

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
BY THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**TO THE BOARD OF DIRECTORS
NOK AIRLINES PUBLIC COMPANY LIMITED**

We have reviewed the consolidated statement of financial position of Nok Airlines Public Company Limited and its subsidiaries and the separate statement of financial position of Nok Airlines Public Company Limited as at June 30, 2016, and the related consolidated and separate statements of profit or loss and other comprehensive income for the three-month and six-month periods ended June 30, 2016, and the consolidated and separate statements of changes in shareholders' equity and cash flows for the six-month period then ended, and the condensed notes to the financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

BANGKOK
August 11, 2016

Niti Jungnitnirundr
Certified Public Accountant (Thailand)
Registration No. 3809
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2016

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		June 30, 2016 “Unaudited”	December 31, 2015	June 30, 2016 “Unaudited”	December 31, 2015
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	3,154,394,256	4,213,756,405	2,028,567,060	3,480,327,664
Temporary investments	5	16,044,000	316,044,000	-	300,000,000
Trade and other receivables	6	1,427,854,664	1,119,766,574	1,107,110,303	727,699,665
Inventories		33,349,341	20,557,272	33,349,341	20,557,272
Refundable value-added tax		96,849,927	262,664,437	24,226,085	95,245,369
Short-term aircraft deposits and prepayments	7	146,203,944	146,332,699	146,203,944	146,332,699
Other current assets		102,782,939	59,452,023	76,314,855	50,426,980
Total Current Assets		<u>4,977,479,071</u>	<u>6,138,573,410</u>	<u>3,415,771,588</u>	<u>4,820,589,649</u>
NON-CURRENT ASSETS					
Deposits at bank pledged as collateral	21.4	61,543,000	61,543,000	-	-
Investments in subsidiaries	8	-	-	4,949,000	4,949,000
Investments in joint venture	9	26,578,452	34,749,000	34,749,000	34,749,000
Other long-term investments	10	48,089,500	48,089,500	48,089,500	48,089,500
Long-term loans to a related party	11 and 20.1	-	-	970,000,000	970,000,000
Leasehold improvements and equipment	12	305,933,707	285,690,969	296,252,064	274,636,432
Intangible assets	13	72,671,944	48,322,800	67,162,584	41,992,053
Deferred tax assets	14	12,675,779	13,159,296	12,675,779	13,159,296
Long-term aircraft deposits and prepayments	7	417,850,429	466,388,252	361,701,151	408,785,241
Other non-current assets		32,263,504	13,707,860	34,304,425	26,493,713
Total Non-Current Assets		<u>977,606,315</u>	<u>971,650,677</u>	<u>1,829,883,503</u>	<u>1,822,854,235</u>
TOTAL ASSETS		<u><u>5,955,085,386</u></u>	<u><u>7,110,224,087</u></u>	<u><u>5,245,655,091</u></u>	<u><u>6,643,443,884</u></u>

See the condensed notes to the financial statements

.....
(Mr. Patee Sarasin)
Director and Chief Executive Officer

.....
(Mr. Narongchai Wongthanavimok)
Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2016

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		June 30,	December 31,	June 30,	December 31,
		2016	2015	2016	2015
		“Unaudited”		“Unaudited”	
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term borrowing from a financial institution	15	-	520,000,000	-	520,000,000
Trade and other payables	16	3,489,627,457	2,934,203,103	2,156,877,771	2,042,770,648
Deferred income from					
customer loyalty programmes		19,239,242	55,629,054	19,239,242	55,629,054
Short-term provisions for aircraft maintenance	17	207,513,841	133,908,652	164,513,983	113,497,382
Withholding tax payable		27,997,207	22,242,000	20,499,219	18,008,320
Other current liabilities		42,645,488	15,667,612	6,743,500	4,580,823
Total Current Liabilities		<u>3,787,023,235</u>	<u>3,681,650,421</u>	<u>2,367,873,715</u>	<u>2,754,486,227</u>
NON-CURRENT LIABILITIES					
Long-term provisions for aircraft maintenance	17	338,986,974	299,954,009	338,986,974	292,725,018
Employee benefit obligations	18	191,147,120	176,342,966	180,595,035	169,493,565
Other non-current liabilities		26,201,959	10,214,834	26,201,959	10,214,834
Total Non-Current Liabilities		<u>556,336,053</u>	<u>486,511,809</u>	<u>545,783,968</u>	<u>472,433,417</u>
TOTAL LIABILITIES		<u>4,343,359,288</u>	<u>4,168,162,230</u>	<u>2,913,657,683</u>	<u>3,226,919,644</u>

.....
(Mr. Patee Sarasin)
Director and Chief Executive Officer

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(Mr. Narongchai Wongthanavimok)
Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2016

UNIT : BAHT

Notes	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	June 30,	December 31,	June 30,	December 31,
	2016	2015	2016	2015
	“Unaudited”		“Unaudited”	
LIABILITIES AND SHAREHOLDERS' EQUITY				
(CONTINUED)				
SHAREHOLDERS' EQUITY				
SHARE CAPITAL				
Authorized share capital				
625,000,000 ordinary shares of Baht 1.00 each	625,000,000	625,000,000	625,000,000	625,000,000
Issued and paid-up share capital				
625,000,000 ordinary shares of Baht 1.00 each, fully paid	625,000,000	625,000,000	625,000,000	625,000,000
SHARE PREMIUM ACCOUNT				
- ORINARY SHARES	3,042,485,943	3,042,485,943	3,042,485,943	3,042,485,943
RETAINED EARNINGS (LOSS)				
Appropriated				
Legal reserve	62,500,000	62,500,000	62,500,000	62,500,000
Unappropriated	(1,828,525,006)	(676,824,655)	(1,397,988,535)	(313,461,703)
Deficit from change in shareholding in a subsidiary	(5,940,185)	(5,940,185)	-	-
Total owners of the parent	1,895,520,752	3,047,221,103	2,331,997,408	3,416,524,240
Non-controlling interests	(283,794,654)	(105,159,246)	-	-
TOTAL SHAREHOLDERS' EQUITY	1,611,726,098	2,942,061,857	2,331,997,408	3,416,524,240
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,955,085,386	7,110,224,087	5,245,655,091	6,643,443,884

See the condensed notes to the financial statements

.....
(Mr. Patee Sarasin)
Director and Chief Executive Officer

.....
(Mr. Narongchai Wongthanavimok)
Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2016
“UNAUDITED”

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
REVENUES					
Passenger revenues		3,280,798,305	2,999,183,333	2,695,289,813	2,883,182,515
Service revenues		548,175,347	201,561,457	186,011,448	189,389,525
Other income					
Interest income		9,700,991	13,142,803	10,779,899	12,738,448
Others	19	79,900,100	104,983,798	78,633,340	100,952,472
Total Revenue		<u>3,918,574,743</u>	<u>3,318,871,391</u>	<u>2,970,714,500</u>	<u>3,186,262,960</u>
EXPENSES					
Costs of passenger and services		4,516,246,653	3,562,594,724	3,460,519,089	3,070,330,050
Selling expenses		42,726,762	49,253,686	33,850,904	48,038,549
Administrative expenses		198,070,308	158,826,854	158,994,617	113,030,373
Finance costs		23,324,321	6,269,035	21,987,277	6,269,035
Total Expenses		<u>4,780,368,044</u>	<u>3,776,944,299</u>	<u>3,675,351,887</u>	<u>3,237,668,007</u>
SHARE OF LOSS ON INVESTMENTS IN					
JOINT VENTURE		<u>(2,676,973)</u>	<u>-</u>	<u>-</u>	<u>-</u>
LOSS BEFORE INCOME TAX		<u>(864,470,274)</u>	<u>(458,072,908)</u>	<u>(704,637,387)</u>	<u>(51,405,047)</u>
INCOME TAX REVENUE	14	<u>(85,579)</u>	<u>(77,050)</u>	<u>(85,579)</u>	<u>(77,050)</u>
LOSS FOR THE PERIOD		<u>(864,384,695)</u>	<u>(457,995,858)</u>	<u>(704,551,808)</u>	<u>(51,327,997)</u>
TOTAL COMPREHENSIVE LOSS					
FOR THE PERIOD		<u><u>(864,384,695)</u></u>	<u><u>(457,995,858)</u></u>	<u><u>(704,551,808)</u></u>	<u><u>(51,327,997)</u></u>
LOSS ATTRIBUTABLE TO					
Owners of the parent		<u>(745,876,861)</u>	<u>(150,095,722)</u>	<u>(704,551,808)</u>	<u>(51,327,997)</u>
Non-controlling interests		<u>(118,507,834)</u>	<u>(307,900,136)</u>	<u>-</u>	<u>-</u>
		<u><u>(864,384,695)</u></u>	<u><u>(457,995,858)</u></u>	<u><u>(704,551,808)</u></u>	<u><u>(51,327,997)</u></u>
BASIC LOSS PER SHARE (BAHT)		(1.19)	(0.24)	(1.13)	(0.08)
NUMBER OF WEIGHTED AVERAGE					
ORDINARY SHARES (SHARES)		625,000,000	625,000,000	625,000,000	625,000,000

See the condensed notes to the financial statements

.....
(Mr. Patee Sarasin)
Director and Chief Executive Officer

.....
(Mr. Narongchai Wongthanavimok)
Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016
“UNAUDITED”

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
REVENUES					
Passenger revenues		6,874,500,114	6,351,262,634	5,732,812,238	6,085,709,456
Service revenues		1,040,317,607	410,520,453	394,193,115	399,497,515
Other income					
Interest income		21,720,638	25,149,690	25,745,912	28,315,815
Others	19	203,141,946	129,049,262	199,347,180	124,692,155
Total Revenue		<u>8,139,680,305</u>	<u>6,915,982,039</u>	<u>6,352,098,445</u>	<u>6,638,214,941</u>
EXPENSES					
Costs of passenger and services		8,914,640,264	7,084,463,777	7,015,421,864	6,287,997,983
Selling expenses		83,089,344	100,931,651	64,666,302	89,959,545
Administrative expenses		389,421,362	341,800,897	284,244,140	244,540,344
Finance costs		74,211,029	11,553,521	71,809,454	11,553,521
Total Expenses		<u>9,461,361,999</u>	<u>7,538,749,846</u>	<u>7,436,141,760</u>	<u>6,634,051,393</u>
SHARE OF LOSS ON INVESTMENTS IN					
JOINT VENTURE		<u>(8,170,548)</u>	<u>-</u>	<u>-</u>	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX		<u>(1,329,852,242)</u>	<u>(622,767,807)</u>	<u>(1,084,043,315)</u>	<u>4,163,548</u>
INCOME TAX EXPENSES (REVENUE)	14	<u>483,517</u>	<u>(151,014)</u>	<u>483,517</u>	<u>(151,014)</u>
PROFIT (LOSS) FOR THE PERIOD		<u>(1,330,335,759)</u>	<u>(622,616,793)</u>	<u>(1,084,526,832)</u>	<u>4,314,562</u>
TOTAL COMPREHENSIVE INCOME					
(LOSS) FOR THE PERIOD		<u>(1,330,335,759)</u>	<u>(622,616,793)</u>	<u>(1,084,526,832)</u>	<u>4,314,562</u>
PROFIT (LOSS) ATTRIBUTABLE TO					
Owners of the parent		<u>(1,151,700,351)</u>	<u>(148,308,964)</u>	<u>(1,084,526,832)</u>	<u>4,314,562</u>
Non-controlling interests		<u>(178,635,408)</u>	<u>(474,307,829)</u>	<u>-</u>	<u>-</u>
		<u>(1,330,335,759)</u>	<u>(622,616,793)</u>	<u>(1,084,526,832)</u>	<u>4,314,562</u>
BASIC EARNINGS (LOSS) PER SHARE (BAHT)		(1.84)	(0.24)	(1.74)	0.01
NUMBER OF WEIGHTED AVERAGE					
ORDINARY SHARES (SHARES)		625,000,000	625,000,000	625,000,000	625,000,000

See the condensed notes to the financial statements

.....
(Mr. Patee Sarasin)
Director and Chief Executive Officer

.....
(Mr. Narongchai Wongthanavimok)
Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016
“UNAUDITED”

UNIT : BAHT

	Consolidated financial statements							Total shareholders' equity
	Issued and paid-up share capital	Share premium account Ordinary shares	Total attributions to owners of the parent		Deficit from change in shareholding in a subsidiary	Total attributions to owners of the parent	Non-controlling interests	
			Retained earnings (loss)					
			Appropriated Legal reserve	Unappropriated				
Balances as of January 1, 2015	625,000,000	3,042,485,943	62,500,000	47,076,765	(5,940,185)	3,771,122,523	578,231,353	4,349,353,876
Changes in shareholders' equity for the six-month period ended June 30, 2015								
Increase in share capital of a subsidiary	-	-	-	-	-	-	255,000,000	255,000,000
Total comprehensive loss for the period	-	-	-	(148,308,964)	-	(148,308,964)	(474,307,829)	(622,616,793)
Balances as of June 30, 2015	625,000,000	3,042,485,943	62,500,000	(101,232,199)	(5,940,185)	3,622,813,559	358,923,524	3,981,737,083

.....
(Mr. Patee Sarasin)
Director and Chief Executive Officer

.....
(Mr. Narongchai Wongthanavimok)
Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016
“UNAUDITED”

UNIT : BAHT

	Consolidated financial statements							
	Issued and paid-up share capital	Share premium account Ordinary shares	Total attributions to owners of the parent			Total attributions to owners of the parent	Non-controlling interests	Total shareholders' equity
			Retained earnings (loss)		Deficit from change in shareholding in a subsidiary			
			Appropriated Legal reserve	Unappropriated				
Balances as of January 1, 2016	625,000,000	3,042,485,943	62,500,000	(676,824,655)	(5,940,185)	3,047,221,103	(105,159,246)	2,942,061,857
Changes in shareholders' equity for the six-month period ended June 30, 2016								
Total comprehensive loss for the period	-	-	-	(1,151,700,351)	-	(1,151,700,351)	(178,635,408)	(1,330,335,759)
Balances as of June 30, 2016	625,000,000	3,042,485,943	62,500,000	(1,828,525,006)	(5,940,185)	1,895,520,752	(283,794,654)	1,611,726,098

See the condensed notes to the financial statements

.....
(Mr. Patee Sarasin)
Director and Chief Executive Officer

.....
(Mr. Narongchai Wongthanavimok)
Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
 FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016
 "UNAUDITED"

UNIT : BAHT

	Separate financial statements				Total shareholders' equity
	Issued and paid-up share capital	Share premium account ordinary shares	Retained earnings (loss) Appropriated legal reserve	Unappropriated	
Balances as of January 1, 2015	625,000,000	3,042,485,943	62,500,000	108,279,874	3,838,265,817
Changes in shareholders' equity for the six-month period ended June 30, 2015					
Total comprehensive income for the period	-	-	-	4,314,562	4,314,562
Balances as of June 30, 2015	<u>625,000,000</u>	<u>3,042,485,943</u>	<u>62,500,000</u>	<u>112,594,436</u>	<u>3,842,580,379</u>

.....
 (Mr. Patee Sarasin)
 Director and Chief Executive Officer

.....
 (Mr. Narongchai Wongthanavimok)
 Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016
“UNAUDITED”

UNIT : BAHT

	Separate financial statements				Total shareholders' equity
	Issued and paid-up share capital	Share premium account ordinary shares	Retained earnings (loss) Appropriated legal reserve	Unappropriated	
Balances as of January 1, 2016	625,000,000	3,042,485,943	62,500,000	(313,461,703)	3,416,524,240
Changes in shareholders' equity for the six-month period ended June 30, 2016					
Total comprehensive loss for the period	-	-	-	(1,084,526,832)	(1,084,526,832)
Balances as of June 30, 2016	<u>625,000,000</u>	<u>3,042,485,943</u>	<u>62,500,000</u>	<u>(1,397,988,535)</u>	<u>2,331,997,408</u>

See the condensed notes to the financial statements

.....
(Mr. Patee Sarasin)
Director and Chief Executive Officer

.....
(Mr. Narongchai Wongthanavimok)
Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

“UNAUDITED”

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) before income tax		(1,329,852,242)	(622,767,807)	(1,084,043,315)	4,163,548
Adjustments for:					
Depreciation		35,836,465	28,228,871	33,506,196	26,435,973
Amortization		11,320,364	10,340,085	10,475,577	9,591,826
Loss on disposals and write-off of equipment		69,197	352,966	69,197	352,966
Unrealized loss on exchange rate		4,108,103	(61,802,266)	4,370,018	(57,187,728)
Reversal of allowance for doubtful accounts		(692,954)	(975,924)	(692,954)	(975,924)
Provision for aircraft maintenance recognized as expenses		147,924,376	139,176,862	132,564,779	141,931,476
Deferred income from customer loyalty programmes recognized during the period (reversal)		(36,389,812)	5,522,325	(36,389,812)	5,522,325
Employee benefit expenses		26,007,231	26,764,030	22,304,547	26,764,030
Interest income		(21,720,638)	(25,149,690)	(25,745,912)	(28,315,815)
Interest expense		8,411,261	-	6,009,686	-
Share of loss on investments in joint venture		8,170,548	-	-	-
Operating profit (loss) before changes in operating assets and liabilities		(1,146,808,101)	(500,310,548)	(937,571,993)	128,282,677
Operating assets (increase) decrease					
Trade and other receivables		(307,322,761)	(148,826,825)	(366,038,268)	(63,594,042)
Inventories		(12,792,069)	(2,337,536)	(12,792,069)	(2,337,536)
Refundable value-added tax		165,814,510	(91,018,304)	71,019,284	45,904,310
Short-term aircraft deposits and prepayments		(3,720,458)	414,173,164	(3,720,458)	377,424,886
Other current assets		(40,369,595)	(13,704,755)	(22,926,555)	(9,109,990)
Deposits at bank pledged as collateral		-	(41,555,000)	-	-
Long-term aircraft deposits and prepayments		46,346,968	222,652,818	37,561,332	263,561,811
Other non-current assets		(18,555,644)	(2,386,972)	(7,810,712)	(2,482,267)

.....
(Mr. Patee Sarasin)
Director and Chief Executive Officer

.....
(Mr. Narongchai Wongthanavimok)
Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

“UNAUDITED”

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
(CONTINUED)					
Operating liabilities increase (decrease)					
Trade and other payables		571,127,807	54,991,529	135,295,935	(178,957,613)
Aircraft maintenance paid		(24,750,360)	(56,262,504)	(24,750,360)	(56,262,504)
Withholding tax payable		5,755,207	163,622	2,490,899	(1,812,324)
Other current liabilities		25,586,654	(613,726)	771,455	886,393
Employee benefit paid		(11,203,077)	(6,636,601)	(11,203,077)	(6,636,601)
Other non-current liabilities		(66,652)	614,648	(66,652)	614,648
Cash received (paid) from operations		(750,957,571)	(171,056,990)	(1,139,741,239)	495,481,848
Income tax paid		(2,961,320)	(5,276,577)	(2,961,320)	(2,570,816)
Net cash provided by (used in) operating activities		(753,918,891)	(176,333,567)	(1,142,702,559)	492,911,032
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash received from temporary investments		300,000,000	200,000,000	300,000,000	200,000,000
Cash paid for long-term loans to a related party		-	-	-	(245,000,000)
Cash paid for acquisition of equipment and intangible assets	4.2	(103,661,853)	(50,862,982)	(101,827,594)	(44,815,436)
Cash received from interest income		26,300,279	28,104,890	21,928,112	23,370,349
Net cash provided by (used in) investing activities		222,638,426	177,241,908	220,100,518	(66,445,087)

.....
 (Mr. Patee Sarasin)
 Director and Chief Executive Officer

.....
 (Mr. Narongchai Wongthanavimok)
 Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

“UNAUDITED”

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash paid for interest expense		(9,485,685)	-	(7,084,110)	-
Cash paid for short-term loans					
from a financial institution		(520,000,000)	-	(520,000,000)	-
Cash received from share subscriptions					
of the subsidiaries from non-controlling interests		-	255,000,000	-	-
Net cash provided by (used in) financing activities		(529,485,685)	255,000,000	(527,084,110)	-
EFFECT FROM FOREIGN EXCHANGE RATE					
IN CASH AND CASH EQUIVALENTS		1,404,001	14,002,972	(2,074,453)	9,234,724
Net increase (decrease) in cash and cash equivalents		(1,059,362,149)	269,911,313	(1,451,760,604)	435,700,669
Cash and cash equivalents as at January 1,		4,213,756,405	2,926,607,844	3,480,327,664	1,752,503,995
Cash and cash equivalents as at June 30,	4.1	<u>3,154,394,256</u>	<u>3,196,519,157</u>	<u>2,028,567,060</u>	<u>2,188,204,664</u>

See the condensed notes to the financial statements

.....
 (Mr. Patee Sarasin)
 Director and Chief Executive Officer

.....
 (Mr. Narongchai Wongthanavimok)
 Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2016
“UNAUDITED”

1. GENERAL INFORMATION AND OPERATIONS OF THE COMPANY AND SUBSIDIARIES

1.1 General information and operations of the Company

Nok Airlines Public Company Limited (the “Company”) was incorporated as a limited company under Thai laws on February 27, 2004. The registered office is located at 3 Rajanakarn Building, 17th Fl., South Sathorn Road, Yannawa, Sathorn, Bangkok, and its principal activity is to provide air transport services for passengers.

On January 18, 2013, the Company registered to convert the Company from a limited company to a public limited company and registered the change of the Company’s name from Nok Airlines Company Limited to Nok Airlines Public Company Limited with the Ministry of Commerce. On June 20, 2013, the Company had been approved by the Stock Exchange of Thailand to be a listed company in the Stock Exchange of Thailand.

As at June 30, 2016 and December 31, 2015, the Company’s major shareholder was Thai Airways International Public Company Limited, which is a company incorporated in Thailand, holding 39.20% of the Company’s issued and paid-up share capital and has no power of control in the Company.

Potential impact from the Thai Department of Civil Aviation (DCA) not passing the International Civil Aviation Organization (ICAO)’s safety standards.

The Company and subsidiaries have prepared for inspection by the Thai Department of Civil Aviation by reviewing and updating the manual of operations. Moreover, the Company and subsidiaries have provided trainings and prepared to the relevant person to work in accordance with the manual of operation strictly. This plan have included preparation for being inspected by the aviation authorities of other countries.

In addition, the Company and subsidiaries have reconsidered the plans to expand the international market to align with the situations in the future. Currently, the effects mentioned above have no significant impact on the operations of the Company and subsidiaries.

1.2 General information and operations of subsidiaries

1.2.1 Nok Holidays Company Limited was incorporated as a limited company under Thai laws on April 4, 2014. The registered office is located at 3 Rajanakarn Building, 17th Fl., South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120, and its principal activity is to provide tourism and other relevant business.

1.2.2 Nok Mangkang Company Limited was incorporated as a limited company under Thai laws on June 13, 2014. The registered office is located at 3 Rajanakarn Building, 17th Fl., South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120, and its principal activity is to provide air transport service for passengers, parcel and parcel post.

1.2.3 NokScoot Airlines Company Limited was incorporated as a limited company under Thai laws on October 30, 2013. The registered office is located at 999/9 The Offices at Central World Building, 26th Fl., Rama 1 Road, Pathumwan, Pathumwan, Bangkok, and its principal activity is to provide air transport service for passengers, parcel and parcel post.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL INFORMATION

- 2.1 These interim consolidated and separate financial statements are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 (Revised 2015) “Interim Financial Reporting” and accounting practices generally accepted in Thailand. The Company presents the condensed notes to interim financial statements and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission.
- 2.2 The consolidated and separate statements of financial position as at December 31, 2015, presented herein for comparison, have been derived from the consolidated and separate financial statements of the Company for the year then ended which had been previously audited.
- 2.3 The unaudited results of operations presented in the the three-month and six-month periods ended June 30, 2016, are not necessarily an indication non anticipation of the operating results for the full year.
- 2.4 Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRS, but which is not required for interim reporting purposes, has been omitted. Accordingly, the interim financial statements for the three-month and six-month periods ended June 30, 2016, should be read in conjunction with the audited financial statements for the year ended December 31, 2015.
- 2.5 The consolidated interim financial information included accounting records of the Company and subsidiaries since the Company has control both directly and indirectly over the subsidiaries’ financial and operating policies to the date which the Company loses control over the subsidiaries. Significant transactions and balances between the Company and subsidiaries have been eliminated.

As at June 30, 2016, and December 31, 2015, the Company has shareholding portion in the subsidiaries as follows:

Subsidiaries	Type of business	Country of registration	Registration date	Shareholdings (%)	
				As at June 30, 2016	As at December 31, 2015
Direct subsidiaries					
Nok Holidays Co., Ltd.	Tourism and other relevant business	Thailand	April 4, 2014	49	49
Nok Mangkang Co., Ltd.	Air transport service for passengers, parcel and parcel post	Thailand	June 13, 2014	49	49
Indirect subsidiary					
NokScoot Airlines Co., Ltd.*	Air transport service for passengers, parcel and parcel post	Thailand	October 30, 2013	24.01	24.01

* A subsidiary of Nok Mangkang Co., Ltd.

- 2.6 The preparation of interim financial information in conformity with Thai Accounting Standard No. 34 (Revised 2015) “Interim Financial Reporting” also requires the Company and subsidiaries’ managements to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on managements’ reasonable consideration of current events, actual results may differ from these estimates.
- 2.7 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

The Federation of Accounting Professions issued the Notifications regarding the Thai Financial Reporting Standards (“TFRSs”), which are effective for the financial statements for the accounting periods beginning on or after January 1, 2016 onwards as follows:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting

Thai Accounting Standards (“TAS”) (Continued)

TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible Assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2015)	Share-based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2015)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

Guideline on Accounting

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

Above TFRSs have no material impact on these consolidated and separate financial statements.

2.8 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions issued the Notifications regarding the Thai Financial Reporting Standards (“TFRSs”), which are announced in the Royal Gazette and effective for the financial statements for the accounting periods beginning on or after January 1, 2017 onwards as follows:

Guideline on Accounting

Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

The Company’s and its subsidiaries’ managements are in the process to assess the impact of such TFRS on the financial statements in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company and its subsidiaries use the same accounting policies and calculation method in these interim financial statements as those used in the consolidated and separate financial statements for the year ended December 31, 2015.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents consist of:

	Consolidated		UNIT : BAHT	
	financial statements		Separate	
	As at	As at	As at	As at
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Cash on hand	15,492,848	24,946,981	12,677,542	23,219,600
Deposits at banks - current accounts	739,766,151	799,796,272	400,759,973	287,556,575
Deposits at banks - savings accounts	1,049,135,257	1,238,736,169	265,129,545	1,119,274,506
Certificates of deposit (interest at the rates of 1.20 % - 1.90% p.a. with maturities within 3 months)	1,350,000,000	2,150,276,983	1,350,000,000	2,050,276,983
Total	<u>3,154,394,256</u>	<u>4,213,756,405</u>	<u>2,028,567,060</u>	<u>3,480,327,664</u>

4.2 Non-cash items from purchases and increase in equipment and intangible assets for the six-month periods ended June 30 consist of:

	Consolidated		UNIT : BAHT	
	financial statements		Separate	
	2016	2015	2016	2015
	2016	2015	2016	2015
Payables for purchases of equipment and intangible assets brought forward	16,681,147	23,024,260	15,802,531	23,019,780
<u>Add</u> Purchases during the periods	91,817,908	36,464,349	90,837,133	30,421,283
<u>Less</u> Cash payments during the periods	<u>(103,661,853)</u>	<u>(50,862,982)</u>	<u>(101,827,594)</u>	<u>(44,815,436)</u>
Payables for purchases of equipment and intangible assets carried forward	<u>4,837,202</u>	<u>8,625,627</u>	<u>4,812,070</u>	<u>8,625,627</u>

5. TEMPORARY INVESTMENTS

Temporary investments consist of:

	Consolidated		UNIT : BAHT	
	financial statements		Separate	
	As at	As at	As at	As at
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Certificates of deposits (interest at the rate of 1.70% - 2.30% p.a. with maturities of 4-6 months)	-	300,000,000	-	300,000,000
Fixed Deposit (interest at the rate of 1.10% p.a. with maturities of 12 months)	16,044,000	16,044,000	-	-
Total	<u>16,044,000</u>	<u>316,044,000</u>	<u>-</u>	<u>300,000,000</u>

6. TRADE AND OTHER RECEIVABLES

6.1 Trade and other receivables

Trade and other receivables consist of:

	Consolidated		UNIT : BAHT	
	financial statements		Separate	
	As at	As at	As at	As at
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Trade receivables - related parties (see Note 20.1)	2,329,452	4,621,262	34,042,108	7,461,073
Trade receivables - other parties	309,287,039	179,559,293	81,039,661	76,784,696
Total	311,616,491	184,180,555	115,081,769	84,245,769
<u>Less</u> Allowance for doubtful accounts	<u>(9,245,085)</u>	<u>(9,938,039)</u>	<u>(8,661,657)</u>	<u>(9,354,611)</u>
Total trade receivables	<u>302,371,406</u>	<u>174,242,516</u>	<u>106,420,112</u>	<u>74,891,158</u>
Other receivables				
Advance aircraft rental	186,932,412	185,226,371	186,932,412	165,976,058
Other prepaid expenses	138,606,996	92,747,733	121,111,669	81,455,937
Accrued income - related parties (see Note 20.1)	1,664,686	3,311,937	15,311,723	10,604,261
Accrued income - other parties	12,910,861	11,094,567	6,674,803	8,806,043
Accrued interest income	3,284,608	7,864,249	3,139,231	6,940,581
Advance payments - related parties (see Note 20.1)	-	11,844,830	1,613,824	12,966,755
Advance payments - other parties	12,373,657	24,352,463	10,437,235	24,040,063
Advance payments for aircraft maintenance and engine maintenance	557,494,218	504,536,293	521,694,770	315,076,334
Advance fuel for aircraft	67,351,902	66,882,340	429,226	-
Others	144,863,918	37,663,275	133,345,298	26,942,475
Total other receivables	<u>1,125,483,258</u>	<u>945,524,058</u>	<u>1,000,690,191</u>	<u>652,808,507</u>
Total	<u>1,427,854,664</u>	<u>1,119,766,574</u>	<u>1,107,110,303</u>	<u>727,699,665</u>

6.2 Trade receivables classified by aging are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Current	87,218,586	71,307,207	91,226,448	56,264,903
Overdue - Less than 1 month	26,477,382	37,355,448	6,045,592	10,377,116
- Over 1 month to 2 months	22,639,223	16,043,781	1,135,958	1,861,819
- Over 2 months to 4 months	47,466,094	19,414,734	1,371,045	3,187,749
- Over 4 months to 1 year	115,829,592	28,322,606	3,317,112	817,403
- Over 1 year	11,985,614	11,736,779	11,985,614	11,736,779
	<u>311,616,491</u>	<u>184,180,555</u>	<u>115,081,769</u>	<u>84,245,769</u>
<u>Less</u> Allowance for doubtful accounts	(9,245,085)	(9,938,039)	(8,661,657)	(9,354,611)
Total	<u>302,371,406</u>	<u>174,242,516</u>	<u>106,420,112</u>	<u>74,891,158</u>

7. AIRCRAFT DEPOSITS AND PREPAYMENTS

Aircraft deposits and prepayments consist of:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Short-term				
Deposits - aircraft lease and machine	<u>146,203,944</u>	<u>146,332,699</u>	<u>146,203,944</u>	<u>146,332,699</u>
Total	<u>146,203,944</u>	<u>146,332,699</u>	<u>146,203,944</u>	<u>146,332,699</u>
Long-term				
Deposits - aircraft lease	103,421,823	143,818,931	47,272,545	86,215,920
Prepayments - aircraft acquisition	<u>314,428,606</u>	<u>322,569,321</u>	<u>314,428,606</u>	<u>322,569,321</u>
Total	<u>417,850,429</u>	<u>466,388,252</u>	<u>361,701,151</u>	<u>408,785,241</u>

Deposits for aircraft and machine are security deposit for aircraft operating lease and deposit for engine lease. The engine lease is a short-term lease of engine for existing engine is off-wing for maintenance. It shall be returned to lessee at the time of lease expiry.

Prepayment for aircraft acquisition is a pre-delivery payment (PDP) for those aircrafts which the Company purchases directly with aircraft manufacturers but not yet delivered. PDP term and amount was set up in Aircraft Purchase Agreement with aircraft manufacturers.

For the year ended December 31, 2015, the Company entered into sale and lease back agreements under operating lease for certain of the purchased aircrafts which the sale and lease back will be effective when the aircrafts are delivered, the lease terms are not exceed 12 years. However as at the date of entering into sale and lease back agreements, the buyer has responsibility to pay the said PDP instead of the Company.

During the six-month period ended June 30, 2016, certain aircrafts have been received and delivered to the lessor under sale and lease back agreements and the Company recognized gain on sale and leaseback aircraft under operating lease agreement in the statements of profit or loss and other comprehensive income in the amount of Baht 95.19 million. (see Note 19) (2015 : Nil)

8. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at June 30, 2016 and December 31, 2015 consist of:

Companies	Type of business	Country of registration	Shareholding		Paid-up share capital		Separate financial statements	
			Cost method					
			(Baht)					
			(%)	(%)	(Baht)	(Baht)	(Baht)	(Baht)
			As at	As at	As at	As at	As at	As at
			June 30,	December 31,	June 30,	December 31,	June 30,	December 31,
			2016	2015	2016	2015	2016	2015
Direct subsidiaries								
Nok Holidays Co., Ltd.	Tourism guiding and other relevant business	Thailand	49	49	100,000	100,000	49,000	49,000
Nok Mangkang Co., Ltd.	Air transport service for passengers, parcel and parcel post	Thailand	49	49	10,000,000	10,000,000	4,900,000	4,900,000
Indirect subsidiary								
NokScoot Airlines Co., Ltd.*	Air transport service for passengers, parcel and parcel post	Thailand	24.01	24.01	2,000,000,000	2,000,000,000	-	-
Total							<u>4,949,000</u>	<u>4,949,000</u>

* A subsidiary of Nok Mangkang Co., Ltd.

9. INVESTMENT IN JOINT VENTURE

On October 15, 2015, the Board of Directors' meeting of the Company approved the Company to invest in Air Black Box Asia Pacific Pte Ltd., which is a company incorporated in Singapore and operates in platform for airline reservation systems with the register capital of USD 4 million or equivalent to SGD 5.4 million. The Company has invested in the portion of 25% of its registered capital. Subsequently, on October 25, 2015, the Company entered into joint venture agreement and related transaction documents in the Air Black Box Asia Pacific Pte Ltd. with Scoot Pte Ltd. and TOD Holdings Co., Ltd. which is held by the Company, Scoot Pte Ltd. and TOD Holdings Co., Ltd. in the proportion of 25%, 25% and 50%, respectively.

On December 23, 2015, the Company invested in Air Black Box Asia Pacific Pte Ltd. in the amount of SGD 1.35 million or equivalent to Baht 34.75 million which has shareholding portion at 25% as stipulated in the agreement. As at June 30, 2016 and December 31, 2015, Air Black Box Asia Pacific Pte Ltd. is in the set up process to operate in platform for airline reservation systems.

As at June 30, 2016 and December 31, 2015, investment in joint venture which is recorded by the equity method in the consolidated financial statements has detail as follows:

	Unit	As at June 30, 2016 “Unaudited”	As at December 31, 2015 “Unaudited”
Nature of business: Operates in platform for airline reservation systems			
Country of incorporation: Singapore			
Shareholding by the Company	Percentage	25.00	25.00
Carrying amount based on equity method	Baht	26,578,452	34,749,000
Carrying amount based on cost method	Baht	34,749,000	34,749,000
Share of loss on investment in joint venture	Baht	(8,170,548)	-
Paid-up share capital	Singapore dollars	5,400,000	5,400,000
Total assets	Singapore dollars	4,483,763	5,400,000
Total liabilities	Singapore dollars	356,767	-

For the three-month and six-month periods ended June 30, 2016, the operation of joint venture is as follows:

	For the three-month period ended June 30, 2016 “Unreviewed”	UNIT : SINGAPORE DOLLARS For the six-month period ended June 30, 2016 “Unreviewed”
Total Revenues	48,795	48,795
Total Expenses	(456,828)	(1,321,799)
Net loss for the periods	<u>(408,033)</u>	<u>(1,273,004)</u>

10. OTHER LONG-TERM INVESTMENTS

Other long-term investments consist of:

Companies	Consolidated and Separate financial statements			
	As at June 30, 2016		As at December 31, 2015	
	Shareholding (%)	Cost Method Baht	Shareholding (%)	Cost Method Baht
The Aeronautical Radio of Thailand Limited	1.13	7,439,500	1.13	7,439,500
Pan Am International Flight Training Center (Thailand) Co., Ltd.	15.00	<u>40,650,000</u>	15.00	<u>40,650,000</u>
Total		<u>48,089,500</u>		<u>48,089,500</u>

11. LONG-TERM LOANS TO A RELATED PARTY

On July 8, 2014, the Company entered into the loan agreement for lending to Nok Mangkang Co., Ltd. (“subsidiary”) in the amount of Baht 970 million, carrying interest rate at the average fixed deposits rate for 1 year of two commercial banks plus 0.50% p.a. payable on annually with no collateral and due for repayment within 10 years.

As at June 30, 2016 and December 31, 2015, long-term loans to a related party are Baht 970 million (see Note 20.1).

The Company has issued letters to the subsidiary to confirm that it will not recall the accrued interest income as at June 30, 2016 and December 31, 2015 amounting to Baht 25.68 million and Baht 18.06 million, respectively, for at least 12 months from June 30, 2016 and December 31, 2015. Therefore, the Company presented the accrued interest income as other non-current assets (see Note 20.1).

12. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Movements of leasehold improvements and equipment for the six-month period ended June 30, 2016 are as follows:

	Consolidated financial statements	UNIT : BAHT Separate financial statements
Beginning carrying amounts as at January 1, 2016	285,690,969	274,636,432
Purchases of assets (including construction in progress)	56,148,397	55,191,022
Transfer in - cost	13,154,573	13,154,573
Transfer out - cost	(13,154,573)	(13,154,573)
Cost of disposed/written-off assets	(8,723,013)	(8,723,013)
Accumulated depreciation of disposed/written-off assets	8,653,819	8,653,819
Depreciation	<u>(35,836,465)</u>	<u>(33,506,196)</u>
Ending carrying amounts as at June 30, 2016	<u>305,933,707</u>	<u>296,252,064</u>

13. INTANGIBLE ASSETS

Movements of intangible assets for the six-month period ended June 30, 2016 are as follows:

	Consolidated financial statements	UNIT : BAHT Separate financial statements
Beginning carrying amounts as at January 1, 2016	48,322,800	41,992,053
Purchases of intangible assets	35,669,511	35,646,111
Transfer in - cost	1,394,760	1,394,760
Transfer out - cost	(1,394,760)	(1,394,760)
Cost of written-off assets	(265,800)	(265,800)
Accumulated depreciation of written-off assets	265,797	265,797
Amortization	<u>(11,320,364)</u>	<u>(10,475,577)</u>
Ending carrying amounts as at June 30, 2016	<u>72,671,944</u>	<u>67,162,584</u>

14. DEFERRED TAX ASSETS AND INCOME TAX EXPENSE (REVENUE)

Deferred tax assets consist of:

	UNIT : BAHT			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
Deferred tax assets	12,675,779	13,159,296	12,675,779	13,159,296

The movements of deferred tax assets during the periods are as follows:

	UNIT : BAHT			
	Consolidated and separate financial statements			
	Balances As at January 1, 2016	Items recognized in profit or loss	Items recognized in other comprehensive income	Balances As at June 30, 2016
Deferred tax asset				
Allowance for doubtful accounts	357,612	(9,156)	-	348,456
Employee benefit obligations	12,801,684	(474,361)	-	12,327,323
Total	13,159,296	(483,517)	-	12,675,779

	UNIT : BAHT			
	Consolidated and separate financial statements			
	Balances As at January 1, 2015	Items recognized in profit or loss	Items recognized in other comprehensive income	Balances As at June 30, 2015
Deferred tax asset				
Allowance for doubtful accounts	360,689	(8,088)	-	352,601
Deferred income from customer loyalty programmes	6,617,843	-	-	6,617,843
Employee benefit obligations	12,397,074	159,102	-	12,556,176
Total	19,375,606	151,014	-	19,526,620

Income tax revenue for the three-month periods ended June 30, consist of:

	UNIT : BAHT			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred income tax	(85,579)	(77,050)	(85,579)	(77,050)
Income tax revenue	(85,579)	(77,050)	(85,579)	(77,050)

Income tax expenses (revenue) for the six-month periods ended June 30, consist of:

	Consolidated		UNIT : BAHT	
	Financial statements 2016	2015	Separate Financial statements 2016	2015
Deferred income tax	483,517	(151,014)	483,517	(151,014)
Income tax expense (revenue)	<u>483,517</u>	<u>(151,014)</u>	<u>483,517</u>	<u>(151,014)</u>

Reconciliation between income tax expense and the amount of tax derived from accounting profit multiplied by the applicable tax rate for the six-month periods ended June 30, were as follows:

	Consolidated		UNIT : BAHT	
	financial statements 2016	2015	Separate financial statements 2016	2015
Accounting profit (loss) for non-promoted operations	98,316,983	(523,615,094)	103,496,208	103,316,261
Accounting loss for promoted operations	<u>(1,428,169,225)</u>	<u>(99,152,713)</u>	<u>(1,187,539,523)</u>	<u>(99,152,713)</u>
Accounting profit (loss) before income tax expense	<u>(1,329,852,242)</u>	<u>(622,767,807)</u>	<u>(1,084,043,315)</u>	<u>4,163,548</u>
Income tax calculated based on tax rate at 20%	19,663,397	(104,723,019)	20,699,242	20,663,252
Effect of tax losses not recognized as deferred tax assets	-	104,723,019	-	-
Effect of loss for promoted business used as tax deduction	(19,663,397)	-	(20,699,242)	(20,663,252)
Tax effect of temporary differences	<u>483,517</u>	<u>(151,014)</u>	<u>483,517</u>	<u>(151,014)</u>
Corporate income tax expense (revenue) as presented in the statements of profit or loss and other comprehensive income	<u>483,517</u>	<u>(151,014)</u>	<u>483,517</u>	<u>(151,014)</u>

15. SHORT-TERM BORROWINGS FROM A FINANCIAL INSTITUTION

As at December 31, 2015, short-term borrowings of the Company amounting to Baht 520 million were obtained from a financial institution with no collateral. The borrowings carry interest at a Minimum Loan Rate less 1% per annum. The Company fully paid for such borrowing in March 2016.

16. TRADE AND OTHER PAYABLES

Trade and other payables are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	June 30,	December 31,	June 30,	December 31,
	2016	2015	2016	2015
Trade payables - related parties (see Note 20.1)	65,574,562	100,700,255	62,113,702	91,863,231
Trade payables - other parties	619,076,598	590,578,375	427,483,543	393,862,954
Other payables - related parties (see Note 20.1)	5,653,002	5,726,889	5,653,002	5,726,889
Other payables - other parties	14,333,584	33,704,619	6,400,768	20,557,231
Unearned passenger revenues	969,489,769	882,573,120	521,423,265	684,883,282
Other advance received	458,715,816	357,230,560	126,360,793	126,924,842
Accrued expenses	1,356,784,126	963,689,285	1,007,442,698	718,952,219
Total	<u>3,489,627,457</u>	<u>2,934,203,103</u>	<u>2,156,877,771</u>	<u>2,042,770,648</u>

17. PROVISION FOR AIRCRAFT MAINTENANCE

Provisions for aircraft maintenance consist of:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	June 30,	December 31,	June 30,	December 31,
	2016	2015	2016	2015
Provisions for aircraft maintenance				
at beginning of the period/year	433,862,661	169,932,708	406,222,400	158,169,243
<u>Add</u> Increase during the period/year				
- recognized as expenses for the				
period/year	137,388,514	400,325,753	122,028,917	384,448,957
<u>Less</u> Aircraft maintenance cost paid				
during the period/year	<u>(24,750,360)</u>	<u>(136,395,800)</u>	<u>(24,750,360)</u>	<u>(136,395,800)</u>
Provisions for aircraft maintenance				
at ending of the period/year	546,500,815	433,862,661	503,500,957	406,222,400
<u>Less</u> Short-term provisions for				
aircraft maintenance	<u>(207,513,841)</u>	<u>(133,908,652)</u>	<u>(164,513,983)</u>	<u>(113,497,382)</u>
Long-term provisions for aircraft maintenance	<u>338,986,974</u>	<u>299,954,009</u>	<u>338,986,974</u>	<u>292,725,018</u>

18. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations consist of:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
Retirement benefits	155,181,564	134,719,340	144,629,479	127,869,939
Other long term benefit - Pilot saving fund	35,965,556	41,623,626	35,965,556	41,623,626
Total	<u>191,147,120</u>	<u>176,342,966</u>	<u>180,595,035</u>	<u>169,493,565</u>

18.1 Retirement benefits

Movements in the retirement benefits are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
Retirement benefits				
at the beginning of the period/year	134,719,340	103,436,274	127,869,939	103,436,274
Benefits paid	(11,203,077)	(12,984,703)	(11,203,077)	(12,984,703)
Current service costs and interest cost	31,665,301	46,491,579	27,962,617	39,642,178
Actuarial gain	-	(2,223,810)	-	(2,223,810)
Retirement benefits				
at the ending of the period/year	<u>155,181,564</u>	<u>134,719,340</u>	<u>144,629,479</u>	<u>127,869,939</u>

For the year ended December 31, 2015, the Company recognized actuarial gain in the statement of profit or loss and other comprehensive income of Baht 2.22 million. Such actuarial gain mainly resulted from change in discount rate and turnover rate of the principle actuarial assumptions.

Retirement benefits recognized in the statements of profit or loss and other comprehensive income for the three-month periods ended June 30, are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current service costs	14,712,088	9,561,356	12,953,288	9,561,356
Interest cost	806,115	702,304	713,573	702,304
Total	<u>15,518,203</u>	<u>10,263,660</u>	<u>13,666,861</u>	<u>10,263,660</u>

Retirement benefits recognized in the statements of profit or loss and other comprehensive income for the six-month periods ended June 30, are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current service costs	30,002,614	18,853,223	26,485,013	18,853,223
Interest cost	1,662,687	1,413,411	1,477,604	1,413,411
Total	<u>31,665,301</u>	<u>20,266,634</u>	<u>27,962,617</u>	<u>20,266,634</u>

Principal actuarial assumptions are as follows:

	Consolidated financial statements	
	As at June 30, 2016	As at December 31, 2015
	Percentage (% p.a.)	Percentage (% p.a.)
Discount rate	2.39 - 3.04	2.39 - 3.04
Salary increase rate	3.00 - 6.00	3.00 - 6.00
Employee turnover	0 - 30.00	0 - 30.00
Mortality rate	(depend on age of employee) TMO2008 (Thai Mortality Ordinary Table 2008)	(depend on age of employee) TMO2008 (Thai Mortality Ordinary Table 2008)

	Separate financial statements	
	As at June 30, 2016	As at December 31, 2015
	Percentage (% p.a.)	Percentage (% p.a.)
Discount rate	2.39	2.39
Salary increase rate	5.00	5.00
Employee turnover	0 - 16.00	0 - 16.00
Mortality rate	(depend on age of employee) TMO2008 (Thai Mortality Ordinary Table 2008)	(depend on age of employee) TMO2008 (Thai Mortality Ordinary Table 2008)

18.2 Other long-term employee benefit - Pilot saving fund

Movements in other long-term employee benefit - Pilot saving fund are as follows:

	UNIT : BAHT			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
Other long-term benefit				
- Pilot saving fund at the beginning of the period/year	41,623,626	26,719,411	41,623,626	26,719,411
<u>Add</u> Increase during the period/year - recognized as expenses for the period/year	6,419,985	14,904,215	6,419,985	14,904,215
<u>Less</u> Reversal during the period/year	(12,078,055)	-	(12,078,055)	-
Other long-term benefit				
- Pilot saving fund at the ending of the period/year	<u>35,965,556</u>	<u>41,623,626</u>	<u>35,965,556</u>	<u>41,623,626</u>

Since January 1, 2013, the Company has provided other benefits to Pilot upon the retirement age or upon resignation or loosen license cause. This accumulated saving fund to pilots is calculated on the basis of actual number of flights per month and years of service of pilots as per the Company's policy.

19. OTHER INCOME - OTHERS

Other income - others consist of:

	UNIT : BAHT			
	For the three-month periods ended June 30,			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Gain from exchange rate	-	74,366,097	-	70,335,440
Refund for aircraft maintenance	57,528,454	-	57,528,454	-
Other income - other service fee (see Note 20.2)	20,551,334	19,540,039	19,284,205	19,540,039
Others	1,820,312	11,077,662	1,820,681	11,076,993
Total	<u>79,900,100</u>	<u>104,983,798</u>	<u>78,633,340</u>	<u>100,952,472</u>

	UNIT : BAHT			
	For the six-month periods ended June 30,			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Gain on sale and leaseback aircraft (see Note 7)	95,185,228	-	95,185,228	-
Gain from exchange rate	-	74,691,877	-	70,335,440
Refund for aircraft maintenance	57,528,454	-	57,528,454	-
Other income - other service fee (see Note 20.3)	41,566,531	41,896,238	38,441,124	41,896,238
Others	8,861,733	12,461,147	8,192,374	12,460,477
Total	<u>203,141,946</u>	<u>129,049,262</u>	<u>199,347,180</u>	<u>124,692,155</u>

20. RELATED PARTY TRANSACTIONS

The Company has transactions with its related parties which have the same group of shareholders and directors. Those transactions occurred in the normal course of business based on the basis determined by the Company and related persons and related parties.

Significant related persons and related parties as at June 30, 2016 and December 31, 2015, consist of:

Company Name	Type of Businesses	Relationship
NokScoot Airlines Co., Ltd.	Air transport services for passengers, parcel and parcel post	Indirect subsidiary
Nok Mangkang Co., Ltd.	Air transport services for passengers, parcel and parcel post	Subsidiary
Nok Holidays Co., Ltd.	Tourism and other relevant businesses	Subsidiary
Pan Am International Flight Training Center (Thailand) Co., Ltd.	Cockpit training services	The Company's management is director.
Air Black Box Asia Pacific Pte Ltd.	Platform for airline reservation systems	Joint venture
Pueannammitr Co., Ltd.	Acquiring, hire-purchase and managing assets	The Company's managements are shareholder.
Thai Airways International PLC.	Services transportation and logistics	Common shareholders and director
Thai Smile Airways Co., Ltd.	Services transportation and logistics	Common shareholders and director
Donmuang International Airport Hotel Co., Ltd.	Hotel	Same group of shareholders
Phuket Air Catering Company Limited	Catering services	Same group of shareholders
Thai Flight Training Co., Ltd.	Cockpit training	Same group of shareholders
Dhipaya Insurance PLC.	General insurance	Common director
Major Cineplex Group PLC.	Services media cinema and publishing	Common director
Siam Premier International Law Office Limited	Legal advisory	Common director
Mr. Somchainuk Engrakul	-	Director

20.1 Balances with related parties are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
Trade receivables - related parties (see Note 6.1)				
Thai Airways International PLC.	9,829	38,714	9,829	38,714
Thai Smile Airways Co., Ltd.	645,580	2,642,684	645,580	2,642,684
Dhipaya Insurance PLC.	1,674,043	1,939,864	1,674,043	1,939,864
NokScoot Airlines Co., Ltd.	-	-	31,712,656	2,839,811
Total	<u>2,329,452</u>	<u>4,621,262</u>	<u>34,042,108</u>	<u>7,461,073</u>
Accrued income - related parties (see Note 6.1)				
Thai Airways International PLC.	-	37,046	-	37,046
Thai Smile Airways Co., Ltd.	-	1,653,580	-	1,653,580
Dhipaya Insurance PLC.	1,664,686	1,621,311	1,664,686	1,621,311
NokScoot Airlines Co., Ltd.	-	-	13,647,037	7,292,324
Total	<u>1,664,686</u>	<u>3,311,937</u>	<u>15,311,723</u>	<u>10,604,261</u>

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
Advance payments - related parties (see Note 6.1)				
Nok Mangkang Co., Ltd.	-	-	648,463	427,253
Nok Holidays Co., Ltd.	-	-	965,361	694,672
Air Black Box Asia Pacific Pte Ltd.	-	11,844,830	-	11,844,830
Total	-	11,844,830	1,613,824	12,966,755
Long-term loans to a related party (see Note 11)				
Nok Mangkang Co., Ltd.	-	-	970,000,000	970,000,000
Other non-current assets				
- Accrued interest income				
- related party (see Note 11)				
Nok Mangkang Co., Ltd.	-	-	25,679,551	18,060,400
Trade payables - related parties (see Note 16)				
Thai Airways International PLC.	62,250,010	89,983,175	58,679,961	81,036,962
Thai Smile Airways Co., Ltd.	2,130,605	2,284,302	2,130,605	2,284,302
Donmuang International Airport Hotel Co., Ltd.	920,947	708,063	920,947	708,063
Thai Flight Training Co., Ltd.	273,000	273,000	273,000	273,000
NokScoot Airlines Co., Ltd.	-	-	109,189	109,189
Pan Am International Flight Training Center (Thailand) Co., Ltd.	-	7,451,715	-	7,451,715
Total	65,574,562	100,700,255	62,113,702	91,863,231
Other payables - related parties (see Note 16)				
Dhipaya Insurance PLC	4,936,230	5,726,889	4,936,230	5,726,889
Siam Premier International Law Office Limited	716,772	-	716,772	-
Total	5,653,002	5,726,889	5,653,002	5,726,889
Other current liabilities - related party				
NokScoot Airlines Co., Ltd.	-	-	135,913	62,371

20.2 Transactions with related parties for the three-month periods ended June 30, are summarized as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Passenger revenues				
Thai Airways International PLC.	2,238	6,743	2,238	6,743
Thai Smile Airways Co., Ltd.	205,706	249,519	205,706	249,519
NokScoot Airlines Co., Ltd.	-	-	2,579	-
Total	207,944	256,262	210,523	256,262

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Service revenues				
Thai Airways International PLC.	6,855	411	6,855	411
Thai Smile Airways Co., Ltd.	390,000	4,977,555	390,000	4,977,555
NokScoot Airlines Co., Ltd.	-	-	14,873,885	6,300,646
Dhipaya Insurance PLC	56,250	-	56,250	-
Total	<u>453,105</u>	<u>4,977,966</u>	<u>15,326,990</u>	<u>11,278,612</u>
Others income - other service fee				
Dhipaya Insurance PLC.	<u>4,785,757</u>	<u>5,522,033</u>	<u>4,785,757</u>	<u>5,522,033</u>
Others income - interest income				
Nok Mangkang Co., Ltd.	<u>-</u>	<u>-</u>	<u>3,579,167</u>	<u>4,330,186</u>

Passenger revenues and service revenues are determined based on cost plus margin as stipulated in the agreements. Other service fee income and interest income are determined based on rate as stipulated in the agreements.

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Costs of passengers and services				
Thai Airways International PLC.	67,523,565	39,153,561	38,535,349	39,153,561
Thai Smile Airways Co., Ltd.	1,477,301	-	1,477,301	-
Donmuang International Airport Hotel Co., Ltd.	1,994,790	471,480	1,994,790	471,480
Thai Flight Training Co., Ltd.	827,153	848,126	827,153	848,126
Dhipaya Insurance PLC.	23,386,373	37,158,482	23,386,373	37,158,482
Pan Am International Flight Training Center (Thailand) Co., Ltd.	10,773,555	-	10,773,555	-
Total	<u>105,982,737</u>	<u>77,631,649</u>	<u>76,994,521</u>	<u>77,631,649</u>
Legal fee				
Siam Premier International Law Office Limited	<u>715,520</u>	<u>493,950</u>	<u>715,520</u>	<u>493,950</u>

Costs of passenger and services are determined on normal price charged to general clients.

Directors and managements' benefits for the three-month periods ended June 30, are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	9,077,982	9,827,454	8,843,540	9,622,300
Post-employment benefits	1,271,367	752,203	872,002	752,203
Total	<u>10,349,349</u>	<u>10,579,657</u>	<u>9,715,542</u>	<u>10,374,503</u>

20.3 Transactions with related parties for the six-month periods ended June 30, are summarized as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Passenger revenues				
Thai Airways International PLC.	2,238	24,346	2,238	24,346
Thai Smile Airways Co., Ltd.	415,110	370,640	415,110	370,640
NokScoot Airlines Co., Ltd.	-	-	2,579	-
Total	<u>417,348</u>	<u>394,986</u>	<u>419,927</u>	<u>394,986</u>

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Service revenues				
Thai Airways International PLC.	13,844	6,078	13,844	6,078
Thai Smile Airways Co., Ltd.	2,129,510	9,937,770	2,129,510	9,937,770
NokScoot Airlines Co., Ltd.	-	-	25,633,686	9,397,269
Dhipaya Insurance PLC	75,000	-	75,000	-
Total	<u>2,218,354</u>	<u>9,943,848</u>	<u>27,852,040</u>	<u>19,341,117</u>

Others income - other service fee				
Dhipaya Insurance PLC.	<u>10,025,187</u>	<u>15,095,379</u>	<u>10,025,187</u>	<u>15,095,379</u>

Others income - interest income				
Nok Mangkang Co., Ltd.	<u>-</u>	<u>-</u>	<u>7,619,151</u>	<u>7,900,666</u>

Passenger revenues and service revenues are determined based on cost plus margin as stipulated in the agreements. Other service fee income and interest income are determined based on rate as stipulated in the agreements.

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Costs of passengers and services				
Thai Airways International PLC.	162,334,650	76,804,135	119,843,074	76,804,135
Thai Smile Airways Co., Ltd.	30,840,846	-	30,840,846	-
Donmuang International				
Airport Hotel Co., Ltd.	2,290,654	1,106,912	2,290,654	1,106,912
Thai Flight Training Co., Ltd.	1,796,605	1,919,177	1,796,605	1,919,177
Dhipaya Insurance PLC.	45,680,304	77,789,708	45,680,304	77,789,708
Pan Am International Flight Training				
Center (Thailand) Co., Ltd.	19,822,105	-	19,822,105	-
NokScoot Airlines Co., Ltd.	-	-	15,200,000	-
Total	<u>262,765,164</u>	<u>157,619,932</u>	<u>235,473,588</u>	<u>157,619,932</u>
Legal fee				
Siam Premier International Law				
Office Limited	<u>1,895,126</u>	<u>833,950</u>	<u>1,895,126</u>	<u>833,950</u>

Costs of passenger and services are determined on normal price charged to general clients.

Directors and managements' benefits for the six-month periods ended June 30, are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	18,313,302	18,777,974	17,887,080	18,572,820
Post-employment benefits	2,849,108	1,504,406	2,050,378	1,504,406
Total	<u>21,162,410</u>	<u>20,282,380</u>	<u>19,937,458</u>	<u>20,077,226</u>

21. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

21.1 Acquisition of aircrafts

As at June 30, 2016 and December 31, 2015, the Company has commitments for acquisition of aircrafts to be paid in the future of USD 170.61 million.

21.2 Aircraft lease agreement

As at June 30, 2016 and December 31, 2015, the Company and subsidiaries have commitments under the operating lease agreements for aircrafts for the period of 5 - 12 years with aircraft lease expenses to be paid in the future as follows:

Consolidated financial statements

As at June 30, 2016

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	110,924,653	365,158,965	267,396,003	743,479,621

As at December 31, 2015

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	106,781,473	374,120,921	267,530,626	748,433,020

Separate financial statements

As at June 30, 2016

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	91,682,653	313,846,965	267,396,003	672,925,621

As at December 31, 2015

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	87,539,473	313,187,921	267,530,626	668,258,020

Aircraft lease expenses recognized as expenses in the statements of profit or loss and other comprehensive income are as follows:

	Consolidated		UNIT : MILLION BAHT	
	financial statements		Separate	
	2016	2015	2016	2015
For the three-month periods ended June 30,	977.98	697.05	881.81	624.73
For the six-month periods ended June 30,	1,948.28	1,463.29	1,607.60	1,244.00

21.3 Other lease and service agreements

As at June 30, 2016 and December 31, 2015, the Company and subsidiaries have other significant lease and service agreements as follows:

Type of Agreements	Lease/service periods
Lease Agreements	
Office rental and service	1 - 3 years
Vehicle rental	1 - 5 years
Equipment rental	1 - 4 years
Service Agreements	
Aircraft maintenance	7 years
Ticket reservation system	10 years
Call Center	3 years
Airport ground service*	1 - 5 years
Airport usage*	1 - 5 years
Collection agent*	3 years
Flight information service*	3 years
Sales service*	5 years
Internet service*	5 years
Service Advisor	2 years

Rental and service fees are based on conditions stipulated in each agreement. The Company, its subsidiaries and the counter signed parties of the agreements abide by the conditions of the agreements.

* Service fees are calculated on actual service usage.

The minimum rental fee and service fee under the agreements to be paid in the future are as follows:

Consolidated financial statements

As at June 30, 2016

Agreements	Currencies	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Lease and Rental Agreements					
Office rental and service	THB	29,286,424	12,163,976	-	41,450,400
Office rental and service	CNY	378,731	191,480	-	570,211
Vehicle rental	THB	4,085,703	2,728,677	-	6,814,380
Equipment rental	THB	3,587,361	5,420,498	-	9,007,859
Service Agreements					
Aircraft maintenance	USD	46,095,908	92,505,942	-	138,601,850
Aircraft maintenance	SGD	861,900	2,082,925	-	2,944,825
Ticket reservation system	USD	2,297,171	8,801,824	1,100,237	12,199,232
Call center service	THB	13,824,000	1,152,000	-	14,976,000
Collection agent	TWD	1,500,000	-	-	1,500,000
Flight information service	EUR	28,500	99,750	-	128,250
Flight information service	USD	28,800	-	-	28,800
Service Advisor	SGD	144,000	120,000	-	264,000

As at December 31, 2015

Agreements	Currencies	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Lease and Rental Agreements					
Office rental and service	THB	36,683,705	22,685,537	-	59,369,242
Vehicle rental	THB	4,770,769	4,664,296	-	9,435,065
Equipment rental	THB	3,718,217	5,578,308	-	9,296,525
Service Agreements					
Aircraft maintenance	USD	35,637,381	103,997,309	-	139,634,690
Aircraft maintenance	SGD	861,900	2,513,875	-	3,375,775
Ticket reservation system	USD	2,265,765	7,922,483	2,709,776	12,898,024
Call center service	THB	30,129,600	8,064,000	-	38,193,600

Separate financial statements

As at June 30, 2016

Agreements	Currencies	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Lease and Rental Agreements					
Office rental and service	THB	26,407,099	12,163,977	-	38,571,076
Vehicle rental	THB	3,855,867	2,594,607	-	6,450,474
Equipment rental	THB	3,467,949	5,271,233	-	8,739,182
Service Agreements					
Aircraft maintenance	USD	28,167,320	44,696,375	-	72,863,695
Ticket reservation system	USD	1,596,136	7,577,571	1,100,237	10,273,944

As at December 31, 2015

Agreements	Currencies	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Lease and Rental Agreements					
Office rental and service	THB	33,650,480	21,421,694	-	55,072,174
Vehicle rental	THB	4,540,933	4,415,307	-	8,956,240
Equipment rental	THB	3,598,805	5,369,337	-	8,968,142
Service Agreements					
Aircraft maintenance	USD	17,708,793	47,223,448	-	64,932,241
Ticket reservation system	USD	1,506,974	7,319,983	2,200,475	11,027,432
Call center service	THB	16,305,600	-	-	16,305,600

Rental per lease agreements recognized as expenses in the statements of profit or loss and other comprehensive income are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
For the three-month periods ended June 30,	25.80	14.14	10.18	12.57
For the six-month periods ended June 30,	54.82	26.29	26.82	23.87

21.4 Bank guarantees

The Company and subsidiaries have outstanding bank guarantees issued by banks as follows:

	Currencies	Consolidated financial statements		Separate financial statements	
		As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
General guarantee	THB	70,674,616	62,503,242	61,387,962	55,348,242
General guarantee	USD	4,000	24,000	-	-
General guarantee	SGD	-	649,000	-	-
General guarantee	KRW	-	408,246,480	-	-
Aircraft leasing guaranteed by Standby					
Letter of Credit	USD	42,130,524	42,945,002	40,527,024	41,341,502

Above guarantees of the Company are unsecured guarantees.

As at June 30, 2016 and December 31, 2015, the letters of guarantee of a subsidiary are guaranteed by a subsidiary's saving deposits account of Baht 61.54 million which is presented as deposit at bank pledged as collateral in the consolidated statement of financial position.

22. FINANCIAL INFORMATION BY SEGMENT

The segment information of the Company and its subsidiaries were presented by domestic and foreign business segments as follows:

	UNIT : BAHT		
	<u>Consolidated financial statements</u>		
	<u>Domestic services</u>	<u>International services</u>	<u>Total</u>
Statement of profit or loss and other comprehensive income for the three-month period ended June 30, 2016			
Revenues			
Passenger revenues	2,311,392,853	969,405,452	3,280,798,305
Service revenues	146,424,577	401,750,770	548,175,347
Other income			
Interest income	9,700,991	-	9,700,991
Others	76,953,749	2,946,351	79,900,100
Total Revenues	<u>2,544,472,170</u>	<u>1,374,102,573</u>	<u>3,918,574,743</u>
Expenses			
Costs of passengers and services	(2,871,080,216)	(1,645,166,437)	(4,516,246,653)
Selling expenses	(30,054,985)	(12,671,777)	(42,726,762)
Administrative expenses	(127,192,224)	(70,878,084)	(198,070,308)
Financial costs	(21,987,277)	(1,337,044)	(23,324,321)
Total Expenses	<u>(3,050,314,702)</u>	<u>(1,730,053,342)</u>	<u>(4,780,368,044)</u>
Share of loss of investments in joint venture	-	(2,676,973)	(2,676,973)
Loss before income tax expense	(505,842,532)	(358,627,742)	(864,470,274)
Income tax revenue	(80,020)	(5,559)	(85,579)
Loss for the periods	<u>(505,762,512)</u>	<u>(358,622,183)</u>	<u>(864,384,695)</u>
Total comprehensive loss for the periods	<u>(505,762,512)</u>	<u>(358,622,183)</u>	<u>(864,384,695)</u>

	UNIT : BAHT		
	Consolidated financial statements		
	Domestic services	International services	Total
Statement of profit or loss and other comprehensive income for the six-month period ended June 30, 2016			
Revenues			
Passenger revenues	4,941,703,731	1,932,796,383	6,874,500,114
Service revenues	329,761,916	710,555,691	1,040,317,607
Other income			
Interest income	21,720,638	-	21,720,638
Others	200,195,595	2,946,351	203,141,946
Total Revenues	<u>5,493,381,880</u>	<u>2,646,298,425</u>	<u>8,139,680,305</u>
Expenses			
Costs of passengers and services	(5,896,863,682)	(3,017,776,582)	(8,914,640,264)
Selling expenses	(57,161,130)	(25,928,214)	(83,089,344)
Administrative expenses	(229,914,103)	(159,507,259)	(389,421,362)
Financial costs	(71,809,454)	(2,401,575)	(74,211,029)
Total Expenses	<u>(6,255,748,369)</u>	<u>(3,205,613,630)</u>	<u>(9,461,361,999)</u>
Share of loss of investments in joint venture	-	(8,170,548)	(8,170,548)
Loss before income tax expense	(762,366,489)	(567,485,753)	(1,329,852,242)
Income tax expenses	419,016	64,501	483,517
Loss for the periods	<u>(762,785,505)</u>	<u>(567,550,254)</u>	<u>(1,330,335,759)</u>
Total comprehensive loss for the periods	<u>(762,785,505)</u>	<u>(567,550,254)</u>	<u>(1,330,335,759)</u>

	UNIT : BAHT		
Statement of financial position as at June 30, 2016			
Segment assets	3,728,377,810	2,226,707,576	5,955,085,386
Segment liabilities	2,782,581,134	1,560,778,154	4,343,359,288

UNIT : BAHT

	Consolidated financial statements		
	Domestic services	International services	Total
Statement of profit or loss and other comprehensive income for three-month period ended June 30, 2015			
Revenues			
Passenger revenues	2,688,468,110	310,715,223	2,999,183,333
Service revenues	180,189,564	21,371,893	201,561,457
Other income			
Interest income	13,142,803	-	13,142,803
Others	100,953,142	4,030,656	104,983,798
Total Revenues	<u>2,982,753,619</u>	<u>336,117,772</u>	<u>3,318,871,391</u>
Expenses			
Costs of passenger and services	(2,842,534,959)	(720,059,765)	(3,562,594,724)
Selling expenses	(45,865,147)	(3,388,539)	(49,253,686)
Administrative expenses	(103,176,159)	(55,650,695)	(158,826,854)
Finance costs	(6,269,035)	-	(6,269,035)
Total Expenses	<u>(2,997,845,300)</u>	<u>(779,098,999)</u>	<u>(3,776,944,299)</u>
Loss before income tax expense	(15,091,681)	(442,981,227)	(458,072,908)
Income tax revenue	(72,309)	(4,741)	(77,050)
Loss for the periods	<u>(15,019,372)</u>	<u>(442,976,486)</u>	<u>(457,995,858)</u>
Total comprehensive loss for the periods	<u>(15,019,372)</u>	<u>(442,976,486)</u>	<u>(457,995,858)</u>

UNIT : BAHT

	Consolidated financial statements		
	Domestic services	International services	Total
Statement of profit or loss and other comprehensive income for the six-month period ended June 30, 2015			
Revenues			
Passenger revenues	5,772,751,584	578,511,050	6,351,262,634
Service revenues	382,048,259	28,472,194	410,520,453
Other income			
Interest income	25,149,690	-	25,149,690
Others	124,692,825	4,356,437	129,049,262
Total Revenues	<u>6,304,642,358</u>	<u>611,339,681</u>	<u>6,915,982,039</u>
Expenses			
Costs of passengers and services	(5,911,575,862)	(1,172,887,915)	(7,084,463,777)
Selling expenses	(87,230,525)	(13,701,126)	(100,931,651)
Administrative expenses	(228,744,810)	(113,056,087)	(341,800,897)
Finance costs	(11,553,521)	-	(11,553,521)
Total Expenses	<u>(6,239,104,718)</u>	<u>(1,299,645,128)</u>	<u>(7,538,749,846)</u>
Profit (loss) before income tax expense	65,537,640	(688,305,447)	(622,767,807)
Income tax revenue	(143,667)	(7,347)	(151,014)
Profit (loss) for the periods	<u>65,681,307</u>	<u>(688,298,100)</u>	<u>(622,616,793)</u>
Total comprehensive profit (loss) for the periods	<u>65,681,307</u>	<u>(688,298,100)</u>	<u>(622,616,793)</u>

	Domestic services	International services	UNIT : BAHT Total
Statement of financial position as at June 30, 2015			
Segment assets	5,856,954,630	501,598,425	6,358,553,055
Segment liabilities	2,165,352,343	211,463,629	2,376,815,972

23. INVESTMENT PROMOTION RIGHTS AND PRIVILEGES

The Company and subsidiary have been granted certain rights and privileges as a promoted business under the Investment Promotion Act which the Company will be exempted from corporate income tax on promotional operations in service airlines for the aggregated amount not exceeding 100% of the Company's investment, excluding cost of land and working capital for a period of 8 years from the commencement of promoted revenue. The Company and subsidiary shall follow the conditions laid out in the investment promotion certificate.

As at June 30, 2016 and December 31, 2015, the Company's investment promotion certificates are as follows:

Date of certificate	Certificate number	Revenue commenced date	Expiry date
November 17, 2011	2512(2)/2554	November 24, 2011	November 23, 2019
November 22, 2011	2513(2)/2554	December 2, 2011	December 1, 2019
November 29, 2011	1087(2)/2555	December 28, 2011	December 27, 2019
March 20, 2012	1475(2)/2555	June 9, 2012	June 8, 2020
June 12, 2012	1893(2)/2555	September 18, 2012	September 17, 2020
August 21, 2012	2447(2)/2555	December 1, 2012	November 30, 2020
September 14, 2012	2549(2)/2555	March 12, 2013	March 11, 2021
October 24, 2012	2771(2)/2555	December 31, 2012	December 30, 2020
October 30, 2012	2772(2)/2555	December 29, 2012	December 28, 2020
October 30, 2012	2773(2)/2555	February 19, 2013	February 18, 2021
February 8, 2013	1207(2)/2556	February 22, 2013	February 21, 2021
March 5, 2013	1518(2)/2556	May 17, 2013	May 16, 2021
March 19, 2013	1558(2)/2556	May 21, 2013	May 20, 2021
May 17, 2013	1916(2)/2556	October 28, 2013	October 27, 2021
November 25, 2014	1010(2)/2558	November 25, 2014	November 24, 2022

As at June 30, 2016 and December 31, 2015, the subsidiary's investment promotion certificates are as follows:

Date of certificate	Certificate number	Revenue commenced date	Expiry date
April 2, 2015	1553(2)/2558	April 20, 2015	April 19, 2023
April 2, 2015	1534(2)/2558	April 20, 2015	April 19, 2023

In addition, shareholders of the Company and subsidiary will be exempted from tax on dividends from promoted business during the period in which the Company is granted the exemption from company income tax.

The Company and the subsidiary thus have to comply with certain conditions contained in the promotion certificates.

24. DISCLOSURE OF INFORMATION ON FINANCIAL INSTRUMENTS

24.1 Exchange rate risk

Exchange rate risk arises from the potential for a change in exchange rate to have an adverse effect on the Company and subsidiaries in the current reporting period and in future years.

The Company and the subsidiary use derivative financial instruments which consist of forward contracts to reduce exposure to fluctuations in foreign currency exchange.

Forward contract protects from movements in exchange rate by establishing the rate at which a foreign currency asset and liability will be settled. Any increase or decrease in the amount required to settle the asset or liability is off-set by a corresponding movement in the forward exchange contract.

The notional contract amount and the fair value of forward foreign exchange contracts are summarized as follows:

Consolidated financial statements							
Currency	Contract amounts		Currency	Deliverable amount		Fair value	
	As at June 30, 2016	As at December 31, 2015		As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
USD	41,686,875	12,654,000	THB	1,481,151,521	454,112,325	1,473,092,178	457,790,207
CNY	-	5,000,000	THB	-	27,675,000	-	28,263,954

Separate financial statements							
Currency	Contract amounts		Currency	Deliverable amount		Fair value	
	As at June 30, 2016	As at December 31, 2015		As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
USD	41,686,875	12,654,000	THB	1,481,151,521	454,112,325	1,473,092,178	457,790,207

24.2 Fuel price risk

Aircraft fuel is a major cost of the Company's operation and the Company has an exposure from the fluctuation of aircraft fuel's price. Therefore, the Company has entered into fuel fixed-price contracts with fuel suppliers for 20% - 50% of volume of monthly consumption for not exceeding 6 - 12 months. As at June 30, 2016 and December 31, 2015, the Company has the obligations for payments of aircraft fuel under fuel fixed-price contracts of USD 4.86 million and USD 11.02 million, respectively.

24.3 Fair value of financial instruments

For the fair value disclosures, considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company and subsidiaries in estimating fair value of financial instruments.

Cash and cash equivalents, temporary investments, trade and other receivables, refundable value-added tax, aircraft deposits and prepayments, other current assets, deposits at bank pledged as collateral, short-term loans from a financial institution, trade and other payables, provisions for aircraft maintenance, withholding tax payable and other current liabilities; the carrying value approximate their fair value.

Other long-term investments which are investments in non-listed securities; fair value is based on net asset value of related securities.

25. PRESENTATIONS

The consolidated and separate statements of profit and loss and other comprehensive income for the three-month and six-month periods ended June 30, 2015 have been reclassified to conform to the classifications used in the consolidated and separate statements of profit and loss and other comprehensive income for the three-month and six-month periods ended June 30, 2016 as follows;

For the three-month period ended June 30, 2015

Accounts	Amount (Baht)	Previous classifications	Current classifications
Revenue from insurance premium received from customers for insurance companies	27,092,496	Inclusively presented in service revenues	To present net with costs of passenger and services
Cost of service for insurance premium received from customers for insurance companies	27,092,496	Inclusively presented in costs of passenger and services	To present net with service revenues
Revenue from other transportations fee awaiting delivery	10,370,480	Inclusively presented in service revenues	To present net with costs of passenger and services
Cost of service for other transportations fee awaiting delivery	10,370,480	Inclusively presented in costs of passenger and services	To present net with service revenues
Other service fee income	19,540,038	Service revenues	Other income - others
Bank charge	2,803,403	Administrative expenses	Costs of passenger and services
Finance costs	6,269,035	Inclusively presented in costs of passenger and services	Finance costs

For the six-month period ended June 30, 2015

Accounts	Amount (Baht)	Previous classifications	Current classifications
Revenue from insurance premium received from customers for insurance companies	59,684,956	Inclusively presented in service revenues	To present net with costs of passenger and services
Cost of service for insurance premium received from customers for insurance companies	59,684,956	Inclusively presented in costs of passenger and services	To present net with service revenues
Revenue from other transportations fee awaiting delivery	27,897,197	Inclusively presented in service revenues	To present net with costs of passenger and services
Cost of service for other transportations fee awaiting delivery	27,897,197	Inclusively presented in costs of passenger and services	To present net with service revenues
Other service fee income	41,896,238	Service revenues	Other income - others
Bank charge	7,014,923	Administrative expenses	Costs of passenger and services
Finance costs	11,553,521	Inclusively presented in costs of passenger and services	Finance costs

26. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statement has been approved for issue by the Company's Board of Directors on August 11, 2016.

.....
(Mr. Patee Sarasin)
Director and Chief Executive Officer

.....
(Mr. Narongchai Wongthanavimok)
Director