

Bangkok Airways Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2014

Independent Auditor's Report

To the Shareholders of Bangkok Airways Public Company Limited

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 26 February 2015

Bangkok Airways Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Assets					
Current assets					
Cash and cash equivalents	7	2,175,125,368	2,552,859,149	1,877,258,697	2,234,505,879
Current investments	8	11,525,141,500	511,039,500	11,500,000,000	881,250,000
Trade and other receivables	6, 9	1,705,461,007	1,679,158,574	1,531,282,211	1,258,289,968
Prepaid expenses		218,187,209	334,249,252	205,751,603	321,114,686
Inventories	10	271,885,673	228,417,873	177,680,188	152,262,876
Other current assets		665,216,501	408,820,481	571,253,574	336,109,680
Total current assets		16,561,017,258	5,714,544,829	15,863,226,273	5,183,533,089
Non-current assets					
Restricted bank deposits	11	191,779,142	189,095,323	167,675,020	168,132,779
Investments in associates	13	1,669,637,551	1,925,730,032	2,405,570,907	2,405,570,907
Investments in subsidiaries	12	-	-	2,184,233,179	2,184,233,179
Other long-term investments	15	20,936,195,768	14,321,922,508	17,410,195,768	11,913,172,508
Long-term loans to related parties	6		56,223,301	63,283,576	98,988,953
Investment properties	14	494,742,126	312,316,484	494,742,126	312,316,484
Property, plant and equipment	16	7,033,543,213	6,338,846,792	6,234,141,509	5,669,441,707
Intangible assets	17	779,827,746	717,085,657	234,794,058	128,294,363
Leasehold rights		49,232,635	58,651,375	49,232,635	58,651,375
Deferred tax assets	30.1	25,069,520	23,512,760	-	-
Other non-current assets	6, 18	837,844,041	735,120,939	779,498,402	672,739,140
Total non-current assets		32,017,871,742	24,678,505,171	30,023,367,180	23,611,541,395
Total assets		48,578,889,000	30,393,050,000	45,886,593,453	28,795,074,484

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 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	19	-	671,364,998	-	650,000,000
Trade and other payables	6, 20	2,440,123,782	2,356,994,015	2,298,246,385	2,217,095,999
Current portion of long-term loans	21	626,073,148	986,138,448	457,473,148	628,838,448
Income tax payable		57,113,757	34,512,345	-	-
Current portion of liabilities arising from finance lease					
of aircrafts	22	454,587,312	423,827,275	454,587,312	423,827,275
Current portion of finance lease liabilities	23	38,327,520	26,541,358	29,120,288	22,693,782
Unearned income		2,151,213,117	2,035,941,218	2,147,704,780	2,032,627,081
Other current liabilities	6, 8	967,022,771	1,058,759,545	640,863,912	1,152,376,699
Total current liabilities		6,734,461,407	7,594,079,202	6,027,995,825	7,127,459,284
Non-current liabilities					
Long-term loans - net of current portion	21	441,180,000	1,121,004,274	440,180,000	951,404,274
Liabilities arising from finance lease of aircrafts					
- net of current portion	22	508,108,259	408,658,422	508,108,259	408,658,422
Finance lease liabilities - net of current portion	23	63,788,461	33,253,210	42,956,871	28,698,998
Long-term loans from related party					
- net of current portion	24	11,285,745,088	11,207,489,404	11,285,745,088	11,207,489,404
Provision for long-term employee benefits	25	328,552,873	286,485,158	270,393,128	236,693,619
Deferred tax liabilities	30.1	3,711,603,911	2,486,066,070	3,202,553,911	2,200,466,070
Other non-current liabilities		73,471,072	64,302,532	-	5,000,000
Total non-current liabilities		16,412,449,664	15,607,259,070	15,749,937,257	15,038,410,787
Total liabilities		23,146,911,071	23,201,338,272	21,777,933,082	22,165,870,071

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 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Shareholders' equity					
Share capital	26				
Registered					
2,100,000,000 ordinary shares of Baht 1 each		2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
Issued and fully paid up					
2,100,000,000 ordinary shares of Baht 1 each					
(2013: 1,580,000,000 ordinary shares					
of Baht 1 each)		2,100,000,000	1,580,000,000	2,100,000,000	1,580,000,000
Premium on ordinary shares		9,319,481,872	270,000,000	9,319,481,872	270,000,000
Capital reserve for share-based payment transactions	27	-	207,300,000	-	207,300,000
Retained earnings					
Appropriated - statutory reserve	28	25,000,000	210,000,000	25,000,000	210,000,000
Unappropriated		(387,672,957)	(4,148,031,875)	560,782,771	(3,344,134,226)
Other components of shareholders' equity		14,252,109,414	8,960,952,858	12,103,395,728	7,706,038,639
Equity attributable to owners of the Company		25,308,918,329	7,080,220,983	24,108,660,371	6,629,204,413
Non-controlling interests of the subsidiaries		123,059,600	111,490,745	-	-
Total shareholders' equity		25,431,977,929	7,191,711,728	24,108,660,371	6,629,204,413
Total liabilities and shareholders' equity		48,578,889,000	30,393,050,000	45,886,593,453	28,795,074,484
		-	-	-	-

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

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Directors

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Directors

Bangkok Airways Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit or loss:					
Revenues					
Passenger	6	17,512,599,890	16,484,297,076	17,513,512,285	16,484,432,886
Sales and service income	6	2,684,355,336	2,656,106,362	-	-
Freight	6	331,543,221	250,428,539	331,543,221	250,428,539
Passenger service charge		504,301,879	485,531,646	504,301,879	485,531,646
Dividend income	6	244,132,188	219,645,865	1,157,151,396	728,606,221
Gain on sales of investments		3,389,500	41,562,336	7,000,000	36,590,986
Gain on transfer of investments in securities	8	-	-	-	341,250,000
Gain on sales of investments in subsidiaries		-	3,027,565	-	-
Reversal of allowance for diminution in value of investments in subsidiary		-	-	-	9,478,368
Other income	6	843,214,441	580,794,926	929,132,882	704,544,728
Total revenues		22,123,536,455	20,721,394,315	20,442,641,663	19,040,863,374
Expenses					
Cost of sales and services	6	17,563,111,197	15,034,053,800	15,903,849,967	13,515,020,802
Selling expenses	6	1,510,204,562	1,425,214,354	1,492,764,494	1,409,376,381
Administrative expenses	6	1,456,841,619	1,689,951,753	1,044,871,228	1,282,492,696
Loss on sales of investments in subsidiaries		-	-	-	2,493,696
Other expenses		6,469,948	70,598,252	-	54,009,347
Total expenses		20,536,627,326	18,219,818,159	18,441,485,689	16,263,392,922
Profit before share of income from investments in associates, finance cost and income tax expenses					
		1,586,909,129	2,501,576,156	2,001,155,974	2,777,470,452
Share of income from investments in associates	13.2	437,682,331	393,960,927	-	-
Profit before finance cost and income tax expenses		2,024,591,460	2,895,537,083	2,001,155,974	2,777,470,452
Finance cost		(1,638,395,472)	(1,765,611,818)	(1,602,944,055)	(1,709,494,108)
Profit before income tax expenses		386,195,988	1,129,925,265	398,211,919	1,067,976,344
Income tax expenses	30.2	(521,857)	(139,906,210)	97,451,316	(108,163,726)
Profit for the year		385,674,131	990,019,055	495,663,235	959,812,618
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		-	(227,143)	-	-
Gain on changes in value of available-for-sale investments		6,613,946,361	450,520,983	5,496,696,361	48,270,983
Income tax effect	30.3	(1,322,789,272)	(90,104,197)	(1,099,339,272)	(9,654,197)
Other comprehensive income for the year		5,291,157,089	360,189,643	4,397,357,089	38,616,786
Total comprehensive income for the year		5,676,831,220	1,350,208,698	4,893,020,324	998,429,404

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

Bangkok Airways Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2014

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit attributable to:					
Equity holders of the Company		351,105,156	932,461,551	495,663,235	959,812,618
Non-controlling interests of the subsidiaries		34,568,975	57,557,504		
		<u>385,674,131</u>	<u>990,019,055</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		5,642,261,712	1,292,660,222	4,893,020,324	998,429,404
Non-controlling interests of the subsidiaries		34,569,508	57,548,476		
		<u>5,676,831,220</u>	<u>1,350,208,698</u>		
Earnings per share					
	32				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.21</u>	<u>0.62</u>	<u>0.30</u>	<u>0.64</u>
Weighted average number of ordinary shares of Baht 1 each		<u>1,672,602,740</u>	<u>1,511,194,043</u>	<u>1,672,602,740</u>	<u>1,511,194,043</u>

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

Bangkok Airways Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
	Note	Other components of equity											
		Other comprehensive income											
							Exchange						
		Issued and paid-up share capital	Premium on ordinary shares	Capital reserve for share-based payment transactions	Retained earnings		differences on translation of financial statements in foreign currency	Surplus on changes in value of available-for-sale investments	Discount on changes in shareholding in subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
			Appropriated	Unappropriated									
Balance as at 31 December 2012		1,212,500,000	-	-	121,250,000	(2,565,342,809)	(2,028,559)	8,755,420,709	-	8,753,392,150	7,521,799,341	197,705,776	7,719,505,117
Profit for the year		-	-	-	-	932,461,551	-	-	-	932,461,551	57,557,504	990,019,055	
Other comprehensive income for the year		-	-	-	-	-	(218,058)	360,416,729	-	360,198,671	360,198,671	(9,028)	360,189,643
Total comprehensive income for the year		-	-	-	-	932,461,551	(218,058)	360,416,729	-	360,198,671	1,292,660,222	57,548,476	1,350,208,698
Increase share capital	26	367,500,000	270,000,000	-	-	-	-	-	-	-	637,500,000	-	637,500,000
Share-based payment transactions	27	-	-	207,300,000	-	-	-	-	-	-	207,300,000	-	207,300,000
Dividend paid	35	-	-	-	-	(2,424,154,000)	-	-	-	-	(2,424,154,000)	-	(2,424,154,000)
Decrease from sales of investments in subsidiaries		-	-	-	-	(2,246,617)	2,246,617	-	-	2,246,617	-	(164,079)	(164,079)
Transferred to statutory reserve	28	-	-	-	88,750,000	(88,750,000)	-	-	-	-	-	-	-
Discount on changes in shareholding in subsidiaries		-	-	-	-	-	-	-	(154,884,580)	(154,884,580)	(154,884,580)	-	(154,884,580)
Dividend paid for non-controlling interest of the subsidiaries		-	-	-	-	-	-	-	-	-	-	(5,000,081)	(5,000,081)
Decrease in non-controlling interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	(138,599,347)	(138,599,347)
Balance as at 31 December 2013		1,580,000,000	270,000,000	207,300,000	210,000,000	(4,148,031,875)	-	9,115,837,438	(154,884,580)	8,960,952,858	7,080,220,983	111,490,745	7,191,711,728
Balance as at 31 December 2013		1,580,000,000	270,000,000	207,300,000	210,000,000	(4,148,031,875)	-	9,115,837,438	(154,884,580)	8,960,952,858	7,080,220,983	111,490,745	7,191,711,728
Profit for the year		-	-	-	-	351,105,156	-	-	-	351,105,156	34,568,975	385,674,131	
Other comprehensive income for the year		-	-	-	-	-	-	5,291,156,556	-	5,291,156,556	5,291,156,556	533	5,291,157,089
Total comprehensive income for the year		-	-	-	-	351,105,156	-	5,291,156,556	-	5,291,156,556	5,642,261,712	34,569,508	5,676,831,220
Transfer capital reserve for share-based payment transactions													
to premium on ordinary shares		-	207,300,000	(207,300,000)	-	-	-	-	-	-	-	-	-
Increase share capital	26	520,000,000	12,066,435,634	-	-	-	-	-	-	-	12,586,435,634	-	12,586,435,634
Transfer reserve and premium offset with retained loss	28	-	(3,224,253,762)	-	(210,000,000)	3,434,253,762	-	-	-	-	-	-	-
Transferred to statutory reserve	28	-	-	-	25,000,000	(25,000,000)	-	-	-	-	-	-	-
Dividend paid for non-controlling interest of the subsidiaries		-	-	-	-	-	-	-	-	-	-	(23,000,653)	(23,000,653)
Balance as at 31 December 2014		2,100,000,000	9,319,481,872	-	25,000,000	(387,672,957)	-	14,406,993,994	(154,884,580)	14,252,109,414	25,308,918,329	123,059,600	25,431,977,929

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

Bangkok Airways Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2014

(Unit: Baht)

Separate financial statements								
Other components of equity								
Other								
comprehensive income								
Surplus								
on changes								
in value of								
available-for-sale								
investments								
Total other								
components of								
shareholders'								
equity								
Total								
shareholders'								
equity								
Note	Issued and paid-up share capital	Premium on ordinary shares	Capital reserve for share-based payment transactions	Retained earnings				
				Appropriated	Unappropriated			
Balance as at 31 December 2012	1,212,500,000	-	-	121,250,000	(1,791,042,844)	7,667,421,853	7,667,421,853	7,210,129,009
Profit for the year	-	-	-	-	959,812,618	-	-	959,812,618
Other comprehensive income for the year	-	-	-	-	-	38,616,786	38,616,786	38,616,786
Total comprehensive income for the year	-	-	-	-	959,812,618	38,616,786	38,616,786	998,429,404
Increase share capital	26	367,500,000	270,000,000	-	-	-	-	637,500,000
Share-based payment transactions	27	-	-	207,300,000	-	-	-	207,300,000
Dividend paid	35	-	-	-	(2,424,154,000)	-	-	(2,424,154,000)
Transferred to statutory reserve	28	-	-	-	88,750,000	(88,750,000)	-	-
Balance as at 31 December 2013	<u>1,580,000,000</u>	<u>270,000,000</u>	<u>207,300,000</u>	<u>210,000,000</u>	<u>(3,344,134,226)</u>	<u>7,706,038,639</u>	<u>7,706,038,639</u>	<u>6,629,204,413</u>
Balance as at 31 December 2013	1,580,000,000	270,000,000	207,300,000	210,000,000	(3,344,134,226)	7,706,038,639	7,706,038,639	6,629,204,413
Profit for the year	-	-	-	-	495,663,235	-	-	495,663,235
Other comprehensive income for the year	-	-	-	-	-	4,397,357,089	4,397,357,089	4,397,357,089
Total comprehensive income for the year	-	-	-	-	495,663,235	4,397,357,089	4,397,357,089	4,893,020,324
Transfer capital reserve for share-based payment transactions to premium on ordinary shares	-	207,300,000	(207,300,000)	-	-	-	-	-
Increase share capital	26	520,000,000	12,066,435,634	-	-	-	-	12,586,435,634
Transfer reserve and premium offset with retained loss	28	-	(3,224,253,762)	-	(210,000,000)	3,434,253,762	-	-
Transferred to statutory reserve	28	-	-	-	25,000,000	(25,000,000)	-	-
Balance as at 31 December 2014	<u>2,100,000,000</u>	<u>9,319,481,872</u>	<u>-</u>	<u>25,000,000</u>	<u>560,782,771</u>	<u>12,103,395,728</u>	<u>12,103,395,728</u>	<u>24,108,660,371</u>

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

Bangkok Airways Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities				
Profit before tax	386,195,988	1,129,925,265	398,211,919	1,067,976,344
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	644,734,510	572,891,620	450,352,026	406,028,058
Allowance for doubtful accounts (reversal)	(25,507,099)	50,194,420	(26,548,534)	52,219,100
Provision for obsolete inventory	1,189,227	1,127,178	1,189,227	997,178
Gain on sales of property, plant and equipment	(3,948,704)	(2,395,508)	(3,032,811)	(5,597,521)
Gain on sales of leasehold right	(3,609,634)	-	(3,609,634)	-
Gain on sales of long-term investments	-	(36,590,986)	-	(36,590,986)
Gain on sales of short-term investments	(3,389,500)	(4,971,350)	-	-
(Gain) loss from revaluation of short-term investments	3,253,500	19,178,000	(7,000,000)	7,000,000
Gain on transfer of investment in securities	-	-	-	(341,250,000)
Written-off fixed assets	11,812,119	72,183,950	11,812,119	72,183,950
Share of profit from investments in associates	(437,682,331)	(393,960,927)	-	-
Provision for long-term employee benefits	55,199,568	35,830,314	40,351,571	23,095,302
(Gain) loss on changes in provision for long-term employee benefits	(4,150,919)	110,926,321	-	112,819,912
(Gain) loss on sales of investments in subsidiaries	-	(3,027,565)	-	2,493,696
Reversal impairment in investments in subsidiary	-	-	-	(9,478,368)
Unrealised loss on exchange	31,740,808	126,495,946	31,641,117	126,163,178
Share-based payment transactions	-	207,300,000	-	207,300,000
Dividend income	(244,132,188)	(219,645,865)	(1,157,151,396)	(728,606,221)
Interest income	(73,591,399)	(24,734,651)	(66,148,162)	(17,712,489)
Interest expenses	1,634,170,716	1,765,611,818	1,602,944,055	1,709,494,108
Profit from operating activities before changes in operating assets and liabilities	1,972,284,662	3,406,337,980	1,273,011,497	2,648,535,241
Operating assets (increase) decrease				
Trade and other receivables	198,678,416	(32,454,070)	180,041,015	46,479,857
Loans to director	-	96,657,558	-	96,657,558
Loans to related parties	54,154,904	142,326,326	34,300,000	147,850,000
Inventories	(44,657,027)	1,095,717	(26,606,539)	9,340,195
Other current assets	(89,553,026)	(131,932,784)	(67,278,604)	(117,810,536)
Other assets	(71,961,052)	(112,251,723)	(76,745,830)	(102,759,861)
Operating liabilities increase (decrease)				
Trade and other payables	124,848,172	294,340,172	112,118,568	286,094,338
Other current liabilities	8,255,240	474,608,217	(394,343,512)	803,620,696
Liabilities under finance lease payable	(640,385,031)	(315,154,574)	(636,036,027)	(311,266,362)
Long-term employee benefits paid	(8,980,934)	(21,190,171)	(6,652,062)	(20,464,609)
Other non-current liabilities	9,168,540	5,460,957	(5,000,000)	(211,203)
Cash flows from operating activities	1,511,852,864	3,807,843,605	386,808,506	3,486,065,314
Cash paid for interest expenses	(1,567,174,419)	(1,641,017,135)	(1,530,318,586)	(1,593,297,468)
Cash paid for income tax expenses	(111,192,314)	(267,883,786)	(34,858,335)	(206,392,941)
Net cash flows from (used in) operating activities	(166,513,869)	1,898,942,684	(1,178,368,415)	1,686,374,905

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

Bangkok Airways Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from investing activities				
(Increase) decrease in restricted bank deposits	(2,683,819)	(18,998,260)	457,759	(18,369,193)
Increase in current investments	(11,030,000,000)	(470,000,000)	(11,030,000,000)	(470,000,000)
Acquisition of short-term investments	-	(112,237,500)	-	-
Acquisition of long-term investments	(326,900)	(43,909,196)	(326,900)	(43,909,196)
Acquisition of property, plant and equipment	(715,905,543)	(528,950,186)	(453,309,181)	(404,290,971)
Acquisition of intangible assets	(129,455,989)	(123,065,074)	(126,394,101)	(122,562,168)
Interest income	21,428,289	217,159,338	12,943,936	210,622,402
Dividend income from investment in subsidiaries	-	-	34,534,479	114,999,919
Dividend income from investment in associates	495,324,907	425,612,437	495,324,906	425,612,437
Dividend income from long-term investments	244,132,188	219,645,865	201,842,737	187,993,865
Proceeds from sales of property, plant and equipment	4,145,314	248,641,160	3,044,938	248,541,160
Proceeds from sales of investment properties	-	672,820,122	-	672,820,122
Proceeds from sales of leasehold rights	10,906,600	-	10,906,600	-
Cash received from sales of short-term investments	16,034,000	116,718,850	418,250,000	-
Cash received from sales of long-term investments	-	45,503,326	-	45,503,326
Cash paid for investment in subsidiaries	-	(293,483,926)	-	(293,483,926)
Cash paid up for the shares of common stock of subsidiary	-	-	-	(430,000,000)
Cash received from sales of investment in subsidiaries	-	461,234,610	-	461,234,610
Increase in cash and cash equivalents from sales of subsidiaries	-	(57,116)	-	-
Net cash flows from (used in) investing activities	(11,086,400,953)	816,634,450	(10,432,724,827)	584,712,387
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans				
from financial institutions	(671,364,998)	(998,635,002)	(650,000,000)	(1,020,000,000)
Cash received from short-term loans	-	-	30,685,000	27,540,000
Repayment of short-term loans	-	-	(30,685,000)	(53,570,000)
Cash received from long-term loans	-	14,650,000	-	14,650,000
Repayment of long-term loans	(1,039,889,574)	(1,052,349,022)	(682,589,574)	(751,999,022)
Proceeds from increase in share capital	12,586,435,634	637,500,000	12,586,435,634	637,500,000
Dividend paid	-	(2,424,154,000)	-	(2,424,154,000)
Dividend paid for non-controlling interest of the subsidiaries	(21)	(5,000,081)	-	-
Decrease in non-controlling interest from sale of subsidiaries	-	(164,079)	-	-
Net cash flows from (used in) financing activities	10,875,181,041	(3,828,152,184)	11,253,846,060	(3,570,033,022)
Decrease in translation adjustments	-	(218,058)	-	-
Net decrease in cash and cash equivalents	(377,733,781)	(1,112,793,108)	(357,247,182)	(1,298,945,730)
Cash and cash equivalents at beginning of the year	2,552,859,149	3,665,652,257	2,234,505,879	3,533,451,609
Cash and cash equivalents at end of the year (Note 7)	2,175,125,368	2,552,859,149	1,877,258,697	2,234,505,879
	-	-	-	-
Supplemental cash flows information:				
Non-cash items				
Decrease in receivable from disposal of property, plants, and equipments	-	(226,373,174)	-	(226,373,174)
Decrease in receivable from disposal of investment properties	-	(672,820,122)	-	(672,820,122)
Increase in accrued dividend income	198,449,906	-	425,449,273	-
Increase in dividend payables	23,000,632	-	-	-
Increase (decrease) in payable from purchase of assets	(6,797,599)	(38,702,111)	4,040,708	(49,606,671)
Purchase vehicles under finance lease	755,921,684	20,867,357	729,935,646	17,039,440
Decrease in receivable from sales of investments in subsidiaries	-	(454,249,938)	-	(454,249,938)
Gain on changes in value of available-for-sale investments	5,291,157,089	360,416,729	4,397,357,089	38,616,786

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

Bangkok Airways Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2014

1. General information

Bangkok Airways Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the provision of air transportation and airport services. Its registered address is located at 99 Mu 14, Vibhavadirangsit Road, Chom Phon, Chatuchak, Bangkok.

On 3 November 2014, the Stock Exchange of Thailand approved the listing of the Company's ordinary shares, to begin trading from 3 November 2014.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2014 Percent	2013 Percent
<u>Held by the Company</u>				
Bangkok Airways Holding Co., Ltd.	Holding	Thailand	99.99	99.99
Bangkok Airways Ground Services Co., Ltd.	Ground Services	Thailand	99.99	99.99
Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.	Ground Services	Thailand	90.00	90.00
Bangkok Air Catering Co., Ltd.	Catering	Thailand	90.00	90.00

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2014</u> Percent	<u>2013</u> Percent
<u>Held by subsidiary companies</u>				
SA Services Co.,Ltd. (99.99 percent held by Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.)	Ground Services	Thailand	89.99	89.99
BFS Cargo DMK Co., Ltd. (51.00 percent held by Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.)	Cargo	Thailand	45.90	45.90
BAC Gourmet House Co., Ltd. (99.99 percent held by Bangkok Air Catering Co., Ltd.)	Restaurant	Thailand	89.99	89.99
Bangkok Air Catering Phuket Co., Ltd. (70.00 percent held by Bangkok Air Catering Co., Ltd.)	Catering	Thailand	63.00	63.00

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

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

(a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease

TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
Accounting Treatment Guidance for Stock Dividend	

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes that they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company and its subsidiaries immediately recognise actuarial gains and losses in profit or loss in the period in which they occur. The assessment of the management of the Company and its subsidiaries is that when the revised standard is applied in 2015 and the method of recognising those gains and losses is changed to immediately recognise them in other comprehensive income, there will be no impact to provision for long-term employee benefit liabilities and retained earnings in the financial statements.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

4. Significant accounting policies

4.1 Revenue recognition and expense

Passenger revenues

Revenue from ticket sales is recognised as revenue in profit or loss when transportation is provided.

Customer loyalty programmes

The Company operates a loyalty programme which allows customers to accumulate points when customers purchase tickets from the Company. The points can be redeemed for air tickets, hotel accommodations or gifts under conditions set by the Company.

The value of air tickets sales and redemption costs are allocated to the points issued, at the fair value of the points, and gradually recognised as revenue when the points are redeemed and the Company fulfills its contractual obligation to supply rewards.

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Service rendered

Revenue from providing service to passengers, freight and passenger service charge are recognised in profit or loss when the services are provided.

Aircraft rental

Revenue from aircraft rental is recognised in profit or loss based on rental period.

Interest income

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

Dividends

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

Finance cost

Finance cost is recognised on an accrual basis and calculated using the effective interest rate.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods are valued at the lower of cost (first in - first out method) and net realisable value.

Spare parts, supplies and air-tickets are valued at cost (moving average method) and constitute part of expenses whenever consumed.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in associates are accounted for in the consolidated financial statements using the equity method.

f) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

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

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

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment/Depreciation

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

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the estimated useful lives as follows:

Buildings and improvements	-	3 and 20	years
Airport and improvements	-	20	years
Aircrafts	-	20	years
Aircrafts parts and ground equipment	-	3 and 14	years
Furniture, fixtures and equipment	-	3 and 10	years
Vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

4.8 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Concessions	20 years
Computer software	5 years

4.9 Related party transactions

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

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

4.10 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the net present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the ability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

4.14 Provisions

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

4.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.16 Share-based payment

The Company and its subsidiaries recognises share-based payment transactions when services from employees are rendered, based on the fair value of the share options on the grant date. The expenses are recorded over the vesting period, in accordance with the conditions regarding length of service rendered by employees stipulated in the share-based payment plan, together with a corresponding increase in "Capital reserve for share-based payment transactions" in shareholders' equity.

Estimating fair value for share-based payment transactions requires management to exercise judgement, and to apply assumptions.

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property plant and equipment/Depreciation

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

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation. The Company and its subsidiaries recorded contingent liabilities as at the end of reporting period.

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Passenger income	-	-	1	-	Authorized price
Permission fee	-	-	152	145	Contract price
Concession lounge service income	-	-	17	17	Contract price
Rental income	-	-	3	5	Contract price
Dividend income	-	-	262	115	As declared
Catering service expenses	-	-	429	345	Contract price
Ground service expenses	-	-	451	372	Contract price
<u>Transactions with associated companies</u>					
Interest income	1	8	1	8	MLR
Ground service income	3	3	-	-	Contract price
Collection fee	1	1	-	-	Contract price
Dividend income	-	-	694	426	As declared
Interest expenses	1,294	1,332	1,294	1,332	Contract price
Shipping service expenses	16	18	16	18	Actual charge
Employee expenses	-	3	-	-	Contract price
<u>Transactions with related companies</u>					
Permission fee	3	-	3	-	Contract price
Catering service income	5	2	-	-	Contract price
Duty fee income	-	31	-	31	Cost plus margin
Ground service income	3	3	-	-	Contract price
Rental income	12	5	12	5	Contract price
Passenger income	58	84	58	84	Contract price
Charter flight income	13	12	13	12	Contract price

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	2014	2013	2014	2013	
Consulting income	2	3	2	3	Contract price
Sponsor income	3	1	3	1	Contract price
Utilities income	1	-	1	-	Actual charge
Dividend income	243	219	202	188	As declared
Catering service income	4	1	4	1	Contract price
Ground service expenses	341	175	307	175	Contract price
Management expenses	142	101	142	101	Contract price
Security expenses	67	44	67	44	Contract price
Stock management expenses	-	1	-	1	Contract price
Rental expenses	6	1	1	1	Contract price
Employee expenses	19	20	17	17	Actual charge
Medical expenses	3	3	3	3	Market price
Advertising expense	1	1	1	1	Contract price
Aeronautical radio	573	403	559	393	Market price
<u>Transactions with management and directors</u>					
Interest income	-	1	-	1	MLR

The relationships between the Company and the related companies are presented 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
Bangkok Save Drug Co.,Ltd.	Common shareholders and/or directors
The Krungthep Thanakorn 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
Save Drug Center 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
MC Group Plc.	Common shareholders and/or directors
Mae Aron 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
SBI Thai Online Securities 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
Khao Kor Wind Power Co.,Ltd.	Common shareholders and/or directors

List of related companies	Relationship
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
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
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 31 December 2014 and 31 December 2013, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	274,502	42,206
Associated companies	199,247	852	198,460	-
Related companies (related by shareholders and/or directors)	<u>28,169</u>	<u>87,058</u>	<u>25,778</u>	<u>86,475</u>
Total trade and other receivables - related parties	<u>227,416</u>	<u>87,910</u>	<u>498,740</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)	<u>3,062</u>	<u>72</u>	<u>962</u>	<u>72</u>
Total deposits - related parties	<u>50,562</u>	<u>47,572</u>	<u>48,462</u>	<u>47,572</u>
<u>Trade and other payables - related parties (Note 20)</u>				
Subsidiaries	-	-	168,923	161,231
Associated companies	111,858	115,479	103,306	106,070
Related companies (related by shareholders and/or directors)	<u>122,236</u>	<u>121,426</u>	<u>118,238</u>	<u>121,209</u>
Total and other payables - related parties	<u>234,094</u>	<u>236,905</u>	<u>390,467</u>	<u>388,510</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Other current liabilities - related parties</u>				
Subsidiaries	-	-	-	418,250
Total other current liabilities - related parties	-	-	-	418,250

Loans to related parties and loan from related parties

The balance of loans between the Company and those related companies and the movement are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	Balance as at	Increase	Decrease	Balance as at
receivables	31 December 2013	during the year	during the year	31 December 2014
Director	20,309	76	(20,385)	-
Associated companies	35,705	-	(35,705)	-
Related companies (related by directors)	209	1	(210)	-
Total	56,223	77	(56,300)	-

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
receivables	31 December 2013	during the year	during the year	31 December 2014
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	(171)	-	171	-
Total	98,989	-	(35,705)	63,284

Directors and management's benefits

During the years ended 31 December 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	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	194	159	158	124
Post-employment benefits	5	15	3	14
Share-based payment (Note 27)	-	66	-	66
Total	<u>199</u>	<u>240</u>	<u>161</u>	<u>204</u>

Guarantee obligations with related parties

The subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 36.4 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	168,188	51,455	165,814	49,734
Bank deposits	2,006,937	2,381,404	1,711,445	2,184,772
Bills of exchange	-	120,000	-	-
Total	<u>2,175,125</u>	<u>2,552,859</u>	<u>1,877,259</u>	<u>2,234,506</u>

As at 31 December 2014, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.10 and 2.75 percent per annum (2013: between 0.10 and 3.15 percent per annum) and Baht 118 million of cash is cash on hand of aboard stations.

8. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Fixed deposits over three months but not over one year	11,500,000	-	11,500,000	-
Bills of exchange - at call	-	470,000	-	470,000
Trading securities	25,142	41,040	-	411,250
Total	<u>11,525,142</u>	<u>511,040</u>	<u>11,500,000</u>	<u>881,250</u>

As at 31 December 2014, fixed deposits carried interests between 2.2 and 3.0 percent per annum.

During the current year, the subsidiary sold trading securities with book values totaling Baht 20 million (2013: Baht 112 million) and recognised gains on the sales amounting to Baht 4 million in profit or loss (2013: Baht 5 million).

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.

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	22,662	7,931	52,806	46,447
Past due				
Up to 3 months	4,375	5,301	18,724	5,292
3 - 6 months	430	4,531	430	4,531
6 - 12 months	143	37,388	131	37,388
Over 12 months	229	12,378	186	12,378
Total	27,839	67,529	72,277	106,036
Less: Allowance for doubtful debts	-	(18,018)	-	(18,018)
Total trade receivables - related parties, net	<u>27,839</u>	<u>49,511</u>	<u>72,277</u>	<u>88,018</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,323,710	1,037,947	986,487	671,545
Past due				
Up to 3 months	128,652	451,386	30,641	357,784
3 - 6 months	25,266	22,228	18,244	20,710
6 - 12 months	6,773	20,313	2,507	20,313
Over 12 months	80,612	87,082	80,590	86,996
Total	1,565,013	1,618,956	1,118,469	1,157,348
Less: Allowance for doubtful debts	(90,778)	(112,149)	(89,736)	(112,149)
Total trade receivables - unrelated parties, net	1,474,235	1,506,807	1,028,733	1,045,199
Total trade receivable - net	1,502,074	1,556,318	1,101,010	1,133,217
<u>Other receivables</u>				
Advances - related party	-	2,130	-	2,130
Others receivable - related parties	199,577	36,269	426,463	38,533
Total other receivables - related parties - net	199,577	38,399	426,463	40,663
Others receivable - unrelated parties	12,880	93,512	12,879	93,480
Less: Allowance for doubtful debts	(9,070)	(9,070)	(9,070)	(9,070)
Total other receivables - unrelated parties - net	3,810	84,442	3,809	84,410
Total other receivables	203,387	122,841	430,272	125,073
Total trade and other receivables - net	1,705,461	1,679,159	1,531,282	1,258,290

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Spareparts	174,755	157,379	(41,620)	(40,840)	133,135	116,539
Foods and catering	53,473	48,006	-	-	53,473	48,006
Air Tickets	445	511	(409)	-	36	511
Others	85,372	63,492	(130)	(130)	85,242	63,362
Total	314,045	269,388	(42,159)	(40,970)	271,886	228,418

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2014	2013	2014	2013	2014	2013
Spareparts	174,755	157,379	(41,620)	(40,840)	133,135	116,539
Foods and catering	24,627	21,875	-	-	24,627	21,875
Air Tickets	445	511	(409)	-	36	511
Others	19,882	13,338	-	-	19,882	13,338
Total	219,709	193,103	(42,029)	(40,840)	177,680	152,263

11. Restricted bank deposits

Current account amounting to Baht 166 million (2013: Baht 166 million) represent temporary suspended as discussed in Note 37.4 to financial statements.

12. 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		Dividend received during the year	
	2014	2013	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	34,535	70,000
Bangkok Airways Ground Services Co.,Ltd.	250	250	99.99	99.99	250	250	19,999	-
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	207,000	45,000
Investment in subsidiary companies					<u>2,184,233</u>	<u>2,184,233</u>	<u>261,534</u>	<u>115,000</u>

The Company's investments in subsidiaries amounting to Baht 594 million (2013: Baht 594 million) have been used as collateral for credit facilities of the subsidiaries.

13. Investments in associates

13.1 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	
			2014 (%)	2013 (%)	2014	2013	2014	2013
WFS - PG Cargo Co.,Ltd.	Cargo	Thailand	49.00	49.00	147,000	147,000	219,422	383,706
Samui Airport Property Fund (Leasehold)	Property Fund	Thailand	25.00	25.00	2,255,571	2,255,571	1,447,405	1,539,202
S.E.A. Aviation Co., Ltd.	Transportation and cargo	Thailand	10.00	10.00	3,000	3,000	2,810	2,822
Total					<u>2,405,571</u>	<u>2,405,571</u>	<u>1,669,637</u>	<u>1,925,730</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2014 (%)	2013 (%)	2014	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					<u>2,405,571</u>	<u>2,405,571</u>

13.2 Share of profit/loss and dividend received

During the years, 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 during the year		Dividend received during the year	
	2014	2013	2014	2013
WFS - PG Cargo Co., Ltd.	232,616	189,708	396,900	132,300
Samui Airport Property Fund (Leasehold)	205,078	204,311	296,875	293,313
S.E.A. Aviation Co., Ltd.	(12)	(59)	-	-
Total	<u>437,682</u>	<u>393,960</u>	<u>693,775</u>	<u>425,613</u>

13.3 Fair value 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 31 December	
	2014	2013
	Samui Airport Property Fund (Leasehold)	4,109
Total	4,109	3,753

13.4 Summarised financial information of associates

Financial information of the associated companies were summaries below.

(Unit: Million Baht)

Company's name	Paid-up capital as		Total assets as at		Total liabilities as		Total revenues for		Profit for the years	
	at		31 December		at		the years ended		ended 31 December	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
WFS - PG Cargo Co.,Ltd.*	300	300	1,154	1,259	645	455	1,558	1,421	454	387
Samui Airport Property Fund (Leasehold)	9,208	9,208	10,542	10,552	61	62	1,225	1,230	1,185	1,191
S.E.A Aviation Co., Ltd.	30	30	29	29	-	-	-	-	-	(1)

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

14. Investment properties

The net book value of investment properties is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Land	Office and	Total	Land	Office and	Total
	awaiting for sales	shops for rent		awaiting for sales	shops for rent	
31 December 2014						
Cost	235,226	321,016	556,242	235,226	321,016	556,242
Less: Accumulated depreciation	-	(61,500)	(61,500)	-	(61,500)	(61,500)
Net book value	235,226	259,516	494,742	235,226	259,516	494,742
31 December 2013						
Cost	235,226	107,829	343,055	235,226	107,829	343,055
Less: Accumulated depreciation	-	(30,738)	(30,738)	-	(30,738)	(30,738)
Net book value	235,226	77,091	312,317	235,226	77,091	312,317

A reconciliation of the net book value of investment properties for the years were presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Net book value at beginning of year	312,317	317,708	312,317	317,708
Increase during the year - net book value	187,817	-	187,817	-
Depreciation charged	(5,392)	(5,391)	(5,392)	(5,391)
Net book value at end of year	<u>494,742</u>	<u>312,317</u>	<u>494,742</u>	<u>312,317</u>

The fair value of the investment properties as at 31 December 2014 and 2013 stated below:

(Unit: Thousand Baht)

	<u>2014</u>	<u>2013</u>
Land awaiting for sales	312,805	312,805
Office and shops for rent	114,322	30,329

The fair values of the above investment properties have been determined based on valuations performed by an accredited independent valuer determined based on the income approach and market prices and, for some land, the valuation prices from The Treasury Department.

The Company have pledged investment properties amounting to approximately Baht 157 million (2013: Baht 161 million) as collateral against credit facilities received from financial institutions.

15. Others long-term investments

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	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	18,008,745	11,394,798	15,129,245	9,632,548
Available-for-sales securities - net	20,878,710	14,264,764	17,352,710	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	20,936,196	14,321,923	17,410,196	11,913,172

Certain available-for-sales securities of the Company and its subsidiaries with market value as at 31 December 2014 amounting to Baht 17,345 million (2013: Baht 12,260 million) have been used as collateral for short-term loans from financial institutions and long-term loans.

16. Property, plant and equipment

(Unit: Thousand Baht)

		Consolidated financial statements								
		Land	Building and improvements	Airport and improvements	Aircrafts	Aircrafts parts and ground equipment	Furniture, fixture and equipment	Vehicles	Construction in progress	Total
Cost										
31 December 2012		1,819,157	1,583,762	823,317	4,364,932	2,155,249	1,141,238	568,606	134,536	12,590,797
Purchase		1,354	9,856	-	-	285,638	64,219	21,161	181,317	563,545
Disposal		(16,378)	(60,893)	(5,693)	-	(849,128)	(459,013)	(67,648)	(19,577)	(1,478,330)
Transfer in (out)		-	65,687	6,873	-	4,004	11,592	13,330	(101,486)	-
31 December 2013		1,804,133	1,598,412	824,497	4,364,932	1,595,763	758,036	535,449	194,790	11,676,012
Purchase		-	12,012	-	674,488	333,841	95,578	68,714	279,117	1,463,750
Disposal		-	-	-	-	(704)	(11,791)	(15,493)	(11,812)	(39,800)
Transfer in (out)		-	(77,777)	97,512	-	12,791	68,556	1,389	(308,419)	(205,948)
31 December 2014		1,804,133	1,532,647	922,009	5,039,420	1,941,691	910,379	590,059	153,676	12,894,014
Accumulated depreciation										
31 December 2012		-	604,114	491,999	2,088,593	1,621,675	921,972	483,032	-	6,211,385
Depreciation for the year		-	89,075	34,837	168,293	125,014	66,125	28,710	-	512,054
Depreciation - disposal		-	(51,704)	(2,604)	-	(812,553)	(451,943)	(67,470)	-	(1,386,274)
Transfer in (out)		-	-	-	-	218	(218)	-	-	-
31 December 2013		-	641,485	524,232	2,256,886	934,354	535,936	444,272	-	5,337,165
Depreciation for the year		-	89,451	35,202	171,620	154,090	83,148	35,600	-	569,111
Depreciation - disposal		-	-	-	-	(528)	(11,769)	(15,493)	-	(27,790)
Transfer in (out)		-	(25,370)	-	-	-	7,355	-	-	(18,015)
31 December 2014		-	705,566	559,434	2,428,506	1,087,916	614,670	464,379	-	5,860,471
Net book value										
31 December 2013		1,804,133	956,927	300,265	2,108,046	661,409	222,100	91,177	194,790	6,338,847
31 December 2014		1,804,133	827,081	362,575	2,610,914	853,775	295,709	125,680	153,676	7,033,543
Depreciation for the years ended 31 December										
2013 (Baht 443 million included in cost at sales and services, and the balance in selling and administrative expenses)										512,054
2014 (Baht 496 million included in cost at sales and services, and the balance in selling and administrative expenses)										569,111

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and improvements	Airport and improvements	Aircrafts	Aircrafts parts and ground equipment	Furniture, fixture and equipment	Vehicles	Construction in progress	Total
Cost									
31 December 2012	1,819,157	1,466,602	823,317	4,364,932	1,439,631	821,213	342,467	134,536	11,211,855
Purchase	1,354	-	-	-	193,639	55,140	13,652	160,369	424,154
Disposal	(16,378)	(56,486)	(5,693)	-	(849,028)	(455,573)	(67,648)	(19,577)	(1,470,383)
Transfer in (out)	-	65,687	6,873	-	-	15,596	13,330	(101,486)	-
31 December 2013	1,804,133	1,475,803	824,497	4,364,932	784,242	436,376	301,801	173,842	10,165,626
Purchase	-	12	-	674,488	139,841	66,177	50,457	254,737	1,185,712
Disposal	-	-	-	-	(55)	(6,196)	(15,493)	(11,812)	(33,556)
Transfer in (out)	-	(84,279)	97,512	-	-	68,556	1,389	(288,832)	(205,654)
31 December 2014	1,804,133	1,391,536	922,009	5,039,420	924,028	564,913	338,154	127,935	11,112,128
Accumulated depreciation									
31 December 2012	-	570,774	491,999	2,088,593	1,302,982	729,498	302,044	-	5,485,890
Depreciation for the year	-	75,311	34,837	168,293	64,161	36,009	13,312	-	391,923
Depreciation - disposal	-	(50,209)	(2,604)	-	(812,488)	(448,856)	(67,471)	-	(1,381,628)
31 December 2013	-	598,876	524,232	2,256,886	554,655	316,651	247,885	-	4,496,185
Depreciation for the year	-	73,258	35,202	171,620	70,065	50,885	20,518	-	421,548
Depreciation - disposal	-	-	-	-	(55)	(6,184)	(15,493)	-	(21,732)
Transfer in (out)	-	(25,369)	-	-	-	7,355	-	-	(18,014)
31 December 2014	-	643,765	559,434	2,428,506	624,665	368,707	252,910	-	4,877,987
Net book value									
31 December 2013	1,804,133	879,927	300,265	2,108,046	229,587	119,725	53,916	173,842	5,669,441
31 December 2014	1,804,133	747,771	362,575	2,610,914	299,363	196,206	85,244	127,935	6,234,141
Depreciation for the years ended 31 December									
2013 (Baht 330 million included in cost at sales and services, and the balance in selling and administrative expenses)									391,923
2014 (Baht 358 million included in cost at sales and services, and the balance in selling and administrative expenses)									421,548

As at 31 December 2014, the Company and its subsidiaries have aircrafts, vehicles and equipment under finance lease which net book value amounted to approximately Baht 2,719 million (2013 : Baht 2,175 million)

As at 31 December 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 1,487 million (2013: Baht 2,656 million (separate financial statements: Baht 1,233 million (2013: Baht 2,433 million)).

An 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 discuss in Note 24 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 21 to financial statements.

As at 31 December 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.

17. 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 Co., Ltd.	Catering	20 years
Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.	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 31 December 2014 and 2013 are presented below.

	(Unit: Thousand Baht)					
	<u>Consolidated financial statements</u>			<u>Separate financial statements</u>		
	<u>Concessions</u>	<u>Computer software</u>	<u>Total</u>	<u>Concessions</u>	<u>Computer software</u>	<u>Total</u>
As at 31 December 2014:						
Cost	920,732	372,569	1,293,301	-	351,315	351,315
Less: Accumulated amortisation	(380,262)	(133,211)	(513,473)	-	(116,521)	(166,521)
Net book value	<u>540,470</u>	<u>239,358</u>	<u>779,828</u>	<u>-</u>	<u>234,794</u>	<u>234,794</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>

A reconciliation of the net book value of intangible assets for the years is presented below.

	(Unit: Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net book value at beginning of year	717,086	699,585	128,294	64,564
Acquisition of computer software	130,853	70,635	127,791	70,132
Amortisation	(68,111)	(53,134)	(21,291)	(6,402)
Net book value at end of year	<u>779,828</u>	<u>717,086</u>	<u>234,794</u>	<u>128,294</u>

18. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deposit	658,053	589,386	650,926	578,817
Withholding tax	177,504	143,040	126,285	91,227
Others	2,287	2,695	2,287	2,695
Total	<u>837,844</u>	<u>735,121</u>	<u>779,498</u>	<u>672,739</u>

19. Bank overdrafts and short-term loans from banks

	(Unit: Thousand Baht)					
	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013	2014	2013
Bank overdrafts	-	7.38	-	21,365	-	-
Short-term loans from financial institutions	-	3.25-3.75	-	650,000	-	650,000
Total			-	<u>671,365</u>	-	<u>650,000</u>

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

20. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade payables - related parties	228,442	191,689	384,797	352,287
Trade payables - unrelated parties	1,457,398	1,384,140	1,278,546	1,333,652
Other payables - related parties	5,653	45,216	5,670	36,223
Other payables - unrelated parties	723,368	703,888	620,831	490,573
Other payables for purchase of software and equipment	25,263	32,061	8,402	4,361
Total trade and other payables	<u>2,440,124</u>	<u>2,356,994</u>	<u>2,298,246</u>	<u>2,217,096</u>

21. Long-term loans

Company

(Unit: Thousand Baht)

Loan	Credit Facility	Interest rate (percent per annum)	Period (year)	Agreement Date	Repayment	Separate financial statements	
						2014	2013
1	420	Year 1-2 : MLR - 0.50 Year 3 onward : MLR	6	29 October 2009	Monthly	117,000	261,000
2	135	Year 1-2 : MLR - 0.50 Year 3 onward : MLR	6	29 October 2009	Monthly	-	44,290
3	1,100	Year 1 : MLR - 1.0 Year 2 : MLR - 0.50 Year 3 onward : MLR	7	20 August 2010	Monthly	495,200	677,600
4	250	MLR	5	9 November 2010	Monthly	61,000	127,500
5	500	5.50	7	9 May 2011	Yearly	45,953	231,582
6	300	5.50	7	24 June 2011	Monthly	148,800	192,000
7	53	6.00	7	24 January 2012	Monthly	29,700	37,620
8	100	6.00	7	24 January 2012	Monthly	-	8,650
Total						897,653	1,580,242
Less: Current portion						(457,473)	(595,824)
Long-term loans, net of current portion						440,180	1,721,768

Subsidiaries

(Unit: Thousand Baht)

Company	Credit Facilities	Interest rate (percent per annum)	Period (year)	Agreement Date	Repayment	2014	2013
						2014	2013
Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.	630	MLR - 0.75	12	15 March 2004	Quarterly	157,000	297,000
Bangkok Air Catering Co., Ltd.	710	MLR - 1.00 to MLR	8	23 February 2006	Every 6 months	-	205,000
BAC Gourmets House Co., Ltd.	6	MLR	4	20 December 2010	Quarterly	-	2,100
BAC Gourmets House Co., Ltd.	40	MLR	4	24 April 2012	Quarterly	12,600	22,800
Total						169,600	526,900
Less: Current portion						(168,600)	(300,350)
Long term loan, net of current portion						1,000	526,900

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Total	1,067,253	2,107,142	897,653	1,580,242
Less: Current portion	(626,073)	(986,138)	(457,473)	(628,838)
Long-term loans, net of current portion	441,180	1,121,004	440,180	951,404

Long-term loans are secured by part of the Company and its subsidiaries' land and construction, project's assets at Suvarnabhumi Airport of subsidiary, rights on the agreements of subsidiaries with Airport of Thailand Public Company Limited, 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.

22. Liabilities arising from finance lease of aircrafts

Liabilities arising from finance lease of aircrafts (effective rate from 0.86 percent to 7.07 percent) are due as follow:

(Unit: Thousand Baht)

	Consolidated financial statements and Separate financial statements		
	2014		
	Liabilities arising from finance lease	Deferred interest expenses	Total
Within one year	472,690	(18,103)	454,587
After one year but within five years	193,554	(14,240)	179,314
Over five years	338,720	(9,926)	328,794
Total	1,004,964	(42,269)	962,695

(Unit: Thousand Baht)

	Consolidated financial statements and Separate financial statements		
	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

23. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Liabilities under finance lease agreements	109,858	64,068	76,607	55,015
Less: Deferred interest expenses	<u>(7,742)</u>	<u>(4,274)</u>	<u>(4,530)</u>	<u>(3,622)</u>
Total	102,116	59,794	72,077	51,393
Less : Portion due within one year	<u>(38,328)</u>	<u>(26,541)</u>	<u>(29,120)</u>	<u>(22,694)</u>
Liabilities under finance lease agreements - net of current portion	<u>63,788</u>	<u>33,253</u>	<u>42,957</u>	<u>28,699</u>

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		
	2014		
	Less than		
	<u>1 year</u>	<u>1-5 years</u>	<u>Total</u>
Future minimum lease payments	42,551	67,307	109,858
Deferred interest expenses	<u>(4,223)</u>	<u>(3,519)</u>	<u>(7,742)</u>
Present value of future minimum lease payments	<u>38,328</u>	<u>63,788</u>	<u>102,116</u>

(Unit: Thousand Baht)

	Consolidated financial statements		
	2013		
	Less than		
	<u>1 year</u>	<u>1-5 years</u>	<u>Total</u>
Future minimum lease payments	28,980	35,088	64,068
Deferred interest expenses	<u>(2,439)</u>	<u>(1,835)</u>	<u>(4,274)</u>
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		
	2014		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	31,893	44,713	76,606
Deferred interest expenses	(2,773)	(1,756)	(4,529)
Present value of future minimum lease payments	<u>29,120</u>	<u>42,957</u>	<u>72,080</u>

(Unit: Thousand Baht)

	Separate financial statements		
	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>

24. Long-term loans - related party

(Unit: Thousand Baht)

Balance as at 1 January 2014	11,207,489
Increase from compound interest	1,294,146
Less: Payment during year	<u>(1,215,890)</u>
Balance as at 31 December 2014	11,285,745
Less: portion due within one year	<u>-</u>
Long-term loans - related party - net of current portion	<u>11,285,745</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 45 million shares with a par of Baht 0.1 (2013: 8.5 million shares with a par of Baht 1) with a fair value of Baht 774 million (2013: Baht 999 million) as at 31 December 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.

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Defined benefit obligation at beginning of year	286,485	160,919	236,694	121,243
Current service cost	44,037	30,001	30,984	18,761
Interest cost	11,163	5,829	9,367	4,334
Benefits paid during the year	(8,981)	(21,190)	(6,652)	(20,464)
Actuarial (gain) loss	(4,151)	110,926	-	112,820
Provisions for long-term employee benefits at end of year	328,553	286,485	270,393	236,694

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current service cost	44,037	30,001	30,984	18,761
Interest cost	11,163	5,829	9,367	4,334
Actuarial (gain) loss recognised during the year	(4,151)	110,926	-	112,820
Total expense recognised in profit or loss	51,049	146,756	40,351	135,915
Line items under which such expenses are included in profit or loss				
Cost of sales and service	35,520	96,658	28,007	93,674
Selling and administrative expenses	15,528	50,098	12,344	42,241

Principal actuarial assumptions at the valuation date were as follows:

	(Unit: Percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Discount rate	3.96 - 4.10	3.96 - 4.10	4.00	3.96
Future salary increase rate	4.00 - 6.00	4.00 - 6.00	5.00	6.00
Staff turnover rate (depending on age)	0.00 - 22.00	0.00 - 31.00	4.00	5.00 - 9.00

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

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	328,553	270,393	3,596	-
Year 2013	286,485	236,694	39,633	41,857
Year 2012	160,919	121,243	7,813	7,813
Year 2011	115,340	82,604	-	-
Year 2010	88,386	64,969	-	-

26. Share capital

On 7 February 2013, the Board of Directors Meeting No.2/2013 passed a resolution to call up the residual payment of 75 percent of the 5 million registered share capital at Baht 7.50 per share, resulting in an increase in called-up capital to Baht 1,250 million. The Company registered the increase its called-up capital with the Ministry of Commerce on 27 February 2013.

On 26 February 2013, the Extraordinary Annual Meeting of the shareholders No.1/2556 passed resolutions approving the followings:

- 1) A change in the par value of the Company's share from Baht 10 to Baht 1 per share, resulting in an increase in number of the ordinary shares from 125 million ordinary shares to 1,250 million ordinary shares.
- 2) An increase of Baht 850 million in the registered capital, from Baht 1,250 million to Baht 2,100 million. The Company registered the capital increase with the Ministry of Commerce on 27 February 2013.
- 3) Consider to approve an increase in the Company's share capital.
 - 3.1 Up to 300 million shares with a par value of Baht 1 each to be reserved for the right offering to be made to the Company's existing shareholders at the proportion of shareholding (right offering). On 21 March 2013, the Company registered its paid-up share capital of Baht 1,550 million with the Ministry of Commerce.

3.2 The allotment of common shares to directors and employees of the Company (ESOP) as discussed in Note 27. On 29 March 2013, the Company registered its paid-up share capital of Baht 1,580 million with the Ministry of Commerce. According to this, the Company has premium on ordinary shares totalling Baht 270 million.

3.3 Up to 520 million shares with a par value of Baht 1 each to be reserved for the Initial Public Offering.

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, with a share premium of Baht 12,066 Million, net of related expenses incurred in making the offering. 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.

Reconciliation of number of ordinary shares

	(Unit: Shares)	
	Consolidated financial statements and Separate financial statements	
	2014	2013
Registered ordinary shares		
Number of ordinary shares at the beginning of the year	2,100,000,000	125,000,000
Increase registered ordinary shares	-	85,000,000
Decrease in par value from Baht 10 each to Baht 1 each	-	1,890,000,000
Number of ordinary shares at the end of the year	<u>2,100,000,000</u>	<u>2,100,000,000</u>
Issued and paid-up ordinary shares		
Number of ordinary shares at the beginning of the year	1,580,000,000	121,250,000
Increase paid-up ordinary shares - Baht 10 each	-	3,750,000
Increase paid-up ordinary shares - Baht 1 each	520,000,000	-
	2,100,000,000	125,000,000
Decrease in par value from Baht 10 each to Baht 1 each	-	1,125,000,000
Right offering	-	300,000,000
ESOP	-	30,000,000
Number of ordinary shares at the end of the year	<u>2,100,000,000</u>	<u>1,580,000,000</u>

27. 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 on 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.

The estimated fair value of each share option granted is Baht 16.91, as calculated by a financial advisor qualified independent party using the Discounted Cash Flow with Weighted Average Cost of Capital Method, applying a discount rate of 12.32 percent.

28. Statutory reserve

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

On 25 December 2014, the Extraordinary General Shareholders Meeting approved the set off of all retained loss of the Company as at 30 September 2014, amounting to Baht 3,434,253,762.25 with Baht 210,000,000 offset against the legal reserve and Baht 3,224,253,762.25 against the premium on ordinary shares.

29. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Salary and wages and other employee benefits	4,150,915	4,046,376	2,755,328	2,852,041
Depreciation	574,503	517,445	426,940	397,314
Amortization expenses	70,232	55,446	23,412	8,714
Rental expenses from operating lease	1,995,604	1,748,522	1,884,647	1,645,855
Fuel expenses	5,199,960	4,158,783	5,199,960	4,158,783
Repair and maintenance	2,094,226	1,531,653	1,970,278	1,420,196
Ground service expenses	934,545	726,714	1,385,997	1,098,712
Raw materials and supply used	479,409	457,131	-	-
Fuel for ground service equipment	54,335	51,371	-	-

30. Income tax

30.1 Deferred tax assets / liabilities

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax assets				
Allowance for diminution in value of inventory	8,432	8,194	8,406	8,168
Impairment of assets	-	1,215	-	-
Accumulate depreciation - building and equipment	623	480	-	-
Accrued expense	14,412	13,117	1,576	1,284
Unrealised loss on re-measuring trading securities	-	-	-	1,400
Provision for long-term employee benefits	29,771	28,209	18,186	18,250
Tax loss carry forward	85,213	-	85,213	-
Total	<u>138,451</u>	<u>51,215</u>	<u>113,381</u>	<u>29,102</u>

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
Deferred tax liabilities				
Unrealised gain on re-measuring securities	3,534,899	2,278,959	3,025,849	1,926,509
Unrealised gain on transfer of investments	-	-	-	68,250
Accrued income	537	400	537	400
Liabilities arising form finance lease of aircrafts	289,393	233,940	289,393	233,940
Finance lease liabilities	156	469	156	469
Total	3,824,985	2,513,768	3,315,935	2,229,568
Deferred tax assets - net	25,070	23,513	-	-
Deferred tax liabilities - net	3,711,604	2,486,066	3,202,554	2,200,466

30.2 Income tax expenses

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
Current income tax:				
Current income tax charge	99,530	118,840	-	49,861
Adjustment in respect of current income tax of previous year	(200)	718	(200)	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(98,808)	20,348	(97,251)	58,303
Income tax expenses reported in the statements of comprehensive income	522	139,906	(97,451)	108,164

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounting profit before tax	386,196	1,129,925	398,212	1,067,976
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	77,239	225,985	79,643	213,595
Adjustment in respect of current income tax of previous year	(200)	718	(200)	-
Effects of:				
BOI Privilege (Note 31)	(59,510)	(252,831)	(59,510)	(252,831)
Tax exempted revenue	(12,495)	(85,149)	73,640	(103,922)
Non-deductible expenses	188,016	279,620	180,565	279,678
Additional expense deduction allowed	(192,528)	(28,437)	(371,589)	(28,356)
Total	(76,517)	(86,797)	(176,894)	(105,431)
Income tax expenses reported in the statements of comprehensive income	522	139,906	(97,451)	108,164

30.3 Income tax relating to each component of other comprehensive income

The amounts of income tax relating to each component of other comprehensive income for the year are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax relating to				
Increasing in gain on re-measuring available-for-sale investments	1,322,789	90,104	1,099,339	9,654
	<u>1,322,789</u>	<u>90,104</u>	<u>1,099,339</u>	<u>9,654</u>

31. Promotional privileges

By virtue of the provisions of Investment Promotion Act, the Company was granted certain privileges by exemption from income tax for net income from promoted business for eight years as follows:

Promotion certificate No.	Description	Commencing date	Expiring date
Air transportation operations			
2072(2)/2548	6 aircrafts with capacity of 795 seats	1 July 2007	30 June 2015
2199(2)/2551	3 aircrafts with capacity of 430 seats	30 January 2009	29 January 2017
1204(2)/2555	2 aircrafts with capacity of 300 seats	11 March 2012	10 March 2020
2019(2)/2555	1 aircraft with capacity of 162 seats	30 November 2012	29 November 2020
1208(2)/2556	4 aircrafts with capacity of 832 seats	18 May 2013	17 May 2021
Commercial airport operations			
1352(2)/2550	Samui airport	1 May 2007	30 April 2015
Catering operations			
2110(3)/2549	Manufacturing food	-	-

As a promotion company, the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

	(Unit: Million Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Sales						
Passenger	12,526	10,865	4,987	5,619	17,513	16,484
Others	1,029	839	1,900	1,718	2,929	2,557
Total sales	<u>13,555</u>	<u>11,704</u>	<u>6,887</u>	<u>7,337</u>	<u>20,442</u>	<u>19,041</u>

32. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

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

	Profit for the years		Weighted average number of ordinary shares		Earnings per share	
	2014 (Thousand Baht)	2013 (Thousand Baht)	2014 (Thousand shares)	2013 (Thousand shares)	2014 (Baht)	2013 (Baht)
Consolidated financial statements	351,105	932,462	1,672,603	1,511,194	<u>0.21</u>	<u>0.62</u>
Separate financial statements	495,663	959,813	1,672,603	1,511,194	<u>0.30</u>	<u>0.64</u>

33. Segment information

Operating segment information is reported in a manner consistent with the internal reporting the chief operating decision maker has received and regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on their services, and there are the following three reportable segments:

- The airlines segment, which sells tickets and provides services to passengers.
- The airports segment, which provides location services for passengers and airlines.
- The supporting airlines business segment, which provides ground handling, cargo and catering services for airlines and customers.

The Company and its subsidiaries have aggregated operating segments of hotels, holding, duty free and training and presented as reportable segment of other segment. Since such operating segments do not meet the quantitative thresholds as set out in the financial reporting standard.

Chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, the Company and its subsidiaries financing (including finance costs, finance income and income taxes) are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an agreed upon basis.

Inter-segment revenues are eliminated on consolidation.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years, respectively.

(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
Revenues from external customers	17,844	16,735	504	486	2,684	2,656	-	43	-	-	21,033	19,920
Intersegment revenues	1	-	-	-	883	722	-	-	(884)	(722)	-	-
Total revenues	<u>17,845</u>	<u>16,735</u>	<u>504</u>	<u>486</u>	<u>3,567</u>	<u>3,378</u>	<u>-</u>	<u>43</u>	<u>(884)</u>	<u>(722)</u>	<u>21,033</u>	<u>19,920</u>
Segment operating profit	3,213	4,390	112	75	145	420	-	-			3,470	4,885
Unallocated income and expenses:												
Gain on sales of investments											3	42
Gain on sales of investments in subsidiaries											-	3
Other income											1,087	758
Selling expenses											(1,510)	(1,425)
Administrative expenses											(1,457)	(1,690)
Other expenses											(6)	(71)
Share of income from investments in associates											438	394
Finance cost											(1,638)	(1,766)
Income tax expenses											(1)	(140)
Non-controlling interests of the subsidiaries											<u>(35)</u>	<u>(58)</u>
Profit for the year											<u>351</u>	<u>932</u>

Transfer prices between business segments are as set out in Note 6 to the financial statements.

Of total revenue from the airlines, airports and supporting airlines business segments of the Company and its subsidiaries, 66 percent was derived from domestic operations.

For the year 2014 and 2013, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

34. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 2 percent to 8 percent of basic salary. The fund, which is managed by MFC Assets Management Public Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2014, the Company contributed Baht 47 million (2013: Baht 32 million) to the fund.

Subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and subsidiaries contribute to the fund monthly at the rate of 3 percent to 7 percent of basic salary. The fund, which is managed by Tisco Assets Management Public Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2014, Subsidiaries contributed Baht 17 million (2013: Baht 16 million) to the fund.

35. 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
Interim dividends for 2013 income	Board of Directors' meeting on 28 November 2013	395,000	0.25
		2,424,154	8.00

36. Commitments and contingent liabilities

36.1 Operating lease commitments

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

As at 31 December 2014, future minimum lease payments required under aircraft lease agreements total USD 157 million (2013: USD 125 million).

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Payable				
In up to 1 year	715	589	227	77
In over 1 year and up to 5 years	1,917	1,770	170	58
In over 5 years	3,663	4,118	73	74

36.2 Capital commitments

36.2.1 As at 31 December 2014, the Company and its subsidiaries had capital commitments of Baht 11 million (2013: Baht 30 million) mainly in building improvement, and Baht 75 million (2013: Baht 129 million) relating to acquisition of software and office equipment for the Company's operations.

36.2.2 As at 31 December 2014, the Company had commitments as a result of its signature of a sale and purchase contract for 8 ATR aircrafts with Avions de Transport Regional G.I.E. Delivery of the aircraft is scheduled for between February 2015 and February 2017.

36.3 Guarantees

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

36.3.2 As at 31 December 2014, the Company has outstanding bank guarantees of approximately Baht 73.2 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 in the normal course of business (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 293 million (2013: Baht 282 million).

36.4 Pledges

The Company and its subsidiaries

36.4.1 The Company and its subsidiaries have the following contingent liabilities in respect of loan guarantees.

		(Unit: Million Baht)	
<u>Guarantor</u>	<u>Guarantee</u>	<u>2014</u>	<u>2013</u>
Bangkok Air Catering Co.,Ltd.	BAC Gourmet House Co.,Ltd.	<u>46</u>	<u>46</u>

36.4.2 The Company and its subsidiaries have the following contingent liabilities in respect of guarantees for bank overdraft facilities.

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

36.5 Other commitments

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

37. Litigation

The Company

37.1 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.

37.2 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.

37.3 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 2014 and this is currently being considered by the Central Tax Court.

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.

37.4 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 reporting date, the Company had yet to make payment.

37.5 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.

37.6 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.

37.7 In November 2014, the Company was sued by passenger, claiming Baht 0.5 million for cancelled ticket. The case is being considering by the Court.

Subsidiaries

37.8 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.

38. Financial instruments

38.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable, loans, other receivable and notes receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, other receivables and notes receivable as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, debentures and long-term borrowings. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statement						Effective interest rate (% per annum)
	2014						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
Within 1 year	1-5 years	Over 5 years					
Financial assets							
Cash and cash equivalent	2	-	-	727	1,446	2,175	0.10 - 2.75
Current investments	11,500	-	-	-	25	11,525	1.20 - 3.00
Trade and other receivables	-	-	-	-	1,705	1,705	-
Restricted bank deposits	22	-	-	2	168	192	1.70 - 2.95
Other long-term investments	-	-	50	-	20,886	20,936	4.375
	<u>11,524</u>	<u>-</u>	<u>50</u>	<u>729</u>	<u>24,230</u>	<u>36,533</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	2,440	2,440	-
Long-term loans	97	127	-	843	-	1,067	5.50 - 6.00 and MLR-1.5 to MLR
Liabilities arising from finance lease of aircrafts	455	179	329	-	-	963	0.86 - 7.07
Finance lease liabilities	33	48	-	-	21	102	4.50 - 6.61
Long-term loans from related parties	-	-	11,286	-	-	11,268	12.64
	<u>585</u>	<u>354</u>	<u>11,615</u>	<u>843</u>	<u>2,461</u>	<u>15,858</u>	

(Unit: Million Baht)

Consolidated financial statement							
2013							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>							
Cash and cash equivalent	120	-	-	1,113	1,319	2,552	0.10 - 3.15
Current investments	470	-	-	-	41	511	2.35
Trade and other receivables	-	-	-	-	1,679	1,679	-
Restricted bank deposits	22	-	-	-	167	189	1.60 - 3.10
Other long-term investments	-	-	50	-	14,272	14,322	4.375
Long term loans to related parties	-	-	20	34	2	56	1, MLR
	<u>612</u>	<u>-</u>	<u>70</u>	<u>1,147</u>	<u>17,480</u>	<u>19,309</u>	
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from banks	650	-	-	21	-	671	3.25 - 7.38
Trade and other payables	-	-	-	-	2,357	2,357	-
Long-term loans	186	284	-	1,637	-	2,107	5.50 - 6.00 and MLR - 1.5 to MLR
Liabilities arising from finance lease of aircrafts	424	408	-	-	-	832	6.68 - 7.79
Finance lease liabilities	27	33	-	-	-	60	2.19 - 8.07
Long-term loans from related parties	-	-	11,207	-	-	11,207	12.64
	<u>1,287</u>	<u>725</u>	<u>11,207</u>	<u>1,658</u>	<u>2,357</u>	<u>17,234</u>	

(Unit: Million Baht)

Separate financial statement							
2014							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>							
Cash and cash equivalents	2	-	-	497	1,378	1,877	0.10 - 2.75
Current investments	11,500	-	-	-	-	11,500	1.20 - 3.00
Trade and other receivables	-	-	-	-	1,531	1,531	-
Restricted bank deposits	-	-	-	2	166	168	1.70
Other long-term investments	-	-	50	-	17,360	17,410	4.375
	<u>11,502</u>	<u>-</u>	<u>50</u>	<u>499</u>	<u>20,435</u>	<u>32,486</u>	

(Unit: Million Baht)

Separate financial statement							
2014							
Fixed interest rates							
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate	
							(% per annum)
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	2,298	2,298	-
Long-term loans	97	128	-	673	-	898	5.50 - 6.00 and MLR-1.5 to MLR
Liabilities arising from finance lease of aircrafts	455	179	329	-	-	963	0.86 - 7.07
Finance lease liabilities	29	43	-	-	-	72	4.50 - 6.61
Long-term loans from related parties	-	-	11,286	-	-	11,286	12.64
	<u>581</u>	<u>350</u>	<u>11,615</u>	<u>673</u>	<u>2,298</u>	<u>15,517</u>	

(Unit: Million Baht)

Separate financial statement							
2013							
Fixed interest rates							
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate	
							(% per annum)
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	974	1,260	2,234	0.10 - 2.75
Trade and other receivables	470	-	-	-	411	881	2.35
Short-term loans to related parties	-	-	-	-	1,258	1,258	-
Restricted bank deposits	1	-	-	-	167	168	1.60
Other long-term investments	-	-	50	-	11,863	11,913	4.375
Long-term loans to related parties	-	-	-	34	65	99	MLR
	<u>471</u>	<u>-</u>	<u>50</u>	<u>1,008</u>	<u>15,024</u>	<u>16,553</u>	

(Unit: Million Baht)

Separate financial statement						
2013						
Fixed interest rates						
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial liabilities						
Bank overdrafts and short-term loans						
from banks	650	-	-	-	650	3.25 - 3.75
Trade and other payables	-	-	-	-	2,217	-
Long-term loans	186	284	-	1,110	1,580	5.5 - 6.0, MLR - 1.0 to MLR
Liabilities arising from finance lease of aircrafts	424	408	-	-	832	6.68 - 7.79
Finance lease liabilities	22	29	-	-	51	4.93 - 8.07
Long-term loans from related parties	-	-	11,207	-	11,207	12.64
	1,282	721	11,207	1,110	2,217	16,537

38.2 Foreign currency risk

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

Foreign currency	Consolidated financial statements				Average exchange rate	
	Financial assets		Financial liabilities		Average exchange rate	
	2014 (Million)	2013 (Million)	2014 (Million)	2013 (Million)	2014 (Baht per 1 foreign currency unit)	2013
AUD	1	2	-	-	26.81	29.18
BDT	1,347	869	13	7	0.42	0.42
CNY	14	5	2	2	5.30	5.41
EUR	8	3	-	16	40.05	45.02
GBP	1	1	-	-	51.15	53.92
HKD	18	12	5	7	4.25	4.23
INR	157	181	34	16	0.52	0.53
JPY	45	31	2	-	0.27	0.31
RUB	18	25	-	-	0.56	1.00
SGD	1	1	-	-	24.89	25.88
USD	65	24	63	58	32.96	32.81
TWD	6	6	-	-	1.04	1.09
KRW	341	324	-	-	0.03	0.03

Foreign currency	Separate financial statements				Average exchange rate	
	Financial assets		Financial liabilities		2014	2013
	2014	2013	2014	2013		
(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)		
AUD	1	2	-	-	26.81	29.18
BDT	1,347	869	13	7	0.42	0.42
CNY	14	5	2	2	5.30	5.41
EUR	8	3	-	2	40.05	45.02
GBP	1	1	-	-	51.15	53.92
HKD	18	12	5	7	4.25	4.23
INR	157	181	34	16	0.52	0.53
JPY	45	31	2	-	0.27	0.31
RUB	18	25	-	-	0.56	1.00
SGD	1	1	-	-	24.89	25.88
USD	63	23	53	48	32.96	32.81
TWD	6	6	-	-	1.04	1.09
KRW	341	324	-	-	0.03	0.03

38.3 Fuel Price Risk

Fuel price fluctuation depends on supply and demand of global economic situation and political uncertainty worldwide. Fuel price has direct impact on the Company's operating result as fuel plays vital factor in airline industry.

The Company has implemented jet fuel price hedging in order to reduce the risk of fuel price volatility, to protect the value of the Company for shareholders and all concerned and is not to be treated as a profit-marking venture.

This was in accordance with the Company's policy, specifying that fuel hedging be conducted on a regular basis at not lower than 50 percent and not more than 70 percent of annual fuel consumption. Whereby the tenor of each contract would be for a period of not more than 12 months. The Company selected a financial tool that was suitable for the market situation by establishing the lowest and highest prices of jet fuel, whereby the Company would incur the difference in USD currency, should the price of jet fuel falls below the lowest price. On the contrary, the Company would be compensated should the price of jet fuel rises higher than the highest price.

The Company's hedge portion account to 58.6 percent (2013: 58.3 percent) of its annual fuel consumption. As at December 31, 2014, the Company still has an obligation from fuel price hedging until December 2015 amount of 735,000 barrels (2013: 375,000 barrels) of Jet fuel whereby the lowest and the highest jet fuel prices are between USD 96.9 per barrel to USD 119.27 per barrel (2013: between USD 112 per barrel to USD 125 per barrel).

38.4 Fair values of financial instruments

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

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

39. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2014, the Group's debt-to-equity ratio was 0.91:1 (2013: 3.23:1) and the Company's was 0.90:1 (2013: 3.34:1).

40. Events after the reporting period

40.1 On 25 December 2014, the Company's Board of Directors Meeting approved an investment by Bangkok Airways Holding Company Limited in the establishment of Gourmet Premo Company Limited, in order to produce and process food for distribution. Bangkok Airways Holding Company Limited holds 99.99 percent of Gourmet Premo Company Limited, which was incorporated and registered with the Ministry of Commerce on 29 January 2015 with registered share capital of Baht 50 million.

40.2 On 26 February 2015, a Board of Directors Meeting proposed the payment of a dividend for the year 2014 of Baht 0.20 per share amounting to Baht 420 million be considered by the General Meeting of the Shareholders.

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2015.