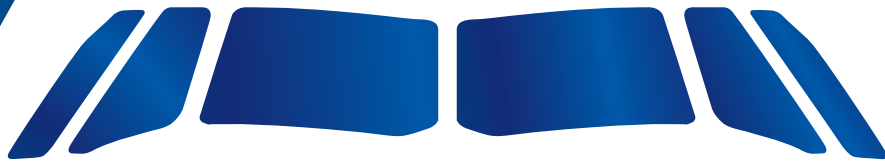




ASIA'S BOUTIQUE AIRLINE



ANNUAL REPORT
2016
BANGKOK AIRWAYS
PUBLIC COMPANY LIMITED

Fly Boutique.
Feel Unique.

Enjoy **special moments**
on a journey with **Bangkok Airways**





WORLD'S BEST REGIONAL AIRLINE
BEST REGIONAL AIRLINE IN ASIA



2016

Enjoy **special moments**
on a journey with **Bangkok Airways**





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Message from the Chairman

In the evening of October 13th, 2016;

the entire nation faced a great loss when the news broke from the Royal Household Bureau's announcement that His Majesty King Bhumibol Adulyadej passed away at 15.52 hrs. The news caused tremendous grief throughout the Kingdom as the King has always been highly revered by the Thai people for his perseverance in improving lives of his people throughout the 70 years in his reign.

Bangkok Airways Public Company Limited would like to show our gratefulness by adopting his directives and words of wisdom addressed at many places on different occasions into good practice as we drive forth our business towards the future. His Majesty is always regarded as **"The Great King of all the Thai people"**. Presently, our land of Siam is blessed with the appointment proclamation of His Majesty Maha Vajiralongkorn Bodindradebayavarangkun as the King Rama X, the new King of Thailand. In this occasion, we all wish His Majesty **"Long Live The King"**.





ACh. Kaset. Rojananil

Air Chief Marshal Kaset Rojananil
The Chairman

Nowadays, the air transport business sees an exponential growth while also the development of products and service progresses on. Subsequently, more travel choices are made available for passengers. For this reason, Bangkok Airways Public Company Limited, **“The Company”**, realizing a surge in competition in the commercial aviation industry, is determined to ameliorate our products and service to lead the pack in the region. **“The Company”**, however, gives priority to the highest safety level for our passengers. Last September, **“The Company”** passed the IOSA (IATA Operational Safety Audit) and received a renewal of a safety standard certification from the IATA (International Air Transport Association) which has already become effective until November 7, 2018. Airlines that have been IOSA certified are assured of reaching proper safety and air transport operation standard recognized by all others airlines worldwide. This year, the Board of Directors has revised **“the Company’s”** strategy in order to increase efficiency for the management and to heighten the level of competitiveness for a long-term goal.

The Board of Directors and I; are proud to inform you, the shareholders and the stakeholders; that the management and all of the employees are dedicated and committed to carrying out their duties in any situations in order to successfully achieve our strategic goal.

Lastly, as the Chairman of **“The Company”**, the management and all of the employees; I'd like to express my gratitude to all our patrons, the shareholders, and our business allies who have always trusted in all of us. I'd like you to rest assured that we will continue to devote ourselves for **“The Company”** to flourish under the good governance principle that paves way towards our sustainable growth.

Message from the CEO

“In life and work, there must always be obstacles
that impede one’s goal towards success.

It’s hard for anyone to avoid coming across such obstacles.

A man has a man’s problems. The society has the society’s problems.

A country has a country’s problems. Even the world has the world’s
problems. Problems that occur in life and work, therefore, are common.

What matters is when problems arise, one must immediately
fix them in no time. A man with wisdom may be able to overcome them.

And that person is destined to be a goal achiever.

Otherwise, the goal isn’t anywhere near.”

A royal guidance by H.M. King Bhumibol Adulyadej addressed
at the commencement ceremony of
Thammasat University on Wednesday July 31st, 1996.



It was the day of grief and misery on October 13th
for the whole country and for all of the Thai people.

It was such an unfortunate event which no one could neglect
the feeling of a great loss. The most important matter during this time
is to be able to cope with the loss and move on realizing the fact in
the rule of life. We, Thai people, should adopt H.M’s guidance
into practice. By doing so, we will eventually see improvement in many
ways that should benefit the economy, the society and the country
as a whole. Meanwhile, we all remain much revered for
His Majesty Maha Vajiralongkorn Bodindradebayavarangkun,
as we all wish His Majesty **“Long Live The King”**.



Prasert Prasarttong-Osoth
CEO

The year 2016, Thailand saw 9% growth for the international tourist arrivals. The tourist arrivals from the Americas and the Middle East claimed the highest growth of 14%. Last year, the Company launched three new routes namely Chiang Mai - Mae Hong Son, Bangkok - Danang, and Samui - Chengdu; while the flight frequency upon existing routes has been added to increase seat capacity for the hiking tourist numbers coming into this region.

The revenue of 2016 is 26,765 Million Baht, an increase of 1,862 Million Baht from the same period of a previous year or +7.48%. The total profit before the revenue tax deduction was 2,776 Million Baht, and the net profit totaled at 1,837 Million Baht after the tax deduction. Which the company already paid additional income tax (year) of 506.1 Million Baht according to the announcement of ministry of finance.

This year, **"The Company"** entered into a new Codeshare Agreement with Austrian Airlines to better strengthen the air links between Europe and Thailand. This latest addition literally means that the Company now spread the wings into the networks of a total 22 airline partners which is considered an increased

travel options for passengers, yet greater route networks among the Company and the code-shared partners alike.

I'd like to share with you that **"The Company"** was, once again, awarded The World's Best Regional Airline and The Best Regional Airline of Asia from the worldwide survey in 2016 by Skytrax. This achievement apparently reflects on Bangkok Airways' service standard. As it proves that we will continue providing excellent service, trust and good impression that we earn from our passengers are key support for us to maintain our quality service standard in a long run.

On behalf of the executives and staff members, I would like to thank all our clients, business partners, and shareholders who have always supported us. I'd also like to thank every single management team member, and all staff who have devoted themselves to take care of their duties in driving forth **"The Company"** to achieve our goal under a good governance principle and valuable social responsibility.



Care and Attention Throughout
Your Boutique Journey

General Information



Company Name

Bangkok Airways Public Company Limited (the “Company”)

Head Office

99 Mu 14 Vibhavadirangsit Road,
Chom Phon, Chatuchak, Bangkok 10900

Registration Number

0107556000183

Telephone

(66) 2 265 5678

Facsimile

(66) 2 265 5775

Paid-up Capital

2,100,000,000 Baht

Website

www.bangkokair.com

Core Business

The Company’s core business are

1. Passengers airline business including freight domestically and internationally
2. Establishment of public airport and/or operate and manage public airport, rent out space including other activities relating to the establishment and operation of airport

Registered Capital

2,100,000,000 Baht

A par value

a par value of 1 Baht per share

The Company has registered the change of par value on 27 February 2013 from 10 baht per share to 1 baht per share, having the total shares of the Company at 2,100,000,000 shares as of 31 December 2014.

Shares Registrar

Thailand Securities Depository Co., Ltd

93 The Stock Exchange of Thailand Building, Ratchadapisek Road, Dindang, Bangkok 10400, Thailand

Telephone

(66) 2 009 9000

Facsimile

(66) 2 009 9991

Website

<http://www.set.or.th/tsd>

Company’s Auditor

EY Office Limited

33rd Floor, Lake Rajada Office Complex, 193/136-137 Ratchadapisek Road, Klongtoey, Bangkok 10110

Telephone

(66) 2 264 9090

Facsimile

(66) 2 264 0789-90

Website

www.ey.com

Summary

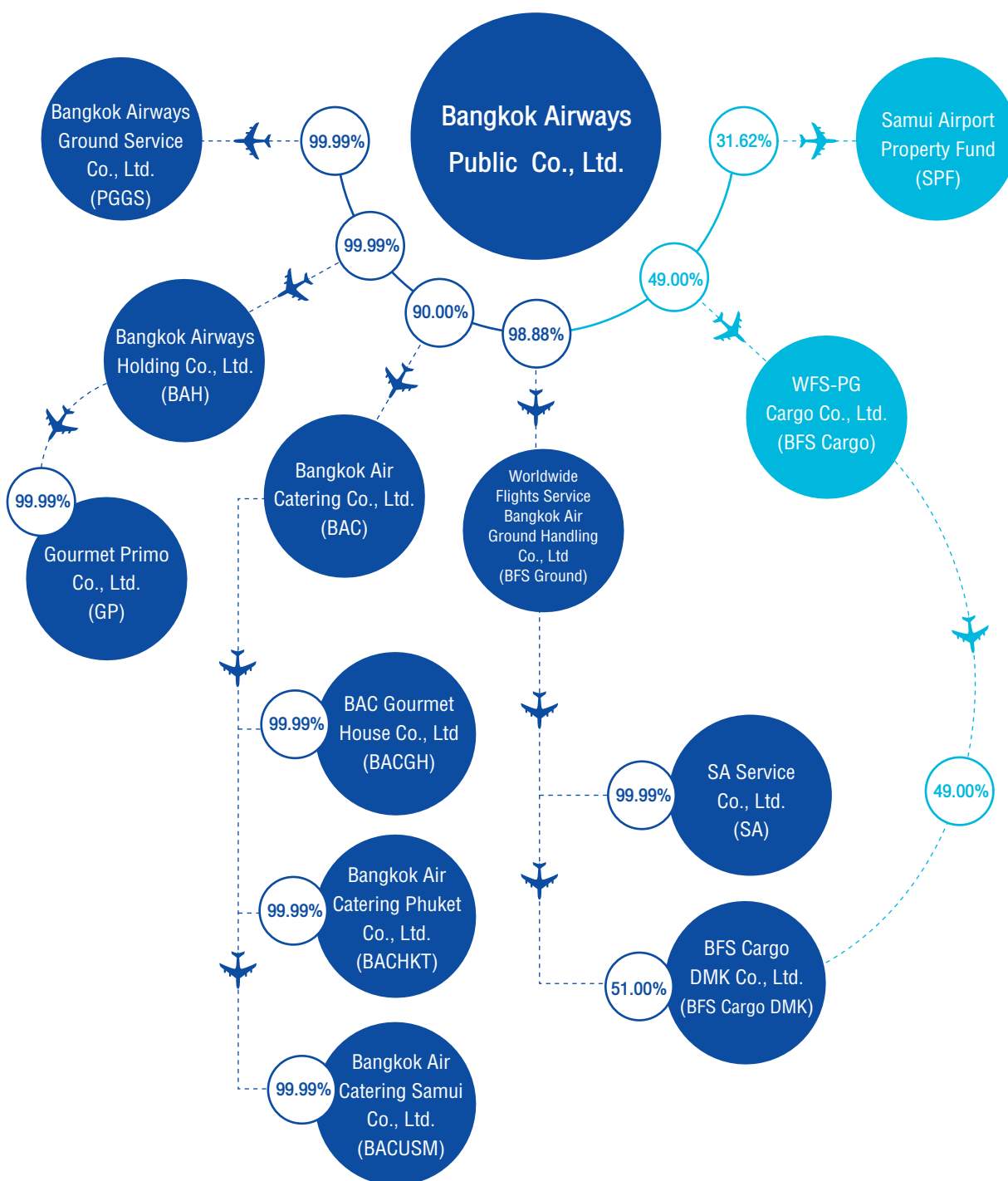
Consolidated Financial and Ratio

Unit : THB million

		Year End December 31		
		2016	2015	2014
Statements of Financial Position	Total Assets	60,289	57,013	48,579
	Total Liabilities	28,300	25,917	23,147
	Total Shareholder's Equity	31,989	31,096	25,432
Statement of comprehensive Income	Revenue from airline business	20,713	19,430	17,844
	Sales and service income	3,415	3,148	2,684
	Total Revenue	26,766	24,903	22,124
	EBITDAR	6,571	5,293	4,038
	Profit for the year	1,837	1,849	386
Shareholder's Equity	Registered and Paid up Shares (Million share)	2,100	2,100	2,100
	Book Value (Baht)	15.2	14.8	12.1
	Earnings Per Share (Baht)	0.8	0.9	0.2
Liquidity Ratio	Current Ratio (Time)	1.9	2.4	2.5
	Quick Ratio (Time)	4.5	5.1	3.7
	Collection Period (Day)	25.4	24.4	26.2
	Stock Turnover Period (Day)	6.4	5.7	5.1
	Payment Period (Day)	35.2	32.8	33.4
Profitability Ratio	Gross Profit Margin (%)	22.7	21.1	16.5
	Operating Profit Margin (%)	15.1	12.3	8.1
	EBITDAR Margin (%)	25.3	22.0	18.58
	Net profit Margin (%)	6.9	7.4	1.7
	Return on Equity (%)	5.8	6.5	2.4
Efficiency Ratio	Return on Assets (%)	3.1	3.5	1.0
	Return on Fixed Assets (%)	26.0	32.3	15.4
	Asset Turnover (Time)	0.5	0.5	0.6
Leverage Ratio	Debt to Equity (Time)	0.9	0.8	0.9
	Interest Leverage Ratio (Time)	2.7	2.3	1.5

Corporate Structure of the Company, our Subsidiaries and Associated companies

as of December 31, 2016



Our Subsidiaries & Associated companies

We invested in subsidiaries and associated companies. The summary of the investment structure of the Company in the subsidiaries and associated companies are shown in the following table.

Company	Core Business	Paid-up capital (THB million)	Investment Ratio ⁽¹⁾ (%)
Subsidiary Companies			
1. Bangkok Airways Holding Co., Ltd. (BAH)	Holding shares in BGH	1,001.0	99.99
2. Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd. (BFS Ground)	Ground service provider at the Suvarnabhumi International Airport	670.0	98.88
3. Bangkok Airways Ground Services Co., Ltd. (PGGS)	Ground service provider at the Samui Airport	0.25	99.99
4. SA Services Co., Ltd. (SA) ⁽²⁾	Ground service provider at the Don Mueang International Airport	1.0	99.99
5. BFS Cargo DMK Co., Ltd. ⁽²⁾ (BFS Cargo DMK)	Cargo terminal operation services at the Don Mueang International Airport	25.0	51.00
6. Bangkok Air Catering Co., Ltd. (BAC)	Catering services at the Suvarnabhumi International Airport	500.0	90.00
7. BAC Gourmet House Co., Ltd. (BACGH) ⁽³⁾	Restaurant	150.0	99.99
8. Bangkok Air Catering Phuket Co., Ltd. (BACHKT) ⁽³⁾	Catering services at the Phuket International Airport	100.0	69.99
9. Bangkok Air Catering Samui Co., Ltd. (BACUSM)	Catering services at the Samui International Airport	20.0	99.99
10. Gourmet Primo Co., Ltd. (GP) ⁽⁴⁾	Production and Food Processing	75.0	99.99
Associated Companies			
1. WFS-PG Cargo Co., Ltd. (BFS Cargo)	Cargo terminal operation services at the Suvarnabhumi International Airport	300.0	49.00
2. The Samui Property Fund	Investing in the holding of a 30-year lease to the assets of the Samui Airport	9,208.1	31.62
Remark: ⁽¹⁾ Investment ratio shown by list of shareholders of each company ⁽²⁾ Held by Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd. ⁽³⁾ Held by Bangkok Air Catering Co., Ltd. ⁽⁴⁾ Held by Bangkok Airways Holding Co., Ltd.			



Management Board of Directors

<p>01 Air Chief Marshal Kaset Rochanani</p>	<p>02 Mr. Prasert Prasarttong-Osoth</p>	<p>03 Mr. Puttipong Prasarttong-Osoth</p>
<p>04 Pol.Lt.Gen.Visanu Prasarttong-Osoth</p>	<p>05 Mr. Sripop Sarasas</p>	<p>06 Mr. Pradit Theekakul</p>
<p>07 General Vichit Yathip</p>	<p>08 Mr. Saharat Benyakul</p>	<p>09 Mrs. Narumol Noi-am</p>
<p>10 Mr. Anawat Leelawatwatana</p>	<p>11 Mrs. Ariya Prasarttong-Osoth</p>	<p>12 Mr. Somboon Kittiyansub</p>



Executive Committee



01

Mr. Prasert Prasarttong-Osoth

02

Mr. Puttipong Prasarttong-Osoth

03

Mr. Pradit Theekakul

04

Mr. Anawat Leelawatwatana



Audit Committee



01

Mr. Sripop Sarasas

02

General Vichit Yathip

03

Mr. Saharat Benyakul



Nomination & Compensation Committee

2 1 3

01

General Vichit Yathip

02

Mr. Somboon Kittiyansub

03

Mr. Sripop Sarasas



Corporate Governance Committee

3 1 2

01

Mr. Somboon Kittiyansub

02

Mr. Saharat Benyakul

03

Mrs. Ariya Prasarttong-Osoth

Board of Directors & Executives

Air Chief Marshal Kaset Rochananil

Chairman, Bangkok Airways PCL.

Education : Bachelor of Science Degree, The Royal Thai Air Force Academy

Age : 83 Years

Position in Other Company -None-

Training Courses -None-

securities holding : 700,000 shares

Mr. Prasert Prasarttong-Osoth

Vice Chairman / CEO, Bangkok Airways PCL.

Education :

- Bachelor of Medicine Degree, Siriraj Hospital, Mahidol University

Age : 84 Years

Position in Other Company

- Chief Executive Office / President, Bangkok Dusit Medical Services PCL.
- Director Bangkok Media & Broadcasting Co., Ltd.
- Director The Sahakol Estate Co., Ltd.
- Director The Medic Pharma Co., Ltd.
- Director Prasatthong Osoth Co., Ltd.

Training Courses

- Director Accreditation Program (DAP) / 2005

securities holding : 223,027,500 shares

Mr. Puttipong Prasarttong-Osoth

Director / President, Bangkok Airways PCL.

Education :

- Bachelor of Accounting Degree, Chulalongkorn University

Age : 52 Years

Position in Other Company

- Director Bangkok Media & Broadcasting Co., Ltd.
- Director Bangkok Airways Ground Services Co., Ltd.
- Director Bangkok Air Catering Phuket Co., Ltd.
- Director BAC Goumet House Co., Ltd.
- Director Bangkok Air Catering Samui Co., Ltd.
- Director The Sahakol Estate Co., Ltd.
- Director Gourmet Primo Co., Ltd.
- Director Bangkok Air Catering Co., Ltd.
- Director WFS-PG Cargo Co., Ltd.
- Director Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.
- Director Fuel Pipeline Transportation Limited
- Director Aeronautical Radio of Thailand Ltd.

Training Courses

-None-

securities holding : 523,642,700 shares

Pol.Lt.Gen Visanu Prasarttong-Osoth

Director, Bangkok Airways PCL.

Education:

- Master of Political Science Degree, Sukhothai Tammathirat University
- MBA, University of San Francisco, USA

Age : 54 Years

Position in Other Company

- Commissioner General
- Chairman of The Audit Committee Finansia Syrus Securities PCL.
- Director The Krungthep Thanakom Co., Ltd.
- Director Thai Kodama Co., Ltd.

Training Courses

- Director Accreditation Program (DAP) / 2004
- Finance for Non-Finance Director (FN) / 2005
- Audit Committee and Continuing Development Program / 2005

securities holding : 300,000 shares

Mr. Sripop Sarasas

Director / Independent Director / Chairman of The Audit Committee/Nomination and remuneration committee, Bangkok Airways PCL.

Education:

- MBA, University of Southern California , USA

Age : 59 Years

Position in Other Company

- Audit Committee Director/Independent Director/ Nomination and remuneration committee Director
 - Bangkok Dusit Medical Services PCL.
 - Advance Information Technology PCL.
- Audit Committee Director/Independent Director
 - Golden Lime PCL.
 - Kiattana Transport PCL.
- Director Parute (2008) Co., Ltd.
- Director Khan Co., Ltd.

Training Courses

- Directors Certification Program (DCP) / 2002
- Director Examination / 2002
- Audit Committee Program (ACP) / 2004

securities holding : -None-

Mr. Pradit Theekakul

Director / Executive Director / Executive Vice President – Corporate Administration, Bangkok Airways PCL.

Education:

- Bachelor of Law Degree, Chulalongkorn University
- Bachelor of Political Science Degree, Ramkhamhaeng University

Age : 58 Years

Position in Other Company

- Executive Advisor to CEO Bangkok Dusit Medical Services PCL.
- Director Samitivej PCL.
- Director Bangkok Media & Broadcasting Co., Ltd.
- Director Bangkok Air Catering Samui Co., Ltd.
- Director Bangkok Air Catering Phuket Co., Ltd.
- Director BAC Gourmet House Co., Ltd.
- Director Bangkok Air Catering Co., Ltd.
- Director Paolo Medic Co., Ltd.
- Director Bangkok Airways Holding Co., Ltd.
- Director South East Air Co., Ltd.
- Director Bangkok Air Tour(1998) Co., Ltd.
- Director Thai Petroleum Services Co., Ltd.
- Director Thai Medical Center PCL.
- Director Bangkok Gloden Life Co., Ltd.
- Director Prasit Pattana PCL.
- Director Paradise Shopping Co., Ltd.
- Director Bangkok Hospital Chiangmai Co., Ltd.
- Director WFS-PG Cargo Co., Ltd.
- Director Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.

Training Courses

- Directors Certification Program (DCP) / 2003

securities holding : 10,000,000 shares

General Vichit Yathip

Director / Independent Director / Audit Committee/ Chairman of Nomination and remuneration, Bangkok Airways PCL.

Education:

- Bachelor of Science Degree, Chulachomklao Royal Military Academy
- Master of Public Administration Degree, Bangkokthonburi University

Age : 70 Years

Position in Other Company

- Advisor Tipco Asphalt PCL.
- Director Nippon Pack (Thailand) PCL.
- Director Three Sixtyfive PCL.
- Director Vanachai Group Pcl.
- Director Sing Sian Yer Pao Co., Ltd.
- Director MACgroup PLC.

Training Courses

- Directors Certification Program (DCP) / 2008
- The Role of Chairman (RCM) / 2008
- Leader Program, Capital market academy, The stock Exchange of Thailand / 2008

securities holding : 300,000 shares

Mr. Saharat Benyakul

Director / Independent Director / Audit Committee/
Corporate Governance Committee,
Bangkok Airways PCL.

Education:

- MBA Texas A&M International University, USA

Age : 52 Years

Position in Other Company

Director Sukumvit Asset Co,Ltd.

Training Courses

- Director Accreditation Program (DAP) / 2005
- Directors Certification Program (DCP) / 2010

securities holding : -None-

Mr. Anawat Leelawatwatana⁽¹⁾

Director/Executive Director/ Senior Vice President –
Finance and Accounting, Bangkok Airways PCL.

Education: MBA Cleveland State University, USA

Age : 50 Years

Position in Other Company

- Director Bangkok Media & Broadcasting Co., Ltd.
- Director Bangkok Air Catering Phuket Co., Ltd.
- Director Bangkok Air Catering Samui Co., Ltd.
- Director BAC Gourmet House Co., Ltd.
- Director Gourmet Primo Co., Ltd.
- Director Worldwide Flight Services Bangkok Air
Ground Handling Co., Ltd.

Training Courses

- Directors Certification Program(DCP) / 2004

securities holding : 122,000 shares

Remark: ⁽¹⁾ was appointed as a Director according to the meeting consensus 2016 on April 12th, 2016. He was registered as a Director at the Ministry of Commerce on April 25th, 2016

Mrs. Narumol Noi-Am

Director, Bangkok Airways PCL.

Education:

- MBA Banking and Finance from North Texas State, USA
- Bachelor of Economic (second class honors) Faculty of Economics from Chulalongkorn University, Thailand

Age : 59 Years

Position in Other Company

- Chief Financial Officer, Bangkok Dusit Medical Services PCL.
- Director Thai Listed Companies Association
- Director Bangkok Hospital Pattaya Co., Ltd.
- Director Bangkok Hospital Phuket Co., Ltd.
- Director Bangkok Hospital Phuket International Co., Ltd.
- Director Prasit Pattana PCL.
- Director Phyathai 1 Hospital Co., Ltd.
- Director Phyathai 2 Hospital Co., Ltd.
- Director Phyathai 3 Hospital Co., Ltd.
- Director Sriracha Nakorn Hospital Plc.
- Director Paolo Medic Co., Ltd.
- Director Paolo Samut Prakarn Co., Ltd.
- Director Siam Medical Co., Ltd.
- Director Thai Medical Center Pcl.
- Director Bangkok Hospital Chiangmai Co., Ltd.
- Director Bangkok Hospital Chiangrai Co., Ltd.
- Director Phnom Penh Medical Services Co., Ltd.
- Chairman BDMS Accounting Co., Ltd.
- Chairman Bangkok Health Insurance Co., Ltd.
- Director National Healthcare System Co., Ltd.
- Director Greenline Synergy Co., Ltd.

Training Courses

- Leader Program Capital Market Academy Class 15 by Capital Market Academy (CMA) The Stock Exchange of Thailand
- TLCA Leadership Development Program **“Enhancing Competitiveness”** by Thai listed Companies Association & IMD
- Advanced Certificate Course in Politics and Government in Democratic Systems for Executives, class 13 by King Prajadhipok’s Institute
- Directors Certification Program (DCP) / 2008
- Successful Formulation & Execution of Strategy / 2010
- Financial Executive Development Program Class 12 by the Thai Institute of Banking and Finance for Executives from financial institutions
- Applied International Management Program, Sweden by Government of Sweden

securities holding : 416,400 shares

Mrs.Ariya Prasarttong-Osoth⁽²⁾

Director/ Corporate Governance Committee,
Bangkok Airways PCL.

Education:

- Bachelor of Management Major, Assumption Business Administration College
- Master of Marketing Major, National University USA

Age : 50 Years

Position in Other Company

- Director The Sahakol Estate Co., Ltd.
- Director Bangkok Air Tour (1998) Co., Ltd.
- Director Bangkok Travel Club Co., Ltd.
- Director Samui Palm Beach Resort Co., Ltd.
- Director Samui Accom Co., Ltd.
- Director Fah Thai Holiday Co., Ltd.

Training Courses

- Directors Certification Program (DCP) / 2014

securities holding : 265,088,100 shares

Remark : ⁽²⁾ was appointed as a Director according to the meeting consensus 2016 on April 12th, 2016. He was registered as a Director at the Ministry of Commerce on April 25th, 2016

Mr.Somboon Kittiyasub⁽³⁾

Director/Independent Director/ Nomination and remuneration/Chairman of Corporate Governance Committee, Bangkok Airways PCL.

Education:

- Bachelor of Law Degree, Chulalongkorn University
- Master of comparative Laws, The University of Iowa, USA

Age : 58 Years

Position in Other Company

- Director Norton Rose Fulbright (Thailand) Limited
- Director Advocate Holding Co., Ltd.
- Director Plenty Gourmets Holding Pty Ltd.

Training Courses

- Director Accreditation Program (DAP) / 2016

securities holding : -None-

Remark : ⁽³⁾ was appointed as a Director according to the meeting consensus 2016 on April 12th, 2016. He was registered as a Director at the Ministry of Commerce on April 25th, 2016



Happiness Throughout the Journey

Enjoy happiness at every point of the journey
with Bangkok Airways.

Policy and Business Overview

Vision Statement

Striving on excellence to become
the best airline in Asia



Mission Statements

We are determined to become Asia's number one airline
with our missions as in the followings.

1

Operational safety: Our safety mission is to continually maintain worldwide industry operational safety standards.

02

Maximizing shareholders' return on investment: Our profitability mission is to use our assets effectively in order to generate optimal and sustainable profits for all of our stakeholders.

03

We continued success depends on our customers and we promise to give them the best possible products and services available in the industry.

04

Our employees are our most important asset: we strive to have not only highly motivated staff but also the best and most productive employees in the industry.

05

Corporate accountability: We will continually adopt systems and procedures in our airline that will enhance corporate accountability, transparency and control.

06

We are proud to be a member of our community: We will increase responsibilities of good corporate citizens and continue to serve our community.



Corporate Policy

01

Corporate Management

The Company is obliged to obtain a sound management system. Each delivery of service must be efficiently carried out according to designated development plans to enhance the Company's policy on safety, service quality, and security.

03

Corporate Competitiveness

The Company creates differentiation in products and services by focusing on maximizing customer's satisfaction, strengthening route networks, expanding partnerships, efficient cost control by developing, revising, and improving quality of products and services on a regular basis.

02

Human Resources

The Company promotes and develops on-the-job learning process by focusing on developing and managing corporate structure, improving work process, and heightening human resource capability.

04

Corporate Social Responsibility

The Company promotes and participates in social services and social responsibilities on a regular basis.

History & Corporate Milestone

Mr. Prasert Prasarttong-Osoth began to endeavor into the airline business in 1968 as he established an airline department of a company, owned by him, named Krungthep Sahakol Co., Ltd. Until 1984, he founded “Sahakol Air” to take over the airline business which had been operating under the company which had later changed the name to “Bangkok Airways”.



We officially commenced scheduled passenger flight services in 1986 under our current name “Bangkok Airways”. In 1989, we completed construction of our first airport, located in Samui, an island in the Gulf of Thailand, which was beginning to be developed as an international tourist destination. We obtained an International Air Transport Association (“IATA”) code, “PG”, and commenced operations of our Samui Airport. In addition, we also received approval to fly our first route, Bangkok - Samui. In 1994, we became an IATA Clearing House member. In the same year, we added two ATR 72 to our fleet.

In 1998, we commenced operations of our second airport in Sukhothai. In 2000, we put our first Boeing 717-200 into operations. The Boeing 717-200 jet aircraft provided higher speeds and more seat capacity so we could increase capacity and reduce flight frequency. This also allowed us to expand our capacity on routes to and from Samui. In the same year, we commenced operations of our first hangar located in the Don Mueang International Airport. We also became a member of the IATA Billing and Settlement Plan (“BSP”). Being a member of the IATA BSP allows us to drive additional passenger sales and provides us with direct access to a distribution network of IATA. In 2002, we received full IATA membership which means that we upgraded our operations in adherence to the international commercial aviation standards under IATA Operational Safety Audit (“IOSA”), such membership entitles us to voting rights in respect of the fare adjustment process. In 2006, we commenced operations of our third airport in Trat.

As of 31 December 2016, the Company has a registered capital of 2,100,000,000 Baht, comprised ordinary shares of 2,100,000,000 shares, with a par value of 1 Baht per share, and the paid up capital of 2,100,000,000 Baht.

Corporate Milestones and Awards since 2013



2013

2014

01 We marked our 45th anniversary.

02 The company converted into a public company limited and increased the registered capital from 1,250,000,000 Baht to 2,100,000,000 Baht by issued ordinary shares totaled 850,000,000 shares worth 1 Baht per share to offer to the existing shareholders not more than 300,000,000 shares, offer to the employees and the board at 30,000,000 shares at the price of 10 Baht per share, and offer to the general public not more than 520,000,000 shares. Also, the company approved its ordinary shares to be registered in the Stock Exchange of Thailand.

03 The company was ranked 2nd in Asia's Best Regional Airline in the World Airline Awards from Skytrax.

04 BFS Ground and BFS Cargo was awarded "**Thailand Excellence Award**" in 2013 Frost & Sullivan Thailand Aviation Support Services Provider of The Year by Frost & Sullivan's, a business and research consultant firm.

01 In 2014, the company entered a contract in aircraft leasing for nine aircraft of the type ATR72-600. The delivery due date of all the nine aircraft was from the fourth quarter of 2014 to the first quarter of 2017. The company has already filed a request with BOI to import all the mentioned aircraft. The first aircraft delivery took place in November 2014.

02 The company registered in the Stock Exchange of Thailand on November 3rd, 2014; under the category of Transport and Logistics in the Hospitality Industry Group.

03 The company was ranked 1st for the World's Best Regional Airline and Best Regional Airline in Asia from Skytrax.

2015



2016

01 The company won Asia Pacific Regional Airline of The Year from CAPA (Center for Asia Pacific Aviation). This recognition is given to the airline that is recognised as the market leader in tactically and strategically responding to the constantly changing market environment.

02 The company was ranked second in the World's Best Regional Airline and the Best Regional Airline in Asia from Skytrax.

03 The company was ranked the world's Top Ten Airline – Worldwide and ranked 5th for the Best in Cabin Service-Worldwide from the smarttravelsia.com; which is a leading travel website of Asia that carried out surveys from millions of tourists around the world under the topic "Best in Travel 2015".

04 The company was ranked 24th among other top 50 airlines with the best performance in terms of revenue surveyed by the Airfinance Journal from the UK.

01 The company was ranked in the first place in the World's Best Regional Airline and the Best Regional Airline in Asia from Skytrax.

02 The company was ranked the world's Top Ten Airline – Worldwide and ranked 4th for the Best in Cabin Service – Worldwide from the smarttravelsia.com; which is a leading travel website of Asia that carried out surveys from millions of tourists around the world under the topic "Best in Travel 2016".

Overview

As of 31 December 2016, we operated scheduled flights on 16 domestic routes covering major cultural and leisure destinations in Thailand such as Phuket, Chiang Mai, Krabi, and Samui. In addition, we operated scheduled flights on 17 international routes to destinations including Myanmar, Laos, Cambodia, Malaysia, Singapore, India, Bangladesh, the Maldives, Vietnam and China. Through our code-share and other cooperative arrangements, we are able to extend our reach to passengers originating from destinations including Europe, South Asia, the Middle East and Japan.





We operate from three principal hubs, the Suvarnabhumi International Airport and Samui Airport, which we also own and operate, and Chiang Mai Airport.

We target markets that are less than a five-hour flight time from our hubs, which give us access to passengers travelling to and from Southeast Asia and South Asia, including India. We believe that Thailand's growing economy provides an attractive market in which we can increase passenger growth as an increasing proportion of the Thai population are able to access air transport. We also believe that our premium, quality services, strong culture of hospitality and access to unique cultural and leisure destinations differentiates us from other competing airlines.

Notable events in year 2016

Route Network

We put emphasis on market development and route network expansion. To provide more direct flights to the Northeastern region in Thailand and cities in Myanmar. We focus on increasing flight frequency and introducing new routes. At the same time, to maintain our market position and strengthen our route network, we continuously seeks for new code share partners to reach out all target groups.

In order to serve our route network in the region and passenger's requirement of each route, Company added four aircrafts.



Table presented number of aircraft as of end of 31 December 2015 and 2016

Aircraft Type	As of December 31, 2016	As of December 31, 2015
Airbus A319	12	11
Airbus A320	9	8
ATR 72-500	6	8
ATR 72-600	7	4
Total	34	31



New destinations and additional flights frequency

In 2016, we expanded route network to enhance current operating destinations. With this concept, company can create new products and optimize our resources. New routes and additional flight frequencies were presented as below;

Destination	No. of Flight per week	Commencement Date
New routes		
Bangkok - Danang	4	May 2016
Chiang Mai - Mae Hong Son	10	April 2016
Samui - Chengdu	4	July 2016
Additional flights frequency to existing routes		
Samui - Singapore	14	March 2016
Bangkok - Nay Pyi Taw	6	March 2016
Bangkok - Phnom Penh	42	January 2016
Bangkok - Sukhothai	21	July 2016
Phuket - Hat Yai	14	October 2016
Bangkok - Luang Prabang	14	March 2016
Bangkok - Chiang Rai	21	October 2016
Chiang Mai - Samui	14	December 2016

Product Development and Service

- Passenger lounges at the airports

The company provides lounge service to passengers on both domestic and international departure at several airports such as the Suvarnabhumi Airport, Samui Airport, Phuket Airport, Krabi Airport, Chiang Mai Airport, Chiang Rai Airport, Luang Prabang Airport, and Phnom Penh Airport. In 2016, “the Company” has revamped the service and menu including new facilities and amenities for the convenience and impressive experience for our passengers.



“Tastes of Asia”
“Asia’s Boutique Airline”

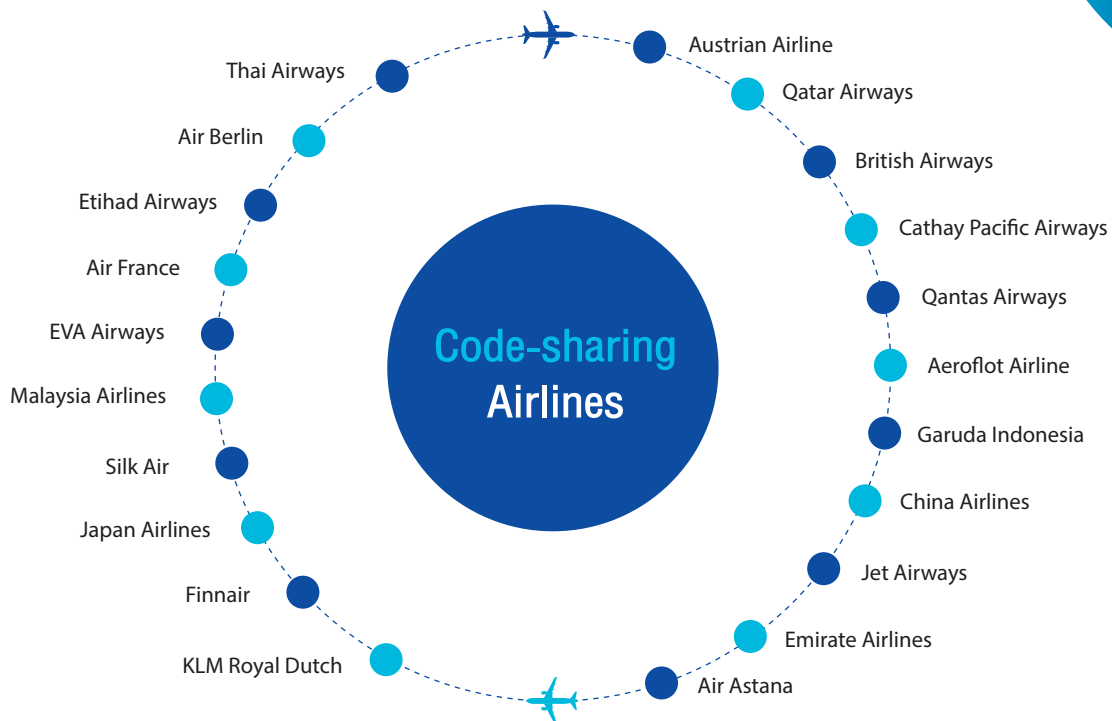
- **Introducing new In-flight menu selection and at the lounges**

The company provides foods and beverages during any flight service and at the lounge. New menu are introduced in every 10-day cycle under the theme that is inspired from the company's slogan of **"Asia's Boutique Airline"** expressed through the Thai and Asian gastronomic culture. Available on all Bangkok Airways flights (Domestic and International) originating from Suvarnabhumi Airport and Samui Airport. Dessert or snack specially prepared during any festive occasions such as Valentine's Day, Chinese New Year, Songkran Festival and the Mother's Day is always served.



Partnership through alliance airlines

In 2016, there are altogether 21 airlines who entered code-share agreement with Bangkok Airways which are:



By entering the code-share agreements, “the Company” aims to increase passenger volume into the flight network as well as expanding our international networks through partners in Europe, Asia, the Middle East, and Australia.

Fly Boutique.
Feel Unique.



Business Operations

Revenue Structure of “The Company”, subsidiaries, and affiliated companies

Revenues from Core Businesses	2016		2015	
	Baht (Million)	Percentage	Baht (Million)	Percentage
Revenues from Airlines				
Passenger Revenue				
• Domestic routes	13,307.3	49.7	12,617.6	50.7
• International routes	6,929.3	25.9	6,469.8	25.9
Freight revenue	282.0	1.1	325.6	1.3
Charter flights and charter services revenue	194.4	0.7	16.6	0.1
Total revenues from Airlines	20,713.0	77.4	19,429.6	78.0
Revenues from Airport-related services				
Revenues from BFS Ground	1,925.5	7.2	1,694	6.8
Revenues from PGGS	396.2	1.5	322.9	1.3
Revenues from BAC	972.1	3.6	1,020.8	4.1
Others	121.1	0.5	110.6	0.4
Total revenues from Airport-related services	3,414.9	12.8	3,148.3	12.6
Revenues from Airports				
Passenger service charge	564.0	2.1	535.5	2.2
Total revenues from Airports	564.0	2.1	535.3	2.2
Other revenues				
Dividend income	442.2	1.7	280.4	1.1
Gain on sales of investments in securities and subsidiaries	179.4	0.7	322.9	1.3
Interest income	171.1	0.6	255.8	1.1
Other income	1,281.2	4.8	930.6	3.7
Total other revenues	2,073.9	7.7	1,789.7	7.2
Total Revenue	26,765.8	100.0	24,902.9	100.0

Products and services

Products and services of the Company can be divided into core businesses and segments as follow

1. Airline Passenger Services

- **Scheduled Flights**

We provide full-service scheduled flights in a premium level to both business and leisure travelers.

- **Route Network**

As of 31 December 2016, we operated a route network (“**PG Route Network**”) covering 26 scheduled destinations (excluding Bangkok) in 12 countries (including Thailand). Additionally, with destinations covered in our code-share arrangements extended our route network to cover 22 international destinations in eleven countries (excluding Thailand).

Our PG Route Network focuses on short-haul routes to airports around leisure and cultural destinations, typically operating within a radius of up to 3,120 kilometers and a flight duration of up to five hours. Through our code-share and other cooperative arrangements (“**Extended Route Network**”) with other airlines, we are able to extend our reach to passengers originating from destinations including Europe, Asia, and Australia. We also reach passengers in China through our charter flights.

Our International and Domestic Routes (PG Operating Routes)

The map below illustrates our international and domestic routes as of December 31, 2016.

Fly Boutique, Feel Unique.

Bangkok Airways

Asia's Boutique Airline



Information is correct at the time of printing - February 2017.

The map below illustrates PG operating routes including our code-share network

as of December 31, 2016.



- **Airline Cooperation Arrangements**

Airline Cooperation Arrangements can be grouped in Interline Cooperation Agreement and Code Share Agreement. These interline and code-share arrangements enable us to access broader international markets and serve additional long-distance passengers without operating our own long-distance international flights and having to invest in long-haul fleet. We believe that code-share arrangements are a cost-effective means to expand the scope of our passenger services and enhance our image in the international market.

Through our hubs at Suvarnabhumi International Airport, the Samui Airport, and Chiang Mai Airport, we are able to provide efficient same airport transfer for passengers of our code-share and interline flights and to connect them to regional and domestic destinations that are part of our PG Route Network, as compared to Thailand's other airlines based on the Don Mueang Airport. This is because passengers do not need to travel from the Suvarnabhumi International Airport to the Don Mueang Airport for flight transfers.





We have successfully established code-share arrangements with 21 international airlines including Thai Airways; however, we do not currently code-share any of our flights, or vice versa, Etihad Airways, Malaysia Airlines, Finnair, KLM Royal Dutch, Air France, Silk Air, EVA Airways, Air Berlin (currently not operating flights to/from Thailand), Japan Airlines, Qatar Airways, British Airways, Cathay Pacific Airways and Qantas Airways, Aeroflot Airline, Garuda Indonesia Air, China Airlines, Jet Airways, Emirates Airlines, Air Astana and Austrian Airline.

We typically seek code-share arrangements that would either increase our passenger traffic on our PG Route Network or add desirable destinations to our Extended Route Network. Our code-share arrangements enable us to access connecting passenger traffic from other airlines traveling from various international destinations in Europe, Asia, Australia and elsewhere.

• Airline Operation

1. Our Fleet

As of 31 December 2016, we had an operating fleet of 34 passenger aircraft, with details shown in table below.

Aircraft Model	Total	Finance Lease	Operating Lease	Owned
Airbus A320	9	-	9	-
Airbus A319	12	-	12	-
ATR 72-500	6	-	-	6
ATR 72-600	7	7	-	-
Total	34	7	21	6

We operated our aircraft for an average of 9.03 block hours per day utilization in 2016, which is typical of regional full-service airlines. This comprises an average of 10.11, 9.56 and 7.43 block hours per day utilization for our Airbus A320, Airbus A319 and ATR 72 aircraft, respectively.



2. Route Planning

We focus on short-haul routes to airports in and around major leisure and cultural destinations, typically operating within a radius of up to 3,120 kilometers and a flight duration of up to five hours from our hubs at the Suvarnabhumi International Airport, the Samui Airport, and Chiang Mai Airport.

We cooperate with the DCA in seeking additional air traffic rights under new or existing air services agreements. Our ability to expand our route network and to increase frequency and capacity is subject to our ability to obtain sufficient traffic rights and time slots to these destinations.

The principal factors considered in adding a new route to our existing route network or increasing the frequency of flights on an existing route are aircraft availability and projected passenger and cargo load factors, profitability of the route and contribution to traffic on other routes.

In our current route network strategy, we intend to focus more on network connecting traffic going through our Bangkok hub and our airports, particularly the Samui Airport. Additionally, we connect travelers through Chiang Mai, a gateway location for Northern Thailand. We have entered into code-share and other cooperative arrangements which are also key to our route network strategy, as they enable us to both extend our route network and to increase our passenger load with passengers connecting onto our flights from various international locations, including Europe, Asia, Australia, and other countries. In addition, we are able to reach passengers in China through our chartered flights. We actively monitor flights on our Extended Route Network to match the timing of our flights on our route network to maximize the number of connecting flights available to passengers connecting onto our flights. We also routinely monitor traffic on both our domestic and international routes, and adjust frequency and capacity from time to time to reflect peak travel season in the international markets and fluctuations in demand on these routes.





3. Flight Scheduling

Our network management team formulates flight schedules, based on market demand for various routes. Consistent with market demand and with IATA guidelines, we publish summer and winter flight schedules each year. The winter schedule runs from the last Sunday of October of the previous year to the last Saturday of March and the summer schedule runs from the last Sunday of March to the last Saturday of October each year. From time to time, we also vary the flight frequency and type of aircraft utilized on scheduled routes based on anticipated seasonal demand.

4. Flight Operations

Our operations control center (“OCC”) located outside the Suvarnabhumi International Airport supervises and controls our flights in accordance with our flight operation schedules and relevant regulations of the authorities. Our OCC collects and analyzes information relating to the projected payload, weather and airport conditions and aircraft status. Our OCC also approves flight dispatches and coordinates necessary ground service equipment and maintenance services for our aircraft. Our OCC monitors and tracks flights by air and ground radar displays, radio communications, the Air Communication Addressing and Reporting System and Air-to-Ground Data Link communications. In the event of irregularities, our OCC may adjust flight schedules, combine flights and, if necessary, cancel flights.



5. Our Flight Operation Hubs

- **Bangkok Flight Operation Hub and Facilities**

We believe that Bangkok enjoys a number of advantages as a hub. These advantages include its role as a gateway to Southeast Asia, the Mekong region, South Asia and Southern China, and its convenient location as a stopover on routes linking Europe to North Asia and both Europe and North Asia to destinations in Australia, New Zealand and Southeast Asia.

Our primary flight operation hub is based at the Suvarnabhumi International Airport, which is Thailand's principal international and largest airport in terms of the number of aircraft movements and passenger volume. According to the statistics of the Department of Tourism, the in and out traffic of Suvarnabhumi International Airport in 2016 was recorded at 55.89 million passengers, a 5% increase from 2015. This figure consists of 46.05 million international passengers and 9.84 million domestic passengers. The Airports of Thailand has deployed the Advance Passenger Processing System or APPS to inspect passengers in order to prevent any international terrorist attacks as well as to heighten security within the airport to conform to the safety measurements issued by the International Civil Aviation Organization (ICAO).

Following our commencement of operations at the Suvarnabhumi International Airport, we transferred the bulk of our operations previously based at the Don Mueang International Airport, except our heavy maintenance services, to the Suvarnabhumi International Airport. We pay various rents, fees and charges to AOT at the Suvarnabhumi International Airport, including landing and parking charges, space rental and other charges, and concession fees for several revenue-generating activities in which we engage at the Suvarnabhumi International Airport through our subsidiary and associated companies.

We also lease a plot of land at the Don Mueang International Airport which we use for our maintenance services. Our maintenance facility comprises a hangar, a C-check maintenance facility and adjacent workshops servicing a broad range of equipment.



● Samui Hub and Facilities

We have built and developed the Samui International Airport which opened in 1989. Developed at an estimated cost of THB 800 million, the airport was officially opened on 25 April 1989 with a 1,800 meter runway. The airport served domestic flights, primarily to and from Bangkok.

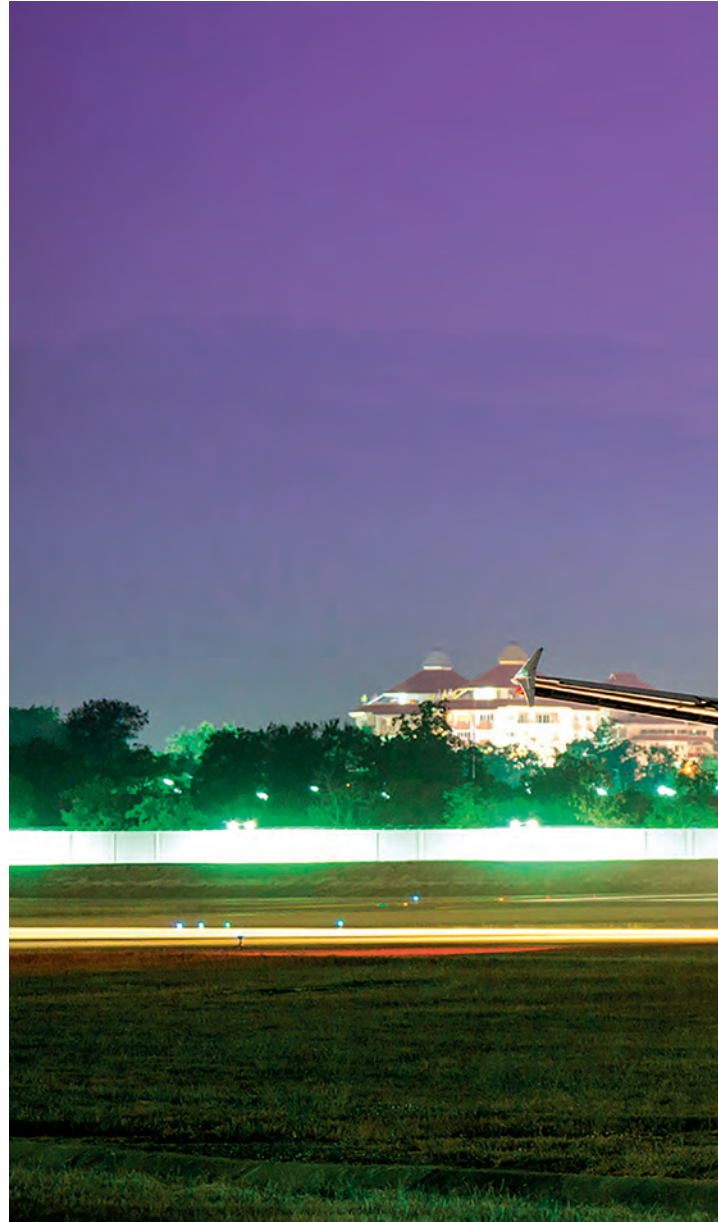
In 1997, the Samui Airport was upgraded to allow for international flights, with the development of customs and immigration facilities, as well as new passenger terminals, which allowed for the operation of new routes to the airport, including services to international destinations.

In 2004, the airport began a THB 500 million expansion program that provided for six new terminals-four domestic and two international. In addition, the program provided for extension of the runway, to 2,100 meters. The development program was completed in 2007, providing airport capacity for 16,000 passengers a day. The program increased annual passenger capacity from 1.3 million to 6 million. Beginning October 1st, 2015; the Airports of Thailand has deployed the Advance Passenger Processing System or APPS to inspect passengers in order to prevent any international terrorist attacks as well as to heighten security within the airport to conform to the safety measurements issued by the International Civil Aviation Organization (ICAO).

The growth in the airport has coincided and facilitated the growth in popularity of Samui as a tourist destination. Samui has developed into a very popular destination for Europeans, Asians, and others.

With the 2,100 meter runway, we were able to increase the size of the aircraft it operated to the airport. The carrier currently operates a mix of A319s and ATR-72s at the airport. The Samui Airport is open for other airlines such as Thai Airways International, Silk Air, FireFly.

Samui International Airport has won several awards for its design and architecture, including an environmental impact assessment award for the use of locally produced palm leaves and a natural, open-air cooling system for the terminal buildings.





- **Chiang Mai Hub**

We announced Chiang Mai Airport as our hub for the Northern Thailand region. Chiang Mai has becoming more popular for business and leisure purposes. We have observed high potential to develop tourism and create connecting traffic in this region for cultural tourism. We introduced four new route network creating Chiang Mai as the center in the Northern region for connecting traffic such as routes from Chiang Mai-Samui, Chiang Mai-Phuket, Chiang Mai-Mandalay, and Chiang Mai-Yangon.



6. Chartered Passenger Services

Chartered passenger services enhance our aircraft utilization and revenues. We determine our charter flight arrangements in accordance with aircraft availability by primarily treating the scheduled passenger services as our first priority.

7. Aircraft Maintenance

Aircraft maintenance, repair and overhaul (“MRO”) is critical to the safety and comfort of our passengers, the efficient use and maintenance of our aircraft and the optimization of our fleet utilization. The schedule and cycle of our maintenance services for our fleet varies depending on certain factors, including the age and type of aircraft and the manufacturers’ specifications. We conduct our maintenance services in compliance with the maintenance module issued by the European Aviation Safety Agency (“EASA”), the IATA Operational Safety Audit (“IOSA”) and International Civil Aviation Organization (“ICAO”). We are certified by the International Organization for Standardization (“ISO”) and authorized by The Civil Aviation Authority of Thailand.

Our aircraft maintenance checks involve light maintenance and line maintenance. These periodic inspections are conducted after either a certain period of time, aircraft operational cycle or period of flight hour, depending on the type of the aircraft and the manufacturer’s specifications. Generally, our aircraft maintenance checks can be divided as follows:

1. Light maintenance which includes A Checks and B Checks; and
2. Line maintenance which includes C Checks and D Checks.

Daily maintenance checks, which include visual testing and inspections of equipment and hygiene, fuel levels and emergency equipment, are conducted before and after flights to ensure that aircraft are airworthy. In addition to the daily checks, we also perform A Checks B Checks and C Checks to maintain our fleet as follows:

	Light maintenance: A Checks/B Checks	Line Maintenance: C Checks
ATR-72-500 Maintenance Schedule	Every 500 hours	Every 5,000 hours
Airbus A319 and Airbus A320 Maintenance Schedule	Every 4 months or 750 flight hours or 750 cycles, whichever comes first	Every 24 months or 7,500 flight hours or 5,000 cycles, whichever comes first
Maintenance Station	Bay or aircraft parking area	Hangar
Scope of inspection	<p>A Check</p> <ul style="list-style-type: none"> Includes lower check, i.e., daily check <p>B Check</p> <ul style="list-style-type: none"> Includes a detailed maintenance inspection for components and aircraft systems which may require specific equipment and testing. B Check includes lower check, i.e., daily check and A check. 	Includes lower check, i.e., daily check, A Check and B Check
Example: MPD specified by Aircraft Manufacturers	<ul style="list-style-type: none"> General external visual inspection of aircraft structure for evidence of damage, deformation, corrosion and missing parts Check and test switch control Check crew oxygen system pressure Operationally check emergency lights Operationally check hydraulic system 	<ul style="list-style-type: none"> General internal inspection of aircraft structure for evidence of damage, deformation, corrosion and missing parts Check and test entry door and emergency Exit Check the condition of entry door seals Check the condition of pressure systems Check operation of DC and Auxiliary control unit Operationally check RAT deployment and system Operationally check flap asymmetry System Check operation of flight control mechanism

D Check is line maintenance which inspects the structure of aircraft and tests for traces of decay, abnormality of aircraft structure, cracking or other traces of damages. This type of maintenance is conducted by experts who deconstruct the aircraft to perform the maintenance check. The Company does not provide D Check maintenance, and in the event that the Company requires this kind of maintenance, the Company will outsource to other service maintenance providers. Any other maintenance, including component overhaul, engine overhaul and calibration services, are outsourced to third party service providers. Through our lease agreements we are able to rely on, or enjoy the benefits of, manufacturer's warranties and product support granted to our lessors. We maintain an inventory of rotatable and consumable spare parts at our facilities at the Don Mueang International Airport and the Samui Airport.





8. Privileges under BOI Certificates

- **Airline Operations**

We have obtained BOI Certificates for airline operations under Investment Promotion Act B.E. 2520 (as amended). Tax privileges under the BOI Certificates include (i) corporate income tax exemption for net profit for a period of eight years from the date of first income derived from such activity; (ii) import duties exemption for machines; (iii) dividend tax exemption for each project throughout the period of corporate income tax exemption; and if we suffer losses from the operation of the relevant aircraft during the period of corporate income tax exemption, we are permitted to deduct such losses from the net profits incurred after the period of corporate income tax exemption for a period of not exceeding five years, whereby we may choose to deduct such losses from the net profit of any one year or several years. Non-tax privileges include the permission to import skill non-Thai experts/technicians in amounts and period as deemed appropriate by the Thai Board of Investment (the “BOI”).

As of December 31, 2016, we have obtained six BOI Certificates under which the corporate income tax exemption for 47 aircraft of which 27 aircraft has been utilized under BOI certificates. The remaining BOI Certificates allow us to exercise tax exemption for 20 aircraft.



2. Airport-related Businesses

Apart from airline services and airport services, we also provide airport-related services including cargo terminal services, ground and passenger services and in-flight catering services to our flights and those of other airlines through our subsidiaries and associated companies as follows:

Company	Shareholding percentage	Relationship with the Company	Business Operations
BFS Ground	98.88	subsidiary	provides passenger services and ground support equipment services
BAC	90.0	subsidiary	provides in-flight catering services
BFS Cargo	49.0	Associated company	provides international cargo terminal services

• Ground Services

Our ground services include passenger services and ground support equipment services. At the Suvarnabhumi International Airport, BFS Ground provides ground support equipment services for our own scheduled and chartered domestic and international flights, and also both passenger and ground support equipment services on a contract basis for other airlines. Worldwide Flight Services Holding S.A. ("WFS") provides certain services to BFS Ground, which include monitoring and evaluating the quality of the operational services, marketing the services and facilities of BFS Ground, developing controls and best practice for operating costs, maintaining and administering all agreements of BFS Ground, including the Ground Project Agreement, and assisting in procuring relevant industry certification.

The AOT granted BFS Ground the right to operate ground equipment and ramp services under a build transfer-operate project agreement for a period of 20 years, commencing from September 28, 2006. BFS Ground's principal competitor for its ground services is Thai Airways.

At airports in foreign countries, third-party ground service providers or principal airlines based at such airports provide ground services to our flights, typically based on pre-set contractual fees.

1. Passenger Services

BFS Ground provides a wide range of passenger services for airlines, scheduled flights, charter flights and private jets at the Suvarnabhumi International Airport. Passenger services include check-in and ticketing service, boarding service, baggage handling and interline baggage handling. BFS Ground provides ramp and passenger services to over 50 other airlines at the Suvarnabhumi International Airport. BFS Ground's passenger service contracts are typically for terms of two to three years, and are denominated in Thai Baht.

2. Ground Support Equipment Services

BFS Ground provides a wide range of ground support equipment services at the Suvarnabhumi International Airport for other airlines, charter flights and private jets. Ground support equipment services include aircraft loading and unloading, marshaling and push back, baggage handling, ramp handling cabin cleaning, air conditioning, lavatory and water servicing, ground service equipment maintenance, crew transit service and flight operations support.

BFS Ground also provides ground support equipment services to 60 other airlines at the Suvarnabhumi International Airport. BFS Ground's ground support equipment service contracts are typically for terms of two to three years, and are denominated in Thai Baht.

BFS Ground was certified by International Air Transport Association (IATA) Safety Audit for Ground Operations or ISGO as a standardized service provider in Thailand.

Additionally, the company also provides passenger ground services and ground support equipment service at Samui Airport through PGGGS, a subsidiary of which the company holds 99.99% of its shares. At airports in foreign countries, third-party ground services providers or principal airlines based at such airports provide ground services to our flights, typically based on pre-set contractual fees.



• In-Flight Catering

BAC, provides in-flight catering for passengers on our own flights as well as for passengers on other airlines. The AOT granted BAC the right to operate in-flight catering services under a build transfer-operate project agreement dated (the “**Catering Project Agreement**”) for a period of 20 years commencing from September 28, 2006.

BAC’s catering facilities, located at the Suvarnabhumi International Airport, occupy approximately 20,000 square meters.

BAC is able to produce in-flight meals for “**the Company**” and to other airlines including the charter ones.

	As of December 31, 2016	
	2016	2015
Amount of produced and uplifted meals for our flights (million meals)	4.5	4.2
Amount of produced and uplifted meals for other airlines (million meals)	5.6	5.7
Average of produced and uplifted meals (meal)	27,773	27,071

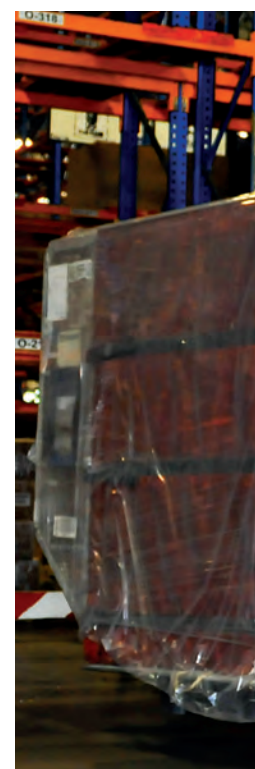
BAC produces all meals in international standards namely the Good Manufacturing Practice (GMP) and Hazard Analysis Critical Control Point (HACCP) global standards. In addition, BAC is also Halal certified by the Central Islamic of Thailand and Kosher-certified by the Thai Kashrut Services Ltd.

Apart from “**the Company**”, BAC now serves 23 airline clients with contracts typically for terms of one to three years. Such contracts are mostly priced in Thai Baht.

BAC’s among the three air catering service providers at Suvarnabhumi Airport. The other two are Thai Airways and LSG Skycheffs Co., Ltd., an affiliate of Lufthansa.

In 2016, a BAC’s subsidiary opened its service area at Samui Airport. There’s also a plan to open in-flight kitchens at Phuket Airport by mid 2017 to handle an increasing number of clients beyond the Suvarnabhumi Airport.

BAC also provides catering services to our economy class and business class lounges, as well as to the business class lounges of airline clients at the Suvarnabhumi International Airport. In addition, BAC provides outside catering services in Bangkok through its subsidiary, BAC Gourmet House Co., Ltd. (“**Gourmet House**”).



- **Cargo Services**

BFS Cargo provides international cargo terminal services at the Suvarnabhumi International Airport. Our joint venture partner, WFS, a global independent cargo handler. WFS provides certain management services to BFS Cargo include monitoring and evaluating the quality of the operational services, marketing the services and facilities of BFS Cargo, developing controls and best practice for operating costs, maintaining and administering all agreements of BFS Cargo, including the Cargo Project Agreement, and assisting in procuring relevant industry certification. The AOT granted BFS Cargo the right to operate airport cargo services under a build-transfer-operate project agreement between the AOT and BFS Cargo (“**Cargo Project Agreement**”) for a period of 20 years from September 28, 2006. The Cargo Project Agreement covers the operation and provision of cargo services for international air cargos in the Suvarnabhumi International Airport.

BFS Cargo’s facilities enable it to handle premium cargo, including perishable goods and valuable cargo, in respect of which it is able to earn higher margins. Security in BFS Cargo’s facilities is important to BFS Cargo. BFS Cargo has installed 186 closed circuit televisions located throughout its facilities, and in the areas where BFS Cargo stores high value cargo, BFS Cargo’s facilities are equipped with static cameras. BFS Cargo also has x-ray machines to screen for explosives and has outsourced aviation trained security personnel and security guards.



BFS Cargo is certified its security standard by the Transported Asset Protection Association (TAPA), quality standard as in ISO 9001. BFS Cargo was the first and only IATA (International Air Transport Association) Safety Audit for Ground Operations (“ISAGO”) and the Occupational Health and Safety Management System Specification (OHSAS 18001:2007). It also plays a role as a regulated agent 3 which refers to the third country cargo service provider who’s been audited and approved in the standard of EU flight operation. BFS Cargo’s cargo terminal is a 55,370 square meter facility at the Suvarnabhumi International Airport. Within BFS Cargo’s facilities, it has a 39,744 square meter cargo warehouse and 15,626 square meter office space. The warehouse area consists of a 2,500 square meter cold storage area, a secured storage area with an enclosed steel vault and biometric access control for valuables, a dedicated ventilated area for livestock and storage for hazardous cargo. The capacity of BFS Cargo’s cargo facility is 450,000 tons per annum.



	As of December 31, 2016	
	2016	2015
Weight of handled cargo (Ton)	378,026	375,301
cargo tonnage (Ton per year)	450,000	450,000
Utilization (percentage)	84.0	83.4

As of December 31, 2016, BFS Cargo had over 60 customers. BFS Cargo’s cargo terminal service contracts are typically for terms of two to three years and are typically priced in Thai Baht.

BFS Cargo’s principal competitor for its international cargo terminal services is Thai Airways.

3. Airport Businesses

The company owns and operates three airports namely Samui Airport, Trat Airport and Sukhothai Airport.

3.1 Samui Airport

The Samui Airport is our most important airport in terms of passenger traffic and contribution to income. We commenced operations at the Samui Airport in 1989 as the only privately-owned public airport in Thailand. We commenced operations with the Samui Airport Incorporation License.

In 2005, the Samui Airport expansion was completed in order to increase the passenger capacity accommodation. In 2016, Samui Airport recorded 2.5 million passengers in and out and over 29,000 flights.



This tables shows daily flight volume in and out of Samui Airport in December 2016.

Airlines	Flights per day
Bangkok Airways	36
Thai Airways	2
Silk Air	10 ⁽¹⁾
Firefly	1 ⁽²⁾

Remark: ⁽¹⁾ Flights per week

⁽²⁾ Ceased operation since November

The Samui Airport operates 16 hours a day. The total area of the airport's premises is approximately 600 rai. The airport has one operating runway, with a length of 2,060 meters. The Samui airport has four taxiways with an area of approximately 28,000 square meters.

The airport can accommodate ATR 72-500/72-600, Airbus A319 and Boeing 737-400 aircraft, as well as business and private jets.

The airport has six terminals, which cover an area of 12,113 square meters, of which 1,939 square meters is commercial space. Within the arrival terminal, there are eight immigration officers on duty for 16 hours a day. Since August 2015, The Airport has provided more convenience to passengers by adding 10 common-use self-service (CUSS) kiosks at departure terminal.

In November 2006, we leased the assets of the Samui Airport to the Samui Property Fund for a period of 30 years from November 24, 2006 in accordance with the terms of the Long-Term Lease Agreement. Under the Long-Term Lease Agreement, we have agreed to, at our expense, among others, maintain the general environment of the Samui Airport and perform required marketing activities.





The Company continues to act as the operator of the Samui Airport in accordance with the terms and conditions under the Sub-lease Agreement and the service agreement dated November 24, 2006 (the "Service Agreement"). Under the Sub-lease Agreement, the Samui Property Fund sub-leased the Samui Airport to us for a three year term, renewable for up to nine additional three year terms upon agreement by both parties. Accordingly, we have the ability to sub-lease the Samui Airport for aggregate term of not exceeding 30 years. Under the Service Agreement, the Company agrees to provide services relating to equipment, machinery and other systems (such as equipment for maintenance of runway, communication system and other systems) in the Samui Airport to the Samui Property Fund for a period of 30 years from the date of the Service Agreement. The Company also agrees to pay to the Samui Property Fund, (i) rent in an amount of THB26.1 million per month and (ii) a service fee, which consists of a fixed service fee in the amount of THB21.4 million and a variable service fee in an amount calculated based on the formula specified in the Service Agreement. Such formula is based on several factors, including the number of the departing passengers and the aircraft (excluding the rent of commercial areas within the Samui Airport).

Major revenues of the Samui Airport are obtained from passenger service charges, aircraft landing fee, aircraft parking fee and ground handling services fee charged to other airlines operating at the airport, and the rent of commercial areas within the Samui Airport.

Since we granted PGGs the right to provide ground services for other airlines at the Samui Airport, revenues from ground service charges provided to other airlines will not be directly paid to us. Instead, we obtain revenue from granting PGGs such rights. A substantial portion of our revenue from the Samui Airport operation will be paid to the Samui Property Fund as rent, fixed service fee and variable service fee and they will in turn be paid to us as dividend income because we hold a 25.0% ownership interest in the Samui Property Fund.

3.2 Trat Airport

Trat Airport was opened in 2006 under the Trat Airport Incorporation License which is valid until March 14, 2026. It's located 387 kilometers east of Bangkok. Trat province is a border town between Thailand and Cambodia. Bangkok Airways is the only operator on this route. The airport premise has an area of approximately 1,300 rai. It has one operating runway with a length of 1,800 meters. In 2016, the in and out traffic recorded 90,000 passengers with more than 2,200 flights.

Trat Airport is among the three airports that belong to Bangkok Airways Public Company Limited. It's open for Bangkok Airways and other flights as well. The airport's ICAO Airport Reference Code is 4C. The runway is asphaltic concrete with a length of 1,800 meters, width of 45 meters, and the runway's outer area as specified by the standard of the ICAO (International Civil Aviation Organization). Trat Airport is open for service from 06.00 hrs. to 19.00 hrs. Presently, Trat Airport has the immigration and customs services in place. The landingfee at Trat Airport is priced according to the announcement of the Civil Aviation Authority of Thailand. The air traffic control service is available during the operating hours of the airport





3.3 Sukhothai Airport

We commenced operations at the Sukhothai Airport in 1998. Sukhothai is located 440 kilometers north of Bangkok. Approximately 600,000 people live in the town. Old Sukhothai, which is located 12 kilometers west, has been a UNESCO World Heritage site since 1991. In 2016, we served approximately 74,000 passengers with more than 1,800 flights. We are the only airline that flies to Sukhothai.

The Sukhothai Airport operates 12 hours. The total area of the airport's premises granted in a license is approximately 1,018 rai. The airport has one operating runway with a length of 2,100 meters, one taxiway occupying an area of 3,870 square meters. The Sukhothai Airport has two operative aprons, with an area of approximately 9,975 square meters. The airport has two terminals which cover an area of 1,026 square meters, of which 784 square meters is commercial space.

Marketing and Competition

1. Marketing

- Promoting Passenger Experience

We are committed to enhancing our passenger experience by providing them with premium, quality services, including the use of complimentary lounges at the airports, friendly and passenger-focused service, a modern and fuel efficient fleet of aircraft and cultural and leisure destinations.

We distinguish our passenger experience with complimentary lounges for all passengers. Our economy class lounges offer our passengers free snacks, beverages and Internet access. We also operate separate business class lounges, or Blue Ribbon lounges, to service our business class passengers. Our Blue Ribbon lounges offer hot meals, shower rooms, library rooms and Internet access.

To provide the highest quality customer service, we employ staff who have English proficiency, friendly, and professional. Staffs are selected through a rigorous recruitment process, which is followed by extensive and ongoing training and performance management activities. We specifically budget for training for each customer service personnel every year to ensure staffs are fully prepared to assist passengers effectively and efficiently.





Collect your magic moments...
with **bangkok airways**

- **Advertising and Marketing**

We believe that Thailand's popularity as a tourist destination has historically provided us with a competitive advantage. Our marketing efforts have historically emphasized the unique appeal of Thai culture, including the attributes of hospitality and friendliness, with the goal of enhancing our positioning as a boutique airline and building a strong reputation of quality personal service.

Our expenditure on marketing relates primarily to media advertising, support to tour operators and travel agents. We advertise mainly through our Internet website, social media, international and domestic trade fairs, outdoor billboards, newspapers and television and radio commercials.

While our marketing efforts focus on destinations within Thailand and Southeast Asia, through our code-share and other cooperative arrangements and our general sales agents and marketing offices located in various locations internationally, we are also able to reach international passengers connecting domestically and regionally to the destinations we serve.

- **Pricing and Revenue Management**

Our business is impacted by the number of passengers flown and the fares charged. We have implemented a revenue management system to maximize revenues by flight, by market and across our entire operations. Revenue management is an integrated set of business processes used to calculate the optimal pricing and seat inventory for premium and budget passengers to maximize revenue generated by the sale of tickets based on forecasting of demand behavior for each market.

Through our current revenue management system, we seek to maximize revenue per flight by optimizing allocation of seat inventory in the fare classes. We have a multiple pricing structure to meet the varying demands of each market segment. Certain of our aircraft cabins are physically divided into business and economy cabins and virtually divided into 16 fare sub-classes. We determine the number of seats offered at each fare through a continual process of competitive analysis, being one of the most critical processes in revenue management, forecasting and optimization. Booking history and seasonal trends are used to forecast anticipated demand. We use historical forecasts, combined with current bookings, upcoming events, competitive pressures and other factors to establish a fare structure to maximize revenues.

We use AirVision Revenue Manager, a revenue management system developed by Sabre Inc. This system uses forecasting and optimization models to rapidly analyze economic tradeoffs required to determine the number of seats offered at each fare, which enables us to maximize revenues from existing capacity. We have implemented this system with respect to all of our international and domestic routes since 2008.





We actively manage passenger yields through our marketing and sales policies to maximize passenger revenues. Among other measures, we seek to increase passenger revenues by:

- simplifying the pricing structures and at the same time, introducing pricing policies at each point of sale to match the characteristic of each point of sale and channel in order to maximize yield and minimize revenue dilution;
- introducing automated ticketing to prevent revenue losses due to human error and increase revenue from optional service fees such as excess baggage fees;
- employing marketing initiatives in high-yield markets such as Samui and Siem Reap;
- optimizing seat allocation within each booking category according to fare classes and forecasted demand based on historical data for each route (such as by allocating fewer lowerfare seats for routes with higher expected demand); and
- optimizing priority allocation to passengers based on forecast demand to maximize revenue on a network basis rather than on an individual sector basis.

Like most other airlines, we overbook some flights to account for no-shows. Our overbooking percentage varies route by route and depends on historical rates of no-shows and late cancellation.

- **Maintaining frequent customers by FlyerBonus**

Since its establishment in 2005, our frequent flyer program, FlyerBonus, has played a key role in our marketing strategy and is one of our principal means of creating and retaining customer loyalty. FlyerBonus has two membership tiers: regular and premier. We believe our frequent flyer program promotes loyalty by offering fare redemption for continued patronage. Members can earn mileage credits on our flights and with all of our code-share partners. We occasionally also offer double or triple point FlyerBonus promotions to promote our new routes. Mileage credits can be redeemed for free, discounted or upgraded travel on our flights or exchanged for certain goods sold through in-flight sales. FlyerBonus also has more than 30 travel partners, including all of our code-share partners, financial institutions, car rental companies and local and international hotel chains, allowing members to earn miles through everyday spending, car rentals and hotel stays.

FlyerBonus generates revenue through repeat ticket sales on our flights and stimulates interline sales with our airline partners through the members' ability to earn miles on our airline partners' frequent-flyer programs. We also earn revenue through redemption seating purchased by our airline partners when members of their frequent flyer programs redeem miles for flights on Bangkok Airways. The aggregate number of seats available for redemption seating purchased by FlyerBonus members is controlled by flight and class, as part of our efforts to maximize total yield. Air miles expire if they are unused for three years.





- **Our target customers**

Our target customers are primarily tourists, as we believe that we are well-positioned to benefit from the growth of tourism in Thailand. Our boutique business model provides extra amenities to our customers such as lounge services without charging additional cost, while also supporting our ability to maintain full service fares, which we believe differentiates us from our competitors. Our passenger base consists of primarily international passengers, and still continue to increase continuously. Our domestic passenger base concurrently to benefit from the expanding domestic passenger market and to minimize our dependence on international passengers.



- **Sales and Distribution**

We have two principal distribution channels: direct sales through our sales offices, call centers and website, and indirect sales

1. Direct sales

Direct sales are made at sales offices, ticket counters, airport counters, Call Centers and on our website.

(1) Sales offices, ticket counters and airport counters.

We operated an aggregate of 33 sales offices via 50 selling agents located in Canada, Australia, Europe, Thailand, Singapore, Hong Kong, Cambodia, Laos and Myanmar. We also sell tickets at our ticket counters located in the airports which we serve. These sales offices, ticket counters and airport counters allow guests to walk in to make or change reservations and settle payments either in cash or by using a credit or debit card

(2) Call Centers

We offer our customers the ability to reserve their seats 24-hours a day by calling a telephone number 1771. Guests may settle payment of their call center bookings by using a credit card, or by mobile phones, other similar services, as well as certain convenience shops throughout Thailand.

(3) Internet

We rely on our website, <http://www.bangkokair.com>, for our Internet sales. Online bookings are paid for by credit card or direct debit, reducing credit risk and accounting processes. This also improves our operating cash flows as all revenues from Internet sales are received directly by our acquiring bank for crediting to our account. In 2010, we upgraded our website to increase Internet sales and reduce agency commissions. We also revamped the layout to be more sales-focused with more prominent fares and promotional displays. Use of the Internet to make flight reservations increased. The Internet has become our least expensive distribution channel as it requires lower overhead and operating costs.



2. Indirect sales

We generally appoint general sales agents in locations inside and outside Thailand in order to reach a broader customer network. We have general sales agents in various locations including the United States, Canada, Australia and Europe. General sales agents perform similar functions to our own sale offices, including marketing, promotional functions and ticket sales. General sales agents are particularly important for code-share flights arriving from international destinations to connect to our domestic and regional flights.

IATA-authorized sales agents may also sell tickets on our flights. We became a member of the IATA BSP in the year 2000, we had established relationships with over 40 countries around the world to sell our tickets through IATA-authorized sales agents. Payments for tickets sold through IATA-authorized

Sales agents are typically settled via a bank settlement plan administered by IATA. The services that travel agents provide are particularly useful for travelers who do not have Internet access and/or credit cards, especially in rural remote areas of Thailand or in other developing countries.



Enjoy happiness at every point
of the journey with **Bangkok Airways.**



Risk Factors

1. Risks Relating to Our Business

- 1.1 Our business, financial condition, results of operation and prospects are materially and adversely affected by the cost or unavailability of sufficient quantities of fuel.
-

Aircraft fuel costs represent the largest component of our cost of sales and services, comprising 29.6% and 24.2% of our total consolidated cost of sales and services in 2015, 2016 respectively. As jet fuel constitutes a substantial portion of our operating costs, a relatively small increase in fuel costs can have negative effect on our operating costs. Jet fuel prices are subject to wide fluctuations, and within the last five years jet fuel spot prices have ranged from a high of US\$140.99 per barrel on January 21, 2016 to a low of US\$32.3 per barrel on December 31, 2016. As of December 30, 2016, the spot price of jet fuel was US\$66.6 per barrel, according to MOPS. In the event of a jet fuel supply shortage, higher jet fuel prices or the curtailment of our scheduled service could result. We enter into jet fuel derivative contracts to manage our risks resulting from future changes in jet fuel prices. As of December 31, 2016 we have entered into hedging contracts for approximately 52.0% of our forecast jet fuel requirements. The company still have an obligation the hedging contract until December 2016 for 600,000 barrel. However, we cannot assure you that our fuel hedging program will be sufficient to protect us against increases in the price of fuel. Additionally, we are also exposed to potential losses from our other hedging activities.

We rely mainly on PTT Public Company Limited (“PTT”) and SUSCO Public Company Limited for our jet fuel requirements. In 2016, of our aircraft fuel expenses were the result of purchases of jet fuel from PTT and 70% and 20%, respectively, were from SUSCO Public Company Limited. Any decline in the availability of adequate supplies of fuel and/or any increase in the cost of fuel would have a material adverse effect on our costs and on our business, financial condition, results of operation and prospects.

-
- 1.2 Our business, financial condition, results of operation and prospects have been in the past and could be in the future materially and adversely affected in the event of an emergency, accident or incident involving any of our aircraft.
-

We are exposed to potential significant losses in the event that any of our aircraft is lost or subject to an emergency, accident, terrorist incident or other disaster and we incur significant costs related to passenger claims, repairs or replacement of a damaged aircraft and its temporary or permanent loss from service.

We cannot assure you that we will not be involved in any similar or other more serious events, including one where injuries or death occur, in the future. We cannot assure you that the amount of our insurance coverage will be adequate to cover the losses or damages from any future accidents or incidents.

-
- 1.3 Changes in code-share agreements with other airlines may have an adversely negative effect on our business, financial condition, results of operation and prospects.
-

As of December 31st, 2016, we had code-share agreements in place with 21 airlines. This resulted in revenue generation for us from our code-shared partners. We expect more reliance on our code-share arrangements. However, we cannot assure you that we will not be adversely affected by any future changes in our relationships with our code-share airlines. Moreover, certain of our code-share agreements can be terminated with 30-days written notice, without cause, or immediately, with cause. Any unexpected or premature termination of our code-share agreements may have adverse effect on our business, financial condition, results of operation and prospects.



1.4 The intense competition in the airline industry along with competition from other forms of transportation could materially and adversely affect our business, financial condition, results of operation and prospects.

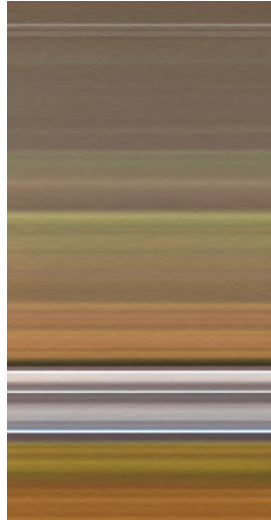
We have faced a high level of competition on our domestic and international routes. Airlines compete primarily on fare levels, frequency, reliability of service, brand recognition, passenger amenities, frequent flyer programs and the availability and convenience of other passenger services. In addition, some of the airlines with which we compete are larger and may have greater brand recognition, financial resources and penetration in key markets, including Thailand. They may be in a better position to operate unprofitable routes for a longer period of time than us.

Our competition for our scheduled passenger services include other full-service operators, low-cost operators and other forms of transportation. We face competition on our principal domestic routes primarily from carriers such as Thai Airways, Thai AirAsia, NOK Air, Thai Smile and Thai Lion Air. In addition, additional carriers may desire to fly in and out of Samui in the future. The intensity of competition varies from route to route. We cannot assure you that our competitors will not engage in price cutting or other activities in an attempt to shift market share, which may have adverse effect on our business, financial condition, results of operation and prospects.

-
- 1.5 Our airline and airport businesses are heavily dependent on travel to Thailand and the broader Southeast Asian markets, by Thai, regional and European passengers, and a reduction in demand for air travel in these markets may have a material adverse effect on our business, financial condition, results of operation and prospects.
-

The airline business is our core business, contributing 77.4% of our total consolidated revenues in 2016. It comprises air transport services for passengers domestically and internationally. Our growth has focused and will continue to focus on adding domestic and international flights to and from our operations at the Suvarnabhumi International Airport, Samui Airport and Chiang Mai Airport. Our business, financial condition, results of operation and prospects would be affected by any circumstances causing a reduction in demand for air transportation in Thailand, including adverse changes in local economic conditions, declining interests in Thailand as a tourist destination, or significant price increases as a result of increases in airport access costs and fees imposed on passengers.

We believe that a substantial majority of our passenger traffic on our airline and at our airports comprises tourists attracted by Thailand's appeal as a tourist destination. Accordingly, we are dependent on the health of the Thai tourism industry. We have experienced a significant decline in international passenger traffic by a number of political demonstrations and strikes as well as reports of violence in certain areas of Bangkok. Our business is adversely affected by any circumstances causing deterioration in Thailand's appeal as a tourist destination, such as continued internal political instability, adverse changes in international economic conditions. We cannot assure you that we will be able to take any preventive measures to mitigate potential negative impacts to our operations. Moreover, as some of our interline passengers originate from Europe, any negative external factors affecting travel from Europe could have adverse effect on our business, financial condition, results of operation and prospects.





1.6 Our subsidiary and associated companies have been granted concessions to provide airline related services at the Suvarnabhumi International Airport.

Our subsidiary and associated companies have entered into project agreements with the AOT to provide airport-related services at the Suvarnabhumi International Airport, including cargo terminal services, ground services and in-flight catering services, with a term of 20 years, expiring September 27, 2026. BFS Ground and BAC contributed 6.7% and 3.6%, respectively. We cannot guarantee you that one or more of our project agreements will not be terminated before their expiration. If our subsidiary and associated companies are unable to renew or extend their project agreements upon expiration or termination, our subsidiary and associated companies will lose their rights to operate the relevant businesses resulting in our loss of revenue stream resulting from such business, which will have adverse effect on our business, financial condition, results of operation and prospects.

1.7 Compliance with environmental laws and regulations may affect our existing and future operations and result in additional costs.

The airline industry is subject to environmental laws and regulations and will likely be subject to more stringent environmental laws and regulations in the future. These environmental laws and regulations relate to, among other issues, aircraft noise, the use and handling of hazardous materials, air emissions and environmental contamination clean-up. Several countries have issued a number of environment-related directives and other regulations including regulations relating to aircraft noise, exhaust and age. Further, environmental regulations, especially those with respect to noise and air pollution, have evolved rapidly and are expected to continue to evolve in ways that may require the termination of use of certain models of aircraft if they do not conform to the regulations. These requirements impose substantial ongoing compliance costs and operational restrictions on airlines, particularly as new aircraft brought into service will have to meet the environmental requirements during their entire service life. Compliance with these laws and regulations could increase our expenses or restrict our ability to continue to expand some of our operations.

1.8 Our maintenance costs will increase as our fleet ages.

The average age of our aircraft was 9.2 years as of December 31, 2016. Generally, the cost of maintaining aging aircraft will exceed the cost of maintaining newer aircraft. As our fleet continues to age, it will require more maintenance and our maintenance expenses will increase on an absolute basis, on an available seat kilometer basis and as a percentage of our operating expenses (provided our other operating expenses remain constant). Any significant increase in maintenance expenses will have an adverse effect on our business, financial condition, results of operation and prospects. Older aircraft typically feature older cabin products, and generally require more frequent maintenance, which may result in disruptions of flight schedules, and generally affect customer satisfaction and perceptions of our airline, each of which may generally reduce our competitiveness.





1.9 We may incur a significant amount of debt in the future to finance the acquisition of aircraft, capital expenditure or expansion plans.

We have historically leased most of our aircraft pursuant to operating lease arrangements. However, we may consider purchasing a portion of our aircraft requirements in the future. We entered into a sale and purchase agreement for nine new ATR 72-600 aircraft. The delivery seven aircraft of all. We are likely to require financing and incur significant amounts of debt to fund such acquisitions. If we are unable to obtain such financing, we will remain obligated to take delivery of the nine aircraft and will be required to finance through alternative funding sources or renegotiate with the vendor or default under the sale and purchase agreement. We may also obtain debt financing to finance our operations. If we are unable to obtain financing for new aircraft on acceptable terms, this may affect our profitability and delay our fleet expansion plans. Moreover, our future credit facilities may contain covenants that limit our operating and financing activities and require the creation of security interests over our assets. Our ability to meet our payment obligations and to fund planned capital expenditures will depend on the success of our business strategy and our ability to generate sufficient revenues to satisfy our obligations, which are subject to many uncertainties and contingencies beyond our control.

1.10 We may not be successful in implementing our business strategy

Our business strategy involves increasing the number of our aircraft, increasing the frequency of our flights to destinations we currently serve, expanding the number of destinations we serve and that is part of our extended code-share network and stimulating growth in the markets that we serve. Achieving our business strategy is critical to the success of the Company.

Increasing the number of destinations that we serve depends on our ability to obtain suitable landing slots in airports located in our targeted markets in a manner that is consistent with our strategy. We need to obtain air traffic rights and airport landing slots before we can commence services to new destinations. Increasing the number of destinations, increasing the frequency to the destinations that we currently serve depends on our ability to obtain additional departure and landing slots in such destinations, including at the Suvarnabhumi International Airport, Samui Airport, Chiang Mai Airport, and other Airports where we operate flights. Any failure to obtain these traffic rights, airport departure and landing slots or approvals, to add additional code-share arrangements, or to add additional departure and landing slots may have adverse effect on our business, financial condition, results of operation and prospects.

We expect a number of planned future destinations. Adding service to new destinations may require us to commit a substantial amount of financial and other resources, even before the new service commences, and we may initially experience low load factors and be required to offer promotional fares to new destinations, which will adversely affect the profitability of these new destinations.

In addition, we plan to expand our total fleet size to 43 by December 31, 2018. If we are unable to successfully implement our business strategy, we may have to delay or cancel the scheduled deliveries of these aircrafts, subject to applicable break fees, which may affect our business, financial condition, results of operation and prospects.

Other factors that may have an impact on our business strategy include:

- the general condition of the Thai, Asian and global economies and the global capital markets;
- demand for regional air transportation;
- barriers to entry into the Thai and Southeast Asian aviation market;
- our ability to operate and manage a larger operation cost-effectively;
- our ability to acquire additional licenses and traffic rights to our targeted geographical markets in order to expand our route portfolio;
- our ability to hire, train and retain sufficient numbers of pilots, cabin crew and engineers for our aircraft;
- our ability to source and take delivery of aircraft on a timely basis; and
- our ability to obtain the financing necessary to pay for expansion at cost-effective rates.

Many of these factors are beyond our control. We cannot assure you that we will be able to successfully expand within our existing markets or establish new markets, and any failure to successfully implement our business strategy may have a material adverse effect on our business, financial condition, results of operation and prospects.

1.11 Our ability to set fares on certain segments of our business is constrained by fare ceilings set by the Government.

As an airline company, we are regulated by the Government through, among others, The Civil Aviation Authority of Thailand. The Civil Aviation Authority of Thailand is the regulatory authority responsible for regulating the Thai aviation sector. The Civil Aviation Authority of Thailand issues operating licenses required for our flight operations, sets price caps for airfares on domestic passenger services sold in Thailand, regulates fuel surcharges for scheduled domestic passenger and cargo services and agrees international bilateral air service agreements with other countries. Our domestic fares are subject to fare ceilings prescribed by The Civil Aviation Authority of Thailand. Our revenue from domestic passenger services accounted for 60.9% and 66.0% of our revenues from passenger services in 2014 and the 2015, respectively. Any adverse changes in these policies, in addition to other regulations and policies governing airline operations, could have adverse effect on our business, financial condition, results of operation and prospects.

1.12 Fluctuations in currency exchange rates may have an adverse impact on our business, financial condition, results of operation and prospects.

Due to the geographic diversity of our business, we receive revenue and incur expenses in a variety of currencies, in particular the Thai Baht, and U.S. Dollar. However, most of our maintenance, aircraft leasing, jet fuel supply, insurance contracts and substantially all of our purchase contracts with respect to aircraft spares are denominated in U.S. Dollars. A number of currencies, have experienced significant volatility, which could be detrimental depending on our foreign exchange position with respect to both our income and expenses. We may, in the future, enter into derivative contracts to hedge our foreign exchange exposure. However, we cannot assure you that such hedges will be available or commercially viable or effective to hedge our exposure to foreign currency risks.

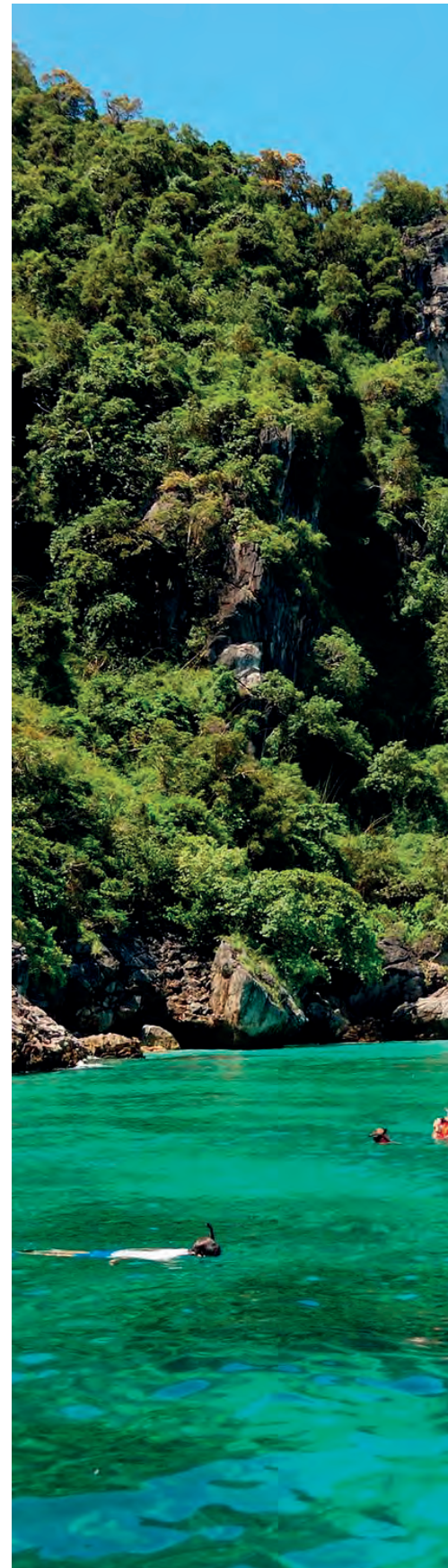
We may enter into U.S. Dollar commitments in the future, including in relation to future purchases of aircraft. Therefore, any depreciation in the Thai Baht against these foreign currencies would increase our obligations. There can be no assurance that we would be able to generate revenue increases sufficient to offset such increased obligations. As a result, fluctuations in the value of the Thai Baht against other foreign currencies may affect our business, financial condition, results of operations and prospects.



1.13 We are exposed to certain risks against which we do not insure, and may have difficulty obtaining insurance on commercially acceptable terms or at all.

Insurance is fundamental to airline and airport operations. As a result of terrorist attacks or other world events, certain aviation insurance could become unavailable or available only for reduced amounts of coverage that are insufficient to comply with the levels of coverage required by our aircraft lessors or applicable government regulations. Any inability to obtain insurance, on commercially acceptable terms or at all, for our general operations or specific assets would have a material adverse effect on our business, financial condition, results of operation and prospects.

We cannot assure you that our coverage will cover actual losses incurred. To the extent that actual losses incurred by us exceed the amount insured, we could have to bear substantial losses which may have adverse effect on our business, financial condition, results of operation and prospects. In line with industry practice, we leave some business risks uninsured, including business interruptions, loss of profit or revenue. To the extent that uninsured risks materialize, our business, financial condition, results of operation and prospects could be materially and adversely affected.





2. Risk Relating to the Aviation Industry

2.1 The airline industry tends to experience adverse financial performance during general economic downturns.

It is difficult to predict the effects of a global economic downturn. The airline industry is characterized by low profit margins and high fixed costs. A significant proportion of our expenses, including depreciation, maintenance and overhaul, aircraft handling and navigation fees, finance costs, operating lease payments and labor costs for flight deck and cabin crew and ground personnel do not vary based on our load factors, while revenue generated from a flight is directly related to the number of passengers or cargo carried and the fare structure. A change in the number of passengers in relevant markets or in pricing, load factors, or traffic mix could have a disproportionate impact on our business, financial condition, results of operation and prospects. In addition, a minor shortfall in expected revenue levels could have adverse effect on our financial performance.

2.2 Limitations of Bangkok's airports and other Thai airports may inhibit our ability to increase our aircraft utilization rates, improve our on-time performance and provide safe and efficient air transportation.

Although Thailand's commercial aviation infrastructure has improved substantially with the opening of the Suvarnabhumi International Airport in September 2006 and the re-opening of Don Mueang International Airport to domestic flights in March 2007, the resources of many segments of the commercial airline industry, including airport facilities and air traffic control systems, have been strained by the rapid increase in air traffic volume. Our ability to increase utilization rates, improve our on-time performance and provide safe and efficient air transportation in the future depends in part on factors beyond our control, including:

- capacity of landing slots, passenger capacity at terminals and air traffic congestion in major hub airports that we serve, particularly at the Suvarnabhumi International Airport in Bangkok and the Phuket Airport;
- the quality of the management of Thai airports by the relevant operator;
- the quality of national air traffic control;
- the quality of navigational systems and ground control operations at Thai airports;
- limitations on runway length and/or strength which restrict our aircraft payload;
- the quality of infrastructure at regional airports that we serve; and
- any increased security measures.

If any of these factors is inadequate, our ability to expand our route network or to increase the frequency of flights on our existing routes, improve our on-time performance and to provide safe air transportation will be compromised, and our business, financial condition, results of operation and prospects may be adversely affected.

2.3 The airline industry is exposed to extraneous events such as terrorist attacks, outbreak of contagious diseases and extreme weather conditions.

Terrorist attacks and their aftermath had a negative impact on the airline industry. The effects experienced by the airline industry include increased security and insurance costs, increased concerns about future terrorist attacks, airport shutdowns, flight cancellations and delays due to security breaches and perceived safety threats, and reduced passenger traffic and yields due to the subsequent drop in demand for air travel globally. Terrorist attacks, or the fear of such attacks, or otherworld events could result in decreased passenger load factors and yields and could also result in increased costs for the airline industry, including us. If any similar events or circumstances occur in the future, our business financial condition, results of operation and prospects could be adversely affected.

An outbreak or contagious disease with the potential to become a pandemic or the measures taken by the governments of affected countries against such potential outbreaks could also disrupt our operations, which could have an adverse effect on our business, financial condition, results of operation and prospects.

During the typhoon season or periods of other adverse weather conditions in Thailand or elsewhere, flights may be cancelled or significantly delayed. Thailand has experienced a number of major natural catastrophes over the years, including tsunamis and floods. If we delay or cancel flights for extreme weather conditions, our revenues and profits will be reduced and, notwithstanding that these events are beyond our control, passengers may blame us for such delays and cancellations. We could suffer a loss to our reputation, which could result in a loss of customers and adversely affect our business, financial condition, results of operation and prospects. In addition, adverse weather conditions in other countries or regions which feed passengers onto our route network could adversely affect the number of passengers on our flights.

2.4 The airline industry is under the supervision of international safety and operation standards

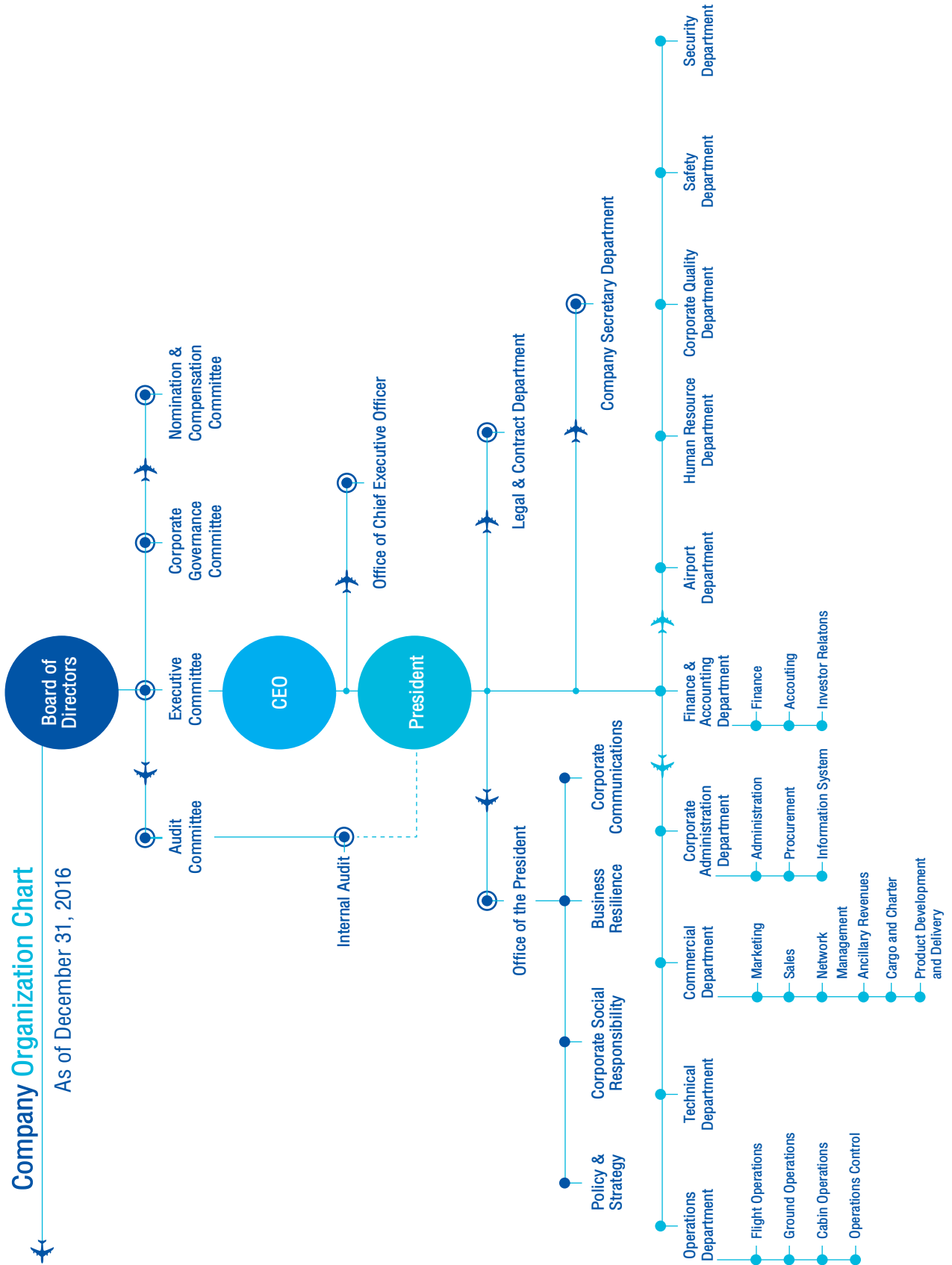
The airline industry is under the supervision of international safety and operation standards which is inspected and directed by international audit scheme. If there are any Significant Safety Concerns will get the status down on safety standard which affects directly and indirectly to the country and the office that administers all airlines in the country as well. Such effects include suspension of expanding route network, limiting flight frequency, limiting flight timetable, which will also affect the competitiveness, higher operation cost, limiting business opportunity, limiting profit making, higher leasing and insurance cost, to more strict maintenance conditions which will subsequently affect patronage decision making because safety is key for passengers to make their choice of airline service.





Company Organization Chart

As of December 31, 2016



Management Structure

Board of Directors

The management structure of the Company consists of five Board of Directors which are the Company's Board of Directors Committee, the Executive Committee, the Audit Committee, the Nomination and Compensation Committee, and the Corporate Governance Committee with details as follows.

- **The Board of Directors of the Company**

As of December 31, 2016 our Board of Directors comprised 12 members as follows:

Names	Position
Air Chief Marshal Kaset Rochanani	Chairman
Mr. Prasert Prasarttong-Osoth	Vice Chairman
Mr. Puttipong Prasarttong-Osoth	Director
Pol.Lt.Gen.Visanu Prasarttong-Osoth	Director
Mr. Pradit Theekakul	Director
Mr. Sripop Sarasas	Director
General Vichit Yathip	Director
Mr. Saharat Benyakul	Director
Mrs. Narumol Noi-am	Director
Mrs. Ariya Prasarttong-Osoth ⁽¹⁾	Director
Mr. Anawat Leelawatwatana ⁽¹⁾	Director
Mr. Somboon Kittiyansub ⁽¹⁾	Director
Remarks ⁽¹⁾ were appointed as the Company's Directors in accordance with the resolutions of the Ordinary General Meeting of the Shareholders in 2016 held on April 12 th , 2016 and have been registered as the Company's Directors at the Ministry of Commerce on April 25 th , 2016	

- **Scope of Duties and Responsibilities of the Board of Directors**

Policy and Governance

1. The Board of Directors shall perform duties using their knowledge and expertise for the benefit of the Company in accordance with the Company's Articles of Association and resolutions of the shareholders' meeting. Directors are authorized to perform actions indicated in the Company's Memorandum of Association, the Public Company Act and relevant laws.
2. Comply with the provisions and the good practices of listed company directors of the Stock Exchange of Thailand.
3. Determine policies and approve matters related to the general operation of the Company, such as vision, business direction, strategies, business plan, annual budgets, investment plan, and make financial decisions.
4. Monitor the operational results of the Company in order to ensure consistency with established goals and plans.
5. Procure policies on corporate governance in writing and approve such policies. The Board of Directors shall review such policies and their compliance consistently, at least once a year.
6. Encourage the determination of code of conduct in writing in order to ensure that all directors, executive officers and employees understand ethic standard used in the Company's business operation and strictly monitor the compliance of such code of conduct.

Financial

1. Set up a reliable financial report and account audit system.
2. Procure the preparation of the Company's statement of financial position and profit and loss statement for the approval of the Annual General Meeting of the shareholders. The Board of Directors shall engage the auditors to audit such statement of financial position and profit and loss statement prior to the proposal to the shareholders

Internal Control, Internal Audit and Risk Management

1. Put in place an appropriate internal control and internal audit system by procuring the independent personnel or working unit who is responsible for the inspection of such system and review the internal control system at least once a year.
2. Set up policies on risk management to manage and control all risks covering the organization.
3. Review or evaluate the effectiveness of the internal control system and the risk management at least once a year.

Human Resources

With respect to the Directors

1. Filter the list of candidates to be appointed as the Company's directors to propose for the shareholders' approval.
2. Consider forms and rules concerning the payment of remuneration of directors and sub-committees to propose for the shareholders' approval.

With respect to Chief Executive Officer and President

1. Approve the appropriate qualifications, methods and rules of the selection, including forms and rules of the payment of remuneration regarding Chief Executive Officer and President.
2. Approve rules and procedures for the evaluation of performances and results of the performances of Chief Executive Officer and President.
3. Approve the determination of the annual remuneration for Chief Executive Officer and President.

With respect to Organizational Structure, Salary Adjustment and Executive Succession Plan

1. Approve the upper-level organizational structure, including scope of duties, authorities and responsibilities of the management of such level.
2. Approve the pay scale and the criteria for the annual salary adjustment.
3. Approve the executive succession plan for the positions of Chief Executive Officer and President.

Management of Conflict of Interest

1. Supervise and monitor to ensure the complete compliance with laws and the Stock Exchange of Thailand's regulations in relation to procedures of actions and disclosures for the conflict of interest transactions.
2. Report to the Company on any conflicts of interests, which pertain to the management of the Company or subsidiaries, of oneself or related persons. For transparency, such transactions are to be reported to the Board of Directors whenever there is a change.
3. On the date on which the independent directors accept the appointment and every year afterwards, the independent directors shall submit a confirmation letter to the Company to ascertain their independency as defined by the Company.

Communication with the Shareholders

1. Provide appropriate and regular communication channels to the shareholders and provide transparent disclosure of information in accordance with standards.

Investment

1. Our Board of Directors is authorized to approve any investment that does not carry an unacceptable level of risk of the Company.
2. Authorize the Executive Committee to approve investments not exceeding THB 500.0 million per transaction. The Executive Committee is required to present to our Board of Directors for acknowledgment, such approval of investment. The Executive Committee is required to present to our Board of Directors for approval, any investments in securities of entities which are connected or related to the Company or its directors or management, and any director(s) related to such entities will not attend or vote.

On July 24, 2014, the Company's Board of Directors adopted an adjustment to the Company's investment policy with respect to securities to cap the total value of the Company's investments in securities. Under this policy, the Company's total value of investments in securities may not exceed THB 1,000.0 million at any time, excluding its investments in BGH and the Samui Property Fund, as of June 30, 2014 (the calculation of the THB 1,000.0 million cap will refer to the market price of the securities and include the Company's investments in BGH and the Samui Property Fund after July 30, 2014.).

Others

1. Appoint the Company's corporate secretary according securities and exchange laws.
2. Establish charters of the Board of Directors and sub-committees and approve suggestions proposed by the sub-committees in the adjustment of the content in such charters to be updated and compatible with changing rules, regulations and circumstances.
3. Perform other duties as prescribed in the notifications, regulations, acts or laws governing the Company.

The above authority duties and responsibilities shall not apply to any person with possible conflict, interest or conflict of interest in any other form with the Company or subsidiaries. Furthermore, it does not include actions in connection with the connected transactions and acquisition/sale of important assets of the listed company in accordance with the regulations of the Stock Exchange of Thailand or other related notifications. The Company must act in accordance with regulations and guidelines of the Stock Exchange of Thailand or other related notifications on the related matter. In addition, the above authority duties and responsibilities shall not include any matter that is required by the Articles of Association to be approved by the shareholders. The Executive Committee or the authorized persons by the Executive Committee shall not approve any transaction in which oneself or persons who may have the conflict of interest (as defined in the notifications of the Securities and Exchange Commission or the Capital Market Supervisory Board) may have interest or other benefits or may have conflict of interest with the Company or subsidiaries, except for the approval of transactions in accordance with policies and rules as approved by the shareholders or the Board of Directors.

• Executive Committee of the Company

To enable the Company's operation to be efficient and timely in line with circumstances, with the best benefit of the Company, the Board of Directors appointed the Executive Committee of the Company.

As of December 31, 2016, the Executive Committee of the company consists of four following directors and executive officers with the office term of 3 years.

Names of Members of Executive Committee	Position
1. Mr. Prasert Prasarttong-Osoth	Chairman of Executive Committee
2. Mr. Puttipong Prasarttong-Osoth	Member of Executive Committee
3. Mr. Pradit Theekakul	Member of Executive Committee
4. Mr. Anawat Leelawatwatana	Member of Executive Committee

• Scope of Authorities and Duties of the Executive Committee

Policy and Governance

1. Determine vision, business direction, policies, and strategies of the Company to propose for the Board of Directors' approval.
2. Review business plan, annual budgets, annual expenses, investment plan, Corporate Social Responsibility plan, of the Company to be in line with laid down policies and strategies, and propose for the Board of Directors' approval.
3. Supervise the Company's operation to be line with the specified plans, including laws, rules and regulations of the relevant authority agencies and rules and the Articles of Association of the Company.
4. Consider the summary report of the Company's operation and propose for the Board of Directors' approval.

Financial

1. Approve capital expenditures and operating expenses, including expenses for public interest or charity, which is not included in the annual budget, for the amount not exceeding Baht 100,000,000, except that expenses for the investment in real estates, i.e. lands and/or buildings, leasehold rights in lands and/or buildings, which shall be registered with the land offices, shall be approved by the Board of Directors in any case.

On April 25, 2013, the Company's Board of Directors adopted an adjustment to the scope of authorities, duties and responsibilities of the Executive Committee to cover the approval of the investment and expenses in emergency in order to smooth the management of the Company. The President is authorised to pre-approve capital expenditures and operating expenses, including expenses for public interest or charity, which is not included in the annual budget within the above specified amount and shall then propose to the Executive Committee afterwards.

2. Approve or review loan facilities made to subsidiaries within the limit of Baht 100,000,000; provided that 5% of the issued and paid-up shares of such subsidiaries shall not be held by related persons of the Company, and report to the Board of Directors in the subsequent meeting.

Internal Control, Internal Audit and Risk Management

1. Ensure that the Company has an effective and appropriate operational system for internal control and the management and control of risks and comply with suggestions and comments from the Audit Committee.

Human Resources

1. Consider and review forms of organizational structure and the scope of authorities, duties and responsibilities of upper-level personnel (President-level) to propose for the Board of Directors' approval.
2. Approve the executive succession plan.
3. Approve the appointment, transfer or removal of executive officers (from the position of Vice President). Determine and approve the list of directors and the managing director of subsidiaries to serve as guidelines for such subsidiaries to have such list further approved according to laws and rules and regulations of each subsidiary.
4. Consider and review the structure of pay scale and the principles of annual salary adjustment of the Company and subsidiaries (however excluding Chief Executive Officer and President) to propose for the Board of Directors' approval.

Investment

1. Authorized to approve any investment with the amount not exceeding Baht 500,000,000 per transaction.
2. The Executive Committee is required to present to our Board of Directors for approval, any investments in securities of entities which are connected or related to the Company or its directors or management , and any director(s) related to such entities will not attend or vote.

Others

1. Delegate a working team to solve any problem in compliance with the Company's policies.
2. Annually review the Executive Committee's charter. If the Executive Committee views that it is necessary to amend any content in such charter to be compatible with changing rules, regulations and circumstances, the Executive Committee shall to further propose for the Board of Directors' approval.
3. Perform other duties as assigned by the Board of Directors.

The above authority duties and responsibilities shall not apply to any person with possible conflict, interest or conflict of interest in any other form with the Company or subsidiaries. Furthermore, it does not include actions in connection with connected transactions and acquisition/sale of important assets of the listed company in accordance with the regulations of the Stock Exchange of Thailand or other related notifications. The Company must act in accordance with regulations and guidelines of the Stock Exchange of Thailand or other related notifications on the related matter. In addition, the above authority duties and responsibilities shall not include any matter that is required by the Articles of Association to be approved by the shareholders. The Executive Committee or the authorized persons by the Executive Committee shall not approve any transaction in which oneself or persons who may have the conflict of interest (as defined in the notifications of the Securities and Exchange Commission or the Capital Market Supervisory Board) may have interest or other benefits or may have conflict of interest with the Company or subsidiaries, except for the approval of transactions in accordance with policies and rules as approved by the shareholders or the Board of Directors.

● Audit Committee

The Audit Committee of the Company consists of three independent directors, who are qualified according to the SET and the Capital Market Supervisory Board regulations. As of December 31, 2016, the Audit Committee of the Company is comprised of the following non-executive directors

Names of Members of Audit Committee	Positions
1. Mr. Sripop Sarasas	Chairman of Audit Committee
2. General Vichit Yathip	Member of Audit Committee
3. Mr. Saharat Benyakul	Member of Audit Committee

Mr. Sripop Sarasas is a member of the Audit Committee who has sufficient knowledge and experience to review the reliability of the financial statements. In this regards, Mr. Viroj Satitharopakorn is the secretary of the Audit Committee.

● The scope of authority, duties and responsibilities of the audit committee

Policy and Compliance

1. The audit committee is required to review and maintain compliance with the rules and regulations of the SET securities law and the law relating to the business of the Company.

Financial

The audit committee is required to:

1. review that the Company's reports and disclose the correct and credible financial report and to cooperate with the external auditor and the management in preparing financial report which are in compliance with the prescribed period by the SET, laws and other applicable government authorities;
2. consider, select and nominate an independent auditor and to propose such auditor's remuneration, as well as to attend a non-management meeting with such auditor at least once a year; and
3. provide an independent and proper procedure for the employees to report evidence relating to unreasonable financial details.

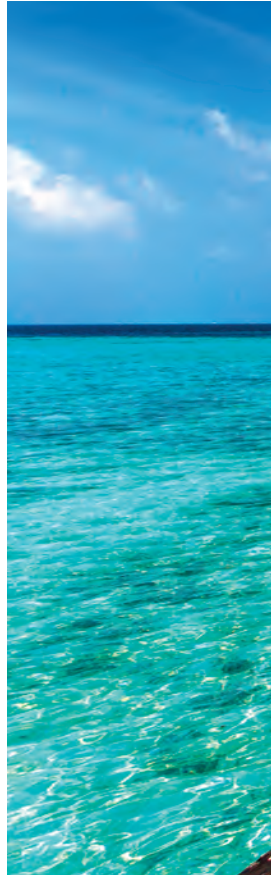
Internal Control, Internal Audit and Risk Management

The audit committee is required to:

1. review the internal control and internal audit system and ensure that they are suitable and efficient and together with the internal and independent external auditors and, to assess the internal audit unit's independence;
2. review evidence from internal investigations where there are suspicions that corruption has occurred or the existence of unreasonable flaws in the internal control procedure and to report these to the Board of Directors;
3. investigate the evidence where there is suspicion of violations of law or regulations of the SET, which materially affect or may materially affect the financial condition and the business operation of the Company;
4. hire or procure a professional specialist to assist in the inspection and investigation, according to the Company's regulations, in cases where there are suspicions of transactions or acts which may materially affect the financial condition and operating results;
5. approve the appointment, transfer, dismissal and evaluation of the performance of the chief of internal audit, if the Company establishes an internal audit unit. If the Company hires an internal audit company, the Audit Committee shall approve the hiring and propose the remuneration;
6. review organizational risk management and recommend an efficient and suitable risk management approach relating to business operations; and
7. review risk management reports, track potential risks and report on the adequacy of the internal control system and risk management to the Board of Directors.

Conflict of Interest Management

1. The audit committee is required to review related party transactions, or any transactions that may lead to conflicts of interest, and ensure that they are done in compliance with laws and the regulations of the SET and are reasonable and beneficial to the Company





Other

The audit committee is required to:

1. prepare and disclose in the annual report, the audit committee's report, which must include information mandated by the SET regulations and related regulations;
2. annually review the Audit Committee charter to ensure that it contains the minimum scope of operational requirements for the Audit Committee as prescribed by the regulations of the SET and to also ensure that it includes adequate support to the Audit Committee's operation, such as the hiring of a professional specialist to opine on the specific subjects which require specialized expertise. If the Audit Committee is of the opinion that the Audit Committee charter needs to be amended to be in compliance with the rules and regulations, the Audit Committee shall seek the approval of the Board of Director; and
3. to perform any other act as assigned by the Board of Directors.

The Audit Committee is accountable to the boards of directors of the Company. The office term of the chairman of the Audit Committee is three years.

• nomination and Compensation Committee

The Nomination and Compensation Committee consists of at least three directors who does not participate in management of “the Company” and are independent directors in majority. The Chairman of the Nomination and Compensation Committee must be independent director. As of December 31st, 2016;the Nomination and Compensation Committee consisted of three independent directors as follows.

Name of The Nomination and Compensation Committee	Position
1. General Vichit Yathip	Chairman of the Nomination and Compensation committee
2. Mr. Sripop Sarasas	Member of of the Nomination and Compensation committee
3. Mr. Somboon Kitiyansub ⁽¹⁾	Member of of the Nomination and Compensation committee
Remarks ⁽¹⁾ was appointed as the Company's Directors in accordance with the resolutions of the Ordinary General Meeting of the Shareholders in 2016 held on April 12 th , 2016 and have been registered as the Company's Directors at the Ministry of Commerce on April 25 th , 2016.	

General Vichit Yathip is the Chairman of the Nomination and Compensation committee who is knowledgeable and has sufficient experience for the position with Ms. Tresarun Sitakalin, the Corporate Secretary, as the secretary for the Nomination and Compensation committee.

• The scope of authority, duties and responsibilities of the Nomination and Compensation committee

Human Resources

With respect to the Directors

1. Specify appropriate qualifications of the Directors, procedures, and criteria in nominating the Directors. Also, filter the list of candidates to be appointed as the Company's directors to propose for the shareholders' approval.
2. Consider forms and rules concerning the payment of remuneration of directors and sub-committees to propose for the shareholders' approval. These must be done with clear, transparent, fair, and following the responsibility and the result of work in a way that is able to appeal and keep such qualified and potential directors with “the Company”.

With respect to Chief Executive Officer and President

1. Specify appropriate qualifications, procedures and criteria in nominating the Chief Executive Officer and the President, including filter the list of candidates to be appointed as the Company's directors to propose for the shareholders' approval.
2. Consider forms and rules concerning the payment of remuneration of the Chief Executive Officer and the President to propose for the shareholders' approval. These must be done with clear, transparent, fair, and following the responsibility and the result of work
3. Set rules and procedures for the evaluation of performances and results of the performances of Chief Executive Officer and the President for the Company's directors to approve.

With respect to Organizational Structure, Salary Adjustment and Executive Succession Plan

1. Evaluate results of the performances of Chief Executive Officer and the President following criteria approved by the Company's directors and propose the pay scale and the criteria for the annual salary adjustment in accordance with the evaluation for the Company's directors to approve.
2. Set the succession planning for the positions of Chief Executive Officer and President for the Company's directors to approve.

Others

1. Prepare a report of the Nomination and Compensation Committee and include it in a section of the Company's annual report.
2. Review the rules of the Nomination and Compensation Committee annually. In case it's necessary to adjust any contents to be in line with rules, regulations, and the relevance to the current situation, the Nomination and Compensation Committee must propose them to the Company's Directors.
3. Conduct any other duties assigned by the Company's Directors.

The Nomination and Compensation Committee reports directly to the Company's Directors. The Chairman and the members of the Nomination and Compensation Committee's term in the positions is dependent to the term of the Company's Directors.

• Corporate Governance Committee

The Corporate Governance Committee consists of at least three directors who does not participate in management of “the Company” and are independent directors in majority. The Chairman of the Corporate Governance Committee must be independent director. The Corporate Governance Committee consisted of two independent directors and a Company’s Director who isn’t involved as a management, or the total of three persons as follows.

Name of The Corporate Governance Committee	Position
1. Mr. Somboon Kitiyansub⁽¹⁾	Chairman of the Corporate Governance committee
2. Mrs. Ariya Prasarttong-Osoth⁽¹⁾	Member of the Corporate Governance committee
3. Mr. Saharat Benyakul	Member of the Corporate Governance committee
Remarks ⁽¹⁾ were appointed as the Company’s Directors in accordance with the resolutions of the Ordinary General Meeting of the Shareholders in 2016 held on April 12 th , 2016 and have been registered as the Company’s Directors at the Ministry of Commerce on April 25 th , 2016.	

Mr. Somboon Kitiyansub is the Chairman of the Corporate Governance committee who is knowledgeable and has sufficient experience for the position with Mr. Danusorn Chucherdwattanasak, Assistant Corporate Secretary, as the secretary for the Corporate Governance committee.

• The scope of authority, duties and responsibilities of the Nomination and Compensation committee

Policy and Governance

1. Stipulate the corporate governance policy and direction of appropriate practice including ethical rules and business integrity pursuant to the rule of law, criteria, regulations, business direction, standard, and restrictions to be in line with those of the offices in charge of governing the listed companies for examples, the Stock Exchange of Thailand, The Securities and Exchange Commission, Thailand and of any institutes or organizations widely recognized in both Thailand and internationally for good Corporate Governance. This is to support, and strategize business towards a successful goal of the Company upon commercial and social sustainability. This includes the revision of policy, business direction, and regulations to be up-to-date and current for an efficient implementation.
2. Supervise, follow up, and evaluate the business to ensure that the Company and its personnel including the stakeholders practice or run the business according to the policy and the direction or all regulations as well as giving advice or opinions to improve or alleviate the work in accordance with the corporate governance.

Human Resources

Consider and approve as well as giving opinions or advices on the performance evaluation of the Company's Directors, the Chief Executive Officer, and the Vice President – Corporate Governance.

Others

1. Promote the knowledge dissemination, understanding and confidence in the corporate governance system to the employees of the company and the subsidiaries.
2. Support, advise, and recommend the Company in preparing to be evaluated or placed in ranking of the corporate governance.
3. Prepare a report of the Corporate Governance Committee and include it in a section of the Company's annual report.
4. Review the rules of the Corporate Governance Committee annually. In case it's necessary to adjust any contents to be in line with rules, regulations, and the relevance to the current situation, the Corporate Governance Committee must propose them to the Company's Directors.
5. Conduct any other duties assigned by the Company's Directors.

The Corporate Governance Committee reports directly to the Company's Directors. The Chairman and the members of the Corporate Governance Committee's term in the positions is dependent to the term of the Company's Directors.

• Executive Officers

As of December 31, 2016, our executive officers consist of 19 members as follows:

Names of Executive Officers	Positions
1. Mr. Prasert Prasarttong-Osoth	Chief Executive Officer
2. Mr. Puttipong Prasarttong-Osoth	President/Executive Vice President-Operations/ Senior Vice President-Commercial/ Vice President – Human Resources
3. Mr. Pradit Theekakul	Executive Vice President-Administration/ Senior President Office Director
4. Mr. Anawat Leelawatwatana	Senior Vice President – Finance and Accounting/ Vice President - Finance
5. Mr. Christophe Clarenc	Senior Vice President - Maintenance & Engineering
6. Mr. Narongchai Tanadchangsang	Vice President—Airport
7. Mr. Viroj Satitharopagorn	Vice President - Internal Audit
8. AM.Dechit Chareonwong	Vice President - Flight Operations
9. Mr. Prote Setsuwan	Vice President—Marketing
10. Ms.Aninya Nateprapai	Vice President - Administration
11. Mr.Jirapon Hirunrat	Vice President - Network and Fleet Management
12. Ms.Chanthip Thongkanya	Vice President-Office of President
13. Mr.Varong Israsena Na Ayudhya	Vice President - Sales
14. Mr.Nijjapat Piyapant	Vice President-Ground Operations
15. Ms. Sumalee Chaitientong	Vice President - Ancillary Revenues
16. Ms. Poonsuk Teerawanichphol	Vice President - Management Accounting
17. Mr.Tongsook Chompoonuch	Vice President - Maintenance
18. Ms.Tresarun Sitakalin	Vice President - Corporate Secretary
19. Mrs. Narumon Chainaknan	Executive Secretary to CEO office (Vice President)

- **Scope of Authorities, Duties and Responsibilities of Chief Executive Officer**

Scope of Authorities, Duties and Responsibilities of Chief Executive Officer can be outlined as follows:

Policies and Governance

1. Jointly with the Executive Committee, supervise the determination of vision, business direction, policies, and strategies of the Company
2. Communicate vision, business direction, policies, and strategies of the Company as approved by the Board of Directors to senior executives of the Company as the outline in preparing work plans and managing business of each unit.
3. Ensure that the Company put in place business plan, annual budget plan, investment plan and Corporate Social Responsibility plan, of the Company to be in line with laid down policies and strategies. Consider such plans as propose for the Executive Committee's consideration.
4. Supervise the Company's operation to be line with the specified plans, including laws, rules and regulations of the relevant authority agencies and rules and the Articles of Association of the Company in order to achieve the targeted performances, in terms of both monetary and non-monetary.
5. Supervise the management of the Company to be transparent.

Financial

1. Approve expenses incurred according to the business approved by the Board of Directors, the Executive Committee and according to the authorization.

Internal Control, Internal Audit and Risk Management

1. Ensure that the Company has an appropriate operational system for internal control according to guidelines assigned from the Executive Committee and/or the Audit Committee.
2. Ensure that the Company has an appropriate system for the management and control of risks according to guidelines assigned from the Executive Committee and/or the Audit Committee.

Human Resources

1. Supervise the management of human resources of the Company in general.

Communication with the Shareholders

1. Acting as the Company's representative in communicating with the shareholders.
2. Encourage the Board of Directors in providing regular and appropriate communication channels with the shareholders. Provide transparent disclosure according to standards.

Relationship with Third Parties

1. Acting as the Company's representative in relation to public relation, particularly building networking and promoting the Company's good image nationally and internationally.

Others

- **Perform other duties as assigned by the Executive Committee**

The Executive Committee or the authorized persons by the Executive Committee shall not approve any transaction in which oneself or persons who may have the conflict of interest (as defined in the notifications of the Securities and Exchange Commission or the Capital Market Supervisory Board) may have interest or other benefits or may have conflict of interest with the Company or subsidiaries, except for the approval of transactions in accordance with policies and rules as approved by the shareholders or the Board of Directors.

- **Scope of Authorities, Duties and Responsibilities of President**

Scope of authorities, duties and responsibilities of President can be laid out as follows:

1. Determine vision, mission, objectives, goals of the Company in determining the business direction in order to create a clear outline for everyone in the Company to comply systematically, and in the same direction.
2. Ensure that the Company conducts its business with integrity on the basis of rules, regulations and laws concerning transparency, and that the operation is accountable and fair to the shareholders, customers and all related parties.
3. Monitor and supervise results of operation and business performance and report to the Board of Directors and shareholders in order to estimate the tendency and determine the business direction.

4. Set policies in order to set managerial capability of the management for the preparation of the Company's personnel development, with an aim to the Company's survival and sustainable growth.
5. Determine long-term growth course to be ready for changes that might occur from economic environment and competitors to enhance the Company's effectiveness and potential in competing.
6. Manage, command, control and monitor the performance of the supervisees.
7. Manage the business under ethics and good governance, while being responsible to society and environment in both short-term and long-term, which will lead to sustainable development.
8. Perform other duties as assigned by the Board of Directors.

The President or the authorized persons by the President shall not approve any transaction in which oneself or persons who may have the conflict of interest (as defined in the notifications of the Securities and Exchange Commission or the Capital Market Supervisory Board) may have interest or other benefits or may have conflict of interest with the Company or subsidiaries, except for the approval of transactions in accordance with policies and rules as approved by the shareholders or the Board of Directors.

Table of Authority

The Company's Board of Directors determined that certain transactions such as the annual investment budget, the proposal of annual expense budget, the approval of interim urgently required projects or assets exceeding THB 100.0 million, the approval of out-of-budget expenses exceeding THB100.0 million, the procurement, purchase and long term lease of aircraft and entering into agreements or transactions with related party on terms out of the ordinary course and the investment in business or securities for value of more than THB500,000,000, require approval from the Board of Directors.

Our executive directors are required to present to our Board of Directors, any investments in securities of entities which are connected or related to the Company or its directors or management, and any director(s) related to such entities will not attend or vote.

Nomination and Appointment of the Board of Directors and Senior Executive Officers

1) Independent Directors

Qualifications of Independent Directors shall be as prescribed by the relevant Notification of the Capital Market Supervisory Board which can be summarized as follows:

1. Holding not exceeding 1% of the total shares with voting rights of the Company, its parent company, its subsidiary company, its associated company, or person who may have conflict of interest or controlling person of the Company, inclusive of the shares held by any related person of such independent director (related person shall mean person pursuant to Section 258 of the Securities and Exchange Act.);
2. Not being, nor having been, a director who participates in the management, an employee, staff member or advisor who receives a regular salary, or a controlling person of the Company, its parent company, its subsidiary company, its associated company, its subsidiary company at the same level, major shareholder or controlling person of the Company, unless the holding of the aforementioned positions has been discontinued for at least two years before the date of submission of the application to the Securities and Exchange Commission. However, such prohibition shall not apply in the case where such independent director has been a government official or consultant of the government sector, which is a major shareholder, or controlling person of the Company.
3. Not being a person who has a relationship by blood or registration under laws, as father, mother, spouse, sibling, and child, including spouse of child, of its executive officers, its major shareholder, its controlling person or the person who will be nominated to take up the position of director or executive officer or controlling person of the Company or its subsidiary;
4. Not having, or not having had, any business relationship with the Company, its parent company, its subsidiary company, its associated company, major shareholder or controlling person of the Company in a manner which may obstruct his independent judgment. Additionally, not being or not having been a substantial shareholder or controlling person of a person who has a business relationship with the Company, its parent company, its subsidiary company, its associated company, major shareholder or controlling person of the Company, unless such business relationship has been discontinued for at least two years before the date of submission of the application to the Securities and Exchange Commission.

5. Not being, or not having been, an auditor of the Company, its parent company, its subsidiary company, its associated company, major shareholder, controlling person of the Company, major shareholder or controlling person or the partner of the audit company for which the auditor of the Company, its parent company, its subsidiary company, its associated company, major shareholder or controlling person of the Company has worked therein, unless such holding of the aforementioned positions has been discontinued for at least two years before the date of submission of the application to the SEC;
6. Not being or not having been a professional service provider, including service provided as legal counsel or financial advisor which is retained for a fee exceeding Baht two million per annum from the Company, its parent company, its subsidiary company, its associated company, major shareholder or controlling person of the Company, and not being major shareholder or controlling person or the partner of such professional service provider, unless such business relationship has been discontinued for at least two years before the date of submission of the application to the SEC;
7. Not being a director nominated to be a representative of a director of the Company, major shareholder or shareholder who are related persons to the major shareholder;
8. Not undertaking any business which has the same nature as and is in competition with the business of the Company or its subsidiary company or not being a partner of the partnership or a director who participates in the management, an employee, a staff member, or advisor who receives a regular salary or holds shares exceeding 1% of the total shares with voting right of other companies which undertakes business of the same nature as and is in competition with the business of the Company or its subsidiary company; and
9. Having no other qualifications causing any inability to express independent judgment in respect of the Company's business operation.

2) Directors and Executive Officers of the Company

The Nominating & Remuneration Committee shall set a criteria for selection of directors and executives of the Company pursuant to policies on Good Corporate Governance as specified by the Stock Exchange of Thailand with transparency as per the Corporate Governance principle.

If there is a vacancy or a need for additional member in the Board of Directors, the Nominating & Remuneration Committee shall convene to jointly propose nominees to request an appointment for the vacant or additional position to the Board of Director Committee by considering the appropriate knowledge, capabilities and business-related experiences that will be beneficial for the Company. The selected directors for the Company shall meet all the legal requirements according to Section 68 of the Public Company Limited B.E. 2535 (as amended) and the Notification of the Securities and Exchange Commission, and shall not fall within prohibited characteristic under the Securities and Exchange Act and relevant regulations. After the Board of Directors' Meeting comes to a decision, the selected nominee will be proposed to the shareholders' meeting for consideration (in a case-to-case basis).

The composition, appointment and withdrawal of the Board of Directors of the Company shall be as prescribed by the Article of Association which can be summarized as follows:

1. The Board of Directors of the Company shall consist of at least five directors to conduct the business of the Company. Not less than one half of all directors shall have residence in the Kingdom of Thailand.
2. The appointment of a director shall be made by a majority vote at the shareholders' meeting in accordance with the following conditions and procedures:
 - (1) One ("1") share represents one ("1") vote. Each shareholder shall exercise all of his voting rights to elect one or several persons as a director or directors, but the shareholder cannot divide his or her votes to any nominated director in any number;
 - (2) Each shareholder shall vote to elect directors on an individual basis;
 - (3) The persons receiving the most votes are those who are elected to be directors, in descending order, to the number of directors who are to be appointed. If there is a tie in the last to be elected and this exceeds the said number of directors, the presiding chairman shall have an additional casting vote.

3. At every Annual General Meeting, one-third of the total number of the directors shall vacate the office. If the number is not a multiple of three, then the number nearest to one-third must retire from the office. The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the director who has been in office for the longest term shall retire. The retiring directors are eligible for re-election.
4. Any director wishing to resign from the director's position shall submit a resignation letter to the Company. The resignation shall take effect upon the date on which the resignation letter reaches the Company.
5. The shareholders' meeting may pass a resolution to remove any director prior to retirement by rotation, by a vote of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote, and the shares held by them shall not, in total, be less than one half the number of the shares held by the shareholders attending the meeting and having the right to vote.

3) Audit Committee

The Company's Board of Directors shall appoint at least three members of Audit Committee from independent directors whose qualifications meet the requirements per the Notification of the Capital Market Supervisory Board and the Stock exchange of Thailand. A member of the Audit Committee will have to be qualified pursuant to requirements per the Notification of the Capital Market Supervisory Board including the followings

1. Not being a director authorized by the Board of Directors to make any decision in the business operation of the Company, its parent company, its subsidiary company, its affiliate company, its subsidiary company at the same level, major shareholder or person who may have conflict of interest of the Company;
2. Not being a director of a parent company, its subsidiary company or its subsidiary company at the same level which is a listed company;
3. Having sufficient knowledge and experience to conduct the duty as an Audit Committee member;
4. Must not be an Audit Committee member of a listed companies which in the same business or industry with the Company, and shall not be an Audit Committee member in other listed companies in the Stock Exchange of Thailand more than 5 companies, which may result in lack of performance in some companies.

At least one member of the Audit Committee must have sufficient knowledge and experience to review the reliability of the financial statements of the Company.

4. Supervision of Subsidiaries and Associated Companies

The Company will supervise the operation of subsidiaries and associated companies as follows

- (1) Appoint the Company's director or executives who have qualifications and experience suitable for that particular business which approved by the Company's Board of Directors to represent the Company on the Board of Directors of the subsidiaries and associated companies. Duties of such representative is in determining the policy and supervise the operation of business of the subsidiaries and associated companies as assigned by the Company's Board of Directors.
- (2) Procure the subsidiaries to set the policies on entering into transactions between the subsidiaries and connected persons, and policies on the entering into acquisition and disposition of assets to be in compliance with relevant laws, regulations, notifications, rules, circulars by the Securities and Exchange Commission.
- (3) Procure the subsidiaries to prepare financial report to show financial status and operation performance on the basis of correct, complete, and sufficient accounting information pursuant to generally acceptable accounting standard, as well as report on related party transaction between subsidiaries and persons who may have conflict of interest, including acquisition and disposition of assets of such subsidiaries, and report to the Company's Board of Directors' at least four times a year.
- (4) Procure the subsidiaries which perform core business to set up an Internal Audit Unit or internal auditor from outsource to prepare work plan for conducting internal audit of such subsidiaries annually, and audit as per annual work plan which is approved by the Company's Audit Committee. The Company shall procure the subsidiaries to have report of monitoring and suggestion relating to internal control system on its sufficiency, and to procure that its employees, executives and directors of the subsidiaries have performed in accordance with internal control policy and report to the Board of Directors of the subsidiaries regularly.

5. The Use of Internal Information

The Company has set the policy and procedure for the directors and executives in using the inside information that has not been made public for personal interest as follows:

1. Educate the directors and executives regarding their duties in reporting the Securities Holding Reports for themselves, their spouses, and their minor children to the Securities and Exchange Commission as prescribed in Article 59, and the penalty as prescribed in Article 275 of the Securities and Exchange Act, along with the Acquisition or Disposal of Securities Report for themselves, their spouses, and their minor children to the Securities and Exchange Commission as prescribed in Article 246, and the penalty as prescribed in Article 298 of the Securities and Exchange Act
2. The directors and executives of the Company, along with their spouses, and their minor children shall prepare and disclose the Securities Holding Reports and the Acquisition or Disposal of Securities Report of the Company's securities to the Securities and Exchange Commission as prescribed in Article 59, and the penalty as prescribed in Article 275 of the Securities and Exchange Act, and copies of such reports shall be submitted to the Company on the same day as submitted to the Securities and Exchange Commission
3. Directors, executives and employees of the Company and its subsidiaries, who have an access of any material inside information that can affect price of stocks, shall take precaution in trading of the Company's securities within 30 days before the financial statements or such inside information are disclosed to the public and within 24 hours after the said information is made available to the public. The person related to the information shall not disclose the information to the third party before the information is disclosed to the Stock Exchange of Thailand.
4. Directors, executives and employees of the Company shall not use any inside information received from their positions, that can affect price of the Company's securities and has not been disclosed to the public, for trading, or offering to buy or sell, or persuade others to buy or sell, or to trade other shares or securities (if any) of the Company, directly or indirectly, which may cause any damage to the Company directly or indirectly, regardless for their own interests or for others', nor shall they disclose the said information to others for compensations or nothing.

6. Auditor Fee

In the fiscal year ending December 31, 2016, the Company has paid the audit fee to Mr. Sophon Permsirivallop from EY Office Limited for the audit of the financial statement in the amount of Baht 5.1 million.

The Meetings of the Board of Directors

● Board of Directors Meetings

In 2016, the Company set up 13 meetings of the Board of Directors with the details as follows:

Names of Directors	Number of Meetings Attended
	2016
1. Air Chief Marshal Kaset Rochanail	12/13
2. Mr. Prasert Prasarttong-Osoth	13/13
3. Mr. Puttipong Prasarttong-Osoth	13/13
4. Pol.Lt.Gen. Visanu Prasarttong-Osoth	11/13
5. Mr. Pradit Theekakul	13/13
6. Mr. Sripop Sarasas	13/13
7. General Vichit Yathip	10/13
8. Mr. Saharat Benyakul	12/13
9. Mrs. Narumol Noi-am	10/13
10. Mrs. Ariya Prasarttong-Osoth ⁽¹⁾	8/13
11. Mr. Anawat Leelawatwatana ⁽¹⁾	9/13
12. Mr. Somboon Kittiyansub ⁽¹⁾	9/13

Remarks ⁽¹⁾ were appointed as the Company's Directors in accordance with the resolutions of the Ordinary General Meeting of the Shareholders in 2016 held on April 12th, 2016 and have been registered as the Company's Directors at the Ministry of Commerce on April 25th, 2016.

The Meetings of the Audit Committee

In 2016, the Company set up 7 meetings of the Audit Committee with the details as follows:

Names of Members of Audit Committee	Number of Meetings Attended
	2016
1. Mr. Sripop Sarasas	7/7
2. General Vichit Yathip	6/7
3. Mr. Saharat Benyakul	6/7

● The Corporate Secretary

The Company's Board of Directors appointed Ms. Tresarun Sitakalin as the Company's Corporate Secretary since January 1, 2016, with the duties and responsibilities as prescribed in the Securities and Exchange Act.

● Compensation of Directors and Executive Officers

Monetary Compensation

(a) Remuneration of Directors

In 2016, the total remuneration paid to our 12 directors was THB 40.80 million, which was paid in the form of meeting allowance and annual returns with the following details:

Names of Board of Directors and Positions		Remuneration	Allowance					Total Remuneration as Directors (million Baht) In 2016
			Board of Directors	Audit Committee	Executive Committee	Corporate Governance Committee	Nomination & Remuneration Committee	
1. Air Chief Marshal Kaset Rochananil	Chairman	5,500,000	720,000					6.22
2. Mr. Prasert Prasarttong-Osoth	Vice Chairman	4,583,333	390,000		1,200,000			6.17
3. Mr. Puttipong Prasarttong-Osoth	Director	4,583,333	390,000		600,000			5.57
4. Pol.Lt.Gen. Visanu Prasarttong-Osoth	Director	3,666,667	330,000					4.00
5. Mr. Pradit Theekakul	Director	3,666,667	390,000		600,000			4.66
6. Mr. Sripop Sarasas	Chairman of Audit Committee	3,666,667	390,000	210,000			20,000	4.29
7. General Vichit Yathip	Director	3,666,667	300,000	60,000			60,000	4.09
8. Mrs. Narumol Noi-am	Director	3,666,667	300,000					3.97
9. Mr. Saharat Benyakul	Director	-	330,000	60,000		10,000		0.40
10. Mr.Somboon Kitiyansub ⁽¹⁾	Director	-	270,000			30,000	20,000	0.32
11. Mr. Anawat Leelawatwatana ⁽¹⁾	Director	-	270,000		600,000			0.87
12. Mrs. Ariya Prasarttong-Osoth ⁽¹⁾	Director	-	240,000			10,000		0.25
Total		33,000,000	4,320,000	330,000	3,000,000	50,000	100,000	40.80

Remarks ⁽¹⁾ were appointed as the Company's Directors in accordance with the resolutions of the Ordinary General Meeting of the Shareholders in 2016 held on April 12th, 2016 and have been registered as the Company's Directors at the Ministry of Commerce on April 25th, 2016.

(b) Remuneration of Executive Officers

In 2016, the total remuneration paid to the chairman of the Executive Committee, the President and our 19 executive officers of was approximately THB 221.9 million, which was paid in the form of salary, bonus and other remunerations.

Non-monetary Remuneration

Other benefits provided to the Company's directors are detailed and conditioned as follows:

1. A director is entitled to benefit of the medical treatment expense in the amount for each director not exceeding THB 1,000,000 per year and in total not exceeding THB 2,000,000 during his term.
2. A Director and one follower are entitled to the Company's airplane tickets for not exceeding 24 airplane tickets per year.
3. When flight schedule is available, a director is entitled to use the Company's aircrafts of not exceeding 100 hours per year for the activities of the Company and/or of the Board of Directors and/or the directors and such activities are beneficial to the Company; or promote the image of the Company or promote the Company's business; or for public interest, corporate social responsibility and other special missions.
4. The Company shall provide the Directors and Officers Liabilities Insurance for the benefits of the directors and managements of the Company

● Employees and Training

Overview

As of December 31, 2016, the Company had 2,796 employees divided by function as follows:

As of December 31, 2016	
Flight crew:	
Pilots	370
Flight attendants	678
Ground Personnel:	
Ground services	390
Maintenance	283
Other centralized functions:	
Marketing, reservations	142
Others	933
Total	2,796

The company must hire highly-skilled, dedicated and efficient pilots, engineers and other personnel. Our growth plans will require us to hire, train and retain a significant number of new employees in the future. We recognize the need to ensure continuity in our management in order to maintain our edge over our competitors. Our directors believe that our continued success depends, among other the factors, on the support and dedication of our management personnel. We have put in place human resource strategies, which include competitive compensation, fit-for-purpose recruitment and a succession plan.

The company hires experienced pilots who obtain license from both the Air Force or from other airlines. We also hire qualified commercial pilots who have no track record in typical flight capacity. They are, however, required to obtain 250 flight hours prior to be granted a pilot license. Moreover, the Company has recruited and intended to recruit newly graduates directly from college with guarantee that they will join the Company upon their degree completion from the school of aviation (on their own financial support).



The Company strives on creating motivation to keep the employees to stay with the Company by offering appropriate remuneration through work evaluation. This includes heightening their skills through trainings. The Company encourages to attend meetings and trainings constantly in order to be equipped with relevant skills and calibers. Also, on-job trainings is another important approach to pass on knowledge from the experienced employees to the new recruits or those of entry levels. Investing in human resource helps increase the caliber of employees. These skill development will gradually prepare the mid and entry levels employees to be able to handle the responsibilities of the high-levelled executives in the future.



The Provident Fund

The Company has set up a Provident Fund on January 1st, 1999 with the Siam Commercial Asset Management Co., Ltd. with an objective to promote long term saving for the employees and forming up security for the employees and their families in case of having to leave the Company, retiring, or passing away, Besides, the Provident Fund is a motive for the employees to remain with the Company for a long period of time which creates a bond between the employees and subsequently helps with work efficiency. On December 14th, 2000; the Company appointed the Mutual Fund Public Company Limited, which later on changed its name to the MFC Asset Management Public Company Limited; as a provident fund asset management company. The Company contributes 3-8% of the employees' salaries into the provident fund, while each employee also pays the same amount into the fund each month.

Human Resource Development Policy

Training for the management and employees

“The Company” constantly promotes and supports performance development of the employees. There were both internal and external trainings for the management and for different levels of the employees under the Training Development Framework encompassing the Company’s Core Values, Core Competency, Managerial Competency, and Functional Competency. Moreover, these trainings also support the Company’s business direction by focusing on developing the course outlines befitting the personnel in each level or vocations. In this regard, the Company has entered several partnerships with the leading training institutes or the Universities in Thailand to develop both short-term and long-term coursework for examples, a compulsory training for the employees which is the Fundamental Development Program, the Basics of Airline Business Management, Leadership Development Program, and Supervisory Skills Program. Additionally, the Company initiates the General Training Program that aims to develop skills, knowledge, and competencies in general; or other supplementary subjects such as a compulsory programs for the Company’s internal trainers who train the fellow employees, the Communications Development Program, the Thinking Skills Development Program, and Project Management Program. These programs are designed to support the Company’s annual business strategy. Evidently, the Company has constantly stressed on developing performance of the employees at all levels from the newly recruit to the current ones to ensure that the Company’s personnel is sufficiently equipped with knowledge, skills, and competencies for efficient deliveries of their works.

Pilot Training

We continuously train and develop the skill and knowledge of our pilots through a combination of both ground and our in-flight simulator training program, which is in compliance with standards set by DCA, ICAO, IATA and other leading airline alliances. Such training program focuses on pilots’ knowledge and understanding in aircraft operation, aircraft system and emergency procedures and incorporates in-flight simulator training every six months. In addition, we also provide academic courses on an annual basis which include:

- Crew Resource Management
- Fire Fighting
- Dangerous Goods
- Aviation Security
- Slide and Wet Drill and Flight Safety
- Low Visibility Operation

In order to ensure that pilots are capable of operating the aircraft safely and properly and are able to resolve efficiently any problems which may occur during flights. In addition, we also encourage pilots and pilot instructors to attend external seminars or training held in Thailand or other foreign countries so that they may assist in developing our training program.

Flight Attendant Training

The Company has constantly initiated trainings and knowledge development programs which also touching upon the attitude of flight attendants in both the Ground Training Course and the hands-on practice after completing all the courses compliance with standards set by DCA, ICAO, IATA and other leading airline alliances. Such training program focuses on competence in assisting passengers under normal and emergency circumstances and customer services. We also provide annual academic courses similar to those provided to our pilots, including First Aid training in order to ensure that flight attendants are capable of taking care of in-flight services and properly respond to each group of customers. In order to further enhance our in-flight service, we also encourage cabin crew instructors to attend external seminars or training held in Thailand or elsewhere so that they can assist in developing our training program.

Apart from those mandatory courses, the Company also has the Career Development Program according to the Individual Development Plan – IDP to give opportunities for the employees to experience the learning in the real work settings through the job rotation in order to increase performance, skills, knowledge, and experiences in a wider or higher perspective. This is in line with the career advancement plan of the employees. After completing the IDP each year, the employees will be evaluated or having a feedback from the trainer or relevant person as a data for the employees and their superiors to plan for their IDP in the following year. These actions demonstrate how significant the Company has given to the Human Resources Development. The Company strives on creating professional teams towards excellence in order to pave way to become the Best Regional Airline in Asia, also to enhance the learning environment as well as creating a continuous learning culture within the Company.

Overall Human Resource Development

Unit: Hour per person per year

Average Hours of Training per person per year	2015	2016
The Management and employees	44.62	58.67

Annual Change of the Directors and management's top 4 securities holding

Name	Shares volume on 9/10/2015	Shares volume on 9/9/2016	Change of shares volume
1. Air Chief Marshal Kaset Rochanani	700,000	700,000	-
2. Mr. Prasert Prasarttong-Osoth	482,899,100	223,027,500	Down 259,871,600
3. Mr. Puttipong Prasarttong-Osoth	333,502,900	523,642,700	Up 190,139,800
4. Pol.Lt.Gen.Visanu Prasarttong-Osoth	300,000	300,000	-
5. Mr. Sripop Sarasas	-	-	-
6. General Vichit Yathip	300,000	300,000	-
7. Mrs. Narumol Noi-am	416,400	416,400	-
8. Mr. Pradit Theekakul	10,000,000	10,000,000	-
9. Mr. Anawat Leelawatwatana	26,000	122,000	Up 96,000
10. Mr. Saharat Benyakul	-	-	-
11. Mrs. Ariya Prasarttong-Osoth	155,073,000	265,088,100	Up 110,015,100
12. Mr. Somboon Kittiyansub	-	-	-
13. Ms.Narumon Chainaknan	8,528,180	6,000,000	Down 2,528,180
14. AM.Dechit Chareonwong	-	-	-
15. Mr.Viroj Satitharopagorn	38,000	38,000	-
16. Mr. Christophe Clarenc	36,900	36,900	-
17. Mr.Prote Setsuwan	28,000	28,000	-
18. Ms.Aninya Nateprapai	4,200	4,200	-
19. Mr.Narongchai Tanadchangsaeng	-	-	-
20. Mr.Jirapon Hirunrat	-	-	-
21. Mr.Nijjapat Piyapant	-	25,000	-
22. Ms.Tresarun Sitakalin	-	31,500	-
23. Ms. Sumalee Chaitientong	-	4,200	-
24. Ms.Chanthip Thongkanya	-	-	-
25. Mr.Varong Israsena Na Ayudhya	-	-	-
26. Ms. Poonsuk Teerawanichphol	-	40,200	-
27. Mr.Tongsook Chompoonuch	-	15,000	-

Remarks: This table shows shares volume comparison on the book closing day in preparation of the 2015 and 2016 annual reports.

Capital Structure

As of September 9, 2016, the company's top ten shareholders are:

Names of Shareholders	As of September 9, 2016	
	Number of shares	%
Puttipong Prasarttong-Osoth	523,387,900	24.92
Ariya Prasarttong-Osoth	265,088,100	12.62
Prasert Prasarttong-Osoth	222,777,500	10.61
Poramaporn Prasarttong-Osoth	171,799,400	8.18
Bangkok Bank Public Company Limited	105,000,000	5.00
Somruthai Prasarttong-Osoth	77,542,900	3.69
Sahakol Estate Co., Ltd. ⁽¹⁾	63,934,400	3.04
Bualuang Long-term Equity Fund	41,654,700	1.98
Thai NVDR Co., Ltd.	33,592,274	1.60
Bualuang Long-Term Equity Fund 75/25	26,046,500	1.24

Remark: ⁽¹⁾ Sahakol Estate Co., Ltd. is a wholly owned company by Prasarttong-Osoth family.

Dividend Policies of the Company and Subsidiaries

The board of directors of the Company or the subsidiaries may consider the dividend payment to the shareholders as per the following policies

Dividend Policies of the Company

The Company has a policy to pay dividends at the rate of not less than 50.0% of the Company's separate net profits after deducting corporate income tax and other reserve funds as required by law and our Articles of Association. However, our dividend payment policy may be subject to changes, depending on the business expansion and our demand in use of funds in each year, as necessary and suitable, as our board of directors deems appropriate, subject to our shareholders' approval. For the payment of interim dividends, our board of directors may approve to pay the interim dividends from time to time when our board of directors views that the Company has sufficient net profits to do so.

Dividend Policies of Subsidiaries

Dividend payments by each of our subsidiaries is subject to shareholders' approval in accordance with such subsidiary's respective board of directors' recommendation. The following factors are taken into account when considering dividend payment: the results of operation, liquidity, cash flows and financial status of each subsidiary, conditions and limitations of the dividend payment as provided in the relevant loan agreements, debentures or other related agreements with which each subsidiary must comply, future business plans, investment capital requirement and other factors as deemed appropriate by such subsidiary's board of directors.

Corporate Governance

The Company upholds and complies with the principles of good corporate governance in operating the Company's business by the directors, management and employees; and considers that the principles of good corporate governance is an essential factor to support the overall achievement of the Company as the organization responsible for the society. The Company's policies on corporate governance will comply with the guideline on good corporate governance in accordance with the Principles of Good Corporate Governance for Listed Companies, 2012 set by the Stock Exchange of Thailand. The details of the policies on Good Corporate Governance are as follows:

- **Good Corporate Governance**

The policies on Corporate Governance complies with the Principles of Good Corporate Governance for Listed Companies, 2012 set by the Stock Exchange of Thailand, which is a guideline in preparing the policies on corporate governance of listed companies in accordance with the principles of corporate governance of the Organization for Economic Co-operation and Development (OECD) and ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) that comprise five following topics.



1. Shareholder's rights

Principle:

The shareholders have the rights in an ownership of **"The Company"**, hence **"The Company"** should encourage the shareholders to exercise their rights.

Good practice:

"The Company" realizes an importance of rights exercise by the shareholders and wouldn't engage in any actions deemed violating, limiting, or depriving the shareholders' rights. On the other hand, **"The Company"** would foster and facilitate all groups of shareholders to meet and constantly exercise their rights on different issues for the benefits of **"The Company"** and the shareholders themselves.

The shareholders' rights don't merely include the rights in trading, selling, or transferring shares; but they also include the rights to receive the dividends, the rights in obtaining news and important notifications about the business or that may have any effects on the business, the rights in attending the shareholders' meetings and voting on any matters.

2. Equal treatment to shareholders

Principle:

Every shareholder should be equally treated and subject to fair treatment.

Good practice:

"The Company" will govern on equal and fair treatment to all groups, including the major and minor shareholders, by assigning directions and instructing equal approach on information disclosure; giving an opportunity to the minor shareholders to propose or consider any matters during the shareholders' meetings. For examples, the nomination of candidates by minor shareholders can be done in advance or allowing minor shareholders to propose any agenda item and on screening those proposed by them. This includes assigning preventive measures against abusive self-dealing, or an exploitation of internal information for own benefit which may render illicit effects to all other shareholders such as insider trading. **"The Company"** also assigned the directors and management to disclose the information relating to the interests of the directors, management and related party to eliminate any conflict of interests. The directors and/or the management who are bound to such tendency aren't allowed to consider, give any opinion, or continue with such conflict through any transaction. Moreover, **"The Company"** will constantly organize activities to create good relations among the shareholders and between the shareholders and **"The Company"**.



3. Stakeholder's roles

Principle:

The stakeholders should be taken care of by **"The Company"** through the rights of relevant laws. **"The Company"** should have a mechanism or procedures to promote collaboration between **"the Company"** and the stakeholders.

Good practice:

"The Company" sets policy for decent and fair treatment to each stakeholder group by considering their rights either by the rule of law, commercial agreement or by the mission that they have with **"The Company"**. Meanwhile, **"the Company"** will develop a mechanism of stakeholder's participation including any collaborations with **"the Company"** to support the business in a viable and sustainable manner.

Moreover, **"the Company"** already has the corporate social responsibility policy in place. This policy is based on the social and environmental factors which relate directly to the business.

To achieve the objective of this practice; the key stakeholders are the clients, business partners, employees, shareholders, investors, creditors, community, social units, government sector, business competitors, etc.



4. Disclosure and transparency

Principle:

“The Company” should conform to a disclosure of key relevant information of “the Company” in a correct, complete, timely, and transparent manner through channels which are equally accessible and reliable.

Good practice:

“The Company” realizes and emphasizes on the information quality. This includes the correct disclosure that is done in a complete, timely, and transparent manner through channels which are equally accessible and reliable. “The Company” has the policy to disclose both financial and non-financial information sufficiently, reliably, timely, and currently. The information that is disclosed must be thoroughly prepared, clear, precise, auditable, and using language that is concise and easy to understand. Such disclosure must be carried out regularly by presenting both positive and negative points, and conforming to rules, laws, relevant government sector’s regulations, and “the Company’s” regulations.



5. Responsibility of the Board of Directors

Principle:

The Board of Directors plays a key role in supervising business towards the highest benefit of **“the Company”**. They are responsible for their roles to the shareholders and independent from the management.

Good practice:

The Board of Directors consists of directors who obtain various work experiences, skills, and expertise in particular fields which contribute benefits to the business of **“the Company”**.

The Directors are to perform their duties with integrity, carefulness, and meticulousness; while consider the highest benefits for **“the Company”** and to the shareholders as a whole. All Directors are prompt to devote time to perform their duties that they are responsible for to the most of their capacity. It's also a duty for the Directors to attend every Board's meeting unless when there's an appropriate reason for their absence.

The Board of Directors must set the vision, business direction, and strategies which are clear and practical along with the regulation and monitoring procedures, including an efficient evaluation procedures on the management work. All directors understand their duties and responsibilities as well as the nature of the business very well. They are prompt to independently share their opinions and ready to cope with any changes as it's prone to occur from time to time.

The Board of Directors will distinctly assign roles and responsibilities between the Board of Directors and the executive management while also regulate **“the Company”** to have a certain work flow that can be assured as lawful and ethical.

“The Company” has the Director selection process in place for consideration at the shareholders' meeting. This must be done transparently, and without any domination of the shareholders who has rights to control or belong to the executive management team. The Directors are not allowed to stipulate their own remuneration which is considered their direct interest. On the other hand, there must be certain procedures to set appropriate remunerations that are transparent and without any dominations of any particular individual or party.



Love Earth
Save Earth

Corporate Social Responsibilities

Overall Policies

The Company and its subsidiaries focus on operating its business taking into account the ethics and Good Corporate Governance, including transparency and a commitment to promoting the interests of the economics, community and the environment through its Corporate Social Responsibility (CSR) policies. As part of its CSR policies, the Company and its subsidiaries organize charitable events encouraging its employees to participate in various activities, including environmental conservation, supporting sporting events as well as supporting religious and cultural traditions to sustainably strengthen the society and community.



1. Operation and Preparation of Report

Considering the CSR, the Company has stipulated its CSR policies as follows:

- (1) To emphasize the fair and legitimate business operation, taking into account the compliance of relevant laws and regulations, transparency and disclosure of material information which can be verified. In addition, the Company adheres the fair and just allocation of benefits to all relevant parties e.g. its shareholders, customers, business partners, employees, community and society. The Company is also observed the transparency of disclosure focusing on the importance of the Good Corporate Governance.
- (2) To carry on its business focusing on the Good Corporate Governance, ethics and compliance of relevant laws and regulations. The Company further emphasizes the anti-corruption, including wrongful misconduct or refraining from performing duties, breaches of laws, ethics, rules and regulations or policies of the Company for its own interests e.g. ask for, accept, offer or agree to give any property including other benefits to government officials or other person dealing the business with the Company.
- (3) To emphasize the management of human resources in all steps for optimization, including the continuity of recruitment and development of personnel and employees training, fair and proper determination of remuneration and benefits, commitment to promoting the qualified employees as well as maintaining safe working environment for employees.
- (4) To support the policies on environmental and energy conservation, for which the Company has continuously carried out its airport management on an environmentally-friendly basis such as to conduct the survey and to prepare the Environmental Impact Assessment (EIA) Report prior to the construction of the airports, to organize and ensure that the planning and procedures for the operation of the business shall not affect the surrounding environment and community. In addition, the Company also participates in the activities focusing on the protection of the earth, including to reduce global warming and energy consumption by organizing the campaign for power and paper saver and reduce the use of elevators.
- (5) To stipulate a policy encouraging social activities such as athletes, cultural, Buddhism, youth improvement, which the Company has previously created every year at our head office and other airports such as blood donation, **“making merit to priest”** project, art camp for kids and other activities to raise funds for Charitable projects.



2. Activities For the Benefit of the Environment

The company and its subsidiaries continuously organize activities for the benefit of society and environment for examples; Love Earth, Save Earth: Marine and Coastal Restoration, and Love Earth, Save Earth: Love Samui, Save the Coconut Trees. This year, **“the Company”** has initiated the Corporate Carbon Footprint at Samui Airport which is certified by Thailand Greenhouse Gas Management Organization (Public Organization)’s carbon footprint logo as the first airport in Thailand from the screening round on September 7th, 2016. This certification, expiring in one year or on September 6th, 2017; was resulted from data accumulation from many different areas of work including the airport part and the airline part at Samui Airport factored into a calculation for the volume of the Greenhouse Gases-GHGs released from all the activities (in the equivalent carbon dioxide unit) in 3 areas including 1. Direct GHGs Release as in burning petrol 2. Indirect GHGs Release as in electrical utility in the office and 3. Other indirect GHGs Release as in burning paper or else.

The benefits of creating the Corporate Carbon Footprint is to manage the risk in running a sustainable business, to be geared up to the carbon tax measures, as well as receiving supportive data to find measures and target to diminish the release of the Greenhouse Gases-GHGs in demonstrating the responsibility to the society and environment alike.

Moreover, **“the Company”** strives on using only the products that are environmentally-friendly for the in-flight service. Considering our daily consumption from what we cater to our passengers in flights, we must therefore, realize what illicit effect it could bring to our environment afterwards. Therefore, our product selection process has taken shape under proper criteria as follows.

- A) Use only products, including their manufacturing process, that are friendly to the environment.
- B) Support only environmentally-friendly products which are made of paper rather than plastic for examples, recycled paper pens which the holder is made of compressed recycled paper. This includes food containers, paper cups and paper in different sizes used for the in-flight service. With a great amount of consumption each day, the plastic products are replaced by these items and definitely makes a big difference.



Share Your Magic Moment

All revenue from auction are donated for Foundation for the blind in Thailand



Meet in the Village to the world

For promote tourism industry "Muang Kao Community" to generate income for society and sustainable growth





Art Camp

The "Bangkok Airways Youth Art Camp", to emphasize and expand on the beautiful local culture and the arts at Trat, Shukhothai and Samutprakarn.



Volunteer Project for Learning Royal Initiatives at Samui island, Bangkok and Mae Hong Son.



2. Anti-Corruption Policy

The Company has always conducted its business by adhering to Good Corporate Governance, business ethics, and laws. Also, the Company has communicated, publicized for acknowledgment and understanding of not to demand, or agree to receive money, items, or any other benefits, including not to act in the way which may give rise to such actions, either for the benefits of the Company, oneself or others; and these have been prescribed in the Company's Code of Conduct as fundamental guidelines for our employees.

Additionally, the Company emphasizes the significance of anti-corruption; Policy so that the Company's guidelines of avoiding and opposing corruption issues are more explicit. In this regard, the Company's directors, executives, employees, including the Company' subsidiaries and the businesses over which the Company has controlling power will not or support any corruption behaviors in whatever forms and will strictly comply with fundamental guidelines in Anti-Corruption Policy, including cooperate with the internal audit investigation with an aim to avoid and correct corruption behaviors which may arise internally.

The Company has established the following guidelines for preventing corruption:

1. Define the principles for giving or receiving gifts or entertainment as part of the Company's Code of Conduct. Employees must not offer, demand, receive, or agree to receive money, items, meals, entertainment, or any other benefits which may give rise to the suspicion of bribery and corruption behavior. Gifts received should be modest, and should not be cash or cash equivalents. Employees must always be aware that all actions and non-actions must take into consideration transparency, fairness, and accountability.
2. Set out regulations on procurement, and objectives for entering into transactions, entering into agreements, and disbursement; whereby each step requires definitive supporting documentation, as well as specify approval limits and authorization approvals for each level
3. Arrange to put in place an internal audit system to cover finance, accounting, recording information, and other aspects of accounting and finance to ensure that financial transactions are entered into for approved purposes, and that business is conducted with transparency.
4. Communicate the values of Good Corporate Governance, as well as the Anti-Corruption Policy, to work units within the Company, its subsidiaries, and the businesses over which the Company has controlling power via various channels such as employee training, the Company's internal communication channels, such as the Company's website or intranet, to inform the relevant parties to ensure further compliance.

5. The Audit Committee has the duty to audit and review transactions of the Company to ensure that the Company has sufficient good corporate governance in line with the relevant policies and requirements. If the Audit Committee has found or has any question about any transaction or action which may affect the Company's transparency in its business operation, the Audit Committee may independently report such a transaction or action to the Board of Directors and/or the President (as the case may be as it deems appropriate) in order for the issue to be addressed timely and appropriately.

6. Establish whistleblower channels for reporting to or filing complaints with the Audit Committee in the event that encounter situations which may constitute dishonest behavior or misconduct by individuals, as well as the Company. Whistleblowers can raise their concerns or file complaints, and submit details and evidence by mail to the following persons at Bangkok Airways Public Company Limited, No. 99 Mu 14, Vibhavadirangsit Road, ChomPhon, Chatuchak, Bangkok 10900, based on the type of issue as follows:

Issue	Recipient
Violations of the law, dishonest behavior, violations of the work rules and Code of Conduct	The President or the highest-ranking officer of the Human Resources Department
Matters which affect the reputation and image of the Company	The President
Non-compliance with the Code of Conduct by Directors	The Chairman, the Chairman of the Audit Committee, or the Company Secretary
Irregularities regarding financial transactions	The Chairman of the Audit Committee

7. In order to prevent any potential adverse impact on whistleblowers, the Company has put in place mechanisms to protect them by establishing a confidentiality policy regarding their identity. Therefore, if information regarding whistleblowers is disclosed, persons who are responsible for such information shall be subject to disciplinary action in accordance with the Company's Work Rules.

Internal Control and Risk Assessment

1. Internal Control and Internal Audit

The Board of Directors has emphasized the importance of the internal control as it forms a part of Good Corporate Governance. In the past, the Company focus on developing the internal control structure according to COSO (The Committee of Sponsoring Organizations of the Treadway Commission), covering areas of Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities.

The Board of Directors' has considered evaluation form on sufficiency of internal control system by inquiring management and relevant departments in order to assess the sufficiency on internal control system in various aspects, the result which can be summarized as follows:

Control Environment

The Company recognizes the significance of sufficient and appropriate internal control environment for the Good Corporate Governance which is fundamental to efficient management towards business sustainability. It's also deemed fundamentally significant to promote a good corporate culture with a strong unity.

The Company has created trainings for the employees on key policies that promote good control environment including practices in fighting against frauds and corruptions, and procedures in handling complaints of wrongdoings in order to make each issue transparent and fair to all stakeholders as well as creating good attitude towards the investigation.

In the past year, the Company carried out a survey on ethical understanding in operating business of the Company which the employees themselves could also reviewed those practices. The Company also had a whistleblower measure in reporting or complaining about any ethical violation or misdemeanor of either the corporate personnel or the stakeholders alike. This includes a wrong financial report r defective internal control system for the stakeholders to keep their eyes on.

Risk Assessment

The Company has a clear risk management policy. The business objective is set and disseminated within the company as well as accessible to the general public on www.bangkokair.com in order to ensure that the set objective is relevant to the strategic target and at an acceptable risk level. During the course of the year, there was a review, analysis, follow-up, and stipulation of measure in an integrated risk management, while also creating attitude and good understanding among employees of the company and the subsidiaries in the risk management at all levels to be able to adopt this policy into efficient practice.

The Company realizes the significance of being prepared towards the ever changing situations in the effects of the economy, and the politics. The safety and environment regulations and the executive committee on business continuity (BCM) has developed a plan and its revision to handle the risk and any crises to more efficient in order that the company will still be able to run business during the state of emergency without impediment while also capable of minimizing the illicit impacts that may have caused.

Details on the risk management is included under the topic of **"The Risk Management and the Risk Factors"**.

Control Activities

The company has the internal audit function to evaluate the internal control system by evaluated of risk in all aspects of the process to check. The plans for annual inspection. Those approved by the audit committee by the principle Risk-based approach plan according to international standard by the impact form risks and the opportunity to risk The significance of the risk and sequencing, as well as the study and understanding of the existing business internal control evaluation of the effectiveness of internal control elementary and test of control to the allocation of resources, both in terms of personnel and time in the plan to monitor properly. Ensure to achieve the goals and objectives of the organizations and agencies which increase value of the company.

There is also a training course for knowledge about the internal control and risk. Moreover, the company gives a change in the related department to make all employees understand the processes of control activities to reduce the risk of unachieved goal. The selection and development of control activities by considering the value and possible of these activities and is integrated with risk assessment on its objectives and target. Furthermore, this integration between objectives and targets by considering the discrimination function sensibly between individuals' duty and process. During this year are reviewed and the scope and limit the power, authority approved in each new level to suit the business also review and follow-up compliance control system within the set. The directors have a duty and responsibility to supervise and monitor the system functions within their segments, to effectively and accurately according to the performance. In addition, it is included fostering the inferior to have a good personality and consciousness.

Information and Communication System

Bangkok airways implemented the development of ICT system and utilization plan including security control of Information system. In the past the Company focused on development of effective internal communication system and implemented ERP accounting system which are up-to-date and meet international standard. ERP has been developed to ensure compatibility with other operational systems so that the Company can use various kinds of information effectively through out the organization for analysis and practical purposes.

It is important for the Company to have information and communication system that is effective and fast as it will support the work of other internal control elements, ensuring internal control and required information are uploaded, compiled, used and distributed in the format that is accessible by everyone in the organization on timely basis or in the correct time frame. As a result employees are able to take responsible actions relating to internal control.

Monitoring Activities

The Company has monitored the internal control system for evaluating the past operations with monitoring procedures as set out. The review of the internal control system is conducted continuously, with revision upon the changing of situations. When there is no change of any issues upon the change of situations, the unchanged will be reported to the Board of Directors for acknowledgement and consideration for solving in an appropriate deadline. This monitoring process is considered as strict mechanism, assessable, in compliance with policies and ensure that the shareholders' interest is well protects, and generate long-term sustainability to shareholders and related persons of the Company.





2. Head of Internal Audit Department and Head of Compliance

Currently, the Internal Audit Department is headed by Mr.Viroj Satitharopagorn. The Internal Audit Department is comprised of eight staff members (including the head of the department) and can be divided into 2 units:

- (i) Internal audit, which is responsible for auditing, assessing the adequacy as well as giving confidence of the internal control system including to the company management for achieve the company's objective.
- (ii) Risk and compliance, which is in charge of identifying, prioritizing and supervising the risk management to make sure that all operations are carried out in accordance with **"the Company's"** objective.

The Audit Committee's Report

Dear Shareholders,

The Audit Committee of Bangkok Airways Public Company Limited consists of three independent directors who perform their duties under the responsibility and assignments specified in the charter. All the Audit Committee directors are qualified under the criteria of the Stock Exchange of Thailand. They have an authority and independence in performing their duties. Mr. Sripop Sarasas, as the chairman of the Audit Committee; and the other two directors are General Vichit Yathip and Mr. Saharat Benyakul.

In 2016, the Audit Committee held 7 meetings with details of attendance as follows.

- | | |
|--------------------------|------------------|
| 1) Mr. Sripop Sarasas | Attended 7 times |
| 2) General Vichit Yathip | Attended 6 times |
| 3) Mr. Saharat Benyakul | Attended 6 times |

The meetings were held in accordance with the responsibility identified in the charter of the Audit Committee and in line with the good practice of the Audit Committee by the Securities and Exchange Commission and the Stock Exchange of Thailand. Moreover, there were also discussions with the management, the Internal Audit, Risk, Corporate Governance, and the auditor with the following conclusions.

Review of financial statement and relevant financial reports The Audit Committee has reviewed the quarterly financial statement and the 2016 annual financial statement of Bangkok Airways Public Company Limited, and disclosed essential information of the Company by discussing over with an external auditor and the Company's management prior to submitting it to the Stock Exchange of Thailand and general public. The Audit Committee and the auditor, by common consent, agreed that the financial statement is accurate as it should be in the essence of generic certification of accountant standards.

Revision on items that may cause conflict of interest and opinions towards related items by discussing with the auditor and agreed that the significant transactions with related companies have been disclosed and itemized in the financial statement with a remark. The Audit Committee and the auditor, by common consent, agreed that those items are reasonable, sufficient, and transparent for such information disclosure. Also, they are deemed highest beneficial to the Company's business. The disclosure of such information was done accurately and completely by the rule of the Stock Exchange of Thailand and the Securities and Exchange Commission.

Review of the internal control system adequacy and the risk management The Audit Committee has reviewed the risk management policy, business plan, and risk management practice in accordance with the Corporate Risk Profile, and constantly acknowledged the outcomes and weaknesses of the Company's and the subsidiaries' internal control system from the internal audit unit. It has been emphasized to the internal audit unit to follow up all the issues to ensure that the management has taken action to adjust or improve following the internal audit unit's advice within a due timeframe. The Audit Committee considers that in 2016, the Company had an adequate internal control system which is in line with the evaluation of adequacy of internal controls of the Securities and Exchange Commission and the Stock Exchange of Thailand, while also have a significant risk management in place for running business.

Review of the auditor appointment The Audit Committee has considered the independence, work outcomes, experience, and qualifications of the auditor. This includes an appropriate audit fee. The committee has, therefore, approved EY Co., Ltd. as the auditor of Bangkok Airways Public Company Limited for 2017; and has prepared recommendation to propose to the Corporate Committee for an appointment approval at the shareholder's meeting.

In conclusion, in 2016, the Audit Committee has performed their duty as specified in the charter by reviewing all issues with the management, the auditor, and the internal audit unit. Those issues include the Company's and the subsidiaries' business performance, the financial statement report, the internal control system, the risk management, relevant legal practices; to ensure that the business of the Company and the subsidiaries are undertaken with an adequate internal control system, risk management, and that the financial statement is accurate as it should be in the essence of generic certification of accountant standards and by law and relevant regulations.



Mr. Sripop Sarasas

Chairman of the Audit Committee

The Nomination and Remuneration Committee's report

Dear Shareholders,

Bangkok Airways Public Company Limited realizes the significance of the nomination procedures in personnel recruitment for proper qualifications, work experience, and expertise in any particular field deemed relevant to the commercial aviation business and relating to the Company's business, in order to nominate and appoint as a director. This includes setting an appropriate remuneration to match the duties and responsibilities of a director to the Company and to the shareholders, to maintain and create work motivation for the director as well as making the nomination and remuneration procedures transparent and auditable in order to build credibility and confidence toward the shareholders, stakeholders, and all others involved. It's also a tool that adds value and renders support to the Company's sustainable growth. The Board of Directors of Bangkok Airways Public Company Limited, at the 10/2016 Board of Directors' meeting on September 22nd, 2016; approved an appointment of The Nomination and Remuneration Committee that consists of three independent directors namely General Vichit Yathip as the chairman, and the two other directors are Mr. Sripop Sarasas and Mr. Somboon Kittiyansub.

Following such appointments, the Nomination and Remuneration Committee convened on two important meetings to consider the Nomination and Remuneration Committee's charter to propose for the Board of Directors' approval and became effective on November 25th, 2016; and to evaluate the performance of the Chief Executive Officer and the President on the Board of Directors' assignments.

The Nomination and Remuneration Committee is determined to carry out duties as assigned with carefulness and thoroughness in order to nominate qualified candidates that match the qualifications as a director. This includes a fair and reasonable remuneration as an important factor to convince and keep knowledgeable and capable candidates to become part and devote themselves to the Company. This also allows the minor shareholders to be able to nominate their choice of candidates as a director under the principle of good corporate governance for a listed company.



General
(Vichit Yathip)

Chairman of the Nomination and Remuneration Committee

The Corporate Governance Committee's report

Dear Shareholders,

At the meeting of Bangkok Airways Public Company Limited's Board of Directors (10/ 2016) held on September 22nd, 2016; the Corporate Committee agreed upon appointing the Corporate Governance Committee to be in charge of supporting the duty of the Corporate Committee in setting the corporate governance policy and the Company's regulations in accordance with the international standard of corporate good governance principle. The Corporate Governance Committee consists of two independent directors namely Mr. Somboon Kittiyansub who holds the positions of director of corporate governance and the chairman of the Corporate Governance Committee, Mr. Saharat Benyakul as a director of corporate governance committee and another director who doesn't hold any management position, Mrs. Ariya Prasarttong-Osoth, as a director of corporate governance committee.

Following the appointment, the Corporate Governance Directors have carried out their duty as assigned by the Corporate Committee by creating the Corporate Governance charter and revising the good corporate Governance policy to be up-to-date and relevant to the international practice of the organization for Economic Co-operation and Development (OECD) and under the criteria of ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) including the good corporate governance principle for companies listed in 2012 of the Stock Exchange of Thailand and proposed for the Corporate Committee to approve and became effective on November 25th, 2016. The revision of the Good Corporate Governance consists of principles and good practices on corporate governance in the five following categories.

- Category 1:** Shareholder's rights
- Category 2:** Equal treatment to shareholders
- Category 3:** Stakeholder's roles
- Category 4:** Disclosure and transparency
- Category 5:** Responsibility of the Board of Directors

Each category is divided into two parts namely:

- Part 1:** Principle, which indicates significant principle in corporate governance in each category.
- Part 2:** Good practice, which indicates details or additional methods for the Company to efficiently fulfill the principle as in Part 1.

By all means, the Corporate Governance Committee will come up with a plan to improve all practices for the Company to be relevant to the aforementioned good corporate governance policy including creating activities to promote and support the Company and its personnel to instill and practice the principle of good corporate governance that encompasses systematic practices in auditing, supervising, and evaluating also in accordance with the evaluation practice or the quality corporate governance of a relating unit. Report of such practice must be carried out to inform the directors and the shareholders of the Company as required.



(Mr. Somboon Kittiyansub)

Chairman of Corporate Governance Committee

Related parties Transaction

Name of persons who may have conflicts of interest

(1) Transactions with Bangkok Airways Pcl. (Company)

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
1 Bangkok Helicopter Services Co., Ltd. Relationship <ul style="list-style-type: none"> Subsidiary of BDMS Common shareholders and directors 	Trade account receivable	547,840	Company provides management and helicopter maintenance services. Opinion from Audit Committee: Management and maintenance services provided were justified. Contract should be reviewed every 3 years.
	Service fee revenue	3,560,960	
2 Paradise Shopping Co., Ltd. Relationship <ul style="list-style-type: none"> Common shareholders and directors 	Trade account receivable	1,328	Company provides cargo services to Paradise Shopping Co., Ltd. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
	Freight revenue	21,466	
	Trade account payable	120,470	Company buys goods from Paradise Shopping Co., Ltd. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
Expenses	803,146		
	Trade account receivable	322,445	Company provides rental space to Paradise Shopping Co., Ltd. Opinion from Audit Committee: Transactions were justified where rental fees and services fees were charged at market terms and conditions. Contracts should be reviewed on regular basis. Fees must be collected as stated in the contracts.
	Rental revenue (Samui Airport)	3,256,667	

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
<p>3 Prasatthong Osoth Co., Ltd.</p> <p>Relationship</p> <ul style="list-style-type: none"> • Common shareholders and directors 	Expenses	8,205	<p>Company buys goods from Prasartthong Osoth Co., Ltd.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were conducted with normal course of business at market terms and conditions.</p>
<p>4 Samui Accom Co., Ltd.</p> <p>Relationship</p> <ul style="list-style-type: none"> • Associate of The Sahakol Estate Co., Ltd. • Common shareholders and directors 	Service expenses	105,460	<p>Company uses passenger and baggage services from Samui Accom Co., Ltd.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were conducted with normal course of business at market terms and conditions.</p>
	Rental receivable	3,290,221	Samui Accom Co., Ltd. rents space and parking lots from company.
	Other revenue	5,064,994	
	Deposit	252,000	<p>Opinion from Audit Committee:</p> <p>Transactions were justified where rental fees and services fees were charged at market terms and conditions. Fees must be collected as stated in the contracts.</p>
<p>5 Dhammachart Na Thai Co., Ltd.</p> <p>Relationship</p> <ul style="list-style-type: none"> • Common shareholders and directors 	Expenses	47,000	<p>Company buys goods from Dhammachart Na Thai Co., Ltd.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were conducted with normal course of business at market terms and conditions.</p>
	Trade account receivable	11,825	Company provides cargo services to Dhammachart Na Thai Co., Ltd.
	Freight revenue	51,645	<p>Opinion from Audit Committee:</p> <p>Transactions were conducted with normal course of business at market terms and conditions.</p>

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
6 Bangkok Travel Club Co., Ltd. Relationship <ul style="list-style-type: none"> Associate of The Sahakol Estate Co., Ltd. Common shareholders and directors 	Trade account payable Expenses Trade account receivable Deposit Other revenue	211,646 1,437,456 127,095 346,400 879,970	Bangkok Travel Club Co., Ltd. provides services on visa application and hotel reservations for company's executives and staffs Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
7 Bangkok Air Tour (1988) Co., Ltd. Relationship <ul style="list-style-type: none"> Associate of The Sahakol Estate Co., Ltd. Common shareholders and directors 	Trade account receivable Air ticket revenue Freight revenue	2,087,725 20,660,944 11,054,435	Bangkok Air Tour (1988) Co., Ltd. is an air ticket agent. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
	Trade account payable Air ticket expenses	1,162,270 92,796,587	Bangkok Air Tour (1988) Co., Ltd. provides services on visa application and air ticketing for company's executives and staffs. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
8 Sukhothai Property Co., Ltd. Relationship <ul style="list-style-type: none"> Subsidiary of The Sahakol Estate Co., Ltd. Common shareholders and directors 	Trade account payable Expenses	138,067 317,548	Company uses accommodation services for company's staffs. Opinion from Audit Committee: Transactions were justified where room rate and services fees were charged at market terms and conditions.

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
9 Bangkok Dusit Medical Services Pcl. - BDMS Relationship <ul style="list-style-type: none"> • Common shareholders and directors 	Trade account receivable	21,281,897	Company sells air tickets to BDMS. Opinion from Audit Committee: The transactions were conducted with normal course of business at market terms and conditions.
	Charter flight revenue	77,965,277	Company provided chartered flight services to BDMS. Opinion from Audit Committee: Price quotation for the services provided must calculated from actual costs and expenses plus margin of at least 15%
	Investment	23,193,629,870	Company has long term investment in BDMS shares, recored as available for sale securities. Opinion from Audit Committee: Transactions were justified. Company and its subsidiaries must comply with company's investment policy
	Dividend income	363,030,728	
	Trade account payable	99,373	BDMS provides medical check up to company's staffs. Opinion from Audit Committee: The transactions were conducted with normal course of business at market terms and conditions.
	Expenses	1,869,212	
Accrued expenses	76,000		
Other revenue	1,001,655	Company received sponsorship for Queen's cup Bangkok Airways, and Samui Blue Paradise Fest from BDMS. Opinion from Audit Committee: The transactions were conducted with normal course of business at market terms and conditions.	
Service revenue	6,006		

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale	
10 Samui Palm Beach Resort Co., Ltd.-SPB Relationship <ul style="list-style-type: none"> Subsidiary of The Sahakol Estate Co., Ltd. Common shareholders and directors 	Trade account payable	233,347	Company uses accommodation services at SPB.	
	Expenses	470,346		
	11 Aeronautical Radio of Thailand Co., Ltd. - AEROTHAI Relationship <ul style="list-style-type: none"> State enterprise under the Ministry of Transport and Communications To provide air traffic control and aeronautical communication services for airline operations The Ministry of Finance is a major shareholder Common directors 	Trade account receivable	4,240	Company provides cargo services to SPB.
		Freight revenue	4,240	
		Investment	5,569,700	Company has investment in shares of AEROTHAI since year 2003.
		Trade account payable	49,089,522	AEROTHAI provides aeronautical services and related services to company. Rental deposit was paid for the usage of radar display system.
Expenses	505,242,065			
12 Natural Rice Co., Ltd. Relationship <ul style="list-style-type: none"> Common shareholders 	Deposit	72,000	Utilities used by AEROTHAI at Samui Airport.	
	Trade account receivable	321,714		
	Trade account receivable	341,612	Company sells air tickets to AEROTHAI.	
	Air ticket revenue	3,474,360		
	Freight revenue	16,708		
12 Natural Rice Co., Ltd. Relationship <ul style="list-style-type: none"> Common shareholders 	Expenses	1,727,701	Company buys goods from Natural Rice Co., Ltd.	
	Trade account payable	337,603		
	Freight revenue	77,753	Company provides cargo services to Natural Rice Co., Ltd.	
Trade account receivable	5,365			

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
13 Samitivej Pcl. – SVH Relationship <ul style="list-style-type: none"> Subsidiary of BDMS Common directors 	Trade account receivable Air ticket revenue Trade account payable Expenses	765,800 2,051,700 6,647 9,922	SVH give away discounted vouchers to its customers to buy air tickets. SVH will then reimburse money of the used voucher to company. Opinion from Audit Committee: Transactions were justified Transaction were conducted at market terms and conditions.
14 Bangkok Media & Broadcasting Co., Ltd. – PPTV Relationship <ul style="list-style-type: none"> Common shareholders and directors 	Advertising expenses	7,070,000	PPTV produced advertising media to company with barter trade agreement. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
15 National Healthcare Systems Co., Ltd. – N Health Relationship <ul style="list-style-type: none"> Subsidiary of BDMS Common directors 	Trade account receivable Freight revenue	90,311 575,574	Company provides cargo services to N Health. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
16 THN Network Co., Ltd. Relationship <ul style="list-style-type: none"> Common shareholders and directors 	Trade account payable Other revenue	173,340 2,080,080	TNH Network Co., Ltd. produced advertising media to company with barter trade agreement. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions
17 Airport Restaurant Co., Ltd. Relationship <ul style="list-style-type: none"> Common directors 	Trade account payable Expenses	22,327 1,401,459	Company buys food vouchers for its staffs and customers from Airport Restaurant Co., Ltd.
	Trade account receivable Other revenue	7,560 255,838	Airport Restaurant Co., Ltd. pays fees to company for its operation in Samui airport. Opinion from Audit Committee: The aforementioned transactions were conducted with normal course of business at market terms and conditions.

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
18 Krungthep Limousine Co., Ltd. Relationship <ul style="list-style-type: none"> Common shareholders and directors 	Expenses	714,110	Krungthep Limousine Co., Ltd. provides passenger and baggage services at Trat airport. Opinion from Audit Committee: Transactions were justified Transaction were conducted at market terms and conditions.
	Trade account payable	133,800	
	Deposit	63,000	
	Other revenue	326,823	
	Trade account receivable	7,782	
19 Fuel Pipeline Transportation Co., Ltd.-FPT Relationship <ul style="list-style-type: none"> Common directors 	Investment	529,947,690	Company has long term investment in FPT shares, recored as available for sale securities. Opinion from Audit Committee: Transactions were justified. Company and its subsidiaries must comply with company's investment policy
	Dividend income	4,561,683	
20 Nature Tour Co., Ltd. Relationship <ul style="list-style-type: none"> The major shareholder as spount of BA's Director 	Trade account payable	28,873	Nature Tour Co., Ltd. provides event services at Sukhothai airport. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
	Expenses	130,850	
21 Rankindeeyudee Limited Partnership Relationship <ul style="list-style-type: none"> The major shareholder as spount of BA's Director 	Trade account payable	62,237	Company buys goods from Rankindee yudee Limited Partnership. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
	Expenses	62,237	
22 Save Drug Center Co., Ltd. – Save Drug Relationship <ul style="list-style-type: none"> Common directors 	Trade account payable	1,196,138	Company buys first aid kits from Save Drug . Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
	Expenses	1,196,138	

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
23 Mr.Pradit Theekakul Relationship <ul style="list-style-type: none"> Shareholder and directors of BA 	Personal guarantee	3,800,000	<p>Mr.Pradit Theekakul provided collateral and personal guarantee on behalf of More Than Free Co., Ltd. for Letter of Guarantee, issued by company, to the Custom Department.</p> <p>Opinion from A.udit Committee:</p> <p>Company risks were mitigated by the personal guarantee and collateral provided. Negotiation with the Custom Department to exchange Company's Letter of Guarantee with newly issued Letter of Guarantee must be monitored.</p>
24 Bangkok Aviation Services Co., Ltd.- BASE Relationship <ul style="list-style-type: none"> Deem Related Parties Transaction 	Trade account payable Expenses Revenue Cash deposit Other deposit Trade account receivable	15,897,267 138,210,453 716,005 543,120 78,305 1,109,657	<p>BASE provides cleaning and security services to company's airports.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis.</p>
	Trade account payable Rental expenses	560,000 960,000	<p>Company rents office space from BASE to use as its Sales office.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were justified where rental fees and services fees were charged at market terms and conditions.</p>
25 More Than Free Co., Ltd. Relationship <ul style="list-style-type: none"> Deem Related Parties Transaction 	Trade account receivable Rental revenue Other revenue Deposit	79,230 1,532,160 2,855,878 40,000	<p>More Than Free Co., Ltd. rents commercial space at Samui airport.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were justified where rental fees and services fees were charged at market terms and conditions.</p>
	Expenses Trade account payable	1,485,840 74,880	<p>Company buys goods from More Than Free Co., Ltd.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were justified Transaction were conducted at market terms and conditions.</p>
	Freight revenue	208,614	<p>Company provides cargo services to More Than Free Co., Ltd.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were justified Transaction were conducted at market terms and conditions.</p>

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
26 Bangkok BSS Security Guard Co., Ltd.– BSS Relationship <ul style="list-style-type: none"> Deem Related Parties Transaction 	Trade account payable Expenses Revenue Cash deposit Other deposit Trade account receivable	3,213,920 65,056,856 71,493 347,200 45,540 148,313	BSS provides cleaning and security services to company's offices, Suvarnabhumi and Samui airports. Opinion from Audit Committee: Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis.
27 Bags Ground Services Co., Ltd.–BAGS Relationship <ul style="list-style-type: none"> Deem Related Parties Transaction 	Trade account payable Expenses Cash deposit Accrued Expenses	82,507,444 563,547,221 1,082,080 47,074,761	Company uses BAGS's ground handling services. Opinion from Audit Committee: Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis.
	Trade account receivable Air ticket revenue Freight revenue	1,588,259 1,409,475 152,452	Company sells air tickets to BAGS's on duty staffs and provides cargo services to BAGS. Opinion from Audit Committee: Transactions were justified where tickets fares, and services fees were charged at market terms and conditions.
	Rental revenue	3,831,570	BAGS rents office space at Phuket airport from company. Opinion from Audit Committee: Transactions were justified where rental fees and services fees were charged at market terms and conditions
	Other revenue	2,419,712	Company provides public utility, radio communication equipment and other services to BAGS. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.

(2) Transactions with Bangkok Airways Holding Co., Ltd. (BAH)

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
1 Bangkok Dusit Medical Services Pcl. - BDMS Relationship <ul style="list-style-type: none"> Common shareholders and directors 	Investment Divident	4,751,000,000 73,800,000	BAH has long term investment in BDMS shares, recored as available for sale securities. Opinion from Audit Committee: Transactions were justified. Company and its subsidiaries must comply with company's investment policy.

(3) Transactions with Gourmet Primo Co., Ltd. (GP)

- No Transaction -

(4) Transactions with Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd. (BFS Ground)

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
1 Bangkok Dusit Medical Services Pcl. - BDMS Relationship <ul style="list-style-type: none"> Common shareholders and directors 	Trade account receivable Service fee revenue	425,485 2,750,700	BFS Ground provided meet & assist services to BDMS. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
2 Aeronautical Radio of Thailand Co., Ltd. - AEROTHAI Relationship <ul style="list-style-type: none"> State enterprise under the Ministry of Transport and Communications. To provide air traffic control and aeronautical communication services for airline operations. The Ministry of Finance is a major shareholder Common directors 	Trade account payable Equipments expenses Expenses	13,800 20,047,535 187,594	BFS Ground rents communication equipments from AEROTHAI. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
3 The Phya Thai II Hospital Co., Ltd. - PYT 2 Relationship <ul style="list-style-type: none"> Subsidiary of BDMS Common directors 	Trade account receivable Service fee revenue	19,420 274,500	BFS Ground provided meet & assist services to PYT 2. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.

(5) Transactions with SA Services Co., Ltd. (SA)

- No Transaction -

(6) Transactions with BFS Cargo DMK Co., Ltd. (BFS Cargo DMK)

- No Transaction -

(7) Transactions with Bangkok Air Catering Co., Ltd. (BAC)

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
1 Aeronautical Radio of Thailand Co., Ltd. - AEROTHAI Relationship <ul style="list-style-type: none"> State enterprise under the Ministry of Transport and Communications. To provide air traffic control and aeronautical communication services for airline operations. The Ministry of Finance is a major shareholder Common directors 	Trade account payable Equipments expenses System installation fees	140,950 1,683,300 7,020	BAC rents communication equipments from AEROTHAI. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
2 Dhammachart Na Thai Co., Ltd. Relationship <ul style="list-style-type: none"> Common shareholders and directors 	Trade account payable Expenses	172,640 1,589,250	BAC buys agricultural products from Dhammachart Na Thai Co., Ltd.. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
3 Paradise Shopping Co., Ltd. Relationship <ul style="list-style-type: none"> Common shareholders and directors 	Trade account receivable Rental revenue	80,375 399,539	BAC provides storage space and provides services to Paradise Shopping Co., Ltd. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions. Other services contract was justified since fees was charged base on cost plus margin.

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
<p>4 Bangkok Air Tour (1988) Co., Ltd.</p> <p>Relationship</p> <ul style="list-style-type: none"> • Associate of The Sahakol Estate Co., Ltd. • Common shareholders and directors 	Air ticket expenses	859,535	<p>Bangkok Air Tour (1988) Co., Ltd. sells air tickets to BAC.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were conducted with normal course of business at market terms and conditions. BAC can also use other service providers to perform required services.</p>
<p>5 Bangkok Dusit Medical Services Pcl. - BDMS</p> <p>Relationship</p> <ul style="list-style-type: none"> • Common shareholders and directors 	Trade account payable Expenses	169,900 1,868,900	<p>BAC hires medical staffs from BDMS to attend at BAC's first aid room.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were conducted with normal course of business at market terms and conditions. However, contract should be reviewed and compared on regular basis.</p>
<p>6 More Than Free Co., Ltd.</p> <p>Relationship</p> <ul style="list-style-type: none"> • Deem Related Parties Transaction 	Trade account receivable Rental Revenue	90,980 445,218	<p>More Than Free Co., Ltd. provides storage space to BAC.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis.</p>
<p>7 A.P.Sheriff Security Guard Co., Ltd.</p> <p>Relationship</p> <ul style="list-style-type: none"> • Deem Related Parties Transaction 	Trade account payable Expenses	67,624 757,031	<p>A.P.Sheriff Security Guard Co., Ltd. provides cleaning and security services to BAC.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis.</p>

(8) Transactions with BAC Goumet House Co., Ltd. (BACGH)

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
1 Bangkok Dusit Medical Services Pcl. - BDMS	Trade account receivable Catering revenue	15,120 1,489,105	BACGH provided catering services to BDMS.
Relationship <ul style="list-style-type: none"> • Common shareholders and directors 	Trade account payable Rental expenses Utilities expenses Deposit	114,162 3,319,998 1,467,345 643,840	BACGH rents space from BDMS for its restaurant facility. Opinion from Audit Committee: The aforementioned transactions were conducted with normal course of business at market terms and conditions. However, contract should be reviewed and compared on regular basis.
2 Bangkok Hospital Chiangmai Co., Ltd.-BCM	Trade account receivable Catering revenue	2,475,059 9,220,061	BACGH provided catering services to BCM.
Relationship <ul style="list-style-type: none"> • Subsidiary of BDMS • Common directors 	Annual check up	60,200	BCM provides medical check up services to BACGH's staffs. Opinion from Audit Committee: The aforementioned transactions were conducted with normal course of business at market terms and conditions. However, contract should be reviewed and compared on regular basis.
3 Phnom Penh Medical Services Co., Ltd. - RPH	Trade account receivable Catering revenue	958,397 7,722,330	BACGH provided catering services to RPH.
Relationship <ul style="list-style-type: none"> • Common directors 	Annual check up	114,987	RPH provides medical check up services to BACGH's staffs. Opinion from Audit Committee: The aforementioned transactions were conducted with normal course of business at market terms and conditions. However, contract should be reviewed and compared on regular basis.
4 Bangkok Air Tour (1988) Co., Ltd.	Expenses	21,150	Bangkok Air Tour (1988) Co., Ltd. sells air tickets to BACGH.
Relationship <ul style="list-style-type: none"> • Associate of The Sahakol Estate Co., Ltd. • Common shareholders and directors 			Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions. BACGH can also use other service providers to perform required services.

(9) Transactions with Bangkok Air Catering Samui Co., Ltd. (BACUSM)

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
<p>1 Bangkok Samui Hospital Co., Ltd.- BSH</p> <p>Relationship</p> <ul style="list-style-type: none"> • Subsidiary of BDMS • Common directors 	<p>Trade account receivable 1,216,165</p> <p>Catering revenue 11,716,200</p> <hr/> <p>Annual check up 135,940</p>	<p>1,216,165</p> <p>11,716,200</p> <hr/> <p>135,940</p>	<p>BACUSM provided catering services to BSH.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were conducted with normal course of business at market terms and conditions.</p> <hr/> <p>BSH provides medical check up services to BACUSM's staffs.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were conducted with normal course of business at market terms and conditions. However, contract should be reviewed and compared on regular basis.</p>
<p>2 Bangkok BSS Security Guard Co., Ltd.- BSS</p> <p>Relationship</p> <ul style="list-style-type: none"> • Deem Related Parties Transaction 	<p>Trade account receivable 289,970</p> <p>Expenses 3,252,000</p>	<p>289,970</p> <p>3,252,000</p>	<p>BSS provides cleaning and security services to BACUSM 's offices.</p> <p>Opinion from Audit Committee:</p> <p>Transactions were justified where services fees were charged at market terms and conditions.</p>

(10) Transactions with Bangkok Air Catering Phuket Co., Ltd. (BACHKT)

- No Transaction -

(11) Transactions with Bangkok Airways Ground Services Co., Ltd. (PGGS)

Name of persons who may have conflicts of interest	Type of Transaction	Value as of 2016 (Baht)	Rationale
1 Aeronautical Radio of Thailand Co., Ltd. - AEROTHAI Relationship <ul style="list-style-type: none"> • State enterprise under the Ministry of Transport and Communications. • To provide air traffic control and aeronautical communication services for airline operations. • The Ministry of Finance is a major shareholder • Common directors 	Trade account payable Cash advance	456,516 8,336,794	PGGS provides ground handling services to airline operations (including payment in advance for communication services to AEROTHAI). Its customer will reimburse money to PGGS. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
2 Bangkok Aviation Services Co., Ltd.- BASE Relationship <ul style="list-style-type: none"> • Deem Related Parties Transaction 	Trade account payable Expenses	243,532 1,790,000	BASE provides security services to PGGS at Samui airport. Opinion from Audit Committee: Transactions were conducted with normal course of business at market terms and conditions.
3 Bags Ground Services Co., Ltd.- BAGS Relationship <ul style="list-style-type: none"> • Deem Related Parties Transaction 	Trade account payable Expenses Deposit	4,501,244 53,770,185 1,500,000	BAGS provides ground handling services to PGGS at Samui airport. Opinion from Audit Committee: Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis.

Management's Discussion and Analysis

For the period ended 31 December 2016
Bangkok Airways Public Company Limited and Its Subsidiaries

**Bangkok Airways Public Company Limited and its Subsidiaries
Management's Discussion and Analysis for the year ended
31 December 2016**

Executive Summary

Thai economy was still facing the shrinkage in exporting in year 2016 due to unsteady restoration of the world's powerful economies. The investment from private sector was enhanced by the government spending together with the support from the Board of Investment (BOI) in the first 9 months which caused the capital investment to grow by 2.0 percent comparing to the same period last year (Source: The Federation of Thai Industries). In addition, the government has continuously encouraged economic stimulus since September 2015 onward.

Overall aviation industry for year 2016 showed 6.3 percent growth in revenue passenger kilometers (RPK) of all region in which the highest growth belonged to the Middle-East at 11.2 percent, following by Asia Pacific and Africa at 9.2 percent and 6.5 percent growth in RPK respectively. The available seat kilometers (ASK) of all region was increasing by 6.2 percent. Undoubtedly, the highest ASK growth went to the Middle-East at 13.5 percent, succeeding by Asia Pacific and Africa at 8.1 percent and 6.3 percent respectively. Despite turbulence in many countries in the first half of year 2016, passengers' traveling demand was stimulated by lower airfares which were noticeably dropping in the second half of this year (Source: International Air Transport Association).

With respect to Thai tourism industry, a number of inbound international tourists for year 2016 rose by 9.0 percent. Number of tourists from America and the Middle-East had the highest growth at 14.0 percent whereas the growth of Asian travelers was only 10.0 percent, declining from year 2015. A decrease in number of Asian tourists was mainly due to government control on zero-dollar tour. As a result, number of Chinese tourists, who are the majority of this group, was lower by 21.0 percent in the fourth quarter of year 2016; yet, it did increase by 10.0 percent for the whole year. Nonetheless, Thailand is still regarded as the top destination for Chinese tourists when compared with other Asian countries (Source: Kasikorn Research). For the coming year 2017, the Tourism Authority of Thailand (TAT) will emphasize more on quality tourist markets, income distribution to local community, environmental responsibility and an enhancement of the image of Thailand. The number of international tourists arrival is expected to increase by 5.5 percent while the domestic tourism should expand by 6.2 percent.

In year 2016, the Company has launched three new routes which are Chiang Mai – Mae Hong Son, Bangkok – Danang and Samui – Chengdu. The Company also added flight frequencies to existing routes that have high demand with the purpose to enhance the competitiveness such as Bangkok – Sukhothai, Bangkok – Phnom Penh, Bangkok – Nay Pyi Taw, Bangkok – Luang Prabang and Samui – Singapore. As a result, RPK of the Company increased by 8.7 percent while ASK growth was at 5.0 percent when compared with the same period last year.

For year 2016, total revenue of the Company was 26,765.8 million baht, increased by 7.5 percent when compared to year 2015, mainly driven by 6.6 percent growth in airline business and 8.5 percent growth in airport-related business operated by our subsidiaries.

The performance of airline business was improved as a result of 9.5 percent growth in number of passengers in which its passenger load factor was at 69.2 percent, along with considerably lower fuel costs. Despite the revenue growth in airline business, the passenger yield dropped from 4.99 baht per passenger-kilometers to 4.88 baht per passenger-kilometers or by 2.2 percent as a consequence of intense competition within the industry.





With respect to airport-related business, the performance of BAC slightly decreased from intense price competition. However, in the fourth quarter of year 2016, BAC has entered into four new contracts which made 23 airline customers in total as of the end of year. The performance of BFS Ground was better from growing number of flights at Suvarnabhumi airport and additional airline customers. This was also in line with the performance of BFS Cargo which also improved from prior year as a result of higher service fees charged to their customers together with greater amount of tonnage carried, specifically in the fourth quarter of this year.

In year 2016, the Company reported net profit before income tax amounting to 2,776.4 million baht. Referring to the announcement of the Ministry of Finance, additional tax paid at the amount of 506.1 million baht was filed during the period. After deducting tax, net profit would be 1,837.0 million baht which was attributable to equity holders of the Company at the amount of 1,768.4 million baht. Earnings per share was 0.84 baht.

Management's Discussion and Analysis

Bangkok Airways is a full serviced airline providing premium service to passengers. Company owns and operates 3 airports which are Samui Airport, Trat Airport and Sukhothai Airport. In addition to airline and airport businesses, it operates airport related businesses which include passenger and ramp services, catering services and international cargo warehouse where it serves self and other airlines.

Consolidated financial statement of the Company consists of Separate Financial Statement and Financial Statements of the 10 subsidiaries that include: 1) Bangkok Air Catering Company Limited (BAC) 2) Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground) 3) Bangkok Airways Ground Service Company Limited (PGGS) 4) Bangkok Airways Holding Company Limited (BAH) 5) SA Services Company Limited (SA) 6) BFS Cargo DMK Company Limited (BFS Cargo DMK) 7) BAC Gourmet House Company Limited (BACGH) 8) Bangkok Air Catering Phuket Company Limited (BACHKT) 9) Gourmet Primo Company Limited (GP) and 10) Bangkok Air Catering Samui Company Limited (BACUSM)



Airline Operating Data

	Unit	January-December	
		2016	2015
Schedule passenger revenues⁽¹⁾		20,760.6	19,517.1
Domestic	Million Baht	12,680.9	11,886.1
International		8,079.7	7,631.0
Available Seat Kilometers (ASK)⁽²⁾		6,148.6	5,853.6
Domestic	Million Seat -Kilometers	3,413.9	3,365.4
International		2,734.7	2,488.2
Revenue Passenger Kilometers (RPK)⁽²⁾		4,252.6	3,911.5
Domestic	Million Seat -Kilometers	2,515.2	2,350.0
International		1,737.4	1,561.5
Passenger Load Factor		69.2	66.8
Domestic	Percentage	73.7	69.8
International		63.5	62.8
Number of schedule passengers carried⁽²⁾		5,640.6	5,149.5
Domestic	Thousand	4,044.3	3,719.6
International		1,596.3	1,429.9
Number of flight flown		67,453	63,180
Domestic	Flight	45,856	43,876
International		21,597	19,304
Total seat capacity		8,103.7	7,653.4
Domestic	Thousand	5,469.1	5,290.4
International		2,634.6	2,363.0
Aircraft utilization⁽³⁾		9.03	9.02
Airbus A320	Block Hour	10.11	9.63
Airbus A319	per Day	9.56	9.32
ATR 72-500 & ATR 72-600	per Aircraft	7.43	8.10
Number of aircraft at end of year		34	31
Airbus A320		9	8
Airbus A319	Aircraft	12	11
ATR 72-500		6	8
ATR 72-600		7	4
Average Stage Length	Kilometers	753.9	759.6
Kilometers flown⁽²⁾	Million Kilometers	48.3	45.8
Passenger Yield⁽³⁾	Baht per Passenger -Kilometers	4.88	4.99
Revenue ASK (RASK)		3.65	3.60
Cost per ASK (CASK)		3.33	3.30
Cost per ASK excluding fuel cost	Baht	2.82	2.55
RASK – CASK		0.33	0.30

Remark

- (1) These figures are different from those included in Company's consolidated Financial Statements as they include revenues (before deducting discounts and commissions) from scheduled flights and scheduled charter flights, net interline revenues from flights operated by other airlines but sold by the Company on a codeshare basis, revenues derived from non-codeshare interline sales by it of seats on other airlines' flights, fuel and insurance surcharge revenue. Exclude revenues from cargo services, other charter services and other revenue.
- (2) Excludes flights operated by other airlines but sold by the Company, but includes flights operated by it but sold by other airlines.
- (3) Scheduled passenger revenues includes fuel surcharge, insurance surcharge, but excludes excess baggage divided by RPKs.



Operating performance summary for the period ended December 31, 2016 consisting of Separate Financial Statement and Financial Statements of the 10 subsidiaries

Unit: million baht

	January-December			
	2016	2015	Variance	
			Amount	%
Net profit (loss) for the period	1,837.0	1,849.1	(12.1)	(0.7)
Plus:				
Finance Cost	1,753.6	1,606.4	147.1	9.2
Income tax expenses	939.4 (1)	250.0	689.4	275.7
Written-off fixed assets	-	1.0	(1.0)	(100.0)
Less:				
Dividend income	442.2	280.4	161.8	57.7
Interest received	171.1	255.8	(84.7)	(33.1)
Gain on foreign exchange	179.4	322.9	(143.5)	(44.4)
Non-operating revenues ⁽²⁾	7.5	9.2	(1.7)	(18.5)
EBIT ⁽³⁾	3,729.8	2,838.2	891.6	31.4
Plus:				
Depreciation and amortization	1,068.3	834.0	234.8	28.2
EBITDA ⁽³⁾	4,798.0	3,672.2	1,126.4	30.7
Plus:				
Operating lease expenses	1,772.4	1,621.7	150.7	9.3
EBITDAR ⁽³⁾	6,570.4	5,293.3	1,277.1	24.1
Total revenue	26,765.8	24,902.9	1,863.0	7.5
Operating revenue ⁽⁴⁾	25,965.7	24,034.6	1,931.1	8.0
Profit attributable to equity holders of the Company	1,768.4	1,796.9	(28.5)	(1.6)
EBIT Ratio (%)	14.4	11.8	2.6	
EBIDA Ratio (%)	18.5	15.3	3.2	
EBITDAR Ratio (%)	25.3	22.0	3.3	

Remark

- The Company had additional tax filing amounting to 506.1 million baht resulting from the discrepancy in corporate income tax calculation for tax privileges granted by the Board of Investment (BOI) in which the practice of the Revenue Department shall be followed as announced by the Ministry of Finance dated 16 September 2016. The filing was completed on 29 July 2016.
- Comprises of gain on sale of investments, sale of investment in subsidiaries and sale of assets.
- EBIT, EBIT margins, EBITDA, EBITDA margins, EBITDAR or EBITDAR margins are not standard measures, nor measurements of financial performance or liquidity, under TFRS, and should not be considered alternatives to net profit (loss) or any other performance measure or as an alternative to cash flow from operating activities. Since there are various calculation methods, its presentation may not be comparable to similarly titled measures used by other companies.
- Comprises of total revenue net dividend income, gain on foreign exchange, interest income and non-operating revenues.

Operating Profit and Net Income

The operating revenue of the Company for year 2015 and year 2016 were 24,034.6 million baht and 25,965.7 million baht respectively, increasing by 8.0 percent while total operating expenses increased from 21,692.8 million baht to 22,919.4 million baht or around 5.7 percent, largely due to an increase in aircraft maintenance, personnel expenses, cost of passenger services and depreciation expenses.

The earnings before interest and tax, depreciation, amortization, and rent (EBITDAR) were derived from total income (excluding dividend income, gain on foreign exchange, interest income and non-operating revenues) less total expenses plus depreciation and amortization expenses, and aircraft rental, equaled to 5,293.3 million baht and 6,570.4 million baht or 22.0 percent and 25.3 percent of total operating revenue for year 2015 and year 2016 respectively.

For year 2016, net profit before income tax was 2,776.4 million baht. Total income tax expenses equaled to 939.4 million baht which comprised of corporate income tax for this year at the amount of 369.7 million baht and adjustment in respect of current income tax of previous years at the amount of 506.1 million baht. As a result, the Company reported net profit for year 2016 amounting to 1,837.0 million baht, decreased from year 2015 by 12.1 million baht or 0.7 percent. The amount attributable to equity holders of the Company was 1,768.4 million baht or 96.3 percent of net profit.

Revenue

Consolidated revenue of the Company, excluding the inter-segment revenue, are divided into 4 segments as follows:

Unit: million baht

	January-December					
	2016		2015		Variance	
	2016	%	2015	%	Amount	%
Airlines	20,713.0	77.4	19,429.6	78.0	1,283.4	6.6
Airports	564.0	2.1	535.3	2.2	28.7	5.4
Airport-related services	3,414.9	12.8	3,148.3	12.6	266.6	8.5
Unallocated revenue	2,073.9	7.7	1,789.7	7.2	284.2	15.9
Total Revenue	26,765.8	100.0	24,902.9	100.0	1,862.9	7.5

Revenue from Airline Operations

Passenger revenue consists of earnings from scheduled flights and chartered flights with details as follows:

Unit: million baht

	January-December			
	2016	2015	Variance	
			Amount	%
Net scheduled passenger revenue	20,236.6	19,087.4	1,149.2	6.0
Charter flights and charter services revenue	194.4	16.6	177.8	1,071.1
Total passenger revenue	20,431.0	19,104.0	1,327.0	6.9
Cargo revenue	282.0	325.6	(43.6)	(13.4)
Total revenue from airline business	20,713.0	19,429.6	1,283.4	6.6

In year 2016, the revenue from scheduled flights rose by 6.0 percent from last year, mainly due to an increase in number of passengers from adding flight frequencies in routes that have high demand and launching new routes. The Company has started operating Chiang Mai – Mae Hong son for 10 flights per week and Bangkok - Danang for 4 flights per week. Charter flights and charter services revenue was reported at the amount of 194.4 million baht, grew by 1,071.1 percent mainly from flight service from Samui – Chengdu operated from July 2016 going forward.

Revenue from Airport Operations

In year 2015 and year 2016, revenue from airport operations was accounted for 2.2 percent and 2.1 percent of total operating revenue of the Company respectively. Majority of the airport revenue was derived from passengers services charged to outbound passengers at Samui Airport. Revenue from airport operations was 564.0 million baht or increased by 5.4 percent from year 2015 as a result of 14.5 percent growth in number of outbound passengers at Samui airport.

Total number of passengers departed from Samui Airport with Bangkok Airways was 1.1 million people in year 2016, grew from the same period last year by 11.8 percent.

Revenue from Airport-Related Operations

Operating financial performance of the Company's subsidiaries and associated companies in airport-related operations was illustrated below:

Unit: million baht

	January-December	
	2016	2015
Catering services (BAC):		
Revenue ⁽¹⁾	1,456.4	1,456.0
EBITDA	419.3	431.6
Net income	275.8	284.5
Number of meals produced and uplifted (million meals)	10.2	9.9
Ground Services (BFS Ground):		
Revenue ⁽¹⁾	2,382.9	2,130.1
EBITDA	404.6	304.8
Net income	255.5	146.1
Number of flights handled (flight)	63,226	58,074
International cargo terminal services data (BFS Cargo):		
Revenue ⁽¹⁾	1,702.0	1,567.9
EBITDA	773.2	672.2
Net income	526.8	443.6
Tonnage	378,026	375,301
Cargo capacity (ton per year)	450,000	450,000
Utilization (%)	84.0	83.4
Remark ⁽¹⁾ Revenues from subsidiaries and associated companies exclude revenues earned from transactions with the Company		

Revenue from airport-related operations from services provided to other airlines comprises of:

Unit: million baht

	January-December			
	2016	2015	Variance	
			Amount	%
Bangkok Air Catering Company Limited (BAC)	972.1	1,020.8	(48.7)	(4.8)
Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground)	1,925.5	1,694.0	231.5	13.7
Bangkok Airways Ground Service Company Limited (PGGS)	396.2	322.9	73.3	22.7
Other revenue ⁽¹⁾	121.1	110.6	10.5	9.5
Total revenue from airport-related operations	3,414.9	3,148.3	266.6	8.5

Remark ⁽¹⁾ Other revenue includes revenue from BAC Gourmet House Company Limited, the subsidiary of BAC which main activity is to provide food services in business district and major tourist attractions in Bangkok.

Bangkok Air Catering Company Limited (BAC)

For year 2016, total revenue of BAC decreased to 972.1 million baht or 4.8 percent as a consequence of intense competition at Suvarnabhumi airport; hence, BAC lost some of its airline customers and was enforced to lower service fees.

The number of meals produced by BAC grew by 2.9 percent, comparing to the same period last year. The proportion of meals served in first and business class uplifted by 16.5 percent and 11.6 percent respectively. BAC has entered into contracts with four new airline customers during the fourth quarter. As of December 2016, BAC has 23 airline customers in total.

Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground)

Total revenue of BFS Ground for services provided to other airlines in year 2015 and year 2016 reported at the amount of 1,694.0 million baht and 1,925.5 million baht respectively, grew by 13.7 percent.

The increasing revenue was mainly due to 8.9 percent increase in number of flights and addition of three airline customers. As of December 2016, BFS Ground has 70 airline customers in total.

Bangkok Airways Ground Service Company Limited (PGGS)

In year 2016, total revenue of PGGS reported at the amount of 396.2 million baht, increased by 22.7 percent from the same period last year. The increasing amount was mainly contributed from higher flight-handling service fees starting from the beginning of year 2016. During this year, the number of flights increased by 11.0 percent.

Unallocated Revenues

The Company has other revenues that are not related to the airline operations, airport operations and airport-related operations with details as follows:

Unit: million baht

	January-December			
	2016	2015	Variance	
			Amount	%
Dividend income	442.2	280.4	161.8	57.7
Gain on foreign exchanges	179.4	322.9	(143.5)	(44.4)
Interest income	171.1	255.8	(84.7)	(33.1)
Other revenues ⁽¹⁾	1,281.2	930.6	350.6	37.7
Total unallocated revenues	2,073.9	1,789.7	284.2	15.9

Remark: ⁽¹⁾ Other revenues consist of passenger ticket charges, excess baggage charges, breakage revenues on ticket expiry and etc.

Total unallocated revenues of the Company for year 2015 and year 2016 largely increased from 1,789.7 million baht to 2,073.9 million baht consecutively. An increase in other revenues was greatly derived from dividend income. Majority of other revenues aligned with growing number of passengers for passenger ticket charges and excess baggage charges.

Share of Profit from Investments in Associates

The Company has share of profit from associated companies, increasing from 685.5 million baht in year 2016, rose by 36.0 percent when compared with the same period last year. Primarily, the share of profit was derived from investment in WFS-PG Cargo Company Limited and Samui Property Fund (SPF). The increasing amount was largely derived from better performance of SPF, and higher percentage of ownership from 30.0 percent in year 2015 to 31.6 percent in year 2016, resulting in greater share of profit from SPF.

Unit: million baht

	January-December			
	2016	2015	Variance	
			Amount	%
WFS-PG Cargo Company Limited	260.7	217.4	43.3	19.9
Samui Property Fund	424.8	286.8	138.0	48.1
Share of Profit from Investments in Associates	685.5	504.2	181.3	36.0

Expenses

Expenses consist of costs of sales and services, selling expenses and administrative expenses with details as follows:

Unit: million baht

	January-December					
					Variance	
	2016	%	2558	%	Amount	%
Cost of sales and services	19,082.9	83.3	18,228.3	84.0	854.6	4.7
Selling expenses	1,980.5	8.6	1,748.1	8.1	232.4	13.3
Administrative expenses	1,856.0	8.1	1,716.3	7.9	139.7	8.1
Other expenses	2.0	0.0	8.8	0.0	(6.8)	(77.3)
Total Expenses	22,921.4	100.0	21,701.5	100.0	1,219.9	5.6

Costs of Sales and Services

Costs of sales and services principally consist of fuel costs, cost of passenger services, personnel expenses, aircraft repair and maintenance costs, and aircraft rentals.

Costs of sales and services were accounted for 84.0 percent and 83.3 percent of total operating expenses for year 2015 and year 2016 respectively. The rising cost of sales and services was mainly due to increasing aircraft repair and maintenance costs, personnel expenses, cost of passenger services and depreciation and amortization expenses.

Fuel Costs:

Fuel costs are the largest portion in the Company's costs of sales and services, and are variable based on number of block hours. In year 2016, fuel costs were 4,401.3 million baht and 3,093.9 million baht which were accounted for 24.1 percent and 16.2 percent of total cost of sales and services respectively. The decreasing amount was mostly due to lower average market fuel price. The decreasing amount was mostly due to lower average market fuel price.

As at 31 December 2016, the Company has entered into a forward purchase contract (fuel hedging) at the average of 52.0 percent of fuel consumption.

Cost of Passenger Services:

cost of passenger services reported at the amount of 3,244.6 million baht or rose by 5.6 percent comparing to the previous year. The increasing cost was due to rising number of passengers and number of flights which grew by 9.5 percent and 6.8 percent respectively from year 2015.

Personnel Expenses:

personnel expenses including salary, wages and other benefits were increasing from 2,753.4 million baht to 3,227.2 million baht which was mainly derived from escalating number of flight crews which increased by 15.3 percent when compared to the same period last year, annual salary increase and bonus.

Aircraft Repair and Maintenance Costs:

aircraft repair and maintenance costs were higher from 2,218.7 million baht to 2,977.1 million baht in year 2016 comparing to prior year. The increasing amount was due to some additional costs incurred for repairing and maintaining the aging aircraft. During the year, the Company has leased additional aircrafts, resulting in larger maintenance reserve fund which is attached to the aircraft lease agreement.

Aircraft Rental Costs:

the aircraft rental costs increased from 1,621.7 million baht to 1,772.4 million baht in year 2016 which accounted for 9.3 percent of total cost of sales and services. The rising amount was due to the delivery of two aircrafts under operating lease.

Selling Expenses

For year 2015 and 2016, selling expenses were accounted for 8.1 percent and 8.6 percent of total operating expenses. The increasing amount was mainly due to expenses associated with Global Distribution System (GDS) and other booking systems that incurred higher system usage costs along with rising number of passengers.

Administrative Expenses

The administrative expenses of the Company for year 2015 and 2016 were accounted for 7.9 percent and 8.1 percent of total operating expenses. In general, administrative expenses mainly consist of salary, directors' remuneration, information technology services and depreciation expenses.

Finance Costs

Finance costs consist of lease payments under the sub-lease agreement from the Samui Property Fund (SPF) for Samui Airport which include the rental portion of the sub-lease agreement and the variable portion based on the number of departing/arriving passengers from and to Samui Airport. However, in 2013, the Company had revised its accounting policy regarding the recognition of long term loans from the related parties, in another word, the sub-lease agreement from SPF. The revised policy stipulated that the Company has to provide estimated fixed rental costs and variable service costs that may occur throughout the sub-lease period in order to calculate the effective interest rate. Such calculation resulted in a higher book value of the long term loans.

In addition, finance costs also include interest expenses paid to financial institutions and lessors under finance lease agreement.

Unit: million baht

	January - December			
	2016	2015	Variance	
			Amount	%
Interest expenses paid to the Samui Property Fund	1,457.9	1,351.4	106.5	7.9
Interest and Fee expenses ⁽¹⁾	295.7	255.0	40.7	16.0
Total	1,753.6	1,606.4	147.2	9.2

Remark ⁽¹⁾ Interest costs and fees due to financial institutions and finance lease under conditional sale agreement

Total interest paid to SPF for the year amounted to 1,457.9 million baht, increased by 7.9 percent when compared with the same period last year. This was mainly due to 14.5 percent increase in number of departing passengers from Samui Airport along with 10.3 percent growth in number of flights flown to the Airport. Furthermore, the rate of passenger services fee for international passengers travelling from Samui was higher than the previous year.

The interest paid to financial institutions and lessors under finance lease agreement increased from 255.0 million baht to 295.7 million baht from the delivery of ATR72-600 under finance lease. As of 31 December 2016, the Company has seven aircrafts under finance lease.

Assets

As of 31 December 2016, the Company and its subsidiaries have total assets amounting to 60,288.7 million baht, increasing by 3,276.1 million baht from:

Unit: million baht

	As at December 31, 2016	As at December 31, 2015	Variance
Current assets			
Cash & cash equivalents and current investments	10,669.9	13,243.5	(2,573.6)
Prepaid expenses	338.1	193.1	145.0
Other current assets	850.0	256.3	593.7
Total current assets	14,192.2	15,846.3	(1,654.1)
Non-current assets			
Investments in associates	2,862.1	2,450.3	411.8
Other long-term investments	28,506.3	27,003.2	1,503.1
Property, plant and equipment	12,793.4	9,559.0	3,234.4
Total Non-current assets	46,096.5	41,166.3	4,930.2
Total assets	60,288.7	57,012.6	3,276.1

Current assets

Total current assets of the Company as of 31 December 2016 is 14,192.2 million baht, decreased from 31 December 2015 by 1,654.1 million baht. This was mainly due to:

- Cash & cash equivalents and current investments decreased by 2,573.6 million baht mainly from the usage of IPO proceeds for financing activities on aircraft acquisition
- Prepaid expenses increased by 145.0 million baht largely due to prepaid aircraft rental fee for two new delivery of Airbus A319 and Airbus A320 under operating lease
- Other current assets rose by 593.7 million baht mostly due to outstanding amount to be claimed from overpaid maintenance reserve fund

Non-current assets

Total non-current assets of the Company is 46,096.5 million baht, increased from the end of year 2015 by 4,930.2 million baht.

- Investment in associates increased by 411.8 million baht from additional investment in Samui Airport Property Fund (SPF), resulting in an increase in an ownership from 30.0 percent to 31.6 percent
- Other long-term investments increased by 1,503.1 million baht due to the mark to market of long-term investments in marketable securities
- Property, Plant and Equipment increased by 3,234.4 million baht from a purchase of ATR72-600 under finance lease in January, April and August 2016, ground equipment and aircraft spare parts

Liabilities

As at 31 December 2016, the Company and its subsidiaries have liabilities amounting of 28,300.1 million baht. An increase of 2,383.2 million baht from 31 December 2015 was as follows:

	As at December 31, 2016	As at December 31, 2015	Variance
Unit: million baht			
Current liabilities			
Current portion long-term loans and liabilities arising from financial lease of aircrafts	465.3	500.0	(34.7)
Other current liabilities	1,765.5	1,405.8	359.7
Total current liabilities	7,327.6	6,525.1	802.5
Non-Current liabilities			
Long-term loans, liabilities arising from financial lease of aircrafts and Finance lease liabilities – net of current portion	3,685.3	2,503.8	1,181.5
Long-term lease liabilities from related party – net of current portion	11,374.4	11,354.1	20.3
Deferred tax liabilities	5,295.5	5,040.3	255.2
Total non-current liabilities	20,972.5	19,391.8	1,580.7
Total liabilities	28,300.1	25,916.9	2,383.2

Current liabilities

Total current liabilities amounting to 7,327.6 million baht decreased from 31 December 2015 by 802.5 million baht, mainly due to:

- Repayment of current portion of long-term loans amounting to 82.5 million baht decreased from 31 December 2015 by 159.5 million baht in accordance with the conditions stated in loan agreement. However, current portion of liability arising from finance lease of aircrafts, amounting to 312.5 million baht, decreased by 120.2 million baht derived from the delivery of ATR72-600s under finance lease during the period
- An increase in other current liabilities by 359.7 million baht largely due to rising maintenance reserve fund from the delivery of three ATR72-600s

Non-current liabilities

Total non-current liabilities of the Company is 20,972.5 million baht, increased by 1,580.7 million baht, mainly from:

- Finance lease of three ATR72-600s caused liabilities arising from finance lease of aircrafts to increase by 1,396.0 million baht
- Deferred tax liabilities increased by 255.2 million baht due to mark to market of the available for sale investment in securities

Shareholders' Equity

	As at December 31, 2016	As at December 31, 2015	Variance
Paid up capital	2,100.0	2,100.0	-
Premium on ordinary shares and capital reserve for share-based payment transactions	9,319.5	9,319.5	-
Retained earnings	663.7	430.9	232.8
Total shareholders' equity	31,988.5	31,095.7	892.8

Unit: million baht

As of 31 December 2016, total shareholders' equity of the Company and its subsidiaries is 31,988.5 million baht, an increase of 892.8 million baht. The Company has retained earnings at the amount of 663.7 million baht, increased by 232.8 million baht.

Statement of Cash Flow

Unit: million baht

	January-December	
	2016	2015
Net cash flow from (used in) operating activities	3,494.6	3,900.7
Net cash flow from investing activities	(675.3)	2,225.3
Net cash flow used in financing activities	(4,396.0)	(3,673.1)
Cash and cash equivalents at end of the period	3,051.4	4,628.0

Cash flows from operating activities

As of 31 December 2016, the profit of the Company and its subsidiaries before changes in operating activities is 4,399.8 million baht while the amount of cash inflows from operating activities is 3,494.6 million baht which was mainly due to outstanding amount of prepaid maintenance reserve fund awaiting for a reimbursement

Cash flows from investing activities

As of 31 December 2016, cash outflows used in investing activities of the Company and its subsidiaries was 675.3 million baht from dividend received from Bangkok Dusit Medical Services (BDMS) and SPF amounted to 1,182.5 million baht. In the meantime, the Company acquired the business jet for corporate use as well as to enlarge customer groups. The Company also had additional capital injection in Fuel Pipeline Transportation and SPF during the period.

Cash flows from financing activities


As of 31 December 2016, the Company and its subsidiaries have cash outflows used in financing activities at the amount of 4,396.0 million baht, mostly for leasing payment and interest paid amounting to 2,513.3 million baht. The Company also paid dividend at the amount of 1,470.0 million baht during the year.

Summary Consolidated Financial and Ratio

		January-December	
		2016	2015
Liquidity Ratio	Current Ratio (Time)	1.9	2.4
	Quick Ratio (Time)	4.5	5.1
	Collection Period (Day)	25.4	24.4
	Stock Turnover Period (Day)	6.4	5.7
	Payment Period (Day)	35.2	32.8
Profitability Ratio	Gross Profit Margin (%)	22.7	21.1
	Operating Profit Margin (%)	15.1	12.3
	EBITDAR Margin (%)	25.3	22.0
	Net profit Margin (%)	6.9	7.4
	Return on Equity (%)	5.8	6.5
Efficiency Ratio	Return on Assets (%)	3.1	3.5
	Return on Fixed Assets (%)	26.0	32.3
	Asset Turnover (Time)	0.5	0.5
Leverage Ratio	Debt to Equity (Time)	0.9	0.8
	Interest Coverage Ratio (Time)	2.7	2.3



Glossary

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Passenger or Cabin load factor
Number of passenger carried as a proportion to capacity, which is the number of seats available for passengers
- Available Seat-Kilometer (ASK)**
The number of seats available for passengers multiplied by the number of kilometers that are flown
- Revenue Passenger-Kilometer (RPK)**
The number of revenue passengers multiplied by the number of kilometers that are flown
- Revenue per ASK (RASK)**
Income of sale and services of the Company (meaning total revenues from the standalone financial statements net gain on sales of investment, reversal of allowance for diminution in value of investments in subsidiary, dividend income and the compensation from the cancellation of the agreement) divided by ASK.
- Cost per ASK (CASK)**
The sum of operating cost, sale expenses, service expenses and the remuneration of the executives of the Company (excluding financial cost) (meaning total expenses from the standalone financial statements net loss on sales of investment, and loss on sales of leasehold right) divided by ASK.
- CASK – Fuel**
The sum of operating cost, sale expenses, service expenses and the remuneration of the executives of the Company (excluding financial cost and fuel cost) (meaning total expenses from the standalone financial statements net loss on sales of investment, loss on sales of leasehold right and fuel expense) divided by ASK.

Bangkok Airways Public Company Limited and its subsidiaries

Report and consolidated financial statements

31 December 2016

Independent Auditor's Report

To the Shareholders of Bangkok Airways Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Bangkok Airways Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Bangkok Airways Public Company Limited for the same period.

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 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

The key audit matters and the audit procedures performed in response to each matter are described below.

Revenue recognition of passenger fare

As disclosed in Note 4.1 to the financial statements with respect to revenue recognition, the Company has a significant number of passenger fare transactions. In addition, the Company's revenue has been directly impacted by a highly competitive environment in the airline industry, fuel prices and other external factors. I have therefore considered the revenue recognition of passenger fare as key audit matter and focused on the audit of occurrence and timing of revenue recognition.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company's IT system and its internal controls with respect to the passenger fare revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select passenger fare revenue transactions to assess whether revenue recognition was consistent with the conditions, and in compliance with the Company's policy.
- On a sampling basis, examining supporting documents for actual passenger fare revenue transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Company issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible regularities in sale transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of property, plant and equipment

As disclosed in Note 15 to the financial statements, the Company recorded property, plant and equipment, net of allowance for loss on impairment of assets. In determining the impairment loss, management is required to exercise significant judgment with respect to its projections of future operating performance and assessment of potential losses on assets. There is therefore a risk of recognising insufficient loss on impairment of assets and presenting overstated property, plant and equipment.

I have understood and assessed management's method and assumptions used to determine loss on impairment of assets including

- Examining management's assessment that there were no indications of impairment loss by considering whether management had considered external and internal sources of information, trends in future operating results, and the useful lives of assets.
- Reviewing how management assessed the possibility of a situation that may arise and amount of loss relating to the Company's assets.
- Examining relevant supporting documents, and considering the nature and forms of benefit of the assets, to assess the remaining useful lives and the asset depreciation method prepared by management.

Other Information

Management is responsible for the other information. The other information comprises the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

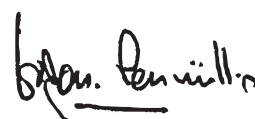
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sophon Permsirivallop.



Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

EY Office Limited

Bangkok: 23 February 2017

Bangkok Airways Public Company Limited and its subsidiaries
Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	3,051,364,289	4,627,981,380	2,657,268,382	4,094,772,694
Current investments	8	7,618,489,033	8,615,491,000	7,600,000,000	8,600,000,000
Trade and other receivables	6, 9	1,965,553,316	1,847,143,846	1,771,254,325	1,819,068,433
Prepaid expenses		338,084,943	193,072,945	253,275,667	178,913,042
Inventories	10	368,691,255	306,327,560	258,528,466	193,669,855
Other current assets		849,972,107	256,272,198	770,871,618	202,963,312
Total current assets		14,192,154,943	15,846,288,929	13,311,198,458	15,089,387,336
Non-current assets					
Restricted bank deposits		4,577,633	26,816,301	2,077,633	2,081,230
Investments in associates	12	2,862,118,780	2,450,269,091	3,650,092,755	3,278,980,520
Investments in subsidiaries	11	-	-	2,320,642,421	2,184,233,179
Other long-term investments	14	28,506,328,135	27,003,240,693	23,791,328,135	22,452,240,693
Long-term loans to and interest receivable					
from related parties	6	-	-	100,715,582	45,000,000
Investment properties	13	319,214,503	253,991,442	518,629,125	253,991,442
Property, plant and equipment	15	12,793,449,257	9,559,003,031	11,690,608,405	8,779,415,541
Intangible assets	16	663,269,382	711,521,944	200,317,105	211,961,612
Leasehold rights		45,080,431	47,110,861	45,080,431	47,110,861
Deferred tax assets	26.1	32,067,723	28,906,083	-	-
Other non-current assets	6, 17	870,416,241	1,085,409,827	857,200,445	1,062,856,525
Total non-current assets		46,096,522,085	41,166,269,273	43,176,692,037	38,317,871,603
Total assets		60,288,677,028	57,012,558,202	56,487,890,495	53,407,258,939

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	6, 18	2,687,290,197	2,260,578,287	2,530,700,263	2,133,680,054
Current portion of long-term loans	19	82,520,000	242,020,000	57,520,000	233,520,000
Income tax payable		40,709,025	30,605,635	-	-
Current portion of liabilities arising from finance lease of aircrafts	20	312,492,883	192,340,194	312,492,883	192,340,194
Current portion of finance lease liabilities	21	70,255,646	65,675,444	43,266,586	44,976,814
Unearned income		2,368,833,591	2,328,068,959	2,360,874,259	2,325,477,705
Other current liabilities	6	1,765,524,407	1,405,771,427	1,354,644,639	1,009,769,372
Total current liabilities		7,327,625,749	6,525,059,946	6,659,498,630	5,939,764,139
Non-current liabilities					
Long-term loans - net of current portion	19	37,640,000	229,160,000	25,140,000	206,660,000
Liabilities arising from finance lease of aircrafts					
- net of current portion	20	3,584,313,633	2,188,318,860	3,584,313,633	2,188,318,860
Finance lease liabilities - net of current portion	21	63,305,394	86,367,821	34,189,854	46,077,411
Long-term lease liabilities from related party					
- net of current portion	22	11,374,384,255	11,354,130,416	11,374,384,255	11,354,130,416
Provision for long-term employee benefits	23	560,379,628	421,346,250	468,321,042	346,412,673
Deferred tax liabilities	26.1	5,295,454,537	5,040,278,491	4,548,604,537	4,326,228,491
Other non-current liabilities		57,024,062	72,233,933	-	-
Total non-current liabilities		20,972,501,509	19,391,835,771	20,034,953,321	18,467,827,851
Total liabilities		28,300,127,258	25,916,895,717	26,694,451,951	24,407,591,990

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Shareholders' equity					
Share capital					
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	24	210,000,000	120,000,000	210,000,000	120,000,000
Unappropriated		453,658,211	310,901,680	1,378,080,323	1,322,799,890
Other components of shareholders' equity		19,829,508,265	19,106,097,950	16,785,876,349	16,137,385,187
Equity attributable to owners of the Company		31,912,648,348	30,956,481,502	29,793,438,544	28,999,666,949
Non-controlling interests of the subsidiaries		75,901,422	139,180,983	-	-
Total shareholders' equity		31,988,549,770	31,095,662,485	29,793,438,544	28,999,666,949
Total liabilities and shareholders' equity		60,288,677,028	57,012,558,202	56,487,890,495	53,407,258,939

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

Bangkok Airways Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Passenger fare	6	20,430,957,393	19,104,043,011	20,431,746,657	19,104,566,841
Sales and service income	6	3,414,883,561	3,148,283,228	-	-
Freight	6	282,043,570	325,584,106	282,043,570	325,584,106
Passenger service charge		564,053,442	535,282,928	564,053,442	535,282,928
Dividend income	6	442,207,036	280,425,674	1,560,593,363	1,266,485,450
Interest income	6	171,075,394	255,792,326	164,129,781	251,521,200
Gain on sales of investments		1,608,500	83,500	-	-
Gain on exchange rate		179,423,986	322,935,508	160,302,135	311,054,266
Other income	6	1,279,596,782	930,474,036	1,480,459,466	1,096,506,728
Total revenues		26,765,849,664	24,902,904,317	24,643,328,414	22,891,001,519
Expenses					
Cost of sales and services	6	19,082,943,344	18,228,330,068	17,153,193,111	16,337,742,010
Selling expenses	6	1,980,452,837	1,748,057,987	1,960,255,824	1,730,971,699
Administrative expenses	6	1,855,973,056	1,716,347,041	1,331,469,527	1,251,627,426
Other expenses		2,016,785	8,813,243	-	658,000
Total expenses		22,921,386,022	21,701,548,339	20,444,918,462	19,320,999,135
Profit before share of income from investments in associates,					
finance cost and income tax expenses		3,844,463,642	3,201,355,978	4,198,409,952	3,570,002,384
Share of income from investments in associates	12.2	685,475,442	504,159,540	-	-
Profit before finance cost and income tax expenses		4,529,939,084	3,705,515,518	4,198,409,952	3,570,002,384
Finance cost		(1,753,576,478)	(1,606,448,252)	(1,737,016,128)	(1,589,427,715)
Profit before income tax expenses		2,776,362,606	2,099,067,266	2,461,393,824	1,980,574,669
Income tax expenses	26.2	(939,353,665)	(250,000,195)	(780,462,209)	(120,269,191)
Profit for the year		1,837,008,941	1,849,067,071	1,680,931,615	1,860,305,478

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Gain on changes in value of available-for-sale investments		974,613,951	6,067,486,825	810,613,952	5,042,486,824
Less: Income tax effect	26.3	(194,922,790)	(1,213,497,365)	(162,122,790)	(1,008,497,365)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		779,691,161	4,853,989,460	648,491,162	4,033,989,459
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial loss on defined benefits plan	23	(72,140,985)	(63,380,335)	(72,140,985)	(63,380,335)
Less: Income tax effect	26.3	6,489,803	5,091,976	6,489,803	5,091,976
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(65,651,182)	(58,288,359)	(65,651,182)	(58,288,359)
Other comprehensive income for the year		714,039,979	4,795,701,101	582,839,980	3,975,701,100
Total comprehensive income for the year		2,551,048,920	6,644,768,172	2,263,771,595	5,836,006,578
Profit attributable to:					
Equity holders of the Company		1,768,407,713	1,796,862,996	1,680,931,615	1,860,305,478
Non-controlling interests of the subsidiaries		68,601,228	52,204,075		
		1,837,008,941	1,849,067,071		
Total comprehensive income attributable to:					
Equity holders of the Company		2,482,447,614	6,592,563,606	2,263,771,595	5,836,006,578
Non-controlling interests of the subsidiaries		68,601,306	52,204,566		
		2,551,048,920	6,644,768,172		
Earnings per share					
	28				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.84	0.86	0.80	0.89
Weighted average number of ordinary shares of Baht 1 each		2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000

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 2016

(Unit: Baht)

Consolidated financial statements

Equity attributable to owners of the Company

Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Surplus on changes in value of available-for-sale investments	Deficit from changes in 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						
			Other comprehensive income							
Balance as at 31 December 2014	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 changes 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
Transfer to statutory reserve	-	-	95,000,000	(95,000,000)	-	-	-	-	-	-
Dividend paid	-	-	-	(945,000,000)	-	-	-	(945,000,000)	-	(945,000,000)
Dividend paid to non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	(36,047,911)	(36,047,911)
Balance as at 31 December 2015	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
Balance as at 31 December 2015	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
Profit for the year	-	-	-	1,768,407,713	-	-	-	1,768,407,713	68,601,228	1,837,008,941
Other comprehensive income for the year	-	-	-	(65,651,182)	779,691,083	-	779,691,083	714,039,901	78	714,039,979
Total comprehensive income for the year	-	-	-	1,702,756,531	779,691,083	-	779,691,083	2,482,447,614	68,601,306	2,551,048,920
Deficit from changes in shareholding in subsidiaries	-	-	-	-	-	(56,280,768)	(56,280,768)	(56,280,768)	-	(56,280,768)
Decrease in non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(80,128,474)	(80,128,474)
Share capital - non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	62	62
Transfer to statutory reserve	-	-	90,000,000	(90,000,000)	-	-	-	-	-	-
Dividend paid	-	-	-	(1,470,000,000)	-	-	-	(1,470,000,000)	-	(1,470,000,000)
Dividend paid to non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	(51,752,455)	(51,752,455)
Balance as at 31 December 2016	2,100,000,000	9,319,481,872	210,000,000	453,658,211	20,040,674,046	(211,165,781)	19,829,508,265	31,912,648,348	75,901,422	31,988,549,770

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

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Ba. 1,000)

Separate financial statements

Other components of equity

	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Surplus on changes in value of available-for-sale investments	Other comprehensive income	Total other components of shareholders' equity	Total shareholders' equity
				Appropriated	Unappropriated				
Balance as at 31 December 2014		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	-	3,975,701,100	
Total comprehensive income for the year		-	-	-	1,802,017,119	4,033,989,459	-	5,836,006,578	
Transfer to statutory reserve	24	-	-	95,000,000	(95,000,000)	-	-	-	
Dividend paid	31	-	-	-	(945,000,000)	-	-	(945,000,000)	
Balance as at 31 December 2015		2,100,000,000	9,319,481,872	120,000,000	1,322,799,890	16,137,385,187	16,137,385,187	28,999,666,949	
Balance as at 31 December 2015		2,100,000,000	9,319,481,872	120,000,000	1,322,799,890	16,137,385,187	16,137,385,187	28,999,666,949	
Profit for the year		-	-	-	1,680,931,615	-	-	1,680,931,615	
Other comprehensive income for the year		-	-	-	(65,651,182)	648,491,162	-	582,839,980	
Total comprehensive income for the year		-	-	-	1,615,280,433	648,491,162	-	2,263,771,595	
Transfer to statutory reserve	24	-	-	90,000,000	(90,000,000)	-	-	-	
Dividend paid	31	-	-	-	(1,470,000,000)	-	-	(1,470,000,000)	
Balance as at 31 December 2016		2,100,000,000	9,319,481,872	210,000,000	1,378,080,323	16,785,876,349	16,785,876,349	29,793,438,544	

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	2,776,362,606	2,099,067,266	2,461,393,824	1,980,574,669
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,068,261,448	834,030,351	833,432,956	606,462,079
Allowance for doubtful accounts	4,083,541	7,540,733	5,257,792	6,623,304
Reduction of inventory to net realisable value (reversal)	1,196,306	(1,945,517)	(103,694)	(2,215,517)
Gain on sales of property, plant and equipment	(5,864,561)	(9,089,082)	(5,965,136)	(9,015,235)
Gain on sales of short-term investments	(1,608,500)	(83,500)	-	-
Loss from revaluation of short-term investments	-	5,412,200	-	-
Written-off fixed assets	-	960,303	-	960,303
Share of profit from investments in associates	(685,475,442)	(504,159,540)	-	-
Provision for long-term employee benefits	84,872,651	70,583,157	63,372,612	52,600,197
Loss from dissolution of associate	-	482,725	-	658,000
Unrealised loss on exchange	17,664,855	94,412,177	17,785,903	93,642,172
Dividend income	(442,207,036)	(280,425,674)	(1,560,593,363)	(1,266,485,450)
Interest income	(171,075,394)	(255,792,326)	(164,129,781)	(251,521,200)
Finance cost	1,753,576,478	1,606,448,252	1,737,016,128	1,589,427,715
Profit from operating activities before changes in operating assets and liabilities	4,399,786,952	3,667,441,525	3,387,467,241	2,801,711,037
Operating assets (increase) decrease				
Trade and other receivables	(221,835,468)	(150,523,529)	(129,860,913)	(125,268,572)
Inventories	(63,560,001)	(32,496,370)	(64,754,917)	(13,774,150)
Other current assets	(744,570,889)	399,716,754	(653,466,384)	372,727,245
Other assets	123,468,889	(225,838,976)	128,262,820	(226,238,820)
Operating liabilities increase (decrease)				
Trade and other payables	402,050,868	(184,538,730)	397,734,054	(182,116,514)
Other current liabilities	414,095,128	594,850,207	374,686,293	540,045,279
Long-term employee benefits paid	(17,980,258)	(41,170,115)	(13,605,228)	(39,960,987)
Other non-current liabilities	(15,209,870)	(1,237,139)	-	-
Cash flows from operating activities	4,276,245,351	4,026,203,627	3,426,462,966	3,127,124,518
Cash paid for income tax expenses	(781,628,722)	(125,470,295)	(637,972,065)	(12,726,025)
Net cash flows from operating activities	3,494,616,629	3,900,733,332	2,788,490,901	3,114,398,493

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Decrease in restricted bank deposits	22,238,668	164,962,841	3,597	165,593,790
Decrease in current investments	981,510,967	2,900,000,000	1,000,000,000	2,900,000,000
Acquisition of other long-term investments	(529,947,690)	-	(529,947,690)	-
Acquisition of property, plant and equipment	(1,912,369,725)	(1,104,809,454)	(1,434,930,878)	(976,623,850)
Acquisition of investment properties	(83,381,158)	-	(282,795,780)	-
Acquisition of intangible assets	(23,855,139)	(62,418,189)	(22,490,567)	(60,762,665)
Interest income	169,632,683	291,949,364	161,465,500	287,676,928
Increase (decrease) in loans to related parties	-	-	(55,000,000)	18,283,576
Dividend income from investment in subsidiaries	-	-	621,072,994	266,839,144
Dividend income from investment in associates	740,287,947	597,112,888	740,287,947	597,112,888
Dividend income from long-term investments	442,207,036	280,425,674	367,859,536	232,080,674
Proceeds from sales of property, plant and equipment	16,214,229	11,000,000	12,296,968	9,125,622
Cash received from sales of short-term investments	17,099,500	4,321,800	-	-
Cash received from dissolution of associate	-	2,342,000	-	2,342,000
Cash received from sales of long-term investments	1,474,200	441,900	1,474,200	441,900
Cash paid for change in the proportion of investments in subsidiary	(136,409,242)	(35,720)	(136,409,242)	-
Cash paid for investments in associate	(379,954,787)	(860,027,342)	(379,954,787)	(860,027,342)
Net cash flows from (used in) investing activities	(675,252,511)	2,225,265,762	62,931,798	2,582,082,665
Cash flows from financing activities				
Cash received from short-term loans	-	3,540,476	-	-
Repayment of short-term loans	-	(3,540,476)	-	-
Cash paid for liabilities under finance lease payable	(775,077,565)	(584,576,066)	(748,999,035)	(567,947,939)
Cash received from long-term loans	80,000,000	35,000,000	-	-
Repayment of long-term loans	(431,020,000)	(631,073,148)	(357,520,000)	(457,473,148)
Cash paid for interest expenses	(1,738,208,409)	(1,524,493,227)	(1,712,407,976)	(1,508,546,074)
Dividend paid	(1,470,000,000)	(945,000,000)	(1,470,000,000)	(945,000,000)
Dividend paid to non-controlling interest of the subsidiaries	(61,675,297)	(23,000,656)	-	-
Cash received from non-controlling interest of the subsidiaries	62	15	-	-
Net cash flows used in financing activities	(4,395,981,209)	(3,673,143,082)	(4,288,927,011)	(3,478,967,161)
Net increase (decrease) in cash and cash equivalents	(1,576,617,091)	2,452,856,012	(1,437,504,312)	2,217,513,997
Cash and cash equivalents at beginning of the year	4,627,981,380	2,175,125,368	4,094,772,694	1,877,258,697
Cash and cash equivalents at end of the year (Note 7)	3,051,364,289	4,627,981,380	2,657,268,382	4,094,772,694

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Supplemental cash flow information:				
Non-cash items				
Increase (decrease) in accrued dividend income	(95,549,955)	-	(168,627,114)	170,452,745
Increase (decrease) in dividend payables	(9,922,842)	13,047,255	-	-
Increase (decrease) in payable from acquisition of investments in associate	(8,842,552)	16,382,271	(8,842,552)	16,382,271
Increase (decrease) in payable from acquisition of assets	35,265,265	(19,073,934)	9,771,139	(5,735,695)
Purchase of assets under finance lease	3,252,113,528	1,903,029,423	3,230,919,438	1,855,451,078
Gain on changes in value of available-for-sale investments				
- net of income taxes	779,691,161	4,853,089,460	648,491,162	4,033,989,459
Actuarial loss on defined benefits plan				
- net of income taxes	(65,651,182)	(58,288,359)	(65,651,182)	(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 2016

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 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	
			2016 Percent	2015 Percent
Held by the Company				
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	98.88	90.00
Bangkok Air Catering Co., Ltd.	Catering	Thailand	90.00	90.00
Held by subsidiary companies				
Gourmet Primo Co., Ltd. (99.99 percent held by Bangkok Airways Holding co., Ltd)	Produce and process food for distribution	Thailand	99.98	99.98
SA Services Co., Ltd. (99.99 percent held by Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.)	Ground Services	Thailand	98.87	89.99
BFS Cargo DMK Co., Ltd. (51.00 percent held by Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.)	Cargo	Thailand	50.43	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.)	Catering	Thailand	89.99	89.99
Bangkok Air Catering Samui Co., Ltd. (99.99 percent held by Bangkok Air Catering Co., Ltd.)	Catering	Thailand	89.99	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 and associates under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised (revised 2015) 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

(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 and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If the entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

4. Significant accounting policies

4.1 Revenues recognition and expenses

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 is 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 and other accounts receivables

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) or net realisable value.

Spare parts, supplies and air-tickets are valued at cost (under the moving average method) and constituted 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
Aircraft 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 the 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 useful lives are amortised on a systematic basis over the economic useful lives 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:

	Useful lives
Concessions	20 years
Computer software	5 - 10 years

4.9 Related party transactions

Related parties comprise individuals or enterprises 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 or enterprises 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 or 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 lives of the assets.

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 expenses 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 perform 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 they 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 recognise 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 is 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 categories 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 have 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 disclosed in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises 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 disclosed in the notes to financial statements and disclosures of fair value hierarchy.

Impairment of investments in securities

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there have 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 and investment properties/Depreciation

In determining depreciation of plant and equipment and investment properties, the management is required to make estimations of the useful lives and residual values of the plant and equipment and investment properties 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 and investment properties 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
	2016	2015	2016	2015	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Passenger income	-	-	1	1	Authorised price
Permission fee income	-	-	219	176	Contract price
Concession lounge service income	-	-	14	18	Contract price
Rental income	-	-	10	3	Contract price
Dividend income	-	-	548	437	As declared
Utilities income	-	-	1	-	Actual charge
Interest income	-	-	1	-	MLR-1
Catering service expenses	-	-	601	424	Contract price
Ground service expenses	-	-	484	460	Contract price
Shipping service expenses	-	-	2	1	Contract price
Food and beverage expense	-	-	1	2	Agreed upon
Transactions with associated companies					
Ground service income	3	3	-	-	Agreed upon
Collection fee income	1	1	-	-	Contract price
Catering service income	-	1	-	-	Contract price
Dividend income	-	-	645	597	As declared
Interest expenses	1,458	1,351	1,458	1,351	Contract price
Shipping service expenses	18	21	18	21	Actual charge
Rental fee	1	1	-	-	Contract price
Transactions with related companies					
Passenger income	39	46	39	46	Authorised price
Permission fee income	5	2	5	2	Contract price
Catering service income	23	24	-	-	Contract price

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	2016	2015	2016	2015	
Ground service income	3	3	-	-	Agreed upon
Rental income	13	12	13	12	Contract price
Charter flight income	78	31	78	31	Contract price
Freight income	1	1	1	1	Contract price
Consulting income	3	3	3	3	Contract price
Advertising income	2	1	2	1	Contract price
Sponsor income	1	1	1	1	Contract price
Utilities income	3	2	3	2	Actual charge
Compensation income	-	3	-	3	Agreed upon
Revenue from sale of fixed assets	1	7	1	7	Contract price
Dividend income	441	279	368	232	As declared
Catering service expenses	2	4	2	4	Contract price
Ground service expenses	617	573	564	532	Contract price
Management expenses	143	171	143	171	Contract price
Security expenses	66	73	65	72	Contract price
Rental expenses	16	3	12	-	Contract price
Employee expenses	11	4	9	4	Actual charge
Medical expenses	4	5	2	3	Market price
Advertising expenses	9	1	9	1	Contract price
Utilities expenses	1	1	-	-	Actual charge
Aeronautical radio expenses	522	503	500	484	Market price
Fight cancelled and delayed compensation	2	2	2	2	Actual charge
Charter flight expenses	91	-	91	-	Contract price
Additional acquisition of investment in subsidiary	136	-	136	-	Contract price

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
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

List of related companies	Relationship
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
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

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
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
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

List of related companies	Relationship
Pa Sanook Co., Ltd.	Common shareholders and/or directors
Loxley Plc.	Common shareholders and/or directors
Hansaphasanuk Limited Partnership	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
Sabai Sabai Sukhothai Co., Ltd.	Common shareholders and/or directors
BDMS Wellness Clinic Co., Ltd.	Common shareholders and/or directors
Sky Resorts Co., Ltd.	Common shareholders and/or directors
Adler Realty 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
Pranaporn 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

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade and other receivables - related parties (Note 9)				
Subsidiaries	-	-	390,439	415,711
Associates	104,337	199,312	102,900	198,450
Related companies (common shareholders and/or directors)	37,247	14,314	34,141	10,095
Total trade and other receivables - related parties	141,584	213,626	527,480	624,256
Deposits - related parties (presented as other non-current assets)				
Associates	47,500	47,500	47,500	47,500
Related companies (common shareholders and/or directors)	3,106	3,200	962	962
Total deposits - related parties	50,606	50,700	48,462	48,462
Trade and other payables - related parties (Note 18)				
Subsidiaries	-	-	208,997	178,932
Associates	133,700	124,496	117,353	115,653
Related companies (common shareholders and/or directors)	210,160	184,400	204,520	179,761
Total and other payables - related parties	343,860	308,896	530,870	474,346
Other current liabilities - related parties (presented as other non-current liabilities)				
Related companies (related by shareholders and/or directors)	25,000	26,000	-	-
Total other current liabilities - related parties	25,000	26,000	-	-

Loans to related parties

As at 31 December 2016 and 2015, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

Loans to and accrued interest receivables	Separate financial statements			
	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Subsidiaries	45,000	100,716	(45,000)	100,716
Total	45,000	100,716	(45,000)	100,716

Directors and management's benefits

During the years ended 31 December 2016 and 2015 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	
	2016	2015	2016	2015
Short-term employee benefits	271	248	215	196
Post-employment benefits	8	11	6	10
Total	279	259	221	206

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 32.3 and 32.4 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	67,935	125,052	65,321	122,387
Bank deposits	2,983,429	4,447,890	2,591,947	3,972,386
Bills of exchange	-	55,039	-	-
Total	3,051,364	4,627,981	2,657,268	4,094,773

As at 31 December 2016, bank deposits in savings accounts, fixed deposits and bills of exchange carried interests between 0.1 and 1.4 percent per annum (2015: between 0.05 and 2.75 percent per annum) (Separate financial statements: between 0.1 and 1.1 percent per annum) (2015: between 0.05 and 2.75 percent per annum)) and Baht 15 million of cash is cash on hand of stations located abroad (2015: Baht 55 million).

8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Fixed deposits over three months but not over one year	7,618,489	8,600,000	7,600,000	8,600,000
Trading securities	-	15,491	-	-
Total	7,618,489	8,615,491	7,600,000	8,600,000

As at 31 December 2016, fixed deposits carried interests between 1.475 and 1.7 percent per annum (2015: between 0.9 and 1.9 percent per annum).

During the current year, the subsidiary sold trading securities with book value totaling Baht 15 million (2015: Baht 4 million) and recognised gains on sale amounting to Baht 1.6 million in profit or loss (2015: Baht 0.1 million).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due	29,702	9,848	69,896	23,834
Past due				
Up to 3 months	7,164	2,552	29,208	1,871
3 - 6 months	1,591	1,027	874	921
6 - 12 months	453	1,219	453	1,198
Over 12 months	927	530	927	530
Total	39,837	15,176	101,358	28,354
Less: Allowance for doubtful debts	(1,153)	-	(1,153)	-
Total trade receivables - related parties, net	38,684	15,176	100,205	28,354
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	1,358,194	1,349,302	943,004	982,772
Past due				
Up to 3 months	262,197	259,646	135,764	189,363
3 - 6 months	150,407	7,219	125,959	6,736
6 - 12 months	59,065	14,526	44,965	13,318
Over 12 months	27,538	80,856	27,328	79,453
Total	1,857,401	1,711,549	1,277,020	1,271,642
Less: Allowance for doubtful debts	(49,632)	(92,377)	(49,444)	(91,003)
Total trade receivables - unrelated parties, net	1,807,769	1,619,172	1,227,576	1,180,639
Total trade receivable - net	1,846,453	1,634,348	1,327,781	1,208,993
Other receivables				
Other receivables - related parties	102,900	198,450	427,275	595,902
Total other receivables - related parties - net	102,900	198,450	427,275	595,902
Other receivables - unrelated parties	25,270	23,416	25,268	23,243
Less: Allowance for doubtful debts	(9,070)	(9,070)	(9,070)	(9,070)
Total other receivables - unrelated parties - net	16,200	14,346	16,198	14,173
Total other receivables	119,100	212,796	443,473	610,075
Total trade and other receivables - net	1,965,553	1,847,144	1,771,254	1,819,068

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Spare parts	269,815	200,388	(39,301)	(39,405)	230,514	160,983
Foods and kitchen utensils	54,519	52,822	-	-	54,519	52,822
Air Tickets	468	523	(409)	(409)	59	114
Others	85,299	92,809	(1,700)	(400)	83,599	92,409
Total	410,101	346,542	(41,410)	(40,214)	368,691	306,328

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Spare parts	269,815	200,388	(39,301)	(39,405)	230,514	160,983
Foods and kitchen utensils	15,463	18,949	-	-	15,463	18,949
Air Tickets	468	523	(409)	(409)	59	114
Others	12,492	13,624	-	-	12,492	13,624
Total	298,238	233,484	(39,710)	(39,814)	258,528	193,670

11. Investments in subsidiaries

11.1 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		Dividend received during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)				
Bangkok Airways Holding Co., Ltd.	1,001,000	1,001,000	99.99	99.99	1,000,999	1,000,999	48,248	39,840
Bangkok Airways Ground Services Co., Ltd.	250	250	99.99	99.99	250	250	75,998	72,998
Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.	670,000	670,000	98.88	90.00	739,924	603,515	198,750	90,454
Bangkok Air Catering Co., Ltd.	500,000	500,000	90.00	90.00	579,469	579,469	225,000	234,000
Investment in subsidiary companies					2,320,642	2,184,233	547,996	437,292

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

11.2 Significant changes in investments in subsidiaries

Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.

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.

Bangkok Airways Holding Co., Ltd.

In October 2016, Gourmet Primo Co., Ltd., a subsidiary of Bangkok Airways Holding Co., Ltd., called for the remaining portion of ordinary shares of Baht 25 million and issued new 2,500,000 ordinary shares offering to the existing shareholders at Baht 10 per share, which were called up in full totaling Baht 25 million. Bangkok Airways Holding Co., Ltd. paid for such shares totaling Baht 50 million.

Bangkok Air Catering Co., Ltd.

In August 2016, Bangkok Air Catering Phuket Co., Ltd., a subsidiary of Bangkok Air Catering Co., Ltd., called for the remaining portion of ordinary shares of Baht 75 million or Baht 7.50 per share. Bangkok Air Catering Co., Ltd., has paid for the shares on 31 August 2016 in order to maintain 99.96% interest in share capital of that company.

12. Investments in associates

12.1 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	
			2016 (%)	2015 (%)	2016	2015	2016	2015
WFS - PG Cargo Co., Ltd.	Cargo	Thailand	49.00	49.00	147,000	147,000	197,721	164,855
Samui Airport Property Fund (Leasehold)	Property Fund	Thailand	31.62	29.99	3,503,093	3,131,981	2,664,398	2,285,414
Total					3,650,093	3,278,981	2,862,119	2,450,269

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2016 (%)	2015 (%)	2016	2015
WFS - PG Cargo Company Limited	Cargo	Thailand	49.00	49.00	147,000	147,000
Samui Airport Property Fund (Leasehold)	Property Fund	Thailand	31.62	29.99	3,503,093	3,131,981
Total					3,650,093	3,278,981

12.2 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:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investments in associates during the year		Dividend received during the year	
	2016	2015	2016	2015
WFS - PG Cargo Co., Ltd.	260,715	217,382	227,850	271,950
Samui Airport Property Fund (Leasehold)	424,760	286,763	416,888	325,163
S.E.A. Aviation Co., Ltd.	-	15	-	-
Total	685,475	504,160	644,738	597,113

12.3 Fair value of 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:

(Unit: Million Baht)

Company's name	Fair value as at 31 December	
	2016	2015
Samui Airport Property Fund (Leasehold)	7,509	5,670
Total	7,509	5,670

12.4 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	WFS - PG Cargo Co., Ltd.		Samui Airport Property Fund (Leasehold)	
	2016	2015	2016	2015
Current assets	223	184	128	115
Non-current assets	758	858	10,496	10,318
Current liabilities	(540)	(639)	(15)	(14)
Non-current liabilities	(30)	(27)	(48)	(48)
Net assets	411	376	10,561	10,371
Shareholding percentage (%)	49.00	49.00	31.62	29.99
Share of net assets	201	184	3,339	3,110
Elimination entries and other adjustments	(3)	(19)	(675)	(825)
Carrying amounts of associates based on equity method	198	165	2,664	2,285

Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

	WFS - PG Cargo Co., Ltd.		Samui Airport Property Fund (Leasehold)	
	2016	2015	2016	2015
Revenue	1,678	1,569	1,443	1,288
Profit	532	444	1,402	1,248
Total comprehensive income	532	444	1,402	1,248

13. Investment properties

The net book value of investment properties is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Land awaiting sale	Office and shops for rent	Total	Land awaiting sale	Office and shops for rent	Total
31 December 2016						
Cost	10,526	404,397	414,923	209,940	404,397	614,337
Less: Accumulated depreciation	-	(95,708)	(95,708)	-	(95,708)	(95,708)
Net book value	10,526	308,689	319,215	209,940	308,689	518,629
31 December 2015						
Cost	235,226	321,016	556,242	235,226	321,016	556,242
Reclassified assets	(224,700)	-	(224,700)	(224,700)	-	(224,700)
Less: Accumulated depreciation	-	(77,551)	(77,551)	-	(77,551)	(77,551)
Net book value	10,526	243,465	253,991	10,526	243,465	253,991

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	253,991	494,742	253,991	494,742
Increase during the year	83,381	-	282,795	-
Reclassified assets - net	-	(224,700)	-	(224,700)
Depreciation charged	(18,157)	(16,051)	(18,157)	(16,051)
Net book value at end of year	319,215	253,991	518,629	253,991

The fair value of the investment properties as at 31 December 2016 and 2015 is stated below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Land awaiting sale	139,351	84,955	343,651	84,955
Office and shops for rent	318,724	150,494	318,724	150,494

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

The Company has pledged investment properties amounting to approximately Baht 11 million (2015: Baht 11 million) as collateral against credit facilities received from financial institutions.

14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Available-for-sales securities				
Marketable securities	2,869,965	2,869,965	2,223,465	2,223,465
Add: Unrealised gain from revaluation	25,050,846	24,076,232	20,982,346	20,171,732
Available-for-sales securities - net	27,920,811	26,946,197	23,205,811	22,395,197
Debt securities held to maturity	50,000	50,000	50,000	50,000
Other investments	535,517	7,044	535,517	7,044
Total	28,506,328	27,003,241	23,791,328	22,452,241

Certain available-for-sales securities with market value as at 31 December 2016 amounting to Baht 6,279 million (2015: Baht 14,173 million) have been used as collateral for short-term and long-term loans from financial institutions and long-term lease liabilities from related party.

The Group's investment policies focus on investments in attractive companies, most of which are listed on the Stock Exchange of Thailand, that management has already determined will generate appropriate returns, the fair value of investments may be negatively affected by the local and global economic slowdown and financial recession. This downside may have a significant impact on the stock prices of the companies in which the Group has invested.

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements									
	Land	Building and improvements	Airport and improvements	Aircrafts	Aircraft parts and ground equipment	Furniture, fixture and equipment	Vehicles	Construction in progress	Total	
Cost										
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	
Purchase	310,137	11,517	-	3,216,344	278,968	67,823	46,554	289,419	4,220,762	
Disposal	-	(111)	-	-	(14,891)	(71,906)	(75,270)	-	(162,178)	
Reclassified assets	-	-	-	-	-	-	-	(10,023)	(10,023)	
Transfer in (out)	-	46,912	55,016	-	-	56,647	43,810	(202,385)	-	
31 December 2016	2,338,970	1,678,313	978,396	10,476,445	2,729,783	1,117,138	603,778	244,386	20,167,209	
Accumulated depreciation										
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)	
Transfer in (out)	-	-	-	-	-	4,276	-	-	4,276	
31 December 2015	-	801,777	597,677	2,673,342	1,287,121	722,714	477,014	-	6,559,645	
Depreciation for the year	-	99,494	35,893	401,278	255,048	127,300	46,930	-	965,943	
Depreciation - disposal	-	(100)	-	-	(11,285)	(69,491)	(70,952)	-	(151,828)	
31 December 2016	-	901,171	633,570	3,074,620	1,530,884	780,523	452,992	-	7,373,760	
Net book value										
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	
31 December 2016	2,338,970	777,142	344,826	7,401,825	1,198,899	336,615	150,786	244,386	12,793,449	
Depreciation for the years ended 31 December										
2015 (Baht 646 million included in cost at sales and services, and the balance in selling and administrative expenses)										
2016 (Baht 867 million included in cost at sales and services, and the balance in selling and administrative expenses)										

15. Property, plant and equipment (continued)

(Unit: Thousand Baht)

	Separate financial statements										Total	
	Land	Building and improvements	Airport and improvements	Aircrafts	Aircraft parts and ground equipment	Furniture, fixture and equipment	Vehicles	Construction in progress				
Cost												
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	
Purchase	110,722	117	-	3,216,344	184,233	51,666	7,376	126,176			3,696,634	
Disposal	-	-	-	-	-	(51,078)	(15,663)	-			(66,741)	
Transfer in (out)	-	45,308	55,015	-	-	53,778	4,861	(158,962)			-	
31 December 2016	2,139,555	1,506,986	978,395	10,476,445	1,532,089	735,901	319,326	130,886			17,819,583	
Accumulated depreciation												
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)	
Transfer in (out)	-	-	-	-	-	4,276	-	-			4,276	
31 December 2015	-	720,575	597,677	2,673,342	725,319	440,100	253,261	-			5,410,274	
Depreciation for the year	-	80,116	35,893	401,277	146,187	90,129	25,508	-			779,110	
Depreciation - disposal	-	-	-	-	-	(49,065)	(11,344)	-			(60,409)	
31 December 2016	-	800,691	633,570	3,074,619	871,506	481,164	267,425	-			6,128,975	
Net book value												
31 December 2015	2,028,833	740,986	325,703	4,586,759	622,537	241,435	69,491	163,672			8,779,416	
31 December 2016	2,139,555	706,295	344,825	7,401,826	660,583	254,737	51,901	130,886			11,690,608	
Depreciation for the years ended 31 December												
2015 (Baht 485 million included in cost at sales and services, and the balance in selling and administrative expenses)											560,179	
2016 (Baht 702 million included in cost at sales and services, and the balance in selling and administrative expenses)											779,110	

As at 31 December 2016, the Company and its subsidiaries have aircrafts, vehicles and equipment under finance lease which net book value amounting to approximately Baht 6,557 million (2015 : Baht 4,696 million)

As at 31 December 2016, 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 2,046 million (2015: Baht 1,492 million (separate financial statements: Baht 1,422 million (2015: Baht 1,228 million))).

Samui airport including its facilities is used as collateral for compliance with the terms and conditions in the lease and services from facilities agreements with a Property Fund as discussed in Note 22 to the financial statements.

Major portion of the Company's land together with the construction thereon is used as collateral of long-term lease liabilities as discussed in Note 22 to the financial statements.

As at 31 December 2016, seven aircrafts (2015: four aircrafts) of the Company 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 pays the final installment to the lessor and the owner of the aircraft transfers ownership to the lessor.

16. 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.

Company	Project	Period
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 the Ministry of Finance.

The net book values of intangible assets as at 31 December 2016 and 2015 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Concessions	Computer software	Total	Concessions	Computer software	Total
As at 31 December 2016:						
Cost	930,755	399,041	1,329,796	-	374,807	374,807
Less: Accumulated amortisation	(473,204)	(193,323)	(666,527)	-	(174,490)	(174,490)
Net book value	457,551	205,718	663,269	-	200,317	200,317
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)	(140,354)
Net book value	494,433	217,089	711,522	-	211,962	211,962

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	
	2016	2015	2016	2015
Net book value at beginning of year	711,522	779,828	211,962	234,794
Acquisition of computer software	23,855	61,021	22,490	59,366
Disposal of computer software	-	(40)	-	-
Amortisation	(82,131)	(75,239)	(34,135)	(28,110)
Amortisation - disposal	-	40	-	-
Reclassified assets - net book value	10,023	(54,088)	-	(54,088)
Net book value at end of year	663,269	711,522	200,317	211,962

17. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deposits	803,050	941,008	791,649	934,281
Withholding tax	64,959	142,114	63,264	126,288
Others	2,407	2,288	2,287	2,288
Total	870,416	1,085,410	857,200	1,062,857

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables - related parties	320,459	301,573	506,856	466,790
Trade payables - unrelated parties	1,773,045	1,335,355	1,578,809	1,149,935
Other payables - related parties	23,401	7,323	24,014	7,556
Other payables - unrelated parties	528,930	610,137	408,583	506,733
Other payables for purchase of software and equipment	41,455	6,190	12,438	2,666
Total trade and other payables	2,687,290	2,260,578	2,530,700	2,133,680

19. Long-term loans

Company

(Unit: Thousand Baht)

Loan	Credit Facility	Interest rate (percent per annum)	Period (year)	Agreement Date	Repayment	Separate financial statements	
						2016	2015
1	1,100	Year 1 : MLR - 1.00 Year 2 : MLR - 0.50 Year 3 onward : MLR	7	20 August 2010	Monthly	6,400	312,800
2	300	5.50	7	24 June 2011	Monthly	62,400	105,600
3	53	6.00	7	24 January 2012	Monthly	13,860	21,780
Total						82,660	440,180
Less: Current portion						(57,520)	(233,520)
Long-term loans, net of current portion						25,140	206,660

Subsidiaries

(Unit: Thousand Baht)

Company	Credit Facilities	Interest rate (percent per annum)	Period (year)	Agreement Date	Repayment	2016	2015
Bangkok Air Catering Co., Ltd.	260	MLR - 1.5	1 year 9 months	7 September 2016	Every 6 months	15,000	-
BAC Gourmets House Co., Ltd.	50	MLR	5 years 9 months	6 May 2015	Quarterly	22,500	30,000
BAC Gourmets House Co., Ltd.	40	MLR	4	24 April 2012	Quarterly	-	1,000
Total						37,500	31,000
Less: Current portion						(25,000)	(8,500)
Long term loan, net of current portion						12,500	22,500

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Total	120,160	471,180	82,660	440,180
Less: Current portion	(82,520)	(242,020)	(57,520)	(233,520)
Long-term loans, net of current portion	37,640	229,160	25,140	206,660

Long-term loans are secured by certain long-term investments of the Company as described in Note 14 to the financial statements.

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 2016 and 2015, the long-term credit facilities of the Company and its subsidiaries have been fully drawn down.

20. 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 1.46% to 2.90% (2015: 1.00% to 2.90%)) and are due as follow:

(Unit: Thousand Baht)

Consolidated and separate financial statements			
2016			
	Liabilities arising from finance lease	Deferred interest expenses	Total
Within one year	383,195	(70,702)	312,493
After one year but within five years	1,573,710	(208,319)	1,365,391
Over five years	2,342,348	(123,425)	2,218,923
Total	4,299,253	(402,446)	3,896,807

(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
Total	2,585,467	(204,808)	2,380,659

21. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Liabilities under finance lease agreements	140,283	162,095	80,931	95,925
Less: Deferred interest expenses	(6,722)	(10,052)	(3,474)	(4,871)
Total	133,561	152,043	77,457	91,054
Less : Portion due within one year	(70,256)	(65,675)	(43,267)	(44,977)
Liabilities under finance lease agreements - net of current portion	63,305	86,368	34,190	46,077

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		
	2016		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	75,067	65,216	140,283
Deferred interest expenses	(4,811)	(1,911)	(6,722)
Present value of future minimum lease payments	70,256	63,305	133,561

(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	65,675	86,368	152,043

(Unit: Thousand Baht)

	Separate financial statements		
	2016		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	45,760	35,171	80,931
Deferred interest expenses	(2,493)	(981)	(3,474)
Present value of future minimum lease payments	43,267	34,190	77,457

(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	44,977	46,077	91,054

22. Long-term lease liabilities from related party

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2016	11,354,130
Increase from compound interest	1,457,918
Less: Payment during year	(1,437,664)
Balance as at 31 December 2016	11,374,384
Less: portion due within one year	-
Long-term lease liabilities from related party - net of current portion	11,374,384

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 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 arrival flights

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 amount throughout the pledge period.

The Company has pledged common shares of Bangkok Dusit Medical Services Public Company Limited amounting to 33 million shares (2015: 45 million shares) with a fair value of Baht 759 million (2015: Baht 999 million) as at 31 December 2016, as collateral.

23. 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 financial statements		Separate financial statements	
	2016	2015	2016	2015
Provision for long-term employee benefits at beginning of year	421,346	328,553	346,413	270,393
Included in profit or loss:				
Current service cost	69,796	58,703	51,212	43,027
Interest cost	15,077	12,787	12,160	10,481
Adjustment: disposal of Samui Catering	-	(907)	-	(907)
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Financial assumptions changes	21,779	26,911	21,779	26,911
Experience adjustments	50,362	36,469	50,362	36,469
Benefits paid during the year	(17,980)	(41,170)	(13,605)	(39,961)
Provision for long-term employee benefits at end of year	560,380	421,346	468,321	346,413

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of sales and services	58,666	48,050	43,482	36,009
Selling and administrative expenses	26,207	22,533	19,890	16,592
Total expenses recognised in profit or loss	84,873	70,583	63,372	52,601

The Company and its subsidiaries expect to pay Baht 11 million of long-term employee benefits during the next year (Separate financial statements: Baht 7.7 million) (2015: Baht 0.8 million, separate financial statements: nil).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 9.74 – 11.79 years (Separate financial statements: 11.79 years) (31 December 2015: 9.74 - 12.02 years, separate financial statements: 12.02 years).

Principle actuarial assumptions at the valuation date were as follows:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	2.16 – 4.10	3.14 - 4.10	2.16	3.14
Future salary increase rate	5.00 – 7.00	5.00 - 7.00	6.00	6.00
Staff turnover rate (depending on age)	0.00 – 33.00	0.00 - 33.00	5.00-9.00	5.00 - 9.00

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: million Baht)

As at 31 December 2016

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(53)	63	(46)	55
Salary increase rate	51	(44)	47	(40)
Staff turnover rate (depending on age)	(58)	65	(49)	59

(Unit: million Baht)

As at 31 December 2015

	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

24. 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. At present, the statutory reserve has fully been set aside.

25. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Salary and wages and other employee benefits	5,679,119	4,982,612	3,971,846	3,407,555
Depreciation	984,100	756,670	797,267	576,230
Amortisation expenses	84,161	77,361	36,166	30,232
Rental expenses from operating lease	2,058,101	1,870,235	1,937,390	1,756,204
Fuel expenses	3,093,932	4,401,314	3,093,932	4,401,314
Repair and maintenance	3,051,971	2,320,608	2,927,564	2,198,449
Ground service expenses	1,303,214	1,181,356	1,787,235	1,640,871
Catering and passenger service expenses	838,804	986,923	1,439,956	1,410,794
Landing and parking expenses	381,781	351,676	381,781	351,676
Aeronautical radio expenses	636,598	589,429	636,598	589,429
Booking expense	1,451,702	1,269,258	1,451,702	1,269,258
Raw materials and supplies used	574,321	515,754	-	-
Fuel for ground service equipment	46,225	47,432	-	-

26. Income tax

26.1 Deferred tax assets / liabilities

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for diminution in value of inventories	8,282	8,043	7,942	7,963
Accumulated depreciation - building and equipment	564	505	-	-
Accrued expense	15,507	15,146	1,717	1,685
Provision for long-term employee benefits	60,381	42,691	42,130	27,831
Tax loss carries forward	-	12,429	-	12,429
Total	84,734	78,814	51,789	49,908
Deferred tax liabilities				
Unrealised gain on re-measuring securities	4,943,319	4,748,396	4,196,469	4,034,346
Accrued income	944	761	944	761
Liabilities arising from finance lease of aircrafts	401,856	341,029	401,856	341,029
Finance lease liabilities	2,002	-	1,125	-
Total	5,348,121	5,090,186	4,600,394	4,376,136
Deferred tax assets - net	32,068	28,906	-	-
Deferred tax liabilities - net	5,295,455	5,040,278	4,548,605	4,326,228

26.2 Income tax expenses

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Current income tax charge	369,654	133,312	207,600	-
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	63,582	116,433	66,744	120,269
Income tax expenses reported in the statements of comprehensive income	939,354	250,000	780,462	120,269

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	2,776,363	2,099,067	2,461,394	1,980,575
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	555,273	419,813	492,279	396,115
Adjustment in respect of current income tax of previous year	506,118	255	506,118	-
Effects of:				
BOI Privilege (Note 27)	(101,511)	(122,325)	(101,511)	(122,325)
Tax exempted revenue	(220,933)	(133,359)	(314,745)	(247,373)
Non-deductible expenses	240,946	131,314	229,458	138,173
Additional deductible expense allowed	(40,539)	(45,698)	(31,137)	(44,321)
Total	(122,037)	(170,068)	(217,935)	(275,846)
Income tax expenses reported in the statements of comprehensive income	939,354	250,000	780,462	120,269

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.

26.3 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 financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax relating to				
Gain on re-measuring				
available-for-sale investments	194,923	1,213,497	162,123	1,008,497
Actuarial loss	(6,490)	(5,092)	(6,490)	(5,092)
	188,433	1,208,405	155,633	1,003,405

27. 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 306 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	7 aircrafts with capacity of 976 seats	18 May 2013	17 May 2021
2604 (2) /2555	8 aircrafts with capacity of 720 seats	17 February 2015	16 February 2023
Commercial airport operations			
1352 (2) /2550	Samui airport	1 May 2007	30 April 2015

As a promoted 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	
	2016	2015	2016	2015	2016	2015
Sales						
Passenger fare	13,148	12,833	7,284	6,271	20,432	19,104
Others	421	870	3,790	2,917	4,211	3,787
Total sales	13,569	13,703	11,074	9,188	24,643	22,891

28. 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	
	2016	2015	2016	2015	2016	2015
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Consolidated financial statements	1,768,408	1,796,863	2,100,000	2,100,000	0.84	0.86
Separate financial statements	1,680,932	1,860,305	2,100,000	2,100,000	0.80	0.89

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

Other segments are restaurants but this 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 activities which give rise to 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 from the consolidated financial statements. The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years, respectively.

(Unit: Million Baht)

	Airline segment		Airport segment		Supporting airline business segments		Other segments		Elimination of inter-segment revenues		Consolidated financial statements	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	20,713	19,429	564	535	3,294	3,038	121	111	-	-	24,692	23,113
Inter-segment revenues	1	1	-	-	1,092	883	3	3	(1,096)	(887)	-	-
Total revenues	20,714	19,430	564	535	4,386	3,921	124	114	(1,096)	(887)	24,692	23,113
Segment operating profit (loss)	5,077	4,378	134	134	407	381	(9)	(8)			5,609	4,885
Unallocated income and expenses:												
Dividend income											442	280
Interest income											171	256
Gain on sales of investments											2	-
Gain on exchange rate											179	323
Other income											1,280	930
Selling expenses											(1,980)	(1,748)
Administrative expenses											(1,856)	(1,716)
Other expenses											(2)	(9)
Share of profit of associated companies											685	504
Finance costs											(1,754)	(1,606)
Tax expense											(939)	(250)
Non-controlling interests of the subsidiaries											(69)	(52)
Profit for the year attributable to equity holders of the Company											1,768	1,797

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 years 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

30. 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% (2015: 3% to 8%) 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 2016, the Company contributed Baht 92 million (2015: Baht 82 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% (2015: 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 2016, the subsidiaries contributed Baht 23 million (2015: Baht 20 million) to the fund.

31. Dividend

Approved by		Total dividends	Dividend per share
		(Million Baht)	(Baht)
Dividend from the operation of the year 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
		945	0.45
Dividend from the operation of the year 2015	Annual General Meeting of the shareholders on 27 April 2016	945	0.45
Interim dividends for 2016	Board of Directors' meeting on 21 September 2016	525	0.25
		1,470	0.70

32. Commitments and contingent liabilities

32.1 Operating lease commitments

The Company has entered into several aircraft lease agreements with foreign companies, office equipment and ground service equipment.

As at 31 December 2016, future minimum lease payments required under aircraft lease agreements amount to USD 160 million and EUR 2 million (2015: USD 159 million).

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Payable				
In up to 1 year	1,159	771	252	268
In over 1 year and up to 5 years	2,102	2,100	159	171
In over 5 years	2,779	3,238	108	78

32.2 Capital commitments

32.2.1 As at 31 December 2016, the Company had capital commitments of Baht 41 million (2015: Baht 25 million) mainly in building improvement, and Baht 32 million (2015: Baht 34 million) relating to acquisition of computer software and office equipment for the Company's operations.

32.2.2 As at 31 December 2016, the Company had commitments as a result of signing a sale and purchase contract for 2 ATR aircrafts (2558: 5 ATR aircrafts) with Avions de Transport Regional G.I.E. Delivery of the aircraft is scheduled for between January 2017 and February 2017.

32.3 Guarantees

32.3.1 As at 31 December 2016, the Company guaranteed bank credit facilities of its subsidiary companies amounting to Baht 562 million (2015: Baht 570 million) and as at 31 December 2015, the Company guaranteed bank credit facilities of its associated companies amounting to Baht 165 million (2015: Nil).

32.3.2 As at 31 December 2016 and 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 of the Company and its subsidiaries.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(million)	(million)	(million)	(million)
Letter of guarantees for land and building rental				
THB	54.64	27.55	20.78	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 contract				
THB	416.88	276.81	-	-
Letter of guarantees for payments due to creditors				
THB	0.82	-	-	-
USD	0.33	0.50	0.30	0.50
MYR	0.02	0.02	0.02	0.02
SGD	0.16	0.14	0.16	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	39.90	50.61	21.75	35.95
EUR	0.01	0.01	0.01	0.01
USD	0.24	0.37	0.14	0.34
MYR	1.00	-	1.00	-

32.4 Pledges

The Company and its subsidiaries

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

		(Unit: Million Baht)	
Guarantor	Guarantee	2016	2015
Bangkok Air Catering Co., Ltd.	BAC Gourmet House Co., Ltd.	87	125
Bangkok Air Catering Co., Ltd.	Bangkok Air Catering Samui Co., Ltd.	46	-
		133	125

32.5 Other commitments

32.5.1 As at 31 December 2015, the Company entered into agreements for aviation security services. Under the terms of the service agreements, the security service fees will be based on the actual number of flights both departure and arrival. The total fee is approximately Baht 112 million (2016: Nil).

32.5.2 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 among options as stipulated in the agreement.

As at 31 December 2016, the future payments before net from investments return required under non-cancellable agreements were as follows:

(Unit: Million Baht)

Consolidated and separate financial statements		
	2016	2015
Payable		
In up to 1 year	95	95
In over 1 and up to 3 years	80	174

32.6 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 letter of credits amounting to USD 3 million. The Company has to comply with all conditions as stipulated in the agreement. As at 31 December 2016, the undrawn portion of these credit facilities amounted to USD 0.71 million (2015: USD 1.87 million).

32.7 Interest Rate Swap Transaction Agreements

As at 31 December 2016, the Company has interest rate swap agreements for principals amounting to USD 62.3 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.

33. Litigations

The Company

- 33.1 The Company was sued by 3 former-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.
- 33.2 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.

On 30 September 2016 and 4 October 2016, The Supreme Court read the 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 issues final judgement on the pending cases of House and Land tax for the previous years. Currently, the request is under review by the mayor of Koh Samui Municipal Authority.

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.

- 33.3 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 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 all compensation to the plaintiff in accordance with the dispute settlement agreement and transferred all passenger and cargo revenues related to dispute from the escrow account back to the Company's bank account in Thailand.

- 33.4 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.
- 33.5 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 15 November 2016, the plaintiff submitted an appeal to the Specialized Appellate Court. Currently, the case is being considered by the Supreme Court.
- 33.6 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.
- 33.7 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 court is scheduling dates for the examination of the defendant's evidence of 17 and 24 May 2017 and of the plaintiff's evidence of 18 and 25 May 2017.
- 33.8 In May 2016, an airline filed a lawsuit against the Company with Thai Civil Court alleging that the Company as aircraft was not parked 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's aircraft was not parked in an inappropriate location, but it was parked to follow 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 24 April 2017 for mediation of the case.

- 33.9 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 was 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 scheduled for mediation of the case in March 2017.
- 33.10 In December 2016, the Company disputed about non-complying with service contract's conditions with one creditor in the amount of GBP 300,000. Currently, the Company is under the negotiation for settlement and already recorded contingent liabilities and expenses.

Subsidiary

- 33.11 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.

33.12 During 2016, the subsidiary was sued by 2 former-employees, claiming damages totaling of Baht 34.3 million for tort and breach of an employment contract. At present, the case is being considered by the Central Labour Court. However, the subsidiary believes that the provisions made in the accounts are adequate to cover any losses that may arise from this case.

34. Fair value hierarchy

As at 31 December 2016 and 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)

	As at 31 December 2016			
	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale investments Equity instruments	27,921	-	-	27,921
Assets for which fair value is disclosed				
Investments in associate that is listed companies	7,509	-	-	7,509
Investment properties	-	-	458	458
Fuel price swap agreements	-	-	160	160
Equity swap agreement	-	-	158	158
Interest rate swap agreements	-	-	38	38

(Unit: Million Baht)

	As at 31 December 2015			
	Consolidated financial statements			
	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
Assets for which fair value is disclosed				
Investments in associate that is listed companies	5,670	-	-	5,670
Investment properties	-	-	235	235
Liabilities for which fair value is disclosed				
Fuel price swap agreements	-	-	183	183
Equity swap agreement	-	-	280	280

(Unit: Million Baht)

As at 31 December 2016

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale investments				
Equity instruments	23,206	-	-	23,206
Assets for which fair value is disclosed				
Investments in associate that is listed companies	7,509	-	-	7,509
Investment properties	-	-	662	662
Fuel price swap agreements	-	-	160	160
Equity swap agreement	-	-	158	158
Interest rate swap agreements	-	-	38	38

(Unit: Million Baht)

As at 31 December 2015

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale investments				
Equity instruments	22,395	-	-	22,395
Assets for which fair value is disclosed				
Investments in associate that is listed companies	5,670	-	-	5,670
Investment properties	-	-	235	235
Liabilities for which fair value is disclosed				
Fuel price swap agreements	-	-	183	183
Equity swap agreement	-	-	280	280

35. Financial instruments

35.1 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 are described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable, loans, other receivables 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, and other receivables 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							
2016							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	2	-	-	603	2,446	3,051	0.1 - 1.4
Current investments	7,618	-	-	-	-	7,618	1.475 - 1.70
Trade and other receivables	-	-	-	-	1,966	1,966	-
Restricted bank deposits	5	-	-	-	-	5	0.90
Other long-term investments	-	-	50	-	28,456	28,506	4.375
Total	7,625	-	50	603	32,868	41,146	
Financial liabilities							
Trade and other payables	-	-	-	-	2,687	2,687	-
Long-term loans	51	25	-	44	-	120	5.5 - 6.0 and MLR - 1.5 to MLR
Liabilities arising from finance lease of aircrafts	312	1,366	2,219	-	-	3,897	1.46 - 2.90
Finance lease liabilities	70	64	-	-	-	134	3.75 - 6.47
Long-term lease liabilities from related party	-	231	11,143	-	-	11,374	12.64
Total	433	1,686	13,362	44	2,687	18,212	

(Unit: Million Baht)

Consolidated financial statement							
2015							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	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
Total	8,634	-	50	2,132	31,304	42,120	
Financial liabilities							
Trade and other payables	-	-	-	-	2,261	2,261	-
Long-term loans	51	76	-	344	-	471	5.50 - 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	66	86	-	-	-	152	4.00 - 6.25
Long-term lease liabilities from related party	-	102	11,252	-	-	11,354	12.64
Total	309	1,060	12,644	344	2,261	16,618	

(Unit: Million Baht)

Separate financial statement							
2016							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate
(% per annum)							
Financial assets							
Cash and cash equivalents	2	-	-	230	2,425	2,657	0.10 - 1.10
Current investments	7,600	-	-	-	-	7,600	1.475 - 1.70
Trade and other receivables	-	-	-	-	1,771	1,771	-
Restricted bank deposits	2	-	-	-	-	2	0.90
Other long-term investments	-	-	50	-	23,741	23,791	4.375
Long-term loans to related parties	-	-	-	101	-	101	MLR - 1
Total	7,604	-	50	331	27,937	35,922	
Financial liabilities							
Trade and other payables	-	-	-	-	2,531	2,531	-
Long-term loans	51	25	-	7	-	83	5.50 - 6.00 and MLR - 1.50 to MLR
Liabilities arising from finance lease of aircrafts	312	1,366	2,219	-	-	3,897	1.46 - 2.90
Finance lease liabilities	43	34	-	-	-	77	3.75 - 5.50
Long-term lease liabilities from related party	-	231	11,143	-	-	11,374	12.64
Total	406	1,656	13,362	7	2,531	17,962	

(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)							
Financial assets							
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
Total	8,604	-	50	1,666	26,648	36,968	
Financial liabilities							
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 lease liabilities from related party	-	102	11,252	-	-	11,354	12.64
Total	288	1,020	12,644	313	2,134	16,399	

35.2 Foreign currency risk

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

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
AUD	1	1	-	-	25.94	26.28
BDT	1,658	1,646	13	2	0.45	0.46
CNY	68	17	2	1	5.15	5.55
EUR	6	6	2	-	37.76	39.44
GBP	1	1	-	-	44.04	53.50
HKD	7	8	4	4	4.62	4.66
INR	134	155	27	22	0.53	0.54
JPY	14	20	1	1	0.31	0.30
RUB	12	23	-	-	0.59	0.50
SGD	2	2	-	-	24.80	25.52
USD	83	72	160	91	35.83	36.09
TWD	3	4	-	-	1.11	1.10
KRW	169	359	-	-	0.03	0.03
MYR	-	-	1	1	7.99	8.43
ZAR	1	1	-	-	2.63	2.36
PHP	-	1	-	-	0.72	0.77
IDR	650	921	29	27	0.003	0.003

Separate financial statements

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
AUD	1	1	-	-	25.94	26.28
BDT	1,658	1,646	13	2	0.45	0.46
CNY	68	17	2	1	5.15	5.55
EUR	6	6	-	-	37.76	39.44
GBP	1	-	-	-	44.04	53.50
HKD	7	8	4	4	4.62	4.66
INR	134	155	27	22	0.53	0.54
JPY	14	20	1	1	0.31	0.30
RUB	12	23	-	-	0.59	0.50
SGD	2	2	-	-	24.80	25.52
USD	82	70	143	82	35.83	36.09
TWD	3	4	-	-	1.11	1.10
KRW	169	359	-	-	0.03	0.03
MYR	-	-	1	1	7.99	8.43
ZAR	1	1	-	-	2.63	2.36
PHP	-	1	-	-	0.72	0.77
IDR	650	921	29	27	0.003	0.003

35.3 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 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 account to 52.03 percent (2015: 48.67 percent) of its annual fuel consumption. As at 31 December 2016, the Company still has an obligation from fuel price hedging until December 2017 amounting to of 600,000 barrels (2015: 345,000 barrels) of Jet fuel whereby the contract prices are between USD 48 per barrel and USD 78 per barrel (2015: between USD 56 per barrel and USD 77 per barrel).

35.4 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, equity swap agreement and interest rate swap agreements.

As at 31 December 2016 and 2015, the estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

Consolidated and separate financial statements		
Fair value		
Gain (loss)		
	2016	2015
Derivatives		
Fuel price swap agreements	160	(183)
Equity swap agreement	158	(280)
Interest rate swap agreements	38	-

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

- 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.

36. 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 2016, the Group's debt-to-equity ratio was 0.89:1 (2015: 0.83:1) and the Company's was 0.90:1 (2015: 0.84:1).

37. Events after the reporting period

The Company

On 23 February 2017, a Board of Directors Meeting proposed the payment of a dividend for the year 2016 of Baht 0.50 per share amounting to Baht 1,050 million be considered by the Annual General Meeting of the Shareholders.

Bangkok Air Catering Co., Ltd.

- 1) On 20 October 2016, the Board of Directors Meeting of Bangkok Air Catering Co., Ltd. approved an investment in the establishment of Bangkok Air Catering Chiangmai Co., Ltd., in the catering service provider. Bangkok Air Catering Co., Ltd. holds 99.99 percent of Bangkok Air Catering Chiangmai Co., Ltd., which was incorporated and registered with the Ministry of Commerce on 17 February 2017 with the registered share capital of Baht 1 million. The Company paid for such share subscription amounting to Baht 0.25 million in 17 February 2017.
- 2) On 4 January 2017, Bangkok Air Catering Phuket Co., Ltd. entered into a long-term loan agreement with a financial institution to obtain the credit facilities of Baht 225 million, with interest to be charged at the rate of 4 percent per annum and Baht 120 million, with interest to be charged at the rate of MLR - 1.50 per annum for use in the building's construction and the purchase of fixed assets. Interests are repayable on a monthly basis, the first of which will be paid after the first drawn down. Loan principal are repayable in ten installments. The first installment will be repaid on the last date in the 24th month from the first drawn down, the next installments are repayable in semi-annually installments and the final installment will be repaid within 78 months from the first drawn down. Such credit facilities are secured by Bangkok Air Catering Co., Ltd.

Bangkok Airways Holding Co., Ltd.

- 1) On 10 October 2016, the Board of Directors Meeting of Bangkok Airways Holding Co., Ltd. passed a resolution to approve in the establishment of Air Siem Reap Co., Ltd. to operate aviation business in Cambodia. Bangkok Airways Holding Co., Ltd. holds 49 percent of Air Siem Reap Co., Ltd. which was incorporated and registered under The Kingdom of Cambodia Laws on 10 February 2017, with registered share capital of USD 3 million that has not been called up.



38. Other information

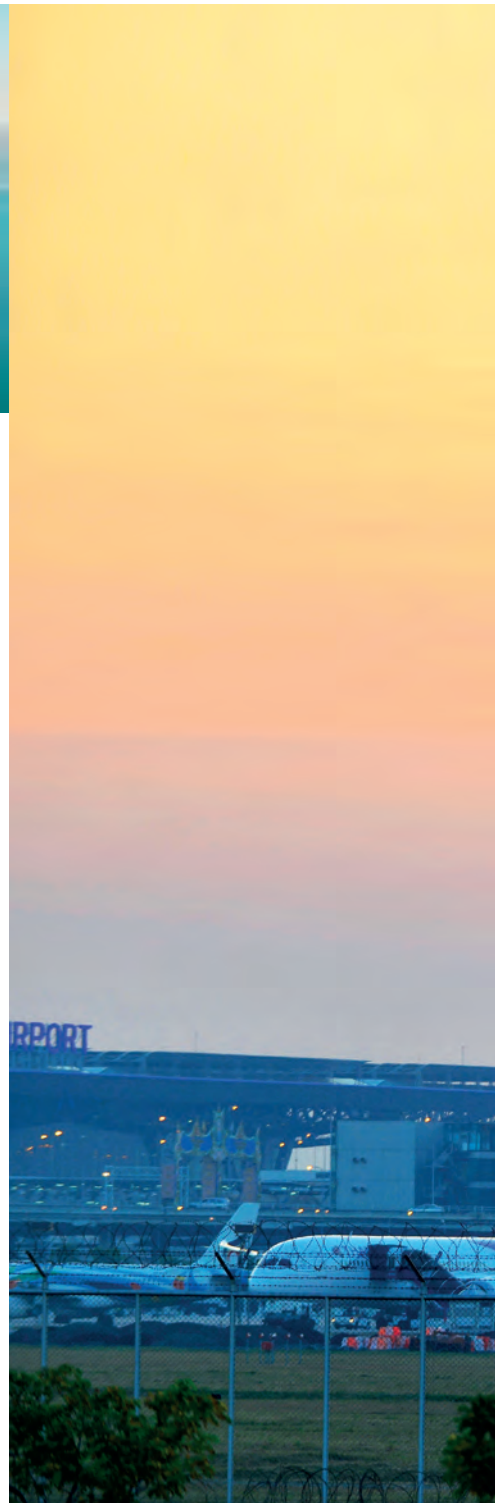
Bangkok Airways Public Company Limited, the rightful owner of Samui Airport confirms that the Company has followed proper procedures in application for permission to build and operate a commercial airport from relevant authorities. Permission were granted, the Airport was built and officially opened in 1989.

In 1999, the Company leased a plot of land from Treasury Department for a period of 30 years to be used as an extension of aviation safety zone in compliance with Air Aviation Act B.E. 2497. The safety zone does not contain any buildings or facilities relating to operation of air services. The Company has an obligation, according to the lease agreement, to pay Treasury Department, a total of Baht 25.78 million.

The National Anti-Corruption Commission (NACC) raised an issue that the issuance of title deed of the plot near Bangrak peat bog is partly inaccurate. The Company stresses that the application of title deed of this plot has been conducted strictly in compliance with applicable rules and regulations. However, the Company is willing to render full cooperation with relevant authorities to clarify the issue and will comply with the laws in all respect.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2017.





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02

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Fax : +66 (53) 281 519 ext 18
Email: cnxrrpg@bangkokair.com

04

Chiang Mai Town Office

Kantary Terrace, Room A & B
44/1 Nimmanhaemin Road, Soi12,
Suthep, Muang, Chiang Mai 50200 Thailand
Tel: +66 (53) 289 338-9
Fax: +66 (53) 289 340
Email: cnxtopg@bangkokair.com

05

Chiang Rai Airport Office

Mae Fah Luang International Airport
404 Ban Du Muang,
Chiang Rai 57100 Thailand
Tel: +66 (53) 793 006
Fax: +66 (53) 789 266
Email: ceirrrpg@bangkokair.com

06

Chiang Rai Town Office

897/9 Phahonyothin Rd., Wiang Muang,
Chiang Rai 57000 Thailand
Tel: +66 (53) 715 083
Email: ceitopg@bangkokair.com

07

Da Nang International Airport Office

2nd Floor, Passenger Terminal,
Da Nang International Airport,
Da Nang City, Vietnam
Mobile : +84 90 199 0666
Email : anusorndam@bangkokair.com,
dadkkpg@bangkokair.com

08

European Regional Office

Bethmannstrasse 58
D-60311, Frankfurt/Main, Germany
Tel: +49 (69) 133 77 565-6
Fax: +49 (69) 133 77 567
Email: info@bangkokairways.de

09

Hat Yai Airport Office

Hat Yai International Airport
99 Moo 3, Klong La, Klong Hue Kong
Songkha 90115 Thailand
Tel : +66 (0) 7422 7427
Fax : +66 (0) 7422 7426
Email : hdykkpg@bangkokair.com

10

Ho Chi Minh Town Office

Ho Chi Minh (GSA Office) 170-172 Nam Ky Khoi
Kghis St., Dist.3, Ho Chi Minh City, Vietnam
Tel : +84 8 3930 6618
Fax : +84 8 3930 6089
Mobile : +84 90 267 0444
Email : dadsdpg@bangkokair.com

11

Hong Kong Town Office

Suite 912, 9th Floor, Ocean Centre, Harbour City,
Tsim Sha Tsui, Kowloon, Hong Kong
Tel: +852 2899 2597, +852 2899 2634
Sales Tel: +852 2840 1248, +852 2899 2607
Fax: +852 2537 4567
Email: hkgrrpg@bangkokair.com

12

Krabi Airport Office

Krabi International Airport Building 1, 3rd Floor,
133 Mu 5, Nuaklong, Krabi 81130 Thailand
Tel: +66 (75) 701 608-9
Fax: +66 (75) 701 607
Email: kbvrrpg@bangkokair.com

13

Krabi Town Office

2 City Plaza, Maharaj Soi 10,
Paknam, Muang, Krabi 81000 Thailand
Tel: +66 (75) 612 650-51
Fax: +66 (75) 612672
Email: kbvtopg@bangkokair.com

14

Lampang Airport Office

Lampang Airport
175 Sanarmbin 1 Rd.,Phrabaht,
Lampang 52000 Thailand
Tel: +66 (54) 821-522
Fax: +66 (54) 821-521
Email: lprrpg@bangkokair.com

15

Luang Prabang Town Office

57/6 Srisawangwong Rd.,
District 3, Bann Xiengmuan,
Luang Prabang, Lao PDR
Tel: +856 (71) 253 334
Fax: +856 (71) 253 335
Email: lpqrrpg@bangkokair.com

16

Luang Prabang Airport Office

Luang Prabang International Airport
(International Terminal)
Hat Hien, Ban Hat Hien
Luang Prabang, Lao PDR
Tel: +856 (71) 253 253
Fax: +856 (71) 253 253

17

Mandalay Airport Office

Mandalay International Airport (TaDaOo)
Bangkok Airways PCL. Office 2nd Floor,
Departure Area Mandalay,
Republic of the Union of Myanmar
Tel: +95 2 27082
Fax: +95 2 27083

18

Mandalay Town Office

Building no.14, 78 Street,
Chanayetharzan Township, Mandalay,
Republic of the Union of Myanmar
Tel: +95 2 36323, +95 2 69387
Email: mdlrrpg@bangkokair.com

19

Mumbai Airport Office

Chatrapati Shivaji International Airport (CSIA)
Office No. W-83091, 3rd Floor Terminal 2
Tel: +91 22 6685 9034
Fax: +91 22 6685 0935
Email: bomkkpg@bangkokair.com

20

Nay Pyi Taw Airport Office

Unit # I2 & I3, International Departure,
Leway Township, Nay Pyi Taw,
Republic of the Union of Myanmar
Tel: +95 67 8109054
Email: nytrrpg@bangkokair.com

21

Pattaya Airport Office

U -Tapao International Airport
70 Mu 2, Pla, Banchang, Rayong 21130 Thailand
Tel: +66 (38) 245 599
Fax: +66 (38) 245 979
Email: utprpg@bangkokair.com

22

Pattaya Town Office

Fairtex Arcade Room A5
212/5 Mu 5, North Pattaya Rd., Naklua,
Banglamung, Chonburi 20260 Thailand
Tel: +66 (38) 412 382
Fax: +66 (38) 411 965
Email: pyxrrpg@bangkokair.com

23

Phnom Penh Airport Office

Confederation De La Russie St.110,
Phnom Penh International Airport,
Phnom Penh, Cambodia
Tel: +855 (23) 890 103, +855 (23) 971 771
Fax: +855 (23) 890 518
Email: pnhrppg@bangkokair.com

24

Phnom Penh Town Office

No.61A, 214 Sangkat Beong Rang,
Khan Don Penh, Phnom Penh, Cambodia
Tel: +855 (23) 971 771, +855 (23) 966 556-8
Fax: +855 (23) 966 554
Email: pnhrppg@bangkokair.com

25

Phuket Airport Office

Phuket International Airport, 3rd Floor,
Phuket 83000 Thailand
Tel: +66 (76) 205 400-2
Fax: +66 (76) 327 114
Email: hktrppg@bangkokair.com

26

Phuket Town Office

158/2-3 Yaowaraj Rd.,
Phuket 83000 Thailand
Tel: +66 (76) 225 033-5
Fax: +66 (76) 356 029
Email: hkttopg@bangkokair.com

27

Samui Airport Office

99 Mu 4 , Bo Phud, Koh Samui,
Suratthani 84320 Thailand
Operator Tel: +66 (77) 428 500
Ticketing Tel: +66 (77) 428 555
Fax: +66 (77) 601 162
Email: usmrrpg@bangkokair.com

28

Samui Chaweng Office

54/4 Mu 3, Bo Phud, Koh Samui,
Suratthani 84320 Thailand
Reservation Center:
Tel: +66 (77) 601 300
Fax: + 66 (77) 422 235
Email: usmtopg@bangkokair.com

29

Siem Reap Town Office

28,29 Eo, St. Sivutha, Phum Modol II,
Sangkat Svay Dangkum,
Srok/Khet, Siem Reap, Cambodia
Tel: +855 (23) 971 771, +855 (63) 965 422-3
Fax: +855 (63) 965 424
Email: reprppg@bangkokair.com

30

Singapore Airport Office

Bangkok Airways Public Company Limited
Changi Airport Terminal 1
unit 041-04F, Singapore 819142
Tel: +65 6545 8481
Fax: +65 6546 8982
Email: sinkkpg@bangkokair.com

31

Singapore Town Office

Bangkok Airways Public Co., Ltd. (SG Branch)
111 Somerset Road, TripleOne Somerset,
#11-06A,
Singapore 238164
Tel : +65 6738 0063
Fax : +65 6738 8867
Email: sinrrpg@bangkokair.com

32

Sukhothai Airport Office

99 Mu 4, Klongkrajong, Sawankaloke,
Sukhothai 64110 Thailand
Tel: +66 (55) 647 224
Fax: +66 (55) 647 222
Email: thsrrpg@bangkokair.com

33

Trat Airport Office

99 Mu 3, Tasom, Khao Saming,
Trat 23150 Thailand
Tel: +66 (39) 525 767-68
Fax: +66 (39) 525 769
Email: tdxrrpg@bangkokair.com

34

Trat (Koh Chang) Office

9/8/5 Mu 4, Koh Chang,
Trat 23170 Thailand
Tel: +66 (39) 551 654-5
Fax: +66 (39) 551 656
Email: tdxtopg@bangkokair.com

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Vientiane Town Office

Lao Plaza Hotel
63 Samsenthai Road, Shop B,
Xiengyeun village, Chanthabouly district,
Vientiane Lao PDR
Tel: +856 (21) 242 557 , +856 (21) 242 559
Fax: +856 (21) 242 818

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Yangon Airport Office

Room No. 14/15 Departure Terminal,
Yangon International Airport,
Yangon, Republic of the Union of Myanmar
Tel & Fax: +95 (1) 533 194

37

Yangon Town Office

0305 3rd Fl., Sakura Tower
339 Bogyoke Aung San Rd., Kyauktada Township,
Yangon, Republic of the Union of Myanmar
Tel: +95 (1) 255 122, +95 (1) 255 265
Fax: +95 (1) 255 119
Email: rgnrrpg@bangkokair.com

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