



NOK AIR

FINANCIAL STATEMENTS

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Opinion

We have audited the consolidated financial statements of Nok Airlines Public Company Limited and its subsidiaries (“the Group”) and the separate financial statements of Nok Airlines Public Company Limited (“the Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2018, 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 to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, 2018, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (TSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to Notes 17.1, 17.2 and 32, the Company and its subsidiary had reviewed the accounting policy of the maintenance reserve and provision for aircraft maintenance and revised from present netting amount of maintenance reserve and provision for aircraft maintenance to present gross amount in order to present those items separately as asset and liability of the Company and its subsidiary. Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Key Audit Responses
<p>Revenue recognition</p> <p>Revenue recognition from airfare and related services are recognized when the services have been rendered to the passengers according to flight schedule. Proceeds from sales of the air tickets before rendering service that have not been recognized as revenue are presented as unearned income.</p> <p>Revenue recognition from airfare and related services is a key audit matter because of high occurrence of volume and frequency of transaction, variety of distribution channel, relevant to information technology connected to airfare booking and flight schedule system and significant revenue amount to the financial statements which may have risk of recording the transaction inaccuracy, and incorrect accounting period.</p> <p>The accounting policy of revenue recognition from airfare and related service is disclosed in note to financial statements No. 3.14.</p>	<p>Significant audit procedures to response the matter were as follows:</p> <ul style="list-style-type: none"> - Understood, evaluated the design and implementation of significant relevant key internal controls for revenue recognition and unearned income. - Tested operating effectiveness of the significant relevant internal controls of revenue recognition and unearned income including testing general control of information technology system and relevant application control of revenue from airfare and related services and unearned income. - Tested reconciliation of airfare booking in every channel and cash receipt information between airfare booking system and bank statement. - Verified by sample selection to compare flight information in the revenue report with flight schedule to ensure that revenue recognition from airfare and related services were recorded accurately, completely and in the correct accounting period.

Key Audit Matters	Key Audit Responses
<p>Provisions for aircraft maintenance</p> <p>Provisions for aircraft maintenance is a key audit matter because of complexity of transaction which the management of the Group needs to exercise judgments in order to determine the reasonableness of assumptions used to estimate aircraft maintenance in each period of maintenance schedule and expense for retaining the aircraft when returning aircraft according to lease agreements.</p> <p>The accounting policy and details of provision for aircraft maintenance and details are disclosed in notes to financial statements No. 3.12, No. 3.20.1 and No. 17.</p>	<p>Significant audit procedures to response the matter were as below:</p> <ul style="list-style-type: none"> - Understood, evaluated the design and implementation of relevant internal controls for provisions for aircraft maintenance. - Tested operating effectiveness of relevant internal controls. - Evaluated reasonableness of the methods and significant assumptions used by management to estimate provisions for aircraft maintenance. The evaluation included recalculation of provisions for aircraft maintenance based on assumptions, reviewing maintenance condition on lease agreement and maintenance schedule obtained from engineering department, quotation from maintenance companies. In addition, compared actual maintenance expense in the past with the current assumptions.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Group.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356

BANGKOK
February 28, 2019

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	Consolidated			Separate		
		financial statements			financial statements		
		As at	As at	As at	As at	As at	As at
		December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
		2018	2017	2017	2018	2017	2017
			"Restated"	"Restated"		"Restated"	"Restated"
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	4.1	1,419,892,206	3,169,848,560	3,231,221,279	447,123,966	1,548,866,192	1,475,116,784
Current investments		9,226,117	-	-	7,478,510	-	-
Trade and other current receivables	5	2,008,927,126	1,449,457,024	1,314,939,523	849,811,793	626,189,863	725,941,337
Inventories	6	50,198,839	32,236,367	31,401,062	50,198,839	32,236,367	31,401,062
Short-term aircraft deposits and prepayments	7	374,971,386	26,578,299	162,803,817	374,971,386	26,578,299	162,803,817
Other current assets		101,855,473	103,574,582	79,374,805	60,225,578	72,444,258	54,219,396
Total Current Assets		<u>3,965,071,147</u>	<u>4,781,694,832</u>	<u>4,819,740,486</u>	<u>1,789,810,072</u>	<u>2,306,314,979</u>	<u>2,449,482,396</u>
NON-CURRENT ASSETS							
Deposits at bank pledged as collateral	27.4	1,122,862,488	1,300,875,395	251,419,909	993,285,608	1,217,894,302	190,220,835
Investments in subsidiaries	8	-	-	-	4,949,000	4,949,000	4,949,000
Investment in joint venture	9	1,409,685	6,876,626	15,216,711	28,420,554	28,420,554	28,420,554
Other long-term investments	10	46,662,200	46,674,500	47,527,500	46,318,400	46,429,500	47,326,300
Long-term loans to a related party	11	-	-	-	1,215,000,000	970,000,000	970,000,000
Maintenance reserve	17.1	7,788,296,566	7,192,488,243	6,415,807,730	5,649,595,719	5,817,998,463	5,557,717,245
Leasehold improvements and equipment	12	206,789,899	266,059,557	338,516,111	187,945,763	255,365,281	328,519,602
Intangible asset	13	45,723,821	47,457,299	65,199,789	32,552,616	42,609,021	59,725,453
Deferred tax assets	14	13,321,915	13,321,915	13,321,915	13,321,915	13,321,915	13,321,915
Long-term aircraft deposits and prepayments	7	820,110,704	827,754,587	417,393,744	768,342,027	775,617,426	360,214,858
Other non-current assets		63,815,601	39,431,543	32,516,870	90,599,410	64,962,221	41,835,387
Total Non-Current Assets		<u>10,108,992,879</u>	<u>9,740,939,665</u>	<u>7,596,920,279</u>	<u>9,030,331,012</u>	<u>9,237,567,683</u>	<u>7,602,251,149</u>
TOTAL ASSETS		<u><u>14,074,064,026</u></u>	<u><u>14,522,634,497</u></u>	<u><u>12,416,660,765</u></u>	<u><u>10,820,141,084</u></u>	<u><u>11,543,882,662</u></u>	<u><u>10,051,733,545</u></u>

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

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	Consolidated financial statements			Separate financial statements		
		As at December 31, 2018	As at December 31, 2017 "Restated"	As at January 1, 2017 "Restated"	As at December 31, 2018	As at December 31, 2017 "Restated"	As at January 1, 2017 "Restated"
LIABILITIES AND SHAREHOLDERS' EQUITY							
CURRENT LIABILITIES							
Short-term borrowings	15	2,400,000,000	700,000,000	700,000,000	1,700,000,000	-	-
Trade and other current payables	16	5,905,915,561	4,861,493,668	4,491,265,146	3,282,335,972	2,820,097,050	2,670,020,202
Deferred income from customer loyalty programmes		18,329,713	18,479,184	18,967,909	18,329,713	18,479,184	18,967,909
Provisions for aircraft return condition and short-term aircraft maintenance	17.3	120,622,592	108,811,574	128,239,187	106,656,715	102,092,740	92,247,326
Other current liabilities		15,272,178	31,029,870	45,551,482	14,330,942	7,624,483	7,959,237
Total Current Liabilities		8,460,140,044	5,719,814,296	5,384,023,724	5,121,653,342	2,948,293,457	2,789,194,674
NON-CURRENT LIABILITIES							
Provisions for aircraft maintenance as plan, aircraft return condition, and long-term aircraft maintenance	17.2, 17.3	8,276,446,841	7,771,711,882	7,060,434,770	5,862,314,063	6,396,394,501	6,186,972,762
Provisions for employee benefit	18	273,868,177	242,215,192	222,902,064	266,992,567	221,406,942	211,367,374
Other non-current liabilities		95,238,280	97,890,524	89,025,658	94,124,281	97,890,524	89,025,658
Total Non-Current Liabilities		8,645,553,298	8,111,817,598	7,372,362,492	6,223,430,911	6,715,691,967	6,487,365,794
TOTAL LIABILITIES		17,105,693,342	13,831,631,894	12,756,386,216	11,345,084,253	9,663,985,424	9,276,560,468

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	Consolidated financial statements			Separate financial statements		
		As at December 31, 2018	As at December 31, 2017 "Restated"	As at January 1, 2017 "Restated"	As at December 31, 2018	As at December 31, 2017 "Restated"	As at January 1, 2017 "Restated"
LIABILITIES AND SHAREHOLDERS' EQUITY							
(CONTINUED)							
SHAREHOLDERS' EQUITY							
SHARE CAPITAL							
Authorized share capital	20	2,499,249,882	2,499,249,882	625,000,000	2,499,249,882	2,499,249,882	625,000,000
Issued and paid share capital	20	2,271,999,796	2,271,999,764	625,000,000	2,271,999,796	2,271,999,764	625,000,000
SHARE PREMIUM ON ORINARY SHARES	20	4,325,885,792	4,325,885,718	3,042,485,943	4,325,885,792	4,325,885,718	3,042,485,943
RETAINED EARNINGS (DEFICIT)							
Appropriated							
Legal reserve		62,500,000	62,500,000	62,500,000	62,500,000	62,500,000	62,500,000
Unappropriated (deficit)		(8,121,999,373)	(5,339,425,225)	(3,485,130,159)	(7,185,328,757)	(4,780,488,244)	(2,954,812,866)
Deficit arising from change in ownership interest		(5,940,185)	(5,940,185)	(5,940,185)	-	-	-
Total shareholders' equity attributable to owners of the Company		(1,467,553,970)	1,315,020,072	238,915,599	(524,943,169)	1,879,897,238	775,173,077
Non-controlling interests		(1,564,075,346)	(624,017,469)	(578,641,050)	-	-	-
TOTAL SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)		(3,031,629,316)	691,002,603	(339,725,451)	(524,943,169)	1,879,897,238	775,173,077
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14,074,064,026	14,522,634,497	12,416,660,765	10,820,141,084	11,543,882,662	10,051,733,545

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

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
REVENUES					
Passenger revenues		16,699,711,712	17,385,995,957	12,014,186,841	12,868,381,374
Service revenues		2,560,123,725	2,186,112,225	1,476,946,512	1,257,955,116
Other income					
Interest income		25,462,083	23,910,381	28,228,159	25,723,784
Others	22	454,928,631	780,691,939	364,802,716	634,603,412
Total Revenue		<u>19,740,226,151</u>	<u>20,376,710,502</u>	<u>13,884,164,228</u>	<u>14,786,663,686</u>
EXPENSES					
Costs of passenger and services		22,551,209,638	21,031,608,616	15,482,810,514	15,645,042,941
Selling expenses		177,172,544	178,490,276	111,781,889	111,941,746
Administrative expenses		937,245,887	994,108,833	680,041,006	821,085,525
Finance costs		44,576,681	63,834,177	14,371,332	34,268,852
Total Expenses		<u>23,710,204,750</u>	<u>22,268,041,902</u>	<u>16,289,004,741</u>	<u>16,612,339,064</u>
SHARE OF LOSS FROM INVESTMENTS IN					
JOINT VENTURE		(5,466,941)	(8,340,085)	-	-
LOSS BEFORE INCOME TAX EXPENSES		<u>(3,975,445,540)</u>	<u>(1,899,671,485)</u>	<u>(2,404,840,513)</u>	<u>(1,825,675,378)</u>
INCOME TAX EXPENSES	14	-	-	-	-
LOSS FOR THE YEAR		<u>(3,975,445,540)</u>	<u>(1,899,671,485)</u>	<u>(2,404,840,513)</u>	<u>(1,825,675,378)</u>
OTHER COMPREHENSIVE INCOME					
Item that will not be reclassified subsequently to profit or loss					
Actuarial gain on defined employee benefit plans	18.1	17,421,365	-	-	-
OTHER COMPREHENSIVE INCOME					
- NET FROM INCOME TAX		<u>17,421,365</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE					
LOSS FOR THE YEAR		<u>(3,958,024,175)</u>	<u>(1,899,671,485)</u>	<u>(2,404,840,513)</u>	<u>(1,825,675,378)</u>

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
LOSS ATTRIBUTABLE TO					
Owners of the parent		(2,786,757,018)	(1,854,295,066)	(2,404,840,513)	(1,825,675,378)
Non-controlling interests		(1,188,688,522)	(45,376,419)	-	-
		<u>(3,975,445,540)</u>	<u>(1,899,671,485)</u>	<u>(2,404,840,513)</u>	<u>(1,825,675,378)</u>
TOTAL COMPREHENSIVE LOSS					
ATTRIBUTABLE TO					
Owners of the parent		(2,782,574,148)	(1,854,295,066)	(2,404,840,513)	(1,825,675,378)
Non-controlling interests		(1,175,450,027)	(45,376,419)	-	-
		<u>(3,958,024,175)</u>	<u>(1,899,671,485)</u>	<u>(2,404,840,513)</u>	<u>(1,825,675,378)</u>
LOSS PER SHARE					
	23				
BASIC LOSS PER SHARE (BAHT)		(1.23)	(1.63)	(1.06)	(1.60)
DILUTED LOSS PER SHARE (BAHT)		(1.23)	(1.52)	(1.06)	(1.50)

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

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	Consolidated financial statements							UNIT : BAHT
		Issued and paid-up share capital	Share premium on ordinary shares	Total attributions to owners of the Company			Total attributions to owners of the Company	Non-controlling interests	Total shareholders' equity (Capital Deficiency)
				Retained earnings (deficit)	Unappropriated (Deficit)	Legal reserve	Deficit arising from change in ownership interest in a subsidiary		
Balances as of January 1, 2017		625,000,000	3,042,485,943	62,500,000	(3,485,130,159)		(5,940,185)	(578,641,050)	(339,725,451)
Changes in shareholders' equity for the year ended December 31, 2017									
Issue of ordinary shares	20	1,646,999,764	1,283,399,775	-	-	-	-	-	2,930,399,539
Total comprehensive loss for the year		-	-	-	(1,854,295,066)	-	-	(45,376,419)	(1,899,671,485)
Balances as of December 31, 2017		<u>2,271,999,764</u>	<u>4,325,885,718</u>	<u>62,500,000</u>	<u>(5,339,425,225)</u>	<u>62,500,000</u>	<u>(5,940,185)</u>	<u>(624,017,469)</u>	<u>691,002,603</u>
Balances as of January 1, 2018		2,271,999,764	4,325,885,718	62,500,000	(5,339,425,225)		(5,940,185)	(624,017,469)	691,002,603
Changes in shareholders' equity for the year ended December 31, 2018									
Issue of ordinary shares	20	32	74	-	-	-	-	-	106
Non-controlling interests - from investment in subsidiaries during the year		-	-	-	-	-	-	235,392,150	235,392,150
Total comprehensive loss for the year		-	-	-	(2,782,574,148)	-	-	(1,175,450,027)	(3,958,024,175)
Balances as of December 31, 2018		<u>2,271,999,796</u>	<u>4,325,885,792</u>	<u>62,500,000</u>	<u>(8,121,999,373)</u>	<u>62,500,000</u>	<u>(5,940,185)</u>	<u>(1,564,075,346)</u>	<u>(3,031,629,316)</u>

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

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	Separate financial statements				UNIT : BAHT
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings (deficit)	Total shareholders' equity	
Balances as of January 1, 2017		625,000,000	3,042,485,943	62,500,000	775,173,077	
Changes in shareholders' equity for the year ended December 31, 2017						
Issue of ordinary shares	20	1,646,999,764	1,283,399,775	-	2,930,399,539	
Total comprehensive loss for the year		-	-	-	(1,825,675,378)	
Balances as of December 31, 2017		<u>2,271,999,764</u>	<u>4,325,885,718</u>	<u>62,500,000</u>	<u>1,879,897,238</u>	
Balances as of January 1, 2018		2,271,999,764	4,325,885,718	62,500,000	1,879,897,238	
Changes in shareholders' equity for the year ended December 31, 2018						
Issue of ordinary shares	20	32	74	-	106	
Total comprehensive loss for the year		-	-	-	(2,404,840,513)	
Balances as of December 31, 2018		<u>2,271,999,796</u>	<u>4,325,885,792</u>	<u>62,500,000</u>	<u>(524,943,169)</u>	

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

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax expense		(3,975,445,540)	(1,899,671,485)	(2,404,840,513)	(1,825,675,378)
Adjustments for:					
Depreciation	12	98,761,672	98,622,550	92,688,031	94,412,738
Amortization	13	23,073,157	24,057,965	21,331,630	22,549,607
Gain (loss) on disposals and write-off of equipment		(600,898)	261,139	(601,826)	261,139
Unrealized gain on exchange rate		(116,452,751)	(108,207,138)	(67,090,138)	(79,253,115)
Allowance for doubtful accounts (reversal)		443,134	(890,871)	443,134	(890,871)
Provisions for aircraft maintenance recognized as expenses (reversal)		673,134,419	932,568,950	(398,343,023)	418,206,095
Deferred income from customer loyalty programmes reversal during the year		(149,470)	(488,725)	(149,470)	(488,725)
Employee benefit expenses		65,976,607	57,543,128	61,741,482	48,269,568
Interest income		(25,462,083)	(23,910,381)	(28,228,159)	(25,723,784)
Interest expense		44,576,681	63,834,177	14,371,332	34,268,852
Share of loss from investment in a joint venture	9	5,466,941	8,340,085	-	-
Operating loss before changes in operating assets and liabilities		(3,206,678,131)	(847,940,606)	(2,708,677,520)	(1,314,063,874)
Operating assets (increase) decrease					
Trade and other current receivables		(570,058,240)	(164,548,770)	(213,199,122)	90,062,163
Inventories		(17,962,472)	(835,305)	(17,962,472)	(835,305)
Short-term aircraft deposits and prepayments		(348,476,505)	134,579,450	(349,006,065)	134,579,450
Other current assets		2,585,658	(23,968,994)	12,389,457	(17,994,079)
Maintenance Reserve		(595,589,320)	(776,680,513)	168,621,747	(260,281,218)
Deposits at bank pledged as collateral		178,012,907	(1,049,455,486)	224,608,694	(1,027,673,467)
Long-term aircraft deposits and prepayments		5,330,902	(463,279,820)	6,019,364	(463,438,721)
Other non-current assets		(24,384,058)	(6,914,673)	(25,637,189)	(23,126,834)

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
(CONTINUED)					
Operating liabilities increase (decrease)					
Trade and other current payables		1,022,082,006	451,238,186	442,857,672	207,636,232
Aircraft maintenance paid	17.3	(163,070,857)	(170,342,240)	(137,845,051)	(129,345,896)
Other current liabilities		(15,757,692)	(14,521,612)	6,706,459	(334,754)
Employee benefit paid	18.1	(16,902,257)	(38,230,000)	(16,155,857)	(38,230,000)
Other non-current liabilities		(2,652,244)	8,864,866	(3,766,243)	8,864,866
Cash paid from operations		(3,753,520,303)	(2,962,035,517)	(2,611,046,126)	(2,834,181,437)
Income tax paid		(866,549)	(230,783)	(170,777)	(230,783)
Cash flows used in operating activities		(3,754,386,852)	(2,962,266,300)	(2,611,216,903)	(2,834,412,220)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash paid for temporary investments		(9,226,117)	-	(7,478,510)	-
Cash received for other long-term investments		12,300	853,000	111,100	896,800
Cash paid for long-term loan to related party		-	-	(245,000,000)	-
Cash paid for acquisition of equipment and intangible assets	4.2	(54,316,224)	(37,745,556)	(30,027,341)	(31,857,976)
Proceeds from sales of equipment and intangible asset		821,272	495,720	821,272	495,720
Cash received from interest income		20,393,689	27,501,600	7,783,231	11,275,737
Proceeds from the shares in the subsidiary to non-controlling interests		235,392,150	-	-	-
Cash flows provided by (used in) investing activities		193,077,070	(8,895,236)	(273,790,248)	(19,189,719)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash paid for interest expense	4.3	(37,397,366)	(63,834,177)	(7,192,016)	(34,268,852)
Cash received from short-term borrowings	4.3	2,400,000,000	-	2,400,000,000	-
Cash paid from short-term borrowings	4.3	(700,000,000)	-	(700,000,000)	-
Proceeds from share capital increase	4.3	106	2,930,399,539	106	2,930,399,539
Cash flows provided by financing activities		1,662,602,740	2,866,565,362	1,692,808,090	2,896,130,687
EFFECT FROM FOREIGN EXCHANGE RATE					
IN CASH AND CASH EQUIVALENTS		148,750,688	43,223,455	90,456,835	31,220,660
Net (decrease) increase in cash and cash equivalents		(1,749,956,354)	(61,372,719)	(1,101,742,226)	73,749,408
Cash and cash equivalents as at January 1,		3,169,848,560	3,231,221,279	1,548,866,192	1,475,116,784
Cash and cash equivalents as at December 31,	4.1	<u>1,419,892,206</u>	<u>3,169,848,560</u>	<u>447,123,966</u>	<u>1,548,866,192</u>

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

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018, the Company’s major shareholders were Mr. Nattapol Jurangkool, Thai Airways International Public Company Limited, Mr. Taveechat Jurangkool and Mrs. Hatairatn Jurangkool which are Thai shareholders, holding 23.77%, 21.80%, 18.86% and 12.49%, respectively, of the Company’s issued and paid-up share capital.

As at December 31, 2017, the Company’s major shareholders were Mr. Nattaphol Jurangkul, Thai Airways International Public Company Limited and Mr. Taweechat Jurangkul which are Thai shareholders, holding 23.77%, 21.80% and 18.44%, respectively, of the Company’s issued and paid-up share capital.

For the year ended December 31, 2018, the consolidated and separate financial statements shown net loss of Baht 3,975.45 million and Baht 2,404.84 million, respectively. As at December 31, 2018, total current liabilities exceeded total current assets of Baht 4,495.07 million and Baht 3,331.84 million, respectively, and as at December 31, 2018, the consolidated and separate financial statements shown capital deficiency of Baht 3,031.63 million and Baht 524.94 million, respectively. However, the Company has solved loss in its subsidiary, on October 4, 2018, the Extraordinary General Meeting of Shareholders No. 1/2018 has resolved to approve of the credit line for Nok Mangkang Company Limited of Baht 490 million and approve the additional investment in NokScoot Airlines Company Limited by Nok Mangkang Company Limited.

In addition, the Company has solved loss of the Company, on January 22, 2019, the Extra-ordinary General Meeting of the Shareholders No. 1/2019 has resolved to approve the increase of registered capital of Baht 908.80 million at an offering price of Baht 2.75 per share. The Company determined the allocation ratio as 2.50 existing share to 1 newly-issued ordinary share. On February 8, 2019, the Company received subscriptions in the amount of Baht 2,300.42 million from issued and paid-up share capital totaling 836.52 million shares at an offering price of Baht 2.75 per share with a par value of Baht 1 per share.

The Company has a plan to manage their aircraft fleet, Expend croutes, and increase their aircraft utilization in order to have better operation result, and NokScoot Airlines Company Limited (the subsidiary) received a letter dated January 31, 2019 from Scoot Tigerair Pte. Ltd. (Formerly Scoot Pte. Ltd.), major shareholder, to confirm continuing to provide financial support to such subsidiary to enable to continue its operation satisfactorily for the period at least of twelve months after the date of the letter.

1.2 General information and operations of subsidiaries

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

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

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

1.3 Air Operator Certificate Recertification (AOCR)

The Company and its affiliate officially received the recertified AOC in June 2017. Lately, The International Civil Aviation Organization (ICAO) has lifted up Thailand the red flag on October 6, 2017. This will allow Thai carriers including the Company and its subsidiary to have the opportunity for business expansion to international destinations.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

2.1 The Company and subsidiaries maintain their accounting records in Thai Baht and prepares their statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

- 2.2 The Company and subsidiaries' financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2017) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2018 onwards, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statements (No.2) B.E. 2559" dated October 11, 2016.
- 2.3 The consolidated financial statements included the accounting records of the Company and its subsidiaries, after elimination of intercompany transactions.

As at December 31, 2018 and 2017, the Company has shareholding portion in the subsidiaries as follows:

Subsidiaries	Type of business	Country of registration	Registration date	Shareholdings (%)	
				As at December 31, 2018	As at December 31, 2017
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.

- 2.4 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.
- 2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company and subsidiaries' has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and subsidiaries' financial statements.

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

2.6.1 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

Thai Financial Reporting Standards (“TFRS”)

TFRS 15 Revenue from Contracts with Customers

Thai Financial Reporting Standard Interpretation (“TFRIC”)

TFRIC 22 Foreign Currency Transactions and Advance Consideration

There is the key change to the core principle of TFRS 15, which introduces a 5-step approach to revenue recognition, as follow:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. TFRS 15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No.28 (Revised 2018) “Investment in Associates and Joint Ventures” clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss, and clarifies the consideration about the impairment of an investment in an associate or a joint venture. This accounting standard requires retrospective method for such amendment.

2.6.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

Thai Accounting Standards (“TAS”)

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These TFRSs will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Group’s management will adopt such TFRSs in the preparation of the Group’s financial statements when it becomes effective. The Group’s management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on 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).

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 Maintenance Reserve

Maintenance reserve is prepayments which the Company and its subsidiary pay to the lessor at the rate specified in the agreement. It can be reimbursed when sending the aircraft to the overhaul maintenance in accordance with overhaul plan with the conditions specified in the agreements.

3.9 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

3.10 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.

3.11 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 air ticket.

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 customer redeem the points and receive flight service.

3.12 Provisions for aircraft maintenance

3.12.1 Provisions for aircraft maintenance as plan

Provisions for aircraft maintenance as plan is recorded over the entire period of aircraft lease agreement by using best estimation based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The provisions are calculated based on the expenses expected to be incurred and allocate to be expenses in cost of passenger and services and provisions for aircraft maintenance until the shop visit plan using period and flight usage.

3.12.2 Provisions for aircraft return condition and short-term aircraft maintenance

Provisions for aircraft return condition

The Company records provision for aircraft return condition when return the aircraft to lessor at the expiration date of operation lease agreement over the entire period of aircraft lease agreement. The Company use best estimation based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The provisions are calculated based on the expenses expected to be incurred and the delivery costs and allocate to be expense in cost of passenger and services and provisions for aircraft maintenance until the redelivery date using the periods in the contract.

Provisions for short-term aircraft maintenance

The Company records provisions of short-term aircraft maintenance for the short-term maintenance according to the maintenance plan. The provisions are calculated based on the expenses expected to be incurred and allocate to be expense in cost of passenger and services and provisions for aircraft maintenance until the maintenance date using the flight hour.

3.13 Employee benefits

3.13.1 Provident fund

Under Provident Fund Act. (B.E.2530), the Company has established the provident fund for its employee. Each employee contributes 2-15% of the gross salary and the Company contributes the same amount not exceeding 5%. The Company records contributory provident fund as expenses when incurred.

3.13.2 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.

3.13.3 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.

3.14 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.

3.15 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.

3.16 Foreign currency transactions

Transactions in foreign currencies incurred during 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.

3.17 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 the 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.

3.18 Basic loss per share and diluted loss per share

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

Diluted loss per share is determined by the loss for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period after adjusting for the effects of all dilutive potential ordinary shares.

3.19 Fair value measurements

Fair value is the price that would be received from sell of 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 2017), leasing transactions that are within the scope of TAS 17 (Revised 2017), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2017) or value in use in TAS 36 (Revised 2017).

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.

3.20 Use of management's judgements and key sources of estimation uncertainty

Management's judgments in applying accounting policies

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Group's management to exercise various judgements in applying accounting policies that can significantly affect the recognition and disclosures in the financial statements. Significant judgements in applying accounting policies are as follows:

3.20.1 Provisions for aircraft maintenance

The management of the Group need to exercise judgments in order to estimate the reasonableness of assumptions used to estimate aircraft maintenance in each period of maintenance schedule and expense for retaining the aircraft when returning aircraft according to lease agreement based on reviewing maintenance condition with lease agreement and maintenance schedule obtained from maintenance company, actual information in the past and management's experience. Additional information is disclosed in Note 3.12.

3.20.2 Sale and leaseback transaction results in an operating lease

To determine sale and leaseback transaction resulting in an operating lease, the Company's management have to exercise significant judgments to determine the appropriateness of lease agreement according to operating lease, aircraft fair value and returned rental fee. If it is clear that the selling transaction is established at fair value, any profit or loss shall be recognized immediately in the statement of profit or loss and other comprehensive income. Additional information is disclosed in Note 3.17.

3.20.3 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group's considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations. Additional information is disclosed in Note 3.13.2.

Past service cost related to the plan amendment is recognized as an expense in the statement of profit or loss when the plan amendment is effective.

Key sources of estimation uncertainty

The Group has estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Cash on hand	25,584,529	21,104,310	18,316,868	17,320,874
Deposits at banks - current accounts	612,225,026	1,233,385,285	127,490,236	162,989,967
Deposits at banks - saving accounts	764,357,486	962,488,694	301,316,862	768,555,351
Certificates of deposit (interest at the rates of 0.90 % - 1.40% p.a. with maturities within 3 months)	17,725,165	952,870,271	-	600,000,000
Total	<u>1,419,892,206</u>	<u>3,169,848,560</u>	<u>447,123,966</u>	<u>1,548,866,192</u>

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

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Payables for purchases of equipment and intangible asset brought forward	2,393,750	6,900,976	2,393,750	6,803,275
<u>Add</u> Purchases during the years	61,052,067	33,238,330	36,763,184	27,448,451
<u>Less</u> Cash payments during the years	<u>(54,316,224)</u>	<u>(37,745,556)</u>	<u>(30,027,341)</u>	<u>(31,857,976)</u>
Payables for purchases of equipment and intangible asset carried forward	<u>9,129,593</u>	<u>2,393,750</u>	<u>9,129,593</u>	<u>2,393,750</u>

4.3 Cash and non-cash items from changes in liabilities and capital of financing activities for the years ended December 31, consist of:

UNIT : BAHT					
As at December 31, 2018	Consolidated financial statements				
	Balance as at January 1, 2018	Interest recognized during the year	Change in cash items		Balance as at December 31, 2018
			Cash received	Cash paid	
Short-term borrowings from financial institutions	700,000,000 ⁽¹⁾	-	1,400,000,000	(500,000,000)	1,600,000,000
Short-term borrowings from shareholder	-	-	1,000,000,000	(200,000,000)	800,000,000
Capital increase	-	-	106	-	106
Accrued interest expenses	-	44,576,681	-	(37,397,366)	7,179,315
Total	700,000,000	44,576,681	2,400,000,106	(737,397,366)	2,407,179,421

⁽¹⁾ The subsidiary has renewed the promissory notes of Baht 700 million at January 5, 2018, April 5, 2018, July 4, 2018, October 2, 2018, November 1, 2018, November 30, 2018, December 28, 2018, January 28, 2019 and February 28, 2019 (see Note 15).

UNIT : BAHT

As at December 31, 2018	Balance as at January 1, 2018	Interest recognized during the year	Separate financial statements Change in cash items		Balance as at December 31, 2018
			Cash received	Cash paid	
Short-term borrowings from financial institutions	-	-	1,400,000,000	(500,000,000)	900,000,000
Short-term borrowings from shareholder	-	-	1,000,000,000	(200,000,000)	800,000,000
Capital increase	-	-	106	-	106
Accrued interest expenses	-	14,371,331	-	(7,192,016)	7,179,315
Total	-	14,371,331	2,400,000,106	(707,192,016)	1,707,179,421

UNIT : BAHT

As at December 31, 2017	Balance as at January 1, 2017	Interest recognized during the year	Consolidated financial statements Change in cash items		Balance as at December 31, 2017
			Cash received	Cash paid	
Short-term borrowings from financial institutions	700,000,000 ⁽¹⁾	-	-	-	700,000,000
Capital increase	-	-	2,930,399,539	-	2,930,399,539
Accrued interest expenses	-	63,834,177	-	(63,834,177)	-
Total	700,000,000	63,834,177	2,930,399,539	(63,834,177)	3,630,399,539

⁽²⁾ The subsidiary has renewed the promissory notes of Baht 700 million at February 10, 2017, May 9, 2017, August 7, 2017, September 7, 2017, October 6, 2017, November 1, 2017 and December 1, 2017 (see Note 15).

UNIT : BAHT

As at December 31, 2017	Balance as at January 1, 2017	Interest recognized during the year	Separate financial statements Change in cash items		Balance as at December 31, 2017
			Cash received	Cash paid	
Capital increase	-	-	2,930,399,539	-	2,930,399,539
Accrued interest expenses	-	34,268,852	-	(34,268,852)	-
Total	-	34,268,852	2,930,399,539	(34,268,852)	2,930,399,539

5. TRADE AND OTHER CURRENT RECEIVABLES

5.1 Trade and other current receivables

Trade and other current receivables consist of:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Trade receivables - related parties (see Note 26.1)	18,385,804	1,599,994	31,560,982	13,164,883
Trade receivables - other parties	903,349,780	427,121,873	410,337,179	76,754,407
Total	921,735,584	428,721,867	441,898,161	89,919,290
<u>Less</u> Allowance for doubtful accounts	(11,256,770)	(10,813,636)	(10,673,342)	(10,230,208)
Total trade receivables	910,478,814	417,908,231	431,224,819	79,689,082
Other receivables				
Advance aircraft rental	84,197,749	228,666,777	84,197,749	206,776,585
Other prepaid expenses	123,246,608	124,969,075	106,920,681	93,703,640
Accrued income - related parties (see Note 26.1)	8,700,787	-	19,052,223	5,060,832
Accrued income - other parties	43,669,310	107,861,765	29,217,589	93,420,750
Accrued interest income - other parties	6,445,461	1,377,068	5,822,785	960,571
Advance payments - related parties (see Note 26.1)	-	-	2,522,051	2,029,533
Advance payments - other parties	21,635,610	12,862,558	7,882,610	9,709,641
Advance payments for aircraft maintenance and engine maintenance	55,821,753	80,415,456	38,140,749	37,233,956
Advance fuel for aircraft	262,569,876	115,109,410	11,722,059	20,800,354
Refundable valued tax	442,784,994	330,064,434	85,270,961	66,601,700
Others	49,376,164	30,222,250	27,837,517	10,203,219
Total other receivables	1,098,448,312	1,031,548,793	418,586,974	546,500,781
Total	2,008,927,126	1,449,457,024	849,811,793	626,189,863

5.2 Trade receivables classified by aging are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Current	157,123,655	186,676,611	59,501,131	56,002,768
Overdue - Less than 1 month	155,202,835	90,947,283	77,239,564	16,877,092
- Over 1 month to 2 months	83,948,387	1,091,105	60,631,061	633,722
- Over 2 months to 4 months	235,280,626	4,844,554	64,733,680	3,269,088
- Over 4 months to 1 year	265,072,904	132,910,442	168,913,617	2,648,418
- Over 1 year	25,107,177	12,251,872	10,879,108	10,488,202
	921,735,584	428,721,867	441,898,161	89,919,290
<u>Less</u> Allowance for doubtful accounts	(11,256,770)	(10,813,636)	(10,673,342)	(10,230,208)
Total	910,478,814	417,908,231	431,224,819	79,689,082

6. INVENTORIES

Inventories consist of:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Goods for sales	8,300,517	12,159,409	8,300,517	12,159,409
Food and beverage	3,055,772	2,036,409	3,055,772	2,036,409
Spare parts and other supplies	38,842,550	18,040,549	38,842,550	18,040,549
Total	<u>50,198,839</u>	<u>32,236,367</u>	<u>50,198,839</u>	<u>32,236,367</u>

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, 2018 and 2017 are as follows:

	UNIT : MILLION BAHT	
	Consolidated and separate	
	financial statements	
	2018	2017
For the years ended December 31,	13.97	19.57

7. AIRCRAFT DEPOSITS AND PREPAYMENTS

Aircraft deposits and prepayments consist of:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Short-term				
Deposits - aircraft lease and machine	121,627,386	26,578,299	121,627,386	26,578,299
Prepayments - aircraft acquisition	<u>253,344,000</u>	<u>-</u>	<u>253,344,000</u>	<u>-</u>
Total	<u>374,971,386</u>	<u>26,578,299</u>	<u>374,971,386</u>	<u>26,578,299</u>
Long-term				
Deposits - aircraft lease	530,212,894	535,793,313	478,444,217	483,656,152
Prepayments - aircraft acquisition	<u>289,897,810</u>	<u>291,961,274</u>	<u>289,897,810</u>	<u>291,961,274</u>
Total	<u>820,110,704</u>	<u>827,754,587</u>	<u>768,342,027</u>	<u>775,617,426</u>

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

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

The Company entered into sale and lease back agreements under operating lease for certain of the purchased aircraft which the sale and lease back will be effective when the aircraft are delivered, the lease terms are not exceed 12 years. However, as at the date of entering into sale and lease back agreements, the buyer has responsibility to pay the said PDP instead of the Company. During the years ended December 31, 2018, certain aircraft have been received and delivered to the lessor under sale and lease back agreements and the Company recognized gain on sale and leaseback aircraft under operating lease agreement in the statement of profit or loss and other comprehensive income in the amount of Baht 243.40 million (see Note 22).

8. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries consist of:

Companies	Type of business	Country of registration	Shareholding		Paid-up share capital		Separate financial statements	
			Shareholding		Paid-up share capital		Cost method	
			(%)	(%)	(Baht)	(Baht)	(Baht)	(Baht)
			As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Direct subsidiaries								
Nok Holidays Co., Ltd.	Tourism guiding and other relevant business	Thailand	49	49	100,000	100,000	49,000	49,000
Nok Mangkang Co., Ltd.	Air transport service for passengers, parcel and parcel post	Thailand	49	49	10,000,000	10,000,000	4,900,000	4,900,000
Indirect subsidiary								
NokScoot Airlines Co., Ltd.*	Air transport service for passengers, parcel and parcel post	Thailand	24.01	24.01	2,000,000,000	2,000,000,000	-	-
Total							4,949,000	4,949,000

* A subsidiary of Nok Mangkang Co., Ltd.

9. INVESTMENT IN JOINT VENTURE

The Company invest in Air Black Box Asia Pacific Pte Ltd., which is a company incorporated in Singapore and operates in platform for airline reservation systems, in the amount of SGD 1.15 million or equivalent to Baht 28.42 million which has shareholding portion at 13.0435% of its registered and paid-up share capital.

As at December 31, 2018 and 2017, investment in joint venture in the separate financial statements has detail as follows:

	UNIT : BAHT	
	Separate financial statements	
	As at December 31, 2018	As at December 31, 2017
At 1 January	28,420,554	28,420,554
Disposals	-	-
At 31 December	28,420,554	28,420,554

As at December 31, 2018 and 2017, investment in joint venture which is recorded by the equity method in the consolidated financial statements has detail as follows:

	Unit	As at December 31, 2018 “Unaudited”	As at December 31, 2017 “Audited”
Nature of business: Operates in platform for airline reservation systems			
Country of incorporation: Singapore			
Shareholding by the Company	Percentage	13.04	13.04
Carrying amount based on equity method	Baht	1,409,685	6,876,626
Carrying amount based on cost method	Baht	28,420,554	28,420,554
Share of loss on investment in joint venture	Baht	5,466,941	8,340,085
Paid-up share capital	Singapore dollars	9,264,219	9,264,219
Total assets	Singapore dollars	3,174,503	4,865,923
Total liabilities	Singapore dollars	341,926	284,069

10. OTHER LONG-TERM INVESTMENTS

Other long-term investments consist of:

Companies	Consolidated financial statements			
	As at December 31, 2018		As at December 31, 2017	
	Shareholding (%)	Cost Method Baht	Shareholding (%)	Cost Method Baht
The Aeronautical Radio of Thailand Limited	0.91	6,012,200	0.91	6,024,500
Pan Am International Flight Training Center (Thailand) Co., Ltd.	15.00	40,650,000	15.00	40,650,000
Total		<u>46,662,200</u>		<u>46,674,500</u>

Companies	Separate financial statements			
	As at December 31, 2018		As at December 31, 2017	
	Shareholding (%)	Cost Method Baht	Shareholding (%)	Cost Method Baht
The Aeronautical Radio of Thailand Limited	0.86	5,668,400	0.88	5,779,500
Pan Am International Flight Training Center (Thailand) Co., Ltd.	15.00	40,650,000	15.00	40,650,000
Total		<u>46,318,400</u>		<u>46,429,500</u>

10.1 Investment in The Aeronautical Radio of Thailand Limited

The Company and its subsidiary applied for a membership of The Aeronautical Radio of Thailand Limited in 2004 and 2015, respectively, 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, 2018, the Company reduced shares of 1,111 shares and the Company received this portion in the amount of Baht 111,100. As a result the percent holding in such company decreased from 0.88% to 0.86%.

As at December 31, 2018, the Company's and its subsidiary have investments in The Aeronautical Radio of Thailand Limited share capital totaling 56,684 shares and 3,438 shares, amounting of Baht 5,668,400 and Baht 343,800, respectively.

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

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.

11. LONG-TERM LOANS TO A RELATED PARTY

On July 8, 2014, the Company entered into the loan agreement for lending to Nok Mangkang Co., Ltd. ("subsidiary") in the amount of Baht 970 million, carrying interest rate at the average fixed deposits rate for 1 year of two commercial banks plus 0.50% p.a. payable on annually with no collateral and due for repayment within 10 years. On November 22, 2018, the Company entered into the addendum to loan agreement No. 1 for additional lending to subsidiary in the amount of Baht 245 million, carrying interest rate 6.50% p.a. payable on annually with no collateral and due for repayment within 10 years from the date of receiving the loan. Other conditions are specified in the agreement.

As at December 31, 2018 and 2017, long-term loans to a related party are Baht 1,215 million and Baht 970 million, respectively (see Note 26.1).

On December 28, 2018 and December 30, 2017, the Company has issued a letter to accept the request from a subsidiary to extend the accrued interest income as at December 31, 2018 and 2017, amounting to Baht 63.40 million and Baht 47.82 million, respectively, for 12 months from December 31, 2018 and 2017, respectively. Therefore, the Company presented the accrued interest income as a part of other non-current assets (see Note 26.1).

12. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment consist of:

As at December 31, 2018

	Consolidated financial statements				UNIT : BAHT
	Balance as at January 1, 2018	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2018
Cost					
Leasehold improvements	99,462,252	120,326	(1,130,410)	5,772,924	104,225,092
Aircraft improvements	68,187,155	13,808,461	-	-	81,995,616
Office tools	19,151,600	128,296	(283,951)	101,585	19,097,530
Office equipment	29,196,797	346,677	(656,129)	986,722	29,874,067
Computer equipment	154,703,912	4,733,354	(2,638,330)	92,696	156,891,632
Communication equipment	5,929,834	49,146	(637,628)	-	5,341,352
Tools	256,158,784	13,884,599	(39,404)	-	270,003,979
Vehicles	9,894,247	-	(4,266,200)	-	5,628,047
Leasehold improvements in progress and asset under installation	7,284,085	6,641,529	-	(6,953,927)	6,971,687
Total cost	649,968,666	39,712,388	(9,652,052)	-	680,029,002
Accumulated depreciation					
Leasehold improvements	(74,096,000)	(10,818,783)	1,130,405	-	(83,784,378)
Aircraft improvements	(24,797,884)	(15,001,724)	-	-	(39,799,608)
Office tools	(13,860,304)	(2,110,751)	220,128	-	(15,750,927)
Office equipment	(18,731,556)	(4,434,936)	612,311	-	(22,554,181)
Computer equipment	(119,555,978)	(15,748,480)	2,564,687	-	(132,739,771)
Communication equipment	(4,436,976)	(536,902)	601,091	-	(4,372,787)
Tools	(122,268,098)	(49,444,852)	36,857	-	(171,676,093)
Vehicles	(6,162,313)	(665,244)	4,266,199	-	(2,561,358)
Total accumulated depreciation	(383,909,109)	(98,761,672)	9,431,678	-	(473,239,103)
Leasehold improvements and equipment	266,059,557				206,789,899

As at December 31, 2017

UNIT : BAHT

	Consolidated financial statements				Balance as at December 31, 2017
	Balance as at January 1, 2017	Additions	Disposals	Transfer in (out)	
Cost					
Leasehold improvements	97,056,019	-	(2,205,898)	4,612,131	99,462,252
Aircraft improvements	68,187,155	-	-	-	68,187,155
Office tools	19,482,098	89,376	(466,238)	46,364	19,151,600
Office equipment	32,586,246	622,793	(4,310,008)	297,766	29,196,797
Computer equipment	154,194,127	3,191,990	(3,661,135)	978,930	154,703,912
Communication equipment	6,754,796	67,345	(892,307)	-	5,929,834
Tools	243,424,985	17,551,007	(4,817,208)	-	256,158,784
Vehicles	11,936,200	-	(3,070,000)	1,028,047	9,894,247
Leasehold improvements in progress and asset under installation	8,846,991	5,400,332	-	(6,963,238)	7,284,085
Total cost	642,468,617	26,922,843	(19,422,794)	-	649,968,666
Accumulated depreciation					
Leasehold improvements	(64,867,827)	(11,434,063)	2,205,890	-	(74,096,000)
Aircraft improvements	(12,516,366)	(12,281,518)	-	-	(24,797,884)
Office tools	(11,795,018)	(2,460,677)	395,391	-	(13,860,304)
Office equipment	(18,035,516)	(4,733,037)	4,036,997	-	(18,731,556)
Computer equipment	(104,996,171)	(17,898,943)	3,339,136	-	(119,555,978)
Communication equipment	(4,623,511)	(664,023)	850,558	-	(4,436,976)
Tools	(78,447,999)	(48,588,075)	4,767,976	-	(122,268,098)
Vehicles	(8,670,098)	(562,214)	3,069,999	-	(6,162,313)
Total accumulated depreciation	(303,952,506)	(98,622,550)	18,665,947	-	(383,909,109)
Leasehold improvements and equipment	338,516,111				266,059,557
Depreciation for the years ended December 31,					
2018				Baht	98,761,672
2017				Baht	98,622,550

As at December 31, 2018 and 2017, cost value of equipment which are fully depreciated but still in use of the Company and its subsidiaries are Baht 182.95 million and Baht 152.52 million, respectively.

As at December 31, 2018

UNIT : BAHT

	Separate financial statements				Balance as at December 31, 2018
	Balance as at January 1, 2018	Additions	Disposals	Transfer in (out)	
Cost					
Leasehold improvements	90,163,436	-	(1,130,410)	5,772,924	94,805,950
Aircraft improvements	68,187,155	5,166,609	-	-	73,353,764
Office tools	19,151,601	128,295	(283,951)	101,585	19,097,530
Office equipment	24,479,216	308,375	(643,129)	986,722	25,131,184
Computer equipment	151,110,178	1,239,652	(2,638,330)	92,696	149,804,196
Communication equipment	5,929,835	49,146	(637,628)	-	5,341,353
Tools	250,263,701	11,954,353	(39,404)	-	262,178,650
Vehicles	9,894,246	-	(4,266,200)	-	5,628,046
Leasehold improvements in progress and asset under installation	7,284,085	6,641,529	-	(6,953,927)	6,971,687
Total cost	626,463,453	25,487,959	(9,639,052)	-	642,312,360
Accumulated depreciation					
Leasehold improvements	(68,155,380)	(9,499,590)	1,130,405	-	(76,524,565)
Aircraft improvements	(24,797,884)	(13,979,105)	-	-	(38,776,989)
Office tools	(13,860,304)	(2,110,751)	220,128	-	(15,750,927)
Office equipment	(16,012,056)	(3,468,340)	600,239	-	(18,880,157)
Computer equipment	(116,826,915)	(14,341,081)	2,564,687	-	(128,603,309)
Communication equipment	(4,436,977)	(536,902)	601,091	-	(4,372,788)
Tools	(120,846,343)	(48,087,017)	36,857	-	(168,896,503)
Vehicles	(6,162,313)	(665,245)	4,266,199	-	(2,561,359)
Total accumulated depreciation	(371,098,172)	(92,688,031)	9,419,606	-	(454,366,597)
Leasehold improvements and equipment	255,365,281				187,945,763

As at December 31, 2017

Separate financial statements					UNIT : BAHT
	Balance as at January 1, 2017	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2017
Cost					
Leasehold improvements	87,757,203	-	(2,205,898)	4,612,131	90,163,436
Aircraft improvements	68,187,155	-	-	-	68,187,155
Office tools	19,482,098	89,377	(466,238)	46,364	19,151,601
Office equipment	28,010,298	481,159	(4,310,008)	297,767	24,479,216
Computer equipment	151,199,257	2,593,126	(3,661,135)	978,930	151,110,178
Communication equipment	6,754,796	67,346	(892,307)	-	5,929,835
Tools	241,696,985	13,383,924	(4,817,208)	-	250,263,701
Vehicles	11,936,200	-	(3,070,000)	1,028,046	9,894,246
Leasehold improvements in progress and asset under installation	8,846,991	5,400,332	-	(6,963,238)	7,284,085
Total cost	623,870,983	22,015,264	(19,422,794)	-	626,463,453
Accumulated depreciation					
Leasehold improvements	(60,226,654)	(10,134,616)	2,205,890	-	(68,155,380)
Aircraft improvements	(12,516,366)	(12,281,518)	-	-	(24,797,884)
Office tools	(11,795,018)	(2,460,677)	395,391	-	(13,860,304)
Office equipment	(16,267,045)	(3,782,008)	4,036,997	-	(16,012,056)
Computer equipment	(103,268,008)	(16,898,043)	3,339,136	-	(116,826,915)
Communication equipment	(4,623,511)	(664,024)	850,558	-	(4,436,977)
Tools	(77,984,681)	(47,629,638)	4,767,976	-	(120,846,343)
Vehicles	(8,670,098)	(562,214)	3,069,999	-	(6,162,313)
Total accumulated depreciation	(295,351,381)	(94,412,738)	18,665,947	-	(371,098,172)
Leasehold improvements and equipment	328,519,602				255,365,281
Depreciation for the years ended December 31,					
2018				Baht	92,688,031
2017				Baht	94,412,738

As at December 31, 2018 and 2017, cost value of equipment which are fully depreciated but still in use of the Company are Baht 182.95 million and Baht 152.52 million, respectively.

13. INTANGIBLE ASSETS

Intangible assets are as follows:

As at December 31, 2018

Consolidated financial statements					UNIT : BAHT
	Balance as at January 1, 2018	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2018
Cost					
Computer software	195,232,547	7,853,855	-	618,500	203,704,902
Software under development	3,397,801	13,485,824	-	(618,500)	16,265,125
Total cost	198,630,348	21,339,679	-	-	219,970,027
Accumulated amortization					
Computer software	(151,173,049)	(23,073,157)	-	-	(174,246,206)
Total accumulated amortization	(151,173,049)	(23,073,157)	-	-	(174,246,206)
Intangible assets	47,457,299				45,723,821

As at December 31, 2017

Consolidated financial statements					UNIT : BAHT
	Balance as at January 1, 2017	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2017
Cost					
Computer software	189,373,843	1,706,687	(757,983)	4,910,000	195,232,547
Software under development	3,699,001	4,608,800	-	(4,910,000)	3,397,801
Total cost	193,072,844	6,315,487	(757,983)	-	198,630,348
Accumulated amortization					
Computer software	(127,873,055)	(24,057,965)	757,971	-	(151,173,049)
Total accumulated amortization	(127,873,055)	(24,057,965)	757,971	-	(151,173,049)
Intangible assets	65,199,789				47,457,299

Amortization for the years ended December 31,

2018	Baht	23,073,157
2017	Baht	24,057,965

As at December 31, 2018 and 2017, cost value of intangible assets which are fully amortized but still in use of the Company and its subsidiaries are Baht 82.53 million and Baht 75.35 million, respectively.

As at December 31, 2018

UNIT : BAHT

	Separate financial statements				Balance as at December 31, 2017
	Balance as at January 1, 2017	Additions	Disposals	Transfer in (out)	
Cost					
Computer software	187,826,416	2,408,401	-	618,500	190,853,317
Software under development	2,081,001	8,866,824	-	(618,500)	10,329,325
Total cost	189,907,417	11,275,225	-	-	201,182,642
Accumulated amortization					
Computer software	(147,298,396)	(21,331,630)	-	-	(168,630,026)
Total accumulated Amortization	(147,298,396)	(21,331,630)	-	-	(168,630,026)
Intangible assets	<u>42,609,021</u>				<u>32,552,616</u>

As at December 31, 2017

UNIT : BAHT

	Separate financial statements				Balance as at December 31, 2017
	Balance as at January 1, 2017	Additions	Disposals	Transfer in (out)	
Cost					
Computer software	182,707,212	967,187	(757,983)	4,910,000	187,826,416
Software under development	2,525,001	4,466,000	-	(4,910,000)	2,081,001
Total cost	185,232,213	5,433,187	(757,983)	-	189,907,417
Accumulated amortization					
Computer software	(125,506,760)	(22,549,607)	757,971	-	(147,298,396)
Total accumulated Amortization	(125,506,760)	(22,549,607)	757,971	-	(147,298,396)
Intangible assets	<u>59,725,453</u>				<u>42,609,021</u>

Amortization for the years ended December 31,

2018	Baht	<u>21,331,630</u>
2017	Baht	<u>22,549,607</u>

As at December 31, 2018 and 2017, cost value of intangible assets which are fully amortized but still in use of the Company are Baht 82.53 million and Baht 75.35 million, respectively.

14. DEFERRED TAX ASSETS AND INCOME TAX EXPENSE

Deferred tax assets consist of:

	UNIT : BAHT	
	Consolidated and Separate financial statements	
	As at December 31, 2018	As at December 31, 2017
Deferred tax assets	<u>13,321,915</u>	<u>13,321,915</u>

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

	UNIT : BAHT			
	Consolidated and separate financial statements			
	Balances As at January 1, 2018	Items recognized in profit or loss	Items recognized in other comprehensive income	Balances As at December 31, 2018
Deferred tax asset				
Allowance for doubtful accounts	386,525	-	-	386,525
Employee benefit obligations	<u>12,935,390</u>	<u>-</u>	<u>-</u>	<u>12,935,390</u>
Total	<u>13,321,915</u>	<u>-</u>	<u>-</u>	<u>13,321,915</u>

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

Income tax expense for the years ended December 31, consist of:

	UNIT : BAHT	
	Consolidated and separate financial statements	
	2018	2017
Current tax for the year	-	-
Deferred income tax	<u>-</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>

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	
	2018	2017	2018	2017
Accounting profit for non-promoted business	(158,127,346)	601,668,487	100,224,450	633,520,382
Accounting loss for promoted business	(3,817,318,194)	(2,501,339,972)	(2,505,064,963)	(2,459,195,760)
Accounting loss before income tax expense	<u>(3,975,445,540)</u>	<u>(1,899,671,485)</u>	<u>(2,404,840,513)</u>	<u>(1,825,675,378)</u>
Income tax calculated based on tax rate at 20%	(31,625,469)	120,333,697	20,044,890	126,704,076
Effect of tax losses not recognized as deferred tax assets	-	-	-	-
Effect of loss for promoted business used as tax deduction	31,625,469	(120,333,697)	20,044,890	(126,704,076)
Tax effect of temporary differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Corporate income tax expenses as presented in the statements of profit or loss and other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at December 31, 2018, the Company and its subsidiaries did not record deferred tax assets related to loss carried forward because the Company and its subsidiaries' management assess that the estimated future taxable income will not be sufficient to allow for the realization in full amount of deferred tax assets resulting from loss carried forward of Baht 1,856.17 million and Baht 1,798.44 million to be expired in 2022 for consolidated and separate financial statements, respectively.

15. SHORT-TERM BORROWINGS

Short-term borrowings are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Short-term borrowings from financial institutions	1,600,000,000	700,000,000	900,000,000	-
Short-term borrowings from a shareholder (see Note 26.1)	<u>800,000,000</u>	<u>-</u>	<u>800,000,000</u>	<u>-</u>
Total	<u>2,400,000,000</u>	<u>700,000,000</u>	<u>1,700,000,000</u>	<u>-</u>

As at December 31, 2018, the Company had short-term borrowings from two financial institutions totaling of Baht 900 million, which is promissory note from the first financial institution of Baht 100 million and the second financial institution of Baht 800 million. Such promissory note carries interest rate at 2.30% - 2.55% p.a. and is repayable within 3 months from the date of the promissory note. In February 2019, the Company has paid borrowing amount of Baht 400 million with interest as specified in the agreement and has borrowed additional loan from a financial institution in the form of promissory notes in the amount of Baht 100 million. Such loan carries the interest rate 2.35% p.a. and is repayable within 3 months from the date of the promissory note.

In addition, the Company had short-term borrowing from a shareholder in the amount of Baht 800 million which is unsecured promissory notes carries interest rate at 6% p.a. and is repayable within 2-6 months from the date of the promissory note. In February 2019, the Company has paid the loan from such shareholder amount of Baht 300 million with interest as specified in the agreement.

As at December 31, 2018 and 2017, a subsidiary had short-term borrowings from two financial institutions in the form of promissory notes of Baht 350 million per each totaling of Baht 700 million which were guaranteed by the Company and major shareholder of a major shareholder of the subsidiary. Such loan carries the interest rate at Money Market Rate (MMR) per annum and BIBOR of each financial institution per annum and due on February 10, 2017. The subsidiary has renewed the promissory notes of Baht 700 million due from February 10, 2017 for 1-3 months each until February 28, 2019.

16. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables are as follows:

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Trade payables - related parties (see Note 26.1)	59,288,548	54,051,501	59,683,026	50,941,881
Trade payables - other parties	2,637,148,826	1,004,892,441	1,858,247,790	764,201,454
Other payables - related parties (see Note 26.1)	19,900,780	2,709,962	19,937,125	3,403,817
Other payables - other parties	24,750,596	15,469,751	14,849,594	7,905,519
Unearned passenger revenues	1,389,255,633	1,374,079,208	631,628,620	724,866,660
Other advance received	785,611,879	701,253,047	243,757,618	272,382,402
Accrued expenses	969,605,785	1,685,501,354	434,775,372	973,445,808
Withholding tax payable	20,353,514	23,536,404	19,456,827	22,949,509
Total	<u>5,905,915,561</u>	<u>4,861,493,668</u>	<u>3,282,335,972</u>	<u>2,820,097,050</u>

17. MAINTENANCE RESERVE AND PROVISIONS FOR AIRCRAFT MAINTENANCE

The Company and its subsidiary had reviewed the accounting policy of the maintenance reserve and provision for aircraft maintenance as plan and revised from present netting amount of the maintenance reserve and provision for aircraft maintenance as plan to present gross amount in order to present those items separately as asset and liability of the Company and its subsidiary (see Note 32)

17.1 Maintenance reserve

Maintenance reserve consist of:

	Consolidated financial statements		UNIT : BAHT Separate financial statements	
	As at December 31, 2018	As at December 31, 2017 “Restated”	As at December 31, 2018	As at December 31, 2017 “Restated”
Maintenance reserve at beginning of the year	7,192,488,243	6,415,807,730	5,817,998,463	5,557,717,245
<u>Add</u> Additional payment	2,048,778,656	1,581,159,269	1,284,567,589	1,064,759,974
<u>Less</u> Reimburse	(1,452,970,333)	(804,478,756)	(1,452,970,333)	(804,478,756)
Maintenance reserve at ending of the year	<u>7,788,296,566</u>	<u>7,192,488,243</u>	<u>5,649,595,719</u>	<u>5,817,998,463</u>

17.2 Provisions for aircraft maintenance as plan

Provisions for aircraft maintenance as plan consist of:

	Consolidated financial statements		UNIT : BAHT Separate financial statements	
	As at December 31, 2018	As at December 31, 2017 “Restated”	As at December 31, 2018	As at December 31, 2017 “Restated”
Provisions for aircraft maintenance as plan at beginning of the year	7,583,100,082	6,857,580,627	6,208,610,302	5,999,490,143
<u>Add</u> Increase during the year				
- recognized as expenses for the year	2,138,376,694	1,529,998,211	1,110,368,499	1,013,598,915
<u>Less</u> Change estimation	(91,183,034)	-	(91,183,034)	-
<u>Less</u> Aircraft maintenance cost paid during the year	<u>(1,452,970,333)</u>	<u>(804,478,756)</u>	<u>(1,452,970,333)</u>	<u>(804,478,756)</u>
Provisions for aircraft maintenance as plan at ending of the year	<u>8,177,323,409</u>	<u>7,583,100,082</u>	<u>5,774,825,434</u>	<u>6,208,610,302</u>

For the year ended December 31, 2018, the Company reduced the provisions for aircraft maintenance previously recorded by Baht 91.18 million. The main change is from the plan as the change in aircraft maintenance plan to efficiently match with the Company's situation.

17.3 Provisions for aircraft return condition and short-term aircraft maintenance

Provisions for aircraft return condition and short-term aircraft maintenance consist of:

	Consolidated financial statements		UNIT : BAHT Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Provisions for aircraft maintenance at beginning of the year	297,423,374	331,093,329	289,876,939	279,729,946
<u>Add</u> Increase during the year				
- recognized as expenses for the year	194,027,084	136,672,285	150,747,033	139,492,889
<u>Less</u> Change estimation	(108,633,577)	-	(108,633,577)	-
<u>Less</u> Aircraft maintenance cost paid during the year	(163,070,857)	(170,342,240)	(137,845,051)	(129,345,896)
Provisions for aircraft maintenance at ending of the year	219,746,024	297,423,374	194,145,344	289,876,939
<u>Less</u> Short-term provisions for aircraft maintenance	(120,622,592)	(108,811,574)	(106,656,715)	(102,092,740)
Long-term provisions for aircraft maintenance	<u>99,123,432</u>	<u>188,611,800</u>	<u>87,488,629</u>	<u>187,784,199</u>

For the year ended December 31, 2018, the Company reduced the provisions for aircraft return condition in the amount of Baht 108.63 million. The main changes are changing the location for returning aircraft and maintenance plan.

18. PROVISIONS FOR EMPLOYEE BENEFIT

Provisions for employee benefit consist of:

	Consolidated financial statements		UNIT : BAHT Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Retirement benefits	266,077,346	234,883,632	259,201,736	214,075,382
Other long term benefit - Pilot saving fund	<u>7,790,831</u>	<u>7,331,560</u>	<u>7,790,831</u>	<u>7,331,560</u>
Total	<u>273,868,177</u>	<u>242,215,192</u>	<u>266,992,567</u>	<u>221,406,942</u>

18.1 Retirement benefits

Movements in the retirement benefits are as follows:

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Retirement benefits				
at the beginning of the year	234,883,632	190,084,826	214,075,382	178,550,136
Employee Benefits paid	(16,902,257)	(38,230,000)	(16,155,857)	(38,230,000)
Current service costs and interest cost	65,517,336	83,028,806	61,282,211	73,755,246
Actuarial gain from assumption change	(17,421,365)	-	-	-
Retirement benefits				
at the end of the year	<u>266,077,346</u>	<u>234,883,632</u>	<u>259,201,736</u>	<u>214,075,382</u>

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	
	2018	2017	2018	2017
Current service costs	62,188,949	79,623,966	58,061,113	70,846,610
Interest cost	<u>3,328,387</u>	<u>3,404,840</u>	<u>3,221,098</u>	<u>2,908,636</u>
Total	<u>65,517,336</u>	<u>83,028,806</u>	<u>61,282,211</u>	<u>73,755,246</u>

The principal actuarial assumptions as at December 31, 2018 and 2017 are as follows;

	Consolidated financial statements	
	2018	2017
	Percentage (% p.a.)	Percentage (% p.a.)
Discount rate	2.12 - 2.61	2.12 - 2.74
Salary increase rate	4.00 - 5.00	3.00 - 6.50
Employee turnover	0 - 16.00	0 - 30.00
	(depend on employee age)	(depend on employee age)
Mortality rate	TMO2008 and TMO2017	TMO2008
	(Thai Mortality Ordinary Table 2008 and 2017)	(Thai Mortality Ordinary Table 2008)
	Separate financial statements	
	2018	2017
	Percentage (% p.a.)	Percentage (% p.a.)
Discount rate	2.12	2.12
Salary increase rate	5.00	5.00
Employee turnover	0 - 16.00	0 - 16.00
	(depend on employee age)	(depend on employee age)
Mortality rate	TMO2008	TMO2008
	(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 are constant.

	UNIT : BAHT			
	Impact on employee benefit obligations increases (decreases)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate - increase by 1%	(18,144,063)	(16,003,245)	(17,549,130)	(14,153,275)
Discount rate - decrease by 1%	22,184,151	19,432,227	21,486,583	17,270,688
Salary increase rate - increase by 1%	22,025,177	18,354,550	21,344,770	15,989,207
Salary increase rate - decrease by 1%	(18,201,052)	(15,348,331)	(17,608,205)	(13,300,346)
Life expectancy - increase by 1 year	2,080,172	1,634,548	2,035,599	1,561,474
Life expectancy - decrease by 1 year	(2,041,699)	(1,614,309)	(1,997,484)	(1,532,665)

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.

18.2 Other long-term employee benefit - Pilot saving fund

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

	UNIT : BAHT			
	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Other long-term benefit				
- Pilot saving fund at the beginning of the year	7,331,560	32,817,238	7,331,560	32,817,238
<u>Add</u> Increase during the year - recognized as expenses for the year	919,610	721,955	919,610	721,955
<u>Less</u> Reverse during the year	(460,339)	(26,207,633)	(460,339)	(26,207,633)
Other long-term benefit				
- Pilot saving fund at the end of the year	<u>7,790,831</u>	<u>7,331,560</u>	<u>7,790,831</u>	<u>7,331,560</u>

On January 1, 2013, the Company 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. However, as at December 31, 2016 the Company terminated the said benefits to Pilot and the benefit will be paid back to pilot in accordance with the Company's policy.

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process of being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered an amendment to post-employment benefits plan. The Company and its subsidiary will reflect the effect of such change by recognizing past service cost as an expense in the income statement of the period in which the law is effective.

19. 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.

In addition, the Company monitors its capital in accordance with the covenant on financial ratios under the credit facility of bank guarantee agreement with a financial institution (see Note 27.4).

20. SHARE CAPITAL

	Par value per share (Baht)	Consolidated and Separate financial statements			
		December 31, 2018		December 31, 2017	
		Number of shares	Amount (Baht)	Number of shares	Amount (Baht)
Authorised					
At January 1,					
Ordinary shares	1	2,499,249,882	2,499,249,882	625,000,000	625,000,000
Capital increase on April 26, 2017	1	-	-	781,250,000	781,250,000
Registered capital reduction on September 28, 2017	1	-	-	(114,000,118)	(114,000,118)
Capital increase on September 29, 2017	1	-	-	1,207,000,000	1,207,000,000
At December 31, ordinary shares	1	<u>2,499,249,882</u>	<u>2,499,249,882</u>	<u>2,499,249,882</u>	<u>2,499,249,882</u>
Issued and paid share capital					
At January 1,					
Ordinary shares	1	2,271,999,764	2,271,999,764	625,000,000	625,000,000
Increase of new shares on May 26, 2017	1	-	-	510,999,882	510,999,882
Increase of new shares on October 27, 2017	1	-	-	1,135,999,882	1,135,999,882
Increase of new shares on March 23, 2018	1	32	32	-	-
At December 31, ordinary shares	1	<u>2,271,999,796</u>	<u>2,271,999,796</u>	<u>2,271,999,764</u>	<u>2,271,999,764</u>

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

1. Approved the increase of registered capital of the Company in order to accommodate the allocation of the newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings (Rights Offering) and to accommodate the exercise of Warrants No. 1 (NOK-W1) in the total amount of Baht 781,250,000 from the existing registered capital of Baht 625,000,000 to new registered capital of Baht 1,406,250,000 by means of issuance of 781,250,000 newly-issued ordinary shares with the par value of Baht 1 each, and the Board of Directors also approved the amendment to Clause 4 of Memorandum of Association of the Company to be in line with the capital increase. The Company registered the increase of capital and amended the Memorandum of Association with the Ministry of Commerce on April 26, 2017.
2. Approved the issuance and offering of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1) (“Warrant”) to the existing shareholders who subscribe to the newly-issued ordinary shares without any cost.
3. Approved the allocation of not exceeding 781,250,000 newly-issued ordinary shares at the par value of Baht 1 per share following the increase in the registered capital as approved in item 1 above as the following details:
 - 3.1 The allocation of the newly-issued ordinary shares (not exceeding 625,000,000 shares) to the existing shareholders proportionated to their respective shareholdings (Rights Offering). In this regard, the Company determined the allocation ratio as 1 existing share to 1 newly-issued ordinary share (the total numbers of shares for the Rights Offering are 625,000,000 shares) with the offering price at Baht 2.40 per share.
 - 3.2 The allocation of not exceeding 156,250,000 newly-issued ordinary shares at the par value of Baht 1 to accommodate the exercise of Warrants No. 1 (NOK-W1) issued together with the issuance and offering of the newly-issued ordinary shares to the existing shareholders proportionated to their shareholdings (Rights Offering) without any cost as approved in item 2 aforementioned. The Warrants will be offered to the existing shareholders who subscribe to the newly-issued ordinary shares.

Subsequently, on May 26, 2017, the Company received cash in the amount of Baht 1,226,399,716 from issued and paid-up share capital totaling 510,999,882 shares at an offering price of Baht 2.4 per share with a par value of Baht 1 per share. This is resulted in share premium of Baht 715,399,834. The Company registered the paid-up share capital in the amount of Baht 510,999,882 with the Ministry of Commerce on May 31, 2017.

In addition, on May 31, 2017, the Company issued Warrants for 127,749,952 units. The exercise price is Baht 5 per share and the exercise date is during September 30, 2017 to May 29, 2020.

On September 20, 2017, the Extra-ordinary General Meeting of the Shareholders No. 1/2017 has resolved to approve the followings:

1. Approved the reduction of registered capital of the Company in the total amount of Baht 114,000,118 from the existing registered capital of Baht 1,406,250,000 to the new registered capital of Baht 1,292,249,882 by cancelling 114,000,118 shares which were authorized but unissued with the par value of Baht 1 each, and also approved the amendment to Clause 4 of Memorandum of Association of the Company to be in line with the capital reduction above. The Company registered the reduction of capital and amendment of Memorandum of Association with the Ministry of Commerce on September 28, 2017.
2. Approved the increase of registered capital of the Company in the total amount of Baht 1,207,000,000 from the existing registered capital of Baht 1,292,249,882 to new registered capital of Baht 2,499,249,882 by means of issuance of 1,207,000,000 newly-issued ordinary shares with the par value of Baht 1 each, and also approved the amendment to Clause 4 of Memorandum of Association of the Company to be in line with the capital increase. The Company registered the increase of capital and amendment of Memorandum of Association with Ministry of Commerce on September 29, 2017.
3. Approved the allocation of not exceeding 1,207,000,000 newly-issued ordinary shares at the par value of Baht 1 per share following the increase in the registered capital to the existing shareholders proportionate to their respective shareholdings (Rights Offering) and to accommodate the exercise of warrants to purchase ordinary shares of the Company No. 1 (NOK-W1), the exercise price and ratio of which are adjusted due to the Rights offering with low price.

On October 27, 2017, the Company received cash in the amount of Baht 1,703,999,823 from issued and paid-up share capital totaling 1,135,999,882 shares at an offering price of Baht 1.5 per share with a par value of Baht 1 per share. This resulted in share premium of Baht 567,999,941. The Company registered the paid-up share capital in the amount of Baht 1,135,999,882 with the Ministry of Commerce on November 1, 2017.

Share premium

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

As at December 31, 2018 and 2017, the Company has share premium in the amount of Baht 4,325,885,792 and Baht 4,325,885,718, respectively.

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.

22. OTHER INCOME - OTHERS

Other income - others consist of:

	UNIT : BAHT			
	For the years ended December 31,			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Revenue from insurance claim	83,596,901	196,891,174	83,596,901	196,891,174
Gain on exchange rate	190,592,041	155,765,581	137,076,977	106,096,308
Gain on sale and leaseback aircraft (see Note 7)	-	243,401,979	-	243,401,979
Refund for aircraft maintenance	17,548,539	4,863,111	17,548,539	4,863,111
Other fee income	96,540,335	67,696,188	89,416,278	58,917,454
Revenue from internet service under Type I license	-	-	-	-
Incentive income from airports	-	14,399,023	-	-
Others	66,650,815	97,674,883	37,164,021	24,433,386
Total	<u>454,928,631</u>	<u>780,691,939</u>	<u>364,802,716</u>	<u>634,603,412</u>

23. BASIC AND DILUTED LOSS PER SHARE

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

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

The calculations of basic and diluted loss per share for the years ended December 31, are as follows:

	For the years ended December 31,			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Basic loss per share				
Loss attributable to ordinary shareholders of the Company (basic)	(2,786,757,018)	(1,854,295,066)	(2,404,840,513)	(1,825,675,378)
Number of ordinary shares outstanding at 1 January	2,271,999,764	625,000,000	2,271,999,764	625,000,000
Effect of shares exercised at May 26, 2017	-	307,999,929	-	307,999,929
Effect of shares exercised at October 27, 2017	-	205,413,677	-	205,413,677
Effect of exercised warrants	23	-	23	-
Weighted average number of ordinary shares outstanding (basic)	2,271,999,787	1,138,413,606	2,271,999,787	1,138,413,606
Basic loss per share (Baht per share)	(1.23)	(1.63)	(1.06)	(1.60)
Diluted loss per share				
Weighted average number of ordinary shares outstanding (basic)	2,271,999,787	1,138,413,606	2,271,999,787	1,138,413,606
Effect of exercised warrants to purchase ordinary shares	-	78,389,384	-	78,389,384
Weighted average number of ordinary shares outstanding (diluted)	2,271,999,787	1,216,802,990	2,271,999,787	1,216,802,990
Diluted loss per share (Baht per share)	(1.23)	(1.52)	(1.06)	(1.50)

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		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
For the years ended December 31,	<u>45,422,927</u>	<u>45,537,716</u>	<u>45,422,927</u>	<u>45,537,716</u>

25. EXPENSES BY NATURE

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

	UNIT : BAHT			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Fuel expenses	7,479,797,386	5,732,377,951	4,884,339,928	4,071,527,376
Employee benefit expenses	2,038,692,455	1,943,287,094	1,629,580,290	1,614,860,154
Ground service expenses and navigation fee	2,491,806,536	2,320,051,453	1,720,593,792	1,736,367,563
Expenses related to pilots and cabin crews	728,278,025	680,850,173	487,131,696	503,341,207
Aircraft maintenance expenses	4,046,631,213	4,152,395,321	2,566,270,809	3,027,641,571
Depreciation and amortization expenses	121,834,829	122,680,516	114,019,661	116,962,345
Aircraft lease and spare part	4,253,556,007	4,448,060,399	3,395,541,158	3,752,381,244
Merchandise and supplies used	251,159,130	279,603,005	198,822,516	231,109,056
Promotion advertising expenses	289,082,832	306,808,529	220,677,478	238,097,695
Insurance expense	118,520,890	104,631,504	76,576,577	79,641,306
Credit card fee	67,076,524	101,247,132	67,076,524	101,247,132
Call center customers expense	77,961,459	92,389,689	77,961,459	92,389,689
Passenger transportation expense	367,717,472	350,632,364	54,797,639	55,094,671

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, 2018 and 2017, 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	Held by the company
Air Black Box Asia Pacific Pte Ltd.	Platform for airline reservation systems	Joint venture
Thai Airways International PLC.	Services transportation and logistics	Common shareholders and director
Thai Smile Airways Co., Ltd.	Services transportation and logistics	Same group of shareholders
Donmuang International Airport Hotel Co., Ltd.	Hotel	Same group of shareholders
Thai Flight Training Co., Ltd.	Cockpit training	Same group of shareholders
Dhipaya Insurance PLC.*	General insurance	Common director
Siam Premier International Law Office Limited**	Legal advisory	The Company's director is shareholder and common director
Haad Thip PLC.	Manufacturing and distribution of soft drinks	Spouse of common director
Thailand Post Co., Ltd.	Postal service	Common director
CAT Telecom PLC.	Telecommunications business	Common director
Advanced Medical Center Co., Ltd.	Hospital	Common director
Siam Makro PLC.	Wholesale business	Common director
AIRA Securities PLC.	Equities and Derivatives Service	Common shareholders and director
AIRA Advisory Company Limited	Business consultancy services	Common shareholders
Siam City Law Offices DR Limited	General business law services	Common director
Muang Thai Insurance PLC.	Non-Life Insurance	Common director
Millcon Steel PLC.	Manufacturer and a distributor of a complete range of steel products	Common director

* This entity had been considered a related party until August 11, 2017, which was the date when there was no more common director.

** This entity had been considered a related party until January 22, 2018, which was the date when there was no more common director.

26.1 Balances with related parties are as follows:

	Consolidated		UNIT : BAHT	
	financial statements		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Trade current receivables - related parties				
(see Note 5.1)				
Thai Airways International PLC.	877,810	1,249,246	877,810	-
Thai Smile Airways Co., Ltd.	1,046,480	298,070	1,046,480	298,070
NokScoot Airlines Co., Ltd.	-	-	12,816,966	12,565,763
Haad Thip Public Co., Ltd.	166,296	52,678	166,296	52,678
Nok Holidays Co., Ltd.	-	-	358,212	248,372
Muang Thai Insurance PLC.	16,115,637	-	16,115,637	-
Siam Makro PLC.	179,581	-	179,581	-
Total	<u>18,385,804</u>	<u>1,599,994</u>	<u>31,560,982</u>	<u>13,164,883</u>
Accrued income - related parties				
(see Note 5.1)				
NokScoot Airlines Co., Ltd.	-	-	3,922,016	1,957,332
Nok Holidays Co., Ltd.	-	-	6,429,420	3,103,500
Muang Thai Insurance PLC.	8,700,787	-	8,700,787	-
Total	<u>8,700,787</u>	<u>-</u>	<u>19,052,223</u>	<u>5,060,832</u>
Advance payments - related parties				
(see Note 5.1)				
Nok Mangkang Co., Ltd.	-	-	979,483	823,396
Nok Holidays Co., Ltd.	-	-	1,542,568	1,206,137
Total	<u>-</u>	<u>-</u>	<u>2,522,051</u>	<u>2,029,533</u>
Long-term loans to a related party				
(see Note 11)				
Nok Mangkang Co., Ltd.	<u>-</u>	<u>-</u>	<u>1,215,000,000</u>	<u>970,000,000</u>
Other non-current assets				
- Accrued interest income				
related party (see Note 11)				
Nok Mangkang Co., Ltd.	<u>-</u>	<u>-</u>	<u>63,398,726</u>	<u>47,816,014</u>
Trade current payables - related parties				
(see Note 16)				
Thai Airways International PLC.	57,562,642	51,161,488	56,281,065	46,882,074
Thai Smile Airways Co., Ltd.	220,840	97,715	220,840	97,715
Donmuang International Airport				
Hotel Co., Ltd.	107,800	226,622	107,800	226,622
Thai Flight Training Co., Ltd.	-	378,930	-	378,930
NokScoot Airlines Co., Ltd.	-	-	1,676,055	1,169,794
Pan Am International Flight Training				
Center (Thailand) Co., Ltd.	1,397,266	2,186,746	1,397,266	2,186,746
Total	<u>59,288,548</u>	<u>54,051,501</u>	<u>59,683,026</u>	<u>50,941,881</u>

	Consolidated		UNIT : BAHT	
	financial statements		Separate	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Other current payables - related parties				
(see Note 16)				
Thai Airways International PLC.	14,883,293	-	14,883,293	-
Siam Premier International Law Office Ltd.	-	2,709,656	-	2,709,656
NokScoot Airlines Co., Ltd.	-	-	36,345	693,855
CAT Telecom Public Co., Ltd.	670	306	670	306
AIRA Securities PLC.	133,750	-	133,750	-
Muang Thai Insurance PLC.	4,883,067	-	4,883,067	-
Total	<u>19,900,780</u>	<u>2,709,962</u>	<u>19,937,125</u>	<u>3,403,817</u>
Short-term borrowings from a shareholder				
(see Note 15)				
Major shareholder	<u>800,000,000</u>	<u>-</u>	<u>800,000,000</u>	<u>-</u>
Accrued interest expense				
Major shareholder	<u>6,756,164</u>	<u>-</u>	<u>6,756,164</u>	<u>-</u>

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

	Consolidated		UNIT : BAHT	
	financial statements		Separate	
	2018	2017	2018	2017
Passenger revenues				
Thai Airways International PLC.	4,036,570	47,313	4,036,570	47,313
Thai Smile Airways Co., Ltd.	5,002,995	290,996	5,002,995	290,996
Haad Thip Public Co., Ltd.	638,973	221,500	638,973	221,500
Nok Holidays Co., Ltd.	-	-	106,641	193,481
Siam Makro PLC.	965,865	-	965,865	-
Millcon Steel PLC.	345,636	-	345,636	-
Total	<u>10,990,039</u>	<u>559,809</u>	<u>11,096,680</u>	<u>753,290</u>
Service revenues				
Thai Airways International PLC.	-	2,000	-	2,000
Thai Smile Airways Co., Ltd.	-	705,850	-	705,850
NokScoot Airlines Co., Ltd.	-	-	45,873,234	41,922,789
Nok Holidays Co., Ltd.	-	-	3,325,920	3,103,500
Dhipaya Insurance PLC.	-	5,837,488	-	5,837,488
Pan Am International Flight Training Center (Thailand) Co., Ltd.	-	40,000	-	40,000
Total	<u>-</u>	<u>6,585,338</u>	<u>49,199,154</u>	<u>51,611,627</u>

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Other fee income				
Dhipaya Insurance PLC.	-	199,098,029	-	199,098,029
Muang Thai Insurance PLC.	45,857,390	-	45,857,390	-
	<u>45,857,390</u>	<u>199,098,029</u>	<u>45,857,390</u>	<u>199,098,029</u>
Others income - interest income				
Nok Mangkang Co., Ltd.	-	-	15,582,712	14,791,836

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 financial statements		Separate financial statements	
	2018	2017	2018	2017
UNIT : BAHT				
Costs of passengers and services				
Thai Airways International PLC.	180,430,322	143,100,839	55,353,746	56,625,509
Thai Smile Airways Co., Ltd.	410,296	144,883	410,296	144,883
Donmuang International Airport Hotel Co., Ltd.	1,766,344	5,421,527	1,766,344	5,421,527
Thai Flight Training Co., Ltd.	3,075,958	3,765,405	3,075,958	3,765,405
Dhipaya Insurance PLC.	-	53,580,707	-	53,580,707
Pan Am International Flight Training Center (Thailand) Co., Ltd.	18,473,848	19,629,352	18,473,848	19,629,352
Haad Thip Public Co., Ltd.	17,290	13,832	17,290	13,832
Total	<u>204,174,058</u>	<u>225,656,545</u>	<u>79,097,482</u>	<u>139,181,215</u>
Administrative expenses				
Thailand Post Co., Ltd.	625,315	579,245	625,315	579,245
CAT Telecom Public Co., Ltd.	6,159	10,847	6,159	10,847
AIRA Securities PLC.	500,000	-	500,000	-
Advanced Medical Center Co., Ltd.	15,180	-	15,180	-
AIRA Advisory Company Limited	1,500,000	-	1,500,000	-
Total	<u>2,646,654</u>	<u>590,092</u>	<u>2,646,654</u>	<u>590,092</u>
Legal fee				
Siam Premier International Law Office Ltd.	-	21,444,996	-	21,444,996
Siam City Law Offices DR Limited	642,990	-	642,990	-
	<u>642,990</u>	<u>21,444,996</u>	<u>642,990</u>	<u>21,444,996</u>
Finance Cost				
Interest expenses - Major shareholder	<u>10,191,781</u>	<u>-</u>	<u>10,191,781</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	
	2018	2017	2018	2017
Short-term employee benefits	18,684,293	32,602,832	24,556,834	31,532,000
Post-employment benefits	7,484,290	6,987,188	5,722,640	5,271,750
Total	<u>26,168,583</u>	<u>39,590,020</u>	<u>30,279,474</u>	<u>36,803,750</u>

UNIT : BAHT

27. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

27.1 Acquisition of aircraft

As at December 31, 2018 and 2017, the Company has commitments for acquisition of aircraft to be paid in the future of USD 135.76 million.

27.2 Aircraft lease agreement

As at December 31, 2018 and 2017, the Company and its subsidiary have commitments under the operating lease agreements for aircraft for the period of 5 - 12 years with future lease payment as follows:

Consolidated financial statements

As at December 31, 2018

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	117,412,063	403,008,538	171,424,095	691,844,696

As at December 31, 2017

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	127,384,960	367,663,455	304,697,500	799,745,915

Separate financial statements

As at December 31, 2018

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	89,560,063	370,558,538	171,424,095	631,542,696

As at December 31, 2017

	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Aircraft lease	USD	103,762,960	328,424,455	304,697,500	736,884,915

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

	Consolidated		UNIT : MILLION BAHT	
	financial statements		Separate	
	2018	2017	2018	2017
For the years ended December 31,	3,966.76	4,285.67	3,108.75	3,589.99

During the year 2017, the Company terminated 2 aircrafts, and had to pay early termination fee as specified in the agreement. However, the Company recorded such expenses in the statements of profit or loss and other comprehensive income already.

On February 1, 2018 and April 9, 2018, the Company terminated 2 aircrafts, and had to pay early termination fee as specified in the agreement. However, the Company recorded such expenses in the statements of profit or loss and other comprehensive income already.

On July 13, 2018 and February 1, 2019, the Company terminated 2 aircrafts and had to comply with all conditions as specified in the aircraft termination agreement.

27.3 Other lease and service agreements

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, 2018**

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	37,990,852	6,621,712	-	44,612,564
Office rental and service	CNY	38,555	-	-	38,555
Office rental and service	USD	10,200	-	-	10,200
Vehicle rental	THB	1,995,833	1,759,050	-	3,754,883
Equipment rental	THB	978,844	330,086	-	1,308,930
Service Agreements					
Aircraft maintenance	USD	35,116,239	30,754,614	-	65,870,853
Aircraft maintenance	SGD	2,904,000	-	-	2,904,000
Ticket reservation system	USD	2,024,462	4,282,530	-	6,306,992
Ticket reservation system	EUR	25,685	17,123	-	42,808
Call center service	THB	2,485,000	-	-	2,485,000
Collection agent	USD	6,300	-	-	6,300
Flight information service	EUR	28,500	28,500	-	57,000
Flight information service	USD	5,325	-	-	5,325
Service Advisor	THB	327,912	-	-	327,912
Service Advisor	JPY	2,450,000	1,633,333	-	4,083,333

As at December 31, 2017

Agreements	Currency	Periods			Total
		Within one	Over	Over	
		year	one year but	five years	
not over five years					
Lease and Rental Agreements					
Office rental and service	THB	52,912,727	11,037,705	-	63,950,432
Office rental and service	CNY	94,185	-	-	94,185
Vehicle rental	THB	2,676,360	646,233	-	3,322,593
Equipment rental	THB	2,993,183	1,311,930	-	4,305,113
Service Agreements					
Aircraft maintenance	USD	29,694,742	31,126,072	-	60,820,814
Aircraft maintenance	SGD	3,168,000	5,280,000	-	8,448,000
Ticket reservation system	USD	2,327,455	6,407,913	-	8,735,368
Ticket reservation system	EUR	25,685	42,808	-	68,493
Call center service	THB	2,214,000	-	-	2,214,000
Collection agent	TWD	1,800,000	-	-	1,800,000
Collection agent	USD	6,300	-	-	6,300
Flight information service	EUR	32,000	57,000	-	89,000
Flight information service	USD	39,975	3,150	-	43,125
Service Advisor	SGD	49,650	-	-	49,650
Advertise	TWD	100,000	-	-	100,000

Separate financial statements

As at December 31, 2018

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	32,343,124	4,608,034	-	36,951,158
Vehicle rental	THB	1,793,033	1,725,250	-	3,518,283
Equipment rental	THB	921,244	296,486	-	1,217,730
Service Agreements					
Aircraft maintenance	USD	7,146,668	-	-	7,146,668
Ticket reservation system	USD	1,912,180	4,237,681	-	6,149,861

As at December 31, 2017

Agreements	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Lease and Rental Agreements					
Office rental and service	THB	50,594,440	11,037,705	-	61,632,145
Vehicle rental	THB	2,657,207	646,233	-	3,303,440
Equipment rental	THB	2,846,024	1,220,730	-	4,066,754
Service Agreements					
Aircraft maintenance	USD	11,019,154	7,345,887	-	18,365,041
Ticket reservation system	USD	1,685,298	6,149,861	-	7,835,159

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

	Consolidated financial statements		UNIT : MILLION BAHT Separate financial statements	
	2018	2017	2018	2017
For the years ended December 31,	219.96	148.71	110.27	71.47

27.4 Credit facilities from financial institutions

The Company and subsidiaries have credit facilities from financial institutions as follows:

	Currency	Consolidated financial statements					
		Total	2018 Utilized	Remaining	Total	2017 Utilized	Remaining
General guarantee	THB	221,638,333	51,876,821	169,761,512	213,074,698	51,317,562	161,757,136
General guarantee	JPY	27,825,000	27,825,000	-	-	-	-
General guarantee by Letter of credit	USD	4,000	4,000	-	4,000	4,000	-
Guaranteed by Standby Letter of Credit	USD	47,030,549	11,894,609	35,135,940	50,830,124	5,666,500	45,163,624
Guaranteed by Standby Letter of Credit	THB	1,200,000,000	696,818,215	503,181,785	2,000,150,000	1,362,396,673	637,753,327
Overdraft	THB	64,000,000	-	64,000,000	65,000,000	-	65,000,000

	Currency	Separate financial statements					
		Total	2018 Utilized	Remaining	Total	2017 Utilized	Remaining
General guarantee	THB	196,500,000	31,782,789	164,717,211	196,500,000	35,151,774	161,348,226
Guaranteed by Standby Letter of Credit	USD	36,186,000	7,906,109	28,279,891	40,000,000	3,398,000	36,602,000
Guaranteed by Standby Letter of Credit	THB	1,200,000,000	696,818,215	503,181,785	2,000,150,000	1,362,396,673	637,753,327
Overdraft	THB	64,000,000	-	64,000,000	65,000,000	-	65,000,000

As at December 31, 2018, the Company entered into credit limit agreement for standby letter of credit and letter of guarantee with local banks and a branch of foreign bank in the credit limit of Baht 1,396.50 million and USD 36.19 million. Certain Credit limit is secured by deposit accounts of Baht 834.89 million and USD 1.04 million. In addition, the Company has to maintain the significant financial ratio as specified by such bank.

As at December 31, 2017, the Company entered into credit limit agreement for standby letter of credit and letter of guarantee with local banks and a branch of foreign bank in the credit limit of Baht 2,196.65 million and USD 40 million. Certain Credit limit is secured by deposit accounts of Baht 1,030.16 million and USD 1.34 million. In addition, the Company has to maintain the significant financial ratio as specified by such bank.

As at December 31, 2018, the Company could not maintain some financial ratios under the credit facility of bank guarantee agreement with a financial institution. However, the Company received a letter from the financial institution to extend the maintaining of financial ratios to December 31, 2019.

As at December 31, 2018, savings deposits and fixed deposits of a subsidiary at local bank and a branch in Thailand of foreign bank are pledged as collateral for the issuance of bank guarantees in respect of business contracts of the subsidiary which are long-term deposits at bank pledged as collateral amounting to Baht 44.27 million and USD 2.64 million.

As at December 31, 2017, savings deposits and fixed deposits of a subsidiary at local bank and a branch in Thailand of foreign bank are pledged as collateral for the issuance of bank guarantees in respect of business contracts of the subsidiary which are long-term deposits at bank pledged as collateral amounting to Baht 61.36 million and USD 0.67 million.

27.5 Aircraft Intermediate Lease Agreement

As at December 31, 2018 and 2017, the Company entered into Aircraft Intermediate Lease Agreement with a companies to sublease of three Boeing 737-800. The term of this agreement is forty-eight months from delivery date and the Company received rental income as specified in the agreement.

The minimum lease receivables under non-cancellable operating leases are as follows:

	UNIT : USD	
	Consolidated and separate financial statements	
	2018	2017
Not later than one year	8,274,000	8,274,000
Over one year but not over five years	9,420,868	17,694,868
	<u>17,694,868</u>	<u>25,968,868</u>

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

	UNIT : MILLION BAHT	
	Consolidated and separate financial statements	
	2018	2017
For the years ended December 31,	265.82	238.45

28. OPERRAING SEGMENTS

The operating segment results are prepared based on the Management of the company. The operating results by business segment provided to Chief Operating Decision Maker to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with Financial Reporting Standard.

The Company has two reportable segments, which represent separately by geographical areas which consists of domestic air services and international air services.

For the year ended December 31, 2018 and 2017, operating segments of the Company and its subsidiaries were presented as follows;

	UNIT : BAHT		
	Consolidated financial statements		
	Domestic air services	International air services	Total
Statement of profit or loss and other comprehensive income for the year ended December 31, 2018			
Revenues			
Passenger revenues	9,294,053,991	7,193,595,925	16,487,649,916
Service revenues	857,752,079	1,298,764,431	2,156,516,510
Other income			
Others	108,280,865	20,608,637	128,889,502
Unallocated amount	-	-	967,170,223
Total Revenues	10,260,086,935	8,512,968,993	19,740,226,151
Expenses			
Costs of passenger and services	10,723,054,289	11,172,427,347	21,895,481,636
Selling expenses	105,312,601	69,701,130	175,013,731
Administrative expenses	512,748,706	410,855,101	923,603,807
Unallocated amount	-	-	704,151,152
Total Expenses	11,341,115,596	11,652,983,578	23,698,250,326
Loss before income tax expenses	(1,081,028,661)	(3,140,014,585)	(3,958,024,175)
Income tax expenses	-	-	-
Loss for the years	(1,081,028,661)	(3,140,014,585)	(3,958,024,175)
Statement of financial position as at December 31, 2018			
Segment assets	8,584,461,066	5,489,602,960	14,074,064,026
Segment liabilities	9,575,287,578	7,530,405,764	17,105,693,342

UNIT : BAHT

Consolidated financial statements

	Domestic air services	International air services	Total
Statement of profit or loss and other comprehensive income for the year ended December 31, 2017			
Revenues			
Passenger revenues	10,416,776,380	6,515,686,937	16,932,463,317
Service revenues	772,636,841	1,050,856,883	1,823,493,724
Other income			
Others	286,404,533	88,151,165	374,555,698
Unallocated amount	-	-	1,246,197,763
Total Revenues	<u>11,475,817,754</u>	<u>7,654,694,985</u>	<u>20,376,710,502</u>
Expenses			
Costs of passenger and services	12,120,735,436	8,217,270,408	20,338,005,844
Selling expenses	106,506,281	66,401,003	172,907,284
Administrative expenses	691,756,961	301,007,401	992,764,362
Unallocated amount	-	-	772,704,497
Total Expenses	<u>12,918,998,678</u>	<u>8,584,678,812</u>	<u>22,276,381,987</u>
Loss before income tax expenses	(1,443,180,924)	(929,983,827)	(1,899,671,485)
Income tax expenses	-	-	-
Loss for the years	<u>(1,443,180,924)</u>	<u>(929,983,827)</u>	<u>(1,899,671,485)</u>

**Statement of financial position
as at December 31, 2017**

Segment assets	11,204,729,835	3,317,904,662	14,522,634,497
Segment liabilities	10,494,396,734	3,337,235,160	13,831,631,894

29. INVESTMENT PROMOTION RIGHTS AND PRIVILEGES

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

As at December 31, 2018 and 2017, the Company's investment promotion certificates are as follows:

Date of certificate	Certificate number	Revenue commenced date	Expiry date
December 23, 2011	2512(2)/2554	November 24, 2011	November 23, 2019
December 23, 2011	2513(2)/2554	December 2, 2011	December 1, 2019
January 25, 2012	1087(2)/2555	December 28, 2011	December 27, 2019
April 20, 2012	1475(2)/2555	June 9, 2012	June 8, 2020*
July 11, 2012	1893(2)/2555	September 18, 2012	September 17, 2020
October 10, 2012	2447(2)/2555	December 1, 2012	November 30, 2020
October 18, 2012	2549(2)/2555	March 12, 2013	March 11, 2021
November 30, 2012	2771(2)/2555	December 31, 2012	December 30, 2020*
November 30, 2012	2772(2)/2555	December 29, 2012	December 28, 2020
November 30, 2012	2773(2)/2555	February 19, 2013	February 18, 2021
February 8, 2013	1207(2)/2556	February 22, 2013	February 21, 2021
April 5, 2013	1518(2)/2556	May 17, 2013	May 16, 2021*
April 24, 2013	1558(2)/2556	May 21, 2013	May 20, 2021*
July 2, 2013	1916(2)/2556	October 28, 2013	October 27, 2021
January 6, 2015	1010(2)/2558	November 25, 2014	November 24, 2022

As at December 31, 2018 and 2017, the subsidiary's investment promotion certificates are as follows:

Date of certificate	Certificate number	Revenue commenced date	Expiry date
April 24, 2015	1553(2)/2558	April 20, 2015	April 19, 2023
April 24, 2015	1534(2)/2558	April 20, 2015	April 19, 2023

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.

* Certificate numbers 1475(2)/2555, 2771(2)/2555, 1518(2)/2556 and 1558(2)/2556 are on process for cancel the certificates before expiry date because the Company subleased aircraft Boeing 737-800 (see Note 27.5).

UNIT : BAHT			
Consolidated financial statements			
2018			
	Promoted business	Non-promoted business	Total
Passenger revenues and service revenues	17,509,882,045	1,749,953,392	19,259,835,437
Other income	165,357,824	315,032,890	480,390,714
Total	<u>17,675,239,869</u>	<u>2,064,986,282</u>	<u>19,740,226,151</u>

UNIT : BAHT			
Consolidated financial statements			
2017			
	Promoted business	Non-promoted business	Total
Passenger revenues and service revenues	18,436,111,310	1,135,996,872	19,572,108,182
Other income	89,163,097	715,439,223	804,602,320
Total	<u>18,525,274,407</u>	<u>1,851,436,095</u>	<u>20,376,710,502</u>

UNIT : BAHT			
Separate financial statements			
2018			
	Promoted Business	Non-promoted business	Total
Passenger revenues and service revenues	13,083,434,901	407,698,452	13,491,133,353
Other income	100,826,795	292,204,080	393,030,875
Total	<u>13,184,261,696</u>	<u>699,902,532</u>	<u>13,884,164,228</u>

UNIT : BAHT			
Separate financial statements			
2017			
	Promoted Business	Non-promoted business	Total
Passenger revenues and service revenues	13,652,460,921	473,875,569	14,126,336,490
Other income	-	660,327,196	660,327,196
Total	<u>13,652,460,921</u>	<u>1,134,202,765</u>	<u>14,786,663,686</u>

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 a change in exchange rate 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 foreign exchange contract.

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

Consolidated financial statements							
Contract amounts			Deliverable amount			Fair value (Baht)	
Currency	As at December 31, 2018	As at December 31, 2017	Currency	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
USD	11,616,156	917,716	THB	377,471,807	30,761,844	376,206,443	29,981,411

Separate financial statements							
Contract amounts			Deliverable amount			Fair value (Baht)	
Currency	As at December 31, 2018	As at December 31, 2017	Currency	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
USD	11,616,156	917,716	THB	377,471,807	30,761,844	376,206,443	29,981,411

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 policy entered into fuel fixed-price contracts with fuel suppliers for 20% - 50% of volume of monthly consumption for not exceeding 24 months. As at December 31, 2018, the Company has the obligations under fuel fixed-price contracts of 270,000 barrel while as at December 31, 2017, the Company has the obligations for payments of aircraft fuel under fuel fixed-price contracts of USD 3.32 million.

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.

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

Financial assets and liabilities measured at fair value

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

Financial liabilities	Currency	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		Fair value hierarchy	Valuation technique and key input
		Fair value ('000)		Fair value ('000)			
		As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017		
Foreign currency forward contracts	THB	376,206	29,981	376,206	29,981	Level 3	Discounted cash flow The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Fuel hedging agreement	USD	17,220 - 21,267	3,317	17,220 - 21,267	3,317	Level 3	Discounted cash flow The estimated future cash flows is from the fuel futures price (from observable fuel futures price at the end of reporting period) and the price of fuel under the contract, discounted at a rate that reflects the various risk of fuel.

Financial assets and liabilities not measured at fair value

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

31. SIGNIFICANT COMMERCIAL DISPUTE

In the first Quarter of year 2018, the Company submitted a dispute to the Singapore International Arbitration Center (“SIAC”) to consider the dispute with a company to pay the Company a compensation arising from alleged breach of contracts. On April 13, 2018, the said company submitted a statement of defense and counterclaim to the Arbitration Center as well. The dispute is in the arbitration process and has not been finalized. Consequently, the Company cannot estimate the impact resulting from the dispute.

32. CHANGE IN ACCOUNTING POLICY

The Company and its subsidiary had reviewed the accounting policy of the maintenance reserve and provision for aircraft maintenance and revised from present netting amount of the maintenance reserve and provision for aircraft maintenance to present gross amount in order to present those items separately as asset and liability of the Company and its subsidiary (see Note 17).

This change has been presented in the statement of financial position as at December 31, 2017 to conform to the presentation used in statement of financial position as at December 31, 2018. The statement of financial position as at January 1, 2017 is also presented as comparative information.

The effect on the statements of financial position as at December 31, 2017 and January 1, 2017 are as follows:

UNIT : BAHT						
As at December 31, 2017						
Consolidated financial statements			Separate financial statements			
Amount as previously reported	Effect from restated amount	Restated amount	Amount as previously reported	Effect from restated amount	Restated amount	
Statement of Financial Position						
Assets						
Non-current Assets						
Maintenance Reserve	-	7,192,488,243	7,192,488,243	-	5,817,998,463	5,817,998,463
Liabilities and Shareholders' Equity						
Non-Current Liabilities						
Long-term Provisions						
for aircraft maintenance	(579,223,639)	(7,192,488,243)	(7,771,711,882)	(578,396,038)	(5,817,998,463)	(6,396,394,501)

UNIT : BAHT						
As at January 1, 2017						
Consolidated financial statements			Separate financial statements			
Amount as previously reported	Effect from restated amount	Restated amount	Amount as previously reported	Effect from restated amount	Restated amount	
Statement of Financial Position						
Assets						
Non-current Assets						
Maintenance Reserve	-	6,415,807,730	6,415,807,730	-	5,557,717,245	5,557,717,245
Liabilities and Shareholders' Equity						
Non-Current Liabilities						
Long-term Provisions						
for aircraft maintenance	(644,627,040)	(6,415,807,730)	(7,060,437,770)	(629,255,517)	(5,557,717,245)	(6,186,972,762)

The consolidated and separate statements of cash flow for the year ended December 31, 2017 have been presented to conform with such presentation.

33. EVENTS AFTER THE REPORTING PERIOD

33.1 On January 22, 2019, the Extra-ordinary General Meeting of the Shareholders No. 1/2019 has resolved to approve the increase of registered capital to the existing shareholders proportionated to their respective shareholdings (Rights Offering) of Baht 908.80 million from the existing registered capital of Baht 2,499.25 million to the new registered capital of Baht 3,408.05 million by means of issuance 908.80 million newly-issued ordinary shares with the par value of Baht 1 each, and also approved the amendment to Clause 4 of Memorandum of Association of the Company to be in line with the capital increase. The Company determined the allocation ratio as 2.50 existing share to 1 newly-issued ordinary share at an offering price of Baht 2.75 per share.

On February 8, 2019, the Company received subscription in the amount of Baht 2,300.42 million for the issued and paid-up share capital totaling 836.52 million shares at an offering price of Baht 2.75 per share with a par value of Baht 1 per share. This resulted in share premium of Baht 1,463.90 million. The Company registered the paid-up share capital in the amount of Baht 3,108.52 million with the Ministry of Commerce on February 13, 2019.

33.2 On February 27, 2019, the Company signed Reassignment and Termination agreements of 2 ATRs. Up until the new lessor has been found. The Company was released from, pursuant to the lessor agreement, the payment of the early termination penalty fee of each of ATRs as specified in the agreement

34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the Company's Board of Directors on February 28, 2019.

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