

Bangkok Airways Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2015

## **Independent Auditor's Report**

To the Shareholders of Bangkok Airways Public Company Limited

I have audited the accompanying consolidated financial statements of Bangkok Airways Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Bangkok Airways Public Company Limited for the same period.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Airways Public Company Limited and its subsidiaries and of Bangkok Airways Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Pimjai Manitkajohnkit  
Certified Public Accountant (Thailand) No. 4521

EY Office Limited  
Bangkok: 25 February 2016

**Bangkok Airways Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 December 2015**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	4,627,981,380	2,175,125,368	4,094,772,694	1,877,258,697
Current investments	8	8,615,491,000	11,525,141,500	8,600,000,000	11,500,000,000
Trade and other receivables	6, 9	1,847,143,846	1,705,461,007	1,819,068,433	1,531,282,211
Prepaid expenses		193,072,945	218,187,209	178,913,042	205,751,603
Inventories	10	306,327,560	271,885,673	193,669,855	177,680,188
Other current assets		256,272,198	665,216,501	202,963,312	571,253,574
<b>Total current assets</b>		<b>15,846,288,929</b>	<b>16,561,017,258</b>	<b>15,089,387,336</b>	<b>15,863,226,273</b>
<b>Non-current assets</b>					
Restricted bank deposits	11	26,816,301	191,779,142	2,081,230	167,675,020
Investments in associates	13	2,450,269,091	1,669,637,551	3,278,980,520	2,405,570,907
Investments in subsidiaries	12	-	-	2,184,233,179	2,184,233,179
Other long-term investments	15	27,003,240,693	20,936,195,768	22,452,240,693	17,410,195,768
Long-term loans to related parties	6	-	-	45,000,000	63,283,576
Investment properties	14	253,991,442	494,742,126	253,991,442	494,742,126
Property, plant and equipment	16	9,559,003,031	7,033,543,213	8,779,415,541	6,234,141,509
Intangible assets	17	711,521,944	779,827,746	211,961,612	234,794,058
Leasehold rights		47,110,861	49,232,635	47,110,861	49,232,635
Deferred tax assets	28.1	28,906,083	25,069,520	-	-
Other non-current assets	6, 18	1,085,409,827	837,844,041	1,062,856,525	779,498,402
<b>Total non-current assets</b>		<b>41,166,269,273</b>	<b>32,017,871,742</b>	<b>38,317,871,603</b>	<b>30,023,367,180</b>
<b>Total assets</b>		<b>57,012,558,202</b>	<b>48,578,889,000</b>	<b>53,407,258,939</b>	<b>45,886,593,453</b>

The accompanying notes are an integral part of the financial statements.

**Bangkok Airways Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2015**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	6, 19	2,260,578,287	2,440,123,782	2,133,680,054	2,298,246,385
Current portion of long-term loans	20	242,020,000	626,073,148	233,520,000	457,473,148
Income tax payable		30,605,635	57,113,757	-	-
Current portion of liabilities arising from finance lease					
of aircrafts	21	192,340,194	454,587,312	192,340,194	454,587,312
Current portion of finance lease liabilities	22	65,675,444	38,327,520	44,976,814	29,120,288
Unearned income		2,328,068,959	2,151,213,117	2,325,477,705	2,147,704,780
Other current liabilities	6	1,405,771,427	967,022,771	1,009,769,372	640,863,912
<b>Total current liabilities</b>		<b>6,525,059,946</b>	<b>6,734,461,407</b>	<b>5,939,764,139</b>	<b>6,027,995,825</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	20	229,160,000	441,180,000	206,660,000	440,180,000
Liabilities arising from finance lease of aircrafts					
- net of current portion	21	2,188,318,860	508,108,259	2,188,318,860	508,108,259
Finance lease liabilities - net of current portion	22	86,367,821	63,788,461	46,077,411	42,956,871
Long-term loans from related party					
- net of current portion	23	11,354,130,416	11,285,745,088	11,354,130,416	11,285,745,088
Provision for long-term employee benefits	24	421,346,250	328,552,873	346,412,673	270,393,128
Deferred tax liabilities	28.1	5,040,278,491	3,711,603,911	4,326,228,491	3,202,553,911
Other non-current liabilities		72,233,933	73,471,072	-	-
<b>Total non-current liabilities</b>		<b>19,391,835,771</b>	<b>16,412,449,664</b>	<b>18,467,827,851</b>	<b>15,749,937,257</b>
<b>Total liabilities</b>		<b>25,916,895,717</b>	<b>23,146,911,071</b>	<b>24,407,591,990</b>	<b>21,777,933,082</b>

The accompanying notes are an integral part of the financial statements.

**Bangkok Airways Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2015**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Shareholders' equity</b>					
Share capital	25				
Registered					
2,100,000,000 ordinary shares of Baht 1 each		2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
Issued and fully paid up					
2,100,000,000 ordinary shares of Baht 1 each		2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
Premium on ordinary shares		9,319,481,872	9,319,481,872	9,319,481,872	9,319,481,872
Retained earnings					
Appropriated - statutory reserve	26	120,000,000	25,000,000	120,000,000	25,000,000
Unappropriated		310,901,680	(387,672,957)	1,322,799,890	560,782,771
Other components of shareholders' equity		19,106,097,950	14,252,109,414	16,137,385,187	12,103,395,728
Equity attributable to owners of the Company		30,956,481,502	25,308,918,329	28,999,666,949	24,108,660,371
Non-controlling interests of the subsidiaries		139,180,983	123,059,600	-	-
<b>Total shareholders' equity</b>		<b>31,095,662,485</b>	<b>25,431,977,929</b>	<b>28,999,666,949</b>	<b>24,108,660,371</b>
<b>Total liabilities and shareholders' equity</b>		<b>57,012,558,202</b>	<b>48,578,889,000</b>	<b>53,407,258,939</b>	<b>45,886,593,453</b>
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

Directors

**Bangkok Airways Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

**For the year ended 31 December 2015**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Profit or loss:</b>					
<b>Revenues</b>					
Passenger	6	19,104,043,011	17,512,599,890	19,104,566,841	17,513,512,285
Sales and service income	6	3,148,283,228	2,684,355,336	-	-
Freight	6	325,584,106	331,543,221	325,584,106	331,543,221
Passenger service charge		535,282,928	504,301,879	535,282,928	504,301,879
Dividend income	6	280,425,674	244,132,188	1,266,485,450	1,157,151,396
Interest income	6	255,792,326	73,591,399	251,521,200	66,148,162
Gain on sales of investments		83,500	3,389,500	-	7,000,000
Gain on exchange rate		322,935,508	71,699,711	311,054,266	55,606,017
Other income	6	930,474,036	697,923,331	1,096,506,728	807,378,703
<b>Total revenues</b>		<b>24,902,904,317</b>	<b>22,123,536,455</b>	<b>22,891,001,519</b>	<b>20,442,641,663</b>
<b>Expenses</b>					
Cost of sales and services	6	18,228,330,068	17,563,111,197	16,337,742,010	15,903,849,967
Selling expenses	6	1,748,057,987	1,510,204,562	1,730,971,699	1,492,764,494
Administrative expenses	6	1,716,347,041	1,456,841,619	1,251,627,426	1,044,871,228
Other expenses		8,813,243	6,469,948	658,000	-
<b>Total expenses</b>		<b>21,701,548,339</b>	<b>20,536,627,326</b>	<b>19,320,999,135</b>	<b>18,441,485,689</b>
<b>Profit before share of income from investments in associates,</b>					
<b>finance cost and income tax expenses</b>					
		3,201,355,978	1,586,909,129	3,570,002,384	2,001,155,974
Share of income from investments in associates	13.3	504,159,540	437,682,331	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>3,705,515,518</b>	<b>2,024,591,460</b>	<b>3,570,002,384</b>	<b>2,001,155,974</b>
Finance cost		(1,606,448,252)	(1,638,395,472)	(1,589,427,715)	(1,602,944,055)
<b>Profit before income tax expenses</b>		<b>2,099,067,266</b>	<b>386,195,988</b>	<b>1,980,574,669</b>	<b>398,211,919</b>
Income tax expenses	28.2	(250,000,195)	(521,857)	(120,269,191)	97,451,316
<b>Profit for the year</b>		<b>1,849,067,071</b>	<b>385,674,131</b>	<b>1,860,305,478</b>	<b>495,663,235</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Gain on changes in value of available-for-sale investments		6,067,486,825	6,613,946,361	5,042,486,824	5,496,696,361
Less: Income tax effect	28.3	(1,213,497,365)	(1,322,789,272)	(1,008,497,365)	(1,099,339,272)
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		4,853,989,460	5,291,157,089	4,033,989,459	4,397,357,089
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial loss on defined benefits plan	24	(63,380,335)	-	(63,380,335)	-
Less: Income tax effect	28.3	5,091,976	-	5,091,976	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		(58,288,359)	-	(58,288,359)	-
<b>Other comprehensive income for the year</b>		<b>4,795,701,101</b>	<b>5,291,157,089</b>	<b>3,975,701,100</b>	<b>4,397,357,089</b>
<b>Total comprehensive income for the year</b>		<b>6,644,768,172</b>	<b>5,676,831,220</b>	<b>5,836,006,578</b>	<b>4,893,020,324</b>

The accompanying notes are an integral part of the financial statements.

**Bangkok Airways Public Company Limited and its subsidiaries****Statement of comprehensive income (continued)**

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Profit attributable to:</b>					
Equity holders of the Company		1,796,862,996	351,105,156	1,860,305,478	495,663,235
Non-controlling interests of the subsidiaries		52,204,075	34,568,975		
		<u>1,849,067,071</u>	<u>385,674,131</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		6,592,563,606	5,642,261,712	5,836,006,578	4,893,020,324
Non-controlling interests of the subsidiaries		52,204,566	34,569,508		
		<u>6,644,768,172</u>	<u>5,676,831,220</u>		
<b>Earnings per share</b>					
	30				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.86</u>	<u>0.21</u>	<u>0.89</u>	<u>0.30</u>
Weighted average number of ordinary shares of Baht 1 each					
		<u>2,100,000,000</u>	<u>1,672,602,740</u>	<u>2,100,000,000</u>	<u>1,672,602,740</u>

The accompanying notes are an integral part of the financial statements.



Bangkok Airways Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2015

(Unit: Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
	Note	Equity attributable to owners of the Company					Other components of equity						
		Issued and paid-up share capital	Premium on ordinary shares	Capital reserve for share-based payment transactions	Retained earnings		Other comprehensive income	Surplus	Discount on shareholding in subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
					Appropriated	Unappropriated	available-for-sale investments	in value of	changes in	components of	attributable to	to non-controlling interests of	Total
								shareholding in	shareholders' equity	the Company	the subsidiaries	shareholders' equity	
<b>Balance as at 31 December 2013</b>		1,580,000,000	270,000,000	207,300,000	210,000,000	(4,148,031,875)	9,115,837,438	(154,884,580)	8,960,952,858	7,080,220,983	111,490,745	7,191,711,728	
Profit for the year		-	-	-	-	351,105,156	-	-	-	351,105,156	34,568,975	385,674,131	
Other comprehensive income for the year		-	-	-	-	-	5,291,156,556	-	5,291,156,556	5,291,156,556	533	5,291,157,089	
Total comprehensive income for the year		-	-	-	-	351,105,156	5,291,156,556	-	5,291,156,556	5,642,261,712	34,569,508	5,676,831,220	
Transfer capital reserve for share-based payment transactions to premium on ordinary shares		-	207,300,000	(207,300,000)	-	-	-	-	-	-	-	-	
Increase share capital	25	520,000,000	12,066,435,634	-	-	-	-	-	-	12,586,435,634	-	12,586,435,634	
Transfer reserve and premium offset with retained loss	26	-	(3,224,253,762)	-	(210,000,000)	3,434,253,762	-	-	-	-	-	-	
Transferred to statutory reserve	26	-	-	-	25,000,000	(25,000,000)	-	-	-	-	-	-	
Dividend paid to non-controlling interest of the subsidiaries		-	-	-	-	-	-	-	-	-	(23,000,653)	(23,000,653)	
<b>Balance as at 31 December 2014</b>		2,100,000,000	9,319,481,872	-	25,000,000	(387,672,957)	14,406,993,994	(154,884,580)	14,252,109,414	25,308,918,329	123,059,600	25,431,977,929	
<b>Balance as at 31 December 2014</b>		2,100,000,000	9,319,481,872	-	25,000,000	(387,672,957)	14,406,993,994	(154,884,580)	14,252,109,414	25,308,918,329	123,059,600	25,431,977,929	
Profit for the year		-	-	-	-	1,796,862,996	-	-	-	1,796,862,996	52,204,075	1,849,067,071	
Other comprehensive income for the year		-	-	-	-	(58,288,359)	4,853,988,969	-	4,853,988,969	4,795,700,610	491	4,795,701,101	
Total comprehensive income for the year		-	-	-	-	1,738,574,637	4,853,988,969	-	4,853,988,969	6,592,563,606	52,204,566	6,644,768,172	
Deficit from change in shareholding in subsidiaries		-	-	-	-	-	-	(433)	(433)	(433)	-	(433)	
Decrease in non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	(35,287)	(35,287)	
Share capital - non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	15	15	
Transferred to statutory reserve	26	-	-	-	95,000,000	(95,000,000)	-	-	-	-	-	-	
Dividend paid	33	-	-	-	-	(945,000,000)	-	-	-	(945,000,000)	-	(945,000,000)	
Dividend paid to non-controlling interest of the subsidiaries		-	-	-	-	-	-	-	-	-	(36,047,911)	(36,047,911)	
<b>Balance as at 31 December 2015</b>		2,100,000,000	9,319,481,872	-	120,000,000	310,901,680	19,260,982,963	(154,885,013)	19,106,097,950	30,956,481,502	139,180,983	31,095,662,485	

The accompanying notes are an integral part of the financial statements.

**Bangkok Airways Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity (continued)**  
**For the year ended 31 December 2015**

(Unit: Baht)

**Separate financial statements**

	Note	Issued and		Capital reserve	Retained earnings		Other components of equity		Total shareholders' equity
		share capital	Premium on ordinary shares	for share-based payment transactions	Retained earnings		Other comprehensive income		
					Appropriated	Unappropriated	Surplus		
							on changes in value of available-for-sale investments	Total other components of shareholders' equity	
<b>Balance as at 31 December 2013</b>		1,580,000,000	270,000,000	207,300,000	210,000,000	(3,344,134,226)	7,706,038,639	7,706,038,639	6,629,204,413
Profit for the year		-	-	-	-	495,663,235	-	-	495,663,235
Other comprehensive income for the year		-	-	-	-	-	4,397,357,089	4,397,357,089	4,397,357,089
Total comprehensive income for the year		-	-	-	-	495,663,235	4,397,357,089	4,397,357,089	4,893,020,324
Transfer capital reserve for share-based payment transactions									-
to premium on ordinary shares		-	207,300,000	(207,300,000)	-	-	-	-	-
Increase share capital	25	520,000,000	12,066,435,634	-	-	-	-	-	12,586,435,634
Transfer reserve and premium offset with retained loss	26	-	(3,224,253,762)	-	(210,000,000)	3,434,253,762	-	-	-
Transferred to statutory reserve	26	-	-	-	25,000,000	(25,000,000)	-	-	-
<b>Balance as at 31 December 2014</b>		<b>2,100,000,000</b>	<b>9,319,481,872</b>	<b>-</b>	<b>25,000,000</b>	<b>560,782,771</b>	<b>12,103,395,728</b>	<b>12,103,395,728</b>	<b>24,108,660,371</b>
<b>Balance as at 31 December 2014</b>		2,100,000,000	9,319,481,872	-	25,000,000	560,782,771	12,103,395,728	12,103,395,728	24,108,660,371
Profit for the year		-	-	-	-	1,860,305,478	-	-	1,860,305,478
Other comprehensive income for the year		-	-	-	-	(58,288,359)	4,033,989,459	4,033,989,459	3,975,701,100
Total comprehensive income for the year		-	-	-	-	1,802,017,119	4,033,989,459	4,033,989,459	5,836,006,578
Transferred to statutory reserve	26	-	-	-	95,000,000	(95,000,000)	-	-	-
Dividend paid	33	-	-	-	-	(945,000,000)	-	-	(945,000,000)
<b>Balance as at 31 December 2015</b>		<b>2,100,000,000</b>	<b>9,319,481,872</b>	<b>-</b>	<b>120,000,000</b>	<b>1,322,799,890</b>	<b>16,137,385,187</b>	<b>16,137,385,187</b>	<b>28,999,666,949</b>

The accompanying notes are an integral part of the financial statements.

**Bangkok Airways Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2015**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>				
Profit before tax	2,099,067,266	386,195,988	1,980,574,669	398,211,919
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	834,030,351	644,734,510	606,462,079	450,352,026
Allowance for doubtful accounts (reversal)	7,540,733	(25,507,099)	6,623,304	(26,548,534)
Reduction of inventory to net realisable value (reversal)	(1,945,517)	1,189,227	(2,215,517)	1,189,227
Gain on sales of property, plant and equipment	(9,089,082)	(3,948,704)	(9,015,235)	(3,032,811)
Gain on sales of leasehold right	-	(3,609,634)	-	(3,609,634)
Gain on sales of short-term investments	(83,500)	(3,389,500)	-	(7,000,000)
Loss from revaluation of short-term investments	5,412,200	3,253,500	-	-
Written-off fixed assets	960,303	11,812,119	960,303	11,812,119
Share of profit from investments in associates	(504,159,540)	(437,682,331)	-	-
Provision for long-term employee benefits	70,583,157	51,048,649	52,600,197	40,351,571
Loss from liquidation of associate	482,725	-	658,000	-
Unrealised loss on exchange	94,412,177	31,740,808	93,642,172	31,641,117
Dividend income	(280,425,674)	(244,132,188)	(1,266,485,450)	(1,157,151,396)
Interest income	(255,792,326)	(73,591,399)	(251,521,200)	(66,148,162)
Finance cost	1,606,448,252	1,634,170,716	1,589,427,715	1,602,944,055
Profit from operating activities before changes in operating assets and liabilities	3,667,441,525	1,972,284,662	2,801,711,037	1,273,011,497
Operating assets (increase) decrease				
Trade and other receivables	(150,523,529)	198,678,416	(125,268,572)	180,041,015
Inventories	(32,496,370)	(44,657,027)	(13,774,150)	(26,606,539)
Other current assets	399,716,754	(89,553,026)	372,727,245	(67,278,604)
Other assets	(225,838,976)	(71,961,052)	(226,238,820)	(76,745,830)
Operating liabilities increase (decrease)				
Trade and other payables	(184,538,730)	124,848,172	(182,116,514)	112,118,568
Other current liabilities	594,850,207	8,255,240	540,045,279	(394,343,512)
Liabilities under finance lease payable	(584,576,066)	(640,385,031)	(567,947,939)	(636,036,027)
Long-term employee benefits paid	(41,170,115)	(8,980,934)	(39,960,987)	(6,652,062)
Other non-current liabilities	(1,237,139)	9,168,540	-	(5,000,000)
Cash flows from operating activities	3,441,627,561	1,457,697,960	2,559,176,579	352,508,506
Cash paid for interest expenses	(1,524,493,227)	(1,567,174,419)	(1,508,546,074)	(1,530,318,586)
Cash paid for income tax expenses	(125,470,295)	(111,192,314)	(12,726,025)	(34,858,335)
<b>Net cash flows from (used in) operating activities</b>	<b>1,791,664,039</b>	<b>(220,668,773)</b>	<b>1,037,904,480</b>	<b>(1,212,668,415)</b>

The accompanying notes are an integral part of the financial statements.

**Bangkok Airways Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the year ended 31 December 2015**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Cash flows from investing activities</b>				
(Increase) decrease in restricted bank deposits	164,962,841	(2,683,819)	165,593,790	457,759
(Increase) decrease in current investments	2,900,000,000	(11,030,000,000)	2,900,000,000	(11,030,000,000)
Acquisition of long-term investments	-	(326,900)	-	(326,900)
Acquisition of property, plant and equipment	(1,104,809,454)	(715,905,543)	(976,623,850)	(453,309,181)
Acquisition of intangible assets	(62,418,189)	(129,455,989)	(60,762,665)	(126,394,101)
Interest income	291,949,364	21,428,289	287,676,928	12,943,936
Decrease in loans to related parties	-	54,154,904	18,283,576	34,300,000
Dividend income from investment in subsidiaries	-	-	266,839,144	34,534,479
Dividend income from investment in associates	597,112,888	495,324,907	597,112,888	495,324,906
Dividend income from long-term investments	280,425,674	244,132,188	232,080,674	201,842,737
Proceeds from sales of property, plant and equipment	11,000,000	4,145,314	9,125,622	3,044,938
Proceeds from sales of leasehold rights	-	10,906,600	-	10,906,600
Cash received from sales of short-term investments	4,321,800	16,034,000	-	418,250,000
Cash received from liquidation of associate	2,342,000	-	2,342,000	-
Cash received from sales of long-term investments	441,900	-	441,900	-
Cash paid for change in the proportion of investments in subsidiary	(35,720)	-	-	-
Cash paid for investments in associate	(860,027,342)	-	(860,027,342)	-
<b>Net cash flows from (used in) investing activities</b>	<b>2,225,265,762</b>	<b>(11,032,246,049)</b>	<b>2,582,082,665</b>	<b>(10,398,424,827)</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts and short-term loans				
from financial institutions	-	(671,364,998)	-	(650,000,000)
Cash received from short-term loans	3,540,476	-	-	30,685,000
Repayment of short-term loans	(3,540,476)	-	-	(30,685,000)
Cash received from long-term loans	35,000,000	-	-	-
Repayment of long-term loans	(631,073,148)	(1,039,889,574)	(457,473,148)	(682,589,574)
Proceeds from increase in share capital	-	12,586,435,634	-	12,586,435,634
Dividend paid	(945,000,000)	-	(945,000,000)	-
Dividend paid to non-controlling interest of the subsidiaries	(23,000,656)	(21)	-	-
Cash received from non-controlling interest of the subsidiary	15	-	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>(1,564,073,789)</b>	<b>10,875,181,041</b>	<b>(1,402,473,148)</b>	<b>11,253,846,060</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,452,856,012</b>	<b>(377,733,781)</b>	<b>2,217,513,997</b>	<b>(357,247,182)</b>
Cash and cash equivalents at beginning of the year	2,175,125,368	2,552,859,149	1,877,258,697	2,234,505,879
<b>Cash and cash equivalents at end of the year (Note 7)</b>	<b>4,627,981,380</b>	<b>2,175,125,368</b>	<b>4,094,772,694</b>	<b>1,877,258,697</b>
	-	-	-	-
<b>Supplemental cash flows information:</b>				
Non-cash items				
Increase in accrued dividend income	-	198,449,906	170,452,745	425,449,273
Increase in dividend payables	13,047,255	23,000,632	-	-
Increase in payable from acquisition of investments in associate	16,382,271	-	16,382,271	-
Increase (decrease) in payable from acquisition of assets	(19,073,934)	(6,797,599)	(5,735,695)	4,040,708
Purchase of assets under finance lease	1,903,029,423	755,921,684	1,855,451,078	729,935,646
Gain on changes in value of available-for-sale investments				
- net of income taxes	4,853,989,460	5,291,157,089	4,033,989,459	4,397,357,089
Actuarial loss for post employment benefits plan - net of income taxes	(58,288,359)	-	(58,288,359)	-

The accompanying notes are an integral part of the financial statements.

**Bangkok Airways Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2015**

**1. General information**

Bangkok Airways Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the provision of air transportation and airport services. Its registered address is located at 99 Mu 14, Vibhavadirangsit Road, Chom Phon, Chatuchak, Bangkok.

**2. Basis of preparation**

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Bangkok Airways Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015 Percent	2014 Percent
<u>Held by the Company</u>				
Bangkok Airways Holding Co., Ltd.	Holding	Thailand	99.99	99.99
Bangkok Airways Ground Services Co., Ltd.	Ground Services	Thailand	99.99	99.99
Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.	Ground Services	Thailand	90.00	90.00
Bangkok Air Catering Co., Ltd.	Catering	Thailand	90.00	90.00

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015 Percent	2014 Percent
<u>Held by subsidiary companies</u>				
Gourmet Primo Co., Ltd. (99.99 percent held by Bangkok Airways Holding Co., Ltd.)	Produce and process food for distribution	Thailand	99.98	-
SA Services Co., Ltd. (99.99 percent held by Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.)	Ground Services	Thailand	89.99	89.99
BFS Cargo DMK Co., Ltd. (51.00 percent held by Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.)	Cargo	Thailand	45.90	45.90
BAC Gourmet House Co., Ltd. (99.99 percent held by Bangkok Air Catering Co., Ltd.)	Restaurant	Thailand	89.99	89.99
Bangkok Air Catering Phuket Co., Ltd. (99.99 percent held by Bangkok Air Catering Co., Ltd. (2014: 70.00 percent))	Catering	Thailand	89.99	63.00
Bangkok Air Catering Samui Co., Ltd. (99.99 percent held by Bangkok Air Catering Co., Ltd.)	Catering	Thailand	89.99	-

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

### 3. **New financial reporting standards**

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

#### **(a) Financial reporting standard that became effective in the current year**

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, some of these standards involve changes to key principles, which are summarised below:

##### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

The Company and its subsidiaries have changed the recognition of actuarial gains and losses in the current period from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income.

The Company and its subsidiaries does not restate the prior period's financial statements since, after consideration, the Company's and subsidiaries' management believe that the revised standard does not have significant impact on the Company's and its subsidiaries' financial statements.

##### **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights.

This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

### **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

### **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This financial reporting standard therefore has no any significant financial impact on the financial statements of the Company and its subsidiaries.

### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.



## **(b) Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards (revised 2015) which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company and its subsidiaries management believe that the revised financial reporting standards will not have any significant impact on the financial statements when it is initially applied.

### **4. Significant accounting policies**

#### **4.1 Revenue recognition and expense**

##### *Passenger revenues*

Revenue from ticket sales is recognised as revenue in profit or loss when transportation is provided.

##### *Customer loyalty programmes*

The Company operates a loyalty programme which allows customers to accumulate points when customers purchase tickets from the Company. The points can be redeemed for air tickets, hotel accommodations or gifts under conditions set by the Company.

The value of air tickets sales and redemption costs are allocated to the points issued, at the fair value of the points, and gradually recognised as revenue when the points are redeemed and the Company fulfills its contractual obligation to supply rewards.

##### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

##### *Service rendered*

Revenue from providing service to passengers, freight and passenger service charge are recognised in profit or loss when the services are provided.

##### *Aircraft rental*

Revenue from aircraft rental is recognised in profit or loss based on rental period.

##### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### *Finance cost*

Finance cost is recognised on an accrual basis and calculated using the effective interest rate.

## **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

## **4.4 Inventories**

Finished goods are valued at the lower of cost (under the first in - first out method) and net realisable value.

Spare parts, supplies and air-tickets are valued at cost (under the moving average method) and constitute part of expenses whenever consumed.

## **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in associates are accounted for in the consolidated financial statements using the equity method.

f) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### **4.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### **4.7 Property, plant and equipment/Depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the estimated useful lives as follows:

Buildings and improvements	-	3 - 20	years
Airport and improvements	-	20	years
Aircrafts	-	20	years
Aircrafts parts and ground equipment	-	3 - 20	years
Furniture, fixtures and equipment	-	3 - 10	years
Vehicles	-	5 - 10	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.8 Intangible assets**

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Concessions	20 years
Computer software	5 years

#### **4.9 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.10 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the net present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.11 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.12 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### **4.13 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

###### *Defined contribution plans*

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

### *Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments that must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

#### **4.14 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.15 Income tax**

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

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.16 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### **Impairment of equity investments**

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimations of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.



In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation. The Company and its subsidiaries recorded contingent liabilities as at the end of reporting period.

## 6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	2015	2014	2015	2014	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Passenger income	-	-	1	1	Market price
Permission fee income	-	-	176	152	Contract price
Concession lounge service income	-	-	18	17	Contract price
Rental income	-	-	3	3	Contract price
Dividend income	-	-	437	262	As declared
Catering service expenses	-	-	424	429	Contract price
Ground service expenses	-	-	460	451	Contract price

	Consolidated financial statements		Separate financial statements		Pricing Policy
	2015	2014	2015	2014	
Catering expenses	-	-	2	-	Actual charge
Shipping service expenses	-	-	1	-	Contract price
<u>Transactions with associated companies</u>					
Interest income	-	1	-	1	MLR
Ground service income	3	3	-	-	Contract price
Collection fee income	1	1	-	-	Contract price
Catering service income	1	-	-	-	
Dividend income	-	-	597	694	As declared
Interest expenses	1,351	1,294	1,351	1,294	Contract price
Shipping service expenses	21	16	21	16	Actual charge
Rental fee	1	-	-	-	Contract price
<u>Transactions with related companies</u>					
Passenger income	46	58	46	58	Market price
Permission fee income	2	3	2	3	Contract price
Catering service income	24	5	-	-	Contract price
Ground service income	3	3	-	-	Contract price
Rental income	12	12	12	12	Contract price
Charter flight income	31	13	31	13	Contract price
Freight income	1	1	1	1	Contract price
Consulting income	3	2	3	2	Contract price
Advertising income	1	1	1	1	Contract price
Sponsor income	1	2	1	2	Contract price
Utilities income	2	1	2	1	Actual charge
Compensation income	3	-	3	-	Agree upon
Gain on sales fixed assets	7	-	7	-	Contract price
Dividend income	279	243	232	202	As declared
Catering service income	4	4	4	4	Contract price
Ground service expenses	573	341	532	307	Contract price
Management expenses	171	142	171	142	Contract price
Security expenses	73	67	72	67	Contract price
Rental expenses	3	6	-	1	Contract price
Employee expenses	4	19	4	17	Actual charge
Medical expenses	5	3	3	3	Market price
Advertising expense	1	1	1	1	Contract price
Utilities expense	1	1	-	-	Actual charge
Aeronautical radio expenses	503	573	484	559	Market price
Fight cancelled and delayed compensation	2	-	2	-	Actual charge

The relationships between the Company and the related companies are presented below.

List of related companies	Relationship
Bangkok Air Catering Co., Ltd.	Subsidiary
Bangkok Airways Ground Service Co., Ltd.	Subsidiary
Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.	Subsidiary
Bangkok Airways Holding Co., Ltd.	Subsidiary

List of related companies	Relationship
BAC Gourmet House Co., Ltd.	Subsidiary (held by a subsidiary)
Bangkok Air Catering Phuket Co., Ltd.	Subsidiary (held by a subsidiary)
Bangkok Air Catering Samui Co., Ltd.	Subsidiary (held by a subsidiary)
SA Services Co., Ltd.	Subsidiary (held by a subsidiary)
BFS Cargo DMK Co., Ltd.	Subsidiary (held by a subsidiary)
Gourmet Primo Co., Ltd.	Subsidiary (held by a subsidiary)
WFS-PG Cargo Co., Ltd.	Associate
Samui Airport Property Fund (Leasehold)	Associate
S.E.A. Aviation Co., Ltd.	Associate
Bangkok Dusit Medical Services Plc.	Common shareholders and/or directors
South East Air Co., Ltd.	Common shareholders and/or directors
Thai Cargo Airline Co., Ltd.	Common shareholders and/or directors
Bangkok Media & Broadcasting Co., Ltd.	Common shareholders and/or directors
Bangkok Helicopter Services Co., Ltd.	Common shareholders and/or directors
Thai Petroleum Service Corp., Ltd.	Common shareholders and/or directors
Bangkok Golden Life Co., Ltd.	Common shareholders and/or directors
Bangpakong Golf Club Co., Ltd.	Common shareholders and/or directors
Prasartthong Osoth Co., Ltd.	Common shareholders and/or directors
Paradise Shopping Co., Ltd.	Common shareholders and/or directors
Bangkok Hospital Chiangmai Co., Ltd.	Common shareholders and/or directors
Bangkok Hospital Sanamchan Co., Ltd.	Common shareholders and/or directors
Bangkok Flight Training Center Co., Ltd.	Common shareholders and/or directors
Samui Park Avenue Co., Ltd.	Common shareholders and/or directors
Samitivej Plc.	Common shareholders and/or directors
Samui Accom Co., Ltd.	Common shareholders and/or directors
Sukhothai Property Co., Ltd.	Common shareholders and/or directors
The Sahakol Estate Co., Ltd.	Common shareholders and/or directors
Bangkok Save Drug Co., Ltd.	Common shareholders and/or directors
The Krungthep Thanakom Co., Ltd.	Common shareholders and/or directors
Bangkok Health Insurance Plc.	Common shareholders and/or directors
Bangkok Premier Life Insurance Broker Co., Ltd.	Common shareholders and/or directors
Bangkok United Mechanical Co., Ltd.	Common shareholders and/or directors
Siam Medical Co., Ltd.	Common shareholders and/or directors
Kiattana Transport Plc.	Common shareholders and/or directors

List of related companies	Relationship
Khan Co., Ltd.	Common shareholders and/or directors
Sing Sian Yer Pao Co., Ltd.	Common shareholders and/or directors
Save Drug Center Co., Ltd.	Common shareholders and/or directors
Sodexo Support Services (Thailand) Ltd.	Common shareholders and/or directors
Sodexo Healthcare Support Services (Thailand) Ltd.	Common shareholders and/or directors
Trat Golden Co., Ltd.	Common shareholders and/or directors
Three Sixtyfive Plc.	Common shareholders and/or directors
THN Network Co., Ltd.	Common shareholders and/or directors
Thai Kodama Co., Ltd.	Common shareholders and/or directors
Thonburi Medical Centre Plc.	Common shareholders and/or directors
Dhammachart Na Thai Co., Ltd.	Common shareholders and/or directors
Nippon Pack (Thailand) Plc.	Common shareholders and/or directors
National Healthcare Systems Co., Ltd.	Common shareholders and/or directors
Bangkok Travel Club Co., Ltd.	Common shareholders and/or directors
Bangkok Total Communication Co., Ltd.	Common shareholders and/or directors
Bangkok River Rest Co., Ltd.	Common shareholders and/or directors
BDMS Training Co., Ltd.	Common shareholders and/or directors
BDMS Accounting Co., Ltd.	Common shareholders and/or directors
Bangkok Airtour (1988) Co., Ltd.	Common shareholders and/or directors
Prasit Patana Plc.	Common shareholders and/or directors
Parute (2008) Co., Ltd.	Common shareholders and/or directors
Paolo Medic Co., Ltd.	Common shareholders and/or directors
Paolo Samut Prakarn Co., Ltd.	Common shareholders and/or directors
Diamond Building Products Plc.	Common shareholders and/or directors
Pattaya Country Club Co., Ltd.	Common shareholders and/or directors
Paradigm Asia Limited	Common shareholders and/or directors
BIRA Property Co., Ltd.	Common shareholders and/or directors
Myraid Materials Co., Ltd.	Common shareholders and/or directors
MC Group Plc.	Common shareholders and/or directors
Mae Aroon Co., Ltd.	Common shareholders and/or directors
Modern Manu Co., Ltd.	Common shareholders and/or directors
Royal Bangkok Healthcare Co., Ltd.	Common shareholders and/or directors
Phyathai 1 Hospital Co., Ltd.	Common shareholders and/or directors
The Phyathai II Hospital Co., Ltd.	Common shareholders and/or directors

List of related companies	Relationship
Phyathai 3 Hospital Co., Ltd.	Common shareholders and/or directors
Sriracha Nakorn General Hospital Plc.	Common shareholders and/or directors
The Royal Ceramic Industry Plc.	Common shareholders and/or directors
Legal Connect Consultant Co., Ltd.	Common shareholders and/or directors
Vanachai Group Plc.	Common shareholders and/or directors
Aeronautical Radio of Thailand Ltd.	Common shareholders and/or directors
Visunee Landing Co., Ltd.	Common shareholders and/or directors
Thai Medical Center Plc.	Common shareholders and/or directors
Samui Convenient Store Co., Ltd.	Common shareholders and/or directors
Samui Palm Beach Royal Wing Co., Ltd.	Common shareholders and/or directors
Samui Airport Shop Co., Ltd.	Common shareholders and/or directors
Samui Palm Beach Resort Co., Ltd.	Common shareholders and/or directors
The Medic Pharma Co., Ltd.	Common shareholders and/or directors
Golden Lime Plc.	Common shareholders and/or directors
Finansia Syrus Securities Plc.	Common shareholders and/or directors
Asiaworks Television Ltd.	Common shareholders and/or directors
A.N.B. Laboratories Co., Ltd.	Common shareholders and/or directors
SBI Thai Online Securities Co., Ltd.	Common shareholders and/or directors
Advance Information Technology Plc.	Common shareholders and/or directors
Sabai Sabai Niwet Co., Ltd.	Common shareholders and/or directors
Khao Kor Wind Power Co., Ltd.	Common shareholders and/or directors
Sustainable Energy Corporation Co., Ltd.	Common shareholders and/or directors
Greenline Synergy Co., Ltd.	Common shareholders and/or directors
Bangkok Pattaya Hospital Co., Ltd.	Common shareholders and/or directors
Bangkok Phuket Hospital Co., Ltd.	Common shareholders and/or directors
Bangkok Phuket International Hospital Co., Ltd.	Common shareholders and/or directors
General Hospital Products Plc.	Common shareholders and/or directors
Land & Vege Co., Ltd.	Common shareholders and/or directors
Bangkok Hospital Chiangrai Co., Ltd.	Common shareholders and/or directors
Royal Oriental Energy Co., Ltd.	Common shareholders and/or directors
PV Consulting Co., Ltd.	Deemed related party
Food and Store Co., Ltd.	Deemed related party
Bangkok Airways (Cambodia) Co., Ltd.	Deemed related party
More Than Free Co., Ltd.	Deemed related party
Prananporn Co., Ltd.	Deemed related party

List of related companies	Relationship
Cool Latte Co., Ltd.	Deemed related party
Orange Digital Media Co., Ltd.	Deemed related party
A.P. Sheriff Co., Ltd.	Deemed related party
Bangkok Aviation Services Co., Ltd.	Deemed related party
Bangkok Security Services Co., Ltd.	Deemed related party
BAGS Ground Services Co., Ltd.	Deemed related party
Krungthep Limousine Co., Ltd.	Deemed related party
Natural Rice Co., Ltd.	Deemed related party
Airport Restaurant Co., Ltd.	Deemed related party
Koh Chang Accom Limited Partnership	Deemed related party
Café Di Bangkok Air Partnership	Deemed related party
Na Khao Pattana Co., Ltd.	Deemed related party

As at 31 December 2015 and 31 December 2014, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b><u>Trade and other receivables - related parties (Note 9)</u></b>				
Subsidiaries	-	-	415,711	274,502
Associated companies	199,312	199,247	198,450	198,460
Related companies (related by shareholders and/or directors)	14,314	28,169	10,095	25,778
Total trade and other receivables - related parties	<u>213,626</u>	<u>227,416</u>	<u>624,256</u>	<u>498,740</u>
<b><u>Deposits - related parties (present as other non-current assets)</u></b>				
Associated companies	47,500	47,500	47,500	47,500
Related companies (related by shareholders and/or directors)	3,200	3,062	962	962
Total deposits - related parties	<u>50,700</u>	<u>50,562</u>	<u>48,462</u>	<u>48,462</u>
<b><u>Trade and other payables - related parties (Note 15)</u></b>				
Subsidiaries	-	-	178,932	168,923
Associated companies	124,496	111,858	115,653	103,306
Related companies (related by shareholders and/or directors)	184,400	122,237	179,761	118,238
Total and other payables - related parties	<u>308,896</u>	<u>234,095</u>	<u>474,346</u>	<u>390,467</u>
<b><u>Other current liabilities - related parties (present as other non-current liabilities)</u></b>				
Related companies (related by shareholders and/or directors)	26,000	-	-	-
Total other current liabilities - related parties	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

### Loans to related parties

As at 31 December 2015 and 2014, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2014	Increase during the year	Decrease during the year	Balance as at 31 December 2015
Loans to and accrued interest receivables				
Subsidiaries	63,284	-	(18,284)	45,000
Total	63,284	-	(18,284)	45,000

### Loans from related parties

As at 31 December 2015 and 2014, the balance of loans and accrued interest payables between the subsidiaries and those related parties and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2014	Increase during the period	Decrease during the period	Balance as at 31 December 2015
Loans from and accrued interest payables				
Directors	-	3,541	(3,541)	-
Total	-	3,541	(3,541)	-

### Directors and management's benefits

During the years ended 31 December 2015 and 2014 the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term employee benefits	248	194	196	158
Post-employment benefits	11	8	10	6
Total	259	202	206	164

### Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 34.3 and 34.4 to the financial statements.

## 7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash	125,052	168,188	122,387	165,814
Bank deposits	4,447,890	2,006,937	3,972,386	1,711,445
Bills of exchange	55,039	-	-	-
<b>Total</b>	<b><u>4,627,981</u></b>	<b><u>2,175,125</u></b>	<b><u>4,094,773</u></b>	<b><u>1,877,259</u></b>

As at 31 December 2015, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.05 and 2.75 percent per annum (2014: between 0.10 and 2.75 percent per annum) and Baht 55 million of cash is cash on hand of aboard stations (2014: Baht 118 million).

## 8. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Fixed deposits over three months but not over one year	8,600,000	11,500,000	8,600,000	11,500,000
Trading securities	15,491	25,142	-	-
<b>Total</b>	<b><u>8,615,491</u></b>	<b><u>11,525,142</u></b>	<b><u>8,600,000</u></b>	<b><u>11,500,000</u></b>

As at 31 December 2015, fixed deposits carried interests between 0.9 and 1.9 percent per annum (2014: between 2.2 and 3.0 percent per annum).

During the current year, the subsidiary sold trading securities with book values totaling Baht 4 million (2014: Baht 13 million) and recognised gains on the sales amounting to Baht 0.1 million in profit or loss (2014: Baht 4 million).



## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	9,848	22,662	23,834	52,806
Past due				
Up to 3 months	2,552	4,375	1,871	18,724
3 - 6 months	1,027	430	921	430
6 - 12 months	1,219	143	1,198	131
Over 12 months	530	229	530	186
Total trade receivables - related parties, net	<u>15,176</u>	<u>27,839</u>	<u>28,354</u>	<u>72,277</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,349,302	1,323,710	982,772	986,487
Past due				
Up to 3 months	259,646	128,652	189,363	30,641
3 - 6 months	7,219	25,266	6,736	18,244
6 - 12 months	14,526	6,773	13,318	2,507
Over 12 months	80,856	80,612	79,453	80,590
Total	<u>1,711,549</u>	<u>1,565,013</u>	<u>1,271,642</u>	<u>1,118,469</u>
Less: Allowance for doubtful debts	<u>(92,377)</u>	<u>(90,778)</u>	<u>(91,003)</u>	<u>(89,736)</u>
Total trade receivables - unrelated parties, net	<u>1,619,172</u>	<u>1,474,235</u>	<u>1,180,639</u>	<u>1,028,733</u>
Total trade receivable - net	<u>1,634,348</u>	<u>1,502,074</u>	<u>1,208,993</u>	<u>1,101,010</u>
<u>Other receivables</u>				
Others receivable - related parties	198,450	199,577	595,902	426,463
Total other receivables - related parties - net	<u>198,450</u>	<u>199,577</u>	<u>595,902</u>	<u>426,463</u>
Others receivable - unrelated parties	23,416	12,880	23,243	12,879
Less: Allowance for doubtful debts	<u>(9,070)</u>	<u>(9,070)</u>	<u>(9,070)</u>	<u>(9,070)</u>
Total other receivables - unrelated parties - net	<u>14,346</u>	<u>3,810</u>	<u>14,173</u>	<u>3,809</u>
Total other receivables	<u>212,796</u>	<u>203,387</u>	<u>610,075</u>	<u>430,272</u>
Total trade and other receivables - net	<u>1,847,144</u>	<u>1,705,461</u>	<u>1,819,068</u>	<u>1,531,282</u>

## 10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net		Inventories - net	
	2015	2014	2015	2014	2015	2014
Spareparts	200,388	174,755	(39,405)	(41,620)	160,983	133,135
Foods and catering	52,822	53,473	-	-	52,822	53,473
Air Tickets	523	445	(409)	(409)	114	36
Others	92,809	85,372	(400)	(130)	92,409	85,242
Total	<u>346,542</u>	<u>314,045</u>	<u>(40,214)</u>	<u>(42,159)</u>	<u>306,328</u>	<u>271,886</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net		Inventories - net	
	2015	2014	2015	2014	2015	2014
Spareparts	200,388	174,755	(39,405)	(41,620)	160,983	133,135
Foods and catering	18,949	24,627	-	-	18,949	24,627
Air Tickets	523	445	(409)	(409)	114	36
Others	13,624	19,882	-	-	13,624	19,882
Total	<u>233,484</u>	<u>219,709</u>	<u>(39,814)</u>	<u>(42,029)</u>	<u>193,670</u>	<u>177,680</u>

## 11. Restricted bank deposits

As at 31 December 2014, current account amounting to Baht 166 million represent temporary suspended. During 2015, the bank changed the status of the bank account from suspended to normal status, as discussed in Note 35.3 to financial statements.

## 12. Investments in subsidiaries

12.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2015	2014	2015	2014	2015	2014	2015	2014
			(%)	(%)				
Bangkok Airways Holding Co.,Ltd.	1,001,000	1,001,000	99.99	99.99	1,000,999	1,000,999	39,840	34,535
Bangkok Airways Ground Services Co.,Ltd.	250	250	99.99	99.99	250	250	72,998	19,999
Worldwide Flight Services Bangkok Air Ground Handling Co.,Ltd.	670,000	670,000	90.00	90.00	603,515	603,515	90,454	-
Bangkok Air Catering Co.,Ltd.	500,000	500,000	90.00	90.00	579,469	579,469	234,000	207,000
Investment in subsidiary companies					2,184,233	2,184,233	437,292	261,534

The Company's investments in subsidiaries amounting to Baht 594 million (2014: Baht 594 million) have been used as collateral for credit facilities of the subsidiaries.

### 12.2 Significant changes in investments in subsidiaries

#### Bangkok Airways Holding Company Limited

On 25 December 2014, the Company's Board of Directors Meeting approved an investment by Bangkok Airways Holding Company Limited in the establishment of Gourmet Premo Company Limited, in order to produce and process food for distribution. Bangkok Airways Holding Company Limited holds 99.99 percent of Gourmet Premo Company Limited, which was incorporated and registered with the Ministry of Commerce on 29 January 2015 with registered share capital of Baht 50 million.

#### Bangkok Air Catering Co., Ltd.

In May 2015, Bangkok Air Catering Co., Ltd. increased its interest in the equity of Bangkok Air Catering Phuket Co., Ltd. by purchasing 30,000 shares of common stock, which increased its shareholding from 69.99% to 99.99%.

On 19 October 2015, the Board of Directors Meeting of Bangkok Air Catering Co., Ltd. approved investment in and the establishment of a subsidiary, Bangkok Air Catering Samui Co., Ltd., in order to provide catering services. Bangkok Air Catering Co., Ltd. holds 99.99 percent of Bangkok Air Catering Samui Co., Ltd., which was incorporated and registered with the Ministry of Commerce on 11 November 2015 with a registered share capital of Baht 20 million.

### 13. Investments in associates

#### 13.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2015 (%)	2014 (%)	2015	2014	2015	2014
WFS - PG Cargo Co., Ltd.	Cargo	Thailand	49.00	49.00	147,000	147,000	164,855	219,422
Samui Airport Property Fund (Leasehold)	Property Fund	Thailand	29.99	25.00	3,131,981	2,255,571	2,285,414	1,447,405
S.E.A. Aviation Co., Ltd.	Transportation and cargo	Thailand	-	10.00	-	3,000	-	2,810
Total					<u>3,278,981</u>	<u>2,405,571</u>	<u>2,450,269</u>	<u>1,669,637</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2015 (%)	2014 (%)	2015	2014
WFS - PG Cargo Company Limited	Cargo	Thailand	49.00	49.00	147,000	147,000
Samui Airport Property Fund (Leasehold)	Property Fund	Thailand	29.99	25.00	3,131,981	2,255,571
S.E.A. Aviation Co., Ltd.	Transportation and cargo	Thailand	-	10.00	-	3,000
Total					<u>3,278,981</u>	<u>2,405,571</u>

#### 13.2 Significant changes in investments in associates

##### S.E.A Aviation Co., Ltd.

On 30 June 2015, the Extraordinary General Meeting of Shareholders No. 2/2558 of S.E.A Aviation Co., Ltd. passed a resolution to approve the dissolution and liquidation of that company and to return capital to its shareholders. The Company received proceeds from the dissolution and liquidation amounting to Baht 2.34 million.

#### 13.3 Share of profit/loss and dividend received

During the years, the Company has recognised its share of profit/loss from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Share of profit (loss) from investments in associates during the year		Dividend received during the year	
	2015	2014	2015	2014
WFS - PG Cargo Co., Ltd.	217,382	232,616	271,950	396,900
Samui Airport Property Fund (Leasehold)	286,763	205,078	325,163	296,875
S.E.A. Aviation Co., Ltd.	15	(12)	-	-
<b>Total</b>	<b>504,160</b>	<b>437,682</b>	<b>597,113</b>	<b>693,775</b>

#### 13.4 Fair value investments in listed associates

In respect of investments in associated companies that are listed companies on the Stock Exchange of Thailand, their fair values are as follows:

Company's name	(Unit: Million Baht)	
	Fair value as at	
	31 December	
	2015	2014
Samui Airport Property Fund (Leasehold)	5,670	4,109
<b>Total</b>	<b>5,670</b>	<b>4,109</b>

#### 13.5 Summarised financial information about material associates

##### Summarised information about financial position

	(Unit: Million Baht)					
	WFS - PG Cargo Co., Ltd.		Samui Airport Property Fund (Leasehold)		S.E.A. Aviation Co., Ltd.	
	2015	2014	2015	2014	2015	2014
Current assets	184	186	115	103	-	6
Non-current assets	858	968	10,318	10,439	-	23
Current liabilities	(639)	(646)	(14)	(13)	-	-
Non-current liabilities	(27)	(21)	(48)	(48)	-	-
<b>Net assets</b>	<b>376</b>	<b>487</b>	<b>10,371</b>	<b>10,481</b>	<b>-</b>	<b>29</b>
Shareholding percentage (%)	49.00%	49.00%	29.99%	25.00%	-	10.00%
<b>Share of net assets</b>	<b>184</b>	<b>239</b>	<b>3,110</b>	<b>2,620</b>	<b>-</b>	<b>3</b>
Elimination entries and other adjustments	(19)	(20)	(825)	(1,173)	-	-
<b>Carrying amounts of associates based on equity method</b>	<b>165</b>	<b>219</b>	<b>2,285</b>	<b>1,447</b>	<b>-</b>	<b>3</b>

## Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December					
	WFS - PG Cargo Co., Ltd.		Samui Airport Property Fund (Leasehold)		S.E.A. Aviation Co., Ltd.	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue	1,569	1,558	1,288	1,225	-	-
Profit	444	475	1,101	1,178	-	-
Total comprehensive income	444	475	1,101	1,178	-	-

### 14. Investment properties

The net book value of investment properties is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements and Separate financial statements		
	Land awaiting for sales	Office and shops for rent	Total
31 December 2015			
Cost	235,226	321,016	556,242
Reclassified assets	(224,700)	-	(224,700)
Less: Accumulated depreciation	-	(77,551)	(77,551)
Net book value	<u>10,526</u>	<u>243,465</u>	<u>253,991</u>
31 December 2014			
Cost	235,226	321,016	556,242
Less: Accumulated depreciation	-	(61,500)	(61,500)
Net book value	<u>235,226</u>	<u>259,516</u>	<u>494,742</u>

A reconciliation of the net book value of investment properties for the years were presented below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements and	
	Separate	
	financial statements	
	<u>2015</u>	<u>2014</u>
Net book value at beginning of year	494,742	312,317
Increase during the year	-	187,817
Reclassified assets	(224,700)	-
Depreciation charged	<u>(16,051)</u>	<u>(5,392)</u>
Net book value at end of year	<u>253,991</u>	<u>494,742</u>

The fair value of the investment properties as at 31 December 2015 and 2014 stated below:

	(Unit: Thousand Baht)	
	<u>2015</u>	<u>2014</u>
Land awaiting for sales	84,955	312,805
Office and shops for rent	150,494	114,322

The fair values of the above investment properties have been determined based on valuations performed by an accredited independent valuer determined based on the income approach and market prices and, for some land, the valuation prices from The Treasury Department.

The Company have pledged investment properties amounting to approximately Baht 11 million (2014: Baht 157 million) as collateral against credit facilities received from financial institutions.

## 15. Others long-term investments

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2015	2014	2015	2014
Available-for-sales securities				
Market capital	2,869,965	2,869,965	2,223,465	2,223,465
Add: Unrealised gain from revaluation	24,076,232	18,008,745	20,171,732	15,129,245
Available-for-sales securities - net	26,946,197	20,878,710	22,395,197	17,352,710
Debt securities held to maturity	50,000	50,000	50,000	50,000
Other investments	7,044	7,486	7,044	7,486
Total	27,003,241	20,936,196	22,452,241	17,410,196

Certain available-for-sales securities of the Company and its subsidiaries with market value as at 31 December 2015 amounting to Baht 14,173 million (2014: Baht 10,981 million) have been used as collateral for short-term loans from financial institutions and long-term loans.



## 16. Property, plant and equipment

(Unit: Thousand Baht)

		Consolidated financial statements								
		Land	Building and improvements	Airport and improvements	Aircrafts	Aircrafts parts and ground equipment	Furniture, fixture and equipment	Vehicles	Construction in progress	Total
<b>Cost</b>										
31 December 2013		1,804,133	1,598,412	824,497	4,364,932	1,595,763	758,036	535,449	194,790	11,676,012
Purchase		-	12,012	-	674,488	333,841	95,578	68,714	279,117	1,463,750
Disposal		-	-	-	-	(704)	(11,791)	(15,493)	(11,812)	(39,800)
Transfer in (out)		-	(77,777)	97,512	-	12,791	68,556	1,389	(308,419)	(205,948)
31 December 2014		1,804,133	1,532,647	922,009	5,039,420	1,941,691	910,379	590,059	153,676	12,894,014
Purchase		-	13,494	-	2,220,681	514,524	66,370	23,586	151,506	2,990,161
Disposal		-	(83)	-	-	(8,712)	(9,963)	(29,261)	(572)	(48,591)
Reclassified assets		224,700	-	-	-	-	58,364	-	-	283,064
Transfer in (out)		-	73,937	1,371	-	18,203	39,424	4,300	(137,235)	-
31 December 2015		2,028,833	1,619,995	923,380	7,260,101	2,465,706	1,064,574	588,684	167,375	16,118,648
<b>Accumulated depreciation</b>										
31 December 2013		-	641,485	524,232	2,256,886	934,354	535,936	444,272	-	5,337,165
Depreciation for the year		-	89,451	35,202	171,620	154,090	83,148	35,600	-	569,111
Depreciation - disposal		-	-	-	-	(528)	(11,769)	(15,493)	-	(27,790)
Transfer in (out)		-	(25,370)	-	-	-	7,355	-	-	(18,015)
31 December 2014		-	705,566	559,434	2,428,506	1,087,916	614,670	464,379	-	5,860,471
Depreciation for the year		-	96,276	38,243	244,836	206,520	113,178	41,566	-	740,619
Depreciation - disposal		-	(65)	-	-	(7,315)	(9,410)	(28,931)	-	(45,721)
Reclassified assets		-	-	-	-	-	4,276	-	-	4,276
31 December 2015		-	801,777	597,677	2,673,342	1,287,121	722,714	477,014	-	6,559,645
<b>Net book value</b>										
31 December 2014		1,804,133	827,081	362,575	2,610,914	853,775	295,709	125,680	153,676	7,033,543
31 December 2015		2,028,833	818,218	325,703	4,586,759	1,178,585	341,860	111,670	167,375	9,559,003
<b>Depreciation for the years ended 31 December</b>										
2014 (Baht 496 million included in cost at sales and services, and the balance in selling and administrative expenses)										569,111
2015 (Baht 646 million included in cost at sales and services, and the balance in selling and administrative expenses)										740,619

(Unit: Thousand Baht)

## Separate financial statements

	Land	Building and improvements	Airport and improvements	Aircrafts	Aircrafts parts and ground equipment	Furniture, fixture and equipment	Vehicles	Construction in progress	Total
<b>Cost</b>									
31 December 2013	1,804,133	1,475,803	824,497	4,364,932	784,242	436,376	301,801	173,842	10,165,626
Purchase	-	12	-	674,488	139,841	66,177	50,457	254,737	1,185,712
Disposal	-	-	-	-	(55)	(6,196)	(15,493)	(11,812)	(33,556)
Transfer in (out)	-	(84,279)	97,512	-	-	68,556	1,389	(288,832)	(205,654)
31 December 2014	1,804,133	1,391,536	922,009	5,039,420	924,028	564,913	338,154	127,935	11,112,128
Purchase	-	110	-	2,220,681	423,828	30,923	5,610	146,584	2,827,736
Disposal	-	(12)	-	-	-	(7,342)	(25,312)	(572)	(33,238)
Reclassified assets	224,700	-	-	-	-	58,364	-	-	283,064
Transfer in (out)	-	69,927	1,371	-	-	34,677	4,300	(110,275)	-
31 December 2015	2,028,833	1,461,561	923,380	7,260,101	1,347,856	681,535	322,752	163,672	14,189,690
<b>Accumulated depreciation</b>									
31 December 2013	-	595,876	524,232	2,256,886	554,655	316,651	247,885	-	4,496,185
Depreciation for the year	-	73,258	35,202	171,620	70,065	50,885	20,518	-	421,548
Depreciation - disposal	-	-	-	-	(55)	(6,184)	(15,493)	-	(21,732)
Transfer in (out)	-	(25,369)	-	-	-	7,355	-	-	(18,014)
31 December 2014	-	643,765	559,434	2,428,506	624,665	368,707	252,910	-	4,877,987
Depreciation for the year	-	76,812	38,243	244,836	100,654	73,971	25,663	-	560,179
Depreciation - disposal	-	(2)	-	-	-	(6,854)	(25,312)	-	(32,168)
Reclassified assets	-	-	-	-	-	4,276	-	-	4,276
31 December 2015	-	720,575	597,677	2,673,342	725,319	440,100	253,261	-	5,410,274
<b>Net book value</b>									
31 December 2014	1,804,133	747,771	362,575	2,610,914	299,363	196,206	85,244	127,935	6,234,141
31 December 2015	2,028,833	740,986	325,703	4,586,759	622,537	241,435	69,491	163,672	8,779,416
<b>Depreciation for the years ended 31 December</b>									
2014 (Baht 358 million included in cost at sales and services, and the balance in selling and administrative expenses)									421,548
2015 (Baht 485 million included in cost at sales and services, and the balance in selling and administrative expenses)									560,179

As at 31 December 2015, the Company and its subsidiaries have aircrafts, vehicles and equipment under finance lease which net book value amounted to approximately Baht 4,696 million (2014 : Baht 2,719 million)

As at 31 December 2015, certain property and equipments have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 1,492 million (2014: Baht 1,487 million (separate financial statements: Baht 1,228 million (2014: Baht 1,233 million))).

Samui airport including its facilities are used as collateral for compliance with the term and condition in the lease and services from facilities agreements with a Property Fund as discuss in Note 23 to financial statements.

Major portion of the Company's land together with the construction thereon are used as collateral for major portion of long-term loans as discussed in Note 20 to financial statements.

As at 31 December 2015, 4 aircrafts of the Company are under conditional sales agreements. The Company treats these conditional sales agreements as finance leases and treats the seller per the agreements as the lessor of the aircraft. The lessor of the aircraft has subleased them from the owners.

The Aircraft Lease Agreements specify the right of the lessor to buy the aircraft from the owner. However, if the lessors do not comply with the Aircraft Lease Agreement, the owner has the right to take back the aircraft, and in that event the Company would not be able to utilise or take ownership of the aircraft, even if the Company has made the agreed payments to the lessor. Under the Aircraft Lease Agreement, the Company will take ownership of the aircraft when it has paid the final installment to the lessor and the owner of the aircraft has transferred ownership to the lessor.

## **17. Intangible assets**

Two subsidiary companies have signed contracts with Airports of Thailand Public Company Limited (AOT) (which has sole right to operate Suvarnabhumi Airport), in order to engage in various projects at the Airport for 20 years from the day it opened officially (from 28 September 2006 to 27 September 2026). The subsidiaries have to pay annual benefits to AOT, in amounts not less than the minimum compensation rates set for each year, throughout the period of the concession.

<u>Company</u>	<u>Project</u>	<u>Period</u>
Bangkok Air Catering Co., Ltd.	Catering	20 years
Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.	Ground service equipments and maintenance facilities	20 years

The rights in buildings and other components of each project are transferred to Ministry of Finance.

The net book value of intangible assets as at 31 December 2015 and 2014 are presented below.

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	Concessions	Computer software	Total	Concessions	Computer software	Total
As at 31 December 2015:						
Cost	920,732	375,186	1,295,918	-	352,316	352,316
Less: Accumulated amortisation	(426,299)	(158,097)	(584,396)	-	(140,354)	(140,355)
Net book value	<u>494,433</u>	<u>217,089</u>	<u>711,522</u>	<u>-</u>	<u>211,962</u>	<u>211,962</u>
As at 31 December 2014:						
Cost	920,732	372,569	1,293,301	-	351,315	351,315
Less: Accumulated amortisation	(380,262)	(133,211)	(513,473)	-	(116,521)	(116,521)
Net book value	<u>540,470</u>	<u>239,358</u>	<u>779,828</u>	<u>-</u>	<u>234,794</u>	<u>234,794</u>

A reconciliation of the net book value of intangible assets for the years is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	779,828	717,086	234,794	128,294
Acquisition of computer software	61,021	130,853	59,366	127,791
Disposal of computer software	(40)	-	-	-
Amortisation	(75,239)	(68,111)	(28,110)	(21,291)
Amortisation - disposal	40	-	-	-
Reclassified assets - net book value	(54,088)	-	(54,088)	-
Net book value at end of year	<u>711,522</u>	<u>779,828</u>	<u>211,962</u>	<u>234,794</u>

## 18. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deposits	941,008	658,053	934,281	650,926
Withholding tax	142,114	177,504	126,288	126,285
Others	2,288	2,287	2,288	2,287
<b>Total</b>	<b>1,085,410</b>	<b>837,844</b>	<b>1,062,857</b>	<b>779,498</b>

## 19. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade payables - related parties	301,573	228,442	466,790	384,797
Trade payables - unrelated parties	1,335,355	1,457,398	1,149,935	1,278,546
Other payables - related parties	7,323	5,653	7,556	5,670
Other payables - unrelated parties	610,137	723,368	506,733	620,831
Other payables for purchase of software and equipment	6,190	25,263	2,666	8,402
<b>Total trade and other payables</b>	<b>2,260,578</b>	<b>2,440,124</b>	<b>2,133,680</b>	<b>2,298,246</b>

## 20. Long-term loans

### Company

Loan	Credit Facility	Interest rate (percent per annum)	Period (year)	Agreement Date	Repayment	(Unit: Thousand Baht)	
						Separate financial statements	
						2015	2014
1	420	Year 1-2 : MLR - 0.50 Year 3 onward : MLR	6	29 October 2009	Monthly	-	117,000
2	1,100	Year 1 : MLR - 1.00 Year 2 : MLR - 0.50 Year 3 onward : MLR	7	20 August 2010	Monthly	312,800	495,200
3	250	MLR	5	9 November 2010	Monthly	-	61,000
4	500	5.50	7	9 May 2011	Yearly	-	45,953
5	300	5.50	7	24 June 2011	Monthly	105,600	148,800
6	53	6.00	7	24 January 2012	Monthly	21,780	29,700
<b>Total</b>						<b>440,180</b>	<b>897,653</b>
<b>Less: Current portion</b>						<b>(233,520)</b>	<b>(457,473)</b>
<b>Long-term loans, net of current portion</b>						<b>206,660</b>	<b>440,180</b>

## Subsidiaries

(Unit: Thousand Baht)

Company	Credit Facilities	Interest rate (percent per annum)	Period (year)	Agreement Date	Repayment	2015	2014
Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.	630	MLR - 0.75	12	15 March 2004	Quarterly	-	157,000
BAC Gourmets House Co., Ltd.	50	MLR	5 years 9 months	6 May 2015	Quarterly	30,000	-
BAC Gourmets House Co., Ltd.	40	MLR	4	24 April 2012	Quarterly	1,000	12,600
Total						31,000	169,600
Less: Current portion						(8,500)	(168,600)
Long term loan, net of current portion						22,500	1,000

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Total	471,180	1,067,253	440,180	897,653
Less: Current portion	(242,020)	(626,073)	(233,520)	(457,473)
Long-term loans, net of current portion	229,160	441,180	206,660	440,180

Long-term loans are secured by part of common shares of subsidiary, certain long-term investments of the Company and the Company and related company's land and construction as described in Note 12, Note 15 and Note 16, respectively.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to maintain certain debt to equity and debt service coverage ratios according to the agreements.

As at 31 December 2015 and 2014, the long-term credit facilities of the Company and its subsidiaries have been fully drawn down.

## 21. Liabilities arising from finance lease of aircrafts

Liabilities arising from finance lease of aircrafts have average terms of the agreements about 12 years (effective rate from 1.00% to 2.90%) are due as follow:

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2015		
	Liabilities arising from finance lease	Deferred interest expenses	Total
Within one year	225,856	(33,516)	192,340
After one year but within five years	900,618	(104,328)	796,290
Over five years	1,458,993	(66,964)	1,392,029
<b>Total</b>	<b>2,585,467</b>	<b>(204,808)</b>	<b>2,380,659</b>

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2014		
	Liabilities arising from finance lease	Deferred interest expenses	Total
Within one year	472,690	(18,103)	454,587
After one year but within five years	193,554	(14,240)	179,314
Over five years	338,720	(9,926)	328,794
<b>Total</b>	<b>1,004,964</b>	<b>(42,269)</b>	<b>962,695</b>

## 22. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Liabilities under finance lease agreements	162,095	109,858	95,925	76,607
Less: Deferred interest expenses	(10,052)	(7,742)	(4,871)	(4,530)
Total	152,043	102,116	91,054	72,077
Less : Portion due within one year	(65,675)	(38,328)	(44,977)	(29,120)
Liabilities under finance lease agreements - net of current portion	<u>86,368</u>	<u>63,788</u>	<u>46,077</u>	<u>42,957</u>

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	2015		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	71,757	90,338	162,095
Deferred interest expenses	(6,082)	(3,970)	(10,052)
Present value of future minimum lease payments	<u>65,675</u>	<u>86,368</u>	<u>152,043</u>

(Unit: Thousand Baht)

	Consolidated financial statements		
	2014		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	42,551	67,307	109,858
Deferred interest expenses	(4,223)	(3,519)	(7,742)
Present value of future minimum lease payments	<u>38,328</u>	<u>63,788</u>	<u>102,116</u>



	(Unit: Thousand Baht)		
	Separate financial statements		
	2015		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	48,234	47,691	95,925
Deferred interest expenses	(3,257)	(1,614)	(4,871)
Present value of future minimum lease payments	<u>44,977</u>	<u>46,077</u>	<u>91,054</u>

	(Unit: Thousand Baht)		
	Separate financial statements		
	2014		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	31,893	44,714	76,607
Deferred interest expenses	(2,773)	(1,757)	(4,530)
Present value of future minimum lease payments	<u>29,120</u>	<u>42,957</u>	<u>72,077</u>

**23. Long-term loans - related party**

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
<b>Balance as at 1 January 2015</b>	11,285,745
Increase from compound interest	1,351,420
Less: Payment during year	<u>(1,283,035)</u>
Balance as at 31 December 2015	11,354,130
Less: portion due within one year	<u>-</u>
<b>Long-term loans - related party - net of current portion</b>	<u>11,354,130</u>

On 24 November 2006, the Company entered into an agreement to lease Samui Airport, together with its facilities, to Samui Airport Property Fund (Leasehold) (Fund) for a period of 30 years (from 24 November 2006 to 23 November 2036) for Baht 9,300 million. The Company pledged the assets leased to the Fund, with a collateral values of Baht 20,900 million, to guarantee performance in accordance with the lease agreement. Under the term of the agreement, the Company (Bangkok Airways Co., Ltd. and/or its affiliates, and/or its subsidiaries) must hold not less than 25% of the number of units issued and offered for sale by the Fund for the period of 20 years (from 24 November 2006 to 23 November 2026).

On the same date, the Company entered into an agreement to sublease the Samui Airport from the Fund for a period of 3 years, renewable for 9 times of 3 years each, and another agreement under which the Company is to receive utilities system service at the Samui Airport from the Fund for a period of 30 years (from 24 November 2006 to 23 November 2036). Payments on these agreements are as follows:

Sublease	- Baht 26,125,000 per month
Utilities system service	
- Fixed	- Baht 21,375,000 per month
- Additional	- Vary based on number of departing passengers and number of flight arrivals

The Company has to arrange for a bank guarantee to be issued by a commercial bank in Thailand and/or deposit cash as security in the bank account of the Fund and/or pledge of listed securities and/or other securities, such that their aggregate value is equal to 12 months of the sub-lease fee specified in Sub-Lease Agreement plus the fixed service fee specified in Utilities System Service Agreement. If listed securities and/or other securities are pledged, collateral value is not to be less than 120 percent of the pledged collateralized amount throughout the pledge period.

The Company has pledged common shares of Bangkok Dusit Medical Services Public Company Limited amounting to 45 million shares (2014: 45 million shares) with a fair value of Baht 999 million (2014: Baht 774 million) as at 31 December 2015, as collateral.

## 24. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Provision for long-term employee</b>				
<b>benefits at beginning of year</b>	328,553	286,485	270,393	236,694
Included in profit or loss:				
Current service cost	58,703	39,886	43,027	30,984
Interest cost	12,787	11,163	10,481	9,367
Adjust: disposal of Samui Catering	(907)	-	(907)	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Financial assumptions changes	26,911	-	26,911	-
Experience adjustments	36,469	-	36,469	-
Benefits paid during the year	<u>(41,170)</u>	<u>(8,981)</u>	<u>(39,961)</u>	<u>(6,652)</u>
<b>Provision for long-term employee</b>				
<b>benefits at end of year</b>	<u>421,346</u>	<u>328,553</u>	<u>346,413</u>	<u>270,393</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cost of sales and services	48,050	35,520	36,009	28,007
Selling and administrative expenses	22,533	15,529	16,592	12,344
Total expenses recognised in profit or loss	<u>70,583</u>	<u>51,049</u>	<u>52,601</u>	<u>40,351</u>

The Company and its subsidiaries expect to pay Baht 0.8 million of long-term employee benefits during the next year (Separate financial statements: nil) (2014: Baht 0.8 million, separate financial statements: nil).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 9.74 - 12.02 years (Separate financial statements: 12.02 years) (31 December 2014: 9.74 - 12.02 years, separate financial statements: 12.02 years).

Principle actuarial assumption at the valuation date were as follows:

	(Unit: percent per annum)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Discount rate	3.14 - 4.10	3.96 - 4.10	3.14	4.00
Future salary increase rate	5.00 - 7.00	4.00 - 6.00	6.00	5.00
Staff turnover rate (depending on age)	0.00 - 33.00	0.00 - 22.00	5.00 - 9.00	4.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	(Unit: million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(36)	43	(30)	36
Salary increase rate	39	(34)	36	(31)
Staff turnover rate (depending on age)	(40)	44	(33)	39

## 25. Share capital

On 14 to 17 October 2014, 21 to 22 October 2014 and 24 October 2014, the Company made an initial public offering of 520,000,000 shares of Baht 25 each, totaling Baht 13,000 million, with a share premium of Baht 12,066 Million, net of related expenses incurred in making the offering. On 28 October 2014, the Company received all payment for the initial public offering.

The Company registered the change in its paid-up capital from Baht 1,580 million (1,580 million ordinary shares of Baht 1 each) to Baht 2,100 million (2,100 million ordinary shares of Baht 1 each) with the Ministry of Commerce on 28 October 2014.

## Reconciliation of number of ordinary shares

(Unit: Shares)

	Consolidated and separate financial statements	
	2015	2014
<b>Issued and paid-up ordinary shares</b>		
Number of ordinary shares at the beginning of the year	2,100,000,000	1,580,000,000
Increase paid-up ordinary shares - Baht 1 each	-	520,000,000
Number of ordinary shares at the end of the year	<u>2,100,000,000</u>	<u>2,100,000,000</u>

### **26. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

### **27. Expenses by nature**

Significant expenses by nature are as follows:

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Salary and wages and other employee benefits	4,982,612	4,150,915	3,407,555	2,755,328
Depreciation	756,670	574,503	576,230	426,940
Amortisation expenses	77,361	70,232	30,232	23,412
Rental expenses from operating lease	1,870,235	1,995,604	1,756,204	1,884,647
Fuel expenses	4,401,314	5,199,960	4,401,314	5,199,960
Repair and maintenance	2,320,608	2,094,226	2,198,449	1,970,278
Ground service expenses	1,181,356	934,545	1,181,356	1,385,997
Catering and passenger service expenses	986,923	770,635	1,410,794	1,199,613
Landing and parking expenses	351,676	336,245	351,676	336,245
Aeronautical radio expenses	589,429	583,729	589,429	583,729
Booking expense	1,269,258	1,056,023	1,269,258	1,056,023
Raw materials and supply used	515,754	479,409	-	-
Fuel for ground service equipment	47,432	54,335	-	-

## 28. Income tax

### 28.1 Deferred tax assets / liabilities

The components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventories	8,043	8,432	7,963	8,406
Accumulate depreciation - building and equipment	505	623	-	-
Accrued expense	15,146	14,412	1,685	1,576
Provision for long-term employee benefits	42,691	29,771	27,831	18,186
Tax loss carry forward	12,429	85,213	12,429	85,213
<b>Total</b>	<b>78,814</b>	<b>138,451</b>	<b>49,908</b>	<b>113,381</b>
<b>Deferred tax liabilities</b>				
Unrealised gain on re-measuring securities	4,748,396	3,534,899	4,034,346	3,025,849
Accrued income	761	537	761	537
Liabilities arising from finance lease of aircrafts	341,029	289,393	341,029	289,393
Finance lease liabilities	-	156	-	156
<b>Total</b>	<b>5,090,186</b>	<b>3,824,985</b>	<b>4,376,136</b>	<b>3,315,935</b>
<b>Deferred tax assets - net</b>	<b>28,906</b>	<b>25,070</b>	<b>-</b>	<b>-</b>
<b>Deferred tax liabilities - net</b>	<b>5,040,278</b>	<b>3,711,604</b>	<b>4,326,228</b>	<b>3,202,554</b>

### 28.2 Income tax expenses

Income tax expenses for the year are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Current income tax charge	133,312	99,530	-	-
Adjustment in respect of current income tax of previous year	255	(200)	-	(200)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	116,433	(98,808)	120,269	(97,251)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>250,000</b>	<b>522</b>	<b>120,269</b>	<b>(97,451)</b>

Reconciliation between accounting profit and income tax expense is as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Accounting profit before tax	2,099,067	386,196	1,980,575	398,212
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	419,813	77,239	396,115	79,643
Adjustment in respect of current income tax of previous year	255	(200)	-	(200)
Effects of:				
BOI Privilege (Note 29)	(122,325)	(59,510)	(122,325)	(59,510)
Tax exempted revenue	51,703	(12,495)	51,703	73,640
Non-deductible expenses	213,868	188,016	213,170	180,565
Additional expense deduction allowed	(313,314)	(192,528)	(418,394)	(371,589)
Total	(170,068)	(76,517)	(275,846)	(176,894)
Income tax expenses reported in the statements of comprehensive income	250,000	522	120,269	(97,451)

### 28.3 Income tax relating to each component of other comprehensive income

The amounts of income tax relating to each component of other comprehensive income for the year are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax relating to				
Gain on re-measuring available-for-sale investments	1,213,497	1,322,789	1,008,497	1,099,339
Actuarial loss	(5,092)	-	(5,092)	-
	<u>1,208,405</u>	<u>1,322,789</u>	<u>1,003,405</u>	<u>1,099,339</u>

## 29. Promotional privileges

By virtue of the provisions of Investment Promotion Act, the Company was granted certain privileges by exemption from income tax for net income from promoted business for eight years as follows:

Promotion certificate No.	Description	Commencing date	Expiring date
Air transportation operations			
2072(2)/2548	6 aircrafts with capacity of 795 seats	1 July 2007	30 June 2015
2199(2)/2551	3 aircrafts with capacity of 430 seats	30 January 2009	29 January 2017
1204(2)/2555	2 aircrafts with capacity of 300 seats	11 March 2012	10 March 2020
2019(2)/2555	1 aircraft with capacity of 162 seats	30 November 2012	29 November 2020
1208(2)/2556	4 aircrafts with capacity of 832 seats	18 May 2013	17 May 2021
Commercial airport operations			
1352(2)/2550	Samui airport	1 May 2007	30 April 2015
Catering operations			
2110(3)/2549	Manufacturing food	-	-

As a promotion company, the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

	(Unit: Million Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Sales						
Passenger	12,833	12,526	6,271	4,987	19,104	17,513
Others	870	1,029	2,917	1,900	3,787	2,929
Total sales	<u>13,703</u>	<u>13,555</u>	<u>9,188</u>	<u>6,887</u>	<u>22,891</u>	<u>20,442</u>



### 30. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	Profit for the years		Weighted average number of ordinary shares		Earnings per share	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand shares)	2014 (Thousand shares)	2015 (Baht)	2014 (Baht)
Consolidated financial statements	1,796,863	351,105	2,100,000	1,672,603	<u>0.86</u>	<u>0.21</u>
Separate financial statements	1,860,305	495,663	2,100,000	1,672,603	<u>0.89</u>	<u>0.30</u>

### 31. Segment information

Operating segment information is reported in a manner consistent with the internal reporting that the chief operating decision maker has received and regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on their services, and there are the following three reportable segments:

- The airlines segment, which sells tickets and provides services to passengers.
- The airports segment, which provides location services for passengers and airlines.
- The supporting airlines business segment, which provides ground handling, cargo and catering services for airlines and customers.

Other segment is restaurants since such operating segment does not meet the quantitative thresholds as set out in the financial reporting standard.

Chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, the Company and its subsidiaries financing (including finance costs, finance income and income taxes) are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an agreed upon basis.

Inter-segment revenues are eliminated on consolidation.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years, respectively.

(Unit: Million Baht)

	Airlines segment		Airports segment		Supporting airlines business segments		Other segments		Adjustments and eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenues from external customers	19,429	17,844	535	504	3,038	2,615	111	69	-	-	23,113	21,033
Inter-segment revenue	1	1	-	-	883	882	3	1	(887)	(884)	-	-
Total revenues	<u>19,430</u>	<u>17,845</u>	<u>535</u>	<u>504</u>	<u>3,921</u>	<u>3,497</u>	<u>114</u>	<u>70</u>	<u>(887)</u>	<u>(884)</u>	<u>23,113</u>	<u>21,033</u>
Segment operating profit (loss)	4,378	3,213	134	112	381	154	(8)	(9)			4,885	3,470
Unallocated income and expenses:												
Dividend income											280	244
Interest income											256	73
Gain on sales of investments											-	3
Gain on exchange rate											323	72
Other income											930	698
Selling expenses											(1,748)	(1,510)
Administrative expenses											(1,716)	(1,457)
Other expenses											(9)	(6)
Share of income from investments in associates											504	438
Finance cost											(1,606)	(1,638)
Income tax expenses											(250)	(1)
Non-controlling interests of the subsidiaries											(52)	(35)
Profit for the year attributable to equity holders of the Company											<u>1,797</u>	<u>351</u>

Transfer prices between business segments are as set out in Note 6 to the financial statements.

67% of total revenue from the airlines, airports and supporting airlines business segments of the Company and its subsidiaries was derived from domestic operations.

For the year 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

### 32. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3% to 8% (2014: 2% to 5%) of basic salary. The fund, which is managed by MFC Assets Management Public Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2015, the Company contributed Baht 82 million (2014: Baht 47 million) to the fund.

Subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and subsidiaries contribute to the fund monthly at the rate of 3% to 7% of basic salary. The fund, which is managed by Tisco Assets Management Public Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2015, Subsidiaries contributed Baht 20 million (2014: Baht 17 million) to the fund.

### 33. Dividend paid

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
Final dividends for 2014	Annual General Meeting of the shareholders on 23 April 2015	420	0.20
Interim dividends for 2015	Board of Directors' meeting on 24 September 2015	525	0.25
		<u>945</u>	<u>0.45</u>

### 34. Commitments and contingent liabilities

#### 34.1 Operating lease commitments

The Company has entered into several aircraft lease agreements with foreign companies, office premises and utilities.

As at 31 December 2015, future minimum lease payments required under aircraft lease agreements total USD 159 million (2014: USD 157 million).

Future minimum lease payments required under concessions and non-cancellable rental agreements of building with local and aboard were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Payable				
In up to 1 year	771	715	268	227
In over 1 year and up to 5 years	2,100	1,917	171	170
In over 5 years	3,238	3,663	78	73

#### 34.2 Capital commitments

34.2.1 As at 31 December 2015, the Company and its subsidiaries had capital commitments of Baht 25 million (2014: Baht 11 million) mainly in building improvement, and Baht 34 million (2014: Baht 75 million) relating to acquisition of software and office equipment for the Company's operations.

34.2.2 As at 31 December 2015, the Company had commitments as a result of its signature of a sale and purchase contract for 5 ATR aircrafts with Avions de Transport Regional G.I.E. Delivery of the aircraft is scheduled for between January 2016 and February 2017.

#### 34.3 Guarantees

34.3.1 As at 31 December 2015, the Company has guaranteed bank credit facilities of its subsidiary companies amounting to Baht 570 million (2014: Baht 1,910 million) and associated companies amounting to Baht 165 million (2014: Baht 165 million).

34.3.2 As at 31 December 2015 and 2014, there were the following outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries.

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	(million)	(million)	(million)	(million)
Letter of guarantees for land and building rental				
THB	161.55	153.49	19.18	11.12
Letter of guarantees for purchase of aircraft fuel				
THB	20.05	20.05	20.05	20.05
USD	0.03	0.03	0.03	0.03
Letter of guarantees for the concessionary contract				
THB	142.81	135.74	-	-
Letter of guarantees for payments due to creditors				
USD	0.50	0.50	0.50	0.50
MYR	0.02	0.02	0.02	0.02
SGD	0.14	0.14	0.14	0.14
BDT	1.20	1.20	1.20	1.20
INR	18.30	18.80	18.30	18.80
Other letter of guarantees				
THB	50.61	56.67	35.95	42.01
EUR	0.01	0.01	0.01	0.01
USD	0.37	-	0.34	-
INR	0.50	-	0.50	-

#### 34.4 Pledges

##### *The Company and its subsidiaries*

34.4.1 As at 31 December 2015 and 2014, the Company and its subsidiaries have the following contingent liabilities in respect of loan guarantees.

		(Unit: Million Baht)	
Guarantor	Guarantee	2015	2014
Bangkok Air Catering Co.,Ltd.	BAC Gourmet House Co.,Ltd.	120	46

34.4.2 As at 31 December 2015 and 2014, the Company and its subsidiaries have the following contingent liabilities in respect of guarantees for bank overdraft facilities.

(Unit: Million Baht)

Guarantor	Guarantee	2015	2014
Bangkok Air Catering Co.,Ltd.	BAC Gourmet House Co.,Ltd.	5	5

### 34.5 Other commitments

34.5.1 As at 31 December 2014, the Company had commitments of Baht 9 million in respect of uncalled portion of investments in a company (2015: Nil).

34.5.2 As at 31 December 2015, the Company entered into agreements for aviation security services, for a period of two years and five months. Under the terms of the service agreements, the security service fees will be based on the actual number of flight departure and arrival. The totaling of the fee is approximately Baht 112 million.

34.5.3 On 30 October 2015, the Company and an entity (“counterparty”) entered into a swap agreement to exchange return on investment. According to the agreement, the Company is obliged to pay fixed amount of payment in exchange of the investments’ return in a security of the counterparty. The agreement has a term of three years, ending on 5 November 2018. At maturity, the counterparty may choose among options as stipulated in the agreement.

As at 31 December 2015, the future payments required under non-cancellable agreements were as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements	
	2015	2014
Payable		
In up to 1 year	95	-
In over 1 and up to 3 years	174	-

### 34.6 Letter of credit facilities

On 27 August 2015, the Company entered into a banking facilities agreement, with the branch of a foreign financial institution, granting a revolving credit facility, a guarantee facilities, and standby documentary credit amounting to USD 3 million. As at 31 December 2015, the undrawn portion of this credit facilities amounted to USD 1.87 million.

### **35. Litigations**

#### **The Company**

35.1 The Company was sued by 3 ex-employees claiming Baht 0.2 million in bonuses for 2007. The Company opposed the claim, citing that the employees resigned in May 2008, making them ineligible for the bonus for the previous year that was paid in 2008. On 12 May 2014, the Court dismissed the case brought by 1 ex-employee claiming Baht 61,000, and this case is finalised. The cases of 2 ex-employees are being considered by the Supreme Court.

35.2 Koh Samui Municipality assessed House and Land tax for Samui Airport amounting to Baht 119 million for the years 2007 to 2010, and Baht 38.8 million for each of the years 2011 to 2014. The Company disagreed with such tax assessment of House and Land tax by Koh Samui Municipality since it was not in line with the law and relevant facts. The Company therefore, filed an appeal, requesting a reassessment of the House and Land tax, pursuant to its rights granted by law. However, since the House and Land Tax Act B.E. 2475 (1932) provides that the payment of assessed House and Land tax is to be made prior to submitting a case before the court, the Company was required to pay the amount of House and Land tax that had been assessed to Koh Samui Municipality.

The Company filed suit against Koh Samui Municipality with the Central Tax Court to demand Koh Samui Municipality return the House and Land tax paid. The Central Tax Court rendered a judgement in favor of the Company with respect to the House and Land tax assessments of the years 2007 to 2010 and the years 2011 to 2014, and ordered Koh Samui Municipality to return the House and Land tax for the years 2007 to 2010 and the years 2011 to 2014 to the Company together with interest of 7.5% per annum. Koh Samui Municipality subsequently filed a petition to suspend the execution of the judgement and filed an appeal against such judgment with the Central Tax Court. Such appeal is currently being considered by the Supreme Court.

The Company has confirmed that the relevant accounting record is made for accounting purposes only and it does not prejudice and should be construed as a waiver of the Company's legal right to claim the House and Land tax from Koh Samui Municipality in accordance with the court judgement, or in any other cases in dispute and under court proceedings and the Company's appeal for House and Land tax reassessment.



35.3 The Company was sued by a plaintiff who acted as an agent for ticketing and air cargo services operated in Bangladesh. The plaintiff filed a civil lawsuit against the Company with the Civil Court, alleging that the Company was in breach of agreement as a result of the non-renewal of the agency appointment, resulting in damages amounting BDT 807 million, or approximately Baht 308 million, and petitioned the court to issue an order of temporary protection prohibiting the Company from any transactions through the Company's accounts at the Banani Branch of HSBC Bank, as discussed in Note 11 to the financial statements. The Civil Court accepted the lawsuit but dismissed the petition for a temporary protection order. The plaintiff therefore filed an appeal of the decision of the Civil Court with the Supreme Court and the Supreme Court decided that the temporary protection order should be granted by the Civil Court, and dissolved after 2 months from the date the order is received. The Company has engaged legal counsel to dispute the charges since the renewal of an agreement appointing an agent is the Company's right and the agreement appointing the agent did not stipulate that the Company required the consent of the agent in the matter of renewal of the agreement.

Subsequently, the Company and plaintiff have attempted to conclude a settlement agreement, whereby the Company would have to pay compensation amounting to USD 1.6 million, or Baht 52 million, to a plaintiff. The Company has already set aside full provision for the compensation in the accounts. On 28 September 2014, the Company signed a dispute settlement agreement, whereby the Company undertook to pay a net settlement of USD 0.8 million, or BDT 64 million, which is equal to about Baht 26 million. The settlement will be paid split in five equal installments. Moreover, HSBC Bank changed the status of the bank account from suspended to normal status and transferred BDT 64 million to an escrow account to pay the plaintiff once the plaintiff complies with the conditions stipulated in the dispute settlement agreement and escrow agreement.

In May, September, November and December 2015, the Company paid the first, second, third and fourth installment of compensation to the plaintiff respectively in accordance with the dispute settlement agreement. Since June 2015 to present, the Company transferred approximately Baht 106 million from the escrow account back to the Company's bank account in Thailand.

- 35.4 In February 2014, the Company was sued by a former employee, claiming damages of Baht 91.4 million for tort and breach of an employment contract. Subsequently, in April 2014, the Company countersued the plaintiff, claiming damages of Baht 10.2 million for breach of a training and learning contract. In March 2015, the Court ordered the plaintiff to pay Baht 1.8 million, together with interest at 7.5% per annum. The plaintiff filed an appeal of the case with the Supreme Court. Currently, the case is being considered by the Supreme Court.
- 35.5 In July 2014, the Company was sued by a former employee, claiming Baht 34.6 million in severance pay. The case is being considering by the Central Labour Court.

### **Subsidiaries**

- 35.6 During 2008, the subsidiary was sued for Baht 68.6 million by its construction contractor in a dispute between the parties over the subsidiary's opinion that the contractor had not complied with the terms and conditions of a construction contract. On 20 April 2010, the Civil Court ordered the subsidiary to pay compensation of Baht 25.4 million, together with interest at 7.5% per annum computed from 15 October 2007 until the compensation is fully settled. On 14 July 2010, the subsidiary sought a stay of execution from the Court of Appeal.

In March 2011, the subsidiary returned the retention, amounting to Baht 10.4 million, to the plaintiff, together with the corresponding interest, or a total of Baht 13.1 million. Moreover, on 17 March 2011, the subsidiary placed the remaining Baht 15 million and the corresponding interest charge, or a total of Baht 19.8 million, as a bond, in accordance with an order of the Court of Appeal. On 2 June 2011, the Court of Appeal ordered the subsidiary to pay for incremental costs amounting to Baht 13.6 million, together with interest at 7.5% per annum computed from 15 October 2007 until the compensation is fully settled. Later, on 30 September 2011, the subsidiary filed an appeal of the case with the Supreme Court. Currently, the case is being considered by the Supreme Court and the outcome cannot yet be determined. However, the subsidiary believes that the provisions made in the accounts are adequate to cover any losses that may arise from this case.

### 36. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Trading investments				
Equity instruments	15	-	-	15
Available-for-sale investments				
Equity instruments	26,946	-	-	26,946
<b>Assets for which fair value are disclosed</b>				
Investments in associated that are listed companies	5,670	-	-	5,670
Investment properties	-	-	235	235
<b>Liabilities for which fair value are disclosed</b>				
Unfavourable fuel price swap agreements	-	-	183	183
Unfavourable equity swap agreement	-	-	280	280

(Unit: Million Baht)

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Available-for-sale investments				
Equity instruments	22,395	-	-	22,395
<b>Assets for which fair value are disclosed</b>				
Investments in associated that are listed companies	5,670	-	-	5,670
Investment properties	-	-	235	235
<b>Liabilities for which fair value are disclosed</b>				
Unfavourable fuel price swap agreements	-	-	183	183
Unfavourable equity swap agreement	-	-	280	280

### 37. Financial instruments

#### 37.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

### **Credit risk**

The Company is exposed to credit risk primarily with respect to trade accounts receivable, loans, other receivable and notes receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, other receivables and notes receivable as stated in the statement of financial position.

### **Interest rate risk**

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, debentures and long-term borrowings. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statement						Effective interest rate (% per annum)
	2015						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
Within 1 year	1-5 years	Over 5 years					
<b>Financial assets</b>							
Cash and cash equivalent	7	-	-	2,132	2,489	4,628	0.05 - 2.75
Current investments	8,600	-	-	-	15	8,615	0.90 - 1.90
Trade and other receivables	-	-	-	-	1,847	1,847	-
Restricted bank deposits	27	-	-	-	-	27	0.90 - 1.10
Other long-term investments	-	-	50	-	26,953	27,003	4.375
<b>Total</b>	<b>8,634</b>	<b>-</b>	<b>50</b>	<b>2,132</b>	<b>31,304</b>	<b>42,120</b>	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	2,261	2,261	-
Long-term loans	51	76	-	344	-	471	5.5 - 6.0 and MLR - 1.0 to MLR
<b>Liabilities arising from finance</b>							
lease of aircrafts	192	796	1,392	-	-	2,380	1.00 - 2.90
Finance lease liabilities	66	86	-	-	-	152	4.00 - 6.25
Long-term loans from related parties	-	102	11,252	-	-	11,354	12.64
<b>Total</b>	<b>309</b>	<b>1,060</b>	<b>12,644</b>	<b>344</b>	<b>2,261</b>	<b>16,618</b>	

(Unit: Million Baht)

Consolidated financial statement							
2014							
Fixed interest rates							
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	
<u>Financial assets</u>							
Cash and cash equivalent	2	-	-	727	1,446	2,175	0.10 - 2.75
Current investments	11,500	-	-	-	25	11,525	1.20 - 3.00
Trade and other receivables	-	-	-	-	1,705	1,705	-
Restricted bank deposits	22	-	-	2	168	192	1.70 - 2.95
Other long-term investments	-	-	50	-	20,886	20,936	4.375
	<u>11,524</u>	<u>-</u>	<u>50</u>	<u>729</u>	<u>24,230</u>	<u>36,533</u>	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	2,440	2,440	-
Long-term loans	97	127	-	843	-	1,067	5.5 - 6.0 and MLR-1.5 to MLR
Liabilities arising from finance lease of aircrafts	455	179	329	-	-	963	0.86 - 7.07
Finance lease liabilities	33	48	-	-	21	102	4.50 - 6.61
Long-term loans from related parties	-	-	11,286	-	-	11,286	12.64
	<u>585</u>	<u>354</u>	<u>11,615</u>	<u>843</u>	<u>2,461</u>	<u>15,858</u>	

(Unit: Million Baht)

Separate financial statement							
2015							
Fixed interest rates							
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	
<u>Financial assets</u>							
Cash and cash equivalents	2	-	-	1,666	2,427	4,095	0.05 - 2.75
Current investments	8,600	-	-	-	-	8,600	0.90 - 1.90
Trade and other receivables	-	-	-	-	1,819	1,819	-
Restricted bank deposits	2	-	-	-	-	2	0.90
Other long-term investments	-	-	50	-	22,402	22,452	4.375
	<u>8,604</u>	<u>-</u>	<u>50</u>	<u>1,666</u>	<u>26,648</u>	<u>36,968</u>	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	2,134	2,134	-
Long-term loans	51	76	-	313	-	440	5.5 - 6.0 and MLR - 1.0 to MLR
Liabilities arising from finance lease of aircrafts	192	796	1,392	-	-	2,380	1.00 - 2.90
Finance lease liabilities	45	46	-	-	-	91	4.00 - 6.23
Long-term loans from related parties	-	102	11,252	-	-	11,354	12.64
	<u>288</u>	<u>1,020</u>	<u>12,644</u>	<u>313</u>	<u>2,134</u>	<u>16,399</u>	

(Unit: Million Baht)

	Separate financial statement						Effective interest rate  (% per annum)
	2014						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	2	-	-	497	1,378	1,877	0.10 - 2.75
Current investments	11,500	-	-	-	-	11,500	1.20 - 3.00
Trade and other receivables	-	-	-	-	1,531	1,531	-
Restricted bank deposits	-	-	-	2	166	168	1.70
Other long-term investments	-	-	50	-	17,360	17,410	4.375
	<u>11,502</u>	<u>-</u>	<u>50</u>	<u>499</u>	<u>20,435</u>	<u>32,486</u>	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	2,298	2,298	-
Long-term loans	97	128	-	673	-	898	5.50 - 6.00 and MLR-1.5 to MLR
Liabilities arising from finance lease of aircrafts	455	179	329	-	-	963	0.86 - 7.07
Finance lease liabilities	29	43	-	-	-	72	4.50 - 6.61
Long-term loans from related parties	-	-	11,286	-	-	11,286	12.64
	<u>581</u>	<u>350</u>	<u>11,615</u>	<u>673</u>	<u>2,298</u>	<u>15,517</u>	

### 37.2 Foreign currency risk

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements				Average exchange rate	
	Financial assets		Financial liabilities		Average exchange rate	
	2015 (Million)	2014 (Million)	2015 (Million)	2014 (Million)	2015 (Baht per 1 foreign currency unit)	2014
AUD	1	1	-	-	26.28	26.81
BDT	1,646	1,347	2	13	0.46	0.42
CNY	17	14	1	2	5.55	5.30
EUR	6	8	-	-	39.44	40.05
GBP	1	1	-	-	53.50	51.15
HKD	8	18	4	5	4.66	4.25
INR	155	157	22	34	0.54	0.52
JPY	20	45	1	2	0.30	0.27
RUB	23	18	-	-	0.50	0.56
SGD	2	1	-	-	25.52	24.89
USD	72	65	91	63	36.09	32.96
TWD	4	6	-	-	1.10	1.04
KRW	359	341	-	-	0.03	0.03

Foreign currency	Consolidated financial statements				Average exchange rate	
	Financial assets		Financial liabilities		2015	2014
	2015 (Million)	2014 (Million)	2015 (Million)	2014 (Million)	(Baht per 1 foreign currency unit)	
MYR	-	-	1	-	8.43	9.42
ZAR	1	-	-	-	2.36	2.84
PHP	1	-	-	-	0.77	0.74
IDR	921	-	27	-	0.003	0.003

Foreign currency	Separate financial statements				Average exchange rate	
	Financial assets		Financial liabilities		2015	2014
	2015 (Million)	2014 (Million)	2015 (Million)	2014 (Million)	(Baht per 1 foreign currency unit)	
AUD	1	1	-	-	26.28	26.81
BDT	1,646	1,347	2	13	0.46	0.42
CNY	17	14	1	2	5.55	5.30
EUR	6	8	-	-	39.44	40.05
GBP	-	1	-	-	53.50	51.15
HKD	8	18	4	5	4.66	4.25
INR	155	157	22	34	0.54	0.52
JPY	20	45	1	2	0.30	0.27
RUB	23	18	-	-	0.50	0.56
SGD	2	1	-	-	25.52	24.89
USD	70	63	82	53	36.09	32.96
TWD	4	6	-	-	1.10	1.04
KRW	359	341	-	-	0.03	0.03
MYR	-	-	1	-	8.43	9.42
ZAR	1	-	-	-	2.36	2.84
PHP	1	-	-	-	0.77	0.74
IDR	921	-	27	-	0.003	0.003

### 37.3 Fuel Price Risk

Fuel price fluctuation depends on supply and demand of global economic situation and political uncertainty worldwide. Fuel price has direct impact on the Company's operating result as fuel plays vital factor in airline industry.

The Company has implemented jet fuel price hedging in order to reduce the risk of fuel price volatility, to protect the value of the Company for shareholders and all concerned and is not to be treated as a profit-marking venture.

This was in accordance with the Company's policy, specifying that fuel hedging be conducted on a regular basis at not lower than 50% and not more than 70% of annual fuel consumption. Whereby the tenor of each contract would be for a period of not more than 12 months. The Company selected a financial tool that was suitable for the market situation by establishing the lowest and highest prices of jet fuel, whereby the Company would incur the difference in USD currency, should the price of jet fuel falls below the lowest price. On the contrary, the Company would be compensated should the price of jet fuel rises higher than the highest price.

The Company's hedge portion account to 48.67% (2014: 58.6%) of its annual fuel consumption. As at 31 December 2015, the Company still has an obligation from fuel price hedging until September 2016 amount of 345,000 barrels (2014: 735,000 barrels) of Jet fuel whereby the lowest and the highest jet fuel prices are between USD 56 per barrel to USD 77 per barrel (2014: between USD 96.9 per barrel to USD 119.27 per barrel).

#### 37.4 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position except fuel price swap agreements and equity swap agreement.

As at 31 December 2015, the estimated fair value of the derivatives is as follows:

	(Unit: Million Baht)
	Consolidated and separate financial statements
	Fair value
	Gain (loss)
<b>Derivatives</b>	
Fuel price swap agreements	(183)
Equity swap agreement	(280)



The methods and assumptions used by the Company in estimating the fair value of derivatives are as follows:

- a) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves.

During the current year, there were no transfers within the fair value hierarchy.

### **38. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2015, the Group's debt-to-equity ratio was 0.83:1 (2014: 0.91:1) and the Company's was 0.84:1 (2014: 0.90:1).

### **39. Events after the reporting period**

On 25 February 2016, a Board of Directors Meeting proposed the payment of a dividend for the year 2015 of Baht 0.45 per share amounting to Baht 945 million be considered by the General Meeting of the Shareholders.

### **40. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2016.