

**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, 2017, 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, 2017, 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 10, 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 JUNE 30, 2017

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		June 30, 2017 “Unaudited”	December 31, 2016	June 30, 2017 “Unaudited”	December 31, 2016
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	2,792,217,776	3,231,221,279	1,091,428,557	1,475,116,784
Trade and other receivables	5	1,229,077,021	1,182,410,827	790,640,558	711,021,620
Inventories		33,913,587	31,401,062	33,913,587	31,401,062
Refundable value-added tax		187,745,093	132,528,696	58,195,732	14,919,717
Short-term aircraft deposits and prepayments	6	113,806,081	162,803,817	113,806,081	162,803,817
Other current assets		109,839,708	79,374,805	90,681,721	54,219,396
Total Current Assets		<u>4,466,599,266</u>	<u>4,819,740,486</u>	<u>2,178,666,236</u>	<u>2,449,482,396</u>
NON-CURRENT ASSETS					
Deposits at bank pledged as collateral	22.4	618,593,839	251,419,909	557,394,765	190,220,835
Investments in subsidiaries	7	-	-	4,949,000	4,949,000
Investments in joint venture	8	11,274,105	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	313,452,737	338,516,111	300,601,970	328,519,602
Intangible assets	12	55,691,737	65,199,789	50,059,149	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	396,773,592	417,393,744	342,552,041	360,214,858
Other non-current assets		31,295,441	32,516,870	49,208,710	41,835,387
Total Non-Current Assets		<u>1,487,930,866</u>	<u>1,181,112,549</u>	<u>2,363,834,404</u>	<u>2,044,533,904</u>
TOTAL ASSETS		<u><u>5,954,530,132</u></u>	<u><u>6,000,853,035</u></u>	<u><u>4,542,500,640</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. Teerapol Chotichanapibal)
Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT JUNE 30, 2017

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,
		2017	2016	2017	2016
		“Unaudited”		“Unaudited”	
LIABILITIES AND SHAREHOLDERS’ EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	14	700,000,000	700,000,000	-	-
Trade and other payables	15	4,096,745,522	4,467,338,935	2,195,136,391	2,647,080,855
Deferred income from					
customer loyalty programmes		19,975,371	18,967,909	19,975,371	18,967,909
Short-term provisions for aircraft maintenance	16	114,080,896	128,239,187	96,238,513	92,247,326
Withholding tax payable		28,961,738	23,926,211	28,572,493	22,939,347
Other current liabilities		28,482,733	45,551,482	7,732,866	7,959,237
Total Current Liabilities		<u>4,988,246,260</u>	<u>5,384,023,724</u>	<u>2,347,655,634</u>	<u>2,789,194,674</u>
NON-CURRENT LIABILITIES					
Long-term provisions for aircraft maintenance	16	735,486,057	644,627,040	735,486,057	629,255,517
Employee benefit obligations	17	214,634,461	222,902,064	198,462,991	211,367,374
Other non-current liabilities		168,324,262	89,025,658	168,324,262	89,025,658
Total Non-Current Liabilities		<u>1,118,444,780</u>	<u>956,554,762</u>	<u>1,102,273,310</u>	<u>929,648,549</u>
TOTAL LIABILITIES		<u>6,106,691,040</u>	<u>6,340,578,486</u>	<u>3,449,928,944</u>	<u>3,718,843,223</u>

(Mr. Patee Sarasin)

Director and Chief Executive Officer

(Mr. Teerapol Chotichanapibal)

Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT JUNE 30, 2017

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,
		2017	2016	2017	2016
		“Unaudited”		“Unaudited”	
LIABILITIES AND SHAREHOLDERS’ EQUITY					
(CONTINUED)					
SHAREHOLDERS’ EQUITY					
SHARE CAPITAL					
Authorized share capital	18	1,406,250,000	625,000,000	1,406,250,000	625,000,000
Issued and paid-up share capital	18	1,135,999,882	625,000,000	1,135,999,882	625,000,000
SHARE PREMIUM ACCOUNT					
- ORDINARY SHARES		3,757,885,777	3,042,485,943	3,757,885,777	3,042,485,943
RETAINED EARNINGS (DEFICIT)					
Appropriated					
Legal reserve		62,500,000	62,500,000	62,500,000	62,500,000
Unappropriated (deficit)		(4,430,390,243)	(3,485,130,159)	(3,863,813,963)	(2,954,812,866)
Deficit from change in shareholding					
in a subsidiary		(5,940,185)	(5,940,185)	-	-
Total owners of the parent		520,055,231	238,915,599	1,092,571,696	775,173,077
Non-controlling interests		(672,216,139)	(578,641,050)	-	-
TOTAL SHAREHOLDERS’ EQUITY (CAPITAL DEFICIENCY)		<u>(152,160,908)</u>	<u>(339,725,451)</u>	<u>1,092,571,696</u>	<u>775,173,077</u>
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		<u>5,954,530,132</u>	<u>6,000,853,035</u>	<u>4,542,500,640</u>	<u>4,494,016,300</u>

See the condensed notes to the financial statements

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

.....
(Mr. Teerapol Chotichanapibal)
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, 2017
“UNAUDITED”

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
REVENUES					
Passenger revenues		3,876,344,810	3,477,552,072	2,883,700,573	2,695,289,813
Service revenues		513,263,553	351,421,580	292,690,538	186,011,448
Other income					
Interest income		7,239,581	9,700,991	6,434,390	10,779,899
Others	19	273,019,585	79,900,100	206,564,936	78,633,340
Total Revenue		<u>4,669,867,529</u>	<u>3,918,574,743</u>	<u>3,389,390,437</u>	<u>2,970,714,500</u>
EXPENSES					
Costs of passenger and services		5,134,269,830	4,516,246,653	3,790,728,848	3,460,519,089
Selling expenses		40,511,390	42,726,762	23,138,047	33,850,904
Administrative expenses		221,812,722	198,070,308	177,581,379	158,994,617
Finance costs		20,387,834	23,324,321	12,874,429	21,987,277
Total Expenses		<u>5,416,981,776</u>	<u>4,780,368,044</u>	<u>4,004,322,703</u>	<u>3,675,351,887</u>
SHARE OF LOSS ON INVESTMENTS IN					
JOINT VENTURE		(1,860,018)	(2,676,973)	-	-
LOSS BEFORE INCOME TAX		<u>(748,974,265)</u>	<u>(864,470,274)</u>	<u>(614,932,266)</u>	<u>(704,637,387)</u>
INCOME TAX REVENUE	13	-	(85,579)	-	(85,579)
LOSS FOR THE PERIOD		<u>(748,974,265)</u>	<u>(864,384,695)</u>	<u>(614,932,266)</u>	<u>(704,551,808)</u>
TOTAL COMPREHENSIVE LOSS					
FOR THE PERIOD		<u>(748,974,265)</u>	<u>(864,384,695)</u>	<u>(614,932,266)</u>	<u>(704,551,808)</u>
LOSS ATTRIBUTABLE TO					
Owners of the parent		(649,695,316)	(745,876,861)	(614,932,266)	(704,551,808)
Non-controlling interests		(99,278,949)	(118,507,834)	-	-
		<u>(748,974,265)</u>	<u>(864,384,695)</u>	<u>(614,932,266)</u>	<u>(704,551,808)</u>
LOSS PER SHARE					
BASIC LOSS PER SHARE (BAHT)	20	(0.785)	(1.193)	(0.743)	(1.127)
DILUTED LOSS PER SHARE (BAHT)		(0.781)	-	(0.739)	-

See the condensed notes to the financial statements

.....
(Mr. Patee Sarasin)

Director and Chief Executive Officer

.....
(Mr. Teerapol Chotichanapibal)

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, 2017
“UNAUDITED”

UNIT : BAHT

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
REVENUES					
Passenger revenues		8,510,360,710	7,228,200,717	6,432,123,346	5,732,812,238
Service revenues		1,025,396,183	686,617,004	586,372,429	394,193,115
Other income					
Interest income		11,528,012	21,720,638	13,166,421	25,745,912
Others	19	532,098,718	203,141,946	445,228,658	199,347,180
Total Revenue		<u>10,079,383,623</u>	<u>8,139,680,305</u>	<u>7,476,890,854</u>	<u>6,352,098,445</u>
EXPENSES					
Costs of passenger and services		10,455,525,553	8,914,640,264	7,873,287,298	7,015,421,864
Selling expenses		78,597,936	83,089,344	43,795,092	64,666,302
Administrative expenses		537,769,473	389,421,362	441,169,538	284,244,140
Finance costs		42,383,228	74,211,029	27,640,023	71,809,454
Total Expenses		<u>11,114,276,190</u>	<u>9,461,361,999</u>	<u>8,385,891,951</u>	<u>7,436,141,760</u>
SHARE OF LOSS ON INVESTMENTS IN					
JOINT VENTURE		(3,942,606)	(8,170,548)	-	-
LOSS BEFORE INCOME TAX		<u>(1,038,835,173)</u>	<u>(1,329,852,242)</u>	<u>(909,001,097)</u>	<u>(1,084,043,315)</u>
INCOME TAX EXPENSES	13	-	483,517	-	483,517
LOSS FOR THE PERIOD		<u>(1,038,835,173)</u>	<u>(1,330,335,759)</u>	<u>(909,001,097)</u>	<u>(1,084,526,832)</u>
TOTAL COMPREHENSIVE LOSS					
FOR THE PERIOD		<u>(1,038,835,173)</u>	<u>(1,330,335,759)</u>	<u>(909,001,097)</u>	<u>(1,084,526,832)</u>
LOSS ATTRIBUTABLE TO					
Owners of the parent		(945,260,084)	(1,151,700,351)	(909,001,097)	(1,084,526,832)
Non-controlling interests		(93,575,089)	(178,635,408)	-	-
		<u>(1,038,835,173)</u>	<u>(1,330,335,759)</u>	<u>(909,001,097)</u>	<u>(1,084,526,832)</u>
LOSS PER SHARE					
	20				
BASIC LOSS PER SHARE (BAHT)		(1.301)	(1.843)	(1.251)	(1.735)
DILUTED LOSS PER SHARE (BAHT)		(1.253)	-	(1.204)	-

See the condensed notes to the financial statements

.....
(Mr. Patee Sarasin)

Director and Chief Executive Officer

.....
(Mr. Teerapol Chotichanapibal)

Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017
"UNAUDITED"

UNIT : BAHT

	Note	Consolidated financial statements							
		Total attributions to owners of the parent					Total attributions to owners of the parent	Non-controlling interests	Total shareholders' equity
		Issued and paid-up share capital	Share premium account ordinary shares	Retained earnings (loss)		Deficit from change in shareholding in a subsidiary			
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 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		<u>625,000,000</u>	<u>3,042,485,943</u>	<u>62,500,000</u>	<u>(1,828,525,006)</u>	<u>(5,940,185)</u>	<u>1,895,520,752</u>	<u>(283,794,654)</u>	<u>1,611,726,098</u>
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 six-month period ended June 30, 2017									
Issue of ordinary shares	18	510,999,882	715,399,834	-	-	-	1,226,399,716	-	1,226,399,716
Total comprehensive loss for the period		-	-	-	(945,260,084)	-	(945,260,084)	(93,575,089)	(1,038,835,173)
Balances as of June 30, 2017		<u>1,135,999,882</u>	<u>3,757,885,777</u>	<u>62,500,000</u>	<u>(4,430,390,243)</u>	<u>(5,940,185)</u>	<u>520,055,231</u>	<u>(672,216,139)</u>	<u>(152,160,908)</u>

See the condensed notes to the financial statements

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

.....
(Mr. Teerapol Chotichanapibal)
Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017
“UNAUDITED”

UNIT : BAHT

	Note	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 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>
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 six-month period ended June 30, 2017					
Issue of ordinary shares	18	510,999,882	715,399,834	- -	1,226,399,716
Total comprehensive loss for the period		-	-	- (909,001,097)	(909,001,097)
Balances as of June 30, 2017		<u>1,135,999,882</u>	<u>3,757,885,777</u>	<u>62,500,000</u> <u>(3,863,813,963)</u>	<u>1,092,571,696</u>

See the condensed notes to the financial statements

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

.....
(Mr. Teerapol Chotichanapibal)
Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

“UNAUDITED”

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax		(1,038,835,173)	(1,329,852,242)	(909,001,097)	(1,084,043,315)
Adjustments for:					
Depreciation		48,772,165	35,836,465	46,941,258	33,506,196
Amortization		11,677,552	11,320,364	11,096,305	10,475,577
Loss (gain) on disposals and write-off of equipment		(265,550)	69,197	(265,550)	69,197
Unrealized loss (gain) on exchange rate		(39,716,808)	4,108,103	(39,006,976)	4,370,018
Reversal of allowance for doubtful accounts		(621,792)	(692,954)	(621,792)	(692,954)
Provision for aircraft maintenance recognized as expenses		209,203,957	147,924,376	206,656,969	132,564,779
Deferred income from customer loyalty programmes recognized during the period (reversal)		1,007,462	(36,389,812)	1,007,462	(36,389,812)
Employee benefit expenses		20,580,697	26,007,231	15,943,917	22,304,547
Interest income		(11,528,012)	(21,720,638)	(13,166,421)	(25,745,912)
Interest expense		14,743,205	8,411,261	-	6,009,686
Share of loss on investments in joint venture		3,942,606	8,170,548	-	-
Operating loss before changes in operating assets and liabilities		(781,039,691)	(1,146,808,101)	(680,415,925)	(937,571,993)
Operating assets (increase) decrease					
Trade and other receivables		(50,031,398)	(307,322,761)	(78,074,298)	(366,038,268)
Inventories		(2,512,525)	(12,792,069)	(2,512,525)	(12,792,069)
Refundable value-added tax		(55,216,398)	165,814,510	(43,276,015)	71,019,284
Short-term aircraft deposits and prepayments		42,888,983	(3,720,458)	42,888,983	(3,720,458)
Other current assets		(27,456,515)	(40,369,595)	(34,081,007)	(22,926,555)
Deposits at bank pledged as collateral		(367,173,930)	-	(367,173,930)	-
Long-term aircraft deposits and prepayments		(724,302)	46,346,968	(724,302)	37,561,332
Other non-current assets		1,221,429	(18,555,644)	(7,373,323)	(7,810,712)

.....
(Mr. Patee Sarasin)

Director and Chief Executive Officer

.....
(Mr. Teerapol Chotichanapibal)

Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 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		(314,757,719)	571,127,807	(412,030,585)	135,295,935
Aircraft maintenance paid		(92,688,639)	(24,750,360)	(56,620,651)	(24,750,360)
Withholding tax payable		5,035,527	5,755,207	5,633,145	2,490,899
Other current liabilities		(17,068,750)	25,586,654	(226,371)	771,455
Employee benefit paid		(28,848,300)	(11,203,077)	(28,848,300)	(11,203,077)
Other non-current liabilities		79,298,604	(66,652)	79,298,604	(66,652)
Cash paid from operations		(1,609,073,624)	(750,957,571)	(1,583,536,500)	(1,139,741,239)
Income tax paid		(3,008,388)	(2,961,320)	(2,381,319)	(2,961,320)
Net cash used in operating activities		(1,612,082,012)	(753,918,891)	(1,585,917,819)	(1,142,702,559)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash received from temporary investments		-	300,000,000	-	300,000,000
Cash paid for acquisition of equipment and intangible assets	4.2	(32,400,873)	(103,661,853)	(26,887,008)	(101,827,594)
Proceeds from sales of equipment		489,720	-	489,720	-
Cash received from interest income		7,136,781	26,300,279	6,252,268	21,928,112
Net cash provided by (used in) investing activities		(24,774,372)	222,638,426	(20,145,020)	220,100,518

.....
(Mr. Patee Sarasin)

Director and Chief Executive Officer

.....
(Mr. Teerapol Chotichanapibal)

Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 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		(14,743,205)	(9,485,685)	-	(7,084,110)
Cash paid for short-term loans					
from a financial institution		-	(520,000,000)	-	(520,000,000)
Proceeds from share capital increase		1,226,399,717	-	1,226,399,717	-
Net cash provided by (used in) financing activities		<u>1,211,656,512</u>	<u>(529,485,685)</u>	<u>1,226,399,717</u>	<u>(527,084,110)</u>
EFFECT FROM FOREIGN EXCHANGE RATE					
IN CASH AND CASH EQUIVALENTS		<u>(13,803,631)</u>	<u>1,404,001</u>	<u>(4,025,105)</u>	<u>(2,074,453)</u>
Net decrease in cash and cash equivalents		(439,003,503)	(1,059,362,149)	(383,688,227)	(1,451,760,604)
Cash and cash equivalents as at January 1,		<u>3,231,221,279</u>	<u>4,213,756,405</u>	<u>1,475,116,784</u>	<u>3,480,327,664</u>
Cash and cash equivalents as at June 30,	4.1	<u><u>2,792,217,776</u></u>	<u><u>3,154,394,256</u></u>	<u><u>1,091,428,557</u></u>	<u><u>2,028,567,060</u></u>

See the condensed notes to the financial statements

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

.....
 (Mr. Teerapol Chotichanapibal)
 Director

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 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 June 30, 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 21.57% and 39.20% of the Company’s issued and paid-up share capital, respectively, and has no power of control in the Company.

For the six-month period ended June 30, 2017, the consolidated and separate financial statements shown net loss of Baht 1,038.84 million and Baht 909.00 million, respectively. As at June 30, 2017, total current liabilities exceeded total current assets of Baht 521.65 million and Baht 168.99 million, respectively and the consolidated financial statements shown capital deficiency of Baht 152.16 million. In addition, as at June 30, 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:

- 1.1.1 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 such subsidiary to enable to continue its operation satisfactorily for the period at least of twelve months after the date of the letter.
- 1.1.2 The Company received a letter from the financial institution to extend the maintaining of financial ratios to December 31, 2017 (see Note 22.4).
- 1.1.3 On April 19, 2017, Annual General Meeting of Shareholders for the year 2017 has the resolution to increase the authorized 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. The Company registered the increase of capital with the Ministry of Commerce on April 26, 2017.

On May 26, 2017, the Company received cash in the amount of Baht 1,226,399,716.80 from issued and paid-up share capital totaling 510,999,882 shares at an offering price of Baht 2.4 per share with a par value of Baht 1 per share. This is resulted in share premium of Baht 715,399,834.80. In addition, on May 31, 2017, the Company issued Warrants for 127,749,952 units. The exercise price is Baht 5 per share and the exercise date is during September 30, 2017 to May 29, 2020 (see Note 18).

1.1.4 On August 10, 2017 the Board of Directors of the Company has resolved to propose to Extra-ordinary General Meeting of the Shareholders No. 1/2017 for the Company on September 20, 2017 to approve the reduction of registered capital from Baht 1,406,250,000 to Baht 1,292,249,882 by cancelling 114,000,118 shares which were authorized but unissued with the par value of Baht 1 each and approve the increase of registered capital from Baht 1,292,249,882 to Baht 2,499,249,882 by means of issuance of 1,207,000,000 newly-issued ordinary shares with the par value of Baht 1 each (see Note 27).

1.1.5 In addition, the Company has a plan to manage their aircraft fleet, expansion their routes and increasing utilization of aircraft and expenditure control for both of maintenance costs and other expenses in order to have better operation result of the Company.

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 had passed the inspecting as plan of the Civil Aviation Authority of Thailand (CAAT) (Formerly Thai Department of Civil Aviation (DCA)) which the Company and its subsidiary received Air Operator Certificate (AOC) to certify their ability to perform safely commercial air operations. The Civil Aviation Authority of Thailand (CAAT) is in process to 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 and six-month periods ended June 30, 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 and six-month periods ended June 30, 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 June 30, 2017, and December 31, 2016, the Company has shareholding portion in the subsidiaries as follows:

Companies	Type of business	Country of registration	Registration date	Shareholdings (%)	
				As at June 30, 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 interim 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
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Cash on hand	20,188,332	23,730,726	15,889,745	19,255,069
Deposits at banks - current accounts	821,928,338	774,971,337	122,866,088	240,722,676
Deposits at banks - savings accounts	898,763,194	1,342,519,216	252,672,724	475,139,039
Certificates of deposit (interest at the rates of 0.85 % - 1.50% p.a. with maturities within 3 months)	<u>1,051,337,912</u>	<u>1,090,000,000</u>	<u>700,000,000</u>	<u>740,000,000</u>
Total	<u>2,792,217,776</u>	<u>3,231,221,279</u>	<u>1,091,428,557</u>	<u>1,475,116,784</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:

	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	26,102,461	91,817,908	20,677,796	90,837,133
<u>Less</u> Cash payments during the periods	<u>(32,400,873)</u>	<u>(103,661,853)</u>	<u>(26,887,008)</u>	<u>(101,827,594)</u>
Payables for purchases of equipment and intangible assets carried forward	<u>602,564</u>	<u>4,837,202</u>	<u>594,063</u>	<u>4,812,070</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 June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016
Trade receivables - related parties (see Note 21.1)	4,886,269	5,803,337	35,569,228	18,945,899
Trade receivables - other parties	<u>404,015,151</u>	<u>376,942,834</u>	<u>110,581,364</u>	<u>79,394,123</u>
Total	408,901,420	382,746,171	146,150,592	98,340,022
<u>Less</u> Allowance for doubtful accounts	<u>(11,082,715)</u>	<u>(11,704,507)</u>	<u>(10,499,287)</u>	<u>(11,121,079)</u>
Total trade receivables	<u>397,818,705</u>	<u>371,041,664</u>	<u>135,651,305</u>	<u>87,218,943</u>
Other receivables				
Advance aircraft rental	185,088,072	248,723,585	179,597,902	245,956,865
Other prepaid expenses	162,671,759	183,573,147	120,753,888	99,392,572
Accrued income - related parties (see Note 21.1)	125,696,873	1,601,776	127,746,250	20,099,614
Accrued income - other parties	41,014,082	15,574,853	28,769,346	12,666,936
Accrued interest income	2,049,172	4,968,287	908,167	1,304,360
Advance payments - related parties (see Note 21.1)	-	1,068,799	1,957,519	1,661,279
Advance payments - other parties	12,382,101	14,023,527	11,158,996	12,308,068
Advance payments for aircraft maintenance and engine maintenance	90,158,368	210,841,747	56,411,143	174,301,465
Advance fuel for aircraft	66,690,041	62,749,703	-	1,959,748
Accrued income - gain on sale and leaseback aircraft	117,129,877	47,534,510	117,129,877	47,534,510
Others	<u>28,377,971</u>	<u>20,709,229</u>	<u>10,556,165</u>	<u>6,617,260</u>
Total other receivables	<u>831,258,316</u>	<u>811,369,163</u>	<u>654,989,253</u>	<u>623,802,677</u>
Total	<u>1,229,077,021</u>	<u>1,182,410,827</u>	<u>790,640,558</u>	<u>711,021,620</u>

5.2 Trade receivables classified by aging are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	As at June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016
Current	60,933,786	84,011,234	60,931,324	71,624,394
Overdue - Less than 1 month	75,501,301	39,907,889	48,421,941	9,130,149
- Over 1 month to 2 months	20,171,193	23,380,607	4,426,878	1,224,336
- Over 2 months to 4 months	78,160,174	147,404,247	20,867,188	1,265,796
- Over 4 months to 1 year	162,500,315	76,261,950	1,003,974	3,974,268
- Over 1 year	11,634,651	11,780,244	10,499,287	11,121,079
	408,901,420	382,746,171	146,150,592	98,340,022
<u>Less</u> Allowance for doubtful accounts	(11,082,715)	(11,704,507)	(10,499,287)	(11,121,079)
Total	397,818,705	371,041,664	135,651,305	87,218,943

6. AIRCRAFT DEPOSITS AND PREPAYMENTS

Aircraft deposits and prepayments consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	As at June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016
Short-term				
Deposits - aircraft lease and machine	113,806,081	162,803,817	113,806,081	162,803,817
Total	113,806,081	162,803,817	113,806,081	162,803,817
Long-term				
Deposits - aircraft lease	93,140,009	97,199,472	38,918,458	40,020,586
Prepayments - aircraft acquisition	303,633,583	320,194,272	303,633,583	320,194,272
Total	396,773,592	417,393,744	342,552,041	360,214,858

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 from aircraft manufacturers but not yet delivered. PDP term and amount was set up in Aircraft Purchase Agreement with aircraft manufacturers.

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 periods ended June 30, 2017 and 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 126.05 million and Baht 95.19 million, respectively (see Note 19).

7. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at June 30, 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)	
			Shareholding (%)		Paid-up share capital (Baht)		Separate financial statements (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,
			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							<u>4,949,000</u>	<u>4,949,000</u>

* 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.

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 (formerly TOD Holdings Co, Ltd.) 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.

As at June 30, 2017 and December 31, 2016, investment in joint venture in the separate financial statements has detail as follows:

	Separate financial statements	
	As at June 30, 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 June 30, 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 June 30, 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	11,274,105	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	3,942,606	14,147,369
Paid-up share capital	Singapore dollars	7,638,240	7,638,240
Total assets	Singapore dollars	4,581,595	5,503,703
Total liabilities	Singapore dollars	321,351	176,809

For the three-month and six-month periods ended June 30, 2017 the operation of joint venture is as follows:

	For the three-month period ended June 30, 2017 “Unreviewed”	UNIT : SINGAPORE DOLLARS For the six-month period ended June 30, 2017 “Unreviewed”
Total Revenues	137,729	139,524
Total Expenses	(641,108)	(1,202,657)
Net loss for the periods	<u>(503,379)</u>	<u>(1,063,133)</u>

9. OTHER LONG-TERM INVESTMENTS

Other long-term investments consist of:

Companies	Consolidated financial statements			
	As at June 30, 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	<u>40,650,000</u>	15.00	<u>40,650,000</u>
Total		<u>47,527,500</u>		<u>47,527,500</u>

Companies	Separate financial statements			
	As at June 30, 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	<u>40,650,000</u>	15.00	<u>40,650,000</u>
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 June 30, 2017 and December 31, 2016, long-term loans to a related party are Baht 970 million (see Note 21.1).

The Company has issued letters to the subsidiary to confirm that it will not recall the accrued interest income as at June 30, 2017 and December 31, 2016 amounting to Baht 40.33 million and Baht 33.02 million, respectively, for at least 12 months from June 30, 2017 and December 31, 2016. Therefore, the Company presented the accrued interest income as other non-current assets (see Note 21.1).

11. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Movements of leasehold improvements and equipment for the six-month period ended June 30, 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)	23,932,961	19,247,796
Transfer in - cost	4,933,829	4,933,829
Transfer out - cost	(4,933,829)	(4,933,829)
Cost of disposed/written-off assets	(7,350,427)	(7,350,427)
Accumulated depreciation of disposed/written-off assets	7,126,257	7,126,257
Depreciation	(48,772,165)	(46,941,258)
Ending carrying amounts as at June 30, 2017	<u>313,452,737</u>	<u>300,601,970</u>

12. INTANGIBLE ASSETS

Movements of intangible assets for the six-month period ended June 30, 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	2,169,500	1,430,000
Amortization	(11,677,552)	(11,096,304)
Ending carrying amounts as at June 30, 2017	<u>55,691,737</u>	<u>50,059,149</u>

13. DEFERRED TAX ASSETS AND INCOME TAX EXPENSE

Deferred tax assets consist of:

	Consolidated financial statements		Separate financial statements	
	As at June 30, 2017	As at December 31, 2016	As at June 30, 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 June 30, 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 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	<u>13,159,296</u>	<u>(483,517)</u>	<u>-</u>	<u>12,675,779</u>

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

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements 2017	2016	financial statements 2017	2016
Deferred income tax	-	(85,579)	-	(85,579)
Income tax revenue	<u>-</u>	<u>(85,579)</u>	<u>-</u>	<u>(85,579)</u>

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

	UNIT : BAHT			
	Consolidated		Separate	
	Financial statements 2017	2016	Financial statements 2017	2016
Deferred income tax	-	483,517	-	483,517
Income tax expense	<u>-</u>	<u>483,517</u>	<u>-</u>	<u>483,517</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:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accounting profit for non-promoted operations	378,132,707	98,316,983	361,696,290	103,496,208
Accounting loss for promoted operations	<u>(1,416,967,880)</u>	<u>(1,428,169,225)</u>	<u>(1,270,697,387)</u>	<u>(1,187,539,523)</u>
Accounting loss before income tax expense	<u>(1,038,835,173)</u>	<u>(1,329,852,242)</u>	<u>(909,001,097)</u>	<u>(1,084,043,315)</u>
Income tax calculated based on tax rate at 20%	75,626,541	19,663,397	72,339,258	20,699,242
Effect of loss for promoted business used as tax deduction	(75,626,541)	(19,663,397)	(72,339,258)	(20,699,242)
Tax effect of temporary differences	-	483,517	-	483,517
Corporate income tax expense as presented in the statements of profit or loss and other comprehensive income	<u>-</u>	<u>483,517</u>	<u>-</u>	<u>483,517</u>

As at June 30, 2017, the Company and its subsidiaries did not record deferred tax assets related to loss carried forward because the estimated future taxable income will not be sufficient to allow for the realization in full amount of deferred tax assets resulting from loss carried forward of Baht 2,759.54 million and Baht 2,161.87 million to be expired in 2021 for consolidated and separate financial statements, respectively.

14. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at June 30, 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. Subsequently, on May 9, 2017, the subsidiary has renewed the promissory notes from May 9, 2017 until August 7, 2017. Subsequently, on August 7, 2017, the subsidiary has renewed the promissory notes from August 7, 2017 until September 7, 2017.

15. TRADE AND OTHER PAYABLES

Trade and other payables are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016
Trade payables - related parties (see Note 21.1)	59,384,757	60,794,946	59,653,318	52,090,327
Trade payables - other parties	799,110,761	984,520,419	496,320,077	688,263,936
Other payables - related parties (see Note 21.1)	11,009,265	7,534,790	11,763,918	7,534,790
Other payables - other parties	5,508,674	14,102,918	5,470,094	9,417,582
Unearned passenger revenues	1,093,387,290	1,324,053,519	488,876,387	717,044,330
Other advance received	504,769,218	577,763,951	175,321,133	146,298,520
Accrued expenses	<u>1,623,575,557</u>	<u>1,498,568,392</u>	<u>957,731,464</u>	<u>1,026,431,370</u>
Total	<u>4,096,745,522</u>	<u>4,467,338,935</u>	<u>2,195,136,391</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 June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 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	169,389,365	445,927,234	166,842,378	422,204,111
<u>Less</u> Aircraft maintenance cost paid during the period/year	<u>(92,688,639)</u>	<u>(106,923,668)</u>	<u>(56,620,651)</u>	<u>(106,923,668)</u>
Provisions for aircraft maintenance at ending of the period/year	849,566,953	772,866,227	831,724,570	721,502,843
<u>Less</u> Short-term provisions for aircraft maintenance	<u>(114,080,896)</u>	<u>(128,239,187)</u>	<u>(96,238,513)</u>	<u>(92,247,326)</u>
Long-term provisions for aircraft maintenance	<u>735,486,057</u>	<u>644,627,040</u>	<u>735,486,057</u>	<u>629,255,517</u>

17. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations consist of:

	Consolidated		UNIT : BAHT Separate	
	financial statements		financial statements	
	As at June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016
Retirement benefits	207,533,145	190,084,826	191,361,675	178,550,136
Other long term benefit - Pilot saving fund	7,101,316	32,817,238	7,101,316	32,817,238
Total	<u>214,634,461</u>	<u>222,902,064</u>	<u>198,462,991</u>	<u>211,367,374</u>

17.1 Retirement benefits

Movements in the retirement benefits are as follows:

	Consolidated		UNIT : BAHT Separate	
	financial statements		financial statements	
	As at June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016
Retirement benefits				
at the beginning of the period/year	190,084,826	134,719,340	178,550,136	127,869,939
Benefits paid	(28,848,300)	(16,361,004)	(28,848,300)	(16,361,004)
Current service costs and interest cost	46,296,619	59,679,906	41,659,839	52,274,537
Actuarial loss	-	12,046,584	-	14,766,664
Retirement benefits				
at the ending of the period/year	<u>207,533,145</u>	<u>190,084,826</u>	<u>191,361,675</u>	<u>178,550,136</u>

For the year ended December 31, 2016, the Company recognized actuarial loss 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 June 30, are as follows:

	Consolidated		UNIT : BAHT Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current service costs	20,102,724	14,712,088	17,908,385	12,953,288
Interest cost	834,517	806,115	710,466	713,573
Total	<u>20,937,241</u>	<u>15,518,203</u>	<u>18,618,851</u>	<u>13,666,861</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	
	2017	2016	2017	2016
Current service costs	44,428,018	30,002,614	40,039,340	26,485,013
Interest cost	1,868,601	1,662,687	1,620,499	1,477,604
Total	<u>46,296,619</u>	<u>31,665,301</u>	<u>41,659,839</u>	<u>27,962,617</u>

Principal actuarial assumptions are as follows:

	Consolidated financial statements	
	As at June 30, 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
Mortality rate	(depend on employee age) TMO2008 (Thai Mortality Ordinary Table 2008)	(depend on employee age) TMO2008 (Thai Mortality Ordinary Table 2008)

	Separate financial statements	
	As at June 30, 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
Mortality rate	(depend on employee age) TMO2008 (Thai Mortality Ordinary Table 2008)	(depend on employee age) TMO2008 (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:

	UNIT : BAHT			
	Consolidated financial statements		Separate financial statements	
	As at June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016
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	439,362	11,209,623	439,362	11,209,623
<u>Less</u> Reversal during the period/year	<u>(26,155,284)</u>	<u>(20,016,011)</u>	<u>(26,155,284)</u>	<u>(20,016,011)</u>
Other long-term benefit				
- Pilot saving fund at the ending of the period/year	<u>7,101,316</u>	<u>32,817,238</u>	<u>7,101,316</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. SHARE CAPITAL

	Par value per share (Baht)	Consolidated and Separate financial statements			
		June 30, 2017		December 31, 2016	
		Number	Amount <i>(shares / Baht)</i>	Number	Amount
Authorised					
At 1 January					
Ordinary shares	1	625,000,000	625,000,000	625,000,000	625,000,000
Increase of new shares	1	<u>781,250,000</u>	<u>781,250,000</u>	-	-
At 30 June / 31 December ordinary shares	1	<u>1,406,250,000</u>	<u>1,406,250,000</u>	<u>625,000,000</u>	<u>625,000,000</u>
Issued and paid-up					
At 1 January					
Ordinary shares	1	625,000,000	625,000,000	625,000,000	625,000,000
Increase of new shares	1	<u>510,999,882</u>	<u>510,999,882</u>	-	-
At 30 June / 31 December ordinary shares	1	<u>1,135,999,882</u>	<u>1,135,999,882</u>	<u>625,000,000</u>	<u>625,000,000</u>

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 proportionated 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.

Subsequently, on May 26, 2017, the Company received cash in the amount of Baht 1,226,399,716.80 from issued and paid-up share capital totaling 510,999,882 shares at an offering price of Baht 2.4 per share with a par value of Baht 1 per share. This is resulted in share premium of Baht 715,399,834.80. In addition, on May 31, 2017, the Company issued Warrants for 127,749,952 units. The exercise price is Baht 5 per share and the exercise date is during September 30, 2017 to May 29, 2020.

Share premium

Section 51 of the Public Companies Act B.E. 1992 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

19. OTHER INCOME - OTHERS

Other income - others consist of:

	UNIT : BAHT			
	For the three-month periods ended June 30,			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Revenue from insurance claim	35,971,794	-	35,971,794	-
Gain from exchange rate	41,532,097	-	25,837,644	-
Gain on sale and leaseback aircraft	126,047,348	-	126,047,348	-
Other income - other service fee	15,443,427	20,551,334	13,830,369	19,284,205
Refund for aircraft maintenance and engine	-	57,528,454	-	57,528,454
Incentive income from Airports of Thailand (AOT)	7,265,885	-	-	-
Others	46,759,034	1,820,312	4,877,781	1,820,681
Total	<u>273,019,585</u>	<u>79,900,100</u>	<u>206,564,936</u>	<u>78,633,340</u>

	UNIT : BAHT			
	For the six-month periods ended June 30,			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Revenue from insurance claim	187,567,225	-	187,567,225	-
Gain from exchange rate	86,749,348	-	71,054,894	-
Gain on sale and leaseback aircraft (see Note 6)	126,047,348	95,185,228	126,047,348	95,185,228
Other income - other service fee	37,616,288	41,566,531	32,970,231	38,441,124
Refund for aircraft maintenance	4,863,111	57,528,454	4,863,111	57,528,454
Incentive income from Airports of Thailand (AOT)	14,399,023	-	-	-
Others	74,856,375	8,861,733	22,725,849	8,192,374
Total	<u>532,098,718</u>	<u>203,141,946</u>	<u>445,228,658</u>	<u>199,347,180</u>

20. BASIC AND DILUTED LOSS PER SHARE

The calculations of basic loss per share were based on the loss for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period.

The calculations of diluted loss per share were based on the loss for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period after adjusting for the effects of all dilutive potential ordinary shares.

The calculations of basic and diluted loss per share for the three-month and six-month periods ended June 30, as follows:

	For the three-month period ended June 30,			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(Baht / shares)</i>			
Basic loss per share				
Loss attributable to ordinary shareholders of the Company (basic)	<u>(649,695,316)</u>	<u>(745,876,861)</u>	<u>(614,932,266)</u>	<u>(704,551,808)</u>
Number of ordinary shares outstanding at 1 January	625,000,000	625,000,000	625,000,000	625,000,000
Effect of shares exercised at May 26, 2017	<u>202,153,799</u>	<u>-</u>	<u>202,153,799</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (basic)	<u>827,153,799</u>	<u>625,000,000</u>	<u>827,153,799</u>	<u>625,000,000</u>
Basic loss per share (Baht)	<u>(0.785)</u>	<u>(1.193)</u>	<u>(0.743)</u>	<u>(1.127)</u>
Diluted loss per share				
Weighted average number of ordinary shares outstanding (basic)	827,153,799	-	827,153,799	-
Effect of exercised warrants to purchase ordinary shares	<u>5,043,246</u>	<u>-</u>	<u>5,043,246</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>832,197,045</u>	<u>-</u>	<u>832,197,045</u>	<u>-</u>
Diluted loss per share (Baht)	<u>(0.781)</u>	<u>-</u>	<u>(0.739)</u>	<u>-</u>
	For the six-month period ended June 30,			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	<i>(Baht / shares)</i>			
Basic loss per share				
Loss attributable to ordinary shareholders of the Company (basic)	<u>(945,260,084)</u>	<u>(1,151,700,351)</u>	<u>(909,001,097)</u>	<u>(1,084,526,832)</u>
Number of ordinary shares outstanding at 1 January	625,000,000	625,000,000	625,000,000	625,000,000
Effect of shares exercised at May 26, 2017	<u>101,635,336</u>	<u>-</u>	<u>101,635,336</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (basic)	<u>726,635,336</u>	<u>625,000,000</u>	<u>726,635,336</u>	<u>625,000,000</u>
Basic loss per share (Baht)	<u>(1.301)</u>	<u>(1.843)</u>	<u>(1.251)</u>	<u>(1.735)</u>
Diluted loss per share				
Weighted average number of ordinary shares outstanding (basic)	726,635,336	-	726,635,336	-
Effect of exercised warrants to purchase ordinary shares	<u>28,038,527</u>	<u>-</u>	<u>28,038,527</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>754,673,863</u>	<u>-</u>	<u>754,673,863</u>	<u>-</u>
Diluted loss per share (Baht)	<u>(1.253)</u>	<u>-</u>	<u>(1.204)</u>	<u>-</u>

21. 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, 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
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
Haad Thip Public Company Limited	Manufacturing and distribution of soft drinks.	Spouse of common director
Thailand Post Co., Ltd.	Postal service	Common director
CAT Telecom Public Co., Ltd.	Telecommunications business	Common director
Digital Content Factory Company Limited	Advertising services	The Company's director is shareholder

21.1 Balances with related parties are as follows:

	Consolidated		UNIT : BAHT	
	financial statements		Separate	
	As at June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016
Trade receivables - related parties (see Note 5.1)				
Thai Airways International PLC.	48,875	1,070	48,875	1,070
Thai Smile Airways Co., Ltd.	234,210	829,875	234,210	829,875
Dhipaya Insurance PLC.	4,586,291	4,953,999	4,586,291	4,953,999
NokScoot Airlines Co., Ltd.	-	-	30,681,025	13,142,562
Haad Thip Public Company Limited	16,893	18,393	16,893	18,393
Nok Holidays Co., Ltd.	-	-	1,934	-
Total	<u>4,886,269</u>	<u>5,803,337</u>	<u>35,569,228</u>	<u>18,945,899</u>
Accrued income - related parties (see Note 5.1)				
Dhipaya Insurance PLC.	125,696,873	1,601,776	125,696,873	1,601,776
NokScoot Airlines Co., Ltd.	-	-	1,114,877	18,497,838
Nok Holidays Co., Ltd.	-	-	934,500	-
Total	<u>125,696,873</u>	<u>1,601,776</u>	<u>127,746,250</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.	-	-	806,110	672,113
Nok Holidays Co., Ltd.	-	-	1,151,409	989,166
Total	<u>-</u>	<u>1,068,799</u>	<u>1,957,519</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.	-	-	40,334,523	33,024,178
Trade payables - related parties (see Note 15)				
Thai Airways International PLC.	55,659,630	55,192,894	55,547,000	45,840,548
Thai Smile Airways Co., Ltd.	1,539,757	1,936,093	1,539,757	1,936,093
Donmuang International Airport Hotel Co., Ltd.	11,200	754,360	11,200	754,360
Thai Flight Training Co., Ltd.	342,844	273,000	342,844	273,000
NokScoot Airlines Co., Ltd.	-	-	381,191	647,727
Pan Am International Flight Training Center (Thailand) Co., Ltd.	1,831,326	2,638,599	1,831,326	2,638,599
Total	<u>59,384,757</u>	<u>60,794,946</u>	<u>59,653,318</u>	<u>52,090,327</u>
Other payables - related parties (see Note 15)				
Dhipaya Insurance PLC.	4,374,853	5,525,651	4,374,853	5,525,651
Siam Premier International Law Office Limited	6,633,359	2,009,139	6,633,359	2,009,139
NokScoot Airlines Co., Ltd.	-	-	754,653	-
CAT Telecom Public Co., Ltd.	1,053	-	1,053	-
Total	<u>11,009,265</u>	<u>7,534,790</u>	<u>11,763,918</u>	<u>7,534,790</u>
Other current liabilities - a related party NokScoot Airlines Co., Ltd.	-	-	-	998,153

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

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Passenger revenues				
Thai Airways International PLC.	43,528	2,238	43,528	2,238
Thai Smile Airways Co., Ltd.	91,305	205,706	91,305	205,706
NokScoot Airlines Co., Ltd.	-	-	-	2,579
Total	<u>134,833</u>	<u>207,944</u>	<u>134,833</u>	<u>210,523</u>
Service revenues				
Thai Airways International PLC.	-	6,855	-	6,855
Thai Smile Airways Co., Ltd.	259,450	390,000	259,450	390,000
NokScoot Airlines Co., Ltd.	-	-	11,601,405	14,873,885
Dhipaya Insurance PLC.	3,816,238	56,250	3,816,238	56,250
Total	<u>4,075,688</u>	<u>453,105</u>	<u>15,677,093</u>	<u>15,326,990</u>
Others income				
Dhipaya Insurance PLC.	<u>39,870,142</u>	<u>4,785,757</u>	<u>39,870,142</u>	<u>4,785,757</u>
Others income - interest income				
Nok Mangkang Co., Ltd.	<u>-</u>	<u>-</u>	<u>3,700,085</u>	<u>3,579,167</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.	48,492,103	40,732,377*	17,114,614	11,744,161*
Thai Smile Airways Co., Ltd.	-	1,477,301	-	1,477,301
Donmuang International Airport Hotel Co., Ltd.	1,151,763	1,994,790	1,151,763	1,994,790
Thai Flight Training Co., Ltd.	856,867	827,153	856,867	827,153
Dhipaya Insurance PLC.	18,712,943	23,386,373	18,712,943	23,386,373
Pan Am International Flight Training Center (Thailand) Co., Ltd.	4,639,120	10,773,555	4,639,120	10,773,555
NokScoot Airlines Co., Ltd.	-	-	159,902	-
Haad Thip Public Company Limited	561	-	561	-
Total	<u>73,853,357</u>	<u>79,191,549</u>	<u>42,635,770</u>	<u>50,203,333</u>
Administrative expenses				
Thailand Post Co., Ltd.	215,175	-	215,175	-
CAT Telecom Public Co., Ltd.	3,624	-	3,624	-
Total	<u>218,799</u>	<u>-</u>	<u>218,799</u>	<u>-</u>
Legal fee				
Siam Premier International Law Office Limited	<u>6,199,401</u>	<u>715,520</u>	<u>6,199,401</u>	<u>715,520</u>

* The information is revised to be conformity with disclosure for the three-month period ended June 30, 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 June 30, are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Short-term employee benefits	8,560,820	9,077,982	8,296,100	8,843,540
Post-employment benefits	715,252	1,271,367	286,392	872,002
Total	<u>9,276,072</u>	<u>10,349,349</u>	<u>8,582,492</u>	<u>9,715,542</u>

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

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Passenger revenues				
Thai Airways International PLC.	47,313	2,238	47,313	2,238
Thai Smile Airways Co., Ltd.	247,594	415,110	247,594	415,110
NokScoot Airlines Co., Ltd.	-	-	-	2,579
Total	<u>294,907</u>	<u>417,348</u>	<u>294,907</u>	<u>419,927</u>
Service revenues				
Thai Airways International PLC.	1,500	13,844	1,500	13,844
Thai Smile Airways Co., Ltd.	609,050	2,129,510	609,050	2,129,510
NokScoot Airlines Co., Ltd.	-	-	22,797,822	25,633,686
Dhipaya Insurance PLC.	5,792,488	75,000	5,792,488	75,000
Total	<u>6,403,038</u>	<u>2,218,354</u>	<u>29,200,860</u>	<u>27,852,040</u>
Others income				
Dhipaya Insurance PLC.	196,582,399	10,025,187	196,582,399	10,025,187
Others income - interest income				
Nok Mangkang Co., Ltd.	-	-	7,310,345	7,619,151

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.	59,109,914	83,608,939*	27,732,425	41,117,363*
Thai Smile Airways Co., Ltd.	-	30,840,846	-	30,840,846
Donmuang International				
Airport Hotel Co., Ltd.	3,439,872	2,290,654	3,439,872	2,290,654
Thai Flight Training Co., Ltd.	2,064,929	1,796,605	2,064,929	1,796,605
Dhipaya Insurance PLC.	40,579,182	45,680,304	40,579,182	45,680,304
Pan Am International Flight Training				
Center (Thailand) Co., Ltd.	9,233,200	19,822,105	9,233,200	19,822,105
NokScoot Airlines Co., Ltd.	-	-	186,094	15,200,000
Haad Thip Public Company Limited	2,711	-	2,711	-
Total	<u>114,429,808</u>	<u>184,039,453</u>	<u>83,238,413</u>	<u>156,747,877</u>
Administrative expenses				
Thailand Post Co., Ltd.	215,175	-	215,175	-
CAT Telecom Public Co., Ltd.	3,624	-	3,624	-
Total	<u>218,799</u>	<u>-</u>	<u>218,799</u>	<u>-</u>
Legal fee				
Siam Premier International Law				
Office Limited	<u>10,746,590</u>	<u>1,895,126</u>	<u>10,746,590</u>	<u>1,895,126</u>

* The information is revised to be conformity with disclosure for the six-month period ended June 30, 2017.

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	
	2017	2016	2017	2016
Short-term employee benefits	16,024,174	18,313,302	15,402,200	17,887,080
Post-employment benefits	5,653,311	2,849,108	4,795,592	2,050,378
Total	<u>21,677,485</u>	<u>21,162,410</u>	<u>20,197,792</u>	<u>19,937,458</u>

22. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

22.1 Acquisition of aircrafts

As at June 30, 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.

22.2 Aircraft lease agreement

As at June 30, 2017 and December 31, 2016, the Company and its 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, 2017

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	123,442,969	350,119,801	321,155,945	794,718,715

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 June 30, 2017

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	104,200,969	318,049,801	321,155,945	743,406,715

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:

	UNIT : MILLION BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
For the three-month periods ended June 30,	1,055.06	977.98	885.67	881.81
For the six-month periods ended June 30,	2,148.15	1,948.28	1,806.63	1,607.60

22.3 Other lease and service agreements

As at June 30, 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 June 30, 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	61,663,617	28,583,374	-	90,246,991
Office rental and service	CNY	252,101	4,690	-	256,791
Vehicle rental	THB	3,456,071	1,807,640	-	5,263,711
Equipment rental	THB	3,246,476	2,841,155	-	6,087,631
Service Agreements					
Aircraft maintenance	USD	33,743,002	48,331,128	-	82,074,130
Aircraft maintenance	SGD	861,900	1,221,025	-	2,082,925
Ticket reservation system	USD	2,409,446	7,492,614	-	9,902,060
Call center service	THB	1,152,000	-	-	1,152,000
Collection agent	TWD	1,800,000	900,000	-	2,700,000
Collection agent	USD	900	-	-	900
Flight information service	EUR	28,500	71,250	-	99,750
Flight information service	USD	44,325	22,050	-	66,375
Service advisor	SGD	120,000	-	-	120,000
Advertise	THB	1,200,000	-	-	1,200,000
Advertise	TWD	400,000	-	-	400,000

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 June 30, 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	57,642,094	28,583,374	-	86,225,468
Vehicle rental	THB	3,322,000	1,807,640	-	5,129,640
Equipment rental	THB	3,069,464	2,686,502	-	5,755,966
Service Agreements					
Aircraft maintenance	USD	15,814,414	18,450,149	-	34,264,563
Ticket reservation system	USD	1,685,298	6,992,510	-	8,677,808

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 June 30,	41.71	25.80	17.90	10.18
For the six-month periods ended June 30,	84.51	54.82	36.18	26.82

22.4 Bank guarantees

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

	Currency	Consolidated financial statements		Separate financial statements	
		As at June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016
General guarantee	THB	51,779,548	64,614,193	35,587,750	55,314,529
General guarantee	USD	4,000	4,000	-	-
Aircraft leasing guaranteed by Standby Letter of Credit	USD	58,894,206	54,108,362	57,290,706	52,504,862

As at June 30, 2017 and December 31, 2016, the Company entered into credit limit agreement for standby letter of credit with a local bank in the credit limit of Baht 1,200 million which is secured by savings deposit accounts of Baht 557.39 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 June 30, 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.

22.5 Aircraft Intermediate Lease Agreement

On December 21, 2016, January 23, 2017, and May 12, 2017 the Company entered into Aircraft Intermediate Lease Agreement with a company to sublease of three 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.

23. 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		
	Consolidated financial statements		
	Domestic services	International services	Total
Statement of profit or loss and other comprehensive income for three-month period ended June 30, 2017			
Revenues			
Passenger revenues	2,420,981,901	1,455,362,909	3,876,344,810
Service revenues	256,602,718	256,660,835	513,263,553
Other income			
Interest income	5,238,767	2,000,814	7,239,581
Others	208,902,661	64,116,924	273,019,585
Total Revenues	<u>2,891,726,047</u>	<u>1,778,141,482</u>	<u>4,669,867,529</u>
Expenses			
Costs of passenger and services	3,107,734,316	2,026,535,514	5,134,269,830
Selling expenses	21,850,441	18,660,949	40,511,390
Administrative expenses	161,429,679	60,383,043	221,812,722
Finance costs	12,874,429	7,513,405	20,387,834
Total Expenses	<u>3,303,888,865</u>	<u>2,113,092,911</u>	<u>5,416,981,776</u>
Share of loss of investments in joint venture	-	(1,860,018)	(1,860,018)
Loss before income tax expenses	(412,162,818)	(336,811,447)	(748,974,265)
Income tax expenses	-	-	-
Loss for the periods	<u>(412,162,818)</u>	<u>(336,811,447)</u>	<u>(748,974,265)</u>
Total comprehensive loss for the periods	<u><u>(412,162,818)</u></u>	<u><u>(336,811,447)</u></u>	<u><u>(748,974,265)</u></u>

UNIT : BAHT

	Consolidated financial statements		
	Domestic services	International services	Total
Statement of profit or loss and other comprehensive income for six-month period ended June 30, 2017			
Revenues			
Passenger revenues	5,463,056,082	3,047,304,628	8,510,360,710
Service revenues	517,586,234	507,809,949	1,025,396,183
Other income			
Interest income	9,527,198	2,000,814	11,528,012
Others	449,787,220	82,311,498	532,098,718
Total Revenues	<u>6,439,956,734</u>	<u>3,639,426,889</u>	<u>10,079,383,623</u>
Expenses			
Costs of passenger and services	6,427,670,000	4,027,855,553	10,455,525,553
Selling expenses	41,162,471	37,435,465	78,597,936
Administrative expenses	377,825,927	159,943,546	537,769,473
Finance costs	27,640,023	14,743,205	42,383,228
Total Expenses	<u>6,874,298,421</u>	<u>4,239,977,769</u>	<u>11,114,276,190</u>
Share of loss of investments in joint venture	-	(3,942,606)	(3,942,606)
Loss before income tax expenses	(434,341,687)	(604,493,486)	(1,038,835,173)
Income tax expenses	-	-	-
Loss for the periods	<u>(434,341,687)</u>	<u>(604,493,486)</u>	<u>(1,038,835,173)</u>
Total comprehensive loss for the periods	<u>(434,341,687)</u>	<u>(604,493,486)</u>	<u>(1,038,835,173)</u>

UNIT : BAHT

**Statement of financial position
as at June 30, 2017**

Segment assets	3,465,163,266	2,489,366,866	5,954,530,132
Segment liabilities	3,268,614,544	2,838,076,496	6,106,691,040

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 June 30, 2016			
Revenues			
Passenger revenues	2,311,392,853	1,166,159,219	3,477,552,072
Service revenues	146,424,577	204,997,003	351,421,580
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>

	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	2,286,496,986	7,228,200,717
Service revenues	329,761,916	356,855,088	686,617,004
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		
	Consolidated financial statements		
	Domestic services	International services	Total
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

24. 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 June 30, 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. 2771(2)/2555, 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.

25. DISCLOSURE OF INFORMATION ON FINANCIAL INSTRUMENTS

25.1 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.

25.2 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.

25.3 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 June 30, 2017	As at December 31, 2016		As at June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016
USD	16,933,984	7,702,339	THB	586,295,483	269,010,857	575,446,862	277,394,430
Separate financial statements							
Currency	Contract amounts		Currency	Deliverable amount		Fair value	
	As at June 30, 2017	As at December 31, 2016		As at June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016
USD	16,933,984	7,702,339	THB	586,295,483	269,010,857	575,446,862	277,394,430

25.4 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 June 30, 2017 and December 31, 2016, the Company has the obligations for payments of aircraft fuel under fuel fixed-price contracts of USD 8.04 million and USD 1.70 million, respectively.

25.5 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 June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016		
Foreign currency forward contracts	THB	575,447	277,394	575,447	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	8,039	1,695	8,039	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.

26. PRESENTATION

The consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods ended June 30, 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 and six-month periods ended June 30, 2017 as follows;

For the three-month period ended June 30, 2016

Account	Amount (Baht)	Previous classifications	Current classifications
Revenue from Fuel	196,753,767	Inclusively presented in service revenues	Passenger revenue

For the six-month period ended June 30, 2016

Account	Amount (Baht)	Previous classifications	Current classifications
Revenue from Fuel	353,700,603	Inclusively presented in service revenues	Passenger revenue

27. EVENTS AFTER THE REPORTING PERIOD

On 10 August 2017, the Board of directors of the Company has resolved to propose to Extra-ordinary General Meeting of the Shareholders No. 1/2017 for the Company on September 20, 2017 to approve the followings:

1. Approved the reduction of registered capital of the Company in the total amount of Baht 114,000,118 from the existing registered capital of Baht 1,406,250,000 to the new registered capital of Baht 1,292,249,882 by cancelling 114,000,118 shares which were authorized but unissued with the par value of Baht 1 each, and also approved the amendment to Clause 4 of Memorandum of Association of the Company to be in line with the capital reduction above.

2. 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 proportionated to their respective shareholdings (Rights Offering) and accommodate the exercise of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1), the exercise price and ratio of which are adjusted, in the total amount of Baht 1,207,000,000 from the existing registered capital of Baht 1,292,249,882 to new registered capital of Baht 2,499,249,882 by means of issuance of 1,207,000,000 newly-issued ordinary shares with the par value of Baht 1 each, and also approved the amendment to Clause 4 of Memorandum of Association of the Company to be in line with the capital increase.
3. Approved the allocation of not exceeding 1,207,000,000 newly-issued ordinary shares at the par value of Baht 1 per share following the increase in the registered capital as approved in item 2 above as the following details:
 - 3.1 The allocation of the newly-issued ordinary shares not exceeding 1,135,999,882 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 1,135,999,882 shares) with the offering price at Baht 1.50 per share.
 - 3.2 The allocation of not exceeding 71,000,118 newly-issued ordinary shares at the par value of Baht 1 to accommodate the exercise of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1), the exercise price and ratio of which are adjusted due to the Rights offering with low price.

28. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statement has been approved for issuing by the Company's Board of Directors on August 10, 2017.

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(Mr. Patee Sarasin)
Director and Chief Executive Officer

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(Mr. Teerapol Chotichanapibal)
Director