



Management's Discussion and Analysis

for three months ended September 30, 2014

Bangkok Airways Public Company Limited and its subsidiaries

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Economic Situation and the Aviation Industry :

In the third quarter of 2014, the travel industry was on a rebound from the second quarter despite direct and indirect effects such as news of air accident in July, the spread of Ebola virus, sluggish world economy and continuous political turmoil in Thailand. These circumstances contributed to lower number of tourists coming to Thailand due to lack of confidence in their safety. It is estimated that average number of passengers traveling through Bangkok international airport in 2014 will increase 3% which is lower than 2013 at 8-9%.

However, in the third quarter of 2014, the number of tourists visiting Thailand from China, Hong Kong, Japan, Malaysia and the United States has increased from the previous quarter but lower than predicted. Important factors contributed to lower numbers include the current Martial Law. In addition, due to economic downturn, tourists from Europe, Russia, Oceania, the Middle East and Africa have decreased in Q3.

For Q4 2014, despite being a high travel season in Thailand, based on the advanced accommodation reservation records, it is estimated that travel industry will improve marginally. However, with various stimulants issued by the Government such as lower visa fees for Chinese tourists, numbers of tourists are expected to rise.

Important Events:

The Company maintains its current strategy. During Q3 the following events occurred:

1. 15 July 2014, the Company received "World's Best Regional Airline" and "Asia's Best Regional Airline" awards from Skytrax with voting results from passengers worldwide.
2. July 2014, Company added one A320 to its fleet based on its fleet expansion plan.
3. Introduction of new routes and increase of frequencies on existing routes as follows :

3.1 Increase frequency

- | | |
|------------------------|-----------------|
| - Bangkok – Chiang Mai | 14 flights/week |
| - Bangkok – Sukhothai | 14 flights/week |
| - Bangkok – Chiang Rai | 14 flights/week |
| - Bangkok – Krabi | 14 flights/week |

3.2 New route

- Chiang Mai – Phuket 14 flights/week
- Chiang Mai – Udon Thani 28 flights/week

4. 3 November 2014, Company and its subsidiaries were granted permission to register and begin trading shares at the Stock Exchange Thailand in the service industry under transportation and logistics. In doing so, will strengthen the Company financially as well as support its future growth.

Operating performance summary for the period ended September 30, 2014

Consolidated financial statement for the third quarter of year 2014 comprises Bangkok Airways 's financial statement and 9 subsidiaries as follows:

Unit : THB million

	July - September				January - September			
	2014	2013	Variance		2014	2013	Variance	
			Amount	%			Amount	%
Net profit (loss) for the period	(46.5)	391.3	(437.8)	(111.9%)	158.3	1,273.2	(1,114.9)	(87.6%)
Add:								
Finance Cost	403.1	448.3	(45.2)	(10.1%)	1,228.3	1,328.8	(100.5)	(7.6%)
Income tax expenses	(1.9)	26.5	(28.4)	(107.1%)	19.4	155.7	(136.3)	(87.5%)
Less:								
Dividend income	0.3	0.3	-	-	244.1	219.6	24.5	11.2%
Gain on sale of investments	-	-	-	-	3.4	41.6	(38.2)	(91.8%)
Gain on sale of investments in subsidiaries	-	-	-	-	-	3.0	(3.0)	(100.0%)
Gain on sale of assets	1.7	(3.2)	5.0	(152.8%)	5.8	1.3	4.5	347.8%
Interest received	3.0	7.1	(4.1)	(57.2%)	13.2	18.0	(4.8)	(26.4%)
EBIT ⁽¹⁾	349.6	861.9	(512.3)	(59.4%)	1,139.4	2,474.3	(1,334.8)	(53.9%)
Add:								
Depreciation and amortization	164.2	144.2	20.0	13.9%	470.1	421.7	48.4	11.5%
EBITDA ⁽¹⁾	513.8	1,006.1	(492.3)	(48.9%)	1,609.6	2,896.0	(1,286.4)	(44.4%)

	July - September				January - September			
	2014	2013	Variance		2014	2013	Variance	
			Amount	%			Amount	%
Add:								
Operating lease expenses	411.4	386.0	25.4	6.6%	1,341.4	1,092.2	249.2	22.8%
EBITDAR⁽¹⁾	925.2	1,392.1	(466.9)	(33.5%)	2,950.9	3,988.1	(1,037.2)	(26.0%)
Total revenue	5,284.2	5,202.2	82.0	1.6%	16,260.8	15,442.4	818.4	5.3%
Operating revenue ⁽²⁾	5,279.2	5,198.5	80.7	1.6%	15,994.2	15,158.9	835.3	5.5%
EBIT Ratio (%)	6.6	16.6	(10.0)	(60.1%)	7.1	16.3	(9.2)	(56.4%)
EBIDA Ratio (%)	9.7	19.4	(9.6)	(49.7%)	10.1	19.1	(9.0)	(47.3%)
EBITDAR Ratio (%)	17.5	26.8	(9.3)	(34.6%)	18.5	26.3	(7.8)	(29.9%)

Remark ⁽¹⁾ EBIT, EBIT margins, EBITDA, EBITDA margins, EBITDAR or EBITDAR margins are not standard measures, nor measurements of financial performance or liquidity, under TFRS, and should not be considered alternatives to net profit (loss) or any other performance measure or as an alternative to cash flow from operating activities. there are various calculation methods, our presentation may not be comparable to similarly titled measures used by other companies.

⁽²⁾ Comprises total revenue net of non-operating revenue (dividend income, gain on sale of investments, gain on sale of investments in subsidiaries, gain on sale of assets, interest received).

Operating results for third-quarter ended September 30, 2013 and 2014

BA's and its subsidiaries Earnings Before Interest and Taxation which is calculated from total revenues (excluding dividend income, gain on sales of assets, gain on sales of investments, interest income), after deducting by total expenses, (EBIT) of totaled THB 861.9 million in third quarter of year 2013 and THB349.6 million in third quarter of year 2014, accounted for 16.6% and 6.6% of total operating revenue respectively.

BA's and its subsidiaries Earnings Before Interest and Taxation after adding Depreciation and Amortization which is calculated from total revenues (excluding dividend income, gain on sales of assets, gain on sales of investments, interest income), after deducting by total expenses after adding depreciation and amortization, (EBITDA), of THB 1,006.1 million in third quarter of year 2013 and THB 513.8 million in third quarter of year 2014 or accounted for 19.4% and 9.7% of total operating revenue respectively.

BA's and its subsidiaries Earnings Before Interest and Taxation after adding Depreciation, Amortization and aircraft operating lease expenses which is calculated from total revenues (excluding dividend income, gain on sales of assets, gain on sales of investments, interest income), after deducting by total expenses, (EBITDAR), after adding depreciation and amortization and aircraft operating lease expenses totaled THB1,392.1 million in third quarter of year 2013 and THB 925.2 million in third quarter of year 2014 or accounted for 26.8% and 17.5% of total operating revenue respectively.

Operating results for nine-month period ended September 30, 2013 and 2014

BA's and its subsidiaries Earnings Before Interest and Taxation which is calculated from total revenues (excluding dividend income, gain on sales of assets, gain on sales of investments, interest income), after deducting by total expenses, (EBIT), totaled THB 2,474.3 million in year 2013 and THB 1,139.4 million in year 2014 or accounted for 16.3% and 7.1% of total operating revenue respectively.

BA's and its subsidiaries Earnings Before Interest and Taxation after adding Depreciation and Amortization which is calculated from total revenues (excluding dividend income, gain on sales of assets, gain on sales of investments, interest income), after deducting by total expenses after adding depreciation and amortization, (EBITDA), of THB 2,896.0 million in year 2013 and THB 1,609.6 million in year 2014 or accounted for 19.1% and 10.1% of total operating revenue respectively.

BA's and its subsidiaries Earnings Before Interest and Taxation after adding Depreciation, Amortization and aircraft operating lease expenses which is calculated from total revenues (excluding dividend income, gain on sales of assets, gain on sales of investments, interest income), after deducting by total expenses, (EBITDAR), after adding depreciation and amortization and aircraft operating lease expenses totaled THB 3,988.1 million in year 2013 and THB 2,950.9 million in year 2014 or accounted for 26.3% and 18.5% of total operating revenue respectively

Operating Performance

		July - September			January - September		
		2014	2013	Variance	2014	2013	Variance
Number of scheduled passengers carried	Thousand	1,171.0	1,068.6	(102.4)	3,540.1	3,105.5	434.6
Available seat kilometer (ASK)	Million	1,439.3	1,034.4	404.9	4,191.2	2,947.2	1,244.0
Revenue Passenger Kilometer (RPK)	Million	905.4	712.4	193.0	2,717.9	2,045.3	672.6
Passenger or cabin load factor	Percentage	62.9	68.9	(6.0)	64.9	69.4	(4.5)
Passenger Yield	Baht/RPK	4.8	6.0	(1.2)	4.9	6.2	(1.3)

Revenue

Consolidated revenue, we classify into four segments: airlines segment, airports segment, airport-related service businesses segment, and other segments. The following table shows a breakdown of revenues by business segment (excluding inter-segment revenues) for the periods presented.

Unit : THB million

	July - September			January - September		
	2014	2013	Variance	2014	2013	Variance
Revenue by business segment						
1. Airlines	4,286	4,243	43	13,117	12,459	658
2. Airports	131	137	(6)	400	389	11
3. Airport-related services	617	668	(51)	1,954	1,954	-
4. Others	-	8	(8)	-	43	(43)
Unallocated revenues	250	146	104	790	597	193
Total revenue	5,284	5,202	82	16,261	15,442	819

Revenues from Airline Services

Revenue from airline business are our primary source of revenue, contributing 81.6% and 81.1% of our total revenue in third quarter of year 2013 and 2014 respectively.

For operating results for nine-month period ended 2013 and 2014 , Revenue from airline also were the main component of total revenue comprising of 80.7% and 80.7% of our total revenue.

The following table presents our passenger revenue, comprising of revenues from scheduled flights and charter flights for the periods indicated.

Unit : THB million

	July - September			January - September		
	2014	2013	Variance	2014	2013	Variance
Scheduled Passenger Revenue	4,190.9	4,144.6	46.3	12,858.2	12,231.0	627.2
- Domestic Routes	2,581.6	2,785.3	(203.7)	8,051.0	7,935.9	115.1
- International Routes	1,609.3	1,359.3	250.0	4,807.2	4,295.1	512.1
Charter flights and charter services revenue	6.0	24.7	(18.7)	16.3	50.5	(34.2)
Total Passenger Revenue	4,196.9	4,169.2	27.7	12,874.5	12,281.5	593.0

Operating results in third quarter of year 2013 and 2014, Our scheduled passenger revenue, both domestic and international routes increased from THB 4,144.6 million to THB 4,190.9 million accordingly. Our passenger revenue increased at a slower rate due to due to the difficult economic conditions and political unrest in Thailand in the fourth quarter of 2013 which continued into the second quarter of 2014, affecting the confidence in the safety for tourists.

For operating results for nine-month period ended 2013 and 2014, Our scheduled passenger revenue, both domestic and international routes increased from THB 12,231.0 million to THB 12,858.2 million respectively. The increase in revenue from scheduled flights primarily resulted from an increase in Available Seat-Kilometer (ASK), reflecting our fleet expansion and increase in routes and flight frequency

Revenue from Airport Service

Revenue from airport business accounted for 2.6% and 2.5% of our total revenue in third quarter of year 2013 and 2014 respectively.

For operating results for nine-month period ended 2013 and 2014, Revenue from airport business was accounted for 2.5% and 2.5% of our total revenue accordingly. Revenue from airport was mainly contributed from number of departing passengers Samui Airport. Currently, we own and operate three airports, including the Samui Airport, the Trat Airport and the Sukhothai Airport. The Samui Airport is the most important airport in terms of revenue contribution.

Revenue from the Airport-Related Services

We operate airport-related services through our subsidiaries and associated companies. The following table shows a breakdown of revenues (excluding Bangkok Airways PLC) from airport related services by entity.

Unit : THB million

	July - September			January - September		
	2014	2013	Variance	2014	2013	Variance
BAC	220.0	233.7	(13.7)	675.1	699.6	(24.5)
BFS Ground	332.0	378.6	(46.6)	1,094.3	1,093.9	0.4
PGGS	65.0	56.0	9.0	185.0	160.8	24.2
Total Revenue from the Airport-Related Services	617.0	668.3	(51.3)	1,954.4	1,954.3	(0.1)

Bangkok Air Catering (BAC)

BAC's revenue decreased from THB233.7 million to THB220.0 million in third quarter of year 2013 and 2014 respectively.

For operating results for nine-month period ended 2013 and 2014, Revenue from BAC decreased from THB 699.6 million to THB675.1 million due to Thailand's administration by National Council for Peace and Order (NCPO)

since May 2014, affecting to the confidence in the safety of tourists. This result a decrease number of tourist travelling to Thailand ,and decrease number of meals served to airlines' customer. In additions, lounge of two airline customers in Suvarnabhumi Airport was closed for renovation.

Worldwide Flight Services Bangkok Air Ground Handling (BFS Ground)

Revenue from BFS Ground decreased from THB378.6 million in third quarter of year 2013 to THB332.0 million in third quarter of year 2014 since some airline customers decrease number of flight in and out Suvarnabhumi airport. Moreover, some airlines cancel flights to Suvarnabhumi airport due to economic conditions and political unrest in Thailand. However operating results for nine-month period ended 2013 and 2014, BFS ground's revenue increased slightly from THB 1,093.9 million to THB1,094.3 million.

Bangkok Airways Ground Service (PGGS)

PGGS commenced its business operation in August 15, 2012. PGGS generates income from providing ground services to other airlines at the Samui Airport

Operating results in third quarter of year 2013 and 2014, PGGS's revenue increased from THB56.0 million to THB65.0 million. Also, the performance for nine-month period ended, it generated revenue of THB160.8 million in 2013 and THB185.0 million in 2014. The increase was principally due to an increase in tariffs for services provided at the Samui Airport

Unallocated Revenues

The following table shows a breakdown of Unallocated revenues which is not related to airline, airport related business

Unit : THB million

	July - September			January - September		
	2014	2013	Variance	2014	2013	Variance
Gain on sales of investments in securities	-	-	-	3.4	41.6	(38.2)
Dividend income	0.3	0.3	-	244.1	219.6	24.5
Gain on sale of investments in subsidiaries	-	-	-	-	3.0	(3.0)
Other items ⁽¹⁾	249.6	153.6	96.0	542.3	375.9	166.4
Total unallocated revenues	249.9	153.9	96.0	789.8	640.1	149.7

Remarks ⁽¹⁾Other items principally comprise revenues from items including passenger ticket charges, excess baggage interest income gain form exchange rate and others

Unallocated revenue increased from THB153.9 million in third quarter of year 2013 to THB249.9 million in third quarter of year 2014. For operating results for nine-month period ended 2013 and 2014, unallocated revenue increased from THB 640.1 million to THB 789.8 million. Mostly, unallocated revenue was passenger ticket charges, excess baggage and passenger service fee.

Share of profit from investments in associates

Share of income from investments in associates increased to THB 119.6 million in third quarter of year 2014 from THB104.6 million in 2013

For operating results for nine-month period ended 2013 and 2014, Share of income from investments in associates increased from THB 296.7 million to THB 327.8 million. This increase was primarily attributed to an increase in share of income from investments in BFS Cargo

Expenses

The following table shown a breakdown of our consolidated expenses for the periods indicated

Unit : THB million

	July - September			January - September		
	2014	2013	Variance	2014	2013	Variance
Cost of sales and services	4,306.2	3,741.3	564.9	13,052.6	10,746.7	2,305.9
Selling expenses	406.0	349.5	56.5	1,120.4	1,050.0	70.4
Administrative expenses	337.0	349.7	(12.7)	1,006.9	1,165.0	(158.1)
Other expenses	-	0.4	(0.4)	2.7	19.7	(17.0)
Total expenses	5,049.2	4,440.9	608.3	15,182.6	12,981.4	2,201.2

Cost of sales and services

Cost of sales and services comprises fuel expenses, salary and wages and other employee benefits, passenger service charge, aircraft rent costs and aircraft repair and maintenance costs which were mainly attributable to our airline services business. Cost of sales and services is our main expense, accounting for 84.2% and 85.3% of our total expenses in third quarter of year 2013 and year 2014 respectively.

For operating results for nine-month period ended 2013 and 2014, Cost of sales and services accounted for 82.8% and 86% of total consolidated expenses. The increase in cost of sales and services resulted from an increase in fuel expenses, aircraft maintenance passenger service fee and aircraft rental expenses.

Fuel expense: The largest component in our cost of sales and services is fuel expenses, which is a variable cost based on the number of block hours flown during the period. Fuel expenses increased from THB 2,987.5 million for nine-month period ended year 2013 to THB 3,928.1 million for nine-month period ended year 2014. The increase resulted from aircraft fuel consumption increased during the periods whereas fuel price was decrease compared with the same previous period. As of September 2014, we managed a portion of our risk in fuel price fluctuations through hedging of 49.6% of our expected fuel consumption.

Aircraft repair and maintenance expenses: Our aircraft repair and maintenance expenses increased from THB 1,056.3 million for nine-month period ended year 2013 to THB 1,458.7 million for nine-month period ended year 2014. The increase was resulted from the delivery of three Airbus A320 since September 2013 until September 2014. Aircraft fleet increased from 23 aircraft to 26 aircraft. These increases included expenses that we reserved and delivered for aircraft repair and maintenance to our lessors in accordance with the terms under our aircraft lease agreements and additional expenses relating to aging aircraft fleet under lease.

Passenger service costs: operating results for nine-month period ended 2013 and 2014, passenger service costs increased from THB 1,516.1 million in 2013 to THB1,908.9 million in 2014. The increases of passenger service costs such as cost of food and beverage were primarily due to an increase in the number of passengers flight.

Rental expenses from operating leases: Our rental expenses from operating leases increased from THB 1,092.2 million for nine-month period ended year 2013 to THB 1,341.1 million for nine-month period ended year 2014. The increase was resulted from the delivery of two Airbus A320 in December 2014 and one Airbus A319 in July 2014

Selling expenses

Selling expenses principally comprises sales promotion expenses, and, to a lesser extent, salaries and allowances.

In the third quarter of year 2013 and 2014, selling expenses accounted 7.9% and 8.0 % of total expenses respectively.

For the period of nine months ended September 30,2013 and 2014, Selling expenses accounted for 8.1% and 7.4% of total expenses respectively. The increase were mainly from development of sales distribution system , and sales support system. Ticket reservation fees and commissions to agents were also included in selling expenses.

Administrative Expenses

Administrative expenses principally comprises staffs salaries and allowances and management remuneration.

In the third quarter of year 2013 and 2014, Administrative expenses accounted 7.9% and 6.7% of total expenses respectively.

For the period of nine months ended September 30, 2013 and 2014, Administrative expenses accounted 9.0% and 6.6% of total expenses respectively. In 2013 BA allotted Employee Stock Option programs for its directors and employees. It, then, implemented Thai Financial Reporting Standard 2, Shared –based payment. BA recorded the difference of fair price and exercise price as administrative expenses in year 2013.

Finance Cost

Finance Cost comprises (i) The Financial cost attributable to lease payments under the Sub-lease Agreement for the Samui Airport , including both the rental portion from the sub-lease agreement and the variable portion base on the number of departing passengers and number of arriving flights in computing the effective interest rate. In year 2013, BA changed the way it record long term loan from related parties which respect to the sub-lease agreement for the Samui Airport to also include projected variable service expenses in computing the effective interest rate. This change in calculation method caused the book value of the long-term loans to the related parties to increase , since the cumulative estimated future liabilities over the term of the contract are recorded in the financial statements. (ii) Interest expenses paid to financial institutions and (iii) interest expenses under finance lease agreements in form of conditional sale agreement.

Unit : THB million

	July - September			January - September		
	2014	2013	Variance	2014	2013	Variance
Interest expenses paid to the Samui Property Fund	323.6	335.9	(12.3)	966.8	994.9	(28.1)
Interest expenses ⁽¹⁾	79.5	112.4	(32.9)	261.3	333.8	(72.5)
Others including credit fees	-	-	-	0.2	0.1	0.1
Total	403.1	448.3	(45.2)	1,228.3	1,328.8	(100.5)

Remark ⁽¹⁾ Interest expenses to financial institutions and rental expenses from finance leases.

In the third quarter of year 2013 and 2014, Interest expenses paid to the Samui property Fund decreased from THB 335.9 million to THB 323.6 million. In addition, interest expenses paid to financial institutions and interest paid under finance lease agreements decreased from 112.4 million to THB 79.5 million.

For the period of nine months ended September 30, 2013 and 2014, Interest expenses paid to the Samui Property Fund decreased from THB 994.9 million to THB 966.8 million due to decrease number of departing passengers from Samui airport and the decrease of incoming flights to Samui airport. Interest expenses paid to financial institutions and interest expenses paid under finance lease agreements also decreased from THB 333.8 million to THB 261.3 million as per schedule stipulated in the agreements.

Assets

As of September 30, 2014, Total assets of BA and its subsidiaries of THB 37,236.9 million, an increase of THB 6,843.8 million from end of last year mainly from the following issues:

Unit : THB million

	As at 30 September 2014	As at 30 September 2013	Variance
<i>Current assets</i>			
Cash and cash equivalents	1,589.4	2,552.9	963.5
Trade and other receivables	1,413.0	1,679.2	(266.2)
Total current Assets	4,173.8	5,741.5	(1,567.7)
<i>Non-current assets</i>			
Other long-term investments	22,514.6	14,321.9	8,192.7
Property, plant and equipment	6,482.5	6,338.8	143.7
Total Non-current assets	33,063.1	24,678.5	8,384.6
Total assets	37,236.9	30,393.1	6,843.8

Current assets

Current assets of THB 4,173.8 million, a decrease THB 1,567.7 million from end of last year from:

Cash and cash equivalents decreased THB 963.5 million from the repayment of financial obligations of which THB 902.1 million from repayment of long term loans, cash used for operating activities of THB 495.9 million, and cash received from investment activities of THB 434.5 million.

Decreased in account receivables and other receivables totaled THB 266.2 million, mainly from decrease in number of tickets sold through agents of THB 245.1 million.

Non-current assets

Non-current assets of THB 33,063.1 million, an increase THB 8,384.6 million from end of last year mainly from the following issues:

Increase from changes value of long term investment in marketable securities of THB 8,192.7million

Acquisition of property, plant, and equipment totaled THB 143.7 million, mainly from acquisition of additional equipments for airport related activities of 166.4 million, and acquisition of aircraft rotatable parts and consumable parts of THB 84.6 million.

Liabilities

As of September 30, 2014, Total liabilities of BA and its subsidiaries of THB 23,333.0 million, an increase of 131.7 million from December 31, 2013 with details are as follows:

Unit : THB million

	As at 30 September 2014	As at 30 September 2013	Variance
<i>Current liabilities</i>			
Bank overdrafts and short-term loans from banks	550.0	671.4	(121.4)
Current portion long-term loans and liabilities arising from financial lease of aircrafts	1,245.2	1,436.5	(191.3)
Unearned income	1,870.4	2,035.9	(165.5)
Other current liabilities	864.0	1,058.7	(194.7)
Total current liabilities	6,931.7	7,594.1	(662.4)
<i>Non-current liabilities</i>			
Long-term loans , Liabilities arising from financial lease of aircrafts and Finance lease liabilities – net of current portion	711.1	1,562.9	(851.8)

Unit : THB million

	As at 30 September 2014	As at 30 September 2013	Variance
Long-term loans from related party – net of current portion	11,235.6	11,207.5	28.1
Deferred tax liabilities	4,067.8	2,486.1	1,581.7
Total non-current liabilities	16,401.3	15,607.3	794.0
Total liabilities	23,333.0	23,201.3	131.7

Current Liabilities

Current Liabilities of THB 6,931.7 million, a decrease THB 662.4 million from end of last year mainly from the following issues:

Repayment of financial obligation of the current portion of long term loans and finance lease obligation THB 191.3 million as determined in the loan agreements and Finance lease agreements.

Decrease in other current liabilities totaled THB 194.7 million mainly due to airport tax levied on passengers waiting to be delivered to other airlines or other countries lower than last year.

Unearned revenue, a decrease of THB 165.5 million due to lower number of booking during the period despite clearer political situation in Thailand, but still under our estimation. However, Thailand has not lifted the declaration of the martial laws which caused safety concerns for those who wanted to travel to Thailand.

Non-Current Liabilities

Non-Current Liabilities of THB 16,401.3 million, an increase THB 794.0 million from end of last year mainly from the following issues:

Deferred tax liabilities increased of THB 1,581.7 million from the changes in value of available for sale investment in marketable securities.

Repayment of long term loans and finance lease obligations to financial institutions totaled THB 851.8 million.

Shareholders' Equity

Unit : THB million

	As at 30 September 2014	As at 30 September 2013	Variance
<i>Shareholders' equity</i>			
Paid up capital	1,580.0	1,580.0	-
Premium on ordinary shares and capital reserve for share-based payment transactions	477.3	477.3	-
Retained earnings	(3,802.0)	(3,938.0)	136.0
Total shareholders' equity	13,903.9	7,191.7	6,712.2

As of September 30, 2014, Shareholders' equity totaled THB 13,903.9 million, an increase of THB 6,712.2 million from end of last year, due to changes in value of available for sale investment in marketable securities. The retained losses of 3,802.0 million is the effect from the early adoption of Thai Standard Interpretations 27, Evaluating the substance of transactions involving the Legal Form of a Lease, whereby it included variable lease expenses in the calculation of the Effective Interest rate.

Statement of Cash Flow

Unit : THB million

	January - September	
	2014	2013
Net cash flow from (used in) operating activities	(495.9)	1,325.6
Net cash flow from investing activities	434.5	440.4
Net cash flow used in financing activities	(902.1)	(3,855.4)
Decrease in translation adjustments	-	(0.2)
Net decrease in cash and cash equivalents	(963.5)	(2,089.5)

Cash flows from Operating Activities

For the period of nine months ended September 30,2014, Profit from operating activities before changes in operating assets and liabilities for BA and its subsidiaries totaled THB 1,343.8 million. Cash flows from operating activities after changes in operating assets and operating liabilities decreased to THB 811.9 million. The net cash flows used in operating activities after interest expenses and income taxes expenses was THB 495.9 million.

Cash flows from Investing activities

For the period of nine months ended September 30,2014, Cash flows from investing activities for BA and its subsidiaries totaled THB 434.5 million of which from increased investment in property, plant and equipments of THB 495.4 million and increased in dividends income from long term investment and investment from associates of THB 515.2 million. The decreased of current investments in Bill of Exchanges of THB 470.0 million was included in this investing activities.

Cash flows from financing activities

For the period of nine months ended September 30,2014, Cash flows used in financing activities totaled THB 902.1 million were mainly for the repayment of short term and long term financing obligations to financial institutions. During the period, BA and its subsidiaries have not obtained additional long term facilities from banks.