

Bangkok Airways Public Company Limited  
and its subsidiaries  
Review report and interim consolidated financial statements  
For the three-month and six-month periods ended 30 June 2014

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Bangkok Airways Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Bangkok Airways Public Company Limited and its subsidiaries as at 30 June 2014, and the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2014, the consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Bangkok Airways Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.



**Emphasis of matter**

I draw attention to Note 2 to the financial statements regarding the restatement of the consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2013, the consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended together with the separate financial statements presented as comparative information, due to in 2013 the Company had changed the accounting policy as a result of the adoption of Thai Accounting Standard Interpretation 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* and the adjustment relating to share-based payment. My conclusion is not qualified in respect of this matter.

Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

EY Office Limited

Bangkok: 14 August 2014

**Bangkok Airways Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 30 June 2014**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
		2014	2013	2014	2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	1,419,616	2,552,859	1,104,983	2,234,506
Current investments	6	31,243	511,040	-	881,250
Trade and other receivables	3, 4	1,139,353	1,679,159	789,290	1,258,290
Prepaid expenses		275,737	334,249	260,266	321,115
Inventories	7	242,107	228,418	171,838	152,263
Other current assets		236,994	408,820	146,179	336,110
<b>Total current assets</b>		<b>3,345,050</b>	<b>5,714,545</b>	<b>2,472,556</b>	<b>5,183,534</b>
<b>Non-current assets</b>					
Restricted bank deposits	8	187,113	189,095	165,508	168,133
Investments in associates	9	1,983,131	1,925,730	2,405,571	2,405,571
Investments in subsidiaries	10	-	-	2,184,233	2,184,233
Other long-term investments	12	20,208,591	14,321,923	16,805,591	11,913,172
Long-term loans to related parties	4	34,490	56,223	97,774	98,989
Investment properties	11	309,643	312,317	309,643	312,317
Property, plant and equipment	13	6,385,623	6,338,847	5,653,012	5,669,441
Intangible assets	14	775,306	717,086	209,690	128,294
Leasehold rights		50,294	58,651	50,294	58,651
Deferred tax assets		23,269	23,513	-	-
Other non-current assets	4	875,701	735,121	837,638	672,739
<b>Total non-current assets</b>		<b>30,833,161</b>	<b>24,678,506</b>	<b>28,718,954</b>	<b>23,611,540</b>
<b>Total assets</b>		<b>34,178,211</b>	<b>30,393,051</b>	<b>31,191,510</b>	<b>28,795,074</b>

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

**Bangkok Airways Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 30 June 2014**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
		2014	2013	2014	2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from banks	15	11,495	671,365	-	650,000
Trade and other payables	4, 16	2,168,260	2,356,994	2,103,869	2,217,096
Current portion of long-term loans	17	786,113	986,138	509,213	628,838
Income tax payable		48,816	34,512	-	-
Current portion of liabilities arising from finance lease of aircrafts	18	473,505	423,827	473,505	423,827
Current portion of finance lease liabilities	19	28,500	26,541	25,129	22,694
Short-term loans from related party	4	-	-	30,735	-
Current portion of long-term loans from related party	20	-	-	-	-
Unearned income		1,661,402	2,035,941	1,660,492	2,032,627
Other current liabilities	4	790,506	1,058,762	508,454	1,152,377
<b>Total current liabilities</b>		<b>5,968,597</b>	<b>7,594,080</b>	<b>5,311,397</b>	<b>7,127,459</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	17	705,140	1,121,004	620,940	951,404
Liabilities arising from finance lease of aircrafts - net of current portion	18	130,744	408,659	130,744	408,659
Finance lease liabilities - net of current portion	19	40,412	33,253	36,609	28,699
Long-term loans from related party - net of current portion	20	11,230,688	11,207,489	11,230,688	11,207,489
Provision for long-term employee benefits		304,574	286,485	252,153	236,694
Deferred tax liabilities		3,627,881	2,486,066	3,143,431	2,200,466
Other non-current liabilities		64,304	64,303	-	5,000
<b>Total non-current liabilities</b>		<b>16,103,743</b>	<b>15,607,259</b>	<b>15,414,565</b>	<b>15,038,411</b>
<b>Total liabilities</b>		<b>22,072,340</b>	<b>23,201,339</b>	<b>20,725,962</b>	<b>22,165,870</b>

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

**Bangkok Airways Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 30 June 2014**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
	30 June	31 December	30 June	31 December	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Note</u>	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
<b>Shareholders' equity</b>					
Share capital					
Registered					
	2,100,000,000 ordinary shares of Baht 1 each	2,100,000	2,100,000	2,100,000	2,100,000
Issued and fully paid up					
	1,580,000,000 ordinary shares of Baht 1 each	1,580,000	1,580,000	1,580,000	1,580,000
	Premium on ordinary shares	270,000	270,000	270,000	270,000
	Capital reserve for share-based payment transactions	207,300	207,300	207,300	207,300
	21				
Retained earnings					
	Appropriated - statutory reserve	210,000	210,000	210,000	210,000
	Unappropriated	(3,960,107)	(4,148,032)	(3,421,725)	(3,344,134)
	Other components of shareholders' equity	13,670,287	8,960,953	11,619,973	7,706,038
	Equity attributable to owners of the Company	11,977,480	7,080,221	10,465,548	6,629,204
	Non-controlling interests of the subsidiaries	128,391	111,491	-	-
	<b>Total shareholders' equity</b>	<b>12,105,871</b>	<b>7,191,712</b>	<b>10,465,548</b>	<b>6,629,204</b>
	<b>Total liabilities and shareholders' equity</b>	<b>34,178,211</b>	<b>30,393,051</b>	<b>31,191,510</b>	<b>28,795,074</b>
		-	-	-	-

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

.....  
 Directors  
 .....

(Unaudited but reviewed)

**Bangkok Airways Public Company Limited and its subsidiaries****Statement of comprehensive income****For the three-month period ended 30 June 2014**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
<b>Profit or loss:</b>					
<b>Revenues</b>					
Passenger	4	3,719,510	3,457,876	3,719,771	3,457,955
Sales and service income	4	612,962	629,418	-	-
Freight	4	77,110	51,970	77,110	51,970
Passenger service charge		115,366	111,990	115,366	111,990
Dividend income	4, 9.2	243,756	219,276	282,544	266,318
Gain on sales of investments		3,370	1,571	-	-
Other income	4	153,834	152,342	183,061	179,408
<b>Total revenues</b>		<b>4,925,908</b>	<b>4,624,443</b>	<b>4,377,852</b>	<b>4,067,641</b>
<b>Expenses</b>					
Cost of sales and services	4	4,303,585	3,379,945	3,900,309	3,005,166
Selling expenses	4	358,628	343,682	354,612	339,612
Administrative expenses	4	313,296	371,727	216,985	279,199
Other expenses	4	2,267	14,550	-	-
<b>Total expenses</b>		<b>4,977,776</b>	<b>4,109,904</b>	<b>4,471,906</b>	<b>3,623,977</b>
<b>Profit (loss) before share of profit from investments in associates, finance cost and income tax expenses</b>					
Share of profit from investments in associates	9.2	103,332	96,648	-	-
<b>Profit (loss) before finance cost and income tax expenses</b>		<b>51,464</b>	<b>611,187</b>	<b>(94,054)</b>	<b>443,664</b>
Finance cost		(407,024)	(436,546)	(397,102)	(421,671)
<b>Profit (loss) before income tax expenses</b>		<b>(355,560)</b>	<b>174,641</b>	<b>(491,156)</b>	<b>21,993</b>
Income tax expenses	22	34,224	(22,567)	55,716	(15,757)
<b>Profit (loss) for the period</b>		<b>(321,336)</b>	<b>152,074</b>	<b>(435,440)</b>	<b>6,236</b>
<b>Other comprehensive income:</b>					
Gain (loss) on changes in value of available-for-sale investments		4,065,987	(910,513)	3,379,237	(783,013)
Income tax effect	22	(813,198)	182,101	(675,848)	156,602
<b>Other comprehensive income for the period</b>		<b>3,252,789</b>	<b>(728,412)</b>	<b>2,703,389</b>	<b>(626,411)</b>
<b>Total comprehensive income for the period</b>		<b>2,931,453</b>	<b>(576,338)</b>	<b>2,267,949</b>	<b>(620,175)</b>

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



(Unaudited but reviewed)

**Bangkok Airways Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the three-month period ended 30 June 2014**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2014</u>	<u>2013</u> (Restated)	<u>2014</u>	<u>2013</u> (Restated)
<b>Profit attributable to:</b>				
Equity holders of the Company	(325,888)	143,290	(435,440)	6,236
Non-controlling interests of the subsidiaries	4,552	8,784		
	<u>(321,336)</u>	<u>152,074</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	2,926,901	(585,122)	2,267,949	(620,175)
Non-controlling interests of the subsidiaries	4,552	8,784		
	<u>2,931,453</u>	<u>(576,338)</u>		
<b>Earnings per share</b>				
	23			
Basic earnings per share				
Profit (loss) attributable to equity holders of the Company (Baht)	<u>(0.206)</u>	<u>0.091</u>	<u>(0.276)</u>	<u>0.004</u>
Weighted average number of ordinary shares (Thousand shares)				
of Baht 1 each	<u>1,580,000</u>	<u>1,580,000</u>	<u>1,580,000</u>	<u>1,580,000</u>

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

(Unaudited but reviewed)

**Bangkok Airways Public Company Limited and its subsidiaries****Statement of comprehensive income****For the six-month period ended 30 June 2014**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
<b>Profit or loss:</b>					
<b>Revenues</b>					
Passenger	4	8,677,606	8,112,195	8,677,924	8,112,303
Sales and service income	4	1,337,391	1,285,987	-	-
Freight	4	152,594	104,049	152,594	104,049
Passenger service charge		269,138	251,802	269,138	251,802
Dividend income	4, 9.2	243,786	219,304	352,607	332,818
Gain on sales of investments		3,374	41,937	7,000	36,591
Gain on sales of investments in subsidiaries		-	3,027	-	-
Reversal of allowance for diminution in value of investments in subsidiaries		-	-	-	9,478
Other income	4	296,364	238,353	361,380	302,149
<b>Total revenues</b>		<b>10,980,253</b>	<b>10,256,654</b>	<b>9,820,643</b>	<b>9,149,190</b>
<b>Expenses</b>					
Cost of sales and services	4	8,746,468	7,005,454	7,940,830	6,281,027
Selling expenses	4	714,415	700,417	707,034	692,524
Administrative expenses	4	669,840	815,282	470,487	626,612
Loss on sales of investments in subsidiaries		-	-	-	2,494
Other expenses	4	6,389	35,859	12,289	26,638
<b>Total expenses</b>		<b>10,137,112</b>	<b>8,557,012</b>	<b>9,130,640</b>	<b>7,629,295</b>
<b>Profit before share of profit from investments in associates, finance cost and income tax expenses</b>					
Share of profit from investments in associates	9.2	208,214	192,055	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>1,051,355</b>	<b>1,891,697</b>	<b>690,003</b>	<b>1,519,895</b>
Finance cost		(825,205)	(880,482)	(803,313)	(850,877)
<b>Profit before income tax expenses</b>		<b>226,150</b>	<b>1,011,215</b>	<b>(113,310)</b>	<b>669,018</b>
Income tax expenses	22	(21,325)	(129,271)	35,719	(88,518)
<b>Profit for the period</b>		<b>204,825</b>	<b>881,944</b>	<b>(77,591)</b>	<b>580,500</b>
<b>Other comprehensive income:</b>					
Exchange differences on translation of financial statements in foreign currency		-	(227)	-	-
Gain on changes in value of available-for-sale investments		5,886,668	5,244,014	4,892,419	4,504,514
Income tax effect	22	(1,177,334)	(1,048,805)	(978,484)	(900,903)
<b>Other comprehensive income for the period</b>		<b>4,709,334</b>	<b>4,194,982</b>	<b>3,913,935</b>	<b>3,603,611</b>
<b>Total comprehensive income for the period</b>		<b>4,914,159</b>	<b>5,076,926</b>	<b>3,836,344</b>	<b>4,184,111</b>

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

(Unaudited but reviewed)

**Bangkok Airways Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the six-month period ended 30 June 2014**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
<b>Profit attributable to:</b>					
Equity holders of the Company		187,925	841,043	(77,591)	580,500
Non-controlling interests of the subsidiaries		16,900	40,901		
		<u>204,825</u>	<u>881,944</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		4,897,259	5,036,034	3,836,344	4,184,111
Non-controlling interests of the subsidiaries		16,900	40,892		
		<u>4,914,159</u>	<u>5,076,926</u>		
<b>Earnings per share</b>					
23					
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company (Baht)		<u>0.119</u>	<u>0.584</u>	<u>(0.049)</u>	<u>0.403</u>
Weighted average number of ordinary shares (Thousand shares)					
of Baht 1 each		<u>1,580,000</u>	<u>1,441,248</u>	<u>1,580,000</u>	<u>1,441,248</u>

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





(Unaudited but reviewed)

**Bangkok Airways Public Company Limited and its subsidiaries****Cash flow statement****For the six-month period ended 30 June 2014**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2014</u>	<u>2013</u> (Restated)	<u>2014</u>	<u>2013</u> (Restated)
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	226,150	1,011,215	(113,310)	669,018
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	305,889	277,481	213,736	196,259
Allowance for doubtful accounts (reversal)	(23,558)	22,697	(23,558)	22,697
Written off doubtful debts	14,045	488	14,045	488
Reduction of inventory to net realisable value	676	229	676	99
Gain on sales of property, plant and equipment	(514)	(4,553)	(516)	(4,571)
Gain on sales of leasehold rights	(3,610)	-	(3,610)	-
Gain on sales of long-term investments	-	(36,591)	-	(36,591)
Gain on sales of short-term investments	(3,374)	(5,346)	(7,000)	-
Loss from revaluation of short-term investments	263	14,312	-	-
Written off fixed assets	11,812	19,418	11,812	19,418
Share of profit from investments in associates	(208,214)	(192,055)	-	-
Provision for long-term employee benefits	27,597	18,176	20,174	11,547
Gain on changes in provision for long-term employee benefits	(4,479)	-	-	-
(Gain) loss on sales of investment in subsidiaries	-	(3,028)	-	2,494
Reversal impairment in investments in subsidiaries	-	-	-	(9,478)
Unrealised loss on exchange	35,361	53,188	36,423	53,293
Share-based payment transactions	-	207,300	-	207,300
Dividend income	(243,786)	(219,304)	(352,607)	(332,818)
Interest income	(10,245)	(10,909)	(6,872)	(7,902)
Interest expenses	825,205	880,482	803,313	850,877
Profit from operating activities before changes in operating assets and liabilities	949,218	2,033,200	592,706	1,642,130
Operating assets (increase) decrease				
Trade and other receivables	547,451	137,841	474,201	151,562
Loans to director	-	92,564	-	96,658
Short-term loans to related parties	19,855	45,496	-	49,850
Inventories	(14,365)	22,107	(20,251)	20,831
Other current assets	205,699	(126,497)	249,323	(88,394)
Other assets	(146,102)	(29,971)	(171,176)	(23,023)
Operating liabilities increase (decrease)				
Trade and other payables	(151,885)	11,107	(75,446)	14,509
Other current liabilities	(634,091)	(400,448)	(1,013,566)	(449,629)
Liabilities under finance lease payable	(297,820)	(127,746)	(295,477)	(126,015)
Provision for long-term employee benefits	(5,029)	(11,932)	(4,715)	(11,206)
Other non-current liabilities	1	3,168	(5,000)	(92)
Cash flows from operating activities	472,932	1,648,889	(269,401)	1,277,181
Cash paid for interest expenses	(826,938)	(836,274)	(798,836)	(808,249)
Cash paid for income tax expenses	(25,166)	(112,324)	(4,432)	(130,001)
<b>Net cash flows from (used in) operating activities</b>	<b>(379,172)</b>	<b>700,291</b>	<b>(1,072,669)</b>	<b>338,931</b>

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

(Unaudited but reviewed)

**Bangkok Airways Public Company Limited and its subsidiaries****Cash flow statement (continued)****For the six-month period ended 30 June 2014**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2014</u>	<u>2013</u> (Restated)	<u>2014</u>	<u>2013</u> (Restated)
<b>Cash flows from investing activities</b>				
(Increase) decrease in restricted bank deposits	1,983	(7,148)	2,624	(6,519)
Decrease in current investments	470,000	-	470,000	-
Acquisition of short-term investments	-	(107,778)	-	-
Acquisition of long-term investments	-	(43,909)	-	(43,909)
Acquisition of property, plant and equipment	(289,661)	(170,117)	(160,591)	(135,052)
Acquisition of intangible assets	(89,688)	(71,136)	(89,688)	(70,634)
Interest income	12,623	204,181	7,924	201,204
Dividend income from investment in associates	150,813	144,875	150,813	144,875
Dividend income from long-term investments	243,786	219,304	201,794	187,943
Proceeds from sales of property, plant and equipment	517	21,125	517	21,125
Proceeds from sales of leasehold rights	10,907	-	10,907	-
Cash received from sales of short-term investments	10,408	103,176	418,250	-
Cash received from sales of long-term investments	-	45,135	-	45,135
Cash paid for investment in subsidiaries	-	(293,484)	-	(293,484)
Cash received from sales of investment in subsidiaries	-	6,985	-	6,985
Increase in cash and cash equivalents from sales of subsidiaries	-	(57)	-	-
<b>Net cash flows from investing activities</b>	<b>521,688</b>	<b>51,152</b>	<b>1,012,550</b>	<b>57,669</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts and short-term loans				
from financial institutions	(659,870)	(1,670,000)	(650,000)	(1,670,000)
Cash received from short-term loans	-	-	30,685	27,540
Repayment of long-term loans	(615,889)	(660,680)	(450,089)	(526,080)
Proceeds from increase in share capital	-	637,500	-	637,500
Dividend paid	-	(1,649,954)	-	(1,649,954)
<b>Net cash flows used in financing activities</b>	<b>(1,275,759)</b>	<b>(3,343,134)</b>	<b>(1,069,404)</b>	<b>(3,180,994)</b>
<b>Decrease in translation adjustments</b>	<b>-</b>	<b>(219)</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,133,243)</b>	<b>(2,591,910)</b>	<b>(1,129,523)</b>	<b>(2,784,394)</b>
Cash and cash equivalents at beginning of the period	2,552,859	3,665,652	2,234,506	3,533,452
<b>Cash and cash equivalents at end of the period (Note 5)</b>	<b>1,419,616</b>	<b>1,073,742</b>	<b>1,104,983</b>	<b>749,058</b>
	-	-	-	-
<b>Supplemental cash flows information:</b>				
Non-cash items				
Increase in receivable from sales of short-term investments	2,500	2,318	-	-
Increase (decrease) in payable from purchase of assets	14,496	(49,190)	12,496	(33,197)
Purchase vehicles under finance lease	25,121	9,138	24,006	6,392
Gain on changes in value of available-for-sale investments	4,709,334	4,195,209	3,913,935	3,603,611

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

**Bangkok Airways Public Company Limited and its subsidiaries**  
**Notes to consolidated interim financial statements**  
**For the three-month and six-month periods ended 30 June 2014**

**1. General information**

**1.1 Corporate information**

Bangkok Airways Company Limited (“the Company”) is a limited company incorporated and domiciled in Thailand with three major shareholders hold more than 20 percent each. The Company is principally engaged in the provision of air transportation and airport services. On 27 February 2013, the Company registered as a Public Company Limited with the Ministry of Commerce and changed its name from “Bangkok Airways Company Limited” to “Bangkok Airways Public Company Limited” and its registered address is 99 Mu 14, Vibhavadirangsit Road, Chom Phon, Chatuchak, Bangkok.

**1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standards No. 34 (revised 2012) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

**1.3 Basis of consolidation**

The basis of consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2013, with there being no structural changes relating to the subsidiaries during the period.



#### **1.4 New accounting standards**

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

The Company disclosed the accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effects of the above accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations, and believes that they are not relevant to the business of the Company or do not have a significant impact.

##### **(b) Accounting standard that will become effective in the future**

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

#### **1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2013, except for the change in the accounting policy for Customer Loyalty Programmes due to the adoption of TFRIC 13.

##### *Customer Loyalty Programmes*

The Company operates a loyalty programme which allows customers to accumulate points when they flown through the Company. The points can then be redeemed for gifts specified by the Company.

Part of the value of fare and route are allocated to the points accumulated, based on their fair value. The fair value of the points accumulated is deferred and recognised as revenue when the points are redeemed and the Company fulfills their obligations to supply awards.

However, the adoption of this TFRIC had no material effect to profit for the prior period.

## 2. Prior period adjustments

In 2013 the management of the Company changed its accounting policy by early adopting Thai Accounting Standard Interpretations 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*, whereby it includes variable lease expenses in the calculation of the effective interest rate, so that the financial statements provide more relevant information.

However, the Company had to collect data on the number of passengers and number of flights in the past, and also estimates of variable lease expenses in the future, and since the variable lease expense estimation process was not completed until the fourth quarter of year 2013, the interim financial statements for the second quarter of year 2013 did not reflect the impact of the change.

In early 2013 the Company granted share options to directors and employees of the Company, as discussed in Note 21 to financial statements. In compliance with Thai Financial Reporting Standards 2 *Share-based Payment*, the Company is therefore required to assess the fair value of the common shares issued to employees and directors and record the difference between the fair value and the exercise price as an expense in the statement of comprehensive income. However, since the process of assessing the fair value of the common shares was not completed until the fourth quarter of year 2013, the interim financial statements for the second quarter of year 2013 did not reflect the impact of the difference.

During the year 2013, the Office of the Securities and Exchange Commission (the Office of the SEC) issued a letter to the Company, requesting the Company to consider adjusting an accounting item in relation to the House and Land tax, for the purpose of the SEC's consideration of the application for the issue and offering of securities, submitted to the Office of the SEC by the Company. The Company adjusted an accounting item in fourth quarter of year 2013, the interim financial statements for the second quarter of year 2013 did not reflect the impact of the difference.

The Company restated the statement of comprehensive income for the three-month and six-month periods ended 30 June 2013, presented as comparative information, to reflect the above effect.

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statement  
and Separate financial statement

	For the three-month period ended 30 June 2013	For the six-month period ended 30 June 2013
<b>Statements of comprehensive income</b>		
<b>Profit or loss:</b>		
Increase in cost of sales and service	36,013	128,588
Increase in selling expense	-	19,177
Increase in administrative expense	-	95,547
Increase in finance cost	93,727	145,181
Decrease in profit attributable to equity holders of the Company	(129,740)	(388,493)
Decrease in basic earnings per share (Baht)	(0.08)	(0.27)

**3. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	5,650	7,931	33,042	46,447
Past due				
Up to 3 months	6,590	5,301	46,973	5,292
3 - 6 months	1,190	4,531	14,846	4,531
6 - 12 months	43	37,388	-	37,388
Over 12 months	20	12,378	20	12,378
Total	13,493	67,529	94,881	106,036
Less: Allowance for doubtful debts	-	(18,018)	-	(18,018)
Total trade receivables - related parties, net	13,493	49,511	94,881	88,018

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	920,497	1,037,947	614,249	671,545
Past due				
Up to 3 months	145,010	451,386	50,230	357,784
3 - 6 months	45,860	22,228	18,030	20,710
6 - 12 months	9,417	20,313	9,417	20,313
Over 12 months	101,861	87,082	101,839	86,996
Total	1,222,645	1,618,956	793,765	1,157,348
Less: Allowance for doubtful debts	(106,780)	(112,149)	(106,780)	(112,149)
Total trade receivables - unrelated parties, net	1,115,865	1,506,807	686,985	1,045,199
Total trade receivables - net	1,129,358	1,556,318	781,866	1,133,217
<u>Other receivables</u>				
Advances - related parties	-	2,130	-	2,130
Other receivables - related parties	70	36,269	-	38,533
Total other receivables - related parties - net	70	38,399	-	40,663
Other receivables - Unrelated parties	18,995	93,512	16,494	93,480
Less: Allowance for doubtful debts	(9,070)	(9,070)	(9,070)	(9,070)
Total other receivables - unrelated parties - net	9,925	84,442	7,424	84,410
Total other receivables	9,995	122,841	7,424	125,073
Trade and other receivables - net	1,139,353	1,679,159	789,290	1,258,290

#### 4. Related party transactions

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

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial		financial		
	statements		statements		
	For the three-month periods ended				
	30 June				
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Permission fee	-	-	36	33	Contract price
Concession lounge service income	-	-	3	1	Contract price
Rental income	-	-	1	1	Contract price
Catering service expenses	-	-	99	76	Contract price
Ground service expenses	-	-	110	87	Contract price
<u>Transactions with associates</u>					
Interest income	-	3	-	3	MLR
Ground service income	1	1	-	-	Contract price
Collection fee income	1	1	-	-	Contract price
Dividend income	-	-	81	78	As declared
Interest expenses	322	332	322	332	Contract price
Shipping service expenses	5	4	5	4	Actual charge
Employee expenses	-	1	-	-	Contract price
<u>Transactions with related companies</u>					
Permission fee	1	-	1	-	Contract price
Catering service income	1	-	-	-	Contract price
Duty fee income	-	13	-	13	Cost plus margin
Ground service income	-	1	-	-	Contract price
Rental income	7	2	7	2	Contract price
Passenger income	11	18	11	18	Contract price
Consulting income	1	1	1	1	Contract price
Sponsor income	1	1	1	1	
Dividend income	243	218	202	188	As declared
Catering service expenses	1	-	1	-	Contract price
Ground service expenses	56	44	47	44	Contract price
Management expenses	50	18	50	18	Contract price
Security expenses	18	8	18	8	Contract price
Rental expenses	3	1	1	1	Contract price
Employee expenses	14	7	13	6	Contract price
Aeronautical radio expenses	118	87	114	83	Market price
<u>Transactions with management and directors</u>					
Interest income	-	-	-	-	MLR

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial		
	statements		statements		
	For the six-month periods ended				
	30 June				
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Permission fee	-	-	73	72	Contract price
Concession lounge service income	-	-	8	2	Contract price
Rental income	-	-	2	2	Contract price
Catering service expenses	-	-	211	163	Contract price
Ground service expenses	-	-	222	176	Contract price
<u>Transactions with associates</u>					
Interest income	1	5	1	5	MLR
Ground service income	2	1	-	-	Contract price
Collection fee income	1	1	-	-	Contract price
Dividend income	-	-	151	145	As declared
Interest expenses	643	659	643	659	Contract price
Shipping service expenses	8	7	8	7	Actual charge
Employee expenses	-	2	-	-	Contract price
<u>Transactions with related companies</u>					
Permission fee	1	-	1	-	Contract price
Catering service income	1	-	-	-	Contract price
Duty fee income	-	25	-	25	Cost plus margin
Ground service income	1	1	-	-	Contract price
Rental income	8	3	8	3	Contract price
Passenger income	29	38	29	38	Contract price
Consulting income	1	2	1	2	Contract price
Compensation income	5	-	5	-	Agree upon
Sponsor income	1	1	1	1	Contract price
Dividend income	243	218	202	188	As declared
Catering service expense	1	-	1	-	Contract price
Ground service expenses	117	75	100	75	Contract price
Management expenses	88	40	88	40	Contract price
Security expenses	26	18	26	18	Contract price
Stock management expenses	-	1	-	1	Contract price
Rental expenses	4	1	2	1	Contract price
Employee expenses	16	11	14	10	Contract price
Aeronautical radio expenses	281	166	275	161	Market price

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial		
			statements		
	For the six-month periods ended				
	30 June				
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with management and directors</u>					
Interest income	-	1	-	1	MLR

The relationships between the Company and the related companies are summarised below.

List of related companies	Relationship
Bangkok Air Catering Co.,Ltd.	Subsidiary
Bangkok Airways Ground Service Co.,Ltd.	Subsidiary
Worldwide Flight Services Bangkok Air Ground Handling Co.,Ltd.	Subsidiary
Bangkok Airways Holding Co.,Ltd.	Subsidiary
BAC Gourmet House Co.,Ltd.	Subsidiary (held by a subsidiary)
Bangkok Air Catering Phuket Co.,Ltd.	Subsidiary (held by a subsidiary)
SA Services Co.,Ltd.	Subsidiary (held by a subsidiary)
BFS Cargo DMK Co.,Ltd.	Subsidiary (held by a subsidiary)
WFS-PG Cargo Co.,Ltd.	Associate
Samui Airport Property Fund (Leasehold)	Associate
S.E.A. Aviation Co.,Ltd.	Associate
Bangkok Dusit Medical Services Plc.	Common shareholders and/or directors
South East Air Co.,Ltd.	Common shareholders and/or directors
Thai Cargo Airline Co.,Ltd.	Common shareholders and/or directors
Bangkok Media & Broadcasting Co.,Ltd.	Common shareholders and/or directors
Bangkok Helicopter Services Co.,Ltd.	Common shareholders and/or directors
Thai Petroleum Service Corp.,Ltd.	Common shareholders and/or directors
Bangkok Golden Life Co.,Ltd.	Common shareholders and/or directors
Bangpakong Golf Club Co.,Ltd.	Common shareholders and/or directors
Prasartthong Osoth Co.,Ltd.	Common shareholders and/or directors
Paradise Shopping Co.,Ltd.	Common shareholders and/or directors
Bangkok Hospital Chiangmai Co.,Ltd.	Common shareholders and/or directors
Bangkok Hospital Sanamchan Co.,Ltd.	Common shareholders and/or directors
Bangkok Flight Training Center Co.,Ltd.	Common shareholders and/or directors
Samui Park Avenue Co.,Ltd.	Common shareholders and/or directors

List of related companies	Relationship
Samitivej Plc.	Common shareholders and/or directors
Samui Accom Co.,Ltd.	Common shareholders and/or directors
Sukhothai Property Co.,Ltd.	Common shareholders and/or directors
The Sahakol Estate Co.,Ltd.	Common shareholders and/or directors
Amsito Thai Petroleum Service Co.,Ltd.	Common shareholders and/or directors
The Krungthep Thanakom Co.,Ltd.	Common shareholders and/or directors
Bangkok Health Insurance Plc.	Common shareholders and/or directors
Bangkok Premier Life Insurance Broker Co., Ltd.	Common shareholders and/or directors
Bangkok United Mechanical Co.,Ltd.	Common shareholders and/or directors
Siam Medical Co., Ltd.	Common shareholders and/or directors
Kiattana Transport Plc.	Common shareholders and/or directors
Khan Co.,Ltd.	Common shareholders and/or directors
Sing Sian Yer Pao Co.,Ltd.	Common shareholders and/or directors
Sodexo Support Services (Thailand) Ltd.	Common shareholders and/or directors
Sodexo Healthcare Support Services (Thailand) Ltd.	Common shareholders and/or directors
Trat Golden Co.,Ltd.	Common shareholders and/or directors
Three Sixtyfive Plc.	Common shareholders and/or directors
THN Network Co.,Ltd.	Common shareholders and/or directors
Thai Kodama Co.,Ltd.	Common shareholders and/or directors
Thonburi Medical Centre Plc.	Common shareholders and/or directors
Dhammachart Na Thai Co.,Ltd.	Common shareholders and/or directors
Nippon Pack (Thailand) Plc.	Common shareholders and/or directors
National Healthcare Systems Co.,Ltd.	Common shareholders and/or directors
Bangkok Travel Club Co.,Ltd.	Common shareholders and/or directors
Bangkok Total Communication Co.,Ltd.	Common shareholders and/or directors
Bangkok River Rest Co.,Ltd.	Common shareholders and/or directors
BDMS Training Co.,Ltd.	Common shareholders and/or directors
BDMS Accounting Co.,Ltd.	Common shareholders and/or directors
Bangkok Airtour (1988) Co.,Ltd.	Common shareholders and/or directors
Prasit Patana Plc.	Common shareholders and/or directors
Parute (2008) Co.,Ltd.	Common shareholders and/or directors
Paolo Medic Co.,Ltd.	Common shareholders and/or directors
Paolo Samut Prakarn Co.,Ltd.	Common shareholders and/or directors
Diamond Building Products Plc.	Common shareholders and/or directors
Pattaya Country Club Co.,Ltd.	Common shareholders and/or directors
Paradigm Asia Limited	Common shareholders and/or directors
BIRA Property Co.,Ltd.	Common shareholders and/or directors



List of related companies	Relationship
Myraid Materials Co.,Ltd.	Common shareholders and/or directors
Mae Aroon Co.,Ltd.	Common shareholders and/or directors
Modern Manu Co.,Ltd.	Common shareholders and/or directors
Royal Bangkok Healthcare Co.,Ltd.	Common shareholders and/or directors
Phyathai 1 Hospital Co.,Ltd.	Common shareholders and/or directors
Phyathai 2 Hospital Co.,Ltd.	Common shareholders and/or directors
Phyathai 3 Hospital Co.,Ltd.	Common shareholders and/or directors
Sriracha Nakorn General Hospital Plc.	Common shareholders and/or directors
The Royal Ceramic Industry Plc.	Common shareholders and/or directors
Legal Connect Consultant Co.,Ltd.	Common shareholders and/or directors
Vanachai Group Plc.	Common shareholders and/or directors
Aeronautical Radio of Thailand Ltd.	Common shareholders and/or directors
Visunee Landing Co.,Ltd.	Common shareholders and/or directors
Thai Medical Center Plc.	Common shareholders and/or directors
Samui Convenient Store Co.,Ltd.	Common shareholders and/or directors
Samui Airport Shop Co.,Ltd.	Common shareholders and/or directors
Samui Palm Beach Royal Wing Co.,Ltd.	Common shareholders and/or directors
Samui Palm Beach Resort Co.,Ltd.	Common shareholders and/or directors
The Medic Pharma Co., Ltd.	Common shareholders and/or directors
Golden Lime Plc.	Common shareholders and/or directors
Finansia Syrus Securities Plc.	Common shareholders and/or directors
Asiaworks Television Ltd.	Common shareholders and/or directors
A.N.B. Laboratories Co.,Ltd.	Common shareholders and/or directors
Advance Information Technology Plc.	Common shareholders and/or directors
PV Consulting Co., Ltd.	Deemed related party
Food and Store Co., Ltd.	Deemed related party
Bangkok Airways (Cambodia) Co.,Ltd.	Deemed related party
More Than Free Co.,Ltd.	Deemed related party
Pranarnporn Co.,Ltd.	Deemed related party
Cool Latte Co.,Ltd.	Deemed related party
Orange Digital Media Co.,Ltd.	Deemed related party
A.P. Sheriff Co.,Ltd.	Deemed related party
Bangkok Aviation Services Co.,Ltd.	Deemed related party
Bangkok Security Services Co.,Ltd.	Deemed related party
BAGS Ground Services Co.,Ltd.	Deemed related party

(Unaudited but reviewed)

As at 30 June 2014 and 31 December 2013, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
<b><u>Trade and other receivables - related parties (Note 3)</u></b>				
Subsidiaries	-	-	83,042	42,206
Associated companies	558	852	-	-
Related companies (related by shareholders and/or directors)	13,005	87,058	11,839	86,475
Total trade and other receivables - related parties	<u>13,563</u>	<u>87,910</u>	<u>94,881</u>	<u>128,681</u>
<b><u>Deposits - related parties</u></b>				
Associated companies	47,500	47,500	47,500	47,500
Related companies (related by shareholders and/or directors)	962	72	962	72
Total deposits - related parties	<u>48,462</u>	<u>47,572</u>	<u>48,462</u>	<u>47,572</u>
<b><u>Trade and other payables - related parties (Note 16)</u></b>				
Subsidiaries	-	-	192,179	161,231
Associated companies	97,265	115,479	89,393	106,070
Related companies (related by shareholders and/or directors)	70,052	121,426	66,704	121,209
Total and other payables - related parties	<u>167,317</u>	<u>236,905</u>	<u>348,276</u>	<u>388,510</u>
<b><u>Other current liabilities - related parties</u></b>				
Subsidiaries	-	-	-	418,250
Total other current liabilities - related parties	<u>-</u>	<u>-</u>	<u>-</u>	<u>418,250</u>

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

As at 30 June 2014 and 31 December 2013, the balance of loans and interest receivables between the Company and those related parties and the movement are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	Balance as at 31 December 2013	Increase during the period	Decrease during the period	Balance as at 30 June 2014
Loans to and interest receivables				
Director	20,309	76	(20,385)	-
Associated companies	35,705	-	(1,215)	34,490
Related companies (related by directors)	209	1	(210)	-
Total	<u>56,223</u>	<u>77</u>	<u>(21,810)</u>	<u>34,490</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2013	Increase during the period	Decrease during the period	Balance as at 30 June 2014
Loans to and interest receivables				
Subsidiaries	63,284	-	-	63,284
Associated companies	35,705	-	(1,215)	34,490
Related companies (related by directors)	171	-	(171)	-
	99,160	-	(1,386)	97,774
Less: Allowance for doubtful accounts	(171)	-	171	-
Total	98,989	-	(1,215)	97,774

As at 30 June 2014 and 31 December 2013, the balance of loans and accrued interest between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2013	Increase during the period	Decrease during the period	Balance as at 30 June 2014
Loans from and accrued interest				
Subsidiaries	-	30,735	-	30,735
Total	-	30,735	-	30,735

#### Directors and management's benefits

During the three-month and six-month periods ended 30 June 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2014	2013	2014	2013
Short-term employee benefits	47	29	37	22
Post-employment benefits	1	1	-	-
Total	48	30	37	22

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2014</u>	<u>2013</u> (Restated)	<u>2014</u>	<u>2013</u> (Restated)
Short-term employee benefits	89	74	71	60
Post-employment benefits	2	2	1	1
Share-based payment (Note 21)	-	66	-	66
Total	<u>91</u>	<u>142</u>	<u>72</u>	<u>127</u>

#### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 26.4 to the financial statements.

#### **5. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	147,209	51,455	141,044	49,734
Bank deposits	1,191,519	2,381,404	963,939	2,184,772
Bills of exchange	80,888	120,000	-	-
Total	<u>1,419,616</u>	<u>2,552,859</u>	<u>1,104,983</u>	<u>2,234,506</u>

As at 30 June 2014, savings deposits, fixed deposits and bills of exchange carried interest at rates between 0.1 and 2.75 percent per annum (31 December 2013: between 0.10 and 3.15 percent per annum) and Baht 86 million of cash is cash on hand of aboard stations.

**6. Current investments**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Bills of exchange - at call	-	470,000	-	470,000
Trading securities	31,243	41,040	-	411,250
<b>Total</b>	<b>31,243</b>	<b>511,040</b>	<b>-</b>	<b>881,250</b>

On 26 December 2013, a Board of Directors Meeting passed a resolution to sell 3.5 million common shares of Bangkok Dusit Medical Services Plc. to Bangkok Airways Holding Company Limited, a subsidiary at a market price on 26 December 2013 of Baht 119.50 per share (market price as at 31 December 2013 was Baht 117.50 per share), or for a total of Baht 418.25 million. The company received payment from the subsidiary on 27 December 2013 and transferred the common shares on 31 January 2014.

**7. Allowance for diminution in value of inventory**

Movements in the allowance for diminution in value of inventory account during the six-month period ended 30 June 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Balance as at 1 January 2014</b>	40,970	40,840
Reversal provision for obsolete inventory during the period	676	676
<b>Balance as at 30 June 2014</b>	<b>41,646</b>	<b>41,516</b>

**8. Restricted bank deposits**

Current account amounting to Baht 163 million (31 December 2013: Baht 166 million) represent temporary suspended as discussed in Note 27.4 to financial statements.

## 9. Investments in associates

### 9.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
			(%)	(%)				
WFS - PG Cargo Co., Ltd.	Cargo	Thailand	49.00	49.00	147,000	147,000	486,561	383,706
Samui Airport Property Fund (Leasehold)	Property Fund	Thailand	25.00	25.00	2,255,571	2,255,571	1,493,751	1,539,202
S.E.A. Aviation Co., Ltd.	Transportation and cargo	Thailand	10.00	10.00	3,000	3,000	2,819	2,822
<b>Total</b>					<b>2,405,571</b>	<b>2,405,571</b>	<b>1,983,131</b>	<b>1,925,730</b>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			30 June 2014	31 December 2013	30 June 2014	31 December 2013
			(%)	(%)		
WFS - PG Cargo Company Limited	Cargo	Thailand	49.00	49.00	147,000	147,000
Samui Airport Property Fund (Leasehold)	Property Fund	Thailand	25.00	25.00	2,255,571	2,255,571
S.E.A. Aviation Co., Ltd.	Transportation and cargo	Thailand	10.00	10.00	3,000	3,000
<b>Total</b>					<b>2,405,571</b>	<b>2,405,571</b>

## 9.2 Share of profit/loss and dividend received

During the periods, the Company has recognised its share of profit/loss from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements				Separate financial statements			
	Share of profit (loss) from investments in associates				Dividend received			
	For the three-month		For the six-month		For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June		periods ended 30 June		periods ended 30 June	
	2014	2013	2014	2013	2014	2013	2014	2013
WFS - PG Cargo Co., Ltd.	56,696	50,476	102,855	90,181	-	-	-	-
Samui Airport Property								
Fund (Leasehold)	46,629	46,214	105,361	101,906	80,750	78,375	150,813	144,875
S.E.A. Aviation Co., Ltd.	7	(42)	(2)	(32)	-	-	-	-
<b>Total</b>	<b>103,332</b>	<b>96,648</b>	<b>208,214</b>	<b>192,055</b>	<b>80,750</b>	<b>78,375</b>	<b>150,813</b>	<b>144,875</b>

## 9.3 Fair value of investments in listed associates

In respect of investments in associated companies that are listed companies on the Stock Exchange of Thailand, their fair values are as follows:

(Unit: Million Baht)

Company's name	Fair value as at	
	30 June	31 December
	2014	2013
Samui Airport Property Fund (Leasehold)	4,014	3,753
<b>Total</b>	<b>4,014</b>	<b>3,753</b>

## 9.4 Summarised financial information of associates

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at	
	30 June	31 December	30 June	31 December	30 June	31 December
	2014	2013	2014	2013	2014	2013
WFS - PG Cargo Co., Ltd.	300	300	1,423	1,259	409	455
Samui Airport Property						
Fund (Leasehold)	9,208	9,208	10,519	10,552	62	62
S.E.A Aviation Co.,Ltd.	30	30	29	29	-	-

(Unaudited but reviewed)

(Unit: Million Baht)

Company's name	Total revenues				Profit			
	For the three-month period ended		For the six-month period ended		For the three-month period ended		For the six-month period ended	
	30 June		30 June		30 June		30 June	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
WFS - PG Cargo Co., Ltd.	389	357	760	683	116	103	210	184
Samui Airport Property Fund (Leasehold)	288	289	625	615	278	279	605	596
S.E.A Aviation Co.,Ltd.	-	-	-	-	-	-	-	-

The financial statements of S.E.A. Aviation Company Limited for the six-month period ended 30 June 2014 and 2013 were not reviewed by its auditor.

## 10. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost	
	30 June	31 December	30 June	31 December	30 June	31 December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Bangkok Airways Holding Co.,Ltd.	1,001,000	1,001,000	99.99	99.99	1,000,999	1,000,999
Bangkok Airways Ground Services Co.,Ltd.	250	250	99.99	99.99	250	250
Worldwide Flight Services Bangkok Air Ground Handling Co.,Ltd.	670,000	670,000	90.00	90.00	603,515	603,515
Bangkok Air Catering Co.,Ltd.	500,000	500,000	90.00	90.00	579,469	579,469
Investments in subsidiary companies					<u>2,184,233</u>	<u>2,184,233</u>

The Company's investments in subsidiaries amounting to Baht 593.6 million have been used as collateral for credit facilities of the subsidiaries.



**11. Investment properties**

The net book value of investment properties as at 30 June 2014 and 31 December 2013 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Cost	343,055	343,055	343,055	343,055
Less: Accumulated depreciation	(33,412)	(30,738)	(33,412)	(30,738)
Net book value	<u>309,643</u>	<u>312,317</u>	<u>309,643</u>	<u>312,317</u>
Depreciation included in the statement of comprehensive income for the period/year	<u>2,674</u>	<u>5,391</u>	<u>2,674</u>	<u>5,391</u>

The Company has pledged investment properties which net book value amounting to approximately Baht 157 million (31 December 2013: Baht 161 million) as collateral against credit facilities received from commercial bank.

**12. Others long-term investments**

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Available-for-sales securities				
Market capital	2,869,966	2,869,966	2,223,465	2,223,465
Add: Unrealised gain from revaluation	17,281,466	11,394,798	14,524,967	9,632,548
Available-for-sales securities - net	<u>20,151,432</u>	<u>14,264,764</u>	<u>16,748,432</u>	<u>11,856,013</u>
Debt securities held to maturity	50,000	50,000	50,000	50,000
Other investments	7,159	7,159	7,159	7,159
Total	<u>20,208,591</u>	<u>14,321,923</u>	<u>16,805,591</u>	<u>11,913,172</u>

Certain available-for-sales securities with market value as at 30 June 2014 amounting to Baht 16,740 million (31 December 2013: Baht 12,260 million) have been used as collateral for short-term loans from banks and long-term loans.

**13. Property, plant and equipment**

Movements of the property, plant and equipment account during the six-month period ended 30 June 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
	<u>                    </u>	<u>                    </u>
<b>Net book value as at 1 January 2014</b>	6,338,847	5,669,441
Acquisitions during the period - at cost	329,278	197,093
Disposal during the period - net book value at disposal date	(3)	(1)
Written-off - net book value	(11,812)	(11,812)
Depreciation for the period	<u>(270,687)</u>	<u>(201,709)</u>
<b>Net book value as at 30 June 2014</b>	<u><u>6,385,623</u></u>	<u><u>5,653,012</u></u>

As at 30 June 2014, certain property and equipments have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 1,475 million (31 December 2013: Baht 2,656 million) Separate financial statements: Baht 1,245 million (31 December 2013: Baht 2,433 million).

The Samui Airport including its facilities are used as collateral for compliance with the term and condition in the lease and services from facilities agreements with a Property Fund as discussed in Note 20 to financial statements.

Major portion of the Company's land together with the construction thereon are used as collateral for major portion of long-term loans as discussed in Note 17 to financial statements.

As at 30 June 2014, 4 aircraft of the Company are under conditional sales agreements. The Company treats these conditional sales agreements as finance leases and treats the seller per the agreements as the lessor of the aircraft. The lessor of the aircraft has subleased them from the owners.

The Aircraft Lease Agreements specify the right of the lessor to buy the aircraft from the owner. However, if the lessors do not comply with the Aircraft Lease Agreement, the owner has the right to take back the aircraft, and in that event the Company would not be able to utilise or take ownership of the aircraft, even if the Company has made the agreed payments to the lessor. Under the Aircraft Lease Agreement, the Company will take ownership of the aircraft when it has paid the final installment to the lessor and the owner of the aircraft has transferred ownership to the lessor.

**14. Intangible assets**

Two subsidiary companies have signed contracts with Airports of Thailand Public Company Limited (AOT) (which has sole right to operate Suvarnabhumi Airport), in order to engage in various projects at the Airport for 20 years from the day it opened officially (from 28 September 2006 to 27 September 2026). The subsidiaries have to pay annual benefits to AOT, in amounts not less than the minimum compensation rates set for each year, throughout the period of the concession.

<u>Company</u>	<u>Project</u>	<u>Period</u>
Bangkok Air Catering Company Limited	Catering	20 years
Worldwide Flight Services Bangkok Air Ground Handling Company Limited	Ground service equipments and maintenance facilities	20 years

The rights in buildings and other components of each project are transferred to Ministry of Finance.

The net book value of intangible assets as at 30 June 2014 and 31 December 2013 are presented below.

	Consolidated financial statements			Separate financial statements		
	Concessions	Computer	Total	Concessions	Computer	Total
		software			software	
As at 30 June 2014						
Cost	920,732	331,404	1,252,136	-	313,212	313,212
Less: Accumulated amortisation	(357,065)	(119,765)	(476,830)	-	(103,522)	(103,522)
Net book value	<u>563,667</u>	<u>211,639</u>	<u>775,306</u>	<u>-</u>	<u>209,690</u>	<u>209,690</u>
As at 31 December 2013						
Cost	920,732	241,717	1,162,449	-	223,524	223,524
Less: Accumulated amortisation	(334,247)	(111,116)	(445,363)	-	(95,230)	(95,230)
Net book value	<u>586,485</u>	<u>130,601</u>	<u>717,086</u>	<u>-</u>	<u>128,294</u>	<u>128,294</u>

**15. Bank overdrafts and short-term loans from banks**

Bank overdrafts and short-term loans from banks are secured by available for sales securities investments of the Company and its subsidiary, director and the director's securities.

(Unaudited but reviewed)

## 16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Trade payables - related parties	156,341	191,689	344,490	352,287
Trade payables - unrelated parties	1,287,211	1,384,140	1,251,679	1,333,652
Other payables - related parties	10,976	45,216	3,786	36,223
Other payables - unrelated parties	667,175	703,888	487,057	490,573
Other payables for purchase of software and equipment	46,557	32,061	16,857	4,361
Total trade and other payables	<u>2,168,260</u>	<u>2,356,994</u>	<u>2,103,869</u>	<u>2,217,096</u>

## 17. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Long-term loans	1,491,253	2,107,142	1,130,153	1,580,242
Less: Current portion	(786,113)	(986,138)	(509,213)	(628,838)
Long-term loans, net of current portion	<u>705,140</u>	<u>1,121,004</u>	<u>620,940</u>	<u>951,404</u>

Movements of long-term loans during the six-month period ended 30 June 2014 is summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2014	2,107,142	1,580,242
Less: Repayment loans	(615,889)	(450,089)
Balance as at 30 June 2014	<u>1,491,253</u>	<u>1,130,153</u>

Long-term loans are secured by part of the Company and its subsidiary's land and construction, common shares of subsidiary, certain available for sales securities of the Company and its subsidiary, director and the director's securities.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to maintain certain debt to equity and debt service coverage ratios according to the agreements.

(Unaudited but reviewed)

As at 30 June 2014, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 131 million (Company only: Baht 131 million).

#### 18. Liabilities arising from finance lease of aircrafts

Liabilities arising from finance lease of aircrafts (effective rate from 6.68 percent to 7.07 percent) are due as follow:

(Unit: Thousand Baht)

	Consolidated financial statements and Separate financial statements		
	30 June 2014		
	Liabilities arising from finance lease	Deferred interest expenses	Total
Within one year	502,081	(28,576)	473,505
After one year but within five years	134,290	(3,546)	130,744
Total	636,371	(32,122)	604,249

(Unit: Thousand Baht)

	Consolidated financial statements and Separate financial statements		
	31 December 2013		
	Liabilities arising from finance lease	Deferred interest expenses	Total
Within one year	471,139	(47,312)	423,827
After one year but within five years	422,197	(13,538)	408,659
Total	893,336	(60,850)	832,486

**19. Liabilities under finance lease agreements**

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Liabilities under finance lease agreements	73,662	64,068	65,922	55,015
Less: Deferred interest expenses	(4,750)	(4,274)	(4,184)	(3,622)
Total	68,912	59,794	61,738	51,393
Less : Portion due within one year	(28,500)	(26,541)	(25,129)	(22,694)
Liabilities under finance lease agreements - net of current portion	40,412	33,253	36,609	28,699

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	30 June 2014		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	31,233	42,429	73,662
Deferred interest expenses	(2,733)	(2,017)	(4,750)
Present value of future minimum lease payments	28,500	40,412	68,912

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2013		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	28,980	35,088	64,068
Deferred interest expenses	(2,439)	(1,835)	(4,274)
Present value of future minimum lease payments	(26,541)	33,253	59,794

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements		
	30 June 2014		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	27,540	38,382	65,922
Deferred interest expenses	(2,411)	(1,773)	(4,184)
Present value of future minimum lease payments	<u>25,129</u>	<u>36,609</u>	<u>61,738</u>

(Unit: Thousand Baht)

	Separate financial statements		
	31 December 2013		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	24,761	30,254	55,015
Deferred interest expenses	(2,067)	(1,555)	(3,622)
Present value of future minimum lease payments	<u>22,694</u>	<u>28,699</u>	<u>51,393</u>

## 20. Long-term loan - related party

(Unit: Thousand Baht)

<b>Balance as at 1 January 2014</b>	11,207,489
Increase from compound interest	643,182
Less: Payment during period	<u>(619,983)</u>
<b>Balance as at 30 June 2014</b>	11,230,688
Less: portion due within one year	<u>-</u>
<b>Long-term loans - related party - net of current portion</b>	<u>11,230,688</u>

On 24 November 2006, the Company entered into an agreement to lease Samui Airport, together with its facilities, to Samui Airport Property Fund (Leasehold) (Fund) for a period of 30 years (from 24 November 2006 to 23 November 2036) for Baht 9,300 million. The Company pledged the assets leased to the Fund, with a collateral values of Baht 20,900 million, to guarantee performance in accordance with the lease agreement. Under the term of the agreement, the Company (Bangkok Airways Co., Ltd. and/or its affiliates, and/or its subsidiaries) must hold not less than 25% of the number of units issued and offered for sale by the Fund for the period of 20 years (from 24 November 2006 to 23 November 2026).

On the same date, the Company entered into an agreement to sublease the Samui Airport from the Fund for a period of 3 years, renewable for 9 times of 3 years each, and another agreement under which the Company is to receive utilities system service at the Samui Airport from the Fund for a period of 30 years (from 24 November 2006 to 23 November 2036). Payments on these agreements are as follows:

Sublease	-	Baht 26,125,000 per month
Utilities system service		
- Fixed	-	Baht 21,375,000 per month
- Additional	-	Vary based on number of departing passengers and number of flight arrivals

The Company has to arrange for a bank guarantee to be issued by a commercial bank in Thailand and/or deposit cash as security in the bank account of the Fund and/or pledge of listed securities and/or other securities, such that their aggregate value is equal to 12 months of the sub-lease fee specified in Sub-Lease Agreement plus the fixed service fee specified in Utilities System Service Agreement. If listed securities and/or other securities are pledged, collateral value is not to be less than 120 percent of the pledged collateralized amount throughout the pledge period.

The Company has pledged common shares of Bangkok Dusit Medical Services Public Company Limited amounting to 85 million shares of Baht 0.1 each (31 December 2013: 8.5 million shares of Baht 1 each) with a fair value of Baht 1,411 million (31 December 2013: Baht 999 million) as at 30 June 2014, as collateral.

During the year 2013, the Company changed the way it recorded these long-term loans, to include fixed rental expenses, fixed service expenses and variable service expenses in computing the effective interest rate. This change in calculation method caused the book value of long-term loans to increase, since cumulative estimated future liabilities over the term of the contract are recorded in the financial statements. This effect to this is that in some years the long-term loans balance is increased due to compounding of interest.

## **21. Capital reserve for share-based payment transactions**

On 26 February 2013, the Company allotted 30,000,000 common shares to employees and directors of the Company. The details are as follows:

No. of shares reserved for exercise: 30,000,000 shares

Offering date: 26 February 2013



Exercise price:	Equal to or higher than net book value of the Company as at 31 December 2012 (approximately or equal to Baht 10)
Allotment method:	The Company allotted the common shares to directors, management and employees eligible as of 31 January 2013, with the allocations dependent on position, length of service and responsibilities.
Lock up period:	No shares may be sold for six months after the Company's shares start trading in the Stock Exchange of Thailand, while up to 50% of shares may be sold during the seventh to the twelfth month after the shares start trading, and there are no limitations on the sale of shares once a period of twelve months has passed since the shares started trading.

On 24 April 2014, The Annual Shareholder Meeting approved the cancellation of the lock up period.

## 22. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and six-month periods ended 30 June 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2014	2013	2014	2013
<b>Current income tax:</b>				
Interim corporate income tax charge	(59,989)	41,140	(81,023)	24,223
Adjustment in respect of current income tax of previous year	(200)	-	(200)	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2014	2013	2014	2013
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	25,965	(18,573)	25,507	(8,466)
<b>Income tax expense reported in the statements of comprehensive income</b>	<b>(34,224)</b>	<b>22,567</b>	<b>(55,716)</b>	<b>15,757</b>

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
<b>Current income tax:</b>				
Interim corporate income tax charge	56,800	119,604	-	83,887
Adjustment in respect of current income tax of previous year	(200)	-	(200)	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(35,275)	9,667	(35,519)	4,631
<b>Income tax expense reported in the statements of comprehensive income</b>	<b>21,325</b>	<b>129,271</b>	<b>(35,719)</b>	<b>88,518</b>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2014	2013	2014	2013
Deferred tax relating to (gain) loss on changes in value of available-for-sale investments	<u>(813,198)</u>	<u>182,101</u>	<u>(675,848)</u>	<u>156,602</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
Deferred tax relating to gain on changes in value of available-for-sale investments	<u>(1,177,334)</u>	<u>(1,048,805)</u>	<u>(978,484)</u>	<u>(900,903)</u>

### 23. 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 period.

### 24. Segment information

The Company and its subsidiaries are organised into business units based on its products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

(Unaudited but reviewed)

(Unit: Million Baht)

	Airlines segment		Airports segment		Supporting Airlines Business segments		Other segments		Elimination of inter-segment revenues		Consolidation	
	For the three-month periods ended 30 June											
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from external customers	3,797	3,510	115	112	613	630	-	12	-	-	4,525	4,264
Intersegment revenues	-	-	-	-	211	166	-	-	(211)	(166)	-	-
Total revenues	<u>3,797</u>	<u>3,510</u>	<u>115</u>	<u>112</u>	<u>824</u>	<u>796</u>	<u>-</u>	<u>12</u>	<u>(211)</u>	<u>(166)</u>	<u>4,525</u>	<u>4,264</u>
Segment operating profit (loss)	209	796	11	(5)	1	91	-	1			221	883
Unallocated income and expenses:												
Gain from sales of current investments											3	2
Gain from sales of investments in subsidiaries												
Other income											398	359
Selling expenses											(359)	(344)
Administrative expenses											(313)	(372)
Other expenses											(2)	(15)
Share of profit of associated companies											103	97
Financial cost											(407)	(436)
Income tax expenses											35	(22)
Non-controlling interests of the subsidiaries											(5)	(9)
Profit (loss) for the period											<u>(326)</u>	<u>143</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Airlines segment		Airports segment		Supporting Airlines Business segments		Other segments		Elimination of inter-segment revenues		Consolidation	
	For the six-month periods ended 30 June											
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from external customers	8,831	8,216	269	252	1,337	1,286	-	35	-	-	10,437	9,789
Intersegment revenues	-	-	-	-	435	342	-	-	(435)	(342)	-	-
Total revenues	<u>8,831</u>	<u>8,216</u>	<u>269</u>	<u>252</u>	<u>1,772</u>	<u>1,628</u>	<u>-</u>	<u>35</u>	<u>(435)</u>	<u>(342)</u>	<u>10,437</u>	<u>9,789</u>
Segment operating profit	1,514	2,523	77	33	99	222	-	5			1,690	2,783
Unallocated income and expenses:												
Gain from sales of current investments											3	42
Gain from sales of investments in subsidiaries											-	3
Other income											540	422
Selling expenses											(714)	(700)
Administrative expenses											(670)	(815)
Other expenses											(6)	(36)
Share of profit of associated companies											208	192
Financial cost											(825)	(880)
Income tax expenses											(21)	(129)
Non-controlling interests of the subsidiaries											(17)	(41)
Profit for the period											<u>188</u>	<u>841</u>

**25. Dividends**

	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Interim dividends for 2012 income	Extraordinary Annual Meeting of the shareholders on 26 February 2013	850,000	7.01
Final dividends for 2012 income	Annual General Meeting of the shareholders on 25 April 2013	350,000	0.22
Interim dividends for 2013 income	Board of Directors' meeting on 25 April 2013	449,954	0.28
		1,649,954	7.51

**26. Commitments and contingent liabilities****26.1 Operating lease commitments**

The Company has entered into several aircraft lease agreements with foreign companies, office premises and utilities.

As at 30 June 2014, future minimum lease payments required under aircraft lease agreements total USD 161 million (31 December 2013: USD 125 million).

Future minimum lease payments required under concessions and non-cancellable rental agreements of land and building and service agreements with local and aboard were as follows.

	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Payable:				
In up to 1 year	652	589	190	77
In over 1 and up to 5 years	1,938	1,770	212	58
In over 5 years	3,896	4,118	73	74

## 26.2 Capital commitments

26.2.1 As at 30 June 2014, the Company and its subsidiaries had capital commitments of Baht 77 million (31 December 2013: Baht 30 million) mainly in building improvement, and Baht 42 million (31 December 2013: Baht 129 million) relating to acquisition of software and office equipment for the Company's operations.

26.2.2 As at 30 June 2014, the Company had commitments as a result of its signature of a sale and purchase contract for 9 ATR aircrafts with Avions de Transport Regional G.I.E. Delivery of the aircraft is scheduled for between November 2014 and February 2017.

## 26.3 Guarantees

(a) As at 30 June 2014, the Company has guaranteed bank credit facilities of its subsidiaries companies amounting to Baht 1,910 million (31 December 2013: Baht 1,910 million) and associated companies amounting to Baht 165 million (31 December 2013: Baht 165 million).

(b) As at 30 June 2014, the Company has outstanding bank guarantees of approximately Baht 73.7 million, USD 0.5 million, INR 18.8 million, BDT 1.2 million, MYR 0.02 million, EUR 0.01 million and SGD 0.1 million issued by banks on behalf of the Company and related companies in the normal course of business (31 December 2013: Baht 73.0 million, USD 1.3 million, INR 29.8 million, BDT 1.2 million, MYR 1.0 million, EUR 0.01 million and SGD 0.1 million) and its subsidiaries have outstanding bank guarantees of approximately Baht 291 million (31 December 2013: Baht 282 million).

## 26.4 Pledges

### The Company and its subsidiaries

26.4.1 As at 30 June 2014 and 31 December 2013, the Company and its subsidiaries have the following contingent liabilities in respect of loan guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	30 June 2014	31 December 2013
Bangkok Air Catering Co.,Ltd.	BAC Gourmet House Co.,Ltd.	46	46

26.4.2 As at 30 June 2014 and 31 December 2013, the Company and its subsidiaries have the following contingent liabilities in respect of guarantees for bank overdraft facilities.

(Unaudited but reviewed)

(Unit: Million Baht)

<u>Guarantor</u>	<u>Guarantee</u>	<u>30 June 2014</u>	<u>31 December 2013</u>
Bangkok Air Catering Co., Ltd.	BAC Gourmet House Co., Ltd.	<u>5</u>	<u>5</u>

## 27. Litigation

### The Company

- 27.1 The Company was sued by 3 ex-employees claiming Baht 0.2 million in bonuses for 2007. The Company opposed the claim, citing that the employees resigned in May 2008, making them ineligible for the bonus for the previous year that was paid in 2008. On 12 May 2014, the Court dismissed the case brought by 1 ex-employee claiming Baht 61,000, and this case is finalised. The cases of 2 ex-employees, are being considered by the Supreme Court.
- 27.2 The Company was sued by a plaintiff who had acted as an agent in contacting and introducing sponsors for the “Bangkok Airways Samui Super Beach Volleyball 2005” and “Bangkok Airways Open 2005” events. The plaintiff claimed payment of commissions at the rate of 10 percent of the amounts received from sponsorship of these events in the years 2006 and 2007, amounting to Baht 0.6 million together with interest at a rate of 7.5 percent per annum, calculated from 3 September 2008. The Company disputed the claim, citing that the plaintiff was hired as an agent exclusively for the year 2005, making the plaintiff ineligible for the commissions for the years 2006 and 2007. The Supreme Court dismissed the plaintiff’s suit on 30 May 2014 and the case is finalised.
- 27.3. Koh Samui Municipality made the assessment of the House and Land tax for Samui Airport between the year 2007 to the year 2010 in the total amount of Baht 119 million and in the amount of Baht 38.8 million for each of the year 2011 to the year 2013. The Company disagreed with such tax assessment as the assessment of the House and Land tax by Koh Samui Municipality was not in line with laws and relevant facts. The Company, therefore, filed an appeal for reassessment of the House and Land tax pursuant to rights permitted by the laws. However, since the House and Land Tax Act B.E. 2475 (1932) provides that the payment of assessed the House and Land tax shall be made prior to submitting the case before the court, the Company is required to pay such House and Land tax as earlier assessed to Koh Samui Municipality.



The Company filed suit against Koh Samui Municipality with the Central Tax Court to demand Koh Samui Municipality to return the paid House and Land tax. In this regards, the Central Tax Court rendered the judgment in favor of the Company with respect to the House and Land tax assessment of the year 2007 to the year 2010 and that of the year 2011 and the year 2012 and ordered Koh Samui Municipality to repay the House and Land tax for the year 2007 to the year 2010 and for the year 2011 and the year 2012 to the Company with the interest rate of 7.5 percent per annum. Koh Samui Municipality subsequently filed the petition to suspend the execution of the judgment and filed an appeal against such judgment to the Central Tax Court. Such appeal is currently being considered by the Supreme Court. In addition, the Company filed an appeal against the assessment of House and Land tax for the year 2013, which is currently under the consideration of Koh Samui Municipality.

In August 2014, Koh Samui Municipality charged the Company property tax amounting to Baht 38.8 million for year 2014. The company paid all of the tax and filed an appeal against the assessment with Koh Samui Municipality. At present, the appeal is being considered by Koh Samui Municipality.

The Company hereby confirms that the relevant accounting record is made for accounting purposes only and shall neither prejudice, nor shall be construed as a waiver of the Company's legal rights to claim for the House and Land tax to be repaid by Koh Samui Municipality according to the court judgment, including any other cases in disputes and being in the court proceedings and the Company's appeal for House and Land tax reassessment.

- 27.4 The Company was sued by a plaintiff who acted as an agent for ticketing and air cargo services operated in Bangladesh. The plaintiff filed a civil lawsuit against the Company with the Civil Court, alleging that the Company was in breach of agreement as a result of the non-renewal of the agency appointment, resulting in damages amounting Bangladeshi Taka 807 million, or about Baht 308 million, and petitioned the court to issue an order of temporary protection prohibiting the Company from any transactions through the Company's accounts at the Banani Branch of HSBC Bank, as discussed in Note 8. The court of first instance accepted the lawsuit but dismissed the petition for a temporary protection order. The plaintiff therefore filed an appeal of the decision of the court of first instance with the Supreme Court and the Supreme Court decided that the temporary protection order should be granted by the court of first instance, and dissolved after 2 months from the date the order is received. The Company has engaged legal counsel to dispute the charges since the renewal of an agreement appointing an agent is the Company's right and the agreement appointing the agent

did not stipulate that the Company required the consent of the agent in the matter of renewal of the agreement. Subsequently, the Company and plaintiff have attempted to conclude a settlement agreement, whereby the Company would have to pay compensation amounting to USD 1.6 million, or Baht 52 million, to a plaintiff. The Company has already set aside full provision for the compensation in the accounts. At present, the Company and plaintiff are in the process of negotiating the settlement conditions.

- 27.5 In February 2014, the Company was sued by a former employee, claiming damages of Baht 91.4 million for tort and breach of an employment contract. Subsequently, in April 2014, the Company countersued the plaintiff, claiming damages of Baht 10.2 million for breach of a training and learning contract. At present, the case is being considered by the Central Labour Court.

### **Subsidiaries**

- 27.6 During 2008, the subsidiary was sued for Baht 68.6 million by its construction contractor in a dispute between the parties over the subsidiary's opinion that the contractor had not complied with the terms and conditions of a construction contract. On 20 April 2010, the Court of First Instance ordered the subsidiary to pay compensation of Baht 25.4 million, together with interest at 7.5% per annum computed from 15 October 2007 until the compensation is fully settled. On 14 July 2010, the subsidiary sought a stay of execution from the Court of Appeal.

In March 2011, the subsidiary returned the retention, amounting to Baht 10.4 million, to the plaintiff, together with the corresponding interest, or a total of Baht 13.1 million. Moreover, on 17 March 2011, the subsidiary placed the remaining Baht 15 million and the corresponding interest charge, or a total of Baht 19.8 million, as a bond, in accordance with an order of the Court of Appeal. On 2 June 2011, the Court of Appeal ordered the subsidiary to pay for incremental costs amounting to Baht 13.6 million, together with interest at 7.5% per annum computed from 15 October 2007 until the compensation is fully settled. Later, on 30 September 2011, the subsidiary filed an appeal of the case with the Supreme Court. Currently, the case is pending in the Supreme Court and the outcome cannot yet be determined. However, the subsidiary believes that the provisions made in the accounts are adequate to cover any losses that may arise from this case.

**28. Foreign currency risk**

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

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at		as at		as at	
	30	31	30	31	30	31
	June	December	June	December	June	December
2014	2013	2014	2013	2014	2013	
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
AUD	-	2	-	-	30.57	29.18
BDT	1,053	869	7	7	0.42	0.42
CNY	5	5	2	2	5.23	5.41
EUR	4	3	6	16	44.27	45.02
GBP	-	1	-	-	55.26	53.92
HKD	9	12	6	7	4.19	4.23
INR	71	181	31	16	0.52	0.53
JPY	37	31	1	-	0.32	0.31
RUB	6	25	-	-	0.96	1.00
SGD	-	1	-	-	25.99	25.88
USD	24	24	70	58	32.46	32.81
TWD	6	6	-	-	1.09	1.09
KRW	312	324	-	-	0.03	0.03

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at		as at		as at	
	30	31	30	31	30	31
	June	December	June	December	June	December
2014	2013	2014	2013	2014	2013	
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
AUD	-	2	-	-	30.57	29.18
BDT	1,053	869	7	7	0.42	0.42
CNY	5	5	2	2	5.23	5.41
EUR	4	3	-	2	44.27	45.02
GBP	-	1	-	-	55.26	53.92
HKD	9	12	6	7	4.19	4.23
INR	71	181	31	16	0.54	0.53
JPY	37	31	1	-	0.32	0.31
RUB	6	25	-	-	0.96	1.00
SGD	-	1	-	-	25.99	25.88
USD	21	23	46	48	32.46	32.81
TWD	6	6	-	-	1.09	1.09
KRW	312	324	-	-	0.03	0.33

**29. Fuel Price Risk**

The Company's fuel price risk hedges covered 44.41 percent (31 December 2013: 58.3 percent) of its total fuel consumption. As at 30 June 2014, the Company had outstanding obligations from fuel price hedging until December, amounting to 255,000 barrels (31 December 2013: 375,000 barrels) of jet fuel, with the lowest forward price being USD 112 per barrel and the highest contract price being USD 123 per barrel (31 December 2013: lowest price was USD 112 per barrel and highest price was USD 125 per barrel).

The Company has obligations in respect of the fuel price difference if the fuel price is lower than contract price and conversely, the Company will be compensated for the price difference if the fuel price is higher than the contract price.

**30. Events after the reporting period**

In July 2014, The Company was sued by former employee, claiming Baht 30.3 million in severance pay. The case is being considering by the Central Labour Court.

**31. Approval of financial statements**

These interim consolidated financial statements were authorised for issue by the Company's authorised directors on 14 August 2014.