-
Acquisition of equipment	(557,864,645)	(319,777,231)	(549,301,482)	(302,685,326)
Acquisition of intangible assets	(2,116,702)	(3,758,284)	(1,939,383)	(3,758,284)
Dividend income	-	-	184,517,687	220,796,591
Interest income	30,260,264	18,523,877	31,218,073	20,447,561
Proceeds from sales of equipment	161,139	999,573	120,000	843,479
<b>Net cash flows used in investing activities</b>	<b>(1,078,442,592)</b>	<b>(304,012,065)</b>	<b>(888,555,186)</b>	<b>(22,611,979)</b>
<b>Cash flows from financing activities</b>				
Proceeds from increase in share capital	-	1,056,125,381	-	1,056,125,381
Dividend paid	(1,013,935,593)	(439,868,000)	(1,013,935,593)	(439,868,000)
<b>Net cash flows from (used in) financing activities</b>	<b>(1,013,935,593)</b>	<b>616,257,381</b>	<b>(1,013,935,593)</b>	<b>616,257,381</b>
<b>Increase (decrease) in translation adjustments</b>	<b>331,109</b>	<b>(165,230)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(750,359,270)</b>	<b>872,563,522</b>	<b>(754,570,171)</b>	<b>911,712,700</b>
Cash and cash equivalents at beginning of year	1,253,816,095	381,252,573	1,133,876,525	222,163,825
<b>Cash and cash equivalents at end of year</b>	<b>503,456,825</b>	<b>1,253,816,095</b>	<b>379,306,354</b>	<b>1,133,876,525</b>
<b>Supplemental disclosures of cash flow information</b>				
Non-cash transactions				
Net increase (decrease) in liability of purchase of equipment	(6,103,087)	35,277,496	803,410	30,272,827
Transfer equipment to intangible assets	13,172,000	5,233,779	13,172,000	5,233,779

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

# 6.5 Notes to consolidated financial statements

## 1. General information

VGI Global Media Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Bangkok Mass Transit System Public Company Limited, which is incorporated in Thailand. The parent company of the Group is BTS Group Holdings Public Company Limited. The Company is principally engaged in the arrangement and provision of advertising services in BTS stations, inside BTS trains, on BTS train bodies, in department stores, and in office buildings, and the rental of retail space at BTS stations. The registered office of the Company is at 21, 9th Floor, TST Tower, Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543. The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements. The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of VGI Global Media Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2014 (Percent)	2013 (Percent)
VGI Advertising Media Company Limited	The management and provision of advertising services in department stores	Thailand	100	100
Midas Global Media Company Limited (Formerly known as VGI Multi-Tech International Company Limited)	The provision of services, rental and management of advertising media space, including electronic and new technology media	Thailand	- *	100
999 Media Company Limited	The manufacture of radio media	Thailand	100	100
888 Media Company Limited	The management and provision of advertising services in department stores	Thailand	100	100
Point of View (POV) Media Group Company Limited	The management and provision of advertising services	Thailand	100	100
VGI Advertising China Company Limited	The management and provision of advertising services	The People’s Republic of China	100	100

\* On 20 February 2014, the status of Midas Global Media Company Limited changed from a subsidiary to a jointly controlled entity as mentioned in Note 11 to the consolidated financial statements.

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of an overseas subsidiary are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statement of changes in shareholders’ equity.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

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

### 3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

#### a) Accounting standards that became effective in the current accounting year

##### Accounting Standards:

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

##### Financial Reporting Standard:

TFRS 8	Operating Segments
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##### Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the TAS 12 *Income Taxes* as detailed below.

#### TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current year and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of the changes in the accounting policies has been separately presented in the statement of changes in shareholders' equity.

The amounts of adjustments affecting the statement of financial position are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 March 2014	31 March 2013	1 April 2012	31 March 2014	31 March 2013	1 April 2012
<b>Statement of financial position</b>						
Increase in deferred tax assets	16,731	6,290	5,803	15,942	5,883	4,773
Increase in share premium	6,411	6,411	-	6,411	6,411	-
Increase (decrease) in unappropriated retained earnings	10,320	(121)	5,803	9,531	(528)	4,773

However, the amounts of adjustments affecting the profit or loss do not have any significant impact on the statement of comprehensive income.

## b) Accounting standards that will become effective in the future

<b>Accounting Standards:</b>		<b>Effective date</b>
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
<b>Financial Reporting Standards:</b>		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
<b>Accounting Standard Interpretations:</b>		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
<b>Financial Reporting Standard Interpretations:</b>		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014



Management of the Company and its subsidiaries believes that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Rendering of services*

Service income consists of advertising income, income from renting of spaces on BTS stations and other service income. Service income is recognised when services have been rendered taking into account the stage of completion. Service rate charged is in accordance with service area, service rate charged per area and service period as stipulated in the contract.

#### *Interest income*

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

#### *Dividends*

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

### **4.2 Cash and cash equivalents**

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

### **4.3 Accounts receivable**

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

### **4.4 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investment in a joint venture is accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and a joint venture are accounted for in the separate financial statements using the cost method, less allowance for impairment of investments (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association or yield rate of government bond adjusted by an appropriate risk factor, as the case may be. The fair value of unit trusts is determined from their net asset value.

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

In the event the Company and its subsidiaries reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

#### 4.5 Equipment / Depreciation

Equipment is stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Equipment	-	3-10 years
Fixtures and office equipment	-	3-5 years
Motor vehicles	-	5 years

Depreciation is included in profit or loss.

No depreciation is provided on assets under installation.

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

#### 4.6 Intangible assets – computer software

Computer software is carried at cost less accumulated amortisation and any accumulated impairment losses (if any).

Computer software is amortised on a systematic basis over the economic useful life of 5 years and tested for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method of such computer software are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

#### 4.7 Goodwill

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

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

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

#### 4.8 Related party transactions

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

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

#### 4.9 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the assets. Leases of office building space and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### 4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in profit or loss.

#### 4.11 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### 4.12 Employee benefits

##### *Short-term employee benefits*

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

##### *Post-employment benefits and other long-term employee benefits*

###### *Defined contribution plans*

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

###### *Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

#### 4.13 Provisions

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

#### 4.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

#### *Current tax*

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

#### *Deferred tax*

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that they are probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amounts of deferred tax assets to the extent that they are no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **5. Significant accounting judgments and estimates**

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

### **Leases**

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

### **Allowance for doubtful accounts**

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

### **Impairment of investments**

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

### **Equipment / Depreciation**

In determining depreciation of equipment, the management is required to make estimates of the useful lives and residual values of the equipment and to review estimate useful lives and residual values when there are any changes.

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

### **Goodwill and intangible assets**

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### Post-employment benefits under defined benefit plans

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

## 6. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2014	2013	2014	2013	
<b>Transactions with subsidiaries</b>					
(eliminated from the consolidated financial statements)					
Service income	-	-	42	49	Contract rate
Dividend income	-	-	185	221	Announce rate
Interest income	-	-	5	5	Contract rate
Other income	-	-	2	1	Contract price
Costs of services	-	-	100	133	Contract rate
<b>Transactions with ultimate parent company</b>					
Investor relations expenses	4	2	4	2	Contract rate
Employee stock option expenses	1	2	1	2	Contract rate
<b>Transactions with parent company</b>					
Service income	15	17	15	17	Contract rate
Concession fees and costs of services	111	148	111	148	Contract rate
<b>Transactions with related companies</b>					
Service income	28	24	28	21	Contract rate
Rental and service expenses	22	20	22	20	Contract rate



As at 31 March 2014 and 2013, the balances of the accounts between the Company, its subsidiaries and those related companies were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade and other receivables - related parties (Note 9)</b>				
Parent company	2,508	3,387	2,508	3,387
Subsidiaries	-	-	4,895	5,768
Related companies (related by common shareholders and directors)	5,064	2,097	5,024	2,097
<b>Total trade and other receivables - related parties</b>	<b>7,572</b>	<b>5,484</b>	<b>12,427</b>	<b>11,252</b>
<b>Short-term loans to subsidiaries</b>				
Subsidiaries	-	-	97,000	86,000
<b>Prepaid expenses - a related party</b>				
Ultimate parent company	-	689	-	689
<b>Deposits - related parties</b>				
Parent company	519	508	519	508
Related company (related by common shareholders and directors)	4,896	4,252	4,140	3,496
<b>Total deposits - related parties</b>	<b>5,415</b>	<b>4,760</b>	<b>4,659</b>	<b>4,004</b>
<b>Trade and other payables - related parties (Note 14)</b>				
Ultimate parent company	-	375	-	375
Parent company	35,699	23,489	35,699	23,489
Subsidiaries	-	-	18,566	23,902
Related companies (related by common shareholders and/or directors)	934	1,681	874	1,549
<b>Total trade and other payables - related parties</b>	<b>36,633</b>	<b>25,545</b>	<b>55,139</b>	<b>49,315</b>

### Short-term loans to subsidiaries

As at 31 March 2014 and 2013, the balance of short-term loans between the Company and those subsidiaries and the movements were as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 March 2013	Increase during the year	Decrease during the year	Balance as at 31 March 2014
VGI Advertising Media Company Limited	74,000	118,000	(95,000)	97,000
Midas Global Media Company Limited (Formerly known as VGI Multi-Tech International Company Limited)	-	1,700	(1,700)	-
999 Media Company Limited	12,000	-	(12,000)	-
Total	86,000	119,700	(108,700)	97,000

### Short-term loans from subsidiaries

As at 31 March 2014 and 2013, the balance of short-term loans between the Company and those subsidiaries and the movements were as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 March 2013	Increase during the year	Decrease during the year	Balance as at 31 March 2014
888 Media Company Limited	-	32,000	(32,000)	-
Point of View (POV) Media Group Company Limited	-	24,000	(24,000)	-
Total	-	56,000	(56,000)	-

### Directors and management's benefits

During the years ended 31 March 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as detailed below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	73	60	73	60
Post-employment benefits	3	2	3	2
Share-based payment	-	1	-	1
Total	76	63	76	63

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	-	2	-	-
Current and saving deposits	497,289	82,447	379,287	32,705
Fixed deposits with maturity date due not more than 3 months	19	19	19	19
Certificates of deposit	6,149	1,171,348	-	1,101,153
<b>Total</b>	<b>503,457</b>	<b>1,253,816</b>	<b>379,306</b>	<b>1,133,877</b>

As at 31 March 2014, bank deposits in saving accounts, fixed deposits and certificates of deposit carried interests between 0.37 and 3.25 percent per annum (2013: between 0.10 and 3.40 percent per annum).

## 8. Current investments

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2014	2013
Fixed deposits with maturity date due more than 3 months	280,000	-
Investments in trading securities		
Government and state-owned enterprise bonds	92,950	-
Private sector debt securities	132,806	-
Unit trust in fixed income open-ended fund	51	-
<b>Total</b>	<b>505,807</b>	<b>-</b>

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade receivables – related parties</b>				
Aged on the basis of due dates				
Not yet due	5,401	2,742	9,959	7,393
Past due				
Up to 3 months	2,171	2,742	2,171	3,449
Total trade receivables – related parties	7,572	5,484	12,130	10,842
<b>Trade receivables – unrelated parties</b>				
Aged on the basis of due dates				
Not yet due	502,498	446,487	398,558	337,319
Past due				
Up to 3 months	78,063	194,325	60,048	150,039
3 – 6 months	6,183	8,845	4,287	5,742
6 – 12 months	2,181	759	1,248	759
Over 12 months	10,502	9,630	9,502	9,472
Total	599,427	660,046	473,643	503,331
<u>Less:</u> Allowance for doubtful debts	(12,433)	(9,894)	(10,610)	(9,647)
Net	586,994	650,152	463,033	493,684
Cheques awaiting for deposit	9,157	13,220	8,150	12,934
Total trade receivables – unrelated parties – net	596,151	663,372	471,183	506,618
Total trade receivables – net	603,723	668,856	483,313	517,460
<b>Other receivables</b>				
Other receivables	278	411	189	358
Interest receivable from financial institutions	2,992	4,157	2,900	3,916
Interest receivable – subsidiaries	-	-	297	410
Total other receivables	3,270	4,568	3,386	4,684
Total trade and other receivables – net	606,993	673,424	486,699	522,144

## 10. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net		Dividend received during the year	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
VGI Advertising Media Co., Ltd.	10,000	10,000	10,000	10,000	-	-	10,000	10,000	111,798	168,999
Midas Global Media Co., Ltd. (Formerly known as VGI Multi-Tech International Co., Ltd.)	-	6,000	-	6,000	-	-	-	6,000	2,700	-
999 Media Co., Ltd.	7,500	7,500	3,000	3,000	-	-	3,000	3,000	14,700	-
888 Media Co., Ltd.	20,000	20,000	20,000	20,000	-	-	20,000	20,000	2,800	6,799
Point of View (POV) Media Group Co., Ltd.	40,000	40,000	90,000	90,000	(45,354)	-	44,646	90,000	52,520	44,999
VGI Advertising China Co., Ltd.	63,189	63,189	63,189	63,189	-	-	63,189	63,189	-	-
<b>Total</b>			<b>186,189</b>	<b>192,189</b>	<b>(45,354)</b>	<b>-</b>	<b>140,835</b>	<b>192,189</b>	<b>184,518</b>	<b>220,797</b>
Surplus (deficit) on business combination under common control							(1,632)	35,510		
Investments in subsidiaries			<b>139,203</b>	<b>227,699</b>						



Midas Global Media Company Limited

On 20 February 2014, the status of Midas Global Media Company Limited changed from a subsidiary to a jointly controlled entity as mentioned in Note 11 to the consolidated financial statements.

## 11. Investment in a joint venture

### 11.1 Details of investment in a joint venture

Investment in a joint venture represents investment in an entity which is jointly controlled by the Company and another company. Details of this investment are as follows:

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2014	2013	2014	2013	2014	2013
		(%)	(%)				
Midas Global Media Co., Ltd. (Formerly known as VGI Multi-Tech International Co., Ltd.)	The provision of services, rental and management of advertising media space, including electronic and new technology media	30	-	45,329	-	44,517	-

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Separate financial statements					
		Shareholding percentage		Cost		Carrying amounts based on cost method	
		2014	2013	2014	2013	2014	2013
		(%)	(%)				
Midas Global Media Co., Ltd. (Formerly known as VGI Multi-Tech International Co., Ltd.)	The provision of services, rental and management of advertising media space, including electronic and new technology media	30	-	45,000	-	45,000	-

On 27 January 2014, the Company's Board of Directors meeting No.1/2014 passed a resolution to invest in a joint venture with another local company, and on 5 February 2014, the Company entered into the shareholders' agreement with the other company.

As stipulated in the shareholders' agreement, on 20 February 2014, the Company sold 70% of the share capital of Midas Global Media Company Limited held by the Company to the other company at a price of Baht 11.83 per share. As a result, the shareholding of the Company remained at 30%. However, since the agreement stipulates that the Company and the other company jointly control Midas Global Media Company Limited, the Company changed the status of Midas Global Media Company Limited from a subsidiary to a jointly controlled entity and reclassified its investment in the jointly controlled entity from investment in a subsidiary, for which consolidated financial statements were prepared, to investment in a joint venture, which has been accounted for in the consolidated financial statements using the equity method since 20 February 2014, the date since which the entity has been jointly controlled by the Company and the other company.

Subsequently, on 24 February 2014, the Company and the other company increased the jointly controlled entity's share capital from Baht 6 million (600,000 ordinary shares with a par value of Baht 10 each) to Baht 150 million (15 million ordinary shares with a par value of Baht 10 each) in proportion to their interests of 30% and 70%, respectively, buying the shares at a price of Baht 10 per share, as stipulated in the shareholders' agreement. The jointly controlled entity registered the increase in its share capital with the Ministry of Commerce on the same date.

In addition, on 4 April 2014, the jointly controlled entity registered a change of its name from VGI Multi-Tech International Company Limited to Midas Global Media Company Limited.

In the separate financial statements, the Company recorded the initial value of the investment in a joint venture, which is accounted for using the cost method, at the book value of the investment at the date when the control in the subsidiary ceased, while in the consolidated financial statements the Company recorded the initial value of the investment in a joint venture at fair value at the date when the control in the subsidiary ceased. Moreover, because of the change in status of a subsidiary to a jointly controlled entity mentioned above, the Company reversed the surplus on business combination under common control, amounting to Baht 37 million, in the separate financial statements and transferred the surplus on business combination under common control of Baht 37 million in the consolidated financial statements to retained earnings.

## 11.2 Share of loss and dividend received

During the years, the Company recognised its share of loss from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Jointly controlled entity	Share of loss from investment in a joint venture during the year	
	2014	2013
Midas Global Media Co., Ltd. (Formerly known as VGI Multi-Tech International Co., Ltd.)	(812)	-

The Company did not have any dividend received from the jointly controlled entity in the separate financial statements during the year.

## 11.3 Summarised financial information of a jointly controlled entity

The Company's proportionate shares of the assets, liabilities, revenues and expenses of Midas Global Media Company Limited, according to the proportion under the joint venture agreement, are as follows:

(Unit: Thousand Baht)

	2014	2013
Current assets	15,679	-
Non-current assets	28,878	-
	44,557	-
Current liabilities	44	-
	44	-
Net assets	44,513	-

(Unit: Thousand Baht)

	For the period as from 20 February 2014 to 31 March 2014
Other income	1
Cost of services	(543)
Administrative expenses	(302)
Loss before income tax expenses	(844)
Income tax expenses	32
Loss for the period	(812)

## 12. Equipment

(Unit: Thousand Baht)

	Consolidated financial statements				
	Equipment	Fixtures and of- fice equipment	Motor vehicles	Assets under installation	Total
<b>Cost:</b>					
1 April 2012	628,258	79,098	1,872	49,973	759,201
Additions	36,619	11,595	-	306,841	355,055
Disposals / write-off	(1,086)	(9,178)	-	(498)	(10,762)
Transfer in (transfer out)	70,727	2,022	-	(72,749)	-
Transfer out to intangible assets (Note 13)	-	-	-	(5,234)	(5,234)
Translation adjustment	-	(330)	(67)	-	(397)
31 March 2013	734,518	83,207	1,805	278,333	1,097,863
Additions	58,360	6,224	-	487,178	551,762
Disposals / write-off	(24,300)	(5,469)	-	(1,466)	(31,235)
Transfer in (transfer out)	228,244	10,873	-	(239,117)	-
Transfer out to intangible assets (Note 13)	-	-	-	(13,172)	(13,172)
Change in status of investment	(138)	-	-	-	(138)
Translation adjustment	-	165	189	-	354
31 March 2014	996,684	95,000	1,994	511,756	1,605,434
<b>Accumulated depreciation:</b>					
1 April 2012	472,639	58,703	-	-	531,342
Depreciation for the year	85,686	9,009	346	-	95,041
Depreciation on disposals / write-off	(125)	(1,755)	-	-	(1,880)
Translation adjustment	-	(73)	(12)	-	(85)
31 March 2013	558,200	65,884	334	-	624,418
Depreciation for the year	75,561	9,705	311	-	85,577
Depreciation on disposals / write-off	(21,433)	(5,775)	-	-	(27,208)
Transfer in (transfer out)	(685)	685	-	-	-
Change in status of investment	(138)	-	-	-	(138)
Translation adjustment	-	7	91	-	98
31 March 2014	611,505	70,506	736	-	682,747
<b>Net book value:</b>					
31 March 2013	176,318	17,323	1,471	278,333	473,445
31 March 2014	385,179	24,494	1,258	511,756	922,687
<b>Depreciation for the year</b>					
2013 (Baht 85 million included in costs of services, and the balance in administrative expenses)					95,041
2014 (Baht 76 million included in costs of services, and the balance in administrative expenses)					85,577

(Unit: Thousand Baht)

	Separate financial statements				Total
	Equipment	Fixtures and office equipment	Motor vehicles	Assets under installation	
<b>Cost:</b>					
1 April 2012	303,515	62,290	-	35,738	401,543
Additions	21,434	8,916	-	302,609	332,959
Disposals / write-off	(728)	(55)	-	(498)	(1,281)
Transfer in (transfer out)	60,124	2,022	-	(62,146)	-
Transfer out to intangible assets (Note 13)	-	-	-	(5,234)	(5,234)
31 March 2013	384,345	73,173	-	270,469	727,987
Additions	57,204	6,281	-	486,620	550,105
Disposals / write-off	(3,432)	(499)	-	-	(3,931)
Transfer in (transfer out)	231,250	7,344	-	(238,594)	-
Transfer out to intangible assets (Note 13)	-	-	-	(13,172)	(13,172)
31 March 2014	669,367	86,299	-	505,323	1,260,989
<b>Accumulated depreciation:</b>					
1 April 2012	185,569	49,768	-	-	235,337
Depreciation for the year	40,117	6,956	-	-	47,073
Depreciation on disposals / write-off	-	(9)	-	-	(9)
31 March 2013	225,686	56,715	-	-	282,401
Depreciation for the year	65,337	8,433	-	-	73,770
Depreciation on disposals / write-off	(3,346)	(499)	-	-	(3,845)
31 March 2014	287,677	64,649	-	-	352,326
<b>Net book value:</b>					
31 March 2013	158,659	16,458	-	270,469	445,586
31 March 2014	381,690	21,650	-	505,323	908,663
<b>Depreciation for the year</b>					
2013 (Baht 40 million included in costs of services, and the balance in administrative expenses)					47,073
2014 (Baht 65 million included in costs of services, and the balance in administrative expenses)					73,770

As at 31 March 2014, certain equipment items had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 276 million (2013: Baht 272 million) (The Company only: Baht 198 million (2013: Baht 196 million)).

### 13. Intangible assets – computer software

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cost:</b>				
Balance at beginning of year	32,231	23,233	30,493	21,497
Acquisitions	2,452	3,764	2,275	3,762
Write-off	(83)	-	-	-
Transfer in from equipment (Note 12)	13,172	5,234	13,172	5,234
Change in status of investment	(8)	-	-	-
Balance at end of year	47,764	32,231	45,940	30,493
<b>Accumulated amortisation:</b>				
Balance at beginning of year	19,100	14,423	17,969	13,628
Amortisation for the year	4,812	4,677	4,478	4,341
Amortisation on write-off	(36)	-	-	-
Change in status of investment	(8)	-	-	-
Balance at end of year	23,868	19,100	22,447	17,969
<b>Net book value</b>	<b>23,896</b>	<b>13,131</b>	<b>23,493</b>	<b>12,524</b>

### 14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade payables - related parties	36,633	25,545	55,139	49,315
Trade payables - unrelated parties	68,650	101,441	26,957	18,621
Other payables for purchase of equipment	43,533	49,636	42,803	42,000
Other payables	1,943	1,255	1,855	1,255
Total trade and other payables	150,759	177,877	126,754	111,191

## 15. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Defined benefit obligation at beginning of year</b>				
Current service cost	3,430	2,737	3,153	1,812
Interest cost	884	674	827	604
Actuarial loss	-	2,308	-	2,959
Past service costs	21,554	15,835	19,768	14,393
Provisions for long-term employee benefits at end of year	25,868	21,554	23,748	19,768

Long-term employee benefit expenses included in the profit or loss were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service cost	3,430	2,737	3,153	1,812
Interest cost	884	674	827	604
Total expense recognised under administrative expenses in profit or loss	4,314	3,411	3,980	2,416

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 March 2014 amounted to approximately Baht 2 million (The Company only: Baht 3 million) (2013: Baht 2 million (The Company only: Baht 3 million)).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated / Separate financial statements	
	2014 (% per annum)	2013 (% per annum)
Discount rate	4.1	4.1
Future salary increase rate	5.0	5.0
Staff turnover rate	2.0 - 9.0	2.0 - 9.0



Amounts of defined benefit obligation and experience adjustments on the obligation for the current and previous 4 periods are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
For the years ended 31 March				
2014	25,868	23,748	-	-
2013	21,554	19,768	1,200	1,957
2012	15,836	14,393	-	-
2011	13,299	12,192	-	-
2010	11,070	10,165	-	-

## 16. Share capital

On 4 July 2013, the Annual General Meeting of the Company's shareholders passed the following significant resolutions.

- a) Decrease the Company's registered share capital from Baht 400 million (400 million ordinary shares with a par value of Baht 1 each) to Baht 300 million (300 million ordinary shares with a par value of Baht 1 each) by cancellation of 100 million unissued ordinary shares with a par value of Baht 1 each.

The Company registered the corresponding decrease in its registered share capital with the Ministry of Commerce on 8 July 2013.

- b) Increase the Company's registered share capital from Baht 300 million (300 million ordinary shares with a par value of Baht 1 each) to Baht 330 million (330 million ordinary shares with a par value of Baht 1 each) by issuing 30 million ordinary shares with a par value of Baht 1 each to accommodate the stock dividend issuance.

The Company registered the corresponding increase in its registered share capital with the Ministry of Commerce on 9 July 2013.

- c) Issue to the shareholders a stock dividend as described in Note 24 to the consolidated financial statements. The stock dividend will be issued on 17 July 2013.

The Company issued a stock dividend of 29,998,923 ordinary shares on 17 July 2013. The Company registered the issue of ordinary shares with the Ministry of Commerce on the same date.

Subsequently, on 19 September 2013, the Extraordinary General Meeting of the Company's shareholders No. 1/2013 approved the changes in number and par value of the ordinary shares, whereby the number of the ordinary shares increased by 2,970 million ordinary shares, from 330 million ordinary shares to 3,300 million ordinary shares, and the par value of the ordinary shares reduced from Baht 1 each to Baht 0.1 each. As a result, the Company's registered share capital of Baht 330 million comprises 3,300 million ordinary shares of Baht 0.1 each. The Company registered the changes in number and par value of its ordinary shares with the Ministry of Commerce on 23 September 2013.

In addition, on 9 December 2013, the Extraordinary General Meeting of the Company's shareholders No.2/2013 passed the following significant resolutions.

- a) Decrease the Company's registered share capital from Baht 330 million (3,300 million ordinary shares with a par value of Baht 0.1 each) to Baht 329,998,923 (3,299,989,230 ordinary shares with a par value of Baht 0.1 each) by cancellation of 10,770 unissued ordinary shares with a par value of Baht 0.1 each.

The Company registered the corresponding decrease in its registered share capital with the Ministry of Commerce on 17 December 2013.

- b) Increase the Company's registered share capital from Baht 329,998,923 (3,299,989,230 ordinary shares with a par value of Baht 0.1 each) to Baht 343,198,879.90 (3,431,988,799 ordinary shares with a par value of Baht 0.1 each) by issuing 131,999,569 ordinary shares with a par value of Baht 0.1 each to accommodate the stock dividend issuance.

The Company registered the corresponding increase in its registered share capital with the Ministry of Commerce on 18 December 2013.

- c) Issue to the shareholders a stock dividend as described in Note 24 to the consolidated financial statements. The stock dividend will be issued on 27 December 2013. The Company issued a stock dividend of 131,984,395 ordinary shares on 27 December 2013. The Company registered the issue of ordinary shares with the Ministry of Commerce on the same date.

## 17. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 18. Service income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Advertising income	2,640,605	2,396,669	1,943,586	1,678,038
Income from renting of spaces	265,814	214,592	265,814	214,592
Other service income	242,620	226,549	201,371	173,897
<b>Total</b>	<b>3,149,039</b>	<b>2,837,810</b>	<b>2,410,771</b>	<b>2,066,527</b>

## 19. Expenses by nature

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Salary and wages and other employee benefits	381,831	247,092	317,274	216,568
Depreciation and amortisation	90,389	99,718	78,249	51,414
Concession fees	802,395	710,399	420,919	370,868
Costs of services	156,400	137,475	103,976	79,890
Signboard and premise taxes	49,836	39,500	49,291	38,952

## 20. Income tax

Income tax expenses for the years are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (Restated)	2014	2013 (Restated)
<b>Current income tax:</b>				
Current income tax charge	283,338	278,840	245,860	224,983
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(10,441)	6,386	(10,059)	5,893
Income tax expense reported in the statement of comprehensive income	272,897	285,226	235,801	230,876

Reconciliation between income tax and the product of accounting profit multiplied by the applicable tax rates for the years is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (Restated)	2014	2013 (Restated)
Accounting profit before tax	1,418,623	1,186,826	1,363,068	1,219,555
Applicable tax rate (%)	20	23	20	23
Accounting profit before tax multiplied by applicable tax rate	283,725	272,970	272,614	280,498
Effects of changes in the applicable tax rate	-	110	-	78
Effects of:				
Non-deductible expenses	2,279	2,631	1,489	1,864
Additional expense deductions allowed	(1,398)	(781)	(1,398)	(781)
Exemption of income	-	-	(36,904)	(50,783)
Difference in tax rates of a subsidiary in an overseas country	(252)	(626)	-	-
Tax losses for the year of a subsidiary which deferred tax assets have not been recognised	1,259	7,833	-	-
Allowance for impairment of investment	(9,071)	-	-	-
Others	(3,645)	3,089	-	-
Total	(10,828)	12,146	(36,813)	(49,700)
Income tax expenses reported in the statement of comprehensive income	272,897	285,226	235,801	230,876

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statement of financial position					
	Consolidated financial statements			Separate financial statements		
	31 March 2014	31 March 2013 (Restated)	1 April 2012	31 March 2014	31 March 2013 (Restated)	1 April 2012
<b>Deferred tax assets</b>						
Allowance for doubtful accounts	2,487	1,979	1,941	2,122	1,929	1,894
Allowance for impairment of investment	9,071	-	-	9,071	-	-
Provision for long-term employee benefits	5,173	4,311	3,167	4,749	3,954	2,879
Unused tax loss	-	-	695	-	-	-
<b>Total</b>	<b>16,731</b>	<b>6,290</b>	<b>5,803</b>	<b>15,942</b>	<b>5,883</b>	<b>4,773</b>

In order to comply with the decreases in tax rates which were enacted through a royal decree in December 2011, the Company and its subsidiaries have reflected the changes in the income tax rates from 30 percent to 23 percent in 2012, and then to 20 percent from 2013 in their deferred tax calculation, as presented above.

## 21. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares to reflect the impacts of the stock dividend as described in Note 24 to the consolidated financial statements and the change in the par value of the Company's ordinary shares as described in Note 16 to the consolidated financial statements. The prior year's basic earnings per share has been recalculated as if the stock dividend and the change in the par value had been distributed and registered at the beginning of the earliest period reported.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	2014	2013 (Restated)	2014	2013 (Restated)
Profit for the year attributable to equity holders of the Company (thousand Baht)	1,145,726	901,600	1,127,267	988,680
Weighted average number of ordinary shares (thousand shares)	3,431,974	3,098,330	3,431,974	3,098,330
Earnings per share (Baht)	0.33	0.29	0.33	0.32

## 22. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Chief Executive Officer.

The business operations of the Company and its subsidiaries involve 3 principal segments: the elevated mass transit system segment ("BTS segment"), advertising spaces in modern trade segment ("Modern trade segment") and other segment. These operations are mainly carried on in Thailand.

The following table presents revenues and profit information regarding the operating segments of the Company and its subsidiaries for the years.

(Unit: Million Baht)

	BTS segment		Modern trade segment		Other segment		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013 (Restated)
<b>Revenues</b>								
External customers	1,679	1,422	1,295	1,250	175	166	3,149	2,838
Inter-segment	-	-	42	36	90	152	132	188
Total revenues	1,679	1,422	1,337	1,286	265	318	3,281	3,026
Adjustments and eliminations	-	-	(42)	(36)	(90)	(152)	(132)	(188)
Total revenues - net	1,679	1,422	1,295	1,250	175	166	3,149	2,838
<b>Results</b>								
<b>Segment profit</b>	1,339	1,120	282	288	138	151	1,759	1,559
Adjustments and eliminations	25	(10)	39	32	(16)	(31)	48	(9)
<b>Segment profit - net</b>	1,364	1,110	321	320	122	120	1,807	1,550
Unallocated income and expenses:								
Other income							47	34
Selling expenses							(69)	(75)
Administrative expenses							(357)	(316)
Other expenses							(8)	(3)
Finance cost							(1)	(2)
Income tax expenses							(273)	(286)
<b>Profit for the year</b>							1,146	902

Transfer prices between operating segments are set out in Note 6 to the consolidated financial statements.

The following table presents total assets information regarding the operating segments of the Company and its subsidiaries.

(Unit: Million Baht)

	BTS segment		Modern trade segment		Other segment		Adjustments and eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013 (Restated)
Trade and other receivables	336	324	221	295	76	88	(26)	(34)	607	673
Short-term loans to subsidiaries	-	-	97	74	-	12	(97)	(86)	-	-
Investment in a joint venture	-	-	-	-	45	-	-	-	45	-
Equipment	819	376	138	153	10	8	(44)	(64)	923	473
Goodwill	-	-	-	-	79	79	-	-	79	79
Unallocated assets	-	-	-	-	1,087	1,354	-	-	1,087	1,354
<b>Total assets</b>	<b>1,155</b>	<b>700</b>	<b>456</b>	<b>522</b>	<b>1,297</b>	<b>1,541</b>	<b>(167)</b>	<b>(184)</b>	<b>2,741</b>	<b>2,579</b>

For the year ended 31 March 2014, the Company and its subsidiaries have revenues from top 10 major customers in total amount of Baht 2,176 million, arising from BTS, modern trade and other segments (2013: Baht 1,784 million derived from top 10 major customers, arising from BTS, modern trade and other segments).

### 23. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and employees contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year ended 31 March 2014, the Company and its subsidiaries contributed Baht 8 million (2013: Baht 6 million) to the fund (the Company only: Baht 6 million (2013: Baht 4 million)).

### 24. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends for 2012	Board of Directors' meeting No. 4/2012 on 8 May 2012	80	0.080
Interim dividends for 2013	Board of Directors' meeting No. 9/2012 on 29 November 2012	360	0.120
<b>Total for the year ended 31 March 2013</b>		<b>440</b>	
Final dividends for 2013	Annual General Meeting of the shareholders on 4 July 2013		
Stock dividend		30	0.010
Cash dividend		420	0.140
Interim dividends for 2014	Extraordinary General Meeting of the shareholders No. 2/2013 on 9 December 2013		
Stock dividend		13	0.004
Cash dividend		594	0.180
<b>Total for the year ended 31 March 2014</b>		<b>1,057</b>	



## 25. Commitments and contingent liabilities

### 25.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space, motor vehicles and equipment. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Payable:				
In up to 1 year	22	17	19	14
In over 1 and up to 5 years	30	20	29	15

### 25.2 Long-term commitments

a) The Company and its subsidiaries had outstanding commitments with respect to the concession fees stipulated in the agreements as follows.

- 1) An agreement with its parent company to obtain a 17-year license to manage and provide advertising spaces on BTS stations, BTS trains and to manage the merchandising areas and marketing activities at BTS stations, including commercial broad casting through plasma screens and LCD screens
- 2) Concession agreements for the management and provision of advertising space in department stores, and other related agreements
- 3) Concession agreements for the installation and management of advertising media in buildings with a related company and unrelated companies, whereby it is to install, and manage the provision of advertising through, LCD screens in these buildings

As at 31 March 2014, the Company and its subsidiaries had outstanding commitments with respect to minimum guarantees under concession agreements. Fees are payable as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Fees payable:				
In up to 1 year	536	642	203	239
In over 1 and up to 5 years	86	583	86	266

These amounts will be adjusted in accordance with actual performance, based on certain rates stipulated in the agreements.

Under the agreement 1), the Company has to invest in all advertising equipment, the fabrication and installation of platform screen doors at BTS stations, and pay all related expenses as stipulated in the agreement. On 17 September 2012, the Company entered into contracts with 2 subcontractors for the fabrication and installation of platform screen doors at 9 BTS stations. As at 31 March 2014, the Company had outstanding payment commitments of approximately Baht 25 million and SGD 10 million (2013: Baht 140 million and SGD 10 million) under these contracts.

In addition, as at 31 March 2014, the Company had outstanding commitments of approximately Baht 21 million (2013: Baht 234 million), relating to the investments in the advertising equipment on the BTS stations.

- b) As at 31 March 2014, the Company and its subsidiaries had outstanding commitments which future payments are required in respect of service agreements as follows.

(Unit: Million currency units)

Foreign currency	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Baht	82	80	71	46
Hong Kong dollar	1	1	1	1

### 25.3 Guarantees

As at 31 March 2014, there were outstanding bank guarantees of approximately Baht 23 million and SGD 9 million (2013: Baht 23 million and SGD 9 million) issued by banks on behalf of the Company to guarantee contractual performance in respect of certain performance bonds as required in the normal course of business.

## 26. Financial instruments

### 26.1 Financial risk management

Financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, short-term loans, investments, and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

#### *Credit risk*

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and short-term loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and short-term loans as stated in the statement of financial position.

#### *Interest rate risk*

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks and short-term loans. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

#### *Foreign currency risk*

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from acquisitions of equipment for operations and financial transactions with an overseas subsidiary that are denominated in foreign currencies. The Company and its subsidiaries do not utilise forward exchange contracts to hedge the foreign currency risk.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements				Average exchange rate	
	Financial assets		Financial liabilities			
	2014	2013	2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	0.2	-	0.2	32.4432	29.3085
Renminbi	0.3	0.7	0.1	0.1	5.2245	4.7284
Hong Kong dollar	-	-	5.3	0.2	4.1821	3.7754

Foreign currency	Separate financial statements				Average exchange rate	
	Financial assets		Financial liabilities			
	2014	2013	2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	-	-	0.1	32.4432	29.3085
Hong Kong dollar	-	-	5.3	0.2	4.1821	3.7754

## 26.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

## 27. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 March 2014, the Group's debt-to-equity ratio was 0.40:1 (2013: 0.42:1) and the Company's was 0.37:1 (2013: 0.33:1).

## 28. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 9 May 2014.

# Definitions

Otherwise specified in this document, the following terms shall have the following meanings

Terms	Definitions
<b>888 Media</b>	888 Media Company Limited
<b>999 Media</b>	999 Media Company Limited
<b>Agency</b>	The advertising agency
<b>Airport Rail Link</b>	Train Transportation System connecting to Suvarnabhumi Airport
<b>Bangkok</b>	Bangkok Metropolitan
<b>BMA</b>	Bangkok Metropolitan Administration, including other agencies which may be authorized to act on behalf of BMA. In this case, it means Krungthep Thanakom Company Limited
<b>BRT</b>	Bus Rapid Transit provides the mass transit in the urban and outlying areas. It is a bus using a speed higher than the normal bus by driving on the special lane that is separated from the main road. At present, there is 12 stations altogether 15 km in distance to provide the service from Chong Nonsi along Narathiwas Road through Rama III Road to Ratchaprukek having the station connecting to BTS at Chong Nonsi station
<b>BTS Silom Line</b>	BTS SkyTrain System which consists of 7 stations (including Siam station) with a combined track length of 6.5 km, passing through the central business district and connecting National Stadium station and Saphan Taksin station)
<b>BTS Silom Line Extension</b>	BTS SkyTrain System which consists of 6 stations connecting Saphan Taksin station and Bang Wa station (where BTSC is a service provider of Silom Line Extension providing operation and maintenance services to BMA). Currently, it provides service for 6 stations, i.e. Krung Thon Buri station, Wonswian Yai station, Pho Nimit station, Talat Phlu station, Wuthakat station and Bang Wa station.
<b>BTS Skytrain</b>	The first elevated electric train in Thailand is built above ground in the central business district managed by BTSC, divided into two routes which are (1) Sukhumvit Line and (2) Silom Line
<b>BTS Sukhumvit Line</b>	BTS SkyTrain System which consists of 17 stations (including Siam station) with a combined track length of 17 km, connecting Mo Chit station and On Nut station.
<b>BTS Sukhumvit Line Extension</b>	BTS SkyTrain System which consists of 5 stations connecting On Nut station and Bearing station
<b>BTSC</b>	Bangkok Mass Transit System Public Company Limited
<b>BTS G</b>	BTS Group Holdings Public Company Limited
<b>Combined Package</b>	Selling of advertising media by combining single packages together, it may be the same type of different places or different media to sell a larger package
<b>Company</b>	VGI Global Media Public Company Limited
<b>Company Group</b>	VGI Global Media Public Company Limited and its subsidiaries
<b>Core Network</b>	The original mass transit line in Bangkok comprising two lines, the Sukhumvit Line and the Silom Line (collectively, the "Green Line"), covering 23 stations with a combined track length of 23.5 km.

Terms	Definitions
<b>Concession Agreement</b>	The concession agreement for the Bangkok mass transit system Sky Train (BTS) between BMA and BTSC dated April 9, 1992
<b>Digital Media</b>	Multimedia and point of purchase radio (POP Radio).
<b>EBIT</b>	Earnings before interest and taxes
<b>EBITDA</b>	Earnings before interest and taxes, depreciation and amortization
<b>Modern Trade</b>	Modern retail stores characterized by countrywide network such as Tesco Lotus and Big C (formerly known as Carrefour)
<b>MRT</b>	Metropolitan Rapid Transit Chaloe M Ratchamongkhon line, MRT Blue Line operating from Hua Lamphong to Bang Sue, totaling 18 stations, having 3 stations connecting to BTS at Sala Daeng station, Asok station and Mo chit station
<b>MRTA</b>	Mass Rapid Authority of Thailand
<b>Multimedia</b>	Advertising media consists of pictures and voice in the form of short advertising broadcast on the digital screens such as the plasma or LCD or LED screens, etc.
<b>Non-Sales Floor</b>	Modern trade areas on the outside of the entire display shelves, including from the entrance to the store, car park, entrance area, the restaurant, shops and food court area and toilets (Mostly locating at the outside area where the store invests and let to goods and service owners)
<b>Point of Purchase Radio (POP Radio)</b>	Radio advertising media broadcast in modern trade covering the sales floor and the non-sales floor
<b>POV</b>	Point of View (POV) Media Group Company Limited
<b>Right to Advertise in Carrefour Agreement</b>	Advertising Display Concession Agreement and Supplemental Agreement in Carrefour entered into with Cencar Co., Ltd.
<b>Right to Advertise in Tesco Lotus Agreement</b>	Advertising Display Concession Agreement and Supplemental Agreement in Tesco Lotus entered into with Ek-Chai Distribution System Co., Ltd.
<b>Right to Advertise in Big C Agreement</b>	Advertising Display Concession Agreement and Supplemental Agreement in Big C entered into with Big C Supercenter PCL.
<b>Right to Advertise in the Office Building Agreement</b>	LCD Screens Installation and Management in Office Building Agreement, being granted POV to manage the advertising space inside the passenger lifts and the lobby of the office buildings
<b>Right to Marketing Manage in the BTS Sky Train System</b>	License to Manage Marketing Services Agreement entered into with BTSC being granted the Company exclusive right to manage the advertising space and merchandising areas in the BTS Skytrain system
<b>Sales Floor</b>	The modern trade areas on the inside is the center of the large consumer goods, where the store is the owner and supplier of goods for sales, including the area behind the cashier counter divided into zones are (1) Health & beauty products. (2) Fresh food. (3) Dairy frozen food. (4) Food & beverage, household & club pack

Terms	Definitions
<b>SEC</b>	The Securities and Exchange Commission.
<b>SET</b>	Stock Exchange of Thailand
<b>Single Package</b>	Selling of advertising media of the same type by combining the locations of the advertisements in each area together
<b>Static Media</b>	Stationary advertising media such as vinyl sign, light box, Trivision, escalator gateway, sticker on the floor and toilet mirrors, etc.
<b>VGI Ad</b>	VGI Advertising Media Company Limited
<b>VGI Ad China</b>	VGI Advertising China Company Limited
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