

**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 March 31, 2017, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity, and cash flows for the three-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
May 11, 2017**

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 MARCH 31, 2017

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		March 31, 2017 “Unaudited”	December 31, 2016	March 31, 2017 “Unaudited”	December 31, 2016
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	2,956,754,395	3,231,221,279	1,037,796,447	1,475,116,784
Trade and other receivables	5	1,110,544,342	1,182,410,827	590,388,383	711,021,620
Inventories		32,456,352	31,401,062	32,456,352	31,401,062
Refundable value-added tax		151,504,811	132,528,696	11,835,274	14,919,717
Short-term aircraft deposits and prepayments	6	115,391,952	162,803,817	115,391,952	162,803,817
Other current assets		78,809,035	79,374,805	60,242,205	54,219,396
Total Current Assets		<u>4,445,460,887</u>	<u>4,819,740,486</u>	<u>1,848,110,613</u>	<u>2,449,482,396</u>
NON-CURRENT ASSETS					
Deposits at bank pledged as collateral	20.4	537,713,839	251,419,909	476,514,765	190,220,835
Investments in subsidiaries	7	-	-	4,949,000	4,949,000
Investments in joint venture	8	13,134,124	15,216,711	28,420,554	28,420,554
Other long-term investments	9	47,527,500	47,527,500	47,326,300	47,326,300
Long-term loans to a related party	10	-	-	970,000,000	970,000,000
Leasehold improvements and equipment	11	330,509,062	338,516,111	321,169,225	328,519,602
Intangible assets	12	60,955,289	65,199,789	55,026,213	59,725,453
Deferred tax assets	13	13,321,915	13,321,915	13,321,915	13,321,915
Long-term aircraft deposits and prepayments	6	401,416,816	417,393,744	346,439,696	360,214,858
Other non-current assets		31,329,061	32,516,870	45,486,126	41,835,387
Total Non-Current Assets		<u>1,435,907,606</u>	<u>1,181,112,549</u>	<u>2,308,653,794</u>	<u>2,044,533,904</u>
TOTAL ASSETS		<u><u>5,881,368,493</u></u>	<u><u>6,000,853,035</u></u>	<u><u>4,156,764,407</u></u>	<u><u>4,494,016,300</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 MARCH 31, 2017

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		March 31, 2017 “Unaudited”	December 31, 2016	March 31, 2017 “Unaudited”	December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	14	700,000,000	700,000,000	-	-
Trade and other payables	15	4,511,959,128	4,467,338,935	2,469,689,729	2,647,080,855
Deferred income from customer loyalty programmes		20,074,040	18,967,909	20,074,040	18,967,909
Short-term provisions for aircraft maintenance	16	156,370,185	128,239,187	99,300,811	92,247,326
Withholding tax payable		31,832,215	23,926,211	30,926,887	22,939,347
Other current liabilities		30,127,414	45,551,482	8,929,903	7,959,237
Total Current Liabilities		5,450,362,982	5,384,023,724	2,628,921,370	2,789,194,674
NON-CURRENT LIABILITIES					
Long-term provisions for aircraft maintenance	16	692,569,144	644,627,040	692,569,144	629,255,517
Employee benefit obligations	17	203,627,300	222,902,064	189,774,220	211,367,374
Other non-current liabilities		164,395,426	89,025,658	164,395,426	89,025,658
Total Non-Current Liabilities		1,060,591,870	956,554,762	1,046,738,790	929,648,549
TOTAL LIABILITIES		6,510,954,852	6,340,578,486	3,675,660,160	3,718,843,223

.....
(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 MARCH 31, 2017

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		March 31, 2017 “Unaudited”	December 31, 2016	March 31, 2017 “Unaudited”	December 31, 2016
LIABILITIES AND SHAREHOLDERS’ EQUITY					
(CONTINUED)					
SHAREHOLDERS’ EQUITY					
SHARE CAPITAL					
Authorized share capital					
625,000,000 ordinary shares of Baht 1 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 each, fully paid		625,000,000	625,000,000	625,000,000	625,000,000
SHARE PREMIUM ACCOUNT					
- ORDINARY SHARES		3,042,485,943	3,042,485,943	3,042,485,943	3,042,485,943
RETAINED EARNINGS (DEFICIT)					
Appropriated					
Legal reserve		62,500,000	62,500,000	62,500,000	62,500,000
Unappropriated (deficit)		(3,780,694,927)	(3,485,130,159)	(3,248,881,696)	(2,954,812,866)
Deficit from change in shareholding in a subsidiary		(5,940,185)	(5,940,185)	-	-
Total owners of the parent		(56,649,169)	238,915,599	481,104,247	775,173,077
Non-controlling interests		(572,937,190)	(578,641,050)	-	-
TOTAL SHAREHOLDERS’ EQUITY (CAPITAL DEFICIENCY)		(629,586,359)	(339,725,451)	481,104,247	775,173,077
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		5,881,368,493	6,000,853,035	4,156,764,407	4,494,016,300

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 MARCH 31, 2017
“UNAUDITED”

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
REVENUES					
Passenger revenues		4,634,015,901	3,750,648,645	3,548,422,773	3,037,522,425
Service revenues		512,132,630	335,195,424	293,681,891	208,181,667
Other income					
Interest income		4,288,431	12,019,647	6,732,031	14,966,013
Others	18	259,079,132	123,241,846	238,663,721	120,713,840
Total Revenue		<u>5,409,516,094</u>	<u>4,221,105,562</u>	<u>4,087,500,416</u>	<u>3,381,383,945</u>
EXPENSES					
Costs of passenger and services		5,321,255,724	4,398,393,611	4,082,558,450	3,554,902,775
Selling expenses		38,086,547	40,362,582	20,657,044	30,815,398
Administrative expenses		315,956,750	191,351,054	263,588,158	125,249,523
Finance costs		21,995,394	50,886,708	14,765,594	49,822,177
Total Expenses		<u>5,697,294,415</u>	<u>4,680,993,955</u>	<u>4,381,569,246</u>	<u>3,760,789,873</u>
SHARE OF LOSS ON INVESTMENTS IN					
JOINT VENTURE	8	<u>2,082,587</u>	<u>5,493,575</u>	-	-
LOSS BEFORE INCOME TAX		<u>(289,860,908)</u>	<u>(465,381,968)</u>	<u>(294,068,830)</u>	<u>(379,405,928)</u>
INCOME TAX EXPENSES	13	<u>-</u>	<u>569,096</u>	<u>-</u>	<u>569,096</u>
LOSS FOR THE PERIOD		<u>(289,860,908)</u>	<u>(465,951,064)</u>	<u>(294,068,830)</u>	<u>(379,975,024)</u>
TOTAL COMPREHENSIVE					
LOSS FOR THE PERIOD		<u>(289,860,908)</u>	<u>(465,951,064)</u>	<u>(294,068,830)</u>	<u>(379,975,024)</u>
PROFIT (LOSS) ATTRIBUTABLE TO					
Owners of the parent		<u>(295,564,768)</u>	<u>(405,823,490)</u>	<u>(294,068,830)</u>	<u>(379,975,024)</u>
Non-controlling interests		<u>5,703,860</u>	<u>(60,127,574)</u>	<u>-</u>	<u>-</u>
		<u>(289,860,908)</u>	<u>(465,951,064)</u>	<u>(294,068,830)</u>	<u>(379,975,024)</u>
BASIC LOSS PER SHARE (BAHT)		(0.47)	(0.65)	(0.47)	(0.61)
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 THREE-MONTH PERIOD ENDED MARCH 31, 2017
 "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 (Deficit)				
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 three-month period ended March 31, 2016								
Total comprehensive loss for the period	-	-	-	(405,823,490)	-	(405,823,490)	(60,127,574)	(465,951,064)
Balances as of March 31, 2016	625,000,000	3,042,485,943	62,500,000	(1,082,648,145)	(5,940,185)	2,641,397,613	(165,286,820)	2,476,110,793
Balances as of January 1, 2017	625,000,000	3,042,485,943	62,500,000	(3,485,130,159)	(5,940,185)	238,915,599	(578,641,050)	(339,725,451)
Changes in shareholders' equity for the three-month period ended March 31, 2017								
Total comprehensive income (loss) for the period	-	-	-	(295,564,768)	-	(295,564,768)	5,703,860	(289,860,908)
Balances as of March 31, 2017	625,000,000	3,042,485,943	62,500,000	(3,780,694,927)	(5,940,185)	(56,649,169)	(572,937,190)	(629,586,359)

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 THREE-MONTH PERIOD ENDED MARCH 31, 2017
“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 (Deficit)	
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 three-month period ended March 31, 2016					
Total comprehensive loss for the period	-	-	-	(379,975,024)	(379,975,024)
Balances as of March 31, 2016	<u>625,000,000</u>	<u>3,042,485,943</u>	<u>62,500,000</u>	<u>(693,436,727)</u>	<u>3,036,549,216</u>
Balances as of January 1, 2017	625,000,000	3,042,485,943	62,500,000	(2,954,812,866)	775,173,077
Changes in shareholders' equity for the three-month period ended March 31, 2017					
Total comprehensive loss for the period	-	-	-	(294,068,830)	(294,068,830)
Balances as of March 31, 2017	<u>625,000,000</u>	<u>3,042,485,943</u>	<u>62,500,000</u>	<u>(3,248,881,696)</u>	<u>481,104,247</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 THREE-MONTH ENDED MARCH 31, 2017
“UNAUDITED”

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax		(289,860,908)	(465,381,968)	(294,068,830)	(379,405,928)
Adjustments for:					
Depreciation		24,129,169	17,073,475	23,223,195	15,724,241
Amortization		5,814,000	5,610,331	5,529,240	5,106,558
Loss on disposals and write-off of equipment		149,524	28,451	149,524	28,451
Unrealized (gain) loss on exchange rate		(7,669,599)	16,249,693	(26,681,563)	2,028,087
Reversal of allowance for doubtful accounts		(403,725)	(882,569)	(403,725)	(882,569)
Provision for aircraft maintenance recognized as expenses		120,116,560	72,806,247	114,410,570	65,084,161
Deferred income from customer loyalty programmes recognized during the period (reversal)		1,106,131	(35,247,419)	1,106,131	(35,247,419)
Employee benefit expenses (reversal)		(159,413)	8,953,123	(2,477,803)	7,101,781
Interest income		(4,288,431)	(12,019,647)	(6,732,031)	(14,966,013)
Interest expense		7,229,800	7,074,217	-	6,009,686
Share of loss on investments in joint venture		2,082,587	5,493,575	-	-
Operating loss before changes in operating assets and liabilities		(141,754,305)	(380,242,491)	(185,945,292)	(329,418,964)
Operating assets (increase) decrease					
Trade and other receivables		53,457,489	(641,264,816)	120,057,869	(640,656,744)
Inventories		(1,055,290)	(1,577,300)	(1,055,290)	(1,577,300)
Refundable value-added tax		(18,976,115)	51,516,402	3,084,442	(46,801,786)
Short-term aircraft deposits and prepayments		42,872,605	39,399,676	42,872,605	39,399,676
Other current assets		1,857,819	(7,493,082)	(4,847,848)	(1,669,253)
Deposits at bank pledged as collateral		(286,293,930)	-	(286,293,930)	-
Long-term aircraft deposits and prepayments		147,003	4,863,272	147,003	(212,958)
Other non-current assets		1,187,809	(1,354,309)	(3,650,738)	(4,323,545)

.....
(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 THREE-MONTH ENDED MARCH 31, 2017
“UNAUDITED”

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES					
(CONTINUED)					
Operating liabilities increase (decrease)					
Trade and other payables		92,191,703	813,592,285	(142,051,625)	263,328,731
Aircraft maintenance paid		(15,174,547)	(14,901,310)	(15,174,547)	(14,901,310)
Withholding tax payable		7,906,004	(3,141,572)	7,987,540	402,456
Other current liabilities		(15,424,068)	14,557,704	970,665	(2,929,841)
Employee benefit paid		(19,115,351)	(4,347,614)	(19,115,351)	(4,347,614)
Other non-current liabilities		75,369,768	(94,600)	75,369,768	(94,600)
Cash paid from operations		(222,803,406)	(130,487,755)	(407,644,729)	(743,803,052)
Income tax paid		(1,292,049)	(4,046,156)	(1,174,961)	(4,046,156)
Net cash used in operating activities		(224,095,455)	(134,533,911)	(408,819,690)	(747,849,208)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash paid for temporary investments		-	(200,000,000)	-	(200,000,000)
Cash paid for acquisition of equipment and intangible assets	4.2	(20,619,826)	(42,937,258)	(19,533,323)	(41,730,447)
Cash received from interest income		6,142,054	14,222,752	2,907,838	12,306,965
Net cash used in investing activities		(14,477,772)	(28,714,506)	(16,625,485)	(229,423,482)

.....
(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 THREE-MONTH ENDED MARCH 31, 2017
“UNAUDITED”

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash paid for interest expense		(7,229,800)	(8,148,640)	-	(7,084,110)
Cash paid for short-term loans from a financial institution		-	(520,000,000)	-	(520,000,000)
Net cash used in financing activities		(7,229,800)	(528,148,640)	-	(527,084,110)
EFFECT FROM FOREIGN EXCHANGE RATE IN CASH AND CASH EQUIVALENTS					
		(28,663,857)	(14,264,750)	(11,875,162)	(3,076,740)
Net decrease in cash and cash equivalents		(274,466,884)	(905,661,807)	(437,320,337)	(1,507,433,540)
Cash and cash equivalents as at January 1,		3,231,221,279	4,213,756,405	1,475,116,784	3,480,327,664
Cash and cash equivalents as at March 31,	4.1	<u>2,956,754,395</u>	<u>3,308,094,598</u>	<u>1,037,796,447</u>	<u>1,972,894,124</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 PERIOD ENDED MARCH 31, 2017
“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 March 31, 2017 and December 31, 2016, 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.

For the three-month period ended March 31, 2017, the consolidated and separate financial statements shown net loss of Baht 289.86 million and 294.07 million, respectively. As at March 31, 2017, total current liabilities exceeded total current assets of Baht 1,004.90 million and Baht 780.81 million, respectively and the consolidated financial statements shown capital deficiency of Baht 629.59 million. In addition, as at March 31, 2017, the Company could not maintain the significant financial ratios under the credit facility of bank guarantee agreement with a financial institution. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. However, the Company’s and the subsidiary’s management believes that it is appropriate to prepare the financial statements by adopting the going concern basis because of the following reasons:

1. Nokscoot Airlines Co., Ltd., the subsidiary, received a letter dated February 15, 2017 from Scoot Pte. Ltd., major shareholder to confirm continuing to provide financial support to the Company to enable to continue its operation satisfactorily for the period at least of twelve months after the date of the letter.
2. The Company received a letter from the financial institution to extend the maintaining of financial ratios to December 31, 2017 (see Note 20.4).
3. On April 19, 2017, Annual General Meeting of Shareholders for the year 2017 has the resolution to increase the authorized share capital and the issue and paid-up share capital from Baht 625.00 million to Baht 1,406.25 million by issuing 781,250,000 new ordinary shares at par value of Baht 1 each (see Note 25.2).

Potential impact from the Civil Aviation Authority of Thailand (CAAT) (Formerly Thai Department of Civil Aviation (DCA)) not passing the International Civil Aviation Organization (ICAO)'s safety standards.

Currently, the Company and its subsidiary are under inspecting as plan of the Civil Aviation Authority of Thailand (CAAT) (Formerly Thai Department of Civil Aviation (DCA)). At the same time, other airlines will be inspected with the same standard of the Civil Aviation Authority of Thailand (CAAT). Whenever, the Company and its subsidiary pass the inspection together with other airlines as well as the readiness of Civil Aviation Authority of Thailand (CAAT) for inspection. Then, the Civil Aviation Authority of Thailand (CAAT) will request the inspection from the International Civil Organization (ICAO) in order to receive endorsement of standard from ICAO to release red flag for Thai airlines. As the result of this release, airlines of Thailand included the Company and its subsidiary; therefore, will be allowed to expand the international routes to other countries except for America and Europe.

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 2016) "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, 2016, 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 three-month periods ended March 31, 2017, are not necessarily an indication nor 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 period ended March 31, 2017, should be read in conjunction with the audited financial statements for the year ended December 31, 2016.
- 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 March 31, 2017, and December 31, 2016, the Company has shareholding portion in the subsidiaries as follows:

Subsidiaries	Type of business	Country of registration	Registration date	Shareholdings (%)	
				As at March 31, 2017	As at December 31, 2016
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 2016) "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 During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2016.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents consist of:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	March 31,	December 31,	March 31,	December 31,
	2017	2016	2017	2016
Cash on hand	21,455,857	23,730,726	17,707,576	19,255,069
Deposits at banks - current accounts	843,187,378	774,971,337	102,494,449	240,722,676
Deposits at banks - savings accounts	1,191,442,842	1,342,519,216	367,594,422	475,139,039
Certificates of deposit (interest at the rates of 0.85 % - 1.5% p.a. with maturities within 3 months)	900,668,318	1,090,000,000	550,000,000	740,000,000
Total	<u>2,956,754,395</u>	<u>3,231,221,279</u>	<u>1,037,796,447</u>	<u>1,475,116,784</u>

4.2 Non-cash items from purchases and increase in equipment and intangible assets for the three-month periods ended March 31 consist of:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Payables for purchases of equipment and intangible assets brought forward	6,900,976	16,681,147	6,803,275	15,802,531
<u>Add</u> Purchases during the periods	17,841,144	42,903,814	16,852,342	42,575,619
<u>Less</u> Cash payments during the periods	(20,619,826)	(42,937,258)	(19,533,323)	(41,730,447)
Payables for purchases of equipment and intangible assets carried forward	<u>4,122,294</u>	<u>16,647,703</u>	<u>4,122,294</u>	<u>16,647,703</u>

5. TRADE AND OTHER RECEIVABLES

5.1 Trade and other receivables

Trade and other receivables consist of:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016
Trade receivables - related parties (see Note 19.1)	6,023,740	5,803,337	43,255,455	18,945,899
Trade receivables - other parties	440,229,094	376,942,834	103,062,741	79,394,123
Total	446,252,834	382,746,171	146,318,196	98,340,022
<u>Less</u> Allowance for doubtful accounts	(11,300,782)	(11,704,507)	(10,717,354)	(11,121,079)
Total trade receivables	434,952,052	371,041,664	135,600,842	87,218,943
Other receivables				
Advance aircraft rental	185,926,793	248,723,585	185,926,793	245,956,865
Other prepaid expenses	212,690,089	183,573,147	119,959,916	99,392,572
Accrued income - related parties (see Note 19.1)	1,685,365	1,601,776	7,264,199	20,099,614
Accrued income - other parties	36,270,917	15,574,853	27,502,765	12,666,936
Accrued interest income	3,114,664	4,968,287	1,518,293	1,304,360
Advance payments - related parties (see Note 19.1)	-	1,068,799	1,856,279	1,661,279
Advance payments - other parties	12,115,938	14,023,527	10,972,569	12,308,068
Advance payments for aircraft maintenance and engine maintenance	78,043,079	210,841,747	42,968,983	174,301,465
Advance fuel for aircraft	75,796,577	62,749,703	3,287,014	1,959,748
Others	69,948,868	68,243,739	53,530,730	54,151,770
Total other receivables	675,592,290	811,369,163	454,787,541	623,802,677
Total	1,110,544,342	1,182,410,827	590,388,383	711,021,620

5.2 Trade receivables classified by aging are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016
Current	105,382,033	84,011,234	105,819,929	71,624,394
Overdue - Less than 1 month	46,590,056	39,907,889	19,773,923	9,130,149
- Over 1 month to 2 months	31,735,352	23,380,607	7,439,609	1,224,336
- Over 2 months to 4 months	39,231,934	147,404,247	644,822	1,265,796
- Over 4 months to 1 year	211,563,735	76,261,950	1,878,722	3,974,268
- Over 1 year	11,749,724	11,780,244	10,761,191	11,121,079
Total	446,252,834	382,746,171	146,318,196	98,340,022
<u>Less</u> Allowance for doubtful accounts	(11,300,782)	(11,704,507)	(10,717,354)	(11,121,079)
Total	434,952,052	371,041,664	135,600,842	87,218,943

6. AIRCRAFT DEPOSITS AND PREPAYMENTS

Aircraft deposits and prepayments consist of:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016
Short-term				
Deposits - aircraft lease and machine	115,391,952	162,803,817	115,391,952	162,803,817
Total	<u>115,391,952</u>	<u>162,803,817</u>	<u>115,391,952</u>	<u>162,803,817</u>
Long-term				
Deposits - aircraft lease	93,552,145	97,199,472	38,575,025	40,020,586
Prepayments - aircraft acquisition	307,864,671	320,194,272	307,864,671	320,194,272
Total	<u>401,416,816</u>	<u>417,393,744</u>	<u>346,439,696</u>	<u>360,214,858</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 period ended March 31, 2017 and for the year ended December 31, 2016, 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 three-month period ended March 31, 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 statement of profit or loss and other comprehensive income in the amount of Baht 95.19 million. (see Note 18) (2017 : Nil)

7. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at March 31, 2017 and December 31, 2016 consist of:

Companies	Type of business	Country of registration	Shareholding		Paid-up share capital		Separate financial statements	
			Cost method		Cost method		Cost method	
			(%)	(Baht)	(Baht)	(Baht)	(Baht)	(Baht)
			As at	As at	As at	As at	As at	As at
			March 31,	December 31,	March 31,	December 31,	March 31,	December 31,
			2017	2016	2017	2016	2017	2016
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							4,949,000	4,949,000

* A subsidiary of Nok Mangkang Co., Ltd.

8. 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 March 31, 2017 and December 31, 2016, Air Black Box Asia Pacific Pte Ltd. is in the set up process to operate in platform for airline reservation systems.

Subsequently, on November 17, 2016, Air Black Box Asia Pacific Pte Ltd. entered an Amended and Restated Joint Venture Agreement to amend the joint venture agreement dated October 15, 2015 by increasing capital from 5.4 million shares to 6.75 million shares by selling the increased ordinary shares to ANA Holdings, Inc. and Cebu Air, Inc. and indicated that all airline shareholders shall have an equal proportion, 15%, of ordinary shares in Air Black Box Asia Pacific Pte Ltd., meanwhile VaultPAD Ventures Limited shall hold 40% in Air Black Box Asia Pacific Ptd Ltd. Therefore, the Company has to reduce its shareholding proportion in Air Black Box Asia Pacific Ptd Ltd. from 25% to 15% by equally selling to ANA Holdings, Inc. and Cebu Air, Inc. in total of 337,500 shares. The Company had net loss from selling such investment of Baht 1.92 million and Baht 2.87 million in the consolidated financial statements and separate financial statements for the year ended December 31, 2016, respectively.

	Separate financial statements	
	As at March 31, 2017 Baht	As at December 31, 2016 Baht
Beginning Balance as at January 1,	28,420,554	34,749,000
Disposals	-	(6,328,446)
Balance at End of Period/Year	<u>28,420,554</u>	<u>28,420,554</u>

As at March 31, 2017 and December 31, 2016, investment in joint venture which is recorded by the equity method in the consolidated financial statements has detail as follows:

	Unit	As at March 31, 2017 “Unreviewed”	As at December 31, 2016 “Unaudited”
Nature of business: Operates in platform for airline reservation systems			
Country of incorporation: Singapore			
Shareholding by the Company	Percentage	15.00	15.00
Carrying amount based on equity method	Baht	13,134,124	15,216,711
Carrying amount based on cost method	Baht	28,420,554	28,420,554
Share of loss on investment in joint venture	Baht	2,082,587	14,147,369
Paid-up share capital	Singapore dollars	7,638,240	7,638,240
Total assets	Singapore dollars	5,086,615	5,503,703
Total liabilities	Singapore dollars	272,629	176,809

For the three-month period ended March 31, 2017, the operation of joint venture is as follows:

UNIT : SINGAPORE DOLLARS	
For the three-month period	
ended March 31, 2017	
“Unreviewed”	
Total Revenues	1,795
Total Expenses	<u>(561,549)</u>
Net loss for the periods	<u>(559,754)</u>

9. OTHER LONG-TERM INVESTMENTS

Other long-term investments consist of:

Companies	Consolidated financial statements			
	As at March 31, 2017		As at December 31, 2016	
	Shareholding (%)	Cost Method Baht	Shareholding (%)	Cost Method Baht
The Aeronautical Radio of Thailand Limited	1.04	6,877,500	1.04	6,877,500
Pan Am International Flight Training Center (Thailand) Co., Ltd.	15.00	40,650,000	15.00	40,650,000
Total		<u>47,527,500</u>		<u>47,527,500</u>

Companies	Separate financial statements			
	As at March 31, 2017		As at December 31, 2016	
	Shareholding (%)	Cost Method Baht	Shareholding (%)	Cost Method Baht
The Aeronautical Radio of Thailand Limited	1.01	6,676,300	1.01	6,676,300
Pan Am International Flight Training Center (Thailand) Co., Ltd.	15.00	40,650,000	15.00	40,650,000
Total		<u>47,326,300</u>		<u>47,326,300</u>

10. 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 March 31, 2017 and December 31, 2016, long-term loans to a related party are Baht 970 million (see Note 19.1).

The Company has issued letters to the subsidiary to confirm that it will not recall the accrued interest income as at March 31, 2017 and December 31, 2016 amounting to Baht 36.63 million and Baht 33.02 million, respectively, for at least 12 months from March 31, 2017 and December 31, 2016. Therefore, the Company presented the accrued interest income as other non-current assets (see Note 19.1).

11. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Movements of leasehold improvements and equipment for the three-month period ended March 31, 2017 are as follows:

	Consolidated financial statements	UNIT : BAHT Separate financial statements
Beginning carrying amounts as at January 1, 2017	338,516,111	328,519,602
Purchases of assets (including construction in progress)	16,271,644	16,022,342
Transfer in - cost	4,449,705	4,449,705
Transfer out - cost	(4,449,705)	(4,449,705)
Cost of disposed/written-off assets	(1,252,383)	(1,252,383)
Accumulated depreciation of disposed/written-off assets	1,102,859	1,102,859
Depreciation	<u>(24,129,169)</u>	<u>(23,223,195)</u>
Ending carrying amounts as at March 31, 2017	<u><u>330,509,062</u></u>	<u><u>321,169,225</u></u>

12. INTANGIBLE ASSETS

Movements of intangible assets for the three-month period ended March 31, 2017 are as follows:

	Consolidated financial statements	UNIT : BAHT Separate financial statements
Beginning carrying amounts as at January 1, 2017	65,199,789	59,725,453
Purchases of intangible assets	1,569,500	830,000
Amortization	<u>(5,814,000)</u>	<u>(5,529,240)</u>
Ending carrying amounts as at March 31, 2017	<u><u>60,955,289</u></u>	<u><u>55,026,213</u></u>

13. DEFERRED TAX ASSETS AND INCOME TAX EXPENSE

Deferred tax assets consist of:

	Consolidated financial statements		UNIT : BAHT Separate financial statements	
	As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016
Deferred tax assets	<u>13,321,915</u>	<u>13,321,915</u>	<u>13,321,915</u>	<u>13,321,915</u>

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

	UNIT : BAHT			
	Consolidated and separate financial statements			
	Balances	Items	Items	Balances
	As at January 1, 2017	recognized in profit or loss	recognized in other comprehensive income	As at March 31, 2017
Deferred tax asset				
Allowance for doubtful accounts	386,525	-	-	386,525
Employee benefit obligations	12,935,390	-	-	12,935,390
Total	<u>13,321,915</u>	<u>-</u>	<u>-</u>	<u>13,321,915</u>

	UNIT : BAHT			
	Consolidated and separate financial statements			
	Balances	Items	Items	Balances
	As at January 1, 2016	recognized in profit or loss	recognized in other comprehensive income	As at March 31, 2016
Deferred tax asset				
Allowance for doubtful accounts	357,612	(12,335)	-	345,277
Employee benefit obligations	12,801,684	(556,761)	-	12,244,923
Total	<u>13,159,296</u>	<u>(569,096)</u>	<u>-</u>	<u>12,590,200</u>

Income tax expenses for the three-month periods ended March 31, consist of:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements 2017	2016	financial statements 2017	2016
Current income tax expense	-	-	-	-
Deferred income tax	-	569,096	-	569,096
Income tax expenses	<u>-</u>	<u>569,096</u>	<u>-</u>	<u>569,096</u>

Reconciliation between income tax expense and the amount of tax derived from accounting profit multiplied by the applicable tax rate for the three-month periods ended March 31, were as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements 2017	2016	financial statements 2017	2016
Accounting profit for non-promoted operations	172,977,518	6,906,980	165,946,142	12,125,780
Accounting loss for promoted operations	<u>(462,838,426)</u>	<u>(472,288,948)</u>	<u>(460,014,972)</u>	<u>(391,531,708)</u>
Accounting loss before income tax expense	<u>(289,860,908)</u>	<u>(465,381,968)</u>	<u>(294,068,830)</u>	<u>(379,405,928)</u>
Income tax calculated based on tax rate at 20%	34,595,504	1,381,396	33,189,228	2,425,156
Effect of loss for promoted business used as tax deduction	<u>(34,595,504)</u>	<u>(1,381,396)</u>	<u>(33,189,228)</u>	<u>(2,425,156)</u>
Tax effect of temporary differences	<u>-</u>	<u>569,096</u>	<u>-</u>	<u>569,096</u>
Corporate income tax expense as presented in the statements of profit or loss and other comprehensive income	<u>-</u>	<u>569,096</u>	<u>-</u>	<u>569,096</u>

14. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at March 31, 2017 and December 31, 2016, a subsidiary had short-term loans from two financial institutions in the form of promissory notes of Baht 350 million per each totaling of Baht 700 million which were guaranteed by the Company and major shareholder of major shareholder of the subsidiary. Such loan carries the interest rate at Money Market Rate (MMR) per annum and BIBOR of each financial institution per annum and due on February 10, 2017.

On February 10, 2017, the subsidiary has renewed the promissory notes of Baht 700 million from February 10, 2017, until May 9, 2017 (see Note 25.3).

15. 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
	March 31,	December 31,	March 31,	December 31,
	2017	2016	2017	2016
Trade payables - related parties (see Note 19.1)	53,303,194	60,794,946	50,123,392	52,090,327
Trade payables - other parties	887,645,361	984,520,419	505,310,784	688,263,936
Other payables - related parties (see Note 19.1)	14,295,927	7,534,790	14,862,293	7,534,790
Other payables - other parties	27,880,577	14,102,918	22,297,646	9,417,582
Unearned passenger revenues	1,419,842,411	1,324,053,519	719,642,968	717,044,330
Other advance received	595,856,153	577,763,951	178,776,703	146,298,520
Accrued expenses	1,513,135,505	1,498,568,392	978,675,943	1,026,431,370
Total	<u>4,511,959,128</u>	<u>4,467,338,935</u>	<u>2,469,689,729</u>	<u>2,647,080,855</u>

16. PROVISIONS 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
	March 31,	December 31,	March 31,	December 31,
	2017	2016	2017	2016
Provisions for aircraft maintenance				
at beginning of the period/year	772,866,227	433,862,661	721,502,843	406,222,400
<u>Add</u> Increase during the period/year				
- recognized as expenses for the period/year	91,247,649	445,927,234	85,541,659	422,204,111
<u>Less</u> Aircraft maintenance cost paid				
during the period/year	<u>(15,174,547)</u>	<u>(106,923,668)</u>	<u>(15,174,547)</u>	<u>(106,923,668)</u>
Provisions for aircraft maintenance				
at ending of the period/year	848,939,329	772,866,227	791,869,955	721,502,843
<u>Less</u> Short-term provisions for				
aircraft maintenance	<u>(156,370,185)</u>	<u>(128,239,187)</u>	<u>(99,300,811)</u>	<u>(92,247,326)</u>
Long-term provisions for aircraft maintenance	<u>692,569,144</u>	<u>644,627,040</u>	<u>692,569,144</u>	<u>629,255,517</u>

17. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations consist of:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	March 31,	December 31,	March 31,	December 31,
	2017	2016	2017	2016
Retirement benefits	196,328,853	190,084,826	182,475,773	178,550,136
Other long term benefit - Pilot saving fund	7,298,447	32,817,238	7,298,447	32,817,238
Total	<u>203,627,300</u>	<u>222,902,064</u>	<u>189,774,220</u>	<u>211,367,374</u>

17.1 Retirement benefits

Movements in the retirement benefits are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	March 31,	December 31,	March 31,	December 31,
	2017	2016	2017	2016
Retirement benefits				
at the beginning of the period/year	190,084,826	134,719,340	178,550,136	127,869,939
Benefits paid	(19,115,351)	(16,361,004)	(19,115,351)	(16,361,004)
Current service costs and interest cost	25,359,378	59,679,906	23,040,988	52,274,537
Actuarial gain	-	12,046,584	-	14,766,664
Retirement benefits				
at the ending of the period/year	<u>196,328,853</u>	<u>190,084,826</u>	<u>182,475,773</u>	<u>178,550,136</u>

For the year ended December 31, 2016, the Company recognized actuarial gain in the statement of profit or loss and other comprehensive income of Baht 14.77 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 March 31, are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current service costs	24,325,294	15,290,526	22,130,955	13,531,725
Interest cost	1,034,084	856,572	910,033	764,031
Total	<u>25,359,378</u>	<u>16,147,098</u>	<u>23,040,988</u>	<u>14,295,756</u>

Principal actuarial assumptions are as follows:

	Consolidated financial statements	
	As at March 31, 2017	As at December 31, 2016
	Percentage (% p.a.)	Percentage (% p.a.)
Discount rate	2.12 - 2.74	2.12 - 2.74
Salary increase rate	3.00 - 6.50	3.00 - 6.50
Employee turnover	0 - 30.00	0 - 30.00
	(depend on employee age)	(depend on employee age)
	TMO2008	TMO2008
Mortality rate	(Thai Mortality Ordinary Table 2008)	(Thai Mortality Ordinary Table 2008)
	Separate financial statements	
	As at March 31, 2017	As at December 31, 2016
	Percentage (% p.a.)	Percentage (% p.a.)
Discount rate	2.12	2.12
Salary increase rate	5.00	5.00
Employee turnover	0 - 16.00	0 - 16.00
	(depend on employee age)	(depend on employee age)
	TMO2008	TMO2008
Mortality rate	(Thai Mortality Ordinary Table 2008)	(Thai Mortality Ordinary Table 2008)

17.2 Other long-term employee benefit - Pilot saving fund

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

	Consolidated financial statements		Separate financial statements	
	As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016
	UNIT : BAHT			
Other long-term benefit				
- Pilot saving fund at the beginning of the period/year	32,817,238	41,623,626	32,817,238	41,623,626
<u>Add</u> Increase during the period/year - recognized as expenses for the period/year	323,527	11,209,623	323,527	11,209,623
<u>Less</u> Reversal during the period/year	(25,842,318)	(20,016,011)	(25,842,318)	(20,016,011)
Other long-term benefit				
- Pilot saving fund at the ending of the period/year	<u>7,298,447</u>	<u>32,817,238</u>	<u>7,298,447</u>	<u>32,817,238</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.

18. OTHER INCOME - OTHERS

Other income - others consist of:

	UNIT : BAHT			
	For the three-month periods ended March 31,			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Revenue from insurance claim	151,595,431	-	151,595,431	-
Gain from foreign exchange rate	45,217,250	-	45,217,250	-
Gain on sale and leaseback aircraft (see Note 6)	-	95,185,228	-	95,185,228
Other income - other service fee	22,172,861	21,015,197	19,139,862	19,156,919
Refund for aircraft and engine maintenance	14,866,805	-	14,866,805	-
Incentive income from Airports of Thailand (AOT)	7,133,138	-	-	-
Others	18,093,647	7,041,421	7,844,373	6,371,693
Total	<u>259,079,132</u>	<u>123,241,846</u>	<u>238,663,721</u>	<u>120,713,840</u>

19. 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 March 31, 2017 and December 31, 2016, 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
Pueannamitr 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
Haad Thip Public Company Limited	Manufacturing and distribution of soft drinks.	Spouse of common director

19.1 Balances with related parties are as follows:

	UNIT : BAHT			
	Consolidated financial statements		Separate financial statements	
	As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016
Trade receivables - related parties (see Note 5.1)				
Thai Airways International PLC.	5,855	1,070	5,855	1,070
Thai Smile Airways Co., Ltd.	1,202,896	829,875	1,202,896	829,875
Dhipaya Insurance PLC.	4,773,343	4,953,999	4,773,343	4,953,999
NokScoot Airlines Co., Ltd.	-	-	37,231,715	13,142,562
Haad Thip Public Company Limited	41,646	18,393	41,646	18,393
Total	<u>6,023,740</u>	<u>5,803,337</u>	<u>43,255,455</u>	<u>18,945,899</u>
Accrued income - related parties (see Note 5.1)				
Thai Smile Airways Co., Ltd.	45,800	-	45,800	-
Dhipaya Insurance PLC.	1,639,565	1,601,776	1,639,565	1,601,776
NokScoot Airlines Co., Ltd.	-	-	5,578,834	18,497,838
Total	<u>1,685,365</u>	<u>1,601,776</u>	<u>7,264,199</u>	<u>20,099,614</u>
Advance payments - related parties (see Note 5.1)				
Thai Airways International PLC.	-	1,068,799	-	-
Nok Mangkang Co., Ltd.	-	-	769,613	672,113
Nok Holidays Co., Ltd.	-	-	1,086,666	989,166
Total	<u>-</u>	<u>1,068,799</u>	<u>1,856,279</u>	<u>1,661,279</u>
Long-term loans to a related party (see Note 10)				
Nok Mangkang Co., Ltd.	-	-	970,000,000	970,000,000
Other non-current assets				
- Accrued interest income				
- a related party (see Note 10)				
Nok Mangkang Co., Ltd.	-	-	36,634,438	33,024,178
Trade payables - related parties (see Note 15)				
Thai Airways International PLC.	48,299,492	55,192,894	44,898,401	45,840,548
Thai Smile Airways Co., Ltd.	1,534,757	1,936,093	1,534,757	1,936,093
Donmuang International Airport Hotel Co., Ltd.	735,497	754,360	735,497	754,360
Thai Flight Training Co., Ltd.	661,158	273,000	661,158	273,000
NokScoot Airlines Co., Ltd.	-	-	221,289	647,727
Pan Am International Flight Training Center (Thailand) Co., Ltd.	2,072,290	2,638,599	2,072,290	2,638,599
Total	<u>53,303,194</u>	<u>60,794,946</u>	<u>50,123,392</u>	<u>52,090,327</u>
Other payables - related parties (see Note 15)				
Dhipaya Insurance PLC.	8,425,223	5,525,651	8,425,223	5,525,651
Siam Premier International Law Office Limited	5,870,704	2,009,139	5,870,704	2,009,139
NokScoot Airlines Co., Ltd.	-	-	566,366	-
Total	<u>14,295,927</u>	<u>7,534,790</u>	<u>14,862,293</u>	<u>7,534,790</u>
Other current liabilities - a related party				
NokScoot Airlines Co., Ltd.	-	-	-	998,153

19.2 Transactions with related parties for the three-month periods ended March 31, are summarized as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Passenger revenues				
Thai Airways International PLC.	3,785	-	3,785	-
Thai Smile Airways Co., Ltd.	156,290	209,404	156,290	209,404
Haad Thip Public Company Limited	76,158	-	76,158	-
Total	<u>236,233</u>	<u>209,404</u>	<u>236,233</u>	<u>209,404</u>
Service revenues				
Thai Airways International PLC.	1,500	6,990	1,500	6,990
Thai Smile Airways Co., Ltd.	364,160	1,739,510	364,160	1,739,510
NokScoot Airlines Co., Ltd.	-	-	11,196,418	10,625,500
Total	<u>365,660</u>	<u>1,746,500</u>	<u>11,562,078</u>	<u>12,372,000</u>
Others income - other service fee				
Dhipaya Insurance PLC.	<u>7,093,076</u>	<u>5,239,430</u>	<u>7,093,076</u>	<u>5,239,430</u>
Others income - interest income				
Nok Mangkang Co., Ltd.	<u>-</u>	<u>-</u>	<u>3,610,260</u>	<u>4,039,984</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	
	2017	2016	2017	2016
Costs of passengers and services				
Thai Airways International PLC.	18,260,486	42,876,562*	10,617,811	29,373,202*
Thai Smile Airways Co., Ltd.	-	29,363,545	-	29,363,545
Donmuang International				
Airport Hotel Co., Ltd.	2,288,109	295,864	2,288,109	295,864
Thai Flight Training Co., Ltd.	1,208,062	969,452	1,208,062	969,452
Dhipaya Insurance PLC.	21,866,239	22,293,931	21,866,239	22,293,931
Pan Am International Flight Training				
Center (Thailand) Co., Ltd.	4,594,080	9,048,550	4,594,080	9,048,550
NokScoot Airlines Co., Ltd.	-	-	26,192	15,200,000
Haad Thip Public Company Limited	2,150	-	2,150	-
Total	<u>48,219,126</u>	<u>104,847,904</u>	<u>40,602,643</u>	<u>106,544,544</u>
Legal fee				
Siam Premier International Law				
Office Limited	<u>4,547,189</u>	<u>1,179,606</u>	<u>4,547,189</u>	<u>1,179,606</u>

* The information is revised to be conformity with disclosure for the three-month period ended March 31, 2017.

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

Directors and managements' benefits for the three-month periods ended March 31, are as follows:

	UNIT : BAHT			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	7,463,354	9,235,320	7,106,100	9,043,540
Post-employment benefits	4,938,060	1,577,741	4,509,200	1,178,376
Total	<u>12,401,414</u>	<u>10,813,061</u>	<u>11,615,300</u>	<u>10,221,916</u>

20. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

20.1 Acquisition of aircrafts

As at March 31, 2017 and December 31, 2016, the Company has commitments for acquisition of aircrafts to be paid in the future of USD 128.45 million and USD 170.61 million, respectively.

20.2 Aircraft lease agreement

As at March 31, 2017 and December 31, 2016, 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 March 31, 2017

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	119,298,349	353,274,087	302,534,760	775,107,196

As at December 31, 2016

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	122,538,349	385,432,354	315,178,515	823,149,218

Separate financial statements

As at March 31, 2017

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	100,056,349	316,393,587	302,534,760	718,984,696

As at December 31, 2016

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	103,296,349	344,275,854	315,178,515	762,750,718

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	
	2017	2016	2017	2016
For the three-month periods ended March 31,	1,093.45	970.30	921.32	795.79

20.3 Other lease and service agreements

As at March 31, 2017 and December 31, 2016, 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	5 - 7 years
Ticket reservation system	3 - 10 years
Call Center	3 years
Airport ground service*	1 - 5 years
Airport usage*	1 - 3 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 March 31, 2017

Agreements	Currency	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	54,259,639	38,680,089	-	92,939,728
Office rental and service	CNY	252,360	18,760	-	271,120
Vehicle rental	THB	4,100,430	2,457,140	-	6,557,570
Equipment rental	THB	3,291,896	3,624,594	-	6,916,490
Service Agreements					
Aircraft maintenance	USD	37,092,066	61,511,387	-	98,603,453
Aircraft maintenance	SGD	861,900	1,436,500	-	2,298,400
Ticket reservation system	USD	2,401,416	8,113,992	-	10,515,408
Call center service	THB	4,608,000	-	-	4,608,000
Collection agent	TWD	1,500,000	-	-	1,500,000
Collection agent	USD	3,600	-	-	3,600
Flight information service	EUR	28,500	78,375	-	106,875
Service advisor	SGD	144,000	12,000	-	156,000

As at December 31, 2016

Agreements	Currency	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	57,685,832	49,185,340	-	106,871,172
Office rental and service	CNY	303,175	66,630	-	369,805
Vehicle rental	THB	4,399,436	3,322,593	-	7,722,029
Equipment rental	THB	3,291,436	4,368,513	-	7,659,949
Service Agreements					
Aircraft maintenance	USD	38,334,964	72,855,901	-	111,190,865
Aircraft maintenance	SGD	861,900	1,651,975	-	2,513,875
Ticket reservation system	USD	2,393,386	8,735,368	-	11,128,754
Call center service	THB	8,064,000	-	-	8,064,000
Collection agent	TWD	1,500,000	-	-	1,500,000
Collection agent	USD	6,300	-	-	6,300
Flight information service	EUR	28,500	85,500	-	114,000
Flight information service	USD	9,600	-	-	9,600
Service advisor	SGD	144,000	48,000	-	192,000

Separate financial statements

As at March 31, 2017

Agreements	Currency	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	53,132,971	38,680,089	-	91,813,060
Vehicle rental	THB	3,908,900	2,457,140	-	6,366,040
Equipment rental	THB	3,114,884	3,425,688	-	6,540,572
Service Agreements					
Aircraft maintenance	USD	19,163,478	27,148,261	-	46,311,739
Ticket reservation system	USD	1,685,298	7,413,835	-	9,099,133

As at December 31, 2016

Agreements	Currency	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	56,054,689	49,185,340	-	105,240,029
Vehicle rental	THB	4,169,600	3,303,440	-	7,473,040
Equipment rental	THB	3,114,424	4,130,154	-	7,244,578
Service Agreements					
Aircraft maintenance	USD	20,406,377	34,010,628	-	54,417,005
Ticket reservation system	USD	1,685,298	7,835,159	-	9,520,457

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

	UNIT : MILLION BAHT			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
For the three-month periods ended March 31,	35.65	29.02	18.29	16.64

20.4 Bank guarantees

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

	Currency	Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
General guarantee	THB	70,049,725	64,614,193	53,838,553	55,314,529
General guarantee	USD	4,000	4,000	-	-
Aircraft leasing guaranteed by Standby Letter of Credit	USD	57,313,364	54,108,362	57,709,864	52,504,862

As at March 31, 2017 and December 31, 2016, the Company entered into credit limit agreement for letter of guarantee with a local bank in the credit limit of Baht 700 million which is secured by savings deposit accounts of Baht 476.51 million and Baht 190.22 million, respectively, and the Company has to maintain the significant financial ratio as specified by such bank (see Note 1.1).

As at March 31, 2017 and December 31, 2016, the letters of guarantee of a subsidiary are guaranteed by a subsidiary's saving deposits account of Baht 61.20 million.

20.5 Aircraft Intermediate Lease Agreement

On December 21, 2016, and January 23, 2017, the Company entered into Aircraft Intermediate Lease Agreement with a company to sublease of two Boeing 737-800. The term of this agreement is forty-eight months from delivery date and the Company received rental income as specified in the agreement.

21. FINANCIAL INFORMATION BY SEGMENT

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

	Consolidated financial statements		
	Domestic services	International services	Total
UNIT : BAHT			
Statement of profit or loss and other comprehensive income for three-month period ended March 31, 2017			
Revenues			
Passenger revenues	3,042,074,181	1,591,941,720	4,634,015,901
Service revenues	260,983,516	251,149,114	512,132,630
Other income			
Interest income	4,288,431	-	4,288,431
Others	240,884,558	18,194,574	259,079,132
Total Revenues	<u>3,548,230,686</u>	<u>1,861,285,408</u>	<u>5,409,516,094</u>
Expenses			
Costs of passenger and services	(3,319,935,685)	(2,001,320,039)	(5,321,255,724)
Selling expenses	(19,312,030)	(18,774,517)	(38,086,547)
Administrative expenses	(216,396,249)	(99,560,501)	(315,956,750)
Finance costs	(14,765,594)	(7,229,800)	(21,995,394)
Total Expenses	<u>(3,570,409,558)</u>	<u>(2,126,884,857)</u>	<u>(5,697,294,415)</u>
Share of loss of investments in joint venture	-	(2,082,587)	(2,082,587)
Loss before income tax expenses	<u>(22,178,872)</u>	<u>(267,682,036)</u>	<u>(289,860,908)</u>
Income tax expenses	-	-	-
Loss for the periods	<u>(22,178,872)</u>	<u>(267,682,036)</u>	<u>(289,860,908)</u>
UNIT : BAHT			
Statement of financial position as at March 31, 2017			
Segment assets	3,038,307,481	2,843,061,012	5,881,368,493
Segment liabilities	3,370,882,665	3,140,072,187	6,510,954,852

	UNIT : BAHT		
	Consolidated financial statements		
	Domestic services	International services	Total
Statement of profit or loss and other comprehensive income for the three-month period ended March 31, 2016			
Revenues			
Passenger revenues	2,630,310,878	1,120,337,767	3,750,648,645
Service revenues	183,337,339	151,858,085	335,195,424
Other income			
Interest income	12,019,647	-	12,019,647
Others	123,241,846	-	123,241,846
Total Revenues	<u>2,948,909,710</u>	<u>1,272,195,852</u>	<u>4,221,105,562</u>
Expenses			
Costs of passengers and services	(3,025,783,466)	(1,372,610,145)	(4,398,393,611)
Selling expenses	(27,106,145)	(13,256,437)	(40,362,582)
Administrative expenses	(102,721,879)	(88,629,175)	(191,351,054)
Financial costs	(49,822,177)	(1,064,531)	(50,886,708)
Total Expenses	<u>(3,205,433,667)</u>	<u>(1,475,560,288)</u>	<u>(4,680,993,955)</u>
Share of loss of investments in joint venture	-	(5,493,575)	(5,493,575)
Loss before income tax expenses	(256,523,957)	(208,858,011)	(465,381,968)
Income tax expenses	(499,036)	(70,060)	(569,096)
Loss for the periods	<u>(257,022,993)</u>	<u>(208,928,071)</u>	<u>(465,951,064)</u>
UNIT : BAHT			
Statement of financial position as at March 31, 2016			
Segment assets	4,372,981,721	2,586,921,064	6,959,902,785
Segment liabilities	2,654,216,786	1,829,575,206	4,483,791,992

22. INVESTMENT PROMOTION RIGHTS AND PRIVILEGES

The Company and its 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 its subsidiary shall follow the conditions laid out in the investment promotion certificate.

As at March 31, 2017 and December 31, 2016, the Company's and subsidiary'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
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 its 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 its subsidiary thus have to comply with certain conditions contained in the promotion certificates.

* Certificate no. 1518(2)/2556 and 1558(2)/2556 is on process for cancel the certificate before expiry date to the project because the Company subleased aircraft Boeing 737-800.

23. DISCLOSURE OF INFORMATION ON FINANCIAL INSTRUMENTS

23.1 Credit risk

Credit risk refers to the risk that accounts receivable will default on its contractual obligations resulting in a financial loss to the Company and subsidiaries. The Company and subsidiaries may have concentration of risks from its receivables. However, the Company and subsidiaries do not have significant damage incurred from non-compliance with its contractual obligations of the accounts receivable and expects that there is no significant credit risk.

In the case of recognized financial assets in the statement of financial position, the carrying amount of the assets recorded in the statement of financial position represents the maximum exposure to credit risk.

23.2 Interest rate risk

Interest rate risk arises from the potential for a change in interest rates to have an effect on the operation of the Company and subsidiaries in the current reporting period and in future years. However, the effect of the change in interest rate does not have a material impact on the Company and subsidiaries because investments in debt securities and borrowings will be due in short-term.

23.3 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 March 31, 2017	As at December 31, 2016		As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016
USD	15,285,925	7,702,339	THB	533,629,946	269,010,857	527,620,069	277,394,430

Separate financial statements							
Currency	Contract amounts		Currency	Deliverable amount		Fair value	
	As at March 31, 2017	As at December 31, 2016		As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016
USD	15,285,925	7,702,339	THB	533,629,946	269,010,857	527,620,069	277,394,430

23.4 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 March 31, 2017 and December 31, 2016, the Company has the obligations for payments of aircraft fuel under fuel fixed-price contracts of USD 5.05 million and USD 1.70 million, respectively.

23.5 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.

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

Financial assets and liabilities measured at fair value

Certain financial liabilities of the Company and subsidiaries are measured at fair value in the statements of financial position at the end of reporting period. The following table gives information about how the fair values of these financial liabilities are determined.

Financial liabilities	Currency	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		Fair value hierarchy	Valuation technique and key input
		Fair value ('000)		Fair value ('000)			
		As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016		
Foreign currency forward contracts	THB	527,620	277,394	527,620	277,394	Level 2	Discounted cash flow. The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Fuel hedging agreement	USD	5,055	1,695	5,055	1,695	Level 2	Discounted cash flow. The estimated future cash flows is from the fuel futures price (from observable fuel futures price at the end of reporting period) and the price of fuel under the contract, discounted at a rate that reflects the various risk of fuel.

Financial assets and liabilities not measured at fair value

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, long-term loans to a related company, short-term loans from financial institutions, trade and other payables, provisions for aircraft maintenance, withholding tax payable and other current liabilities; the carrying value approximate their fair value.

24. PRESENTATIONS

The consolidated statements of profit and loss and other comprehensive income for the three-month period ended March 31, 2016 have been reclassified to conform to the classifications used in the consolidated statements of profit and loss and other comprehensive income for the three-month period ended March 31, 2017 as follows;

Accounts	Amount (Baht)	Previous classifications	Current classifications
Revenue from Fuel	156,946,836	Inclusively presented in service revenues	Passenger revenue

25. EVENTS AFTER THE REPORTING PERIOD

25.1 On April 7, 2017, the Company entered into Termination Agreement with a lessor in order to terminate the rental agreement of Boeing 737-800 MSN: 33597 totaling 1 aircraft which was effective on April 10, 2017. The Company has to pay early termination fee as specified in aircraft lease agreement. Meanwhile, the Company entered into Deed in Respect of Delivery Condition and Maintenance Compensation with a company which is a new lessee to mutually agree related to maintenance expenses of such aircraft in the proportion as specified in the agreement. Such agreement termination, the Company has to pay termination fee and maintenance expenses totaling of USD 4.96 million. However, as at March 31, 2017, the Company have already had provision for this aircraft maintenance of USD 5.25 million. The Company, therefore, reversed the total amount of such provision, and the Company has recorded accrued expenses for termination fee and maintenance expenses totaling of USD 4.96 million in consolidated and separate financial statements as at March 31, 2017.

25.2 On April 19, 2017, the Annual General Meeting of the Shareholders for the year 2017 of the Company has the resolution to approve the followings:

1. Approved the increase of registered capital of the Company in order to accommodate the allocation of the newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings (Rights Offering) and to accommodate the exercise of Warrants No. 1 (NOK-W1) in the total amount of Baht 781,250,000 from the existing registered capital of Baht 625,000,000 to new registered capital of Baht 1,406,250,000 by means of issuance of 781,250,000 newly-issued ordinary shares with the par value of Baht 1 each, and the Board of Directors also approved the amendment to Clause 4 of Memorandum of Association of the Company to be in line with the capital increase. The Company registered the increase of capital and amended the Memorandum of Association with the Ministry of Commerce on April 26, 2017.

2. Approved the issuance and offering of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1) (“**Warrant**”) to the existing shareholders who subscribe to the newly-issued ordinary shares without any cost.
 3. Approved the allocation of not exceeding 781,250,000 newly-issued ordinary shares at the par value of Baht 1 per share following the increase in the registered capital as approved in item 1 above as the following details:
 - 3.1 The allocation of the newly-issued ordinary shares (not exceeding 625,000,000 shares) to the existing shareholders proportionate to their respective shareholdings (Rights Offering). In this regard, the Company determined the allocation ratio as 1 existing share to 1 newly-issued ordinary share (the total numbers of shares for the Rights Offering are 625,000,000 shares) with the offering price at Baht 2.40 per share.
 - 3.2 The allocation of not exceeding 156,250,000 newly-issued ordinary shares at the par value of Baht 1 to accommodate the exercise of Warrants No. 1 (NOK-W1) issued together with the issuance and offering of the newly-issued ordinary shares to the existing shareholders proportionated to their shareholdings (Rights Offering) without any cost as approved in item 2 aforementioned. The Warrants will be offered to the existing shareholders who subscribe to the newly-issued ordinary shares.
- 25.3 On May 9, 2017, the subsidiary has renewed the promissory notes of Baht 700 million from May 9, 2017, until August 7, 2017.

26. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statement has been approved for issuing by the Company’s Board of Directors on May 11, 2017.

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(Mr. Patee Sarasin)
Director and Chief Executive Officer

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(Mr. Narongchai Wongthanavimok)
Director