



## Management's Discussion and Analysis

For the year 2014 ended December 31, 2014

Bangkok Airways Public Company Limited and its subsidiaries

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#### Aviation Outlook

Overview of the global aviation industry in 2014, the number of passengers traveling by air has increased by approximately 5 percent over the previous year resulting in the increase in the number of flights worldwide. Contributing factors for increased air travel included the recovery of global economy, declining oil prices and overall higher demands in air travels. Despite a number of air traffic incidents in the region, Asia-Pacific is the most prevalent in air travels and cargo transports, followed by Europe and North America, respectively.

For an overview of the aviation industry of Thailand, continuous political instability affected number of tourist arrivals due to safety concerns. However, tourist arrivals improved toward the end of the year in northern Thailand, the Gulf and at the islands such as Koh Samui. Though tourists from Russia, Japan and other European countries have decreased due to economic stagnation and the depreciation of their currency, Chinese tourist arrivals largely contributed to such growth and it is evident in the future hotel reservations. Moreover, it is expected that the MICE market would improve as Government has approved the budget.

Thailand's aviation industry in 2015 is expected to improve from the previous year due to the recuperation from the political situation and the decrease in oil price. Thailand's tourism industry has its potential to compete in the global and regional markets with the upcoming AEC as well as the ASEAN Single Aviation Market (ASAM) as significant supporting factors. However, the aviation industry in the region is expected to intensify as domestic carriers rival for customers with promotions and attractive airfares and international carriers expand their services to Thailand.

## Notable Events

1. As at December 31, 2014, we have an operating fleet of 27 aircraft as shown in the table below:

Type	December 31, 2014	December 31, 2013
Airbus A 320	8	7
Airbus A 319	10	10
ATR 72-500	8	8
ATR 72-600	1	-
Total	27	25

During the year, we added one Airbus A 320 in July, and the first ATR 72-600 in November.

2. During the year, we introduced of new routes and increase frequencies of existing routes as follows:

### 2.1 Increase flight frequency

- Bangkok - Samui                      14 flights/ week
- Bangkok - Chiang Rai                14 flights/ week
- Bangkok - Krabi                        14 flights/ week

### 2.2 Introduction of new route

- Chiang Mai - Phuket                  14 flights/ week
- Chiang Mai - Udonthani              14 flights/ week
- Chiang Mai - Yangon                  8 flights/ week
- Chiang Mai - Mandalay                6 flights/ week

3. We has entered into Code share arrangements with three additional airlines comprising Qantas Airways, Garuda Airlines, and Aeroflot, growing our network of international code share partners to 16 airlines. With code share arrangements, we are able to feed our network with passengers from the broader markets including Europe, South East Asia, Middle East, and Australia.
4. February 12, 2014, we entered into the Sale and Purchase agreement with AVIONS DE TRANSPORT REGIONAL G.I.E. for nine of ATR 72-600 model. We expect to gradually replace all existing ATR 72-500 fleet with this model. We believe the new ATR 72-600 will offer high fuel efficiency as well as flexibility and versatility to the fleet. We took delivery of the first new ATR 72-600 in November. We expect to receive all ATR fleet by year 2017.
5. July 15, 2014, we were awarded “The Best Regional Airline in the World” and “The Best Regional Airline Asia” from Skytrax.
6. October 26, 2014, we announced to use Chiang Mai as our third hub, besides from Suvarnabhumi Airport and Samui Airport. Chiang Mai will create connecting traffic into our route network, from domestic and international routes. We also introduced new routes from Chiang Mai to four main tourist attractions, namely Udonthani, Phuket, Mandalay, and Yangon.
7. November 3, 2014, we listed our shares in the Stock Exchange of Thailand under the transportation and logistics sector. We received Initial Public Offering proceeds of THB 13,000 million and aim to use IPO proceeds for aircraft fleet expansion, acquisition of aircraft equipment and spare parts, build a new hangar in Suvarnabhumi Airport , Improvement of Samui Airport, and general working capital.
8. November 24, 2014, Thai DCA granted permission to increase flights to/from Samui Airport from 36 flights per day to 50 flights per day. We intend to use additional slots by introducing new routes and increasing frequencies of existing routes.

9. The Extraordinary General Meeting of shareholders on December 25, 2014, approved to set off retained losses, as shown in interim Financial Statements as of September 30, 2014, amounted THB 3,434.3 million with Legal reserves and shares premium.

### Operating performance summary for the year 2014 ended December 31, 2014

Consolidated financial statement for the year 2014 comprises Bangkok Airways's financial statement and nine subsidiaries as follows:

Unit : THB million

	Consolidated Financial Statement			
	2014	2013	Variance	
			MB	%
Net profit (loss) for the period	385.7	990.0	(604.3)	(61.0%)
Add:				
Financial Cost	1,638.4	1,765.6	(127.2)	(7.2%)
Income tax expenses	0.5	139.9	(139.4)	(99.6%)
Written-off fixed assets	11.8	72.2	(60.4)	(83.7%)
Less:				
Dividend incomes	244.1	219.6	24.5	11.2%
Gain on sales of investments	3.4	41.6	(38.2)	(91.8%)
Gain on sales of investments in subsidiaries	-	3.0	(3.0)	(100.0%)
Gain on sales of assets	3.9	2.4	1.5	62.5%
Interest received	73.6	24.7	48.9	198.0%
<b>EBIT <sup>(1)</sup></b>	<b>1,711.3</b>	<b>2,676.4</b>	<b>(966.1)</b>	<b>(36.1%)</b>
Add:				
Depreciation and amortization	644.7	572.9	71.8	12.5%
<b>EBITDA <sup>(1)</sup></b>	<b>2,356.0</b>	<b>3,249.3</b>	<b>(894.3)</b>	<b>(27.5%)</b>

	Consolidated Financial Statement			
	2014	2013	Variance	
			MB	%
Add:				
Operating lease expenses	1,754.0	1,530.2	223.8	14.6%
EBITDAR <sup>(1)</sup>	4,110.1	4,779.5	(670.4)	(14.0%)
Total revenue	22,123.5	20,721.4	1,402.1	6.8%
Operating revenue <sup>(2)</sup>	21,798.5	20,430.1	1,368.4	6.7%
EBIT Ratio (%)	7.9	13.1	(5.2)	(39.7%)
EBIDA Ratio (%)	10.8	15.9	(5.1)	(32.1%)
EBITDAR Ratio (%)	18.9	23.4	(4.5)	(19.2%)

**Remark** <sup>(1)</sup> 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.

<sup>(2)</sup> 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 profit and net income

Operating profit of the year ended 2013 and 2014 was THB 20,430.1 million and THB 21,798.5 million respectively, increased 6.7% from year 2013. While operating expenses increased from THB 18,219.8 million to THB 20,536.6 million or 12.7% compared with the previous year. The major increase expenses were fuel, aircraft maintenance, passenger service fee and aircraft rental amounted THB 1,042.5 million, THB 563.7 million, THB 524.3 million and THB 223.8 million respectively. As a results, lower net income for year 2014 to THB 385.7 million from THB 990.0 million.

### Operating results for the year 2014 and 2013

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 2,676.4 million for year 2013 and THB 1,711.3 million for year 2014 or accounted for 13.1% and 7.9% 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 3,249.3 million for year 2013 and THB 2,356.1 million for year 2014 or accounted for 15.9% and 10.8% 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 4,779.5 million for year 2013 and THB 4110.1 million for year 2014 or accounted for 23.4% and 18.9% of total operating revenue respectively.

## Operating Performance

		January-December			
		2014	2013	Variance	% Change
Number of scheduled passengers carried	Thousand	4,789.8	4,173.4	616.4	14.77%
Number of scheduled flight	Flight	60,612	51,441	9,171	17.83%
Passenger or Cabin load factor	Percentage	65.3%	67.9%	(2.6)	(3.8%)
Available Seat-Kilometer (ASK)	Million	5,654.9	4,062.8	1,592.1	39.19%
Revenue Passenger -Kilometer (RPK)	Million	3,691.4	2,759.2	932.2	33.79%
Passenger Yield	Baht/RPK	4.89	6.11	(1.22)	(19.97%)
Revenue per ASK ( RASK)	Baht/Seat/Km.	3.41	4.50	(1.09)	(24.2%)
Cost per ASK (CASK)	Baht/Seat/Km.	3.26	4.00	(0.74)	(18.5%)
RASK-CASK	Baht/Seat/Km.	0.15	0.49	(0.34)	(69.7%)
CASK – Fuel	Baht/Seat/Km.	2.34	2.98	(0.64)	(21.4%)



## Revenue

Consolidated revenue, we classify into four segments: Airlines segment, Airports segment, Airport-related service businesses segment, and Unallocated revenues. The following table shows breakdown of revenues by business segment (excluding inter-segment revenues) for the periods presented.

Unit : THB million

	Consolidated Financial Statement					
	2014	% of total revenues	2013	% of total revenues	Variance	
					MB	%
<i>Revenue by business segment</i>						
1. Airlines	17,844.1	80.7	16,734.7	80.8	1,109.4	6.6
2. Airports	504.3	2.3	485.5	2.3	18.8	3.7
3. Airport-related services	2,684.4	12.1	2,698.7	13.0	(14.4)	(0.5)
4. Unallocated revenues	1,090.7	4.9	802.4	3.9	288.4	35.9
<b>Total revenue</b>	22,123.5	100.0	20,721.4	100.0	1,402.1	6.8

### Revenues from Airline Services

Revenue from airline business are our primary source of revenue, contributing 80.8% and 80.7% of our total revenue of the year 2013 and 2014 respectively.

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

Unit : THB million

	Consolidated Financial Statement					
	2014	% of total revenues	2013	% of total revenues	Variance	
					MB	%
Scheduled Passenger Revenue	17,492.0	79.1	16,404.2	79.2	1,087.8	6.6
- Domestic Routes	10,670.4	48.2	10,434.6	50.4	235.8	2.3
- International Routes	6,821.6	30.8	5,969.6	28.8	852.0	14.3
Charter flights and charter services revenue	20.6	0.1	80.1	0.4	(59.6)	(74.3)
Total passenger revenue	17,512.6	79.2	16,484.3	79.6	1,028.3	3.9
Cargo revenue	331.5	1.5	250.4	1.2	81.1	32.4
<b><i>Total revenue from airline business</i></b>	<b>17,844.1</b>	<b>80.7</b>	<b>16,734.7</b>	<b>80.8</b>	<b>1,109.4</b>	<b>6.6</b>

Operating results for year 2013 and 2014, Our scheduled passenger revenue, both domestic and international routes increased from THB 16,404.2 million to THB 17,492.0 million accordingly resulted from increased seat capacity by adding two Airbus A 320 by the end of year 2013 and one Airbus A 320 in mid of year 2014. In addition with, delivery of a new ATR 72-600 in November 2013. Consequently, Available Seat Kilometers (ASK) increased 39.2% from the previous year. Moreover, increase flight frequencies and route expansion during the year also contributed to our revenue.

Year 2014, Revenue Passenger Kilometers (RPK) was grown 33.8% while Revenue per ASK decreased from THB 4.50 to THB 3.41. The decreased in RASK was due to economic difficulties and political unrest during the fourth quarter of 2013 continued until the third quarter of 2014. In addition, intense competition and price war also have direct effect to price fluctuation. While Cost per ASK (CASK) decreased from THB 4.00 to THB 3.26 from increasing ASK.

### Revenue from Airport Service

Revenue from airport business accounted for 2.3% of our total revenue for year 2014. Revenue from airport was mainly contributed from number of departing passengers at Samui Airport. Currently, we own and operate three airports, including the Samui Airport, Trat Airport, and 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 services provided to Bangkok Airways) by entity.

Unit : THB million

	Consolidated Financial Statement					
	2014	% of total revenues	2013	% of total revenues	Variance	
					MB	%
BAC	943.7	4.3	936.0	4.5	7.7	0.8
BFS Ground	1,454.0	6.6	1,488.0	7.2	(34.0)	(2.3)
PGGS	253.6	1.2	211.4	1.0	42.2	19.9

### Bangkok Air Catering ( BAC)

BAC's revenue for year 2014 was THB 943.7 million which slightly increased from year 2013. In term of operating performance, the average number of meal served increased at rate 4.7%. The growth rate was slowly increased compared to last two years, due to a decrease number of tourist travelling to Thailand and decrease number of meals served to airlines customers.

### Worldwide Flight Services Bangkok Air Ground Handling ( BFS Ground)

Revenue from BFS Ground for year 2014 was THB 1,454.0 million which was indifference from year 2013. The revenue was below target due to decreased/ canceled number of flights served in and out Suvarnabhumi Airport.

### *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 for year 2013 and 2014, PGGS's revenue increased from THB 211.4 million to THB 253.6 million. The increase was contributed from higher 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

	Consolidated Financial Statement					
	2014	% of total revenues	2013	% of total revenues	Variance	
					MB	%
Gain on sales of investments in securities and subsidiaries	3.4	0.0	44.6	0.2	(41.2)	(92.4)
Dividend received	244.1	1.1	219.6	1.1	24.5	11.2
Other items <sup>(1)</sup>	843.2	3.8	538.1	2.6	305.1	56.7
<b><i>Total unallocated revenues</i></b>	<b>1,090.7</b>	<b>4.9</b>	<b>802.4</b>	<b>3.8</b>	<b>288.3</b>	<b>35.9</b>

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

Operating results for year 2013 and 2014, unallocated revenue increased from THB 802.4 million to THB 1,090.7 million, accounted for 4.9% of total revenue. Mostly, unallocated revenue was passenger ticket charges, excess baggage and passenger service fee.

### Share of profit from investments in associates

For operating results for year 2013 and 2014, Share of income from investments in associates increased from THB 394.0 million to THB 437.7 million. This increase was primarily attributed to an increase in share of income from investments in BFS Cargo, which was amounted THB 232.6 million. The increase in share of income from Investments was a result from better performance of associated companies.

### Expenses

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

Unit : THB million

	Consolidated Financial Statement					
	2014	% of total expenses	2013	% of total expenses	Variance	
					MB	%
Cost of sales and services	17,563.1	85.2	15,034.1	82.5	2,529.1	16.8
Selling expenses	1,510.2	7.4	1,425.2	7.8	85.0	6.0
Administrative expenses	1,456.8	7.1	1,689.9	9.3	(233.1)	(13.8)
Other expenses	6.5	0.0	70.6	0.4	(64.1)	(90.8)
<b>Total expenses</b>	<b>20,536.6</b>	<b>100.0</b>	<b>18,219.8</b>	<b>100.0</b>	<b>2,316.8</b>	<b>12.7</b>

### Cost of sales and services

For operating results for year 2013 and 2014, Cost of sales and services accounted for 82.5% and 85.5% 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 4,162.5 million in 2013 to THB 5,205.0 million in 2014, accounted for 30.8% and 32.7% of total cost of sales and services. The increase resulted from adding schedule flights during the year whereas decreased

in fuel price from USD 123.0 per barrel to USD112.5 in 2014. As of December 2014, we implemented jet fuel price hedging in order to reduce risk of fuel price volatility of 58.6% of annual fuel consumption. The minimum contract price was USD 96.9 per barrel while the maximum price was USD119.3 per barrel

*Aircraft repair and maintenance expenses:* Our aircraft repair and maintenance expenses increased from THB 1,411.2 million in 2013 to THB 1,974.9 million. The increase was resulted from the heavy maintenance (C Check level for 20 aircraft), engines and landing gears overhauls. We also obliged to pay Maintenance Reserve Funds in accordance to aircraft lease agreements. Moreover, additional maintenance expenses will incurred in relation to aging aircraft.

*Passenger service costs:* operating results for year 2013 and 2014, passenger service costs increased from THB 2,085.3 million in 2013 to THB 2,609.6 million in 2014. The increase of passenger service costs were primarily from higher number of passengers and flights. Additional expenses incurred from upgrading service standard during the year.

*Rental expenses from operating leases:* Our rental expenses from operating leases increased from THB 1,530.2 million in 2013 to THB 1,754.0 million in 2014. The increase was resulted from the delivery of two Airbus A 320 in December 2014 and one Airbus A 320 in July 2014

#### Selling expenses

For year 2013 and 2014, Selling expenses accounted for 7.8% and 7.4% of total expenses respectively. The increases were mainly from reservation and sale support system fees which coincide with number of passengers.

#### Administrative Expenses

Year 2013 and 2014, Administrative expenses accounted for 9.3% and 7.1% of total expenses respectively. In year 2013 we allotted Employee Stock Option Programs for directors and employees. As a results, administrative expenses for year 2013 was higher than previous years.

### 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, we changed the way we 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 the form of conditional sale agreement.

Unit : THB million

	Consolidated Financial Statement					
	2014	% of total expenses	2013	% of total expenses	Variance	
					MB	%
Interest expenses paid to the Samui Property Fund	1,294.2	6.3	1,331.7	7.3	(37.6)	(2.8)
Interest and Fee expenses <sup>(1)</sup>	344.0	1.7	433.7	2.4	(89.7)	(20.7)
Others including credit fees	0.2	0.0	0.2	0.0	-	-
<b>Total</b>	1,638.4	8.0	1,765.6	9.7	(127.2)	(7.2)

Remark <sup>(1)</sup> Interest and fee expenses to financial institutions and rental expenses from finance leases.

Year 2013 and 2014, Interest paid to the Samui Property Fund decreased from THB 1,331.7 million to THB 1,294.2 million due to decrease in number of departing passengers from Samui Airport and the decrease in flights arrival to Samui Airport. Interest expenses and fees paid to financial institutions and interest expenses paid under finance lease agreements also decreased from THB 433.7 million to THB 344.0 million as per schedule stipulated in the agreements.

## Assets

As of December 31, 2014, we have total assets of THB 48,578.9 million, an increase of THB 18,185.8 million from end of last year mainly from the following issues:

Unit : THB million

	As at December 31, 2014	As at December 31, 2013	Variance
<i>Current assets</i>			
Cash and cash equivalents	2,175.1	2,552.9	(377.8)
Trade and other receivables	1,705.5	1,679.2	26.3
Total current Assets	16,561.0	5,741.5	10,819.5
<i>Non-current assets</i>			
Other long-term investments	20,936.2	14,321.9	6,614.3
Property, plant and equipment	7,033.5	6,338.8	694.7
Total Non-current assets	32,017.9	24,678.5	7,339.4
<b>Total assets</b>	<b>48,578.9</b>	<b>30,393.1</b>	<b>18,185.8</b>

### Current assets

- Current assets of THB 16,561.0 million, an increase of THB 10,819.5 million from last year:
- Current investment was money, received from Initial Public Offering, deposited at banks, of THB 11,525.1 million.
- Cash and cash equivalents decreased THB 377.8 million from the repayment of financial obligations amounted THB 1,711.3 million, cash used for operating activities of THB 166.5 million, and cash used for investment activities of THB 11,086.4 million.
- Decreased in prepaid expenses of THB 116.1 million from the accrued IPO expenses and prepaid of aircraft operating leases.



### Non-current assets

Non-current assets of THB 32,017.9 million, an increase THB 7,339.4 million from end of last year mainly from:

- Changes in market value of available for sales securities of THB 6,614.37million
- Acquisition of property, plant, and equipment totaled THB 694.7 million, mainly from delivery of a new ATR 72-600, acquisition of additional equipment for airport related activities, and acquisition of aircraft rotatable parts and consumable parts of totaled THB 333.8 million.
- Increase in other non-current assets of THB 102.7 million is mainly the Pre Delivery Payment for our new ATR fleet as stipulated in the sale and Purchase Agreement.

### Liabilities

As of December 31, 2014, we have total liabilities of THB 23,146.9 million, a slightly decrease of THB 54.4 million from 2013 with details are as follows:

Unit : THB million

	As at December 31, 2014	As at December 31, 2013	Variance
<i>Current liabilities</i>			
Bank overdrafts and short-term loans from banks	-	671.4	(671.4)
Current portion long-term loans and liabilities arising from financial lease of aircrafts	1,119.0	1,436.5	(317.5)
Unearned income	2,151.2	2,035.9	115.3
Other current liabilities	967.0	1,058.7	(91.7)
Total current liabilities	6,734.5	7,594.1	(859.6)

Unit : THB million

	As at December 31, 2014	As at December 31, 2013	Variance
<i>Non-Current liabilities</i>			
Long-term loans , Liabilities arising from financial lease of aircrafts and Finance lease liabilities – net of current portion	1,013.1	1,562.9	(549.8)
Long-term loans from related party – net of current portion	11,285.7	11,207.5	78.2
Deferred tax liabilities	3,711.6	2,486.1	1,225.5
Total non-current liabilities	16,412.5	15,607.3	805.2
<i>Total liabilities</i>	23,146.9	23,201.3	(54.4)

#### Current Liabilities

Current Liabilities of THB 6,734.5 million, a decrease THB 859.6 million from end of last year mainly from :

- Repayment of financial obligations of the current portion of long term loans and finance lease obligation THB 317.5 million as determined in agreements.
- Decrease in other current liabilities totaled THB 91.7 million mainly from a decrease of accrued employee expenses.
- Unearned revenue, an increase of THB 115.3 million due to higher number of tickets sold from the alleviated political situation.

#### Non-Current Liabilities

Non-Current Liabilities of THB 16,412.5 million, an increase of THB 805.2 million from:

- Deferred tax liabilities increased of THB 1,225.5 million from the changes in market value of available for sale investment in securities.

- Repayment of long term loans and finance lease obligations to financial institutions totaled THB 549.8 million.

### Shareholders' Equity

Unit : THB million

<i>Shareholders' equity</i>	As at December 31, 2014	As at December 31, 2013	Variance
Paid up capital	2,100.0	1,580.0	520.0
Premium on ordinary shares and capital reserve for share-based payment transactions	9,319.5	477.3	8,842.2
Retained earnings	(362.7)	(3,938.0)	3,575.3
Total shareholders' equity	25,432.0	7,191.7	18,240.3

As of December 31, 2014, shareholders' equity totaled THB 25,432.0 million, an increase of THB 18,240.3 million, mainly from proceeds of the Initial Public Offering and the changes in market value of available for sale investment in securities.

### Statement of Cash Flow

Unit : THB million

	January - December	
	2014	2013
Net cash flow from (used in) operating activities	(166.5)	1,898.9
Net cash flow from investing activities	(11,086.4)	816.4
Net cash flow used in financing activities	10,875.2	(3,828.2)
Decrease in translation adjustments	-	0.2
Net decrease in cash and cash equivalents	(377.7)	(1,112.8)

#### Cash flows from Operating Activities

For the year ended December 31, 2014, Profit from operating activities before changes in operating assets and liabilities totaled THB 1,972.3 million. Cash flows from operating activities after changes in operating assets and operating liabilities decreased to THB 1,511.9 million. The net cash flows used in operating activities after interest expenses and income taxes expenses was THB 166.5 million.

#### Cash flows from Investing activities

For the year ended December 31, 2014, Cash flows from investing activities of totaled THB 11,086.4 million of which from increased in short term deposit at banks of IPO proceeds and delivery of a new ATR 72-600, acquisition of additional equipment for airport related activities, and acquisition of aircraft rotatable parts and consumable parts of totaled THB 715.9 million.

#### Cash flows from financing activities

For the year ended December 31, 2014, Cash flows from financing activities totaled THB 10,875.2 million mainly from IPO proceeds of THB 12,586.4 million and the repayment of short term and long term financial obligations of THB 1,711.3 million. During the period, we have not obtained additional credit facilities from banks, except those of aircraft financing facilities for ATR 72-600 fleet from financial institutions.

## Glossary

- Passenger or Cabin load factor : Number of passenger carried as a proportion to capacity, which is the number of seats available for passengers
- Available Seat-Kilometer (ASK) : The number of seats available for passengers multiplied by the number of kilometers that are flown
- Revenue Passenger-Kilometer (RPK) : The number of revenue passengers multiplied by the number of kilometers that are flown
- Revenue per ASK (RASK) : Income of sale and services of the Company (meaning total revenues from the standalone financial statements net gain on sales of investment, reversal of allowance for diminution in value of investments in subsidiary, dividend income and the compensation from the cancellation of the agreement) divided by ASK.
- Cost per ASK (CASK) : The sum of operating cost, sale expenses, service expenses and the remuneration of the executives of the Company (excluding financial cost) (meaning total expenses from the standalone financial statements net loss on sales of investment, and loss on sales of leasehold right) divided by ASK.
- CASK – Fuel : The sum of operating cost, sale expenses, service expenses and the remuneration of the executives of the Company (excluding financial cost and fuel cost) (meaning total expenses from the standalone financial statements net loss on sales of investment, loss on sales of leasehold right and fuel expense) divided by ASK.