

**Management Discussion and Analysis for the Year End 31st December 2013
for Nok Airlines Public Company Limited (MD&A)**

Executive summary

In 2013, The Company had experienced several significant events. Firstly, the Company was listed in the Stock Exchange of Thailand on 20th June 2013 in the Transportation and Logistics sector under Services Industry. While in the business operation, there was a complete change of Jet fleet from Boeing 737-400 to Boeing 737-800. All Boeing 737-400 were returned to the lessors in the mid-year 2013 due to end of lease agreement, and the additional 6 Boeing 737-800 aircrafts were delivered into fleet. Consequently, the Available Seat Kilometers (ASK) significantly increased for the second year in a row by 29.9 and 45.7 percent in 2012-2013, respectively.

An increase of ASK was in accordance with the Company business plan which would enhance flight services for both international and domestic flights in order to support air travel demand that tends to grow continuously. During 2011-2013, the compound annual growth rate (CAGR) of domestic passengers in Thailand was 20.4 percent.

According to the results of operations, the Available Seat Kilometers (ASK) increased 45.7 percent to 4,247.1 million seat-kilometers compared to the previous year and the Revenue Passenger Kilometers (RPK) increased of 3,567.4 million seat-kilometers or 45.3 percent over the prior year. In addition, The Company was able to maintain cabin factor at 84.0 percent which was over than 80.0 percent for the fourth year in a row. For the year 2013, the average fare was 1,788 Baht per passenger per sector, decreasing by 5.1 percent from the year earlier due to competitive market regarding the capacity expansion of domestic market. Moreover, the political unrest in the fourth quarter of 2013 moderately impacted on the Company's performance as it occurred during high season.

Therefore, the operation result of the year 2013 grew greatly over the previous year that is the total revenue increased by 37.0 percent from 8,259.6 million Baht to 11,314.7 million Baht; the total expense rose 32.0 percent from 7,739.7 million Baht to 10,215.2 million Baht. The growth rate of the total expense was at the lower rate than that of the total revenue as the Company was able to reduce cost through replacing more efficient aircraft fleets and the economy of scale of the fixed cost and of the selling and of administrative expenses. Besides, the Company paid the corporate income tax by 33.4 million Baht or 3.0% of earning before income tax due to the corporate income tax exemption under Thailand Board of Investment (BOI) privileges on jet aircraft (Boeing 737-800) and the turbo propellers (ATR 72-500). For the year 2013, the net profit of the Company was 1,066.1 million Baht and its total comprehensive income totaled 1,075.3 million Baht.

Key Factors and Events affecting Performance

1. Revenue Growth

The Company's total revenue in 2013 increasing by 37.0 percent had resulted from significant factors and events as follows;

1.1) Capacity Expansion

The Company had modernized the fleet to be more efficient. In 2013, six Boeing 737-800 aircraft were added to replace three Boeing 737-400 aircraft, which lease agreement had expired. As a result, the Company operates the total of 14 Boeing aircraft as the end of 2014. An increase in the number of aircraft allowed the company to provide 51,247 scheduled flights rising 39.2 percent compared to last year. Furthermore, the transformation of fleets to be Boeing 737-800 resulted in the capacity expansion which can seat up to 189 passengers, comparing to only 150-170 seats of the previous model. Consequently, the Available Seat Kilometers (ASK) increased to 4,247.1 million seat-kilometer or grew by 45.7 percent. While the Revenue Passenger Kilometers (RPKs) increased to 3,567.4 million seat-kilometers or 45.3 percent over the prior year.

1.2) An increase of flight frequencies and domestic routes expansion

The Company added frequencies on its domestic routes in order to meet high demand for air travel. The flight frequencies per week on the primary routes, such as Don Mueang-Chiang Mai, Don Mueang-Udon Thani, Don Mueang-Phuket, Don Mueang-Hat Yai, Don Mueang-Surat Thani, Don Mueang-Nakhon Si Thammarat, Don Mueang-Ubon Ratchathani, and Don Mueang Chiang Rai, were raised. A total of flight frequencies per week on the primary routes on 31st December 2013 was 350 roundtrips, which increased 35 percent from the same period last year. Additionally, the Company also increased the flight frequencies on the secondary routes; Don Mueang-Phitsanulok and Don Mueang-Trang. On the contrary, the flight frequencies on some secondary routes; Don Mueang-Nakhon Phanom and Don Mueang-Sakon Nakhon, were reduced in accordance with the adjustment of aircraft type from ATR 72-500 to Boeing 737-800, which is able to carry more passengers. As a result, the weekly flight frequencies on the secondary routes on 31st December 2013 were the same as last year. Furthermore, there was an increase in the flight frequencies on feeder routes; Don Mueang-Loei, Don Mueang-Buriram, Don Mueang-Mae Sot, Don Mueang-Phrae, and Don Mueang-Chumphon, conversely, a decline in the flight frequency on Don Mueang-Nan route. Thus, a total of weekly flight frequencies on the feeder routes (exclude new routes launched in 2013) were 126 roundtrips, which rose 29 percent compared to the previous year.

Moreover, the Company launched three new domestic routes, namely, Chiang Mai-Hat Yai, Don Mueang-Ranong, and Don Mueang-Hua Hin, respectively, for supporting a growing number of tourists that greatly expanded in those markets. At present, Chiang Mai-Hat Yai flight has been cancelled due to the low profitability, hence the Company diverted the aircraft to operate on other potential routes instead. There were 606 domestic flights per week on 31st December 2013, which increased 37.4 percent over the prior year.

1.3) International routes expansion

The Company launched three international routes to Myanmar during the third and fourth quarter of 2013, namely, 1 flight daily from Mae Sot-Mawlamyine started in September, 1 flight daily from Mae Sot-Rangoon launched in October, and 4 flights a week from Don Mueang-Rangoon started in November (and increased to 8 flights a week as of 31st December 2013). Although the contribution of the international routes was low by approximately 0.2 percent of the main revenue, the Company considered that launching the international flights in the region had the potential to increase considerably, particularly, Myanmar that has its economic system close to Thailand and tend to fly from one another more frequently including passengers who are businessman, public and private employees, and tourists. According to statistic from Department of Civil Aviation, the number of passengers travelling between Thailand and Myanmar grew significantly at 23.6 percent from 2011 to 2013.

2. Cost savings from the fleet modernization

The Company upgraded the fleet to be more modern and more efficient by replacing all classic Boeing 737-400 with new generation Boeing 737-800 in the second quarter of 2013. The average age of fleet reduced from 13.3 years in year end 2012 to 8.2 years in year end 2013. Besides, fuel efficiency was also improved. The fuel consumption per seat-kilometer per sector reduced by 12.8 percent when compared to Boeing 737-400 NG.

3. Political unrest in the fourth quarter of 2013

The political unrest in Bangkok had an impact on the Company's performance during November to December 2013 when was generally high demand for air travel from both domestic and international tourists. As a result, the domestic air travel demand declined substantially regarding the cabin factor which reduced to 78 percent compared to the same period of the previous year that was 86 percent. However, it was expected that the turmoil would last for a short-term and the air travel demand would return to normal when the situation was resolved.

REVENUE ANALYSIS

Nok Airlines Public Company Limited operating performance for the year 2013; Details can be summarize as follow:

	2012		2013		Change	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
<u>Revenues</u>						
Passenger revenues	7,821.4	94.7	10,542.0	93.2	2,720.6	34.8
- Scheduled flight	7,634.3	92.4	10,282.0	90.9	2,647.7	34.7
- Chartered flight	187.1	2.3	260.0	2.3	72.9	39.0
Service revenues	396.2	4.8	637.8	5.6	241.6	61.0
Other Income	42.0	0.5	134.9	1.2	93.0	221.6
Total Revenues	8,259.6	100.0	11,314.7	100.0	3,055.1	37.0
<u>Expenses</u>						
Operating expenses and costs of services	7,175.3	86.9	9,478.3	83.8	2,303.0	32.1
Selling Expenses	230.0	2.8	251.8	2.2	21.9	9.5
Administrative Expenses	334.4	4.0	485.0	4.3	150.6	45.0
Total Expenses	7,739.7	93.7	10,215.2	90.3	2,475.5	32.0
Profit Before Income Tax Expenses	519.9	6.3	1,099.4	9.7	579.5	111.5
Net Income Tax Expenses	15.2	0.2	33.4	0.3	18.4	121.2
Profit for the periods	504.7	6.1	1,066.1	9.4	561.1	111.2
Actuarial Gain(Loss) on defined employee benefit plans	-	-	9.5	0.1	9.5	n.a.
Income Tax Related to Other Components of Equity	-	-	(0.2)	0.0	(0.2)	n.a.
Total Comprehensive Income for the periods	504.7	6.1	1,075.3	9.5	570.6	113.0
Basic Earning per Shares (Baht)	1.01		1.88		0.87	80.0
Number of Weighted Average Ordinary Share (Mil. Shares)	500.0		567.8		67.8	13.6

Business Ratio (Unit Revenue)

	Unit	2012	2013	Change	
				Amount	%
Passenger Yield	Baht/Passenger/Km.	3.19	2.96	-0.23	-7.3
Revenue per Available Seat-Kilometer (RASK)	Baht/seat/Km.	2.82	2.63	-0.19	-6.7

Total revenue increased by 37.0 percent, from 8,259.6 million Baht in 2012 to 11,314.7 million Baht in 2013. Due to the revenue structure, RASK in the year 2013 was 2.63 Baht per seat per kilometer, which decreased 6.7 percent from the previous year.

Passenger Revenues

The revenue from scheduled flights was considered as the primary revenue of the Company. In 2013, its revenue from scheduled flights was 10,282 million Baht or 90.9 percent of the total revenue, which rose 34.7 percent over the prior year. An increase of the scheduled revenue was due to the growth of the scheduled revenue in the primary routes, secondary routes, and feeder routes. The revenue of the primary routes was the main passenger revenue, at which account for 71.7 percent of total passenger revenues.

Moreover, the Company launched three new international routes in the fourth quarter of 2013, including Mae Sot-Mawlamyine, Mae Sot-Rangoon, and Bangkok-Rangoon, of which passenger revenue was 23.8 million Baht.

An increase of the scheduled flights revenue from the previous year was a result from the fleet expansion, fleet modernization, adding new routes and increase in flight frequencies. Therefore, the Company's Available Seat Kilometers (ASK) for the year 2013 was 4,247.1 million seat-kilometers, increasing 45.6 percent from the year earlier. In addition, the Company was able to maintain 84.0 percent of cabin factor in 2013. The average passenger revenue was 1,788 Baht per passenger per flight and the passenger yield was 2.96 Baht per passenger-kilometers.

In 2013, the revenue from charter flights was 260 million Baht, 39.0 percent increase over the previous year. This revenue have grown continuously since 2012, as the Company expand the charter services to international destinations, particularly, the routes between Don Mueang and cities in the People's Republic of China.

Service Revenues and Other Revenues

The Company gained its major services revenue from changes fees, excess baggage fees, booking and payment fees, cargo fees and travel insurance fees. In the year 2013, Company's service revenue is equivalent to 637.8

million Baht, increased by 61 percent from the previous year due to the expansion of capacity, as well as adjustment of service fees to increase service revenues such as excess baggage, processing fees etc. Passenger services revenue increased from 95.33 Baht to 108.19 Baht per person; while, other revenues are equivalents to 134.9 million Baht, which increased at 221.6 percent from the previous year. Other revenues mainly came from interest income from short-term investment of excess cash.

EXPENSES AND PROFIT ANALYSIS

Modernizing the fleet decreased aircraft-related expenses such as aircraft maintenance expenses and led to less fuel consumption per seat comparing to the old fleet; resulting in the decreased of operating cost. In 2013, Company's total expenses was 10,215.2 million Baht or 32.0 percent which increased from the year 2012. Comparison details of the Company expenses for year 2012 and 2013 are as follows:

OPERATING COST STRUCTURE

	2012		2013		Change	
	MIL.THB	%	MIL.THB	%	MIL.THB	%
<u>Variable Costs</u>						
Fuel Cost	2,694.5	34.9	3,473.6	34.0	775.66	28.7
<u>Other Variable Costs</u>						
Aircraft maintenance	1,276.4	16.5	1,787.6	17.5	511.16	40.0
Airport fee & Navigation fee	352.3	4.6	464.1	4.6	111.78	31.7
Ground handling & Dispatch	339.7	4.4	426.9	4.2	87.17	25.7
Aircraft Charter	298.5	3.9	384.0	3.8	85.50	28.6
Other variable costs	863.7	11.2	885.2	7.3	-114.65	-13.3
Variable costs	5,828.6	75.3	7,421.3	72.7	1,592.72	27.3
<u>Fixed Cost</u>						
Aircraft operating lease	769.5	9.9	1,331.4	13.0	561.90	73.0
Personnel & Station expense	423.4	5.5	585.8	5.7	162.40	38.4
Aircraft insurance fees	96.0	1.2	75.2	0.7	-20.80	-21.7
Aircraft delivery and redelivery expenses	55.2	0.7	62.4	0.6	7.20	13.0
Other fixed cost	2.6	0	2.3	0.0	-0.30	-11.5
Total fixed cost	1,346.7	17.4	2,057.1	20.1	710.35	52.7
SG&A expenses	564.4	7.3	736.9	7.2	172.47	30.6
Total Operating Expenses	7,739.7	100.0	10,215.2	100.0	2,475.54	32.0

Business Ratio: (Unit Cost)

	2012	2013	Change	
	Baht/seat/km.	Baht/seat/km.	Baht/seat/km	%
Cost per Available Seat-Kilometer (CASK)	2.65	2.39	-0.26	-9.8
Variable cost per Available Seat Kilometer (VC/ASK)	2.00	1.74	-0.26	-12.7
Variable cost excluding fuel expense per Available Seat-Kilometer (VC exc. fuel/ASK)	1.07	0.93	-0.14	-13.7
Fuel expenses per Available Seat-Kilometer (Fuel/ASK)	0.92	0.82	-0.10	-11.5
Fixed cost per Available Seat Kilometer (FC/ASK)	0.46	0.48	0.02	4.9
Selling, General and Administrative Expense per Seat-Kilometer (SG&A/ASK)	0.19	0.17	-0.02	-14.6

The Company was able to manage cost and expenses more efficiently in 2013, resulting from change of fleets, economy of scale and expenses control. Total costs and expenses were amounted to 10,215.2 million Baht which increased by 31.5 percent from the year 2012. Cost per Available Seat-Kilometer (CASK) was 2.39 Baht/seat/Km decreased from 2.65 Baht/seat/Km. or 9.8 percent decrease from the previous year. However, fleet change in 2012 generated redelivery expenses at the amount of 247.4 million Baht, which was recorded as one time expense item causing CASK ratio in 2012 to be quite high. If the aforementioned expense was excluded CASK will be at 2.57 Baht/seat/Km in 2012.

- Fuel Cost was the main operating cost. In 2013, it was 3,473.6 million Baht or increased 28.7 percent comparing to the previous year, resulting from fleet expansion and increased in flight frequency. However, fuel cost per Available Seat per Kilometer (Fuel/ASK) decreased by 0.82 Baht/seat/km. or 11.5 percent comparing to last year. This is due to the decreased in Jet fuel price, decreasing from 127.4 US Dollar per barrel in 2012 to 121.8 US Dollar per barrel in 2013. Moreover, in 2013 Thai Baht appreciated to 30.83 Baht per US Dollar or 1.2 percent comparing to 2012, causing fuel cost per unit decrease because jet fuel price was determined in US Dollar but settlement between Thai entities was made in Thai Baht.
- Other variable cost for the year 2013 is equivalent to 7,421.3 million Baht or increased 27.3 percent comparing to last year. Considering on the variable cost per ASK (VC/ASK) for year 2012, the cost

decreased from 2.00 Baht/seat/km to 1.74 Baht/seat/km or decreased 12.7 percent as comparing with the previous year, effecting from the expansion in capacity, increase seat per aircraft and longer stage length.

- Fixed Cost for 2013 was 2,057.1 million Baht or 52.7 percent increased, while fixed cost per ASK (FC/ASK) was 0.48 Baht/seat/km, which increased 4.9 percent comparing to previous year. Main contribution to increase in fixed cost was higher aircraft lease rate as the Company was leasing the younger fleet comparing to previous year. The company was leasing one new aircraft, the other 15 were used aircraft.
- Selling and Administrative Expense was 736.9 million Baht, increased at 30.6 percent. Selling and administrative expense per ASK tended to decrease from the previous year. The Company's selling and administrative expense per ASK was at 0.17 Baht/seat/km decreased 14.6 percent from the previous year, as the Company benefits from economies of scale in operation and was able to control selling and administrative to be more efficient.

OPERATING PROFIT AND NET PROFIT

Operating profit of the year 2013 increased to 1,099.4 million Baht or 111.5 percent from the year 2012, due to average fuel cost per ASK in 2013 which decreased 11.5 percent from year 2012 and the improvement of cost management.

The Company paid corporate income tax at the amount of 33.4 million Baht, 3.0 percent of profit before income tax, resulting from the corporate income tax privilege from BOI of jet aircraft (Boeing 737-800) and turbo propellers (ATR 72-500).

For the year 2013, the total comprehensive income was at 1,075.31 million Baht or 9.5 percent of the total revenue, 113.0 percent increase from 2012. This was a result of the 45.2% expansion of ASK over the previous year. Though the Company was able to maintain cabin factor at 84.0 percent and gained passenger yield at level 2.96 Baht/passenger/km., as well as decreased cost per unit of 9.8 percent from the previous year.

MANAGEMENT DISCUSSION AND FINANCIAL POSITION ANALYSIS

ASSETS

Unit: Mil. Baht	2012	2013
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	246.5	565.4
Temporary Investments	1,410.0	4,800.0
Trade Receivables	29.6	41.4
Other Receivables	317.8	274.9
Inventories	3.7	10.9
Other Current Assets	90.0	331.4
Total Current Assets	2,097.5	6,024.0
<u>Non-Current Assets</u>		
Long-Term Investments	5.3	6.0
Equipment-Net	80.7	92.6
Intangible Assets-Net	33.5	54.1
Deferred Tax Assets	18.2	19.1
Other Non-Current Assets	16.8	75.8
Total Non-Current Assets	154.5	247.6
Total Assets	2,252.0	6,271.7

LIABILITIES AND SHAREHOLDERS' EQUITY

Unit: Million Baht	2012	2013
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Trade payables	419.9	410.5
Other Payables	683.7	1,033.60
Income Taxes Payable	-	6.4
Provisions on aircraft maintenance	102.1	64.8
Provisions on promotion privilege	34.3	39.0
Other current liabilities	31.0	26.4
Total Current Liabilities	1,270.9	1,580.7
<u>Non-Current Liabilities</u>		
Provisions on aircraft maintenance	1.8	38.3
Employee benefits obligation	91.2	109.2
Total Non-Current Liabilities	93.0	147.5
Total Liabilities	1,363.9	1,728.2
<u>SHAREHOLDERS' EQUITY</u>		
Share Capital		
625,000,000 Ordinary Share of Baht 1.00 each for year 2013 50,000,000 Ordinary Share of Baht 10.00 each for year 2012	500.0	625.0
Premium on share capital	0.0	3,042.5
Retained Earnings		
Appropriated		
Legal Reserve	50	62.5
Unappropriated	338.1	813.4
Total Shareholders' Equity	888.1	4,543.4
Total Shareholders' Equity and Liabilities	2,252.0	6,271.6

ASSETS

As the end of 2013, total asset was 6,271.7 million Baht an increased of 178 percent from the previous year, due to fund raising for initial public offering with cash received from capital increased of 3,250 million Baht. The Company will use the proceeds of IPO for aircraft acquisitions and working capital in the business. Part of the proceeds from IPO was used as down payment for the acquisitions of the aircraft and the rest was in short-term investment. Therefore, most of the assets are in form of cash and cash equivalents and temporary investments in the amount of 565.4 and 4,800 million Baht, respectively. Besides, aircraft deposit both Jet aircraft and turbo propellor was 367 million Baht (including current and non-current assets) which increased from the previous year at 287.3 million Baht. These deposit were for the aircraft delivered in 2014-2015.

The trade receivables increased 40 percent, from 29.6 million Baht in 2012 to 41.4 million Baht in 2013, due to the expansion of business. The balance of trade receivables belonged to corporate clients with credit terms, such as government, members of parliament and public and private companies. However, in 2013, the allowance of doubtful debt was recorded at the amount of 18.9 million Baht or 0.18 percent of passenger revenues, resulting from the overdue of more than 12 months. Other receivables are prepaid expenses, advance payment for aircraft maintenance and accrued revenues, these items were from normal business transaction with the total of 274.9 million Baht, decreased from the previous year at 13.5 percent.

For non-current asset, the Company invested on equipment and intangible assets (computer program), the equipment net increase was at 11.9 million Baht (14.7 percent increase) to 92.6 million Baht. Mostly are investment in computer programs, tools and equipments for aircraft maintenance, office supplies. For computer programs net increase at 20.6 million Baht, mostly are for Microsoft Office copyrights.

LIABILITIES

Company liabilities as of December 31, 2013 was 1,728.2 million Baht, 26.7% increased from last year and still in accordance with Company normal business transactions. Main contributor of the increase was unearned income from advanced reservation, which was 613 mil. Baht or 184.6 mil. Baht (43%) increased from previous year. This is due extended period of advance booking and continuously marketing activities to stimulate sales. Accrued expenses increased 68 percent, from 156 million Baht to 385.5 million Baht, while the trade payables slightly decreased at 2.2 percent to 410.5 million Baht.

Provisions on aircraft maintenance consisted of 2 parts which are (1) Current liabilities: a reserve for C-Check at the amount of 64.8 million Baht; decreased 37.3 million Baht or 36.6 percent and (2) Non-Current Liabilities: to reserve for expenses that might occur from aircrafts redelivery, which the accounting policy had been changed in 2013. The former accounting policy, which recorded redelivery cost only when the aircraft were redelivered, had

been changed to gradually record the reserve along the lease period until the completion of aircraft lease agreement. As of the end of 2013, the total amount was 38.3 million Baht increased from 1.8 million Baht in 2012.

Provisions on promotion privilege increased 4.8 million Baht or 13.9 percent into 39.0 million Baht. This was a reserve for the privilege of bonus points which will be redeemed Nok Air Fan Club rewards. The reserve increased as rising of the number of members. The main privilege for members to redeem are Nok Air Ticket and other marketing promotion which changes from time to time.

As of 2013, the Company recorded employees benefit obligation reserve at the amount of 109.1 million Baht, increased 17.9 million Baht or 19.7 percent, resulting from higher number of employee and increased in the year of services of employee.

The Company had off-balance sheet liabilities such as aircraft operating lease rent, office space rent, rental improvement and car rental fees as of December 31 2013. off-balance sheet liabilities expenses within 1 year period is equal to 1,616.4 million Baht, within 1-5 years is equal to 6,346.1 million Baht and exceed 5 years is equal to 3,315.1 million Baht.

SHAREHOLDERS' EQUITY

The Company increases registered capital from 500 into 625 million Baht by IPO on June 20, 2013 and decreased par value of 10 Baht per share to 1 Baht per share. As of the end of 2013, Company's total shareholders' equity is at 4,543.4 million Baht, which increased from the previous year at 3,655.3 million Baht. The shareholders' equity consisted of registered capital at 625 million Baht, premium on share capital at 3,042.5 million Baht, legal reserved of 62.5 million Baht and unallocated of 813.4 million Baht. The Company also paid a total dividend of 587.5 million Baht; separated into interim dividend payment of 337.5 million Baht and annual dividend of 250 million Baht.

FINANCIAL LIQUIDITY ANALYSIS

Cash Flow Statement

Unit: Million Baht	2012	2013
Cash Flow from Operating Activities - Net	843.5	1,138.0
Cash Flow from Investing Activities - Net	-380.0	-3,411.5
Cash Flows from Financing activities - Net	-414.0	2,579.9
Effect from Exchange Rate in Cash and Cash Equivalents	-0.2	12.5
Increase (Decrease) in Cash and Cash Equivalents - Net	49.4	318.9

In the year 2013, the company gained operating cash flow of 1,138.0 million Baht, cashflow used in investing activities of 3,411.5 million Baht, cashflows from financing activities at 2,580.0 million Baht and amounted with the effects from exchange rate in cash and cash equivalents at 12.5 million Baht. The total of cash and cash equivalents increased 318.9 million Baht causing the last quarter of the year to have cash and cash equivalents of 565.4 million Baht.

Cash Flow from Operating Activities

Company's profit for the period was 1,066.1 million Baht, Adjustment to reconcile profit for the period to net cash was 133.5 million Baht, including Asset and Net Operating Liabilities utilized in operating activities was 61.6 million Baht. The total cashflow received from operating activities was 1,138 million Baht.

Asset and operating liabilities received was 472.8 million Baht which derived from increased in unearned passenger revenue 184.6 million Baht, increased in accrued expenses 157.1 million Baht, Other account receivable decreased 90.7 million Baht and other items with a total of 40.4 million Baht. Asset and operating liabilities used was 534.4 million Baht, such as increased in aircraft deposit at 271 million Baht, aircraft maintenance expense 121.4 million Baht, account payable decreased 38.7 million Baht, account receivable – other activities increased 31 million Baht, income tax expense 28.2 million Baht, employees benefit 11 million Baht and other items with a total of 33.2 million Baht.

Cashflow from Investing Activities

Temporary Investment are the main source of investing activities, which are short-term deposits with financial institutes. Details for the year 2013 were as follows: increase in temporary investment of 3,390 million Baht, equipment payment of 46.6 million Baht, purchase of intangible assets of 36.8 million Baht and additional purchase of long-term investment of 0.7 million Baht for the member fees of AEROTHAI, Aeronautical Radio of Thailand LTD.; due to the increasing number of flights the company offered. Sources of cashflow from investing activities include interest received 62.5 million Baht and cash inflow from sales of assets 0.13 million Baht. The total cashflow used in investing activities was at the amount of 3,411.5 million Baht.

Cashflow from Financial Activities

The Company has cash received from capital increased at the amount of 3,250 million Baht and cash outflow which are 587.5 million Baht of dividend payment and 82.5 million Baht of expense on public offering of common stock. The total amounted of cashflow from financial activities was 2,580 million Baht.