

Bangkok Airways Public Company Limited
and its subsidiaries
Review report and interim consolidated financial statements
For the three-month and nine-month periods ended 30
September 2016

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Bangkok Airways Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Bangkok Airways Public Company Limited and its subsidiaries as at 30 September 2016, and the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2016, and the related consolidated statement of the changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Bangkok Airways Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

EY Office Limited

Bangkok: 10 November 2016

Bangkok Airways Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	30 September 2016	31 December 2015	30 September 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	4	4,102,393	4,627,981	3,540,005	4,094,773
Current investments	5	7,648,200	8,615,491	7,600,000	8,600,000
Trade and other receivables	3, 6	1,631,860	1,847,144	1,126,674	1,819,068
Prepaid expenses		255,303	193,073	228,114	178,913
Inventories	7	332,478	306,328	232,641	193,670
Other current assets		832,951	256,272	726,590	202,963
Total current assets		14,803,185	15,846,289	13,454,024	15,089,387
Non-current assets					
Restricted bank deposits		4,586	26,816	2,086	2,081
Investments in associates	8	2,727,205	2,450,269	3,366,455	3,278,981
Investments in subsidiaries	9	-	-	2,320,642	2,184,233
Other long-term investments	10	26,931,259	27,003,241	22,462,259	22,452,241
Long-term loans to related party	3	-	-	-	45,000
Investment properties	11	241,975	253,991	441,390	253,991
Property, plant and equipment	12	11,745,370	9,559,003	10,820,607	8,779,416
Intangible assets	13	674,128	711,522	199,424	211,962
Leasehold rights		45,543	47,111	45,543	47,111
Deferred tax assets		29,974	28,906	-	-
Other non-current assets	3	931,075	1,085,410	919,971	1,062,856
Total non-current assets		43,331,115	41,166,269	40,578,377	38,317,872
Total assets		58,134,300	57,012,558	54,032,401	53,407,259

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 30 September 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	30 September 2016	31 December 2015	30 September 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	3, 14	2,007,944	2,260,578	1,922,127	2,133,680
Current portion of long-term loans	15	193,120	242,020	103,120	233,520
Income tax payable		63,655	30,606	36,995	-
Current portion of liabilities arising from finance lease of aircrafts	16	315,215	192,340	315,215	192,340
Current portion of finance lease liabilities		71,662	65,675	45,374	44,977
Unearned income		2,245,872	2,328,069	2,241,560	2,325,478
Other current liabilities	3	1,418,872	1,405,772	1,048,303	1,009,770
Total current liabilities		6,316,340	6,525,060	5,712,694	5,939,765
Non-current liabilities					
Long-term loans - net of current portion	15	52,920	229,160	37,920	206,660
Liabilities arising from finance lease of aircrafts - net of current portion	16	3,551,523	2,188,319	3,551,523	2,188,319
Finance lease liabilities - net of current portion		72,348	86,368	38,389	46,077
Long-term loans from related party - net of current portion	17	11,338,661	11,354,130	11,338,661	11,354,130
Provision for long-term employee benefits		469,439	421,346	378,594	346,413
Deferred tax liabilities		5,035,746	5,040,278	4,338,096	4,326,228
Other non-current liabilities		49,674	72,234	-	-
Total non-current liabilities		20,570,311	19,391,835	19,683,183	18,467,827
Total liabilities		26,886,651	25,916,895	25,395,877	24,407,592

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 30 September 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	30 September 2016	31 December 2015	30 September 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital					
Registered					
2,100,000,000 ordinary shares of Baht 1 each		2,100,000	2,100,000	2,100,000	2,100,000
Issued and fully paid up					
2,100,000,000 ordinary shares of Baht 1 each		2,100,000	2,100,000	2,100,000	2,100,000
Premium on ordinary shares		9,319,482	9,319,482	9,319,482	9,319,482
Retained earnings					
Appropriated - statutory reserve	18	169,000	120,000	169,000	120,000
Unappropriated		879,609	310,902	1,230,221	1,322,800
Other components of shareholders' equity		18,664,654	19,106,098	15,817,821	16,137,385
Equity attributable to owners of the Company		31,132,745	30,956,482	28,636,524	28,999,667
Non-controlling interests of the subsidiaries		114,904	139,181	-	-
Total shareholders' equity		31,247,649	31,095,663	28,636,524	28,999,667
Total liabilities and shareholders' equity		58,134,300	57,012,558	54,032,401	53,407,259
		-	-	-	-

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

.....
Directors

.....
Directors

(Unaudited but reviewed)

Bangkok Airways Public Company Limited and its subsidiaries**Statement of comprehensive income****For the three-month period ended 30 September 2016**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Passenger	3	5,164,894	4,860,036	5,165,158	4,860,198
Sales and service income	3	845,027	783,637	-	-
Freight	3	57,896	85,252	57,896	85,252
Passenger service charge		153,840	160,044	153,840	160,045
Dividend income	3, 8	121,389	290	219,797	79,703
Interest income		35,559	66,982	34,312	65,363
Gain on exchange rate		41,999	177,958	38,705	176,432
Other income	3	277,148	229,837	322,695	273,791
Total revenues		6,697,752	6,364,036	5,992,403	5,700,784
Expenses					
Cost of sales and services	3	4,706,620	4,672,883	4,223,827	4,207,792
Selling expenses	3	502,572	442,862	497,730	439,034
Administrative expenses	3	420,174	390,101	296,272	276,910
Other expenses		220	3,739	-	658
Total expenses		5,629,586	5,509,585	5,017,829	4,924,394
Profit before share of profit from investments in associates, finance cost and income tax expenses					
Share of profit from investments in associates	8	185,144	148,368	-	-
Profit before finance cost and income tax expenses		1,253,310	1,002,819	974,574	776,390
Finance cost		(449,392)	(409,353)	(446,427)	(405,162)
Profit before income tax expenses		803,918	593,466	528,147	371,228
Tax income (expenses)	19	(123,005)	(2,645)	(80,830)	29,247
Profit for the period		680,913	590,821	447,317	400,475
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on changes in value of available-for-sale investments		(2,426,355)	(1,335,212)	(2,016,355)	(1,109,712)
Less: Income tax effect	19	485,271	267,042	403,271	221,943
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(1,941,084)	(1,068,170)	(1,613,084)	(887,769)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss on defined benefits plan		-	-	-	-
Less: Income tax effect	19	-	806	-	806
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	806	-	806
Other comprehensive income for the period		(1,941,084)	(1,067,364)	(1,613,084)	(886,963)
Total comprehensive income for the period		(1,260,171)	(476,543)	(1,165,767)	(486,488)

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

(Unaudited but reviewed)

Bangkok Airways Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 September 2016

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit attributable to:					
Equity holders of the Company		662,441	578,647	<u>447,317</u>	<u>400,475</u>
Non-controlling interests of the subsidiaries		18,472	12,174		
		<u>680,913</u>	<u>590,821</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		(1,278,643)	(488,717)	<u>(1,165,767)</u>	<u>(486,488)</u>
Non-controlling interests of the subsidiaries		18,472	12,174		
		<u>(1,260,171)</u>	<u>(476,543)</u>		

(Unit: Baht)

Earnings per share					
20					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		<u>0.32</u>	<u>0.28</u>	<u>0.21</u>	<u>0.19</u>
Number of ordinary shares (Thousand shares) of Baht 1 each		<u>2,100,000</u>	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,100,000</u>

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

(Unaudited but reviewed)

Bangkok Airways Public Company Limited and its subsidiaries**Statement of comprehensive income****For the nine-month period ended 30 September 2016**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Passenger	3	15,648,647	14,306,965	15,649,234	14,307,321
Sales and service income	3	2,524,815	2,335,329	-	-
Freight	3	222,091	244,766	222,091	244,766
Passenger service charge		455,409	428,550	455,409	428,550
Dividend income	3, 8	442,199	280,420	691,548	533,983
Gain on sales of investments		1,609	70	-	-
Interest income		127,588	213,777	121,717	209,170
Gain on exchange rate		148,109	295,108	135,560	288,921
Other income	3	957,651	556,314	1,105,208	681,131
Total revenues		20,528,118	18,661,299	18,380,767	16,693,842
Expenses					
Cost of sales and services	3	13,866,049	13,551,180	12,456,234	12,179,037
Selling expenses	3	1,483,897	1,280,384	1,469,529	1,269,013
Administrative expenses	3	1,265,228	1,133,675	886,758	797,902
Other expenses		867	4,452	-	658
Total expenses		16,616,041	15,969,691	14,812,521	14,246,610
Profit before share of profit from investments in associates, finance cost and income tax expenses					
		3,912,077	2,691,608	3,568,246	2,447,232
Share of profit from investments in associates	8	513,158	367,644	-	-
Profit before finance cost and income tax expenses		4,425,235	3,059,252	3,568,246	2,447,232
Finance cost		(1,313,250)	(1,190,661)	(1,301,344)	(1,177,037)
Profit before income tax expenses		3,111,985	1,868,591	2,266,902	1,270,195
Income tax revenues (expenses)	19	(968,426)	(88,862)	(840,481)	14,647
Profit for the period		2,143,559	1,779,729	1,426,421	1,284,842
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments		(481,455)	1,577,193	(399,455)	1,310,693
Less: Income tax effect	19	96,291	(315,439)	79,891	(262,138)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(385,164)	1,261,754	(319,564)	1,048,555
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss on defined benefits plan		-	(63,380)	-	(63,380)
Less: Income tax effect	19	-	4,406	-	4,406
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(58,974)	-	(58,974)
Other comprehensive income for the period		(385,164)	1,202,780	(319,564)	989,581
Total comprehensive income for the period		1,758,395	2,982,509	1,106,857	2,274,423

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

(Unaudited but reviewed)

Bangkok Airways Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the nine-month period ended 30 September 2016

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit attributable to:					
Equity holders of the Company		2,087,707	1,740,070	1,426,421	1,284,842
Non-controlling interests of the subsidiaries		55,852	39,659		
		<u>2,143,559</u>	<u>1,779,729</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		1,702,543	2,942,850	1,106,857	2,274,423
Non-controlling interests of the subsidiaries		55,852	39,659		
		<u>1,758,395</u>	<u>2,982,509</u>		

(Unit: Baht)

Earnings per share		20			
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		<u>0.99</u>	<u>0.83</u>	<u>0.68</u>	<u>0.61</u>
Number of ordinary shares (Thousand shares) of Baht 1 each		<u>2,100,000</u>	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,100,000</u>

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

(Unaudited but reviewed)

Bangkok Airways Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2016

(Unit: Thousand Baht)

Separate financial statements

	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of equity		Total shareholders' equity
			Appropriated	Unappropriated	Other comprehensive income Surplus on changes in value of available-for-sale investments	Total other components of shareholders' equity	
Balance as at 31 December 2014	2,100,000	9,319,482	25,000	560,783	12,103,396	12,103,396	24,108,661
Profit for the period	-	-	-	1,284,842	-	-	1,284,842
Other comprehensive income for the period	-	-	-	(58,974)	1,048,555	1,048,555	989,581
Total comprehensive income for the period	-	-	-	1,225,868	1,048,555	1,048,555	2,274,423
Transferred to statutory reserve	-	-	45,000	(45,000)	-	-	-
Dividend paid (Note 21)	-	-	-	(945,000)	-	-	(945,000)
Balance as at 30 September 2015	<u>2,100,000</u>	<u>9,319,482</u>	<u>70,000</u>	<u>796,651</u>	<u>13,151,951</u>	<u>13,151,951</u>	<u>25,438,084</u>
Balance as at 31 December 2015	2,100,000	9,319,482	120,000	1,322,800	16,137,385	16,137,385	28,999,667
Profit for the period	-	-	-	1,426,421	-	-	1,426,421
Other comprehensive income for the period	-	-	-	-	(319,564)	(319,564)	(319,564)
Total comprehensive income for the period	-	-	-	1,426,421	(319,564)	(319,564)	1,106,857
Transferred to statutory reserve (Note 18)	-	-	49,000	(49,000)	-	-	-
Dividend paid (Note 21)	-	-	-	(1,470,000)	-	-	(1,470,000)
Balance as at 30 September 2016	<u>2,100,000</u>	<u>9,319,482</u>	<u>169,000</u>	<u>1,230,221</u>	<u>15,817,821</u>	<u>15,817,821</u>	<u>28,636,524</u>

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

(Unaudited but reviewed)

Bangkok Airways Public Company Limited and its subsidiaries**Cash flow statement****For the nine-month period ended 30 September 2016**

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Unit: Thousand Baht)			
Cash flows from operating activities				
Profit before tax	3,111,985	1,868,591	2,266,902	1,270,195
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	785,078	604,809	602,887	437,323
Allowance for doubtful accounts (reversal)	(6,008)	6,623	(6,018)	6,623
Reduction of inventory to net realisable value (reversal)	1,345	(1,902)	45	(2,172)
Gain on sales of property, plant and equipment	(5,053)	(9,186)	(5,498)	(9,062)
Gain on sales of short-term investments	(1,609)	(70)	-	-
Loss from revaluation of short-term investments	-	3,142	-	-
Written off fixed assets	-	100	-	100
Share of profit from investments in associates	(513,158)	(367,644)	-	-
Provision for long-term employee benefits	59,594	53,566	43,660	40,131
Loss from liquidation of associate	-	483	-	658
Unrealised loss (gain) on exchange	(84,120)	58,471	(83,888)	58,356
Dividend income	(442,199)	(280,420)	(691,548)	(533,983)
Interest income	(127,588)	(213,777)	(121,717)	(209,170)
Finance costs	1,313,250	1,190,661	1,301,344	1,177,037
Profit from operating activities before changes in operating assets and liabilities	4,091,517	2,913,447	3,306,169	2,236,036
Operating assets (increase) decrease				
Trade and other receivables	24,354	6,911	104,027	75,707
Inventories	(27,495)	8,324	(39,016)	9,946
Other current assets	(652,154)	(173,493)	(583,619)	(134,208)
Other assets	70,028	76,906	74,404	35,353
Operating liabilities increase (decrease)				
Trade and other payables	(228,753)	(213,279)	(188,964)	(134,218)
Other current liabilities	(19,013)	421,294	(40,590)	379,463
Long-term employee benefits paid	(11,501)	(24,630)	(11,479)	(24,630)
Other non-current liabilities	(22,560)	(1,709)	-	-
Cash flows from operating activities	3,224,423	3,013,771	2,620,932	2,443,449
Cash paid for income tax expenses	(779,954)	(126,605)	(665,145)	(22,046)
Net cash flows from operating activities	2,444,469	2,887,166	1,955,787	2,421,403

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

(Unaudited but reviewed)

Bangkok Airways Public Company Limited and its subsidiaries**Cash flow statement (continued)****For the nine-month period ended 30 September 2016**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	22,230	164,951	(5)	165,582
Decrease in current investments	951,800	6,700,000	1,000,000	6,700,000
Acquisition of property, plant and equipment	(653,608)	(294,864)	(367,064)	(206,334)
Acquisition of intangible assets	(12,529)	(59,479)	(11,536)	(57,824)
Acquisition of investment properties	-	-	(199,415)	-
Interest income	124,636	260,550	118,635	265,765
Dividend income from investment in subsidiaries	-	-	397,452	138,799
Dividend income from investment in associates	500,096	456,258	500,096	456,258
Dividend income from long-term investments	442,199	280,420	367,852	232,075
Proceeds from sales of property, plant and equipment	14,073	11,387	11,830	9,513
Cash paid for investment in associates	(103,857)	(635,696)	(103,857)	(635,696)
Cash paid for other long-term investments	(410,948)	-	(410,948)	-
Cash paid for investment in subsidiaries	(136,409)	(36)	(136,409)	-
Cash received from sales of short-term investments	17,100	1,800	-	-
Cash received from sales of long-term investments	1,475	442	1,475	442
Cash received from liquidation of associate	-	2,342	-	2,342
Cash received from loans to related parties	-	-	45,000	-
Net cash flows from investing activities	<u>756,258</u>	<u>6,888,075</u>	<u>1,213,106</u>	<u>7,070,922</u>
Cash flows from financing activities				
Cash received from short-term loans	-	3,540	-	-
Repayment of short-term loans	-	(3,540)	-	-
Liabilities under finance lease payable	(660,825)	(361,662)	(641,365)	(350,383)
Cash received from long-term loans	80,000	20,000	-	-
Repayment of long-term loans	(320,609)	(482,593)	(314,609)	(389,093)
Cash paid for interest expenses	(1,318,833)	(1,163,346)	(1,297,687)	(1,151,177)
Dividend paid	(1,470,000)	(945,000)	(1,470,000)	(945,000)
Dividend paid to non-controlling interest of the subsidiaries	(36,048)	-	-	-
Net cash flows used in financing activities	<u>(3,726,315)</u>	<u>(2,932,601)</u>	<u>(3,723,661)</u>	<u>(2,835,653)</u>
Net increase (decrease) in cash and cash equivalents	<u>(525,588)</u>	<u>6,842,640</u>	<u>(554,768)</u>	<u>6,656,672</u>
Cash and cash equivalents at beginning of the period	<u>4,627,981</u>	<u>2,175,125</u>	<u>4,094,773</u>	<u>1,877,259</u>
Cash and cash equivalents at end of the period (Note 4)	<u>4,102,393</u>	<u>9,017,765</u>	<u>3,540,005</u>	<u>8,533,931</u>
	-	-	-	-
Supplemental cash flows information:				
Non-cash items				
Decrease in payable from acquisition of investments in associates	(16,382)	-	(16,382)	-
Increase (decrease) in payable from purchase of assets	(667)	20,074	389	334
Increase (decrease) in payable from purchase of intangible assets	744	(1)	744	(1)
Purchase assets under finance lease	2,263,273	1,507,838	2,244,556	1,465,410
Gain (loss) on changes in value of available-for-sale investments - net of income taxes	(385,164)	1,261,754	(319,564)	1,048,555
Actuarial loss for deferred benefits plan - net of income taxes	-	(58,974)	-	(58,974)

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

Bangkok Airways Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2016

1. General information

1.1 Corporate 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 99 Moo 14, Vibhavadirangsit Road, Chom Phon, Chatuchak, Bangkok.

1.2 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standards No. 34 (revised 2015) *Interim Financial Reporting*, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2015, with there being no changes in the composition of the group companies during the current period.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015.

3. Related party transactions

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 Services Co., Ltd.	Subsidiary
Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.	Subsidiary
Bangkok Airways Holding Co., Ltd.	Subsidiary
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
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

List of related companies	Relationship
Thai Petroleum Service Corp., Ltd.	Common shareholders and/or directors
Bangkok Golden Life 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 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
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
Three Sixtyfive Plc.	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 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

List of related companies	Relationship
Paolo Medic Co., Ltd.	Common shareholders and/or directors
Paolo Samut Prakarn Co., Ltd.	Common shareholders and/or directors
Pattaya Country Club Co., Ltd.	Common shareholders and/or directors
BIRA Property Co., Ltd.	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
Phyathai 3 Hospital Co., Ltd.	Common shareholders and/or directors
Sriracha Nakorn General Hospital 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
A.N.B. Laboratories Co., Ltd.	Common shareholders and/or directors
SBI Thai Online Securities Co., Ltd.	Common shareholders and/or directors
Advanced 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

List of related companies	Relationship
Royal Oriental Energy Co., Ltd.	Common shareholders and/or directors
Bangkok Sky Estate Co., Ltd.	Common shareholders and/or directors
Grow Up 2014 Co., Ltd.	Common shareholders and/or directors
Fuel Pipeline Transportation Limited	Common shareholders and/or directors
Prapornnan Co., Ltd.	Common shareholders and/or directors
Pa Sanook Co., Ltd.	Common shareholders and/or directors
Loxley Plc.	Common shareholders and/or directors
Hansaphasanook Limited Partnership	Common shareholders and/or directors
Subpala Co., Ltd.	Common shareholders and/or directors
Norton Rose Fulbright (Thailand) Ltd.	Common shareholders and/or directors
BDMS Property Management Co., Ltd.	Common shareholders and/or directors
Krungthep Limousine Co., Ltd.	Common shareholders and/or directors
Koh Chang Accom Limited Partnership	Common shareholders and/or directors
Pam Deli Co., Ltd.	Common shareholders and/or directors
Fah Thai Holidays Co., Ltd.	Common shareholders and/or directors
Richness & Wealthy Co., Ltd.	Common shareholders and/or directors
Advocate Holding Co., Ltd.	Common shareholders and/or directors
Humex (Thailand) Co., Ltd.	Common shareholders and/or directors
Bangkok Smart Media 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
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
Natural Rice Co., Ltd.	Deemed related party
Airport Restaurant Co., Ltd.	Deemed related party
Café Di Bangkok Air Partnership	Deemed related party
Na Khao Pattana Co., Ltd.	Deemed related party
Bangkok Samui Hospital Co., Ltd.	Deemed related party

During the periods, 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, its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	For the three-month periods ended				
	30 September				
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Permission fee	-	-	50	44	Contract price
Concession lounge service income	-	-	1	5	Contract price
Rental income	-	-	2	1	Contract price
Passenger income	-	-	1	-	Authorised price
Utilities income	-	-	1	-	Actual charge
Catering service expenses	-	-	160	106	Contract price
Ground service expenses	-	-	120	115	Contract price
Shipping service expense	-	-	-	1	Contract price
Food and beverage expense	-	-	1	-	Agreed upon
<u>Transactions with associates</u>					
Ground service income	1	-	-	-	Agreed upon
Catering service income	-	1	-	-	Contract price
Dividend income	-	-	119	80	As declared
Finance cost	376	349	376	349	Contract price
Shipping service expenses	8	5	8	5	Actual charge
<u>Transactions with related companies</u>					
Permission fee income	2	2	2	2	Contract price
Catering service income	6	5	-	-	Contract price
Ground service income	1	1	-	-	Agreed upon
Rental income	4	2	4	2	Contract price
Passenger income	8	11	8	11	Authorised price
Utilities income	1	1	1	1	Actual charge
Compensation income	-	3	-	3	Agreed upon
Advertising income	1	1	1	1	Contract price
Marketing support income	-	1	-	1	Contract price
Charter flight income	55	16	55	16	Contract price
Freight income	-	1	-	1	Actual charge
Revenue from sales fixed assets	-	7	-	7	Agreed upon
Dividend income	121	-	101	-	As declared

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Pricing Policy
	financial		financial		
	statements		statements		
For the three-month periods ended					
30 September					
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Catering service expenses	-	1	-	1	Contract price
Ground service expenses	167	135	152	125	Contract price
Management expenses	33	47	33	47	Contract price
Security expenses	16	19	16	18	Contract price
Rental expenses	9	-	8	-	Contract price
Employee expenses	4	2	3	2	Actual charge
Medical expenses	1	1	1	-	Market price
Aeronautical radio expenses	120	116	112	116	Market price
Charter flight expenses	57	-	57	-	Contract price
Advertising expenses	5	1	5	1	Contract price
Utilities expenses	2	1	-	-	Market price
Flight cancelled and delayed compensation	1	1	1	1	Actual charge
Additional purchase of investment in subsidiary	136	-	136	-	Contract price

(Unit: Million Baht)

	Consolidated		Separate		Pricing Policy
	financial		financial		
	statements		statements		
For the nine-month periods ended					
30 September					
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Permission fee	-	-	165	130	Contract price
Concession lounge service income	-	-	12	15	Contract price
Rental income	-	-	3	2	Contract price
Passenger income	-	-	1	-	Authorised price
Utilities income	-	-	1	-	Actual charge
Catering service expenses	-	-	447	310	Contract price
Ground service expenses	-	-	360	346	Contract price
Shipping service expenses	-	-	1	1	Contract price
Food and beverage expense	-	-	1	-	Agreed upon

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	For the nine-month periods ended				
	30 September				
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with associates</u>					
Ground service income	2	2	-	-	Agreed upon
Collection fee income	1	1	-	-	Contract price
Catering service income	-	1	-	-	Contract price
Dividend income	-	-	324	302	As declared
Finance cost	1,091	999	1,091	999	Contract price
Shipping service expenses	13	17	13	17	Actual charge
Rental fee	1	-	-	-	Contract price
<u>Transactions with related companies</u>					
Permission fee	3	4	3	4	Contract price
Catering service income	18	13	-	-	Contract price
Ground service income	2	2	-	-	Agreed upon
Rental income	9	6	9	6	Contract price
Passenger income	29	33	29	33	Authorised price
Consulting income	2	2	2	2	Contract price
Utilities income	2	2	2	2	Actual charge
Compensation income	-	3	-	3	Agree upon
Advertising income	2	1	2	1	Contract price
Marketing support income	1	1	1	1	Contract price
Charter flight income	57	16	57	16	Contract price
Freight income	1	1	1	1	Actual charge
Revenue from sales fixed assets	1	7	1	7	Agreed upon
Dividend income	441	279	368	232	As declared
Catering service expenses	1	3	1	3	Contract price
Ground service expenses	451	408	411	378	Contract price
Management expenses	101	127	100	127	Contract price
Security expenses	48	52	47	51	Contract price
Rental expenses	11	2	8	-	Contract price
Employee expenses	8	3	6	3	Actual charge
Medical expenses	3	3	2	1	Market price
Aeronautical radio expenses	383	371	365	357	Market price
Charter flight expenses	91	-	91	-	Contract price
Advertising expenses	6	1	6	1	Contract price
Utilities expenses	1	1	-	-	Market price
Flight cancelled and delayed compensation	2	1	2	1	Actual charge
Addition purchase of investment in subsidiary	136	-	136	-	Contract price

(Unaudited but reviewed)

As at 30 September 2016 and 31 December 2015, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
<u>Trade and other receivables - related parties (Note 6)</u>				
Subsidiaries	-	-	43,318	415,711
Associates	22,688	199,312	22,081	198,450
Related companies (common shareholders and/or directors)	42,689	14,314	39,462	10,095
Total trade and other receivables - related parties	<u>65,377</u>	<u>213,626</u>	<u>104,861</u>	<u>624,256</u>
<u>Deposits - related parties (present as other non-current assets)</u>				
Associates	47,500	47,500	47,500	47,500
Related companies (common shareholders and/or directors)	3,166	3,200	962	962
Total deposits - related parties	<u>50,666</u>	<u>50,700</u>	<u>48,462</u>	<u>48,462</u>
<u>Trade and other payables - related parties (Note 14)</u>				
Subsidiaries	-	-	205,289	178,932
Associates	137,214	124,496	115,929	115,653
Related companies (common shareholders and/or directors)	171,577	184,400	163,712	179,761
Total trade and other payables - related parties	<u>308,791</u>	<u>308,896</u>	<u>484,930</u>	<u>474,346</u>
<u>Other current liabilities - related parties</u>				
Related companies (common shareholders and/or directors)	4,316	26,000	4,316	-
Total other current liabilities - related parties	<u>4,316</u>	<u>26,000</u>	<u>4,316</u>	<u>-</u>

Loans to related party

As at 30 September 2016 and 31 December 2015, the balance of loans to and interest receivables between the Company and related party and the movements during the period are as follows:

	(Unit: Thousand Baht)			
	Separate financial statements			
Loans to and interest receivables	Balance as at 31 December 2015	Increase during the period	Decrease during the period	Balance as at 30 September 2016
Subsidiary	45,000	-	(45,000)	-
Total	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>	<u>-</u>

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
For the three-month periods ended 30 September				
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	58	41	45	29
Post-employment benefits	3	2	2	2
Total	61	43	47	31

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
For the nine-month periods ended 30 September				
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	153	134	113	99
Post-employment benefits	6	5	4	4
Total	159	139	117	103

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 23.4.

4. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	69,851	125,052	67,995	122,387
Bank deposits	3,838,405	4,447,890	3,472,010	3,972,386
Bills of exchange	194,137	55,039	-	-
Total	4,102,393	4,627,981	3,540,005	4,094,773

(Unaudited but reviewed)

As at 30 September 2016, bank deposits in saving accounts, fixed deposits, and bills of exchange carried interests between 0.1 and 1.1 percent per annum (31 December 2015: between 0.05 and 2.75 percent per annum) and Baht 12 million of cash is cash on hand of abroad stations (31 December 2015: Baht 55 million).

5. Current investments

	(Unit: Thousand Baht)			
	Consolidated financial		Separate	
	statements		financial statements	
30 September	31 December	30 September	31 December	
2016	2015	2016	2015	
Fixed deposits over three months but not over one year	7,648,200	8,600,000	7,600,000	8,600,000
Trading securities	-	15,491	-	-
Total	<u>7,648,200</u>	<u>8,615,491</u>	<u>7,600,000</u>	<u>8,600,000</u>

As at 30 September 2016, fixed deposits carried interests between 1.5 and 1.7 percent per annum (31 December 2015: between 0.9 and 1.9 percent per annum).

6. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial		Separate	
	statements		financial statements	
30 September	31 December	30 September	31 December	
2016	2015	2016	2015	
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	39,251	9,848	78,837	23,834
Past due				
Up to 3 months	3,189	2,552	3,087	1,871
3 - 6 months	642	1,027	642	921
6 - 12 months	489	1,219	489	1,198
Over 12 months	870	530	870	530
Total trade receivables - related parties	<u>44,441</u>	<u>15,176</u>	<u>83,925</u>	<u>28,354</u>
Less: Allowance for doubtful debt	<u>(1,114)</u>	<u>-</u>	<u>(1,114)</u>	<u>-</u>
Total trade receivables - related parties, net	<u>43,327</u>	<u>15,176</u>	<u>82,811</u>	<u>28,354</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,245,077	1,349,302	850,031	982,772
Past due				
Up to 3 months	223,542	259,646	113,415	189,363
3 - 6 months	58,146	7,219	38,830	6,736
6 - 12 months	24,793	14,526	4,826	13,318
Over 12 months	72,940	80,856	71,430	79,453
Total	1,624,498	1,711,549	1,078,532	1,271,642
Less: Allowance for doubtful debts	(85,244)	(92,377)	(83,871)	(91,003)
Total trade receivables - unrelated parties, net	1,539,254	1,619,172	994,661	1,180,639
Total trade receivables - net	1,582,581	1,634,348	1,077,472	1,208,993
<u>Other receivables</u>				
Other receivables - related parties	22,050	198,450	22,050	595,902
Total other receivables - related parties - net	22,050	198,450	22,050	595,902
Other receivables - Unrelated parties	36,299	23,416	36,222	23,243
Less: Allowance for doubtful debts	(9,070)	(9,070)	(9,070)	(9,070)
Total other receivables - unrelated parties - net	27,229	14,346	27,152	14,173
Total other receivables - net	49,279	212,796	49,202	610,075
Trade and other receivables - net	1,631,860	1,847,144	1,126,674	1,819,068

7. Provision for diminution in value of inventories

Movements in the provision for diminution in value of inventories account during the nine-month period ended 30 September 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2016	40,214	39,814
Provision for obsolete inventory during the period	1,345	45
Balance as at 30 September 2016	<u>41,559</u>	<u>39,859</u>

8. Investments in associates

8.1 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	
			30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015
			(%)	(%)				
WFS - PG Cargo Company Limited	Cargo	Thailand	49.00	49.00	147,000	147,000	329,134	164,855
Samui Airport Property Fund (Leasehold)	Property Fund	Thailand	30.43	29.99	3,219,455	3,131,981	2,398,071	2,285,414
Total					<u>3,366,455</u>	<u>3,278,981</u>	<u>2,727,205</u>	<u>2,450,269</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements				
			Shareholding percentage		Cost		
			30 September 2016	31 December 2015	30 September 2016	31 December 2015	31 December 2015
			(%)	(%)			
WFS - PG Cargo Company Limited	Cargo	Thailand	49.00	49.00	147,000		147,000
Samui Airport Property Fund (Leasehold)	Property Fund	Thailand	30.43	29.99	3,219,455		3,131,981
Total					<u>3,366,455</u>		<u>3,278,981</u>

8.2 Share of profit/loss and dividend received

During the period, 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	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
			financial statements	
	Share of profit/loss from investments in associates during the three-month periods ended 30 September		Dividend received during the three-month periods ended 30 September	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
WFS - PG Cargo Co., Ltd.	70,386	55,428	22,050	-
Samui Airport Property Fund (Leasehold)	114,758	92,919	96,857	79,656
S.E.A. Aviation Co., Ltd.	-	21	-	-
Total	185,144	148,368	118,907	79,656

Company's name	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
			financial statements	
	Share of profit/loss from investments in associates during the nine-month periods ended 30 September		Dividend received during the nine-month periods ended 30 September	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
WFS - PG Cargo Co., Ltd.	186,329	165,492	22,050	73,500
Samui Airport Property Fund (Leasehold)	326,829	202,137	301,646	228,408
S.E.A. Aviation Co., Ltd.	-	15	-	-
Total	513,158	367,644	323,696	301,908

8.3 Fair value of investments in listed associate

In respect of investments in associated company that is listed company on the Stock Exchange of Thailand, its fair value is as follows:

(Unit: Million Baht)

Company's name	Fair value as at	
	30 September	31 December
	2016	2015
Samui Airport Property Fund (Leasehold)	7,879	5,670

9. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 September	31 December	30 September	31 December	30 September	31 December
	2016	2015	2016	2015	2016	2015
			(%)	(%)		
Bangkok Airways Holding Company Limited	1,001,000	1,001,000	99.99	99.99	1,000,999	1,000,999
Bangkok Airways Ground Services Company Limited	250	250	99.99	99.99	250	250
Worldwide Flight Services Bangkok Air Ground Handling Company Limited	670,000	670,000	98.88	90.00	739,924	603,515
Bangkok Air Catering Company Limited	500,000	500,000	90.00	90.00	579,469	579,469
Total investments in subsidiary companies					<u>2,320,642</u>	<u>2,184,233</u>

As at 31 December 2015, the Company's investments in subsidiaries amounting to Baht 594 million (30 September 2016: Nil) have been used as collateral for credit facilities of the subsidiaries.

On 25 August 2016, the Company increased its interest in the equity of Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd. by purchasing 5,947,100 shares of common stock from PV Consulting Co., Ltd. (related party) at a price of Baht 23 per share, totaling Baht 136 million or USD 3,912,902. As a result, its shareholdings in the subsidiary increased to 98.88 percent.

On 9 November 2016, the Board of Directors of Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd. ("the subsidiary") passed a resolution to approve an interim dividend payment from operating income for the year 2016 and retained earnings of Baht 3 per share, or a total of Baht 201 million.

10. Others long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Available-for-sales securities				
Market capital	2,869,965	2,869,965	2,223,465	2,223,465
Add: Unrealised gain from revaluation	23,594,777	24,076,232	19,772,277	20,171,732
Available-for-sales securities - net	26,464,742	26,946,197	21,995,742	22,395,197
Debt securities held to maturity	50,000	50,000	50,000	50,000
Other investments	416,517	7,044	416,517	7,044
Total	26,931,259	27,003,241	22,462,259	22,452,241

Certain available-for-sales securities with market value as at 30 September 2016 amounting to Baht 12,239 million (31 December 2015: Baht 14,173 million) have been used as collateral for bank overdrafts, short-term loans from banks, and long-term loans.

11. Investment properties

Movements of investment properties during the nine-month period ended 30 September 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	253,991	253,991
Acquisitions - at cost	-	199,415
Depreciation	(12,016)	(12,016)
Net book value as at 30 September 2016	241,975	441,390

As at 30 September 2016, the Company has pledged investment properties which net book value amounting to approximately Baht 11 million (31 December 2015: Baht 11 million) as collateral against credit facilities received from commercial banks.

12. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	9,559,003	8,779,416
Acquisitions - at cost	2,916,214	2,612,008
Disposal - net book value at disposal date	(9,020)	(6,332)
Depreciation	(710,804)	(564,485)
Reclassified assets	(10,023)	-
Net book value as at 30 September 2016	11,745,370	10,820,607

As at 30 September 2016, the Company and its subsidiaries has aircrafts, vehicles and equipment under finance lease which net book value amounted to approximately Baht 6,671 million (31 December 2015: Baht 4,696 million)

As at 30 September 2016, certain property and equipment have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 2,052 million (31 December 2015: Baht 1,492 million) (separate financial statements: Baht 1,381 million (31 December 2015: Baht 1,228 million)).

Samui airport including its facilities are used as collateral for compliance with the terms and conditions in the lease and services from facilities agreements as discussed in Note 17.

Major portion of the Company's land together with the construction thereon are used as collateral for bank overdrafts, short-term loans from banks and long-term loans as discussed in Note 15.

As at 30 September 2016, 7 aircrafts of the Company (31 December 2015: 4 aircrafts) are under conditional sale agreements. The Company treats these conditional sale 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.

13. 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 equipment and maintenance facilities	20 years

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

Movements of intangible assets during the nine-month period ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	711,522	211,962
Acquisition - at cost	13,273	12,280
Reclassified assets	10,023	-
Amortisation	(60,690)	(24,818)
Net book value as at 30 September 2016	674,128	199,424

(Unaudited but reviewed)

14. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
30 September	31 December	30 September	31 December	
2016	2015	2016	2015	
Trade payables - related parties	302,841	301,573	478,464	466,790
Trade payables - unrelated parties	1,258,069	1,335,355	1,082,982	1,149,935
Other payables - related parties	5,950	7,323	6,466	7,556
Other payables - unrelated parties	434,817	610,137	350,416	506,733
Other payables for purchase of software and equipment	6,267	6,190	3,799	2,666
Total trade and other payables	<u>2,007,944</u>	<u>2,260,578</u>	<u>1,922,127</u>	<u>2,133,680</u>

15. Long-term loans

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
30 September	31 December	30 September	31 December	
2016	2015	2016	2015	
Long-term loans	246,040	471,180	141,040	440,180
Less: Current portion	(193,120)	(242,020)	(103,120)	(233,520)
Long-term loans, net of current portion	<u>52,920</u>	<u>229,160</u>	<u>37,920</u>	<u>206,660</u>

Movements of long-term loans during the nine-month period ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial	financial
	statements	statements
Balance as at 1 January 2016	471,180	440,180
Add: Addition	80,000	-
Less: Repayment	(305,140)	(299,140)
Balance as at 30 September 2016	<u>246,040</u>	<u>141,040</u>

Long-term loans are secured by part of common shares of subsidiaries, certain long-term investments of the Company, and the Company and related company's land and construction as described in Note 9, Note 10, Note 11 and Note 12, 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 to comply with the agreements.

As at 30 September 2016 and 31 December 2015, the long-term credit facilities of the Company and its subsidiaries have been fully drawn down.

16. Liabilities arising from finance lease of aircrafts

Liabilities arising from finance lease of aircrafts have average terms of the agreements approximately 12 years (effective rate from 1.25% to 2.90%) are due as follows:

(Unit: Thousand Baht)

	Consolidated financial statements and Separate financial statements		
	30 September 2016		
	Liabilities arising from finance lease	Deferred interest expenses	Total
Within one year	382,552	(67,337)	315,215
After one year but within five years	1,524,227	(207,598)	1,316,629
More than five years	2,364,403	(129,509)	2,234,894
Total	4,271,182	(404,444)	3,866,738

(Unit: Thousand Baht)

	Consolidated financial statements and Separate financial statements		
	31 December 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
More than five years	1,458,993	(66,964)	1,392,029
Total	2,585,467	(204,808)	2,380,659

17. Long-term loan - related party

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2016	11,354,130
Increase from compound interest	1,091,370
Less: Payment during period	(1,106,839)
Balance as at 30 September 2016	11,338,661
Less: Current portion	-
Long-term loans - related party - net of current portion	11,338,661

On 24 November 2006, the Company entered into an agreement to lease Samui Airport, together with its facilities, to Samui Airport Property Fund (Leasehold) (‘the 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 value of Baht 20,900 million, to guarantee performance in accordance with the lease agreement. Under the terms of the agreement, the Group (Bangkok Airways Public 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 collateralised amount throughout the pledge period.

As at 30 September 2016, the Company has pledged common shares of Bangkok Dusit Medical Services Public Company Limited amounting to 33 million shares (31 December 2015: 45 million shares) with a fair value of Baht 719 million (31 December 2015: Baht 999 million) as collateral for the sub-lease agreement and service agreement above mentioned.

18. Statutory reserve

On 21 September 2016, the Board of Directors Meeting of the Company passed a resolution to approve the setting aside of a statutory reserve at 5% of the net income for the first six months of the year 2016. According to this, the statutory reserve was set at Baht 49 million.

19. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September			
	2016	2015	2016	2015
Current income tax:				
Interim corporate income tax charge	84,177	32,087	40,860	-
Deferred tax:				
Relating to origination and reversal of temporary differences	38,828	(29,442)	39,970	(29,247)
Tax expenses (income) reported in the statements of comprehensive income	123,005	2,645	80,830	(29,247)

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September			
	2016	2015	2016	2015
Current income tax:				
Interim corporate income tax charge	371,617	106,748	242,604	-
Adjustment in respect of current income tax of previous year	506,118	255	506,118	-
Deferred tax:				
Relating to origination and reversal of temporary differences	90,691	(18,141)	91,759	(14,647)
Tax expenses (income) reported in the statements of comprehensive income	968,426	88,862	840,481	(14,647)

Adjustment in respect of current income tax of previous year as shown above.

The Minister of Finance exercised authority under paragraph 2 octo of Article 3 of the Revenue Code, to approve an extension of the deadline for filing corporate income tax returns under the Revenue Code for companies granted investment promotion that did not include revenue and expenses of all promoted projects in the same period in the calculation of the net profit or net loss of the promoted company due to the application of practices based on misinterpretations by other government agencies, with no intent to avoid tax. Those companies are required to file a corporate income tax return and pay tax within 1 August 2016, with no penalty or surcharge payable. Details of this are in accordance with the Notification of the Ministry of Finance dated 16 June 2016 regarding the extension of corporate income tax filing deadlines under the Revenue Code (“Ministry of Finance Notification”). The Company is affected by the Notification but must comply to maintain the benefit to be exempt from paying a fine or surcharge. The Company filed a supplementary Corporate Income Tax Return on 29 July 2016 and pay shortfall of tax at the amount of Baht 447 million.

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September			
	2016	2015	2016	2015
Deferred tax relating to				
Loss on changes in value of				
available-for-sale investments	485,271	267,042	403,271	221,943
Actuarial loss on defined benefit				
plan	-	806	-	806
	<u>485,271</u>	<u>267,848</u>	<u>403,271</u>	<u>222,749</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September			
	2016	2015	2016	2015
Deferred tax relating to				
(Gain) loss on changes in value of				
available-for-sale investments	96,291	(315,439)	79,891	(262,138)
Actuarial loss on defined				
benefits plan	-	4,406	-	4,406
	<u>96,291</u>	<u>(311,033)</u>	<u>79,891</u>	<u>(257,732)</u>

20. Earnings per share

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

21. Dividend

	Approved by	Total dividend	Dividend per share
		(Million Baht)	(Baht)
Dividend for the operation of the year 2014	Annual General Meeting of the shareholders on 23 April 2015	420	0.20
Interim dividends from 2015 income	Board of Director's meeting on 24 September 2015	525	0.25
		<u>945</u>	<u>0.45</u>
Dividend for the operation of the year 2015	Annual General Meeting of the shareholders on 27 April 2016	945	0.45
Interim dividends from 2016 income	Board of Director's meeting on 21 September 2016	525	0.25
		<u>1,470</u>	<u>0.70</u>

(Unaudited but reviewed)

22. Segment information

The Company and its subsidiaries are organised into business units based on their products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

(Unit: Million Baht)

	Airlines segment		Airports segment		Supporting Airlines Business segments		Other segments		Elimination of inter-segment revenues		Consolidation	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	For the three-month periods ended 30 September											
Revenue from external customers	5,223	4,945	153	161	815	754	30	29	-	-	6,221	5,889
Intersegment revenues	-	-	-	-	282	222	1	1	(283)	(223)	-	-
Total revenues	5,223	4,945	153	161	1,097	976	31	30	(283)	(223)	6,221	5,889
Segment operating profit (loss)	1,382	1,058	52	61	84	97	(1)	-	-	-	1,517	1,216
Unallocated income and expenses:												
Dividend income											121	-
Interest income											35	67
Gain on exchange rate											42	178
Other income											277	230
Selling expenses											(503)	(443)
Administrative expenses											(420)	(390)
Other expenses											-	(4)
Share of profit of associated companies											185	149
Finance costs											(449)	(409)
Tax expense											(123)	(3)
Non-controlling interests of the subsidiaries											(19)	(12)
Profit for the period											663	579

(Unaudited but reviewed)

(Unit: Million Baht)

	Airlines segment		Airports segment		Supporting Airlines Business segments		Other segments		Elimination of inter-segment revenues		Consolidation	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	For the nine-month periods ended 30 September											
Revenue from external customers	15,871	14,552	455	429	2,436	2,255	89	80	-	-	18,851	17,316
Intersegment revenues	-	-	-	-	810	656	2	2	(812)	(658)	-	-
Total revenues	15,871	14,552	455	429	3,246	2,911	91	82	(812)	(658)	18,851	17,316
Segment operating profit (loss)	4,526	3,322	152	136	311	310	(4)	(4)			4,985	3,764
Unallocated income and expenses:												
Dividend income											442	280
Gain from sale of current investments											2	-
Interest income											127	214
Gain on exchange rate											148	295
Other income											958	556
Selling expenses											(1,484)	(1,280)
Administrative expenses											(1,265)	(1,134)
Other expenses											(1)	(4)
Share of profit of associated companies											513	368
Finance costs											(1,313)	(1,190)
Tax expense											(968)	(89)
Non-controlling interests of the subsidiaries											(56)	(40)
Profit for the period											2,088	1,740

23. Commitments and contingent liabilities

23.1 Operating lease commitments

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

As at 30 September 2016, future minimum lease payments required under aircraft lease agreements totalling USD 128 million (31 December 2015: USD 159 million).

The Company and its subsidiaries have future minimum lease payments required under concessions and non-cancellable service agreements, rental agreements of land and building located in Thailand and abroad were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2016	2015	2016	2015
Payable				
In up to 1 year	1,078	771	306	268
In over 1 and up to 5 years	2,098	2,100	161	171
In over 5 years	2,865	3,238	72	78

23.2 Capital commitments

- 1) As at 30 September 2016, the Company had capital commitments of Baht 43 million (31 December 2015: Baht 25 million) mainly in building improvement, Baht 32 million (31 December 2015: Baht 34 million) relating to acquisition of software and office equipment for operations, and Baht 16 million (31 December 2015: Nil) relating to security deposit for aircraft leasing.
- 2) As at 30 September 2016, the Company had commitments as a result of its signature of a sale and purchase contract for 2 ATR aircrafts (31 December 2015: 5 ATR aircrafts) with Avions de Transport Regional G.I.E. Delivery of the aircraft is scheduled for between November 2016 and February 2017.
- 3) As at 30 September 2016, the Company had commitments as a result of its signature of a sale and purchase contract for a Falcon aircraft (31 December 2015: Nil) of USD 27.7 million. Delivery of the aircraft is scheduled in October 2016.

- 4) As at 30 September 2016, the Company had commitments from entering into a land purchase contract in the Samui International Airport area amounting to Baht 55 million (31 December 2015: Nil).

23.3 Investment commitments

As at 30 September 2016, the Company had investment commitment totaling Baht 119 million in respect of other long-term investment (31 December 2015: Nil).

23.4 Guarantees

- 1) As at 30 September 2016, the Company has guaranteed bank credit facilities of its subsidiary companies amounting to Baht 562 million (31 December 2015: Baht 570 million) and as at 31 December 2015, the Company has guaranteed bank credit facilities of its associated companies amounting to Baht 165 million (30 September 2016: Nil).
- 2) As at 30 September 2016 and 31 December 2015, there were the following outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business on behalf of the Company and its subsidiaries.

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)
Letter of guarantees for land and building rental				
THB	70.19	27.55	21.56	19.18
Letter of guarantees for purchase of aircraft fuel				
THB	20.05	20.05	20.05	20.05
USD	-	0.03	-	0.03
Letter of guarantees for the concessionary contracts				
THB	402.00	276.81	-	-
Letter of guarantees for payments due to creditors				
THB	1.07	-	-	-
USD	0.53	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	18.80	18.80	18.80	18.80
Other letter of guarantees				
THB	41.00	50.61	23.87	35.95
EUR	0.01	0.01	0.01	0.01
USD	0.14	0.37	0.14	0.34
MYR	1.00	-	1.00	-

23.5 Pledges

As at 30 September 2016 and 31 December 2015, the subsidiary has the following contingent liabilities in respect of guarantees for loan and bank overdraft facilities.

(Unit: Million Baht)

Guarantor	Guarantee	30 September 2016	31 December 2015
Bangkok Air Catering Co., Ltd.	BAC Gourmet House Co., Ltd.	85	125
Bangkok Air Catering Co., Ltd.	Bangkok Air Catering Samui Co., Ltd.	16	-
		<u>101</u>	<u>125</u>

23.6 Other commitments

- 1) As at 30 September 2016, 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 total fee is approximately Baht 13 million (31 December 2015: Baht 112 million).
- 2) 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 securities of the counterparty. The agreement has a term of three years, ending on 5 November 2018. At maturity, the counterparty may choose to proceed with the options as stipulated in the agreement.

As at 30 September 2016 and 31 December 2015, the future payments required under non-cancellable agreements were as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	30 September 2016	31 December 2015
Payable		
In up to 1 year	95	95
In over 1 and up to 3 years	104	174

23.7 Letter of credit facilities

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. The Company has to comply with all conditions as stipulated in the agreement. As at 30 September 2016, the undrawn portion of this credit facilities amounted to USD 1.52 million (31 December 2015: USD 1.87 million).

23.8 Interest Rate Swap Transaction Agreement

As at 30 September 2016, the Company has interest rate swap agreements for principals amounting to USD 63.7 million which are still effective. The interest rates received under these agreements are a floating rate of LIBOR-ICE and a fixed interest rate of 2.35 - 2.38 percent and the agreements mature between November 2026 and April 2028.

24. Litigations

The Company

- 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, which was paid in 2008. On 4 April 2016 and 13 June 2016, the Court dismissed the cases, in which claims amounted to Baht 0.2 million, and the cases are now finalised.
- 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 2016. 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 requested a reassessment of the House and Land tax, pursuant to its legal rights. However, since the House and Land Tax Act B.E. 2475 (1932) provides that payment of assessed House and Land tax is to be made before a case can be submitted for consideration by the courts, 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 tax to the Company together with interest

of 7.5% per annum. On 5 April 2016, the Mayor of Koh Samui Municipality ordered a suspension of the House and Land tax reassessment for the year 2015 until the Supreme Court issues a final judgement on these cases.

Currently, on 30 September 2016 and 4 October 2016, The Central Tax Court read the Supreme Court judgment which reversed the judgement of the Central Tax Court, dismissing the plaintiff's lawsuit for House and Land tax years for 2011 and years 2007 to 2010, respectively. For the House and Land tax for the years 2012 to 2014, the case is being considered by the Supreme Court. Subsequently on 17 October 2016, the Company submitted a letter requesting the postponement of the decision on the House and Land tax reassessment for House and Land tax years for 2015 and 2016, until the Supreme Court issue final judgement on the pending case of House and Land tax for the previous years.

The Company has confirmed that the related accounting records have been made for accounting purposes only and they do 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 its rights in any other cases in dispute and under court proceedings and the Company's appeal of the House and Land tax assessment.

- 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. 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 June 2016, the Company paid compensation to the plaintiff in accordance with the dispute settlement agreement and transferred approximately Baht 174 million from the escrow account back to the Company's bank account in Thailand.

- 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.
- 5) In July 2014 the Company was sued by a former employee, claiming Baht 34.6 million in severance pay. On 15 August 2016, the Labour Court ordered the dismissal of the plaintiff's case, and on 18 October 2016 the plaintiff filed a request for an extension of the time to appeal the judgment of the Central Labour Court until 15 November 2016.
- 6) In February 2016, the Company was sued by an individual in relation to distress caused to the plaintiff as a result of environmental impact and the obstruction of a public road, related to the operations of Samui Airport, seeking damages of Baht 2,130,000 plus interest at the rate of 7.5 percent per annum calculated from the day following the date of the filing of the case until the Company and dependents desist and/or resolve issues as requested by the plaintiff. The Court set a date of 23 August 2016 for settlement of issues, but the parties were unable to reach a negotiated agreement. The Court therefore ordered that the case proceed to the next stage of the judicial process and set dates for the examination of evidence, and of the plaintiff and the defendant of 21 February 2017 and 22 to 28 February 2017, respectively.

- 7) In July 2016, the Company was sued by 2 former employees, claiming the severance pay from employment contract termination of Baht 1.8 million together with the default interest at rate of 15% per annum. Currently, the case is under the court proceeding and scheduling the date of trial and consideration of the disputed issues on 15 November 2016.
- 8) In May 2016, an airline filed a lawsuit against the Company with Thai Civil Court alleging that the Company did not park its aircraft at the suitable location resulting in a collision during the plaintiff's aircraft taxiing at Yangon International Airport, Myanmar causing damages to the left wing of the plaintiff's aircraft and the delay of the plaintiff's flight. The plaintiff therefore claimed the damages totaling USD 180,000.14. This incident is covered by the Aviation Insurance Policy. The Company has informed the insurance company of the incident and the insurer has appointed a law firm to defend the claim on behalf of the Company. On 28 July 2016, the Company filed an answer that the Company did not park the plane in an inappropriate location, but had parked to await orders from officials of Yangon Airport air traffic control. The Company therefore counter claimed damages of USD 5,382,320.27. Since the parties were likely to reach an agreement and to settle the case, the court therefore ordered the hearing to be adjourned to 9 December 2016 for mediation of the case.
- 9) In July 2016 one of the Company's trading partners sued the Company through the civil court for breach of agreement as a result of the termination of the agency appointment to sell advertising within the airport, claiming damages of Baht 8,722,624. On 10 October 2016, the Company countersued the plaintiff as the party in breach of contract, as a result of which the Company suffered damages and there is still outstanding rental for advertising space of Baht 4,415,461.76, claiming compensation from the plaintiff. The Court has stipulated the process to be followed by the case and set a date for the examination of the plaintiff's evidence of 22 December 2016.

Subsidiary

- 10) During 2008, the subsidiary was sued by a construction contractor with respect to a breach of the construction contract, with total claims of Baht 68.6 million. On 31 March 2010, the Court of First Instance ordered the subsidiary to pay a settlement of Baht 25.4 million together with interest at 7.5% per annum computed from 15 October 2007 until compensation is fully settled. In March 2011, the subsidiary returned the retention of Baht 10.4 million to the plaintiff together with the corresponding interest.

On 14 July 2010, the subsidiary filed a request for a stay of execution with the Court of Appeal; and the subsidiary placed the remaining Baht 15 million and corresponding interest charges as a bond, in accordance with the order of the Court of Appeal.

On 16 February 2011 the Court of Appeal ordered the subsidiary to pay additional compensation for work amounting to Baht 13.6 million, together with interest at 7.5% per annum computed from 15 October 2007 until compensation is fully settled. Later, on 30 September 2011, the subsidiary filed an appeal with the Supreme Court.

On 20 April 2016, the Supreme Court ordered the subsidiary to pay a settlement of Baht 30.6 million together with interest at 7.5% per annum computed from 15 October 2007 until compensation is fully settled, and court fees totalling Baht 50.2 million. However, the subsidiary has set aside provision for liabilities arising as a result of this case. On 29 April 2016, the subsidiary made a payment to the plaintiff amounting to Baht 50.2 million in accordance with the Supreme Court's order.

25. Foreign currency risk

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

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	30	31	30	31	30	31
	September 2016	December 2015	September 2016	December 2015	September 2016	December 2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
AUD	1	1	-	-	26.44	26.28
BDT	1,830	1,646	11	2	0.44	0.46
CNY	43	17	3	1	5.21	5.55
EUR	4	6	1	-	38.89	39.44
GBP	-	1	-	-	44.97	53.50
HKD	4	8	3	4	4.47	4.66
INR	101	155	16	22	0.52	0.54
JPY	4	20	1	1	0.34	0.30
RUB	2	23	-	-	0.55	0.50
SGD	1	2	-	-	25.39	25.52
USD	104	72	136	91	34.70	36.09
TWD	1	4	-	-	1.10	1.10
KRW	49	359	-	-	0.03	0.03
MYR	-	-	-	1	8.38	8.43
ZAR	-	1	-	-	2.50	2.36
PHP	1	1	-	-	0.72	0.77
IDR	705	921	21	27	0.003	0.003

Foreign currency	Separate financial statements				Average exchange rate	
	Financial assets		Financial liabilities			
	30	31	30	31	30	31
	September	December	September	December	September	December
2016	2015	2016	2015	2016	2015	
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
AUD	1	1	-	-	26.44	26.28
BDT	1,830	1,646	11	2	0.44	0.46
CNY	43	17	3	1	5.21	5.55
EUR	4	6	1	-	38.89	39.44
HKD	4	8	3	4	4.47	4.66
INR	101	155	16	22	0.52	0.54
JPY	4	20	1	1	0.34	0.30
RUB	2	23	-	-	0.55	0.50
SGD	1	2	-	-	25.39	25.52
USD	103	70	132	82	34.70	36.09
TWD	1	4	-	-	1.10	1.10
KRW	49	359	-	-	0.03	0.03
MYR	-	-	-	1	8.38	8.43
ZAR	-	1	-	-	2.50	2.36
PHP	1	1	-	-	0.72	0.77
IDR	705	921	21	27	0.003	0.003

26. 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 percent and not more than 70 percent 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 accounts for 52.11 percent (31 December 2015: 48.67 percent) of its annual fuel consumption. As at 30 September 2016, the Company still has an obligation from fuel price hedging until September 2017 amount of 675,000 barrels (31 December 2015: 345,000 barrels) of Jet fuel whereby the contract prices are between USD 48 per barrel and USD 78 per barrel (31 December 2015: between USD 56 per barrel and USD 77 per barrel).

27. Fair value of financial instruments

Fair value is a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company and its subsidiaries use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels 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

As of 30 September 2016 and 31 December 2015, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated Financial Statements			
	30 September 2016			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale investments				
Equity instruments	26,465	-	-	26,465

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate Financial Statements			
	30 September 2016			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale investments				
Equity instruments	21,996	-	-	21,996

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2015			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Trading investments				
Equity instruments	15	-	-	15
Available-for-sale investments				
Equity instruments	26,946	-	-	26,946

(Unit: Million Baht)

	Separate financial statements			
	31 December 2015			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale investments				
Equity instruments	22,395	-	-	22,395

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

28. Events after the reporting period

On 27 October 2016, a meeting of the Board of Directors passed resolutions to approve the establishment of two companies in order to expand an airline business, with a registered capital of not more than USD 6 million.

29. Approval of financial statements

These interim consolidated financial statements were authorised for issue by the Company's authorised directors on 10 November 2016.