

Bangkok Airways Public Company Limited
and its subsidiaries
Review report and interim consolidated financial statements
For the three-month and nine-month periods ended
30 September 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 September 2014, and the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2014, the consolidated statements of changes in shareholders' equity and cash flows for the nine-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 nine-month periods ended 30 September 2013, the consolidated statements of changes in shareholders' equity and cash flows for the nine-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.

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 12 November 2014

Bangkok Airways Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
		2014	2013	2014	2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	5	1,589,411	2,552,859	1,293,375	2,234,506
Current investments	6	30,018	511,040	-	881,250
Trade and other receivables	3, 4	1,412,979	1,679,159	1,056,133	1,258,290
Prepaid expenses		273,801	334,249	259,935	321,115
Inventories	7	243,069	228,418	167,561	152,263
Other current assets		624,543	408,820	539,775	336,110
Total current assets		4,173,821	5,714,545	3,316,779	5,183,534
Non-current assets					
Restricted bank deposits	8	190,212	189,095	166,108	168,133
Investments in associates	9	1,886,872	1,925,730	2,405,571	2,405,571
Investments in subsidiaries	10	-	-	2,184,233	2,184,233
Other long-term investments	12	22,514,574	14,321,923	18,722,074	11,913,172
Long-term loans to related parties	4	-	56,223	63,284	98,989
Investment properties	11	308,284	312,317	308,284	312,317
Property, plant and equipment	13	6,482,498	6,338,847	5,703,342	5,669,441
Intangible assets	14	765,803	717,086	209,234	128,294
Leasehold rights		49,763	58,651	49,763	58,651
Deferred tax assets		24,087	23,513	-	-
Other non-current assets	4	840,987	735,121	795,642	672,739
Total non-current assets		33,063,080	24,678,506	30,607,535	23,611,540
Total assets		37,236,901	30,393,051	33,924,314	28,795,074

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 September 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
		2014	2013	2014	2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	15	550,000	671,365	550,000	650,000
Trade and other payables	4, 16	2,364,673	2,356,994	2,327,294	2,217,096
Current portion of long-term loans	17	776,773	986,138	494,973	628,838
Income tax payable		37,390	34,512	-	-
Current portion of liabilities arising from finance lease of aircrafts	18	438,630	423,827	438,630	423,827
Current portion of finance lease liabilities	19	29,749	26,541	24,949	22,694
Short-term loans from related party	4	-	-	30,813	-
Current portion of long-term loans from related party	20	-	-	-	-
Unearned income		1,870,448	2,035,941	1,869,249	2,032,627
Other current liabilities	4	864,023	1,058,762	537,688	1,152,377
Total current liabilities		6,931,686	7,594,080	6,273,596	7,127,459
Non-current liabilities					
Long-term loans - net of current portion	17	549,660	1,121,004	508,560	951,404
Liabilities arising from finance lease of aircrafts - net of current portion	18	118,753	408,659	118,753	408,659
Finance lease liabilities - net of current portion	19	42,665	33,253	36,113	28,699
Long-term loans from related party - net of current portion	20	11,235,608	11,207,489	11,235,608	11,207,489
Provision for long-term employee benefits		316,441	286,485	260,307	236,694
Deferred tax liabilities		4,067,783	2,486,066	3,505,433	2,200,466
Other non-current liabilities		70,428	64,303	-	5,000
Total non-current liabilities		16,401,338	15,607,259	15,664,774	15,038,411
Total liabilities		23,333,024	23,201,339	21,938,370	22,165,870

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 September 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	30 September	31 December	30 September	31 December	
	Note	2014	2013	2014	2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
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	21	207,300	207,300	207,300	207,300
Retained earnings					
Appropriated - statutory reserve		210,000	210,000	210,000	210,000
Unappropriated		(4,011,952)	(4,148,032)	(3,434,254)	(3,344,134)
Other components of shareholders' equity		15,514,812	8,960,953	13,152,898	7,706,038
Equity attributable to owners of the Company		13,770,160	7,080,221	11,985,944	6,629,204
Non-controlling interests of the subsidiaries		133,717	111,491	-	-
Total shareholders' equity		13,903,877	7,191,712	11,985,944	6,629,204
Total liabilities and shareholders' equity		37,236,901	30,393,051	33,924,314	28,795,074
		-	-	-	-

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

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 Directors

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
Profit or loss:					
Revenues					
Passenger	4	4,196,914	4,169,208	4,197,113	4,169,236
Sales and service income	4	616,979	668,269	-	-
Freight	4	89,935	73,321	89,935	73,321
Passenger service charge		130,491	137,519	130,491	137,519
Dividend income	4, 9.2	308	286	215,917	201,220
Gain on sales of investments		16	-	-	-
Other income	4	249,601	153,634	282,328	193,495
Total revenues		5,284,244	5,202,237	4,915,784	4,774,791
Expenses					
Cost of sales and services	4	4,306,321	3,741,275	3,912,961	3,351,236
Selling expenses	4	406,015	349,540	401,628	346,761
Administrative expenses	4	336,877	349,666	238,771	253,000
Loss on sales of investments		-	375	-	-
Total expenses		5,049,213	4,440,856	4,553,360	3,950,997
Profit before share of profit from investments in associates, finance cost and income tax expenses					
Share of profit from investments in associates	9.2	119,615	104,639	-	-
Profit before finance cost and income tax expenses		354,646	866,020	362,424	823,794
Finance cost		(403,052)	(448,295)	(396,182)	(433,970)
Profit (loss) before income tax expenses		(48,406)	417,725	(33,758)	389,824
Income tax expenses	22	1,887	(26,466)	21,229	(21,384)
Profit (loss) for the period		(46,519)	391,259	(12,529)	368,440
Other comprehensive income:					
Gain (loss) on changes in value of available-for-sale investments		2,305,656	(3,761,820)	1,916,156	(3,234,819)
Income tax effect	22	(461,131)	752,366	(383,231)	646,964
Other comprehensive income for the period		1,844,525	(3,009,454)	1,532,925	(2,587,855)
Total comprehensive income for the period		1,798,006	(2,618,195)	1,520,396	(2,219,415)

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 September 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
Profit attributable to:					
Equity holders of the Company		(51,845)	380,757	(12,529)	368,440
Non-controlling interests of the subsidiaries		5,326	10,502		
		<u>(46,519)</u>	<u>391,259</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		1,792,680	(2,628,697)	1,520,396	(2,219,415)
Non-controlling interests of the subsidiaries		5,326	10,502		
		<u>1,798,006</u>	<u>(2,618,195)</u>		

(Unit: Baht)

Earnings per share	23				
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company		<u>(0.03)</u>	<u>0.24</u>	<u>(0.01)</u>	<u>0.23</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 nine-month period ended 30 September 2014**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
Profit or loss:					
Revenues					
Passenger	4	12,874,520	12,281,403	12,875,037	12,281,539
Sales and service income	4	1,954,370	1,954,256	-	-
Freight	4	242,529	177,370	242,529	177,370
Passenger service charge		399,629	389,321	399,629	389,321
Dividend income	4, 9.2	244,094	219,590	568,524	534,038
Gain on sales of investments		3,390	41,562	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	542,266	375,853	631,419	475,495
Total revenues		16,260,798	15,442,382	14,724,138	13,903,832
Expenses					
Cost of sales and services	4	13,052,789	10,746,729	11,853,791	9,632,263
Selling expenses	4	1,120,430	1,049,957	1,108,662	1,039,285
Administrative expenses	4	1,006,717	1,164,948	709,258	879,612
Loss on sales of investments in subsidiaries		-	-	-	2,494
Other expenses	4	2,690	19,725	-	6,489
Total expenses		15,182,626	12,981,359	13,671,711	11,560,143
Profit before share of profit from investments in associates, finance cost and income tax expenses					
		1,078,172	2,461,023	1,052,427	2,343,689
Share of profit from investments in associates	9.2	327,829	296,694	-	-
Profit before finance cost and income tax expenses		1,406,001	2,757,717	1,052,427	2,343,689
Finance cost		(1,228,257)	(1,328,777)	(1,199,495)	(1,284,847)
Profit (loss) before income tax expenses		177,744	1,428,940	(147,068)	1,058,842
Income tax expenses	22	(19,438)	(155,737)	56,948	(109,902)
Profit (loss) for the period		158,306	1,273,203	(90,120)	948,940
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		-	(227)	-	-
Gain on changes in value of available-for-sale investments		8,192,324	1,482,194	6,808,575	1,269,695
Income tax effect	22	(1,638,465)	(296,439)	(1,361,715)	(253,939)
Other comprehensive income for the period		6,553,859	1,185,528	5,446,860	1,015,756
Total comprehensive income for the period		6,712,165	2,458,731	5,356,740	1,964,696

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 nine-month period ended 30 September 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
Profit attributable to:					
Equity holders of the Company		136,080	1,221,800	(90,120)	948,940
Non-controlling interests of the subsidiaries		22,226	51,403		
		<u>158,306</u>	<u>1,273,203</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		6,689,939	2,407,337	5,356,740	1,964,696
Non-controlling interests of the subsidiaries		22,226	51,394		
		<u>6,712,165</u>	<u>2,458,731</u>		

(Unit: Baht)

Earnings per share	23				
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company		<u>0.09</u>	<u>0.82</u>	<u>(0.06)</u>	<u>0.64</u>
Weighted average number of ordinary shares (Thousand shares)					
of Baht 1 each		<u>1,580,000</u>	<u>1,488,007</u>	<u>1,580,000</u>	<u>1,488,007</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 nine-month period ended 30 September 2014**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u> (Restated)	<u>2014</u>	<u>2013</u> (Restated)
Cash flows from operating activities				
Profit (loss) before tax	177,744	1,428,940	(147,068)	1,058,842
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	470,118	421,700	328,203	298,315
Allowance for doubtful accounts (reversal)	(42,668)	49,782	(43,709)	51,807
Loss from written off doubtful debts	14,045	-	14,045	-
Reduction of inventory to net realisable value	1,113	401	1,113	271
Gain on sales of property, plant and equipment	(2,225)	(1,304)	(2,227)	(4,570)
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	(3,390)	(4,971)	(7,000)	-
(Gain) loss from revaluation of short-term investments	(1,623)	18,992	-	-
Written off fixed assets	11,812	19,571	11,812	19,571
Share of profit from investments in associates	(327,829)	(296,694)	-	-
Provision for long-term employee benefits	41,419	27,283	30,283	17,321
Gain on changes in provision for long-term employee benefits	(4,479)	-	-	-
(Gain) loss on sales of investment in subsidiaries	-	(3,027)	-	2,494
Reversal impairment in investments in subsidiaries	-	-	-	(9,478)
Unrealised loss on exchange	42,465	66,389	42,169	66,275
Share-based payment transactions	-	207,300	-	207,300
Dividend income	(244,094)	(219,590)	(568,524)	(534,038)
Interest income	(13,232)	(17,983)	(8,124)	(13,700)
Interest expenses	1,228,257	1,328,777	1,199,495	1,284,847
Profit from operating activities before changes in operating assets and liabilities	1,343,823	2,988,975	846,858	2,408,666
Operating assets (increase) decrease				
Trade and other receivables	386,853	67,022	323,892	89,567
Loans to director	-	92,564	-	96,658
Short-term loans to related parties	54,155	44,710	34,300	49,850
Inventories	(15,764)	12,198	(16,411)	19,772
Other current assets	(147,620)	38,660	(119,385)	54,690
Other assets	(117,290)	(80,192)	(134,805)	(73,042)
Operating liabilities increase (decrease)				
Trade and other payables	8,311	36,275	106,952	51,355
Other current liabilities	(351,570)	(170,571)	(775,338)	(290,453)
Liabilities under finance lease payable	(348,130)	(181,505)	(345,110)	(178,737)
Provision for long-term employee benefits	(6,984)	(16,493)	(6,670)	(15,767)
Other non-current liabilities	6,125	3,093	(5,000)	(166)
Cash flows from (used in) operating activities	811,909	2,834,736	(90,717)	2,212,393
Cash paid for interest expenses	(1,214,950)	(1,274,073)	(1,180,126)	(1,230,309)
Cash paid for income tax expenses	(92,839)	(235,041)	(33,226)	(186,332)
Net cash flows from (used in) operating activities	(495,880)	1,325,622	(1,304,069)	795,752

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 nine-month period ended 30 September 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013 (Restated)	2014	2013 (Restated)
Cash flows from investing activities				
(Increase) decrease in restricted bank deposits	(1,117)	(9,509)	2,025	(8,879)
(Increase) decrease in current investments	470,000	(100,446)	470,000	(100,446)
Acquisition of short-term investments	-	(112,188)	-	-
Acquisition of long-term investments	(327)	(43,909)	(327)	(43,909)
Acquisition of property, plant and equipment	(495,446)	(345,018)	(280,570)	(288,205)
Acquisition of intangible assets	(98,099)	(82,692)	(95,347)	(82,190)
Interest income	15,087	210,541	8,815	205,922
Dividend income from investment in associates	271,137	316,650	271,137	316,650
Dividend income from long-term investments	244,094	219,590	201,837	187,988
Proceeds from sales of property, plant and equipment	2,235	247,497	2,235	247,498
Proceeds from sales of leasehold rights	10,907	-	10,907	-
Cash received from sales of short-term investments	16,035	116,719	418,250	-
Cash received from sales of long-term investments	-	45,504	-	45,504
Cash paid for investment in subsidiaries	-	(293,484)	-	(293,484)
Cash received from sales of investment in subsidiaries	-	271,235	-	271,235
Increase in cash and cash equivalents from sales of subsidiaries	-	(57)	-	-
Net cash flows from investing activities	434,506	440,433	1,008,962	457,684
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans				
from financial institutions	(121,365)	(1,670,000)	(100,000)	(1,670,000)
Cash received from short-term loans	-	-	30,685	27,540
Cash received from long-term loans	-	14,650	-	14,650
Repayment of long-term loans	(780,709)	(808,540)	(576,709)	(636,090)
Proceeds from increase in share capital	-	637,500	-	637,500
Dividend paid	-	(2,029,154)	-	(2,029,154)
Decrease in non-controlling interest from sale of subsidiaries	-	164	-	-
Net cash flows used in financing activities	(902,074)	(3,855,380)	(646,024)	(3,655,554)
Decrease in translation adjustments	-	(218)	-	-
Net decrease in cash and cash equivalents	(963,448)	(2,089,543)	(941,131)	(2,402,118)
Cash and cash equivalents at beginning of the period	2,552,859	3,665,652	2,234,506	3,533,452
Cash and cash equivalents at end of the period (Note 5)	1,589,411	1,576,109	1,293,375	1,131,334
	-	-	-	-
Supplemental cash flows information:				
Non-cash items				
Increase in accrued dividend income	95,550	29,400	95,550	29,400
Increase (decrease) in payable from purchase of assets	38,263	(51,781)	42,416	(41,412)
Purchase vehicles under finance lease	36,876	16,024	30,907	12,197
Gain on changes in value of available-for-sale investments	6,553,859	1,185,755	5,446,860	1,015,756

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 nine-month periods ended 30 September 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 in the group structure 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 third 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 third 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 third 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 nine-month periods ended 30 September 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 September 2013	For the nine-month period ended 30 September 2013
Statements of comprehensive income		
Profit or loss:		
Increase in cost of sales and service	-	128,588
Increase in selling expense	-	19,177
Increase in administrative expense	-	95,547
Increase in finance cost	56,876	202,057
Decrease in profit attributable to equity holders of the Company	(56,876)	(445,369)
Decrease in basic earnings per share (Baht)	(0.04)	(0.30)

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	9,977	7,931	39,875	46,447
Past due				
Up to 3 months	632	5,301	484	5,292
3 - 6 months	651	4,531	814	4,531
6 - 12 months	55	37,388	-	37,388
Over 12 months	185	12,378	185	12,378
Total	11,500	67,529	41,358	106,036
Less: Allowance for doubtful debts	-	(18,018)	-	(18,018)
Total trade receivables - related parties, net	11,500	49,511	41,358	88,018

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,090,466	1,037,947	752,987	671,545
Past due				
Up to 3 months	171,290	451,386	129,695	357,784
3 - 6 months	33,673	22,228	25,700	20,710
6 - 12 months	13,266	20,313	12,680	20,313
Over 12 months	78,667	87,082	78,645	86,996
Total	1,387,362	1,618,956	999,707	1,157,348
Less: Allowance for doubtful debts	(87,670)	(112,149)	(86,629)	(112,149)
Total trade receivables - unrelated parties, net	1,299,692	1,506,807	913,078	1,045,199
Total trade receivables - net	1,311,192	1,556,318	954,436	1,133,217
<u>Other receivables</u>				
Advances - related parties	-	2,130	-	2,130
Other receivables - related parties	96,654	36,269	96,564	38,533
Total other receivables - related parties - net	96,654	38,399	96,564	40,663
Other receivables - Unrelated parties	14,203	93,512	14,203	93,480
Less: Allowance for doubtful debts	(9,070)	(9,070)	(9,070)	(9,070)
Total other receivables - unrelated parties - net	5,133	84,442	5,133	84,410
Total other receivables	101,787	122,841	101,697	125,073
Trade and other receivables - net	1,412,979	1,679,159	1,056,133	1,258,290

4. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions are 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 September				
	<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	-	-	38	38	Contract price
Concession lounge service income	-	-	5	1	Contract price
Passenger income	-	-	1	-	Authorized price
Rental income	-	-	2	1	Contract price
Catering service expenses	-	-	109	87	Contract price
Ground service expenses	-	-	114	95	Contract price
<u>Transactions with associates</u>					
Interest income	-	2	-	2	MLR
Ground service income	-	1	-	-	Contract price
Dividend income	-	-	216	201	As declared
Interest expenses	324	336	324	336	Contract price
Shipping service expenses	4	6	4	6	Actual charge
Employee expenses	-	1	-	-	Contract price
<u>Transactions with related companies</u>					
Permission fee	1	-	1	-	Contract price
Catering service income	1	1	-	-	Contract price
Duty fee income	-	18	-	18	Cost plus margin
Ground service income	1	1	-	-	Contract price
Rental income	2	2	2	2	Contract price
Passenger income	15	30	15	30	Contract price
Consulting income	1	-	1	-	Contract price
Sponsor income	-	30	-	30	Contract price
Utilities income	1	-	1	-	Actual charge
Catering service expenses	2	1	2	1	Contract price
Ground service expenses	96	42	88	42	Contract price
Management expenses	52	32	52	32	Contract price
Security expenses	1	12	1	12	Contract price
Rental expenses	1	-	-	-	Contract price
Employee expenses	-	6	1	6	Contract price
Medical expenses	2	2	1	2	Market price
Advertising expenses	1	1	1	1	Contract price
Utilities expenses	1	-	-	-	Actual charge
Aeronautical radio expenses	125	127	121	125	Market price

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	For the nine-month periods ended				
	30 September				
	<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	-	-	111	110	Contract price
Concession lounge service income	-	-	13	3	Contract price
Rental income	-	-	4	4	Contract price
Passenger income	-	-	1	-	Authorized price
Catering service expenses	-	-	320	250	Contract price
Ground service expenses	-	-	336	271	Contract price
<u>Transactions with associates</u>					
Interest income	1	7	1	7	MLR
Ground service income	2	2	-	-	Contract price
Collection fee income	1	1	-	-	Contract price
Dividend income	-	-	367	346	As declared
Interest expenses	967	995	967	995	Contract price
Shipping service expenses	12	13	12	13	Actual charge
Employee expenses	-	3	-	-	Contract price
<u>Transactions with related companies</u>					
Permission fee	2	-	2	-	Contract price
Catering service income	2	2	-	-	Contract price
Duty fee income	-	43	-	43	Cost plus margin
Ground service income	2	2	-	-	Contract price
Rental income	10	5	10	5	Contract price
Passenger income	44	68	44	68	Contract price
Consulting income	2	2	2	2	Contract price
Compensation income	5	-	5	-	Agree upon
Sponsor income	1	31	1	31	Contract price
Utilities income	1	-	1	-	Actual charge
Dividend income	243	218	202	188	As declared
Catering service expense	3	1	3	1	Contract price
Ground service expenses	213	117	188	117	Contract price
Management expenses	156	72	156	72	Contract price
Security expenses	12	30	12	30	Contract price
Stock management expenses	-	1	-	1	Contract price

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	For the nine-month periods ended				
	30 September				
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
Rental expenses	5	1	2	1	Contract price
Employee expenses	5	17	4	16	Contract price
Medical expenses	2	2	1	2	Market price
Advertising expense	1	1	1	1	Contract price
Utilities expense	1	-	-	-	Actual charge
Aeronautical radio expenses	406	293	396	286	Market price
<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

List of related companies	Relationship
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
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
Sodexho 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

List of related companies	Relationship
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
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
Sabai Sabai Niwet Co.,Ltd.	Common shareholders and/or directors

List of related companies	Relationship
Khao Kor Wind Power Co.,Ltd.	Common shareholders and/or directors
Sustainable Energy Corporation Co.,Ltd.	Common shareholders and/or directors
Nusasiri 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
Pranaporn 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
Krungthep Limousine Co.,Ltd.	Deemed related party
Natural Rice Co.,Ltd.	Deemed related party
Airport Restaurant Co.,Ltd.	Deemed related party
Koh Chang Accom Limited Partnership	Deemed related party
Café Di Bangkok Air Partnership	Deemed related party

As at 30 September 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	financial statements	financial statements
	30	31	30	31
	September	December	September	December
	2014	2013	2014	2013
<u>Trade and other receivables - related parties (Note 3)</u>				
Subsidiaries	-	-	31,544	42,206
Associated companies	96,153	852	95,560	-
Related companies (related by shareholders and/or directors)	12,001	87,058	10,818	86,475
Total trade and other receivables - related parties	<u>108,154</u>	<u>87,910</u>	<u>137,922</u>	<u>128,681</u>
<u>Deposits - related parties</u>				
Associated companies	47,500	47,500	47,500	47,500
Related companies (related by shareholders and/or directors)	3,062	72	3,062	72
Total deposits - related parties	<u>50,562</u>	<u>47,572</u>	<u>50,562</u>	<u>47,572</u>

(Unaudited but reviewed)

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30	31	30	31
	September	December	September	December
	2014	2013	2014	2013
<u>Trade and other payables - related parties (Note 16)</u>				
Subsidiaries	-	-	230,469	161,231
Associated companies	109,014	115,479	100,530	106,070
Related companies (related by shareholders and/or directors)	106,601	121,426	103,009	121,209
Total and other payables - related parties	<u>215,615</u>	<u>236,905</u>	<u>434,008</u>	<u>388,510</u>
<u>Other current liabilities - related parties</u>				
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 September 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 September 2014
Loans to and interest receivables				
Director	20,309	76	(20,385)	-
Associated companies	35,705	-	(35,705)	-
Related companies (related by directors)	209	1	(210)	-
Total	<u>56,223</u>	<u>77</u>	<u>(56,300)</u>	<u>-</u>

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 31 December 2013	Increase during the period	Decrease during the period	Balance as at 30 September 2014
Loans to and interest receivables				
Subsidiaries	63,284	-	-	63,284
Associated companies	35,705	-	(35,705)	-
Related companies (related by directors)	171	-	(171)	-
	99,160	-	(35,876)	63,284
Less: Allowance for doubtful accounts	(171)	-	171	-
Total	<u>98,989</u>	<u>-</u>	<u>(35,705)</u>	<u>63,284</u>

(Unaudited but reviewed)

As at 30 September 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)

Loans from and accrued interest	Separate financial statements			
	Balance as at 31 December 2013	Increase during the period	Decrease during the period	Balance as at 30 September 2014
Subsidiaries	-	30,813	-	30,813
Total	-	30,813	-	30,813

Directors and management's benefits

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	38	27	28	21
Post-employment benefits	1	-	1	1
Total	39	27	29	22

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	127	101	99	81
Post-employment benefits	3	2	2	2
Share-based payment (Note 21)	-	66	-	66
Total	130	169	101	149

Guarantee obligations with related parties

The subsidiaries have 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 September	31 December	30 September	31 December
	2014	2013	2014	2013
Cash	173,246	51,455	171,620	49,734
Bank deposits	1,304,877	2,381,404	1,121,755	2,184,772
Bills of exchange	111,288	120,000	-	-
Total	1,589,411	2,552,859	1,293,375	2,234,506

As at 30 September 2014, savings deposits, fixed deposits and bills of exchange carried interest at rates between 0.10 and 2.75 percent per annum (31 December 2013: between 0.10 and 3.15 percent per annum) and Baht 118 million of cash is cash on hand of aboard stations.

6. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
Bills of exchange - at call	-	470,000	-	470,000
Trading securities	30,018	41,040	-	411,250
Total	30,018	511,040	-	881,250

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 nine-month period ended 30 September 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2014	40,970	40,840
Provision for obsolete inventory during the period	1,113	1,113
Balance as at 30 September 2014	42,083	41,953

8. Restricted bank deposits

Current account amounting to Baht 164 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 September 2014 (%)	31 December 2013 (%)	30 September 2014	31 December 2013	30 September 2014	31 December 2013
WFS - PG Cargo Co., Ltd.	Cargo	Thailand	49.00	49.00	147,000	147,000	404,212	383,706
Samui Airport Property Fund (Leasehold)	Property Fund	Thailand	25.00	25.00	2,255,571	2,255,571	1,479,834	1,539,202
S.E.A. Aviation Co., Ltd.	Transportation and cargo	Thailand	10.00	10.00	3,000	3,000	2,826	2,822
Total					2,405,571	2,405,571	1,886,872	1,925,730

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			30 September 2014	31 December 2013	30 September 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
Total					2,405,571	2,405,571

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 periods ended		For the nine-month periods ended		For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September		30 September		30 September	
	2014	2013	2014	2013	2014	2013	2014	2013
WFS - PG Cargo Co., Ltd.	64,650	47,824	167,505	138,005	146,999	132,300	146,999	132,300
Samui Airport Property Fund (Leasehold)	54,959	56,804	160,320	158,709	68,875	68,875	219,688	213,750
S.E.A. Aviation Co., Ltd.	6	11	4	(20)	-	-	-	-
Total	119,615	104,639	327,829	296,694	215,874	201,175	366,687	346,050

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 September	31 December
	2014	2013
Samui Airport Property Fund (Leasehold)	4,156	3,753
Total	4,156	3,753

9.4 Summarised financial information of associates

Summarised financial information of associates as presented in the financial statements are as follows:

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at	
	30 September	31 December	30 September	31 December	30 September	31 December
	2014	2013	2014	2013	2014	2013
WFS - PG Cargo Co., Ltd.*	300	300	1,364	1,259	537	455
Samui Airport Property Fund (Leasehold)	9,208	9,208	10,570	10,552	60	62
S.E.A Aviation Co.,Ltd.	30	30	29	29	-	-

(Unit: Million Baht)

Company's name	Total revenues				Profit			
	For the three-month periods ended		For the nine-month periods ended		For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September		30 September		30 September	
	2014	2013	2014	2013	2014	2013	2014	2013
WFS - PG Cargo Co., Ltd.*	222	358	982	1,041	111	98	321	282
Samui Airport Property Fund (Leasehold)	321	330	946	945	311	321	916	917
S.E.A Aviation Co.,Ltd.	-	-	-	-	-	-	-	-

* Reviewed and audited financial information by other auditor and including the adjustments of lease comply with TAS 17

The financial statements of S.E.A. Aviation Company Limited for the period ended 30 September 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	Paid-up capital		Shareholding percentage		Cost	
	30 September	31 December	30 September	31 December	30 September	31 December
	2014	2013	2014	2013	2014	2013
			(%)	(%)		
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					2,184,233	2,184,233

The Company's investments in subsidiaries amounting to Baht 594 million (31 December 2013: Baht 594 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 September 2014 and 31 December 2013 is presented below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements and Separate financial statements	
	30 September	31 December
	2014	2013
Cost	343,055	343,055
Less: Accumulated depreciation	(34,771)	(30,738)
Net book value	308,284	312,317
Depreciation included in the statement of comprehensive income for the period/year	4,033	5,391

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.

(Unaudited but reviewed)

12. Others long-term investments

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
Available-for-sales securities				
Market capital	2,869,965	2,869,966	2,223,465	2,223,465
Add: Unrealised gain from revaluation	19,587,123	11,394,798	16,441,123	9,632,548
Available-for-sales securities - net	22,457,088	14,264,764	18,664,588	11,856,013
Debt securities held to maturity	50,000	50,000	50,000	50,000
Other investments	7,486	7,159	7,486	7,159
Total	<u>22,514,574</u>	<u>14,321,923</u>	<u>18,722,074</u>	<u>11,913,172</u>

Certain available-for-sales securities with market value as at 30 September 2014 amounting to Baht 18,656 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 nine-month period ended 30 September 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial	financial
	statements	statements
Net book value as at 1 January 2014	6,338,847	5,669,441
Acquisitions during the period - at cost	570,385	353,693
Disposal during the period - net book value at disposal date	(3)	(1)
Written-off - net book value	(11,819)	(11,819)
Depreciation for the period	(414,912)	(307,972)
Net book value as at 30 September 2014	<u>6,482,498</u>	<u>5,703,342</u>

As at 30 September 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 1,493 million (31 December 2013: Baht 2,656 million) Separate financial statements: Baht 1,239 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 September 2014, 4 aircrafts 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.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Concessions	Computer software	Total	Concessions	Computer software	Total
As at 30 September 2014						
Cost	920,732	340,016	1,260,748	-	319,071	319,071
Less: Accumulated amortisation	(368,664)	(126,281)	(494,945)	-	(109,837)	(109,837)
Net book value	<u>552,068</u>	<u>213,735</u>	<u>765,803</u>	<u>-</u>	<u>209,234</u>	<u>209,234</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.

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Trade payables - related parties	204,022	191,689	430,024	352,287
Trade payables - unrelated parties	1,574,287	1,384,140	1,421,365	1,333,652
Other payables - related parties	11,593	45,216	3,984	36,223
Other payables - unrelated parties	504,447	703,888	425,144	490,573
Other payables for purchase of software and equipment	70,324	32,061	46,777	4,361
Total trade and other payables	<u>2,364,673</u>	<u>2,356,994</u>	<u>2,327,294</u>	<u>2,217,096</u>

17. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Long-term loans	1,326,433	2,107,142	1,003,533	1,580,242
Less: Current portion	(776,773)	(986,138)	494,973	(628,838)
Long-term loans, net of current portion	<u>549,660</u>	<u>1,121,004</u>	<u>508,560</u>	<u>951,404</u>

(Unaudited but reviewed)

Movements of long-term loans during the nine-month period ended 30 September 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	(780,709)	(576,709)
Balance as at 30 September 2014	<u>1,326,433</u>	<u>1,003,533</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.

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 September 2014		
	Liabilities arising from finance lease	Deferred interest expenses	Total
Within one year	459,269	(20,639)	438,630
After one year but within five years	120,095	(1,342)	118,753
Total	<u>579,364</u>	<u>(21,981)</u>	<u>557,383</u>

(Unaudited but reviewed)

(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 statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Liabilities under finance lease agreements	77,325	64,068	65,008	55,015
Less: Deferred interest expenses	(4,911)	(4,274)	(3,946)	(3,622)
Total	72,414	59,794	61,062	51,393
Less: Portion due within one year	(29,749)	(26,541)	(24,949)	(22,694)
Liabilities under finance lease agreements - net of current portion	42,665	33,253	36,113	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 September 2014		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	32,588	44,737	77,325
Deferred interest expenses	(2,839)	(2,072)	(4,911)
Present value of future minimum lease payments	<u>29,749</u>	<u>42,665</u>	<u>72,414</u>

	(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	<u>26,541</u>	<u>33,253</u>	<u>59,794</u>

	(Unit: Thousand Baht)		
	Separate financial statements		
	30 September 2014		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	27,319	37,689	65,008
Deferred interest expenses	(2,370)	(1,576)	(3,946)
Present value of future minimum lease payments	<u>24,949</u>	<u>36,113</u>	<u>61,062</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)

Balance as at 1 January 2014	11,207,489
Increase from compound interest	966,753
Less: Payment during period	<u>(938,634)</u>
Balance as at 30 September 2014	11,235,608
Less: portion due within one year	<u>-</u>
Long-term loans - related party - net of current portion	<u>11,235,608</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 1,573 million (31 December 2013: Baht 999 million) as at 30 September 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 nine-month periods ended 30 September 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September			
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	20,160	37,331	-	20,281
Deferred tax:				
Relating to origination and reversal of temporary differences	(22,047)	(10,865)	(21,229)	1,103
Income tax expense reported in the statements of comprehensive income	<u>(1,887)</u>	<u>26,466</u>	<u>(21,229)</u>	<u>21,384</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September			
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	76,960	156,935	-	104,168
Adjustment in respect of current income tax of previous year	(200)	-	(200)	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(57,322)	(1,198)	(56,748)	5,734
Income tax expense reported in the statements of comprehensive income	<u>19,438</u>	<u>155,737</u>	<u>(56,948)</u>	<u>109,902</u>

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September			
	2014	2013	2014	2013
Deferred tax relating to (gain) loss on changes in value of available-for-sale investments	<u>(461,131)</u>	<u>752,366</u>	<u>(383,231)</u>	<u>646,964</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September			
	2014	2013	2014	2013
Deferred tax relating to gain on changes in value of available-for-sale investments	<u>(1,638,465)</u>	<u>(296,439)</u>	<u>(1,361,715)</u>	<u>(253,939)</u>

23. Earnings per share

Basic earnings per share is calculated by dividing profit for the period 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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	For the three-month periods ended 30 September											
Revenue from external customers	4,286	4,243	131	137	617	668	-	8	-	-	5,034	5,056
Intersegment revenues	1	-	-	-	223	184	-	-	(224)	(184)	-	-
Total revenues	<u>4,287</u>	<u>4,243</u>	<u>131</u>	<u>137</u>	<u>840</u>	<u>852</u>	<u>-</u>	<u>8</u>	<u>(224)</u>	<u>(184)</u>	<u>5,034</u>	<u>5,056</u>
Segment operating profit (loss)	693	1,180	35	43	-	96	-	(3)			728	1,316
Unallocated income and expenses:												
Other income											249	146
Selling expenses											(406)	(350)
Administrative expenses											(337)	(350)
Share of profit of associated companies											120	105
Financial cost											(403)	(449)
Income tax expenses											2	(27)
Non-controlling interests of the subsidiaries											(5)	(10)
Profit (loss) for the period											<u>(52)</u>	<u>381</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Airlines segment		Airports segment		Supporting Airlines Business segments		Other segments		Elimination of inter-segment revenues		Consolidation	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	For the nine-month periods ended 30 September											
Revenue from external customers	13,117	12,459	400	389	1,954	1,954	-	43	-	-	15,471	14,845
Intersegment revenues	1	-	-	-	658	526	-	-	(659)	(526)	-	-
Total revenues	<u>13,118</u>	<u>12,459</u>	<u>400</u>	<u>389</u>	<u>2,612</u>	<u>2,480</u>	<u>-</u>	<u>43</u>	<u>(659)</u>	<u>(526)</u>	<u>15,471</u>	<u>14,845</u>
Segment operating profit	2,207	3,703	112	76	99	318	-	2			2,418	4,099
Unallocated income and expenses:												
Gain from sales of current investments											3	42
Gain from sales of investments in subsidiaries											-	3
Other income											786	552
Selling expenses											(1,120)	(1,050)
Administrative expenses											(1,007)	(1,165)
Other expenses											(3)	(20)
Share of profit of associated companies											328	297
Financial cost											(1,228)	(1,329)
Income tax expenses											(19)	(156)
Non-controlling interests of the subsidiaries											(22)	(51)
Profit for the period											<u>136</u>	<u>1,222</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
Interim dividends for 2013 income	Board of Directors' meeting on 22 August 2013	379,200	0.24
		2,029,154	7.75

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 September 2014, future minimum lease payments required under aircraft lease agreements total USD 169 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.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Payable:				
In up to 1 year	679	589	219	77
In over 1 and up to 5 years	1,917	1,770	192	58
In over 5 years	3,785	4,118	73	74

26.2 Capital commitments

26.2.1 As at 30 September 2014, the Company and its subsidiaries had capital commitments of Baht 31 million (31 December 2013: Baht 30 million) mainly in building improvement, and Baht 47 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 September 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 September 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 September 2014, the Company has outstanding bank guarantees of approximately Baht 71.8 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 292 million (31 December 2013: Baht 282 million).

26.4 Pledges**The Company and its subsidiaries**

26.4.1 As at 30 September 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 September 2014	31 December 2013
Bangkok Air Catering Co.,Ltd.	BAC Gourmet House Co.,Ltd.	46	46

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

		(Unit: Million Baht)	
Guarantor	Guarantee	30 September 2014	31 December 2013
Bangkok Air Catering Co., Ltd.	BAC Gourmet House Co., Ltd.	<u>5</u>	<u>5</u>

26.5 Other commitments

As at 30 September 2014, the Company had commitments of Baht 9 million in respect of uncalled portion of investments in a company (31 December 2013: Baht 9 million).

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 assessed House and Land tax for Samui Airport amounting to Baht 119 million for the years 2007 to 2010, and Baht 38.8 million for each of the years 2011 to 2014. The Company disagreed with such tax assessment of House and Land tax by Koh Samui Municipality since it was not in line with the law and relevant facts. The Company therefore, filed an appeal, requesting a reassessment of the House and Land tax, pursuant to its rights granted by law. However, since the House and Land Tax Act B.E. 2475 (1932) provides that the payment of assessed House and Land tax is to be made prior to submitting a case before the court, the Company was required to pay the amount of House and Land tax that had been assessed to Koh Samui Municipality.

The Company filed suit against Koh Samui Municipality with the Central Tax Court to demand Koh Samui Municipality return the House and Land tax paid. The Central Tax Court rendered a judgment in favor of the Company with respect to the House and Land tax assessments of the years 2007 to 2010 and the years 2011 and 2012, and ordered Koh Samui Municipality to return the House and Land tax for the years 2007 to 2010 and the years 2011 and 2012 to the Company together with interest of 7.5 percent per annum. Koh Samui Municipality subsequently filed a petition to suspend the execution of the judgment and filed an appeal against such judgment with the Central Tax Court. Such appeal is currently being considered by the Supreme Court. In addition, the Company filed suit against Koh Samui Municipality with the Central Tax Court with respect to the House and Land tax of the year 2013 and this is currently being considered by the Central Tax Court. The Company has filed an appeal against the assessment of House and Land tax of the year 2014 and this is currently being considered by Koh Samui Municipality.

The Company has confirmed that the relevant accounting record is made for accounting purposes only and it does not prejudice and should be construed as a waiver of the Company's legal right to claim the House and Land tax from Koh Samui Municipality in accordance with the court judgment, or in any other cases in dispute and under 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. On 28 September 2014, The Company signed a dispute settlement agreement, whereby the Company undertook to pay a net settlement of USD 0.8 million, or 64 million Bangladeshi Taka, which is equal to about Baht 26 million . The settlement will be paid split in five equal installments As of the date review reporting date, the Company had yet to make payment.
- 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.
- 27.6 In July 2014, The Company was sued by former employee, claiming Baht 34.6 million in severance pay. The case is being considering by the Central Labour Court.

Subsidiaries

27.7 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
	September	December	September	December	September	December
2014	2013	2014	2013	2014	2013	
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
AUD	1	2	-	-	28.25	29.18
BDT	1,192	869	2	7	0.42	0.42
CNY	6	5	2	2	5.27	5.41
EUR	4	3	3	16	41.07	45.02
GBP	-	1	-	-	52.57	53.92
HKD	11	12	5	7	4.17	4.23
INR	115	181	31	16	0.53	0.53
JPY	-	31	1	-	0.30	0.31
RUB	4	25	-	-	0.82	1.00
SGD	1	1	-	-	25.42	25.88
USD	10	24	47	58	32.37	32.81
TWD	6	6	-	-	1.06	1.09

(Unaudited but reviewed)

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at		as at		as at	
	30	31	30	31	30	31
	September	December	September	December	September	December
	2014	2013	2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
KRW	246	324	-	-	0.03	0.03

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at		as at		as at	
	30	31	30	31	30	31
	September	December	September	December	September	December
	2014	2013	2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
AUD	1	2	-	-	28.25	29.18
BDT	1,192	869	2	7	0.42	0.42
CNY	6	5	2	2	5.27	5.41
EUR	4	3	-	2	41.07	45.02
GBP	-	1	-	-	52.57	53.92
HKD	11	12	5	7	4.17	4.23
INR	115	181	31	16	0.53	0.53
JPY	-	31	1	-	0.30	0.31
RUB	4	25	-	-	0.82	1.00
SGD	1	1	-	-	25.42	25.88
USD	8	23	42	48	32.37	32.81
TWD	6	6	-	-	1.06	1.09
KRW	246	324	-	-	0.03	0.33

29. Fuel Price Risk

The Company's fuel price risk hedges covered 49.6 percent (31 December 2013: 58.3 percent) of its total fuel consumption. As at 30 September 2014, the Company had outstanding obligations from fuel price hedging until June 2015, amounting to 390,000 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

On 14 to 17 October 2014, 21 to 22 October 2014 and 24 October 2014, the Company made an initial public offering of 520,000,000 shares of Baht 25 each, totaling Baht 13,000 million. On 28 October 2014, the Company received all payment for the initial public offering.

The Company registered the change in its paid-up capital from Baht 1,580 million (1,580,000,000 ordinary shares of Baht 1 each) to Baht 2,100 million (2,100,000,000 ordinary shares of Baht 1 each) with the Ministry of Commerce on 28 October 2014.

The Stock Exchange of Thailand (SET) approved the listing of the ordinary shares of the Company as securities on the SET, to be traded from 3 November 2014. The Company is required to pay incentive and underwriting fees to the securities underwriters, with those fees calculated in accordance with the condition stipulated in the contract.

31. Approval of financial statements

These interim consolidated financial statements were authorised for issue by the Company's authorised directors on 12 November 2014.