



Report of The Independent Certified Public Accountants

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

We have audited the consolidated financial statements of Nok Airlines Public Company Limited and its subsidiaries and the separate financial statements of Nok Airlines Public Company Limited, which comprise the consolidated and separate statements of financial position as at December 31, 2015, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of Nok Airlines Public Company Limited and its subsidiaries and of Nok Airlines Public Company Limited as at December 31, 2015, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Niti Jungnitnirundr
Certified Public Accountant (Thailand)
Registration No. 3809

BANGKOK
February 25, 2016

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.



Statements of Financial Position

Nok Airlines Public Company Limited and Subsidiaries

AS AT DECEMBER 31, 2015

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
		2015	2014	2015	2014
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	4,213,756,405	2,926,607,844	3,480,327,664	1,752,503,995
Temporary investments	5	316,044,000	300,000,000	300,000,000	300,000,000
Trade and other receivables	6 and 26.1	1,119,766,574	430,232,058	727,699,665	420,433,225
Inventories	7	20,557,272	17,460,552	20,557,272	17,460,552
Refundable value-added tax		262,664,437	234,046,425	95,245,369	120,116,881
Short-term aircraft deposits and prepayments	8	146,332,699	1,242,667,404	146,332,699	1,229,378,220
Other current assets		59,452,023	33,273,620	50,426,980	31,594,901
Total Current Assets		6,138,573,410	5,184,287,903	4,820,589,649	3,871,487,774
NON-CURRENT ASSETS					
Deposits at bank pledged as collateral	27.4	61,543,000	-	-	-
Investments in subsidiaries	9	-	-	4,949,000	4,949,000
Investments in joint venture	10	34,749,000	-	34,749,000	-
Other long-term investments	11	48,089,500	47,311,500	48,089,500	47,311,500
Long-term loans to a related party	12	-	-	970,000,000	725,000,000
Leaschold improvements and equipment	13	285,690,969	253,833,294	274,636,432	243,464,321
Intangible assets	14	48,322,800	46,161,006	41,992,053	42,715,468
Deferred tax assets	15	13,159,296	19,375,606	13,159,296	19,375,606
Long-term aircraft deposits and prepayments	8	466,388,252	1,012,463,881	408,785,241	977,386,998
Other non-current assets	26.1	13,707,860	5,568,969	26,493,713	5,388,524
Total Non-Current Assets		971,650,677	1,384,714,256	1,822,854,235	2,065,591,417
TOTAL ASSETS		7,110,224,087	6,569,002,159	6,643,443,884	5,937,079,191

Notes to the financial statements form an integral part of these financial statements



Statements of Financial Position (Continued)

Nok Airlines Public Company Limited and Subsidiaries

AS AT DECEMBER 31, 2015

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
		2015	2014	2015	2014
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	16	520,000,000	-	520,000,000	-
Trade and other payables	17 and 26.1	2,934,203,103	1,833,762,816	2,042,770,648	1,727,785,087
Deferred income from customer loyalty programmes		55,629,054	52,312,744	55,629,054	52,312,744
Short-term provisions for aircraft maintenance	18	133,908,652	78,280,934	113,497,382	78,280,934
Withholding tax payable		22,242,000	19,643,515	18,008,320	18,644,150
Other current liabilities	26.1	15,667,612	4,639,812	4,580,823	2,545,462
Total Current Liabilities		3,681,650,421	1,988,639,821	2,754,486,227	1,879,568,377
NON-CURRENT LIABILITIES					
Long-term provisions for aircraft maintenance	18	299,954,009	91,651,774	292,725,018	79,888,309
Employee benefit obligations	19	176,342,966	130,155,685	169,493,565	130,155,685
Other non-current liabilities		10,214,834	9,201,003	10,214,834	9,201,003
Total Non-Current Liabilities		486,511,809	231,008,462	472,433,417	219,244,997
TOTAL LIABILITIES		4,168,162,230	2,219,648,283	3,226,919,644	2,098,813,374

Notes to the financial statements form an integral part of these financial statements



Statements of Financial Position (Continued)

Nok Airlines Public Company Limited and Subsidiaries

AS AT DECEMBER 31, 2015

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
		2015	2014	2015	2014
LIABILITIES AND SHAREHOLDERS' EQUITY					
(CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized share capital					
625,000,000 ordinary shares of Baht 1 each		625,000,000	625,000,000	625,000,000	625,000,000
Issued and paid-up share capital					
625,000,000 ordinary shares of Baht 1 each,					
fully paid		625,000,000	625,000,000	625,000,000	625,000,000
SHARE PREMIUM ACCOUNT					
- ORDINARY SHARES		3,042,485,943	3,042,485,943	3,042,485,943	3,042,485,943
RETAINED EARNINGS					
Appropriated					
Legal reserve	21	62,500,000	62,500,000	62,500,000	62,500,000
Unappropriated		(676,824,655)	47,076,765	(313,461,703)	108,279,874
Deficit from change in shareholding					
in a subsidiary	1.2	(5,940,185)	(5,940,185)	-	-
Total owners of the parent		3,047,221,103	3,771,122,523	3,416,524,240	3,838,265,817
Non-controlling interests		(105,159,246)	578,231,353	-	-
TOTAL SHAREHOLDERS' EQUITY		2,942,061,857	4,349,353,876	3,416,524,240	3,838,265,817
TOTAL LIABILITIES AND					
SHAREHOLDERS' EQUITY		7,110,224,087	6,569,002,159	6,643,443,884	5,937,079,191

Notes to the financial statements form an integral part of these financial statements



Statement of Profit or Loss and Other Comprehensive Income

Nok Airlines Public Company Limited and Subsidiaries

FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2015	2014	2015	2014
REVENUES					
Passenger revenues	26.2	12,729,881,323	11,247,448,679	12,032,793,553	11,229,268,679
Service revenues	26.2	1,022,734,254	717,208,147	816,355,135	719,147,146
Other income					
Interest income	26.2	44,454,509	100,599,911	52,110,945	102,002,146
Others	23 and 26.2	499,128,143	109,216,788	485,463,821	106,684,298
Total Revenue		14,296,198,229	12,174,473,525	13,386,723,454	12,157,102,269
EXPENSES					
Costs of passenger and services	26.2	14,902,294,875	12,024,465,667	12,999,517,390	11,796,680,366
Selling expenses		274,698,850	294,233,657	230,088,083	272,497,330
Administrative expenses	26.2	735,989,748	519,665,627	533,352,783	496,493,518
Finance costs		41,514,275	2,273,049	41,514,275	2,273,049
Total Expenses		15,954,497,748	12,840,638,000	13,804,472,531	12,567,944,263
LOSS BEFORE INCOME TAX		(1,658,299,519)	(666,164,475)	(417,749,077)	(410,841,994)
EXPENSES (INCOME) TAX	15	6,191,981	(388,811)	6,191,981	(388,811)
LOSS FOR THE YEARS		(1,664,491,500)	(665,775,664)	(423,941,058)	(410,453,183)
OTHER COMPREHENSIVE EXPENSE					
Item that will not be reclassified subsequently to profit or loss					
Actuarial gain on defined employee benefit plans	19.1	2,223,810	11,709,142	2,223,810	11,709,142
Income tax on item that will not be reclassified subsequently	15	(24,329)	(157,328)	(24,329)	(157,328)
OTHER COMPREHENSIVE INCOME					
- NET FROM INCOME TAX		2,199,481	11,551,814	2,199,481	11,551,814
TOTAL COMPREHENSIVE LOSS					
FOR THE YEARS		(1,662,292,019)	(654,223,850)	(421,741,577)	(398,901,369)

Notes to the financial statements form an integral part of these financial statements



Statement of Profit or Loss and Other Comprehensive Income (Continued)

Nok Airlines Public Company Limited and Subsidiaries

FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2015	2014	2015	2014
LOSS ATTRIBUTABLE TO					
Owners of the parent		(726,100,901)	(471,656,292)	(423,941,058)	(410,453,183)
Non-controlling interests		(938,390,599)	(194,119,372)	-	-
		<u>(1,664,491,500)</u>	<u>(665,775,664)</u>	<u>(423,941,058)</u>	<u>(410,453,183)</u>
TOTAL COMPREHENSIVE EXPENSE					
Owners of the parent		(723,901,420)	(460,104,478)	(421,741,577)	(398,901,369)
Non-controlling interests		(938,390,599)	(194,119,372)	-	-
		<u>(1,662,292,019)</u>	<u>(654,223,850)</u>	<u>(421,741,577)</u>	<u>(398,901,369)</u>
BASIC LOSS PER SHARE (BAHT)					
		(1.16)	(0.75)	(0.68)	(0.66)
NUMBER OF WEIGHTED AVERAGE					
ORDINARY SHARES (SHARES)		625,000,000	625,000,000	625,000,000	625,000,000

Notes to the financial statements form an integral part of these financial statements



FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

Notes	Consolidated financial statements								
	Issued and paid-up share capital	Share premium account	Total attributions to owners of the parent			Non-controlling interests	Total shareholders' equity		
			Ordinary shares	Appropriated	Retained earnings (loss)			Deficit from change in shareholding in a subsidiary	Total attributions to owners of the parent
Balances as of January 1, 2014	625,000,000	3,042,485,943	62,500,000	813,431,243	-	4,543,417,186	4,543,417,186		
Changes in shareholders' equity									
for the year ended December 31, 2014									
Increase in share capital of a subsidiary	1.2	-	-	-	-	-	5,151,000		
Total comprehensive loss for the year		-	-	(460,104,478)	-	(460,104,478)	(654,223,850)		
Deficit from change in shareholding in a subsidiary	1.2	-	-	-	(5,940,185)	(5,940,185)	-		
Recognition of non-controlling interests -									
from investment in subsidiaries during the year		-	-	-	-	-	761,259,540		
Dividend paid	22	-	-	(306,250,000)	-	(306,250,000)	(306,250,000)		
Balances as of December 31, 2014		625,000,000	3,042,485,943	62,500,000	47,076,765	3,771,122,523	4,349,353,876		

Notes to the financial statements form an integral part of these financial statements



FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

Notes to the financial statements form an integral part of these financial statements



Statement of Changes in Shareholders' Equity (Continued)

Nok Airlines Public Company Limited and Subsidiaries

FOR THE YEAR ENDED DECEMBER 31, 2015

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	
Balances as of January 1, 2014		625,000,000	3,042,485,943	62,500,000	813,431,243	4,543,417,186
Changes in shareholders' equity for the year ended December 31, 2014						
Total comprehensive loss for the year		-	-	-	(398,901,369)	(398,901,369)
Dividend paid	22	-	-	-	(306,250,000)	(306,250,000)
Balances as of December 31, 2014		625,000,000	3,042,485,943	62,500,000	108,279,874	3,838,265,817

Notes to the financial statements form an integral part of these financial statements



Statement of Changes in Shareholders' Equity (Continued)

Nok Airlines Public Company Limited and Subsidiaries

FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Note	Separate financial statements				Total shareholders' equity
		Issued and paid-up share capital	Share premium account	Appropriated legal reserve	Retained earnings (loss) Unappropriated	
Balances as of January 1, 2015		625,000,000	3,042,485,943	62,500,000	108,279,874	3,838,265,817
Changes in shareholders' equity for the year ended December 31, 2015		-	-	-	(421,741,577)	(421,741,577)
Total comprehensive loss for the year		625,000,000	3,042,485,943	62,500,000	(313,461,703)	3,416,524,240
Balances as of December 31, 2015						

Notes to the financial statements form an integral part of these financial statements



Statement of Cash Flows

Nok Airlines Public Company Limited and Subsidiaries

FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2015	2014	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax		(1,658,299,519)	(666,164,475)	(417,749,077)	(410,841,994)
Adjustments for:					
Depreciation		61,341,152	41,917,405	56,986,429	41,663,355
Amortisation		20,680,982	28,161,669	19,678,499	28,161,669
Loss on disposals and write-off of equipment		1,131,534	828,687	1,131,534	828,687
Unrealized gain on exchange rate		(144,513,368)	(23,747,311)	(152,934,739)	(23,747,311)
Allowance for doubtful accounts (reversal)		302,245	(9,302,588)	(281,183)	(9,302,588)
Surplus from investing amount exceeding interest					
in subsidiary	1.2	-	2,909,163	-	-
Provision for aircraft maintenance recognized					
as expenses		376,618,377	202,346,731	360,741,579	190,583,266
Deferred income from customer loyalty programmes					
recognized during the year		3,316,310	13,295,852	3,316,310	13,295,852
Employee benefit expenses		61,395,794	40,493,725	54,546,393	40,493,725
Interest income		(44,454,509)	(100,599,911)	(52,110,945)	(102,002,146)
Interest expense		1,074,423	2,273,049	1,074,423	2,273,049
Operating loss before changes in operating					
assets and liabilities		(1,321,406,579)	(467,588,004)	(125,600,777)	(228,594,436)
Operating assets (increase) decrease					
Trade and other receivables		(660,333,453)	(114,964,624)	(262,000,713)	(103,549,764)
Inventories		(3,096,720)	(6,530,045)	(3,096,720)	(6,530,045)
Refundable value-added tax		(28,618,012)	(234,046,425)	24,871,512	(120,116,881)
Short-term aircraft deposits and prepayments		1,124,490,868	(1,875,142,947)	1,197,417,604	(1,827,384,865)
Other current assets		(14,609,312)	(2,581,274)	(13,605,267)	(951,776)
Deposits at bank pledged as collateral		(61,543,000)	-	-	-

Notes to the financial statements form an integral part of these financial statements



Statement of Cash Flows (Continued)

Nok Airlines Public Company Limited and Subsidiaries

FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2015	2014	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES					
(CONTINUED)					
Operating assets (increase) decrease (continued)					
Long-term aircraft deposits and prepayments		674,412,800	-	605,646,778	-
Other non-current assets		(8,138,891)	8,975,076	(21,105,189)	9,153,521
Operating liabilities increase (decrease)					
Trade and other payables		1,094,460,606	389,618,577	308,794,770	287,447,681
Aircraft maintenance paid		(136,395,800)	(135,848,896)	(136,395,800)	(135,848,896)
Withholding tax payable		2,598,485	5,763,951	(635,830)	4,764,586
Other current liabilities		11,027,800	561,661	2,035,361	(1,532,689)
Employee benefit paid		(12,984,703)	(7,776,530)	(12,984,703)	(7,776,530)
Other non-current liabilities		1,013,831	771,074	1,013,831	771,074
Cash received (paid) from operations		660,877,920	(2,438,788,406)	1,564,354,857	(2,130,149,020)
Income tax paid		(11,569,092)	(11,406,929)	(5,226,813)	(11,405,435)
Net cash provided by (used in)					
operating activities		649,308,828	(2,450,195,335)	1,559,128,044	(2,141,554,455)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash received from temporary investments		-	2,840,000,000	-	2,840,000,000
Cash paid for temporary investments		(16,044,000)	-	-	-
Cash paid for investment in subsidiaries		-	-	-	(4,949,000)
Cash paid for investment in joint venture		(34,749,000)	-	(34,749,000)	-
Cash paid for long-term investment		(778,000)	(41,337,900)	(778,000)	(41,337,900)
Cash paid for long-term loans to a related party		-	-	(245,000,000)	(725,000,000)
Cash paid for acquisition of equipment and					
intangible assets	4.2	(123,554,750)	(224,664,328)	(115,500,907)	(210,600,247)
Proceeds from sales of equipment		38,500	351,053	38,500	351,053
Cash received from interest income		43,431,525	143,546,336	35,567,256	143,332,544
Net cash provided by (used in) investing activities		(131,655,725)	2,717,895,161	(360,422,151)	2,001,796,450

Notes to the financial statements form an integral part of these financial statements



Statement of Cash Flows (Continued)

Nok Airlines Public Company Limited and Subsidiaries

FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2015	2014	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		-	(306,250,000)	-	(306,250,000)
Cash paid for interest expense		-	(2,273,049)	-	(2,273,049)
Cash received from short-term borrowings					
from financial institution		520,000,000	1,950,000,000	520,000,000	1,950,000,000
Cash paid for short-term borrowings					
from financial institution		-	(1,950,000,000)	-	(1,950,000,000)
Cash received from share subscriptions					
of the subsidiaries from non-controlling interests		255,000,000	766,646,018	-	-
Net cash provided by (used in) financing activities		775,000,000	458,122,969	520,000,000	(308,523,049)
EFFECT FROM FOREIGN EXCHANGE RATE					
IN CASH AND CASH EQUIVALENTS		(5,504,542)	7,428,115	9,117,776	7,428,115
Net increase (decrease) in cash and cash equivalents		1,287,148,561	733,250,910	1,727,823,669	(440,852,939)
Cash and cash equivalents as at January 1,		2,926,607,844	2,193,356,934	1,752,503,995	2,193,356,934
Cash and cash equivalents as at December 31,	4.1	<u>4,213,756,405</u>	<u>2,926,607,844</u>	<u>3,480,327,664</u>	<u>1,752,503,995</u>

Notes to the financial statements form an integral part of these financial statements



Notes to The Financial Statements

Nok Airlines Public Company Limited and Subsidiaries

FOR THE YEAR ENDED DECEMBER 31, 2015

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 December 31, 2015 and 2014, the Company’s major shareholder was Thai Airways International Public Company Limited, which is a company incorporated in Thailand, holding 39.20% of the Company’s issued and paid-up share capital and has no power of control in the Company.

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

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

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

1.2 General information and operations of subsidiaries

On April 4, 2014, Nok Holidays Co., Ltd. was incorporated to engage the tourism business and other relevant businesses with authorized share capital of Baht 100,000. The Company holds 49% of authorized share capital of such company and the Company's managements hold 51% of authorized share capital. The Company considers that Nok Holidays Co., Ltd. is a subsidiary because the Company has control over the financial and operating policy decisions of such company. The Company records investment in Nok Holidays Co., Ltd. as investment in subsidiaries of Baht 49,000 (see Note 9).

On April 9, 2014, the 2014 Annual General Meeting of Shareholders of the Company had the resolution to approve for establishing a new company to invest in joint venture with Scoot Pte. Ltd., which is a company registered in Singapore, and Pueannammitr Co., Ltd., which is a company registered in Thailand, to operate international low-cost airline business with total investment not exceeding Baht 2,000 million. The portions of investment of the Company, Scoot Pte. Ltd. and Pueannammitr Co., Ltd. are 49%, 49% and 2%, respectively, and approve the Company for providing a loan to such company in the amount not exceeding Baht 970 million.

On June 13, 2014, Nok Mangkang Co., Ltd. was incorporated to invest in joint venture according to the resolution of the 2014 Annual General Meeting of Shareholders of the Company as mentioned above with authorized share capital consisting of 49,000 ordinary shares and 51,000 preference shares at par value of Baht 100 each, totaling authorized share capital of Baht 10 million. The Company holds 49,000 ordinary shares, the Company's director holds 50,000 preference shares and another person holds 1,000 preference shares, or equivalent to 49%, 50% and 1% of total authorized share capital of such company, respectively. The Company considers that Nok Mangkang Co., Ltd. is a subsidiary because the Company has control over the financial and operating policy decisions of such company. The Company records investment in Nok Mangkang Co., Ltd. as investment in subsidiaries of Baht 4.90 million (see Note 9).

On June 19, 2014, the Company's Board of Directors' Meeting had the resolution to acknowledge the incorporation of Nok Mangkang Co., Ltd. as a subsidiary and approve Nok Mangkang Co., Ltd. for investing in NokScoot Airlines Co., Ltd., a company registered in Thailand, with authorized share capital of Baht 25 million, consisting of 250,000 ordinary shares at par value of Baht 100 each in order to operate as joint venture company and had the resolution to approve for affixing the signature in a loan agreement to Nok Mangkang Co., Ltd. under the credit facility of Baht 970 million according to the resolution of the 2014 Annual General Meeting of Shareholders of the Company.

In addition, on June 19, 2014, the Company entered into the following agreements:

1. Joint Venture Agreement between the Company, Nok Mangkang Co., Ltd., Scoot Pte. Ltd., Pueannammitr Co., Ltd. and NokScoot Airlines Co., Ltd. which stipulated that investment in NokScoot Airlines Co., Ltd. is Baht 2,000 million, and all parties will invest at times as stipulated in Share Subscription Agreement.
2. Share Subscription Agreement between the Company, Nok Mangkang Co., Ltd., Scoot Pte. Ltd., Pueannammitr Co., Ltd., NokScoot Airlines Co., Ltd. and existing shareholders of NokScoot Airlines Co., Ltd. which stipulated the increase in share capital of NokScoot Airlines Co., Ltd. at times from Baht 25 million until reaching to Baht 2,000 million according to time, amount and conditions specified in such agreement. Upon reaching the investment of Baht 2,000 million, shareholding portions in NokScoot Airlines Co., Ltd. of Nok Mangkang Co., Ltd., Scoot Pte. Ltd. and Pueannammitr Co., Ltd. will be 49%, 49% and 2%, respectively.

All parties have to comply with the conditions stipulated in the agreements. In case any party cannot comply with such conditions, other parties who comply with the conditions stipulated in the agreements can terminate the agreements by giving notice to other parties.

On June 20, 2014, Nok Mangkang Co., Ltd., a subsidiary, purchased one ordinary share of NokScoot Airlines Co., Ltd. at Baht 100 and recorded as long-term investment.

Subsequently, on July 9, 2014, NokScoot Airlines Co., Ltd. had registered the capital increase from Baht 25 million to Baht 200 million by issuing additional ordinary shares of 1,750,000 shares at par value of Baht 100 each. Nok Mangkang Co., Ltd., a subsidiary, purchased such additional ordinary shares of 874,998 shares in the amount of Baht 87.50 million. As a result, Nok Mangkang Co., Ltd. has shareholding portion at 43.75% of NokScoot Airlines Co., Ltd. Nok Mangkang Co., Ltd. considers that NokScoot Airlines Co., Ltd. is a subsidiary because Nok Mangkang Co., Ltd. has control over the financial and operating policy decisions of NokScoot Airlines Co., Ltd.

Consideration transferred and the assets acquired and liabilities assumed at the acquisition date in the preparation of the consolidation financial statements of the Company and its subsidiaries are summarized as follows:

	UNIT : BAHT
Acquired assets and assumed liabilities	
Cash and cash equivalents	196,495,118
Aircraft deposits	607,985
Other current assets	47,728
Equipment - net	4,477
Other non-current assets	2,000
Accrued expenses	(3,806,831)
Total	193,350,477
<u>Less</u> Total consideration transferred to in cash	87,499,900
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	108,759,740
Surplus from investment exceeding interests in a subsidiary	2,909,163

Managements consider that this surplus from investment exceeding interests in a subsidiary in the consolidated financial statements will not be utilized in the future; therefore, it was recorded as expense in the statement of profit or loss and other comprehensive income for the year ended December 31, 2014, in the whole amount.

On October 20, 2014, NokScoot Airlines Co., Ltd. registered the capital increase from Baht 200 million to Baht 500 million by issuing additional ordinary shares of 3,000,000 shares at par value of Baht 100 each. Nok Mangkang Co., Ltd., the Company's subsidiary, purchased such additional ordinary shares of 1,500,000 shares in the amount of Baht 150 million. As a result, Nok Mangkang Co., Ltd. has shareholding portion at 47.5% of NokScoot Airlines Co., Ltd. As a result of the increase in the portion of the investment, the Company has deficit from the change in ownership interest in a subsidiary of Baht 2.79 million which was presented as part of shareholders' equity.

On December 22, 2014, NokScoot Airlines Co., Ltd. registered the capital increase from Baht 500 million to Baht 1,500 million by issuing additional ordinary shares of 10,000,000 shares at par value of Baht 100 each. Nok Mangkang Co., Ltd., the Company's subsidiary, purchased such additional ordinary shares of 4,975,001 shares in the amount of Baht 497.50 million. As a result, Nok Mangkang Co., Ltd. has shareholding portion at 49.0% of NokScoot Airlines Co., Ltd. As a result of the increase in the portion of the investment, the Company has additional deficit from the change in ownership interest in a subsidiary of Baht 3.15 million which was presented as part of shareholders' equity. As at December 31, 2014, the Company has total deficit from change in shareholding portion in a subsidiary of Baht 5.94 million.

On March 27, 2015, the Shareholders Meeting of NokScoot Airlines Co., Ltd. has a resolution to increase share capital of Baht 500 million from Baht 1,500 million to Baht 2,000 million, by issuing additional ordinary shares of 5,000,000 shares at a par value of Baht 100 each. Nok Mangkang Co., Ltd., the Company's subsidiary, purchased such additional ordinary shares of 2,450,000 shares and paid for additional ordinary shares of Baht 245 million. As a result, Nok Mangkang Co., Ltd. has shareholding portion at 49.0% of NokScoot Airlines Co., Ltd. NokScoot Airlines Co., Ltd. has registered for increase in share capital with the Ministry of Commerce on April 16, 2015.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

- 2.1 The consolidated and the separate financial statements have been prepared in Thai Baht currency and in accordance with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand. The financial statement presentation is in compliance with the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statements B.E. 2554" and Thai Accounting Standard No. 1 (Revised 2014) "Presentation of Financial Statements", and the Regulation of the Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544.
- 2.2 The consolidated financial statements included the accounting records of the Company and its subsidiaries, after elimination of intercompany transactions.

As at December 31, 2015 and 2014, the Company has shareholding portion in the subsidiaries as follows:

Subsidiaries	Type of business	Country of registration	Registration date	Shareholdings (%)	
				As at December 31, 2015	As at December 31, 2014
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.

2.3 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2015 onwards, as follows:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events after the Reporting Period
TAS 11 (Revised 2014)	Construction Contracts
TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2014)	Separate Financial Statements
TAS 28 (Revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible Assets
TAS 40 (Revised 2014)	Investment Property

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2014)	Share - Based Payment
TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2014)	Operating Leases - Incentives
TSIC 25 (Revised 2014)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2014)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2014)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2014)	Service Concession Arrangements
TFRIC 13 (Revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 (Revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

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

In addition, the Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2015), which was announced in the Royal Gazette and effective from November 6, 2015 onwards to replace the Conceptual Framework for Financial Reporting (Revised 2014). Such Conceptual Framework for Financial Reporting has no material impact on these consolidated and separate financial statements.

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

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

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance

Thai Accounting Standards (“TAS”)

TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible Assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

Thai Financial Reporting Standards (“TFRS”)

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

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2015)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
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Thai Financial Reporting Standard Interpretations (“TFRIC”)

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

Guideline on Accounting

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

The management of the Company and its subsidiaries will adopt the above TFRSs relevant to the Company and its subsidiaries in the preparation of the Company’s and its subsidiaries’ financial statements when they become effective.

The management of the Company’s and its subsidiaries is in the process to assess the impact of these TFRSs on the financial statements of the Company and its subsidiaries in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and all types of deposit at financial institution and certificate of deposits with maturity date within 3 months, excluding deposits at financial institution used as collateral.

3.2 Temporary investments

Temporary investments consist of certificate of deposit and fixed deposit with maturity over three months but not over 1 year which are stated at cost.

3.3 Trade receivables and allowance for doubtful accounts

Trade receivables are stated at the net realizable value. Allowance for doubtful debts is provided for the estimated collection losses that may incur in collection of receivables. The allowance for doubtful accounts is based on collection experience and current status of receivables outstanding at the statement of financial position date.

3.4 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by weighted average method. Net realizable value is the estimate of the selling price in the ordinary course of business less the estimated costs necessary to make sale.

3.5 Investments in subsidiaries

Investments in subsidiaries in the separate financial statements are stated at cost less allowance for impairment (if any).

Business combinations

The Company applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company and subsidiaries takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred to including the recognized amount of any non-controlling interest in the acquiree, less the net fair value of recognized amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company and subsidiaries to the previous owners of the acquiree, and equity interests issued by the Company and subsidiaries. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Company measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Company and subsidiaries incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions.

3.6 Investments in joint venture

Investments in joint ventures are stated by the equity method in the consolidated financial statements and are stated at cost less allowance for impairment (if any) in the separate financial statements.

3.7 Other long-term investment

Other long-term investment is a non-marketable equity security, which is recorded at cost less allowance for impairment (if any).

3.8 Leasehold improvements and equipment

Leasehold improvements and equipment are stated at cost net off accumulated depreciation and allowance for impairment (if any).

Depreciation is calculated on the straight-line method based on the estimated useful lives of the assets as follows:

Leasehold improvements	5 years or Duration of lease period
Aircraft improvements	5 years or Duration of lease period
Equipment, office equipment, communication equipment and tools	5 years
Computer equipment	3 and 5 years
Vehicles	5 years

3.9 Intangible asset

Intangible asset is computer software program which is stated at cost net of accumulated amortization. Amortization is calculated by the straight-line method based on the estimated useful lives of 3-5 years or contract period.

3.10 Customer loyalty programmes

The Company operates a loyalty programmes which allows customers to accumulate points when they flown through the Company. The points can then be redeemed for gifts specified by the Company.

Passenger revenue and service revenue are allocated to the accumulated points which are calculated based on proportion of exercised points to total points and presented as deferred income from customer royalty programmes. The Company recognizes revenue when the points are redeemed and the Company fulfills their obligations to supply awards.

3.11 Provisions for aircraft maintenance

3.11.1 Provisions for aircraft maintenance as plan

Provisions for aircraft maintenance as plan is recorded over the entire period of aircraft lease agreement according to the maintenance plan, which is calculated from estimated hourly maintenance cost based on charges of each period. The estimation is recorded by actual flight hours.

3.11.2 Provisions for aircraft return condition

The Company records provision for aircraft return condition when return the aircraft to lessor at the expiration date of operating lease agreement over the entire period of aircraft lease agreement. The provision is calculated in accordance with the condition specify in the lease agreement based on actual cost occurred in the past and the Company's experience.

3.12 Employee benefits

3.12.1 Provident fund

Under Provident Fund Act. (B.E.2530), the Company has established the provident fund for its employee. Each employee contributes 2-5% of the gross salary and the Company contributes the same amount. The Company records contributory provident fund as expenses when incurred.

3.12.2 Retirement benefits

The Company and its subsidiaries operate post-employment benefits plans under the Thai Labor Protection Act. Such retirement benefits are calculated by an independent actuary at the end of reporting period using the Projected Unit Credit Method, which is estimated based on the present value of expected cash flows of benefits to be paid in the future taken into account the actuarial assumptions including employee salaries, turnover rate, mortality rate, years of service and other factors. Discount rate used in the calculation of provision is referenced to the yield curve of Thai government bond.

The Company recognized the actuarial gains or losses arising from defined benefit plan in other comprehensive income in the period incurred.

3.12.3 Pilot saving fund

The Company has provided other benefits to pilots on the retirement date or upon resignation or loosen license cause. This accumulated saving fund is calculated on the basis of actual number of flights per month and years of service of its employees as per the Company's policy.

3.13 Revenue and expense recognition

The Company and its subsidiaries recognize the revenue from airfare after the services have been rendered to the passengers as per flight schedule indicated in the air ticket. Proceeds from sales of the air tickets that have not been recognized as revenue are presented as unearned income in current liabilities of the statement of financial position.

Revenues from services are recognized when the services are rendered.

Interest income, other income and expenses are recognized on an accrual basis.

3.14 Income tax

Income tax expense (income)

Income tax expense (income) represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each statement of financial position date. Deferred tax asset shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the statement of financial position date.

3.15 Foreign currency transactions

Transactions in foreign currencies incurred during monetary the year are converted to Baht at the exchange rate of the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting are converted into Baht at the reference exchange rates established by the Bank of Thailand at that date.

Gain or loss from settlements and conversion are recognized in the statement of profit or loss and other comprehensive income.

3.16 Leases

Operating lease

Leases in which substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating lease. Rentals applicable to such operating leases are charged as an expense to the statement of profit or loss and other comprehensive income on the straight-line basis over lease term.

Sale and leaseback transaction results in an operating lease

If it is clear that the transaction is established at fair value, any profit or loss shall be recognized immediately in statement of profit or loss and other comprehensive income.

If the sale price is below fair value, any profit or loss shall be recognized immediately in statement of profit or loss and other comprehensive income. Except for the loss is compensated for by future lease payments at below market price, it shall be deferred and amortized in proportion to the lease payments over the period for which the lease asset is expected to be used.

If the sale price is above fair value, the excess over fair value shall be deferred and amortized over the period for which the lease asset is expected to be used.

3.17 Basic earnings (loss) per share

Basic earnings (loss) per share is determined by dividing the profit (loss) for the year by the weighted average number of ordinary shares during the year.

3.18 Financial instruments

Financial instruments carried in the statements of financial position include deposits at financial institutions, temporary investments, trade receivables, aircraft deposits and prepayment and payables, deposits at bank pledged as collateral, short-term loans from financial institutions and trade payables. The particular recognition methods adopted are disclosed in the individual policy associated with each item.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company and its subsidiaries take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated and separate financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2014), leasing transactions that are within the scope of TAS 17 (Revised 2014), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2014) or value in use in TAS 36 (Revised 2014).

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

3.19 Use of management judgments

The preparation of financial statements in accordance with Thai Financial Reporting Standards also requires the management 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 end of the reporting period and the reported amounts of revenue and expense during the accounting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents consist of:

	Consolidated		UNIT : BAHT	
	financial statements		Separate	
	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Cash on hand	24,946,981	25,120,274	23,219,600	25,099,941
Deposits at banks - current accounts	799,796,272	110,715,286	287,556,575	110,685,286
Deposits at banks - saving accounts	1,238,736,169	1,440,772,284	1,119,274,506	266,718,768
Certificates of deposit (interest at the rates of 1.35 % - 3.00% p.a. with maturities within 3 months)	2,150,276,983	1,350,000,000	2,050,276,983	1,350,000,000
Total	4,213,756,405	2,926,607,844	3,480,327,664	1,752,503,995

4.2 Non-cash items from purchases and increase in equipment and intangible assets for the years ended December 31, consist of:

	Consolidated		UNIT : BAHT	
	financial statements		Separate	
	2015	2014	2015	2014
Payables for purchases of equipment and intangible assets brought forward	23,024,260	23,117,470	23,019,780	23,117,470
<u>Add</u> Purchases during the years	117,211,637	224,571,118	108,283,658	210,502,557
<u>Less</u> Cash payments during the years	(123,554,750)	(224,664,328)	(115,500,907)	(210,600,247)
Payables for purchases of equipment and intangible assets carried forward	16,681,147	23,024,260	15,802,531	23,019,780

5. TEMPORARY INVESTMENTS

Temporary investments consist of:

	Consolidated		UNIT : BAHT	
	financial statements		Separate	
	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Certificates of deposits (interest at the rate of 1.82% - 2.30% p.a. with maturities of 4-6 months)	300,000,000	300,000,000	300,000,000	300,000,000
Fixed Account (interest at the rate of 1.10% p.a. with maturities of 12 months)	16,044,000	-	-	-
Total	316,044,000	300,000,000	300,000,000	300,000,000

6. TRADE AND OTHER RECEIVABLES

6.1 Trade and other receivables

Trade and other receivables consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Trade receivables - related parties (see Note 26.1)	4,621,262	1,409,019	7,461,073	1,409,019
Trade receivables - other parties	179,559,293	94,719,760	76,784,696	94,719,760
Total	184,180,555	96,128,779	84,245,769	96,128,779
<u>Less</u> Allowance for doubtful accounts	(9,938,039)	(9,635,794)	(9,354,611)	(9,635,794)
Total trade receivables	174,242,516	86,492,985	74,891,158	86,492,985
Other receivables				
Advance aircraft rental	185,226,371	140,865,345	165,976,058	140,865,345
Other prepaid expenses	92,747,733	102,236,663	81,455,937	82,193,124
Accrued income - related parties (see Note 26.1)	3,311,937	-	10,604,261	2,181,345
Accrued income - other parties	11,094,567	9,080,224	8,806,043	6,898,879
Accrued interest income - related parties (see Note 26.1)	-	-	-	1,616,027
Accrued interest income - other parties	7,864,249	6,841,265	6,940,581	6,841,265
Advance payments - related parties (see Note 26.1)	11,844,830	-	12,966,755	6,467,334
Advance payments - other parties	24,352,463	6,726,201	24,040,063	8,887,546
Advance payments for aircraft maintenance and engine maintenance	504,536,293	73,592,240	315,076,334	73,592,240
Advance fuel for aircraft	66,882,340	4,397,135	-	4,397,135
Others	37,663,275	-	26,942,475	-
Total other receivables	945,524,058	343,739,073	652,808,507	333,940,240
Total	1,119,766,574	430,232,058	727,699,665	420,433,225

6.2 Trade receivables classified by aging are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Current	71,307,207	75,784,589	56,264,903	75,784,589
Overdue - Less than 1 month	37,355,448	6,004,874	10,377,116	6,004,874
- Over 1 month to 2 months	16,043,781	198,603	1,861,819	198,603
- Over 2 months to 4 months	19,414,734	212,354	3,187,749	212,354
- Over 4 months to 1 year	28,322,606	5,107,578	817,403	5,107,578
- Over 1 year	11,736,779	8,820,781	11,736,779	8,820,781
	184,180,555	96,128,779	84,245,769	96,128,779
<u>Less</u> Allowance for doubtful accounts	(9,938,039)	(9,635,794)	(9,354,611)	(9,635,794)
Total	174,242,516	86,492,985	74,891,158	86,492,985

7. INVENTORIES

Inventories consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Goods for sales	4,484,781	2,853,767	4,484,781	2,853,767
Food and Beverage	198,922	-	198,922	-
Spare parts and other supplies	15,873,569	14,606,785	15,873,569	14,606,785
Total	20,557,272	17,460,552	20,557,272	17,460,552

Costs of inventories recognized as expenses in the consolidated and separate statements of profit or loss and other comprehensive income for the years ended December 31, 2015 and 2014 as follows:

	Consolidated and separate	
	financial statements	
	2015	2014
For the year ended December 31	27.05	15.39

8. AIRCRAFT DEPOSITS AND PREPAYMENTS

Aircraft deposits and prepayments consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Short-term				
Deposits - aircraft lease and machine	146,332,699	83,776,993	146,332,699	70,487,809
Prepayments - aircraft acquisition	-	1,158,890,411	-	1,158,890,411
Total	146,332,699	1,242,667,404	146,332,699	1,229,378,220
Long-term				
Deposits - aircraft lease	143,818,931	74,452,243	86,215,920	39,375,360
Prepayments - aircraft acquisition	322,569,321	938,011,638	322,569,321	938,011,638
Total	466,388,252	1,012,463,881	408,785,241	977,386,998

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

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

For the year ended December 31, 2015, the Company entered into sale and lease back agreements under operating lease for certain of the purchased aircrafts which the sale and lease back will be effective when the aircrafts are delivered, the lease terms are not exceed 12 years. However as at the date of entering into sale and lease back agreements, the buyer has responsibility to pay the said PDP instead of the Company. The Company received the PDP back during the year ended December 31, 2015 in the amount of Baht 1,839.68 million.

During 2015, 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 statements in the amount of Baht 182.80 million (see note 23) (2014 : Nil).

9. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries consist of:

Companies	Type of business	Country of registration	Shareholding		Paid-up share capital		Separate financial statements Cost method	
			Shareholding		Paid-up share capital		Separate financial statements Cost method	
			(%)	(%)	(Baht)	(Baht)	(Baht)	(Baht)
			As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
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	1,500,000,000	-	-
Total							4,949,000	4,949,000

* A subsidiary of Nok Mangkang Co., Ltd.

10. INVESTMENT IN JOINT VENTURE

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

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

As at December 31, 2015, investment in joint venture which is recorded by the equity method in the consolidated financial statements has detail as follows: (2014 : Nil)

	Unit	As at December 31, 2015 “Unaudited”
Nature of business: Operates in platform for airline reservation systems		
Country of incorporation: Singapore		
Shareholding by the Company	Percentage	25.00
Carrying amount based on equity method	Baht	34,749,000
Carrying amount based on cost method	Baht	34,749,000
Paid-up share capital	Singapore dollars	5,400,000
Total assets	Singapore dollars	5,400,000
Total liabilities	Singapore dollars	-

11. OTHER LONG-TERM INVESTMENTS

Other long-term investments consist of:

Companies	Consolidated and separate financial statements			
	As at December 31, 2015		As at December 31, 2014	
	Shareholding (%)	Cost Method Baht	Shareholding (%)	Cost Method Baht
The Aeronautical Radio of Thailand Limited	1.13	7,439,500	1.01	6,661,500
Pan Am International Flight Training Center (Thailand) Co., Ltd.	15.00	40,650,000	15.00	40,650,000
Total		<u>48,089,500</u>		<u>47,311,500</u>

11.1 Investment in The Aeronautical Radio of Thailand Limited

In year 2004, the Company applied for a membership of The Aeronautical Radio of Thailand Limited and acquired the Aeronautical Radio of Thailand Limited's shares according to its regulation.

The authorized share capitals of The Aeronautical Radio of Thailand Limited of 6,600,000 ordinary shares, at par value of Baht 100 each, are classified into 2 classes as to the qualification of the shareholders as follows:

1. Ordinary share class A, 6,000,000 shares specifically held by Thai government and persons who get consents from the Government.
2. Ordinary share class B, 600,000 shares specifically held by airlines, which regularly operate their flights to and/or in Thailand according to their announced flight schedules.

As the regulation of The Aeronautical Radio of Thailand Limited does not allow the dividend payment, shareholders will receive discount on air navigation facility charge instead. The proportion of shareholding will be varied, increase or decrease, depending on the allotment by The Aeronautical Radio of Thailand Limited based on the number of flights during the year of the members. The amount paid for the shares is refundable upon the termination of its membership.

During the year ended December 31, 2015, the Company has been allocated additional shares in the amount of 7,780 shares and the Company already paid for the additional share allocation in the amount of Baht 778,000, as a result the percent holding in such company increased from 1.01 percent to 1.13 percent.

11.2 Investment in Pan Am International Flight Training Center (Thailand) Co., Ltd.

On September 12, 2014, the Company agreed with a juristic person in foreign country and a juristic person in Thailand in order to establish Pan Am International Flight Training Center (Thailand) Co., Ltd., a crew training center, in the amount of USD 1.25 million which is 15% of the share capital of such joint venture.

12. 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 December 31, 2015 and 2014, long-term loans to a related party are Baht 970 million and Baht 725 million, respectively (see Note 26.1).

The Company has issued a letter to the subsidiary to confirm that it will not recall the accrued interest income as at December 31, 2015 amounting to Baht 18.06 million for at least 12 months from December 31, 2015. Therefore, the Company presented the accrued interest income as other non-current assets as at December 31, 2015.

13. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment consist of:

As at December 31, 2015

	Consolidated financial statements				
	Balance as at January 1, 2015 Baht	Additions Baht	Disposals Baht	Transfer in (out) Baht	Balance as at December 31, 2015 Baht
Cost					
Leasehold improvements	64,518,066	1,807,329	(3,014,728)	21,205,235	84,515,902
Aircraft improvements	19,485,448	-	-	-	19,485,448
Office tools	13,813,612	4,631,580	(1,130,189)	484,976	17,799,979
Office equipment	24,048,783	4,175,216	(1,904,131)	1,826,315	28,146,183
Computer equipment	162,469,251	18,613,994	(19,686,687)	77,900	161,474,458
Communication equipment	7,081,353	797,718	(891,694)	-	6,987,377
Tools	112,682,792	14,720,847	(565,879)	23,210,269	150,048,029
Vehicles	11,936,200	-	-	-	11,936,200
Leasehold improvements in progress and asset under installation	63,928,984	49,048,254	(43,379)	(46,804,695)	66,129,164
Total cost	479,964,489	93,794,938	(27,236,687)	-	546,522,740
Accumulated depreciation					
Leasehold improvements	(38,460,170)	(14,933,246)	2,746,267	-	(50,647,149)
Aircraft improvements	(3,281,432)	(2,314,793)	-	-	(5,596,225)
Office tools	(9,381,056)	(1,825,031)	1,075,857	-	(10,130,230)
Office equipment	(12,513,951)	(3,633,960)	1,757,295	-	(14,390,616)
Computer equipment	(126,123,003)	(12,591,939)	19,665,697	-	(119,049,245)
Communication equipment	(5,509,236)	(639,685)	850,452	-	(5,298,469)
Tools	(23,791,246)	(24,264,509)	545,008	-	(47,510,747)
Vehicles	(7,071,101)	(1,137,989)	-	-	(8,209,090)
Total accumulated depreciation	(226,131,195)	(61,341,152)	26,640,576	-	(260,831,771)
Leasehold improvements and equipment	253,833,294				285,690,969

As at December 31, 2014

	Consolidated financial statements				
	Balance as at January 1, 2014	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2014
	Baht	Baht	Baht	Baht	Baht
Cost					
Leasehold improvements	49,169,698	5,814,279	(1,964,542)	11,498,631	64,518,066
Aircraft improvements	17,598,136	8,257,455	(7,875,217)	1,505,074	19,485,448
Office tools	12,435,759	1,309,912	(444,916)	512,857	13,813,612
Office equipment	17,115,175	7,320,265	(657,681)	271,024	24,048,783
Computer equipment	164,964,865	18,287,345	(20,952,959)	170,000	162,469,251
Communication equipment	6,699,639	591,493	(209,779)	-	7,081,353
Tools	23,964,553	40,938,202	(27,000)	47,807,037	112,682,792
Vehicles	7,336,200	4,600,000	-	-	11,936,200
Leasehold improvements in progress and asset under installation	8,581,249	117,133,458	(21,100)	(61,764,623)	63,928,984
Total cost	307,865,274	204,252,409	(32,153,194)	-	479,964,489
Accumulated depreciation					
Leasehold improvements	(31,140,888)	(9,190,075)	1,870,793	-	(38,460,170)
Aircraft improvements	(8,422,849)	(2,121,736)	7,263,153	-	(3,281,432)
Office tools	(8,344,924)	(1,350,184)	314,052	-	(9,381,056)
Office equipment	(10,645,373)	(2,489,059)	620,481	-	(12,513,951)
Computer equipment	(131,605,385)	(15,284,886)	20,767,268	-	(126,123,003)
Communication equipment	(5,064,368)	(645,587)	200,719	-	(5,509,236)
Tools	(14,861,943)	(8,956,298)	26,995	-	(23,791,246)
Vehicles	(5,191,521)	(1,879,580)	-	-	(7,071,101)
Total accumulated depreciation	(215,277,251)	(41,917,405)	31,063,461	-	(226,131,195)
Leasehold improvements and equipment	92,588,023				253,833,294
Depreciation for the years ended December 31,					
2015				Baht	61,341,152
2014				Baht	41,917,405

As at December 31, 2015 and 2014, cost value of equipment which are fully depreciated but still in use of the Company and its subsidiaries are Baht 152.87 million and Baht 142.24 million, respectively.

As at December 31, 2015

	Separate financial statements				
	Balance	Additions	Disposals	Transfer in	Balance
	as at			(out)	as at
	January 1, 2015 Baht	Baht	Baht	Baht	December 31, 2015 Baht
Cost					
Leasehold improvements	58,703,787	-	(3,014,728)	21,205,235	76,894,294
Aircraft improvements	19,485,448	-	-	-	19,485,448
Office tools	13,813,612	4,631,580	(1,130,189)	484,976	17,799,979
Office equipment	20,402,937	3,912,028	(1,904,131)	1,826,315	24,237,149
Computer equipment	161,306,353	17,320,224	(19,686,687)	77,900	159,017,790
Communication equipment	7,081,353	797,718	(891,694)	-	6,987,377
Tools	112,682,792	13,044,847	(565,879)	23,210,269	148,372,029
Vehicles	11,936,200	-	-	-	11,936,200
Leasehold improvements in progress and asset under installation	63,928,984	49,048,254	(43,379)	(46,804,695)	66,129,164
Total cost	469,341,466	88,754,651	(27,236,687)	-	530,859,430
Accumulated depreciation					
Leasehold improvements	(38,460,170)	(12,138,155)	2,746,267	-	(47,852,058)
Aircraft improvements	(3,281,432)	(2,314,793)	-	-	(5,596,225)
Office tools	(9,381,056)	(1,825,031)	1,075,857	-	(10,130,230)
Office equipment	(12,385,769)	(2,856,298)	1,757,295	-	(13,484,772)
Computer equipment	(125,997,135)	(11,930,399)	19,665,697	-	(118,261,837)
Communication equipment	(5,509,236)	(639,685)	850,452	-	(5,298,469)
Tools	(23,791,246)	(24,144,079)	545,008	-	(47,390,317)
Vehicles	(7,071,101)	(1,137,989)	-	-	(8,209,090)
Total accumulated depreciation	(225,877,145)	(56,986,429)	26,640,576	-	(256,222,998)
Leasehold improvements and equipment	243,464,321				274,636,432

As at December 31, 2014

	Separate financial statements				
	Balance	Additions	Disposals	Transfer in	Balance
	as at			(out)	as at
	January 1, 2014 Baht	Baht	Baht	Baht	December 31, 2014 Baht
Cost					
Leasehold improvements	49,169,698	-	(1,964,542)	11,498,631	58,703,787
Aircraft improvements	17,598,136	8,257,455	(7,875,217)	1,505,074	19,485,448
Office tools	12,435,759	1,309,912	(444,916)	512,857	13,813,612
Office equipment	17,115,175	3,674,419	(657,681)	271,024	20,402,937
Computer equipment	164,964,865	17,124,447	(20,952,959)	170,000	161,306,353
Communication equipment	6,699,639	591,493	(209,779)	-	7,081,353
Tools	23,964,553	40,938,202	(27,000)	47,807,037	112,682,792
Vehicles	7,336,200	4,600,000	-	-	11,936,200
Leasehold improvements in progress and asset under installation	8,581,249	117,133,458	(21,100)	(61,764,623)	63,928,984
Total cost	307,865,274	193,629,386	(32,153,194)	-	469,341,466
Accumulated depreciation					
Leasehold improvements	(31,140,888)	(9,190,075)	1,870,793	-	(38,460,170)
Aircraft improvements	(8,422,849)	(2,121,736)	7,263,153	-	(3,281,432)
Office tools	(8,344,924)	(1,350,184)	314,052	-	(9,381,056)
Office equipment	(10,645,373)	(2,360,877)	620,481	-	(12,385,769)
Computer equipment	(131,605,385)	(15,159,018)	20,767,268	-	(125,997,135)
Communication equipment	(5,064,368)	(645,587)	200,719	-	(5,509,236)
Tools	(14,861,943)	(8,956,298)	26,995	-	(23,791,246)
Vehicles	(5,191,521)	(1,879,580)	-	-	(7,071,101)
Total accumulated depreciation	(215,277,251)	(41,663,355)	31,063,461	-	(225,877,145)
Leasehold improvements and equipment	<u>92,588,023</u>				<u>243,464,321</u>

Depreciation for the years ended December 31,

2015	Baht	<u>56,986,429</u>
2014	Baht	<u>41,663,355</u>

As at December 31, 2015 and 2014, cost value of equipment which are fully depreciated but still in use of the Company are Baht 152.87 million and Baht 142.24 million, respectively.

14. INTANGIBLE ASSETS

Intangible assets are as follows:

As at December 31, 2015

	Consolidated financial statements				
	Balance as at January 1, 2015 Baht	Additions Baht	Disposals Baht	Transfer in (out) Baht	Balance as at December 31, 2015 Baht
Cost					
Computer software	153,006,012	4,398,293	(12,545,887)	11,500,387	156,358,805
Software under development	5,992,298	19,018,406	(573,819)	(11,500,387)	12,936,498
Total cost	158,998,310	23,416,699	(13,119,706)	-	169,295,303
Accumulated amortization					
Computer software	(112,837,304)	(20,680,982)	12,545,783	-	(120,972,503)
Total accumulated amortization	(112,837,304)	(20,680,982)	12,545,783	-	(120,972,503)
Intangible asset	46,161,006				48,322,800

As at December 31, 2014

	Consolidated financial statements				
	Balance as at January 1, 2014 Baht	Additions Baht	Disposals Baht	Transfer in (out) Baht	Balance as at December 31, 2014 Baht
Cost					
Computer software	136,498,657	3,547,674	(114,806)	13,074,487	153,006,012
Software under development	2,385,750	16,771,035	(90,000)	(13,074,487)	5,992,298
Total cost	138,884,407	20,318,709	(204,806)	-	158,998,310
Accumulated amortization					
Computer software	(84,790,434)	(28,161,669)	114,799	-	(112,837,304)
Total accumulated amortization	(84,790,434)	(28,161,669)	114,799	-	(112,837,304)
Intangible asset	54,093,973				46,161,006

Amortization for the years ended December 31,

2015	Baht	20,680,982
2014	Baht	28,161,669

As at December 31, 2015 and 2014, cost value of intangible asset which are fully amortized but still in use of the Company and its subsidiaries are Baht 44.76 million and Baht 51.82 million, respectively.

As at December 31, 2015

	Separate financial statements				
	Balance	Additions	Disposals	Transfer in	Balance
	as at			(out)	as at
	January 1, 2015 Baht	Baht	Baht	Baht	December 31, 2015 Baht
Cost					
Computer software	153,006,012	2,185,750	(12,545,887)	7,069,700	149,715,575
Software under development	2,546,760	17,343,257	(573,819)	(7,069,700)	12,246,498
Total cost	155,552,772	19,529,007	(13,119,706)	-	161,962,073
Accumulated amortization					
Computer software	(112,837,304)	(19,678,499)	12,545,783	-	(119,970,020)
Total accumulated amortization	(112,837,304)	(19,678,499)	12,545,783	-	(119,970,020)
Intangible asset	42,715,468				41,992,053

As at December 31, 2014

	Separate financial statements				
	Balance	Additions	Disposals	Transfer in	Balance
	as at			(out)	as at
	January 1, 2014 Baht	Baht	Baht	Baht	December 31, 2014 Baht
Cost					
Computer software	136,498,657	3,547,674	(114,806)	13,074,487	153,006,012
Software under development	2,385,750	13,325,497	(90,000)	(13,074,487)	2,546,760
Total cost	138,884,407	16,873,171	(204,806)	-	155,552,772
Accumulated amortization					
Computer software	(84,790,434)	(28,161,669)	114,799	-	(112,837,304)
Total accumulated amortization	(84,790,434)	(28,161,669)	114,799	-	(112,837,304)
Intangible asset	54,093,973				42,715,468
Amortization for the years ended December 31,					
2015				Baht	19,678,499
2014				Baht	28,161,669

As at December 31, 2015 and 2014, cost value of intangible assets which are fully amortized but still in use of the Company are Baht 44.76 million and Baht 51.82 million, respectively.

15. DEFERRED TAX ASSETS AND INCOME TAX EXPENSE (INCOME)

Deferred tax assets consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Deferred tax assets	13,159,296	19,375,606	13,159,296	19,375,606

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

	Consolidated and separate financial statements			
	Balances	Items	Items	Balances
	As at January 1, 2015	recognized in profit or loss	recognized in other comprehensive income	As at December 31, 2015
Deferred tax asset				
Allowance for doubtful accounts	360,689	(3,077)	-	357,612
Deferred income from customer loyalty programmes	6,617,843	(6,617,843)	-	-
Employee benefit obligations	12,397,074	428,939	(24,329)	12,801,684
Total	19,375,606	(6,191,981)	(24,329)	13,159,296

	Consolidated and separate financial statements			
	Balances	Items	Items	Balances
	As at January 1, 2014	recognized in profit or loss	recognized in other comprehensive income	As at December 31, 2014
Deferred tax asset				
Allowance for doubtful accounts	485,681	(124,992)	-	360,689
Deferred income from customer loyalty programmes	6,564,557	53,286	-	6,617,843
Employee benefit obligations	12,093,885	460,517	(157,328)	12,397,074
Total	19,144,123	388,811	(157,328)	19,375,606

Income tax expenses (income) for the years ended December 31, consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Current tax for the period	-	-	-	-
Deferred income tax	6,191,981	(388,811)	6,191,981	(388,811)
Income tax expense (income)	6,191,981	(388,811)	6,191,981	(388,811)

Reconciliation between income tax expense and the amount of tax derived from accounting profit multiplied by the applicable tax rate for the years ended December 31, are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Accounting profit (loss) for non-promoted business	309,192,910	(144,665,767)	339,618,795	110,656,714
Accounting loss for promoted business	(1,967,492,429)	(521,498,708)	(757,367,872)	(521,498,708)
Accounting loss before income tax expense	<u>(1,658,299,519)</u>	<u>(666,164,475)</u>	<u>(417,749,077)</u>	<u>(410,841,994)</u>
Income tax calculated based on tax rate at 20%	61,838,582	(28,933,153)	67,923,795	22,131,343
Effect of tax losses not recognized as deferred tax assets	-	28,933,153	-	-
Effect of loss for promoted business used as tax deduction	(61,838,582)	-	(67,923,795)	(22,131,343)
Tax effect of temporary differences	<u>6,191,981</u>	<u>(388,811)</u>	<u>6,191,981</u>	<u>(388,811)</u>
Corporate income tax expenses (income) as presented in the statements of profit or loss and other comprehensive income	<u>6,191,981</u>	<u>(388,811)</u>	<u>6,191,981</u>	<u>(388,811)</u>

16. SHORT-TERM BORROWINGS FROM A FINANCIAL INSTITUTION

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

17. TRADE AND OTHER PAYABLES

Trade and other payables are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2015	2014	2015	2014
Trade payables - related parties (see Note 26.1)	93,248,540	62,044,150	84,411,516	63,949,950
Trade payables - other parties	590,578,375	456,343,046	393,862,954	397,563,410
Other payables - related parties (see Note 26.1)	13,178,604	-	13,178,604	-
Other payables - other parties	33,704,619	24,988,041	20,557,231	24,982,641
Unearned passenger revenues	882,573,120	791,030,929	684,883,282	724,422,457
Other advance received	357,230,560	27,426,166	126,924,842	81,664,637
Accrued expenses	<u>963,689,285</u>	<u>471,930,484</u>	<u>718,952,219</u>	<u>435,201,992</u>
Total	<u>2,934,203,103</u>	<u>1,833,762,816</u>	<u>2,042,770,648</u>	<u>1,727,785,087</u>

18. PROVISION FOR AIRCRAFT MAINTENANCE

Provisions for aircraft maintenance consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Provisions for aircraft maintenance at beginning of the year	169,932,708	103,098,200	158,169,243	103,098,200
<u>Add</u> Increase during the year - recognized as expenses for the year	400,325,753	202,683,404	384,448,957	190,919,939
<u>Less</u> Aircraft maintenance cost paid during the year	(136,395,800)	(135,848,896)	(136,395,800)	(135,848,896)
Provisions for aircraft maintenance at the end of the year	433,862,661	169,932,708	406,222,400	158,169,243
<u>Less</u> Short-term provisions for aircraft maintenance	(133,908,652)	(78,280,934)	(113,497,382)	(78,280,934)
Long-term provisions for aircraft maintenance	299,954,009	91,651,774	292,725,018	79,888,309

19. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Retirement benefits	134,719,340	103,436,274	127,869,939	103,436,274
Other long term benefit - Pilot saving fund	41,623,626	26,719,411	41,623,626	26,719,411
Total	176,342,966	130,155,685	169,493,565	130,155,685

19.1 Retirement benefits

Movements in the retirement benefits are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Retirement benefits at the beginning of the year	103,436,274	97,528,525	103,436,274	97,528,525
Benefits paid	(12,984,703)	(7,678,230)	(12,984,703)	(7,678,230)
Current service costs and interest cost	46,491,579	25,295,121	39,642,178	25,295,121
Actuarial gain	(2,223,810)	(11,709,142)	(2,223,810)	(11,709,142)
Retirement benefits at the end of the year	134,719,340	103,436,274	127,869,939	103,436,274

For the years ended December 31, 2015 and 2014, the Company recognized actuarial gain in the statements of profit or loss and other comprehensive income in the amount of Baht 2.22 million and Baht 11.71 million, respectively. Such actuarial gain mainly resulted from changing discount rate, turnover rate and demographic assumption of the principle actuarial assumptions.

Retirement benefits recognized in the statements of profit or loss and other comprehensive income for the years ended December 31, are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Current service costs	43,763,101	22,279,471	36,952,086	22,279,471
Interest cost	2,728,478	3,015,650	2,690,092	3,015,650
Total	46,491,579	25,295,121	39,642,178	25,295,121

The principal actuarial assumptions as at December 31, 2015 and 2014 are as follows:

	Consolidated financial statements	
	2015 Percentage (% p.a.)	2014 Percentage (% p.a.)
Discount rate	2.39 - 3.04	2.75
Salary increase rate	3.00 - 6.00	3.50 - 8.00
Employee turnover	0 - 30.00 (depend on age of employee) TMO2008	0 - 17.00 (depend on age of employee) TMO2008
Mortality rate	(Thai Mortality Ordinary Table 2008)	(Thai Mortality Ordinary Table 2008)

	Separate financial statements	
	2015 Percentage (% p.a.)	2014 Percentage (% p.a.)
Discount rate	2.39	2.75
Salary increase rate	5.00	3.50 - 8.00
Employee turnover	0 - 16.00 (depend on age of employee) TMO2008	0 - 17.00 (depend on age of employee) TMO2008
Mortality rate	(Thai Mortality Ordinary Table 2008)	(Thai Mortality Ordinary Table 2008)

Significant actuarial assumptions for the determination of the employee benefit obligations are discount rate, expected salary increase rate and mortality rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

	Unit : Baht	
	Impact on employee benefit obligations increases (decreases)	
	Consolidated financial statement	Separate financial statement
	2015	2015
Discount rate - increase by 1%	(10,916,623)	(10,297,294)
Discount rate - decrease by 1%	13,142,869	12,411,794
Salary increase rate - increase by 1%	10,975,991	10,233,242
Salary increase rate - decrease by 1%	(9,268,094)	(8,626,914)
Life expectancy - increase by 1 year	1,111,066	1,080,618
Life expectancy - decrease by 1 year	(1,089,259)	(1,062,030)

The sensitivity analysis presented above may not be representative of the actual change in the employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the employee benefit obligations have been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

19.2 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 December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Other long-term benefit				
- Pilot saving fund at the beginning of the year	26,719,411	11,619,107	26,719,411	11,619,107
<u>Add</u> Increase during the year - recognized as expenses for the year	14,904,215	15,198,604	14,904,215	15,198,604
<u>Less</u> Benefits paid	-	(98,300)	-	(98,300)
Other long-term benefit				
- Pilot saving fund at the end of the year	41,623,626	26,719,411	41,623,626	26,719,411

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.

20. CAPITAL MANAGEMENT

The Company and its subsidiaries' objective in managing capital is to safeguard the Company and its subsidiaries' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company and its subsidiaries do not apply any financial ratio to monitor its capital whilst manages its capital to be sufficient for its working capital.

21. LEGAL RESERVE

Under the Public Limited Companies Act, the Company is required to appropriate as legal reserve at least 5% of its net profit of each year after deduction of deficit (if any) until the reserve reaches 10% of authorized share capital. This reserve is not available for dividend distribution.

As at December 31, 2015 and 2014, the Company's legal reserve is equal to 10% of the authorized share capital.

22. DIVIDEND PAID

On April 9, 2014, the Annual General Shareholders' Meeting of the year 2014 has resolution to pay dividend from the results of the Company's last 6 months operations of year 2013 to the Company's shareholders at Baht 0.49 per share, total amount of Baht 306.25 million. The book closing date of shares is March 17, 2014 and the Company paid such dividend in May 2014.

23. OTHER INCOME - OTHERS

Other income - others consist of:

	UNIT : BAHT			
	For the years ended December 31,			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Gain on exchange rate	205,350,927	42,749,955	196,721,581	40,217,466
Gain on sale and leaseback aircraft (see Note 8)	182,797,507	-	182,797,507	-
Other fee income (see Note 26.2)	78,615,129	56,405,241	76,580,686	56,405,241
Others (see Note 26.2)	32,364,580	10,061,592	29,364,047	10,061,591
Total	499,128,143	109,216,788	485,463,821	106,684,298

24. PROVIDENT FUND

The Company has set up a Provident Fund which is contributory by employees and the Company. The fund is registered as the provident fund in accordance with the Provident Fund Act B.E. 2530.

The Company contributed to the provident fund and recorded as expenses in the statements of profit or loss and other comprehensive income as follows:

	UNIT : BAHT			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
For the year ended December 31,	27,156,013	21,761,247	27,156,013	21,761,247

25. EXPENSES BY NATURE

The significant expenses classified by nature for the years ended December 31, are as follows:

	UNIT : BAHT			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Fuel expenses	3,600,800,558	4,417,586,799	3,316,865,886	4,410,936,514
Employee benefit expenses	1,353,886,199	947,920,468	1,036,858,546	867,069,803
Ground service expenses and navigation fee	1,480,741,798	1,154,322,799	1,335,181,911	1,148,334,938
Expenses related to cockpit and cabin crews	496,029,676	396,852,004	477,716,577	396,606,462
Aircraft maintenance	3,806,329,700	2,402,298,043	3,395,712,164	2,367,872,881
Depreciation and amortization expenses	82,022,134	70,079,074	76,664,928	69,825,024
Aircraft lease and spare part	3,294,112,566	2,012,439,230	2,681,156,620	1,957,250,021
Merchandise and supplies	211,797,524	171,603,912	194,294,218	171,509,892
Promotion advertising expenses	394,070,544	389,302,387	349,463,466	367,566,061
Insurance expense	108,129,081	84,342,696	92,627,985	74,137,398
Credit card fee	125,973,918	127,350,109	119,006,366	127,350,109
Call center customers expense	104,468,538	99,602,103	104,468,538	97,587,020
Passenger transportation expense	104,323,774	16,492,636	45,624,108	16,492,632

26. 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 December 31, 2015 and 2014, 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
Pucannammitr Co., Ltd.	Acquiring, hire-purchase and managing assets	The Company's managements are shareholder.
Thai Airways International PLC.	Services transportation and logistics	Common shareholders and director
Thai Smile Airways Co., Ltd.	Services transportation and logistics	Common shareholders and director
Donmuang International Airport Hotel Co., Ltd.	Hotel	Same group of shareholders
Phuket Air Catering Company Limited	Catering services	Same group of shareholders
Thai Flight Training Co., Ltd.	Cockpit training	Same group of shareholders
Dhipaya Insurance PLC.*	General insurance	Common director
Major Cineplex Group PLC.*	Services media cinema and publishing	Common director
Siam Premier International Law Office Limited	Legal advisory	Common director
Mr. Somchainuk Engrakul*	-	Director

* Become related person and related parties since January 15, 2015

26.1 Balances with related parties are as follows:

	UNIT : BAHT			
	Consolidated financial statements		Separate financial statements	
	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Trade receivables - related parties (see Note 6.1)				
Thai Airways International PLC.	38,714	136,800	38,714	136,800
Thai Smile Airways Co., Ltd.	2,642,684	1,272,219	2,642,684	1,272,219
Dhipaya Insurance PLC.	1,939,864	-	1,939,864	-
NokScoot Airlines Co., Ltd.	-	-	2,839,811	-
Total	4,621,262	1,409,019	7,461,073	1,409,019
Accrued income - related parties (see Note 6.1)				
Thai Airways International PLC.	37,046	-	37,046	-
Thai Smile Airways Co., Ltd.	1,653,580	-	1,653,580	-
Dhipaya Insurance PLC.	1,621,311	-	1,621,311	-
NokScoot Airlines Co., Ltd.	-	-	7,292,324	2,181,345
Total	3,311,937	-	10,604,261	2,181,345
Accrued interest income - related party (see Note 6.1)				
Nok Mangkang Co., Ltd.	-	-	-	1,616,027
Advance payments - related parties (see Note 6.1)				
NokScoot Airlines Co., Ltd.	-	-	-	6,370,477
Nok Mangkang Co., Ltd.	-	-	427,253	96,857
Nok Holidays Co., Ltd.	-	-	694,672	-
Air Black Box Asia Pacific Pte Ltd.	11,844,830	-	11,844,830	-
Total	11,844,830	-	12,966,755	6,467,334
Other non-current assets - Accrued interest income - related party				
Nok Mangkang Co., Ltd.	-	-	18,060,400	-
Long-term loans to a related party (see Note 12)				
Nok Mangkang Co., Ltd.	-	-	970,000,000	725,000,000
Trade payables - related parties (see Note 17)				
Thai Airways International PLC.	89,983,175	62,015,311	81,036,962	62,015,311
Thai Smile Airways Co., Ltd.	2,284,302	-	2,284,302	-
Donmuang International Airport Hotel Co., Ltd.	708,063	27,479	708,063	27,479
Thai Flight Training Co., Ltd.	273,000	1,360	273,000	1,360
NokScoot Airlines Co., Ltd.	-	-	109,189	1,905,800
Total	93,248,540	62,044,150	84,411,516	63,949,950

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
Other payables - related parties (see Note 17)				
Dhipaya Insurance PLC	5,726,889	-	5,726,889	-
Pan Am International Flight Training Center (Thailand) Co., Ltd.	7,451,715	-	7,451,715	-
Total	13,178,604	-	13,178,604	-
Other current liabilities - related party NokScoot Airlines Co., Ltd.	-	-	62,371	-

26.2 Transactions with related parties for the years ended December 31, are summarized as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Passenger revenues				
Thai Airways International PLC.	459,826	747,604	459,826	747,604
Thai Smile Airways Co., Ltd.	1,021,760	146,430	1,021,760	146,430
Total	1,481,586	894,034	1,481,586	894,034
Service revenues				
Thai Airways International PLC.	52,871	3,781,015	52,871	3,781,015
Thai Smile Airways Co., Ltd.	21,484,413	17,629,394	21,484,413	17,629,394
NokScoot Airlines Co., Ltd.	-	-	31,733,064	2,107,594
Total	21,537,284	21,410,409	53,270,348	23,518,003
Others income - other service fee Dhipaya Insurance PLC.	22,587,897	-	22,587,897	-
Others income - interest income Nok Mangkang Co., Ltd.	-	-	16,444,373	1,616,027

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.

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
UNIT : BAHT				
Costs of passengers and services				
Thai Airways International PLC.	120,875,385	63,219,703	120,875,385	63,219,703
Thai Smile Airways Co., Ltd.	2,621,169	-	2,621,169	-
Donmuang International Airport Hotel Co., Ltd.	2,346,653	1,773,328	2,346,653	1,773,328
Thai Flight Training Co., Ltd.	3,096,236	1,773,306	3,096,236	1,773,306
Dhipaya Insurance PLC.	89,661,418	-	89,661,418	-
Pan Am International Flight Training Center (Thailand) Co., Ltd.	6,971,974	-	6,971,974	-
NokScoot Airlines Co., Ltd.	-	-	498,771	3,568,000
Total	<u>225,572,835</u>	<u>66,766,337</u>	<u>226,071,606</u>	<u>70,334,337</u>
Legal fee				
Siam Premier International Law Office Ltd.	<u>6,285,736</u>	<u>-</u>	<u>6,285,736</u>	<u>-</u>

Costs of passenger and services is determined on normal price charged to general customers.

Directors and management's benefits for the years ended December 31, are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
UNIT : BAHT				
Short-term employee benefits	36,360,131	35,460,498	35,511,860	35,460,498
Post-employment benefits	4,700,310	942,084	3,008,813	942,084
Total	<u>41,060,441</u>	<u>36,402,582</u>	<u>38,520,673</u>	<u>36,402,582</u>

27. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

27.1 Acquisition of aircrafts

As at December 31, 2015 and 2014, the Company has commitments for acquisition of aircrafts to be paid in the future of USD 170.61 million and USD 227.61 million, respectively.

27.2 Aircraft lease agreement

As at December 31, 2015 and 2014, the Company and its subsidiary have commitments under the operating lease agreements for aircrafts for the period of 5 - 12 years with minimum lease payment as follows:

Consolidated financial statements**As at December 31, 2015**

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

As at December 31, 2014

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	87,421,456	334,858,814	240,421,639	662,701,909

Separate financial statements**As at December 31, 2015**

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

As at December 31, 2014

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	74,593,456	284,081,314	239,897,139	598,571,909

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

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	UNIT : BAHT			
For the years ended December 31,	3,250,294,259	1,916,741,170	2,681,416,620	1,857,983,961

27.3 Other lease and service agreements

As at December 31, 2015 and 2014, the Company and its 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	1-5 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

Lease 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 December 31, 2015					
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	36,683,705	22,685,537	-	59,369,242
Vehicle rental	THB	4,770,769	4,664,296	-	9,435,065
Equipment rental	THB	3,718,217	5,578,308	-	9,296,525
Service Agreements					
Aircraft maintenance	USD	35,637,381	103,997,309	-	139,634,690
Aircraft maintenance	SGD	861,900	2,513,875	-	3,375,775
Ticket reservation system	USD	2,265,765	7,922,483	2,709,776	12,898,024
Call center service	THB	30,129,600	8,064,000	-	38,193,600

As at December 31, 2014

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	43,565,795	24,646,749	-	68,212,544
Vehicle rental	THB	3,822,467	4,618,688	-	8,441,155
Equipment rental	THB	868,080	1,347,650	-	2,215,730
Service Agreements					
Aircraft maintenance	USD	15,461,270	56,691,323	-	72,152,593
Ticket reservation system	USD	1,280,676	6,789,751	4,237,681	12,308,108
Call center service	THB	37,538,700	58,247,100	-	95,785,800

Separate financial statements**As at December 31, 2015**

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	33,650,480	21,421,694	-	55,072,174
Vehicle rental	THB	4,540,933	4,415,307	-	8,956,240
Equipment rental	THB	3,598,805	5,369,337	-	8,968,142
Service Agreements					
Aircraft maintenance	USD	17,708,793	47,223,448	-	64,932,241
Ticket reservation system	USD	1,506,974	7,319,983	2,200,475	11,027,432
Call center service	THB	16,305,600	-	-	16,305,600

As at December 31, 2014

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	43,565,795	24,646,749	-	68,212,544
Vehicle rental	THB	3,822,467	4,618,688	-	8,441,155
Equipment rental	THB	868,080	1,347,650	-	2,215,730
Service Agreements					
Aircraft maintenance	USD	15,461,270	56,691,323	-	72,152,593
Ticket reservation system	USD	1,280,676	6,789,751	4,237,681	12,308,108
Call center service	THB	32,611,200	16,305,600	-	48,916,800

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

	UNIT : BAHT			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
For the years ended December 31,	87,488,513	42,038,503	58,573,662	39,873,982

27.4 Bank guarantees

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

	Currency	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
		2015	2014	2015	2014
General guarantee	THB	62,503,242	54,154,724	55,348,242	47,661,724
General guarantee	USD	24,000	20,000	-	-
General guarantee	SGD	649,000	-	-	-
General guarantee	KRW	408,246,480	-	-	-
Aircraft leasing guaranteed by Standby Letter of Credit	USD	42,945,002	32,716,071	41,341,502	31,647,071

Above guarantees of the Company are unsecured guarantees.

As at December 31, 2015, the letters of guarantee of a subsidiary are guaranteed by the subsidiary's deposits account of Baht 61.54 million.

28. 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 the year ended December 31, 2015			
Revenues			
Passenger revenues	10,997,862,491	1,732,018,832	12,729,881,323
Service revenues	767,069,451	255,664,803	1,022,734,254
Other income			
Interest income	44,454,509	-	44,454,509
Others	502,776,197	(3,648,054)	499,128,143
Total Revenues	12,312,162,648	1,984,035,581	14,296,198,229
Expenses			
Costs of passengers and services	11,759,465,644	3,142,829,231	14,902,294,875
Selling expenses	202,393,316	72,305,534	274,698,850
Administrative expenses	460,442,554	275,547,194	735,989,748
Finance costs	41,514,275	-	41,514,275
Total Expenses	12,463,815,789	3,490,681,959	15,954,497,748
Loss before income tax expense	(151,653,141)	(1,506,646,378)	(1,658,299,519)
Income tax expense	5,698,692	493,289	6,191,981
Loss for the year	(157,351,833)	(1,507,139,667)	(1,664,491,500)
Other comprehensive income:			
Actuarial gain on defined employee benefit plan	2,223,810	-	2,223,810
Income tax on item that will not be reclassified subsequently	(24,329)	-	(24,329)
Other comprehensive income for the year - net from income tax	2,199,481	-	2,199,481
Total comprehensive loss for the year	(155,152,352)	(1,507,139,667)	(1,662,292,019)
Statement of financial position as at December 31, 2015			
Segment assets	5,244,216,781	1,866,007,306	7,110,224,087
Segment liabilities	3,262,430,953	905,731,277	4,168,162,230

UNIT : BAHT

Consolidated financial statements

**Statement of profit or loss and other
comprehensive income for
the year ended December 31, 2014**

Revenues

Passenger revenues	10,907,926,810	339,521,869	11,247,448,679
Service revenues	691,246,428	25,961,719	717,208,147
Other income			
Interest income	100,599,911	-	100,599,911
Others	108,075,449	1,141,339	109,216,788
Total Revenues	11,807,848,598	366,624,927	12,174,473,525

Expenses

Costs of passengers and services	11,658,251,037	366,214,630	12,024,465,667
Selling expenses	278,115,435	16,118,222	294,233,657
Administrative expenses	500,205,117	19,460,510	519,665,627
Finance costs	2,208,682	64,367	2,273,049
Total Expenses	12,438,780,271	401,857,729	12,840,638,000

Loss before income tax expense

(630,931,673)

Income tax income

(377,801)

Loss for the year

(630,553,872)

Other comprehensive income (expenses) :

Actuarial gain on defined employee benefit plan

11,377,566

Income tax on item that will not be reclassified subsequently

(152,873)

Other comprehensive income for the year

11,224,693

- net from income tax

Total comprehensive loss for the year

(619,329,179)

**Statement of financial position
as at December 31, 2014**

Segment assets	6,310,282,271	258,719,888	6,569,002,159
Segment liabilities	2,133,748,418	85,899,865	2,219,648,283

29. INVESTMENT PROMOTION RIGHTS AND PRIVILEGES

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

As at December 31, 2015 and 2014, the Company's investment promotion certificates are as follows:

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

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

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

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

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

UNIT : BAHT

Consolidated financial statements

	2015		
	Promoted business	Non-promoted business	Total
Passenger revenues and service revenues	13,523,021,458	229,594,119	13,752,615,577
Other income	203,781,274	339,801,378	543,582,652
Total	13,726,802,732	569,395,497	14,296,198,229

UNIT : BAHT			
Consolidated financial statements			
2014			
	Promoted business	Non-promoted business	Total
Passenger revenues and service revenues	11,431,902,894	532,753,932	11,964,656,826
Other income	42,939,535	166,877,164	209,816,699
Total	11,474,842,429	699,631,096	12,174,473,525
UNIT : BAHT			
Separate financial statements			
2015			
	Promoted business	Non-promoted business	Total
Passenger revenues and service revenues	12,627,296,590	221,852,098	12,849,148,688
Other income	194,250,838	343,323,928	537,574,766
Total	12,821,547,428	565,176,026	13,386,723,454
UNIT : BAHT			
Separate financial statements			
2014			
	Promoted business	Non-promoted business	Total
Passenger revenues and service revenues	11,431,902,894	516,512,931	11,948,415,825
Other income	42,939,535	165,746,909	208,686,444
Total	11,474,842,429	682,259,840	12,157,102,269

30. DISCLOSURE OF INFORMATION ON FINANCIAL INSTRUMENTS

30.1 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.

30.2 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.

30.3 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 December 31, 2015	As at December 31, 2014		As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
USD	12,654,000	5,000,000	THB	454,112,325	164,681,600	457,790,207	165,694,642
CNY	5,000,000	-	THB	27,675,000	-	28,263,954	-

Separate financial statements							
Currency	Contract amounts		Currency	Deliverable amount		Fair value	
	As at December 31, 2015	As at December 31, 2014		As at December 31, 2015	As at December 31, 2014	As at December 31, 2015	As at December 31, 2014
USD	12,654,000	5,000,000	THB	454,112,325	164,681,600	457,790,207	165,694,642

30.4 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 December 31, 2015 and 2014, the Company has the obligations for payments of aircraft fuel under fuel fixed-price contracts of USD 11.02 million and USD 16.46 million, respectively.

30.5 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.

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.

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

31. PRESENTATIONS

The consolidated and separate statements of financial position as at December 31, 2014 have been presented for trade and other receivables and trade and other payables in total amount which were previously presented each transaction separately under such items. The detail transactions under trade and other receivables and trade and other payables transactions were disclosed in Notes 6 and 17, respectively, to conform to the presentations used in the consolidated and separate statements of financial position as at December 31, 2015.

The consolidated and separate statements of profit or loss and other comprehensive income for the year ended December 31, 2014 have been reclassified to conform to the classifications used in the consolidated and separate statements of profit or loss and other comprehensive income for the year ended December 31, 2015 as follows;

The consolidated and separate statements of profit and loss and other comprehensive income for the year ended December 31, 2014

Accounts	Amount (Baht)	Previous classifications	Current classifications
Revenue from insurance premium received from customers for insurance companies	100,999,539	Inclusively presented in service revenues	To present net with costs of passenger and services
Cost of service for insurance premium received from customers for insurance companies	100,999,539	Inclusively presented in costs of passenger and services	To present net with service revenues
Revenue from other transportations fee awaiting delivery	37,456,043	Inclusively presented in service revenues	To present net with costs of passenger and services
Cost of service for other transportations fee awaiting delivery	37,456,043	Inclusively presented in costs of passenger and services	To present net with service revenues
Other service fee income	56,405,241	Service revenues	Other income - others
Bank charge	5,161,107	Administrative expenses	Costs of passenger and services

32. EVENT AFTER THE REPORTING PERIOD

On February 14, 2016, there was an event that the Company has to cancel 18 flights resulted from some pilots had taken emergency sick leave which have impact on certain passengers. The Company has been resolving such matter by taking care and give compensation to the impacted passengers in accordance with the Company's Manual and the announcement of the Ministry of Transport on Protection of Passenger Rights Using Thai air carries' Services for Domestic Scheduled air services on October 6, 2010, and arranging special flights to transfer all impacted passengers. In addition, in order not to cause more impact that might be occurred to other passengers during internal management, the Company, therefore, has announced the cancellation and revising flight schedules from February 23 to 29, 2016, and use codeshare airlines or charter airlines instead. On February 17, 2016, the Company reported to the Ministry of Transport and the Department of Civil Aviation Authority of Thailand for clarification of this matter. Currently, the Company is in process of gathering all information according to the requirement from the Department of Civil Aviation Authority of Thailand. In addition, the Company has planned to employ many pilots.

Initially, the Company estimates the direct damage resulting from such matter is approximately Baht 20 million.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statement has been approved for issue by the Company's Board of Directors on February 25, 2016.