

Annual Report

2018

Bangkok Airways

Public Company Limited



The Great Sustainable Growth

Fly Boutique. Feel Unique.

## HONOR AND PRIDE

“WORLD’S BEST REGIONAL AIRLINE”  
and “BEST REGIONAL AIRLINE IN ASIA”



The two awards, much valued by Bangkok Airways because they reflect highest level of customer satisfaction, are **World’s Best Regional Airline** and **Best Regional Airline in Asia** (SKYTRAX World Airline Awards 2018)



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## ON PATH OF SUSTAINABLE DEVELOPMENT 50 YEARS BANGKOK AIRWAYS

Stable, sustainable and continuous growth,  
with network of related businesses, moving forward under clear direction,  
through systematic coordination and outshine with its corporate identity  
as **Asia's Boutique Airline**



# 50 years Bangkok Airways

## On path to sustainable development



### Sukhothai Airport

The Company started construction of Sukhothai Airport, its second airport, located at Ampur Sawankaloke in Sukhothai Province.



### Sahakol Air

Sahakol Air Co., Ltd. was established to transfer business from Airline Section in Krungthep Sahakol Co., Ltd., later to become Bangkok Airways Co., Ltd.

1998

1989

### Samui Airport

The Company started construction of its first airport in Koh Samui. This is the first page that opened Koh Samui as premier international tourist destination. Permission was granted to the Company to operate first flight on route Bangkok-Koh Samui and to use PG as IATA airline code.

1986

1984

1968

### Starting point

Mr. Prasert Prasarttong-Osoth founded Krungthep Sahakol Co., Ltd. and set up Airline Section in the Company.

### Bangkok Airways

The Company started to operate scheduled flights under **Bangkok Airways** banner and on 20 January 1986 to operate inaugural flights on three routes, Bangkok-Nakorn Rajsima, Bangkok-Surin and Bangkok-Krabi, using 18-seat Bandeirante EMB-110.





#### Member of IATA

To become an active member of IATA means the Company has achieved safety standard of commercial airline under IATA Operational Safety Audit "IOSA"

#### Public Company Limited

On 27 February 2013, the Company was listed in the Stock Exchange of Thailand as Bangkok Airways Public Company Limited using BA as stock code.

2013

2000

#### Boeing 717-200

A new type of aircraft was added to the company's fleet to increase potential for flight operation – the Boeing 717-200 can fly faster and has more seat capacity. Construction of a hangar at Don Muang Airport started at the same time.



2002

2006

2007

#### Royal Garuda Emblem 2007

On 9 April 2007 the Company was most proud and honored to receive the Royal Garuda Emblem which enhanced staff morale and brought great pride to all of us.

#### Trat Airport. Transfer operation to Suvannabhumi Airport.

The Company started construction of Trat Airport, its third airport, in Trat Province, transferred operation base to Suvannabhumi Airport and expanded business to include related ground services companies namely

- WFS-PG Cargo
- BAC
- BFS Ground



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## Message from the Board of Directors



*A.C.M. Kaset. Rojananil*

Air Chief Marshal Kaset Rojananil  
Chairman

*Prasert Prasarttong-Osoth*

Prasert Prasarttong-Osoth  
CEO

In the past 50 years, Bangkok Airways Public Company Limited has always committed to a stable and sustainable growth with an aim to provide service as the best regional airline. Of late, The Company took our pride amidst recognitions in the travel industry especially by the Skytrax Awards in winning “The World’s Best Regional Airline 2018” and “The Best Regional Airline in Asia 2018.”

Throughout 2018, Thailand’s tourism industry has progressed in a constant growth. Thus, the overall industry maintained a strong performance especially from the increasing Asian markets in spite of the Chinese market’s downturn in the third quarter. However, in the past year, even with a fluctuation in the oil price, The Company’s performance remained in a satisfactory level in comparison with its competitor set. Besides the commercial aviation business, our joint-ventured Bangkok Flight Services Co., Ltd. and Bangkok Air Catering Co., Ltd. have also shown growth. Bangkok Air Catering Co., Ltd., in particular, expanded its in-flight catering facilities to Phuket and Samui Airports, with an upcoming plan for Chiang Mai. These are additions to its current facility at Suvarnabhumi Airport.

The Company also announced a partnership with Borussia Dortmund Football Club as a marketing strategy to further raise Bangkok Airways’ brand awareness in the regional level. This ads campaign and promotions are seen in Thailand, Southeast Asia, China, Hong Kong, India, and Bangladesh.

Moreover, The Company has ordered four new ATR72-600s to increase competitiveness in all airline service aspects as we’re aspired to continue our legacy as the World’s Best Regional Airline for years to come.

This year, Bangkok Airways has introduced a new route: Chiang Mai – Hanoi. This is one of Bangkok Airways’ route network strategies to expand our reach into the CLMV (Cambodia, Laos, Myanmar, Vietnam) by using Suvarnabhumi, Samui, and Chiang Mai as our hubs. The Company has also increased flight frequency on routes between Bangkok – Phu Quoc, Bangkok – Vientiane, and Bangkok – Mandalay. These cities are the region’s top tourist destinations as well as potential commercial hubs.

For Codeshare Agreement, The Company has further signed with new airline partners which are Oman Air, Lao Airline, Jet Airways, and Philippines Airline to expand our routes in response to the travel needs of passengers. Presently, The Company is in partnership with over 27 airlines.

On behalf of the Directors, Executives, and all staff, we’d like to thank our clients, business partners, and all shareholders who have always supported and believed in the performance of The Company throughout the years of running an airline business. The Company focuses on service with the highest safety standard for our passengers and all the personnel in charge. The management and all staff are aspired to work hard in order for The Company to obtain a status as a leading airline in Asia under the vision of “Committing to service excellence to become the best airline in Asia.” We will continue to work with a determination to successfully achieve our goal under a good governance principle.



# General

## Information

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### 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

#### 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

#### Website

[www.bangkokair.com](http://www.bangkokair.com)

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### 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>

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### Company's Auditor

EY Office Limited

33<sup>rd</sup> 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](http://www.ey.com)

# Summary

## Consolidated

### Financial and Ratio

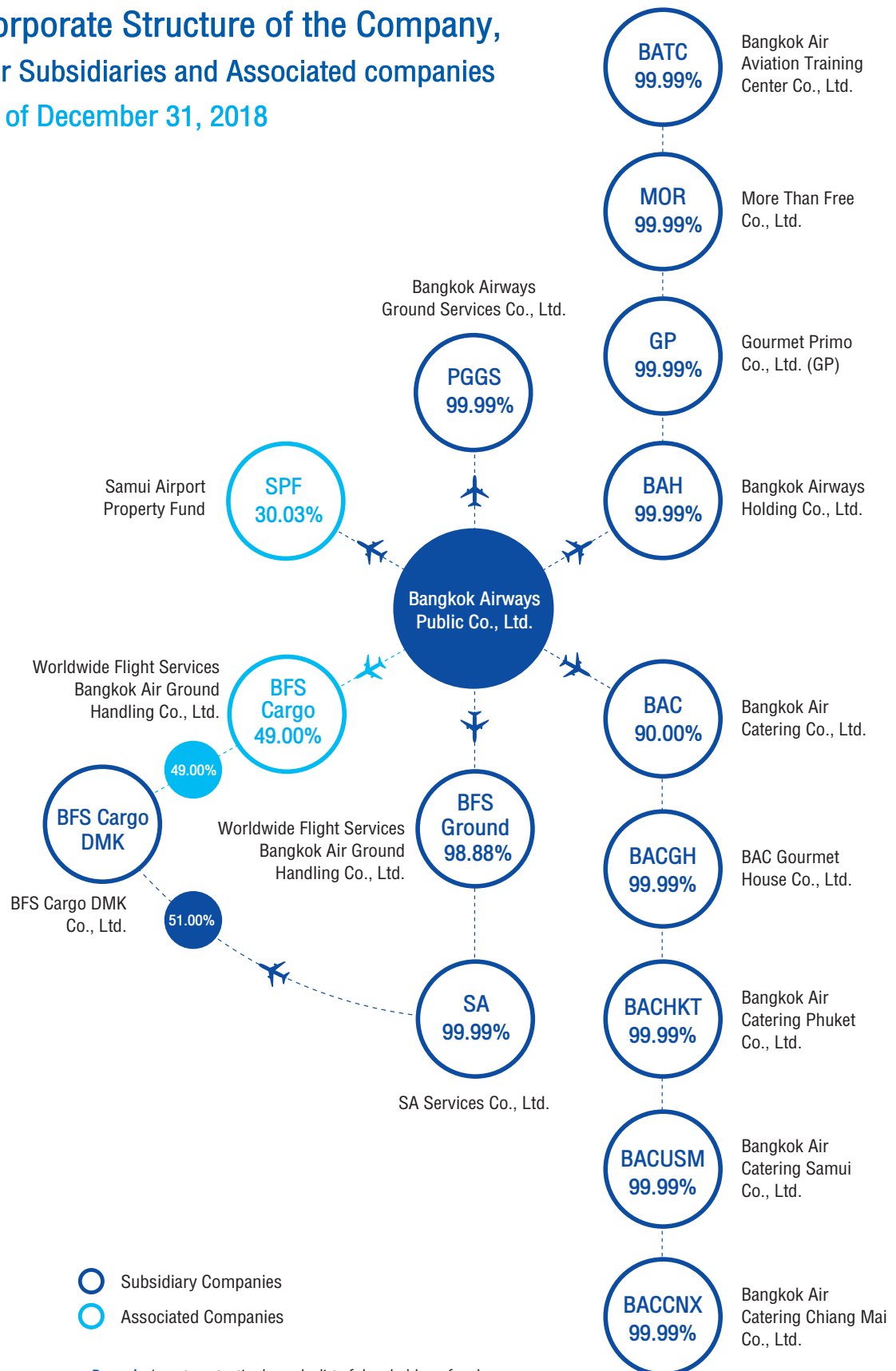


Unit : THB million

#### Year End December 31

|  |   | 2018   | 2017   | 2016   |
|--|---|--------|--------|--------|
| <b>Statements of Financial Position</b>  | Total Assets                                  | 62,067 | 57,942 | 60,289 |
|  | Total Liabilities                             | 31,289 | 29,556 | 28,300 |
|  | Total Shareholder's Equity                    | 30,778 | 28,386 | 31,989 |
| <b>Statement of comprehensive Income</b> | Revenue from airline business                 | 20,475 | 20,491 | 20,713 |
|  | Sales and service income                      | 4,082  | 3,848  | 3,415  |
|  | Total Revenue                                 | 27,944 | 28,493 | 26,766 |
|  | EBITDAR                                       | 4,041  | 4,283  | 6,571  |
|  | Profit for the year                           | 264    | 846    | 1,837  |
| <b>Shareholder's Equity</b>              | Registered and Paid up Shares (Million share) | 2,100  | 2,100  | 2,100  |
|  | Book Value (Baht)                             | 14.7   | 13.5   | 15.2   |
|  | Earnings Per Share (Baht)                     | 0.1    | 0.4    | 0.8    |
| <b>Liquidity Ratio</b>                   | Current Ratio (Time)                          | 1.4    | 1.7    | 1.9    |
|  | Quick Ratio (Time)                            | 4.3    | 3.5    | 4.5    |
|  | Collection Period (Day)                       | 24.4   | 25.6   | 25.8   |
|  | Stock Turnover Period (Day)                   | 8.2    | 6.9    | 6.4    |
|  | Payment Period (Day)                          | 34.2   | 34.3   | 35.2   |
| <b>Profitability Ratio</b>               | Gross Profit Margin (%)                       | 11.2   | 11.4   | 22.7   |
|  | Operating Profit Margin (%)                   | 4.4    | 3.5    | 15.1   |
|  | EBITDAR Margin (%)                            | 15.1   | 16.3   | 25.3   |
|  | Net profit Margin (%)                         | 0.9    | 3      | 6.9    |
|  | Return on Equity (%)                          | 0.9    | 2.8    | 5.8    |
| <b>Efficiency Ratio</b>                  | Return on Assets (%)                          | 0.4    | 1.4    | 3.1    |
|  | Return on Fixed Assets (%)                    | 11.0   | 15.5   | 26     |
|  | Asset Turnover (Time)                         | 0.5    | 0.5    | 0.5    |
| <b>Leverage Ratio</b>                    | Debt to Equity (Time)                         | 1      | 1      | 0.9    |
|  | Interest Leverage Ratio (Time)                | 1.3    | 1.2    | 2.7    |

## Corporate Structure of the Company, our Subsidiaries and Associated companies as of December 31, 2018



# Our Subsidiaries & Associated companies



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

| Initial                     | Company   | Core Business  | Paid-up capital<br>(THB million) |
|-----------------------------|---|--|----------------------------------|
| <b>Subsidiary Companies</b> |   |  |                                  |
| PGGS                        | Bangkok Airways Ground Services Co., Ltd.                       | Ground service provider at Samui International Airport                     | 0.25                             |
| BAH                         | Bangkok Airways Holding Co., Ltd.                               | Holding Company  | 1,001.00                         |
| GP                          | Gourmet Primo Co., Ltd. (GP) <sup>(1)</sup>                     | Whole sale pre-cut fresh food  | 75.00                            |
| MOR                         | More Than Free Co., Ltd. <sup>(1)</sup>                         | Duty Free  | 20.00                            |
| BATC                        | Bangkok Air Aviation Training Center Co., Ltd. <sup>(1)</sup>   | Aviation Training Center   | 10.00                            |
| BAC                         | Bangkok Air Catering Co., Ltd.                                  | Catering service provider at Suvarnabhumi International Airport            | 500.00                           |
| BACGH                       | BAC Gourmet House Co., Ltd. <sup>(2)</sup>                      | Restaurant   | 150.00                           |
| BACHKT                      | Bangkok Air Catering Phuket Co., Ltd. <sup>(2)</sup>            | Catering service provider at Phuket International Airport                  | 100.00                           |
| BACUSM                      | Bangkok Air Catering Samui Co., Ltd. <sup>(2)</sup>             | Catering service provider at Samui International Airport                   | 20.00                            |
| BACCNX                      | Bangkok Air Catering Chiang Mai Co., Ltd. <sup>(2)</sup>        | Catering service provider at Chiang Mai International Airport              | 10.00                            |
| BFS Ground                  | Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd. | Ground service provider at Suvarnabhumi International Airport              | 670.00                           |
| SA                          | SA Services Co., Ltd. <sup>(3)</sup>                            | Ground service provider at the Don Mueang International Airport            | 1.00                             |
| BFS Cargo DMK               | BFS Cargo DMK Co., Ltd. <sup>(3)</sup>                          | Cargo service provider at Don Mueang International Airport                 | 25.00                            |
| <b>Associated Companies</b> |   |  |                                  |
| BFS Cargo                   | WFS-PG Cargo Co., Ltd.  | Cargo service provider at Suvarnabhumi International Airport               | 300.00                           |
| SPF                         | Samui Airport Property Fund                                     | Investing in the holding of a 30-year lease of Samui International Airport | 9,208.10                         |

**Remark:** <sup>(1)</sup> Held by Bangkok Airways Holding Co., Ltd.

<sup>(2)</sup> Held by Bangkok Air Catering Co., Ltd.

<sup>(3)</sup> Held by Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.



# Management

## Board of Directors



Air Chief Marshal Kaset Rochananil **01**

Mr. Prasert Prasarttong-Osoth **02**

Mr. Puttipong Prasarttong-Osoth **03**

**04** Pol.Lt.Gen. Visanu Prasattongosoth

**05** Mr. Sripop Sarasas

**06** Mr. Pradit Theekakul





- |                        |    |    |                             |
|------------------------|----|----|-----------------------------|
| General Vichit Yathip  | 07 |    |                             |
| Mr. Somboon Kittiyasub | 08 | 10 | Mrs. Narumol Noi-Am         |
| Mr. Saharatna Benyakul | 09 | 11 | Mrs. Ariya Prasarttongosoth |
|                        |    | 12 | Mr. Anawat Leelawatwatana   |



## Executive Committee

Bangkok Airways Public Company Limited



Mr. Prasert Prasarttong-Osoth 01

Mr. Puttipong Prasarttong-Osoth 02

03 Mr. Pradit Theekakul

04 Mr. Anawat Leelawatwatana

## Audit Committee

Bangkok Airways Public Company Limited



01 Mr. Sripop Sarasas

02 General Vichit Yathip

03 Mr. Saharatna Benyakul

## Nomination & Compensation Committee

Bangkok Airways Public Company Limited



01 General Vichit Yathip

02 Mr. Sripop Sarasas

03 Mr. Somboon Kittiyansub

## Corporate Governance Committee

Bangkok Airways Public Company Limited



01 Mr. Somboon Kittiyansub

02 Mr. Saharatna Benyakul

03 Mrs. Ariya Prasarttongsoth

# Board of Directors & Executives



## Air Chief Marshal Kaset Rochananil

|  |   |
|--|---|
| Age  | 85 years  |
| Position   | Chairman / Independent Director   |
| Date of Appointment as a Director                      | 9 June 1998   |
| Education  | <ul style="list-style-type: none"> <li>Bachelor Degree of Science, The Royal Thai Air Force Academy</li> <li>Diploma, National Defense College, The National Defense College (TNDC) Class 26</li> </ul> |
| Work Experience  | <ul style="list-style-type: none"> <li>Chairman, Thai airways PLC. (1989-1992)</li> <li>Supreme Commander (April-July 1992)</li> <li>Airforce Commander-in-Chief (1989-1992)</li> </ul>                 |
| Board Member/Management in Other Listed Company        | -None-  |
| Position in Other Company/ Organization/Institution    | -None-  |
| Training Courses                                       | -None-  |
| Shareholdings (Ordinary Shares) (as at March 13, 2018) | <ul style="list-style-type: none"> <li>Held Personally: (700,000)</li> <li>Held by Spouse or Minor Children: (None)</li> </ul>  |
| Family Relationship among Directors and Executives     | -None-  |

## Mr. Prasert Prasarttong-Osoth

|  |  |
|--|--|
| Age  | 86 years   |
| Position   | Vice Chairman / Chairman of Executive Director / CEO   |
| Date of Appointment as a Director                      | 31 January 1984  |
| Education  | <ul style="list-style-type: none"> <li>Bachelor Degree of Medicine Degree, Siriraj Hospital, Mahidol University</li> <li>Diploma, National Defense College, The joint state-Private Sector Course, Thailand National Defense College (TNDC) Class 1</li> </ul> |
| Board Member/Management in Other Listed Company        | <ul style="list-style-type: none"> <li>Chief Executive Office / President, Bangkok Dusit Medical Services PCL.</li> </ul>  |
| Position in Other Company/ Organization/Institution    | <ul style="list-style-type: none"> <li>Chairman, Bangkok Media &amp; Broadcasting Co., Ltd.</li> <li>Chairman, The Sahakol Estate Co., Ltd.</li> <li>Chairman, The Medic Pharma Co., Ltd.</li> <li>Chairman, Prasatthong Osoth Co., Ltd.</li> </ul>            |
| Training Courses                                       | Director Accreditation Program (DAP) 45 / 2005   |
| Shareholdings (Ordinary Shares) (as at March 13, 2018) | <ul style="list-style-type: none"> <li>Held Personally: (222,777,500)</li> <li>Held by Spouse or Minor Children: (250,000)</li> </ul>  |
| Family Relationship among Directors and Executives     | (Father of Mr. Puttipong Prasarttong-Osoth and Mrs. Ariya Prasarttongosoth and uncle of Pol.Lt.Gen. Visanu Prasattongosoth)  |

**Remark:** Mr. Prasert Prasarttong-Osoth resigned from the position as Vice Chairman, Chairman of Executive Management Committee, CEO on January 23<sup>rd</sup>, 2019

## Mr. Puttipong Prasarttong-Osoth

|   |   |
|---|---|
| Age   | 54 years  |
| Position  | Director / Member of Executive Director / President   |
| Date of Appointment as a Director                         | 24 June 1997  |
| Education   | <ul style="list-style-type: none"> <li>• Bachelor Degree of Accounting, Chulalongkorn University</li> <li>• Diploma Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>• Diploma, National Defense College, The joint State - Private Sector Course Thailand National Defense College (TNDC) Class 54</li> <li>• Diploma from Judicial Training Institute</li> <li>• Diploma, Commercial Pilot License, Civil Aviation Training Center</li> </ul>   |
| Board Member/Management in Other Listed Company           | <ul style="list-style-type: none"> <li>• Director, Bangkok Aviation Fuel Services PLC.</li> </ul>   |
| Position in Other Company/ Organization/Institution       | <ul style="list-style-type: none"> <li>• Chairman, Bangkok Air Ground Services Co., Ltd.</li> <li>• Chairman, Bangkok Air Catering Phuket Co., Ltd.</li> <li>• Chairman, BAC Gourmet House Co., Ltd.</li> <li>• Chairman, Bangkok Air Catering Samui Co., Ltd.</li> <li>• Chairman, Gourmet Primo Co., Ltd.</li> <li>• Chairman, Bangkok Air Catering Co., Ltd.</li> <li>• Chairman, Bangkok Air Catering Chiangmai Co., Ltd.</li> <li>• Chairman, WFS-PG Cargo Co., Ltd.</li> <li>• Chairman, Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.</li> <li>• Director, The Sahakol Estate Co., Ltd.</li> <li>• Director, Aeronautical Radio of Thailand Co., Ltd.</li> <li>• Director, Bangkok Media &amp; Broadcasting Co., Ltd.</li> <li>• Director, Fuel Pipeline Transportation Co., Ltd.</li> </ul> |
| Training Courses  | <ul style="list-style-type: none"> <li>• Directors Accreditation Program (DAP) 100 / 2013</li> <li>• Directors Certification Program (DCP) 241 / 2017</li> </ul>  |
| Shareholdings (Ordinary Shares)<br>(as at March 13, 2018) | <ul style="list-style-type: none"> <li>• Held Personally: (523,387,900)</li> <li>• Held by Spouse or Minor Children: (600,000)</li> </ul>   |
| Family Relationship among Directors and Executives        | (Son of Mr. Prasert Prasarttong-Osoth and Brother of Mrs. Ariya Prasarttongosoth and cousin of Pol.Lt.Gen. Visanu Prasattongosoth)  |

## Pol.Lt.Gen. Visanu Prasattongsoth

|  |   |
|--|---|
| Age  | 56 Years  |
| Position   | Director  |
| Date of Appointment as a Director                      | 30 January 2003   |
| Education  | <ul style="list-style-type: none"> <li>• Bachelor Degree of Arts (Economics), Vanderbilt University, USA</li> <li>• Master of Political Sciences, Sukhothai Thammathirat University</li> <li>• MBA, University of San Francisco, USA</li> <li>• Diploma, National Defense College, The National Defense College (TNDC) Class 53</li> <li>• Senior Executive Program, Capital Market Academy (CMA) Class 2</li> <li>• Federal Bureau Investigation (FBI) National Academy</li> </ul> |
| Board Member/Management in Other Listed Company        | <ul style="list-style-type: none"> <li>• Independent Director / Chairman of The Audit Committee Finansia Syrus Securities PCL.</li> </ul>   |
| Position in Other Company/ Organization/Institution    | <ul style="list-style-type: none"> <li>• Assistant Commission - General, Royal Thai Police.</li> <li>• Director The Krungthep Thanakom Co., Ltd.</li> <li>• Director Thai Kodama Co., Ltd.</li> <li>• Director, SBI Thai Online (SBTO) Co., Ltd.</li> </ul>   |
| Training Courses                                       | <ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) 11 / 2004</li> <li>• Audit Committee Program (ACP) 7 / 2005</li> <li>• Finance for Non-Finance Director (FND) 19 / 2005</li> <li>• Corporate Governance for Capital Market Intermediaries (CGI) 3 / 2015</li> <li>• Advance Audit Committee Program (AACP) 20 / 2015</li> </ul>   |
| Shareholdings (Ordinary Shares) (as at March 13, 2018) | <ul style="list-style-type: none"> <li>• Held Personally: (300,000)</li> <li>• Held by Spouse or Minor Children: (None)</li> </ul>  |
| Family Relationship among Directors and Executives     | (Nephew of Mr. Prasert Prasarttong-Osoth and cousin of Mr. Puttipong Prasarttong-Osoth and Mrs. Ariya Prasarttongsoth)  |

## Mr. Sripop Sarasas

|   |   |
|---|---|
| Age   | 62 Years  |
| Position  | Director / Independent Director / Chairman of The Audit Committee/<br>Member of the Nomination and Remuneration Committee   |
| Date of Appointment as a Director                         | 26 February 2013  |
| Education   | <ul style="list-style-type: none"> <li>• Bachelor degree of Science Program in Medical Technology, Chulalongkorn University</li> <li>• Master of MBA, University of Southern California , USA</li> </ul>  |
| Board Member/Management in Other Listed Company           | <ul style="list-style-type: none"> <li>• Director / Member of Nomination and Remuneration Committee / Member of Corporate Governance Committee / Member of Risk Management Committee / Chief Administrative Officer, Bangkok Dusit Medical Services PLC.</li> <li>• Independent Director / Member of the Nomination and remuneration committee / Member of the Audit Committee Advanced Information Technology PCL.</li> <li>• Independent Director / Chairman of the Audit Committee Golden Lime PCL.</li> <li>• Independent Director / Chairman of the Audit Committee Kiattana Transport PCL.</li> </ul> |
| Position in Other Company/ Organization/Institution       | <ul style="list-style-type: none"> <li>• Director Parute (2008) Co., Ltd.</li> <li>• Director Khan Co., Ltd.</li> </ul>   |
| Training Courses  | <ul style="list-style-type: none"> <li>• Directors Certification Program (DCP) 22 / 2002</li> <li>• Audit Committee Program (ACP) 1 / 2004</li> </ul>   |
| Shareholdings (Ordinary Shares)<br>(as at March 13, 2018) | <ul style="list-style-type: none"> <li>• Held Personally: (None)</li> <li>• Held by Spouse or Minor Children: (None)</li> </ul>   |
| Family Relationship among Directors and Executives        | -None-  |

## Mr. Pradit Theekakul

|   |  |
|---|--|
| Age   | 60 Years   |
| Position  | Director / Member of Executive Director / Executive Vice President – Corporate Administration and Corporate Portfolio  |
| Date of Appointment as a Director                         | 24 July 1997   |
| Education   | <ul style="list-style-type: none"> <li>• Bachelor Degree of Law, Chulalongkorn University</li> <li>• Bachelor Degree of Political Science, Ramkhamhaeng University</li> <li>• The Thai Barrister</li> </ul>  |
| Board Member/Management in Other Listed Company           | <ul style="list-style-type: none"> <li>• Authorized Director / Executive Director / Executive advisor to CEO / Member of Risk Management Committee / Member of Corporate Governance Committee, Bangkok Dusit Medical Services PLC.</li> <li>• Director, Samitivej PCL.</li> </ul>  |
| Position in Other Company/ Organization/Institution       | <ul style="list-style-type: none"> <li>• Director, Prasitpatana PCL.</li> <li>• Director, Thai Medical Center PCL.</li> <li>• Director, Bangkok Air Catering Co., Ltd.</li> <li>• Director, Paolo Medic Co., Ltd.</li> <li>• Director, Bangkok Airways Holding Co., Ltd.</li> <li>• Director, Thai Petroleum Service Co., Ltd.</li> <li>• Director, Bangkok Golden Life Co., Ltd.</li> <li>• Director, Paradise Shopping Co., Ltd.</li> <li>• Director, Bangkok Hospital Chiangmai Co., Ltd.</li> <li>• Director, WFS-PG Cargo Co., Ltd.</li> <li>• Director, Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.</li> <li>• Director, The one enterprise Co., Ltd.</li> <li>• Director, Bangkok Media &amp; Broadcasting Co., Ltd.</li> </ul> |
| Training Courses  | <ul style="list-style-type: none"> <li>• Directors Certification Program (DCP) 29 / 2003</li> </ul>  |
| Shareholdings (Ordinary Shares)<br>(as at March 13, 2018) | <ul style="list-style-type: none"> <li>• Held Personally: (9,000,000)</li> <li>• Held by Spouse or Minor Children: (None)</li> </ul>   |
| Family Relationship among Directors and Executives        | (None)   |

## General Vichit Yathip

|  |  |
|--|--|
| Age  | 72 Years   |
| Position   | Director / Independent Director / Chairman of Nomination and remuneration / Member of Audit Committee  |
| Date of Appointment as a Director                      | 30 January 2003  |
| Education  | <ul style="list-style-type: none"> <li>• Bachelor Degree of Science, Chulachomklao Royal Military Academy</li> <li>• Master of Public Administration Degree, Bangkokthonburi University</li> </ul>   |
| Board Member/Management in Other Listed Company        | <ul style="list-style-type: none"> <li>• Consultant, Tipco Asphalt PCL.</li> <li>• Independent Director / Chairman of the Audit Committee, ThreeSixtyFive PCL.</li> <li>• Independent Director / Member of the Audit Committee, Vanachai Group PCL.</li> </ul>   |
| Position in Other Company/ Organization/Institution    | <ul style="list-style-type: none"> <li>• Director, Sing Sian Yer Pao Co., Ltd.</li> </ul>  |
| Training Courses                                       | <ul style="list-style-type: none"> <li>• Leader Program, Capital market academy, The stock Exchange of Thailand / 2008</li> <li>• Audit Committee Program (ACP) 29 / 2009</li> <li>• Directors Certification Program (DCP) 105 / 2008</li> <li>• Role of the Chairman Program (RCP) 18 / 2008</li> <li>• Directors Accreditation Program (DAP) 104 / 2014</li> </ul> |
| Shareholdings (Ordinary Shares) (as at March 13, 2018) | <ul style="list-style-type: none"> <li>• Held Personally: (300,000)</li> <li>• Held by Spouse or Minor Children: (None)</li> </ul>   |
| Family Relationship among Directors and Executives     | (None)   |

## Mr. Saharatna Benyakul

|   |  |
|---|--|
| Age   | 54 Years   |
| Position  | Director / Independent Director / Member of Audit Committee/<br>Member of Corporate Governance Committee   |
| Date of Appointment as a Director                         | 7 January 2015   |
| Education   | <ul style="list-style-type: none"> <li>• Bachelor degree of Public Administration, Chulalongkorn University</li> <li>• Master of MBA Texas A&amp;M International University, USA</li> </ul>  |
| Board Member/Management in<br>Other Listed Company        | -None-   |
| Position in Other Company/<br>Organization/Institution    | <ul style="list-style-type: none"> <li>• Director Sukumvit Asset Co, Ltd.</li> </ul>   |
| Training Courses  | <ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) 30 / 2005</li> <li>• Directors Certification Program (DCP) 131 / 2010</li> <li>• Corporate Governance for Capital Market Intermediaries (CGI) 18 / 2017</li> </ul> |
| Shareholdings (Ordinary Shares)<br>(as at March 13, 2018) | <ul style="list-style-type: none"> <li>• Held Personally: (None)</li> <li>• Held by Spouse or Minor Children: (None)</li> </ul>  |
| Family Relationship among<br>Directors and Executives     | -None-   |

## Mrs. Narumol Noi-Am

|   |  |
|---|--|
| Age   | 61 Years   |
| Position  | Director   |
| Date of Appointment as a Director                         | 25 December 2014   |
| Education   | <ul style="list-style-type: none"> <li>• Bachelor Degree of Economic (second class honors) Faculty of Economics, Chulalongkorn University</li> <li>• Master of MBA Banking and Finance from North Texas State, USA</li> </ul>  |
| Board Member/Management in Other Listed Company           | <ul style="list-style-type: none"> <li>• Chief of Financial Officer, Bangkok Dusit Medical Service PCL.</li> </ul>   |
| Position in Other Company/ Organization/Institution       | <ul style="list-style-type: none"> <li>• Director, PrasitPatana PCL.</li> <li>• Director, Sriracha Nakorn General Hospital PCL.</li> <li>• Director, Thai Medical Center PCL.</li> <li>• Chairman, Bangkok Health Assurance PCL.</li> <li>• Director, BangkokPattaya Hospital Co., Ltd.</li> <li>• Director, Bangkok Phuket Hospital Co., Ltd.</li> <li>• Director, Phyathai 1 Hospitals Co., Ltd.</li> <li>• Director, Phyathai 2 Hospitals Co., Ltd.</li> <li>• Director, Phyathai 3 Hospitals Co., Ltd.</li> <li>• Director, Paolo Medic Co., Ltd.</li> <li>• Director, Paolo Samutprakan Co., Ltd.</li> <li>• Director, Siam Medical Co., Ltd.</li> <li>• Director, Bangkok Hospital Chiangmai Co., Ltd.</li> <li>• Director, Bangkok Hospital Phuket International Co., Ltd.</li> <li>• Director, Bangkok Hospital Chiangrai Co., Ltd.</li> <li>• Director, Phnom Penh Medical Services Co., Ltd.</li> <li>• President, BDMS Accounting Co., Ltd.</li> <li>• Director, National Health care system Co., Ltd.</li> <li>• Director, Green line Synergy Co., Ltd.</li> </ul> |
| Training Courses  | <ul style="list-style-type: none"> <li>• Directors Certification Program (DCP) 107 / 2008</li> <li>• Successful Formulation &amp; Execution of Strategy (SFE) 6 / 2010</li> <li>• Senior Executives in Business and Industrial Development Class 3 Institute of Business and Industrial Development: IBID</li> <li>• Leader Program Capital Market Academy Class 15 by Capital Market Academy (CMA) The Stock Exchange of Thailand</li> <li>• TLCA Leadership Development Program “Enhancing Competitiveness” by Thai listed Companies Association &amp; IMD</li> <li>• Advanced Certificate Course in Politics and Government in Democratic Systems for Executives, class 13 by King Prajadhipok’s Institute</li> <li>• Financial Executive Development Program Class 12 by the Thai Institute of Banking and Finance for Executives from financial institutions</li> <li>• Applied International Management Program, Sweden by Government of Sweden</li> </ul>   |
| Shareholdings (Ordinary Shares)<br>(as at March 13, 2018) | <ul style="list-style-type: none"> <li>• Held Personally: (350,000)</li> <li>• Held by Spouse or Minor Children: (50,000)</li> </ul>   |
| Family Relationship among Directors and Executives        | (None)   |

## Mr. Anawat Leelawatwatana

|   |  |
|---|--|
| Age   | 51 Years   |
| Position  | Director / Member of Executive Director/ Senior Vice President – Finance and Accounting  |
| Date of Appointment as a Director                         | 25 April 2016  |
| Education   | <ul style="list-style-type: none"> <li>• Bachelor degree of Science Program in Agronomy, Kasetsart University</li> <li>• Master of MBA Cleveland State University, USA</li> </ul>  |
| Board Member/Management in Other Listed Company           | -None-   |
| Position in Other Company/ Organization/Institution       | <ul style="list-style-type: none"> <li>• Director Bangkok Air Catering Co., Ltd.</li> <li>• Director Bangkok Air Catering Phuket Co., Ltd.</li> <li>• Director Bangkok Air Catering Samui Co., Ltd.</li> <li>• Director BAC Gourmet House Co., Ltd.</li> <li>• Director Gourmet Primo Co., Ltd.</li> <li>• Director Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.</li> </ul> |
| Training Courses  | <ul style="list-style-type: none"> <li>• Directors Certification Program (DCP) 50 / 2004</li> <li>• Company Secretary Program (CSP) 60 / 2014</li> </ul>   |
| Shareholdings (Ordinary Shares)<br>(as at March 13, 2018) | <ul style="list-style-type: none"> <li>• Held Personally: (258,700)</li> <li>• Held by Spouse or Minor Children: (None)</li> </ul>   |
| Family Relationship among Directors and Executives        | -None-   |

## Mrs. Ariya Prasarttongsoth

|  |   |
|--|---|
| Age  | 52 Years  |
| Position   | Director / Member of Corporate Governance Committee   |
| Date of Appointment as a Director                      | 25 April 2016   |
| Education  | <ul style="list-style-type: none"> <li>• Bachelor Degree of Management, Assumption Business Administration College</li> <li>• Master of Marketing, National University, USA</li> <li>• Diploma, National Defense College, The National Defense College (TNDC) Class 58</li> </ul>   |
| Board Member/Management in Other Listed Company        | -None-  |
| Position in Other Company/ Organization/Institution    | <ul style="list-style-type: none"> <li>• Director The Sahakol Estate Co., Ltd.</li> <li>• Director Bangkok Air Tour (1988) Co., Ltd.</li> <li>• Director Bangkok Travel Club Co., Ltd.</li> <li>• Director Samui Palm Beach Resort Co., Ltd.</li> <li>• Director Samui Accom Co., Ltd.</li> <li>• Director Fah Thai Holiday Co., Ltd.</li> </ul>  |
| Training Courses                                       | <ul style="list-style-type: none"> <li>• Directors Certification Program (DCP) 193 / 2014</li> <li>• TLCA Executive Development Program, Thai Listed Companies Association</li> <li>• Diploma, National Defence College, The National Defence Course Class 58</li> <li>• Corporate Governance for Capital Market Intermediaries (CGI) 20 / 2018</li> <li>• Board Matters and Trends (BMT) 6 / 2018</li> </ul> |
| Shareholdings (Ordinary Shares) (as at March 13, 2018) | <ul style="list-style-type: none"> <li>• Held Personally: (243,440,900)</li> <li>• Held by Spouse or Minor Children: (None)</li> </ul>  |
| Family Relationship among Directors and Executives     | (Daughter of Mr. Prasert Prasarttong-Osoth and Sister of Mr. Puttipong Prasarttong-Osoth and cousin of Pol.Lt.Gen. Visanu Prasattongsoth)   |

## Mr. Somboon Kitiyansub

|   |  |
|---|--|
| Age   | 60 Years   |
| Position  | Director / Independent Director / Chairman of Corporate Governance Committee / Member of Nomination and remuneration   |
| Date of Appointment as a Director                         | 25 April 2016  |
| Education   | <ul style="list-style-type: none"> <li>Bachelor of Law Degree, Chulalongkorn University</li> <li>Master of Comparative Laws, The University of Laws, USA</li> </ul>  |
| Board Member/Management in Other Listed Company           | -None-   |
| Position in Other Company/ Organization/Institution       | <ul style="list-style-type: none"> <li>Director Norton Rose Fulbright (Thailand) Co., Ltd.</li> <li>Director Advocate Holding Co., Ltd.</li> <li>Director Plenty Gourmets Holding Pty Ltd.</li> </ul>                                  |
| Training Courses  | <ul style="list-style-type: none"> <li>Director Accreditation Program (DAP) 130 / 2016</li> <li>Corporate Governance for Capital Market Intermediaries (CGI) / 2017</li> <li>Director Certification Program (DCP) 18 / 2018</li> </ul> |
| Shareholdings (Ordinary Shares)<br>(as at March 13, 2018) | <ul style="list-style-type: none"> <li>Held Personally: (None)</li> <li>Held by Spouse or Minor Children: (None)</li> </ul>  |
| Family Relationship among Directors and Executives        | -None-   |



## 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.
2. 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.
3. We continued success depends on our customers and we promise to give them the best possible products and services available in the industry.
4. 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.
5. Corporate accountability: We will continually adopt systems and procedures in our airline that will enhance corporate accountability, transparency and control.
6. 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

### 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.

### 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.

### 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.

### Corporate Social Responsibility

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

**Remarks:** The Company has reviewed the corporate vision, mission, and strategy with an approval from the Directors.

# 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 2018, 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.

## Milestones Awards Since 2015



2015

- 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.
- The company was ranked second in the World's Best Regional Airline and the Best Regional Airline in Asia from Skytrax.
- The company was ranked the world's Top Ten Airline – Worldwide and ranked 5<sup>th</sup> 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".
- The company was ranked 24<sup>th</sup> among other top 50 airlines with the best performance in terms of revenue surveyed by the Airfinance Journal from the UK.

2016

- The company was ranked in the first place in the World's Best Regional Airline and the Best Regional Airline in Asia from Skytrax.
- The company was ranked the world's Top Ten Airline – Worldwide and ranked 4<sup>th</sup> 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".



2017

- Bangkok Airways Public Company Limited won the World's Best Regional Airline and the Best Regional Airline in Asia from SKYTRAX World Airline Award 2017.
- Bangkok Airways Public Company Limited won the Boutique Airline Award for the Best Full-Service Carrier in Asia Pacific from the Air Transport Award 2017 by the Transport News Magazine, a leading magazine in transport and logistics industry from the UK. The award winners were considered by a judging committee, a satisfaction survey of the Transport News' website members, and experts in the transport industry. This year's Air Transport Award was organized in an honor of companies or individuals that have shown an outstanding business performance.
- Bangkok Airways Public Company Limited won the Annual Best Travel Brand in 2017 by Smart Travel Asia. This achievement includes winning in three award categories namely Top Ten Airline Overall – Worldwide, Top Five Best in Cabin Service – Worldwide, and Top Ten Airport – Worldwide. Smart Travel Asia is an Asia's leading website and online magazine about tourism. The annual survey for the tourism and service category was conducted from opinions of multi-million tourists from around the world.
- Bangkok Airways Public Company Limited won the Best Regional Airline in 2017 by the 28<sup>th</sup> TTG Travel Awards, an annual award bestowed in an honor of individuals and corporates in the tourism industry that demonstrated outstanding business performance in various categories throughout the Asia Pacific Region.



2018

- Bangkok Airways Public Company Limited won the Top Ten Airline Overall – Worldwide and Top Ten Best in Cabin Service – Worldwide from the Smart Travel Asia.
- Bangkok Airways Public Company Limited won the Travellers' Choice Regional Carrier-Asia and Travellers' Choice Economy Class-Asia 2018 from TripAdvisor Travellers' Choice Awards for Airlines 2018.
- Bangkok Airways Public Company Limited won the World's Best Regional Airline and the Best Regional Airline in Asia from SKYTRAX World Airline Award 2018.
- Bangkok Airways Public Company Limited won the Best Boutique Airline 2018 by TTG Asia.
- Bangkok Airways Public Company Limited won the Excellence in Management Awards from Thailand's Smart Awards 2018.
- Bangkok Airways Public Company Limited has been rated 5th as the most punctual airline 2018 and has been ranked as the 2nd among Asia Pacific Airlines from the OAG Aviation Worldwide.

## Overview

As of 31 December 2018, 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 18 international routes to destinations including Myanmar, Laos, Cambodia, Malaysia, Singapore, India, Bangladesh, the Maldives, and Vietnam. 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 in Bangkok and Samui International Airport in Surat Thani, which we also own and operate, and Chiang Mai International 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 2018

### Route Network

We put emphasis on market development and route network expansion. 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.

Table presented number of aircraft as of end of Year 2018 and Year 2017

|      | ATR72-500 | ATR72-600 | Airbus A319 | Airbus A320 | Total |
|------|-----------|-----------|-------------|-------------|-------|
| 2017 | 6         | 9         | 14          | 9           | 38    |
| 2018 | 5         | 11        | 15          | 9           | 40    |



Airbus A 319



Airbus A 320



ATR72-500

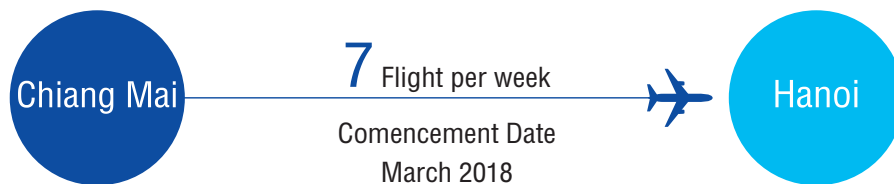


ATR72-600

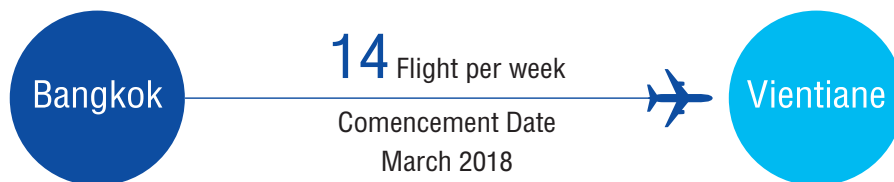
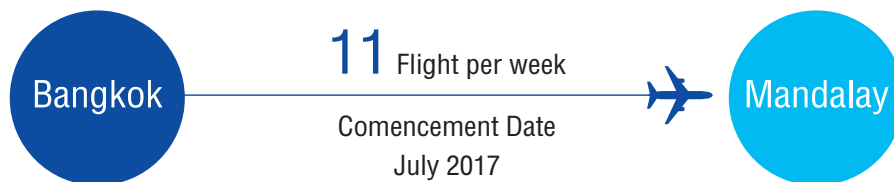
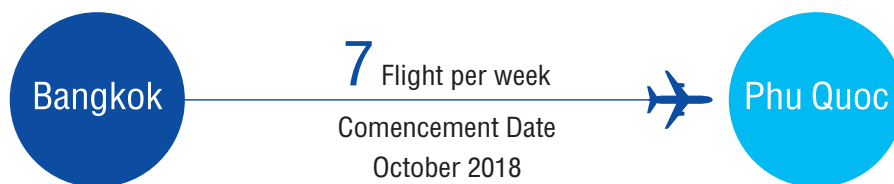
## New destinations and additional flights frequency

In 2018, 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;

### New routes



### Additional flights frequency to existing routes



(Only during the winter flight Schedule)

**Remark:** Cancelled operate Bangkok- Guangzhou since October 2018



## 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 International Airport, Samui International Airport, Phuket International Airport, Krabi International Airport, Chiang Mai International Airport, Chiang Rai International Airport, Luang Prabang International Airport, and Phnom Penh International Airport. In 2018, **“the Company”** has revamped the service and menu including new facilities and amenities for the convenience and impressive experience for our passengers.

- **Menu service for both in flights and at the passenger lounge**

Apart from adopting the **“Simply Thai”** concept from the Power of Learning Foundation, The Company also uses green salad from the Royal Project on the menu. The menu is subject to change on a monthly basis in order to reduce the food production cost. In addition, special dessert menu are served during seasonal festivals and on any inaugural flights, both domestic and international, of the Company.

# Bangkok Airways introduces its Domestic Passenger Lounges & International Passenger Lounges

at Suvarnabhumi Airport.



The lounges were neatly designed with the airlines identity “boutique” touches. Bangkok Airways Lounges is divided to Boutique Lounge and Blue Ribbon Lounge.

Passengers of Bangkok Airways departing on international flights can now enjoy these brand new lounges from today onwards.

Opening hours are from 04:30 hrs - 22:00 hrs. For more information, please visit website: [www.bangkokair.com](http://www.bangkokair.com) or Call center 1771 (24 hours).

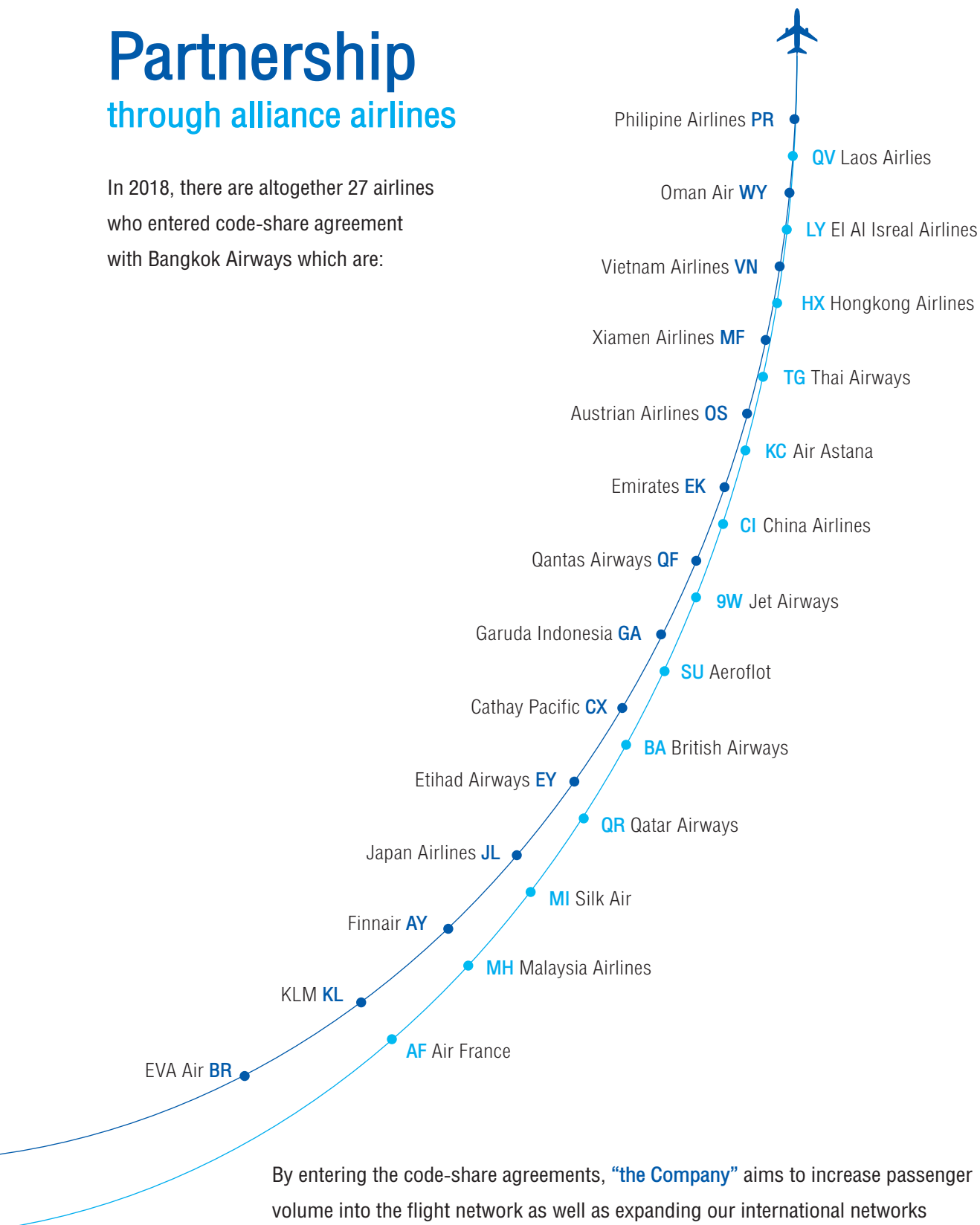
ASIA'S BOUTIQUE AIRLINE



# Partnership

## through alliance airlines

In 2018, there are altogether 27 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.

## Business Operations

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

| Revenues from Core Businesses                       | 2018            |              | 2017            |              |
|---|-----------------|--------------|-----------------|--------------|
|   | Baht (Million)  | Percentage   | Baht (Million)  | Percentage   |
| <b>Revenues from Airlines</b>                       |                 |              |                 |              |
| <b>Passenger Revenue</b>                            |                 |              |                 |              |
| • Domestic routes                                   | 13,611.6        | 48.7         | 13,512.4        | 47.4         |
| • International routes                              | 6,097.22        | 21.8         | 6,244.7         | 21.9         |
| Freight revenue                                     | 216.5           | 0.8          | 241.6           | 0.8          |
| Charter flights and charter services revenue        | 550.1           | 2.0          | 491.8           | 1.7          |
| <b>Total revenues from Airlines</b>                 | <b>20,475.4</b> | <b>73.3</b>  | <b>20,490.5</b> | <b>71.9</b>  |
| <b>Revenues from Airport-related services</b>       |                 |              |                 |              |
| Revenues from BFS Ground                            | 2,167.6         | 7.8          | 2,111.6         | 7.4          |
| Revenues from PGGS                                  | 367.1           | 1.3          | 383.0           | 1.3          |
| Revenues from BAC                                   | 1,048.8         | 3.8          | 1,094.5         | 3.8          |
| Others  | 498.8           | 1.8          | 258.7           | 0.9          |
| <b>Total revenues from Airport-related services</b> | <b>4,082.3</b>  | <b>14.6</b>  | <b>3,847.8</b>  | <b>13.5</b>  |
| <b>Revenues from Airports</b>                       |                 |              |                 |              |
| Passenger service charge                            | 598.1           | 2.1          | 593.2           | 2.1          |
| <b>Total revenues from Airports</b>                 | <b>598.1</b>    | <b>2.1</b>   | <b>593.2</b>    | <b>2.1</b>   |
| <b>Other revenues</b>                               |                 |              |                 |              |
| Dividend income                                     | 418.6           | 1.5          | 389.6           | 1.4          |
| Gain on foreign exchange                            | 164.7           | 0.6          | 55.7            | 0.2          |
| Interest income                                     | 114.1           | 0.4          | 116.8           | 0.4          |
| Gain on sale of investment                          | 384.8           | 1.4          | 1,738.2         | 6.1          |
| Other income  | 1,705.6         | 6.1          | 1,261.5         | 4.4          |
| <b>Total other revenues</b>                         | <b>2,787.8</b>  | <b>10.0</b>  | <b>3,561.8</b>  | <b>12.5</b>  |
| <b>Total Revenue</b>                                | <b>27,943.6</b> | <b>100.0</b> | <b>28,493.3</b> | <b>100.0</b> |

## 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 travellers.

- **Route Network**

As of 31 December 2018, we operated a route network ("PG Route Network") covering 29 scheduled destinations (excluding Bangkok) in 12 countries (including Thailand). Additionally, with destinations covered in our code-share arrangements extended our route network to cover 27 international destinations in 19 countries (excluding Thailand).

Our PG Route Network focuses on short-haul routes to airports around leisure and cultural destinations. 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

The map below illustrates our international and domestic routes as of December 31, 2018

Fly Boutique, Feel Unique

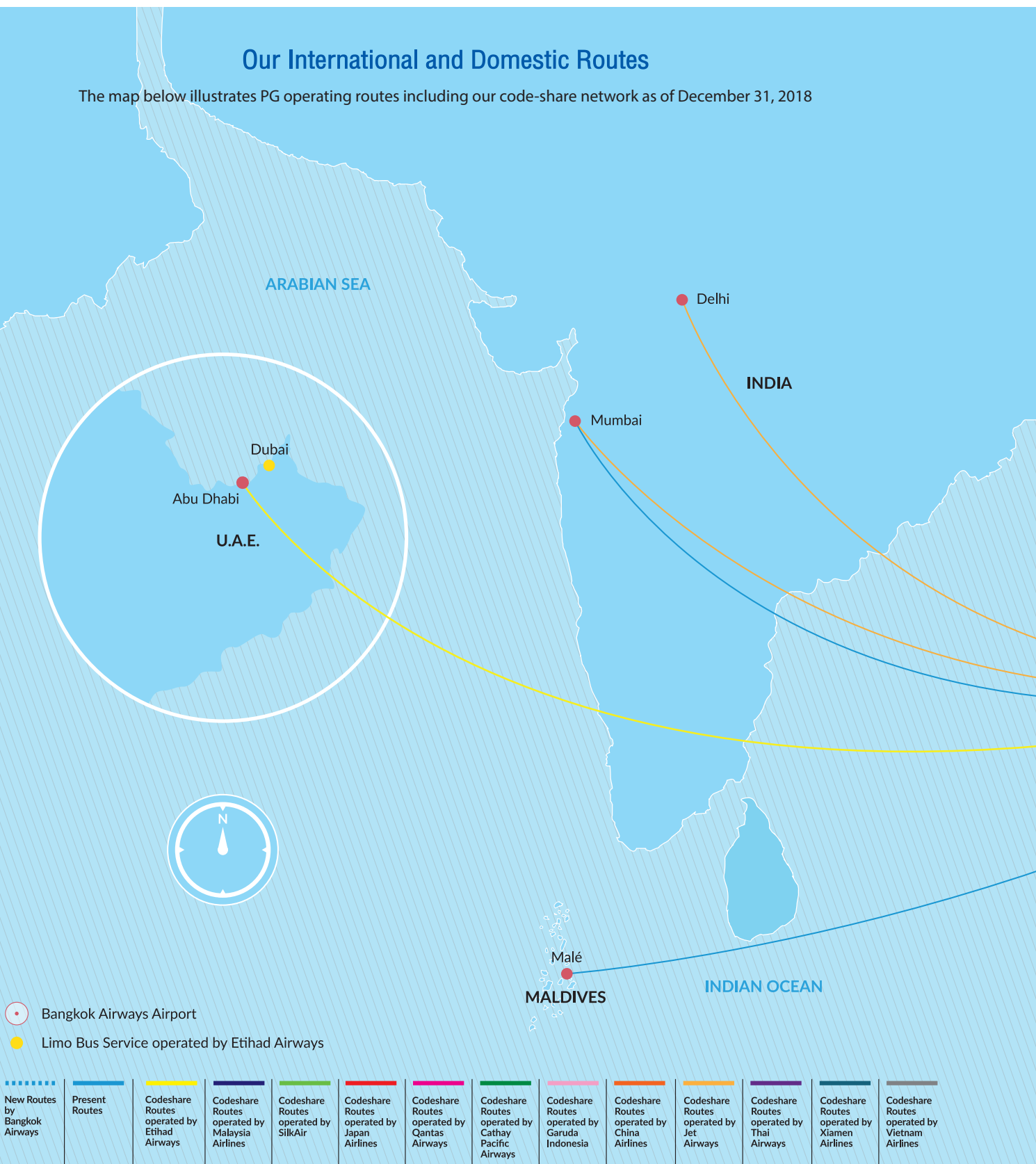
# Bangkok Airways

Asia's Boutique Airline

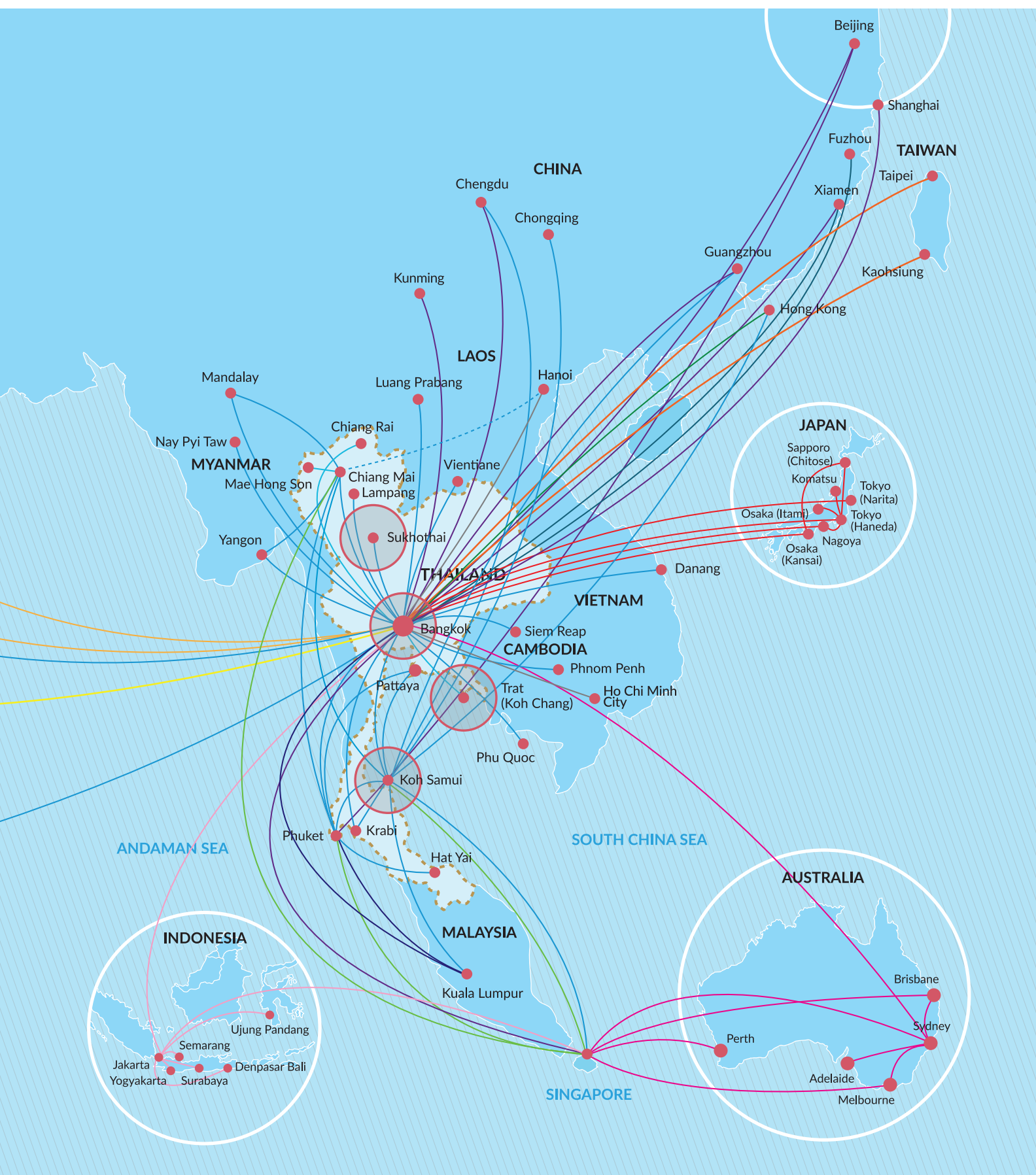


## Our International and Domestic Routes

The map below illustrates PG operating routes including our code-share network as of December 31, 2018



Information is correct at the time of printing - March 2018





## ● 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 and Samui International 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.

We have successfully established code-share arrangements with 27 international airlines. 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 2018, we had an operating fleet of 40 passenger aircraft, with details shown in table below.

| Aircraft Model  |  |  |  |  | Total |
|-----------------|---|---|--|---|-------|
| Total           | 9   | 15  | 5  | 11  | 40    |
| Finance Lease   | -   | -   | -  | 11  | 11    |
| Operating Lease | 9   | 15  | -  | -   | 24    |
| Owned           | -   | -   | 5  | -   | 5     |



## 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 analyses 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 2018 was recorded at 62.89 million passengers, a 6.3% increase from 2017. This figure consists of 51.1 million international passengers and 11.6 million domestic passengers. The Airports of Thailand has deployed the Advance Passenger Processing System or APPS 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 1<sup>st</sup>, 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) also Suvarnabhumi International Airport.

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 Silk Air, Lucky Air, Tibet Airline.

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 and Facilities**

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 is a Preventive Maintenance Measure to optimize utilization of our fleet properly, in consistence with the following key points.

- Continuing Airworthiness Tasks
- Maintenance program
- Airworthiness Directive
- Data for modification and repairs
- Aircraft continuing airworthiness record system
- Operator Technical Log System
- Transfer of aircraft continuing airworthiness

Planning of schedules and cycles for maintenance of our aircraft varies depending on certain factors which includes age and type of aircraft, equipment and specifications determined by aircraft manufacturer. We conduct our maintenance services in compliance with maintenance module issued by the Civil Aviation Authority of Thailand (CAAT), IATA Operational Safety Audit (IOSA) and International Civil Aviation Organization (ICAO). We are certified by the International Organization for Standardization (ISO) for quality of performance and by Civil Aviation Authority of Thailand for standard of maintenance services.

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 type of aircraft and the manufacturer's specifications. Generally our aircraft maintenance check can be divided as follows:

- Light maintenance which includes A Checks and B Checks
- Line maintenance which includes C Checks and D Checks
- Change of aircraft equipment according to its useful life

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

| Light Maintenance A checks / B checks  |  | Line Maintenance C checks  |  |
|--|--|--|--|
| Maintenance Schedule ATR72-500, ATR72-600  |  |  |  |
| Every 500 hours  |  | Every 5,000 hours  |  |
| Maintenance Schedule Airbus A319 and A320  |  |  |  |
| Every 4 months or 750 flight hours or 750 cycles, which ever comes first   |  | Every 24 months or 7,500 flight hours or 5,000 cycles which ever comes first   |  |
| Bay or aircraft parking area   |  | Hangar   |  |
| Maintenance station  |  |  |  |
| Scope of inspection  |  |  |  |
| <b>A check</b> <ul style="list-style-type: none"> <li>includes lower checks i.e. Daily Check</li> </ul> <b>B check</b> <ul style="list-style-type: none"> <li>includes detailed maintenance inspection for components and aircraft systems, requiring specific equipment and testing.</li> <li>includes lower checks i.e. daily checks and A Check</li> </ul> <p>At present B Check had been incorporated into C Check and included in 6-year and 12-year checks</p> |  | Includes lower checks i.e. Daily check, A Check and B check<br><br>C check, 6-year check and 12-year check are line maintenance with specific management process and systematic control.   |  |
| Example MPD specified by aircraft manufacturer   |  |  |  |
| <ul style="list-style-type: none"> <li>General external inspection of aircraft structure for evidence of damage, deformation, corrosion or missing parts.</li> <li>Check and test equipment i.e. turn control switches on/off</li> <li>Check pressure of crew oxygen system</li> <li>Operation check of emergency lights in the cabin</li> <li>Operation check of hydraulic systems</li> </ul>   |  | <ul style="list-style-type: none"> <li>General internal inspection of aircraft structure and wirings. Seats removed to open up cabin walls.</li> <li>Check safety system of doors and emergency exits</li> <li>Check aircraft strength and stability by testing for evidence of leaks in door seals</li> <li>Check condition of pressure system</li> <li>Test operation of DC and uninterrupted power system.</li> <li>Operation check of Ramp air turbine deployment system</li> <li>Operation check of flap asymmetry system</li> <li>Operation check of flight control mechanism</li> </ul> |  |



D Check (or Heavy Maintenance Check) is the most complicated, detailed, line maintenance, conducted every 6 years or 12 years involving detailed inspection of aircraft structure for any defects in aircraft parts, components or structure and non-destructive checks. D Check also includes inspection for traces of decay, abnormality of aircraft structure and other traces of damage which may required technical experts, using special equipment to deconstruct the components in order to carry out maintenance work. At present CAAT has granted permission for the Company to perform D Check and included it in Hangar License.

Other services such as maintenance of aircraft equipment and components, overhaul of aircraft engines and calibration are mostly outsourced to third party service providers. Only service providers which have gone through processes in compliance with the Company quality requirement are acceptable.

Through our lease agreements, we are able to rely on or enjoy the benefits of manufacturer's warranties and product support, granted through our lessors.

We maintain an inventory of rotatable and consumable spare parts at our maintenance facilities at Suvarnabhumi Airport, Don Muang Airport, Samui Airport and other airports.



## 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, 2018, we have obtained nine BOI Certificates under which the corporate income tax exemption for 39 aircraft of which 26 aircraft has been utilized under BOI certificates. The remaining BOI Certificates allow us to exercise tax exemption for 2 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   |
|-------------------|-------------------------|-------------------------------|---|
| <b>BFS Ground</b> | 98.88                   | subsidiary                    | provides passenger services and ground support equipment services |
| <b>BAC</b>        | 90.0                    | subsidiary                    | provides in-flight catering services                              |
| <b>BFS Cargo</b>  | 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.

#### 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 Ramp Service and Ground Handling Service to airlines operating in and out of Suvarnabhumi Airport including scheduled flights, charter flights, and private jets. These services consist of shuttle bus service for passengers, air crews, and baggage; aircraft reloading and unloading service; aircraft towing service; passenger stairs service, interior aircraft cleaning service, Air Conditioning Unit (ACU), Ground Power Unit (GPU), water supply unit, ground equipment maintenance service, and flight operations information service, etc

BFS Ground provides Ramp Service and Ground Handling Service to more than 70 airlines at Suvarnabhumi Airport. In general, the Ramp Service and the Ground Handling Service are engaged in two to three-year contracts with the service fee charged in Thai Baht.

BFS Ground is a service provider that is certified by the International Air Transport Association (IATA) Safety Audit for Ground Operations (ISAGO) and the Occupation Health and Safety Assessment Series (OHSAS 18001:2007).

- **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.

Bangkok Air Catering’s facility is located at Suvarnabhumi Airport with a size of approximately 20,000 sq.m. It is divided into a 10,000-sq.m. area for Halal meals preparation; 3,000-sq.m. area for general meals preparation, and 400 more square meters for Kosher meals preparation. BAC is capable of producing meals for all flights of The Company as well as other airlines including charter flights as in the following details.

|  | As of December 31, 2018 |        |
|--|-------------------------|--------|
|  | 2018                    | 2017   |
| Amount of produced and uplifted meals for our flights (million meals)    | 3.4                     | 3.8    |
| Amount of produced and uplifted meals for other airlines (million meals) | 4.5                     | 6.4    |
| Average of produced and uplifted meals (meal)                            | 21,571                  | 28,038 |

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.

Apart from Bangkok Airways Public Company limited, the Bangkok Air Catering also provides service to 23 other airline clients. Generally, the contract of the in-flight catering business is signed for 1 to 3 years with transactions made in Thai Baht currency. Besides the in-flight catering service, BAC also provides meals and refreshments at The Company’s passenger lounge, both in Business and Economic Class, as well as the Business Class Lounges for the other airlines at Suvarnabhumi international Airport.

BAC is among two other in-flight catering service providers at Suvarnabhumi international Airport which are namely Thai Airways International Public Company Limited, and LSG Sky Chefs Co., Ltd.

- **Cargo Services**

BFS Cargo who provides international cargo service at Suvarnabhumi Airport; has commissioned WFS, a worldwide ground handling and cargo service provider for airlines around the world; to manage and operate the cargo warehouse by controlling quality, evaluating the overall performance including service operations, marketing operations, and cost-effectiveness operation development. These are aimed to ensure that BFS Cargo follows all contractual commitments and the Cargo service contract, as well as to provide guidance and assistance in cargo warehouse operation to be in line with the international standard and being certified in a relevant industry.

BFS Cargo won a 20-year concession from AOT on a cargo operation contract from September 28<sup>th</sup>, 2006; the date when Suvarnabhumi Airport was officially open. This allowed BFS Cargo to start providing service following the cargo operation contract on international air cargo at Suvarnabhumi 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 165 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.





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 On December 1<sup>st</sup>, 2018; BFS Cargo increased its capacity by 73,000 tons to a total capacity of 523,000 tons.

|   | As of December 31, 2018 |            |
|---|-------------------------|------------|
|   | 2018                    | 2017       |
| Weight of handled cargo (Ton)               | 425,790.00              | 402,297.00 |
| cargo tonnage (Ton per year) <sup>(1)</sup> | 523,000.00              | 450,000.00 |
| Utilization (percentage)                    | 93.36                   | 89.40      |

On December 31<sup>st</sup>, 2018; BFS Cargo had more than 60 clients under two to three-year contracts and the service fee is charged in Thai Baht.

BFS Cargo is one of the two cargo service providers at Suvarnabhumi Airport with its counterpart being Thai Airways International PLC.

### 3. Airport Businesses

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

- **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 2018, Samui Airport recorded 2.6 million passengers in and out and over 30,000 flights.



This tables shows daily flight volume in and out of Samui Airport in December 2018.

#### Airlines

#### Flights

Bangkok Airways

36 / day

Silk Air

2 / day

Lucky Air

2 / week

Tibet Airlines

4 / week

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.



- **Trat Airport**

Trat Airport was open 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 2018, the in and out traffic recorded 96,000 passengers with more than 2,300 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 landing fee 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



## ● 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 2018, we served approximately 84,000 passengers with more than 1,700 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

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## 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 and Internet access.

To provide the highest quality customer service, we employ staffs 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.



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

1. 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;
2. Introducing automated ticketing to prevent revenue losses due to human error and increase revenue from optional service fees such as excess baggage fees;
3. 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 lower fare seats for routes with higher expected demand); and
4. 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. Mileage credits can be redeemed for free, discounted or upgraded travel on our flights or exchanged for certain goods sold through in-flight sales. 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.

Additionally, FlyerBonus continues to reward members by constantly offering more benefits for examples, offering discounts and benefits from hotels, shops, and over 200 well-known restaurants in Bangkok Airways' routes. Also, the special point promotions allow members to redeem awards from the airline and partners' co-promotions throughout 2018.



**FlyerBonus**

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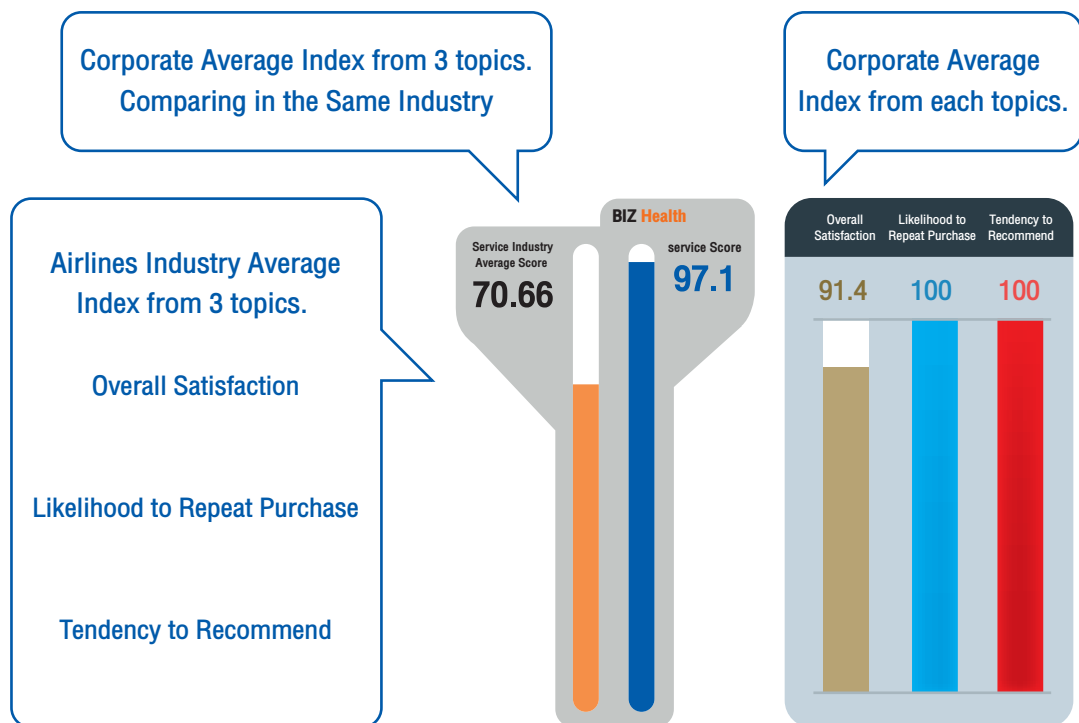
Add Points



- **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.

- **The company has prepared the Customer's Satisfaction survey of 2018**



\* Remark : Index compute with weighted calculation

Bangkok Airways Average Index is 97.1% higher than Aviation Industry which is 70.66%

## ● 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

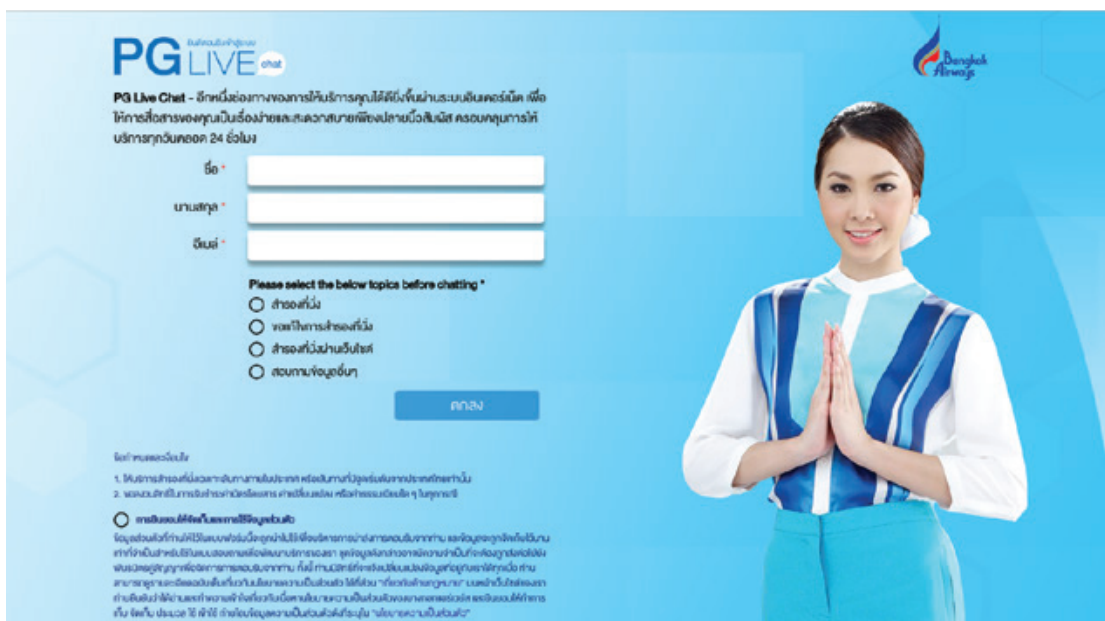
Direct sales are made at sales offices, ticket counters, airport counters, Call Centers and on our website.

#### ● 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.

#### ● Call Centers

The 1771 Call Center, servicing 24 hours a day, is a key channel that provides convenient access to the service for passengers; such as product and service information enquiry, ticketing and reservation, payment, flight change charges, or other special services including ticketing and reservation for medical care service and check-in service through the Call Center for passengers on domestic routes traveling without checked luggage. Apart from the Call Center, passengers can also make a contact through e-mail at [reservation@bangkokair.com](mailto:reservation@bangkokair.com) or the 24-hour PG Live Chat.



**PG LIVE chat**

PG Live Chat - บริการช่วยเหลือทางออนไลน์ให้บริการทุกวันได้ 24 ชั่วโมงผ่านระบบแชตออนไลน์ เพื่อให้บริการที่สะดวกแก่ผู้โดยสารที่ต้องการสอบถามข้อมูลหรือจองตั๋วโดยสารด้วยตัวเอง กรุณากรอกข้อมูลก่อนการให้บริการทุกวันตลอด 24 ชั่วโมง

ชื่อ \*

นามสกุล \*

อีเมล \*

Please select the below topics before chatting \*

☐ การจองตั๋ว

☐ ขอข้อมูลเพิ่มเติม

☐ การจองตั๋วและเช็คอิน

☐ สอบถามข้อมูลอื่นๆ

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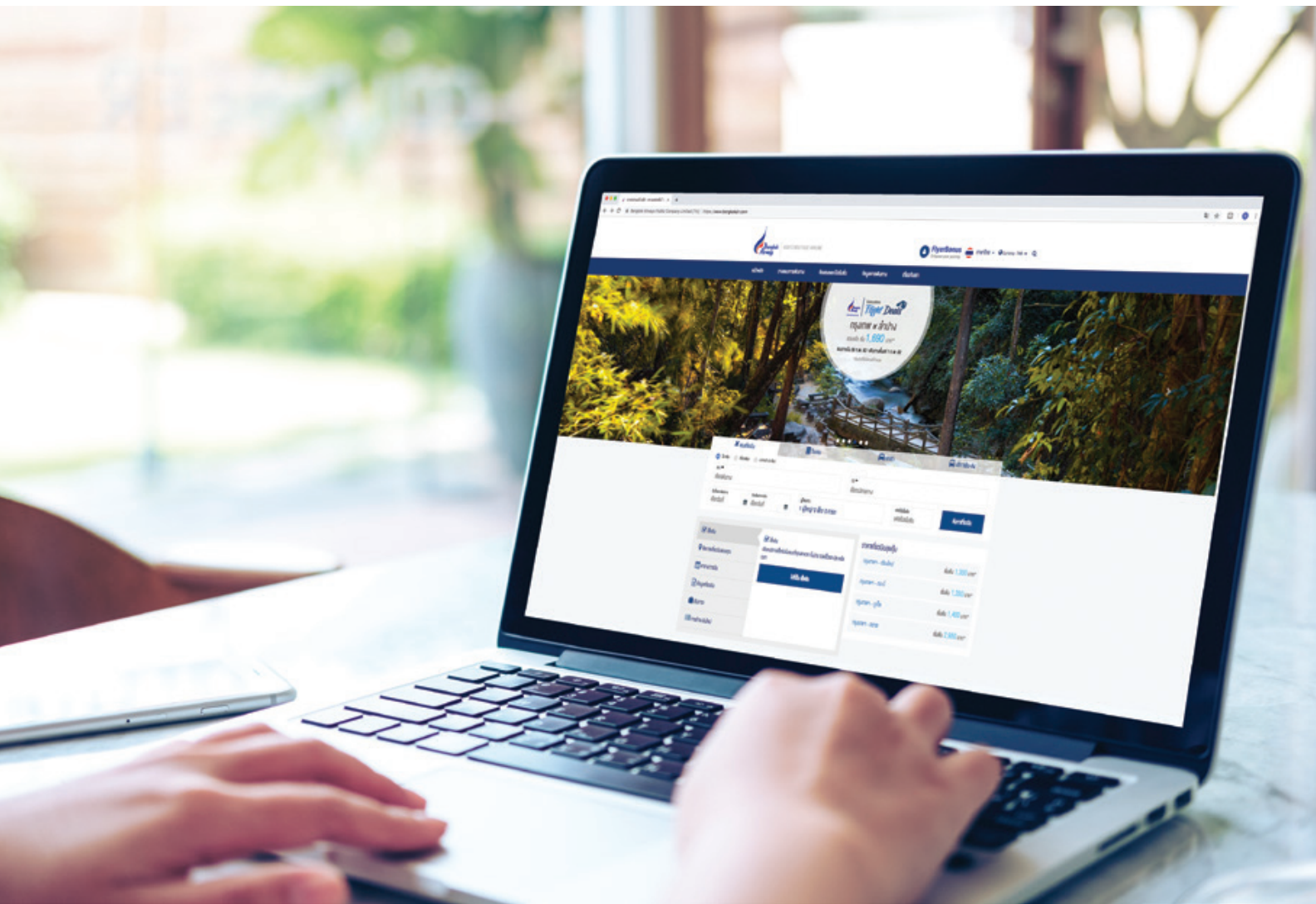
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- **Internet**

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.

Besides making the sale distribution channel available through GDS (Global Distribution System); in 2018, The Company prepared a procedure to migrate the Host System for the main ticket reservation which would take place in 2019. By migrating the Host System, the continuity of all sale activities will still be emphasized particularly by supporting worldwide representatives, both the offline sale agents and its online counterparts or OTA (Online Travel Agent) that has grown in a fast-paced manner; to be able to work accurately, conveniently, and up to date. The Company has also fulfilled agreements with many sale distribution systems and received over 1 million US Dollar discount over the total reservation fee.



## Risk Factors

### 1. Risks Relating to Our Business

- **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 16.3% and 18.6% of our total consolidated cost in 2017, 2018 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\$126.19 per barrel on January 21, 2016 to a low of US\$32.3 per barrel on December 31, 2016. As of December 29, 2017, the spot price of jet fuel was US\$65.74 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. In 2018, we have entered into hedging contracts for approximately 74% of our forecast jet fuel requirements. The company still have an obligation the hedging contract until September 2019 for 810,000 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 2018, of our aircraft fuel expenses were the result of purchases of jet fuel from PTT and 62% and 27%, 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.



- 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.

- 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 31<sup>st</sup>, 2018, we had code-share agreements in place with 27 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.





- 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.

- 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 73.27% of our total consolidated revenues in 2018. 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.

- 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 7.8% and 3.8%, 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.



- **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.

- **Our maintenance costs will increase as our fleet ages.**

The average age of our aircraft was 10.1 years as of December 31, 2018. 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.



- **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 are likely to require financing and incur significant amounts of debt to fund such acquisitions. 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.

- **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 38 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 can not 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.

- **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. 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.

- **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.

- **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

- 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.



- 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.



- **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.

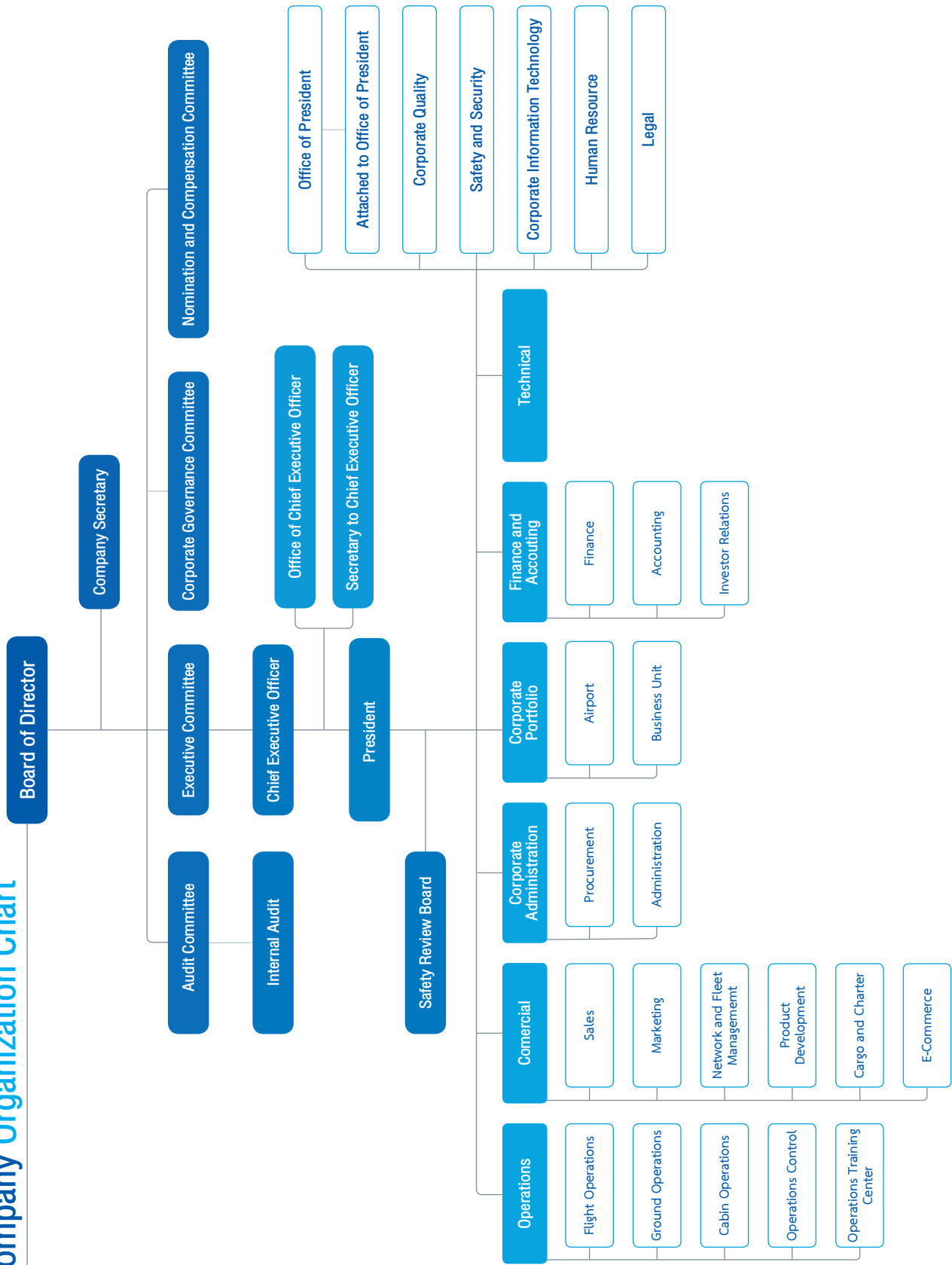
An outbreak or contagious disease with the potential to become a pandemic or the measures taken by the governments of affected countries against such potential outbreaks could also disrupt our operations, which could have an adverse effect on our business, financial condition, results of operation and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

- **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



# 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.

### 1. The Board of Directors of the Company

As of December 31, 2018 our Board of Directors total twelve persons comprised of three non-executive directors, four executive director and five Independent Director as follows:

| Names  | Position  |
|--|---|
| Air Chief Marshal Kaset Rochananil             | Chairman / Independent Director   |
| Mr. Prasert Prasarttong-Osoth <sup>(1)</sup>   | Vice Chairman / Chairman of Executive Director / CEO  |
| Mr. Puttipong Prasarttong-Osoth <sup>(2)</sup> | Director / Member of Executive Director / President   |
| Pol.Lt.Gen. Visanu Prasattongosoth             | Director  |
| Mr. Pradit Theekakul                           | Director / Member of Executive Director / Executive Vice President  |
| Mr. Sripop Sarasas                             | Director / Independent Director / Chairman of The Audit Committee / Member of the Nomination and Remuneration Committee |
| General Vichit Yathip                          | Director / Independent Director / Member of Audit Committee / Chairman of Nomination and Remuneration                   |
| Mr. Saharatna Benyakul                         | Director / Independent Director / Member of Audit Committee / Member of Corporate Governance Committee                  |
| Mrs. Narumol Noi-am                            | Director  |
| Mrs. Ariya Prasarttongosoth                    | Director / Member of Corporate Governance Committee   |
| Mr. Anawat Leelawatwatana                      | Director / Member of Executive Director / Senior Vice President   |
| Mr. Somboon Kittiyansub                        | Director / Independent Director / Chairman of Corporate Governance committee / Member of Nomination and Remuneration    |

**Remark:**

1. Mr. Prasert Prasarttong-Osoth resigned from the position of the Vice Chairman, President, and CEO on January 23<sup>rd</sup>, 2019.
2. Mr. Puttipong Prasarttong-Osoth was appointed to the Vice Chairman and CEO on January 24<sup>th</sup>, 2019 following the 1/2019 executive meeting.

## 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 ethical 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 confronting 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.
3. The Directors should review the qualifications of persons who are appointed as the "Independent Directors" to ensure that they are truly independent which befit properly to the specific nature of The Company in accordance to the criteria of the Securities and Exchange Commission, Thailand. In addition, the Directors should reassure that the Independent Directors are only able to remain in the position not more than nine consecutive years from the first appointment. In case of extending the position term, the Directors must review thoroughly on the necessity of such period extension.
4. The Directors must set the criteria for each Director who also works for the other companies that they must be capable of adequately contributing to The Company by limiting their jobs with five registered companies considering they already hold a position at The Company. The on-job efficiency could be an issue, if the Directors work for too many companies at the same time.

**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**

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 THB500.0 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.

- **Others**

1. Appoint the Company's corporate secretary according to 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.

## 2. 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, 2018, the Executive Committee of the company consists of four following directors and executive officers with the office term of 3 years.

| Name of Members of Executive Member             | Positons                        |
|---|---------------------------------|
| 1. Mr. Prasert Prasarttong-Osoth <sup>(1)</sup> | 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   |

**Remark:** 1. Mr. Prasert Prasarttong-Osoth resigned from the position of the Chairman of Executive Committee on January 23<sup>rd</sup>, 2019.

## 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**

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.

### 3. 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, 2018, the Audit Committee of the Company is comprised of the following non-executive directors

| Name of Members of Audit Committee | Positons                    |
|------------------------------------|-----------------------------|
| 1. Mr. Sripop Sarasas              | Chairman of Audit Committee |
| 2. General Vichit Yathip           | Member of Audit Committee   |
| 3. Mr. Saharatna Benyakul          | Member of Audit Committee   |

**Remark:** 1. Mr. Prasert Prasarttong-Osoth resigned from the position of the Chairman of Executive Committee on January 23<sup>rd</sup>, 2019.

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. Pairoch Chantasilp is the secretary of the Audit Committee.

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

##### ● Policy and Compliance

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

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

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

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

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.

## 4. 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 31<sup>st</sup>, 2018; the Nomination and Compensation Committee consisted of three independent directors as follows.

| Name of Members of Nomination and Compensation Committee | Positons   |
|--|--|
| 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                                | Member of of the Nomination and Compensation committee |

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 cadidates 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.

## 5. 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 Member of the Corporate Governance Committee | Positons                                       |
|--|--|
| 1. Mr. Somboon Kitiyansub                            | Chairman of the Corporate Governance committee |
| 2. Mrs. Ariya Prasarttong-Osoth                      | Member of the Corporate Governance committee   |
| 3. Mr. Saharatna Benyakul                            | Member of the Corporate Governance committee   |

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 Corporate Governance 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, 2018, our executive officers consist of 20 members as follows:

| Names of Executive Officers                    | Positions   |
|--|---|
| Mr. Prasert Prasarttong-Osoth <sup>(1)</sup>   | Chief Executive Officer   |
| Mr. Puttipong Prasarttong-Osoth <sup>(2)</sup> | President / Executive Vice President-Operations /<br>Senior Vice President-Commercial / Vice President - Human Resources                                      |
| Mr. Pradit Theekakul                           | Executive Vice President - Corporate Administration / Executive Vice President -<br>Corporate Portfolio / Senior Director - Office of Chief Executive Officer |
| Mr. Anawat Leelawatwatana                      | Senior Vice President - Finance and Accounting  |
| Mr. Christophe Clarenc                         | Senior Vice President - Maintenance & Engineering   |
| Mr. Narongchai Tanadchangsang                  | Vice President - Airport  |
| Mr. Viroj Satitharopakorn <sup>(3)</sup>       | Vice President - Internal Audit   |
| Mr. Pairoch Chantasilp <sup>(4)</sup>          | Vice President - Attached of office of president  |
| AM. Dechit Chareonwong                         | Vice President - Flight Operations  |
| Mr. Prote Setsuwan                             | Vice President - Marketing  |
| Ms. Aninya Nateprapai                          | Vice President - Administration   |
| Mr. Jirapon Hirunrat <sup>(5)</sup>            | Vice President - Network and Fleet Management   |
| Ms. Chanthip Thongkanya                        | Vice President - Office of President / Director-Corporate Quality   |
| Mr. Varong Israsena Na Ayudhya                 | Vice President - Sales  |
| Mr. Nijjapat Piyapant                          | Vice President - Ground Operations  |
| Ms. Sumalee Chaitientong <sup>(6)</sup>        | Vice President - Ancillary Revenues   |
| Ms. Poonsuk Teerawanichphol                    | Vice President - Management Accounting  |
| Mr. Tongsook Chompoonuch                       | Vice President - Maintenance  |
| Ms. Tresarun Sitakalin                         | Vice President - Corporate Secretary  |
| Mrs. Narumon Chainaknan <sup>(7)</sup>         | Executive Secretary to CEO office (Vice President)  |

- Remarks:**
1. Mr. Prasert Prasarttong-Osoth resigned from the position of the Vice Chairman, President, and CEO on January 23<sup>rd</sup>, 2019.
  2. Mr. Puttipong Prasarttong-Osoth was appointed to the Vice Chairman and CEO on January 24<sup>th</sup>, 2019 following the 1/2019 executive meeting.
  3. Mr. Viroj Satitharopakorn retired on August 31<sup>st</sup>, 2018.
  4. Mr. Pairoch Chantasil was appointed on September 1<sup>st</sup>, 2018 to replace Mr. Viroj Satitharopakorn who retired on August 31<sup>st</sup>, 2018.
  5. Mr. Jirapon Hirunrat was terminated from employment on January 31<sup>st</sup>, 2019.
  6. Ms. Sumalee Chaitientong resigned from the positioned of the Vice President – Ancillary Revenues on August 31<sup>st</sup>, 2018.
  7. Mrs. Narumon Jainaknan resigned from the positioned of the Executive Secretary – President Office on January 21<sup>st</sup>, 2019.

## 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**

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**

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**

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 THB 500,000,000, 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;
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. There tiring 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.

## ● 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.

## ● 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.

## ● Auditor Fee

In the fiscal year ending December 31, 2018, the Company has paid the audit fee to Mr. Sophon Permsrivallop from EY Office Limited for the audit of the financial statement in the amount of Baht 5.1 million excluding other service fees.

## The Meetings of the Board of Directors

### ● Board of Director's Meetings In 2018

The Company set up a monthly meeting on the fourth Thursday for the Directors. The meeting schedule is announced annually and informed to each Director in advance prior each meeting. This, however, doesn't include any special agenda meetings.

In 2018, the Company set up 12 meetings of the Board of Directors and sub-committees with the details as follows:

| Names of Directors                    | Board of directors    | Audit Committee      | Nomination & Compensation Committee | Corporate Governance Committee | Annual General Meeting of Shareholders 2017 |
|---------------------------------------|-----------------------|----------------------|-------------------------------------|--------------------------------|---|
|                                       | (Total 12 Directors)  | (Total 3 Directors)  | (Total 3 Directors)                 | (Total 3 Directors)            | (Total 12 Directors)                        |
|                                       | Total 12 times / year | Total 5 times / year | Total 2 times / year                | Total 4 times / year           | Total 1 times / year                        |
| 1. Air Chief Marshal Kaset Rochananil | 12/12                 |                      |                                     |                                | 1/1   |
| 2. Mr. Prasert Prasarttong-Osoth      | 12/12                 |                      |                                     |                                | 1/1   |
| 3. Mr. Puttipong Prasarttong-Osoth    | 12/12                 |                      |                                     |                                | 1/1   |
| 4. Pol.Lt.Gen. Visanu Prasattongosoth | 12/12                 |                      |                                     |                                | 0/1   |
| 5. Mr. Pradit Theekakul               | 12/12                 |                      |                                     |                                | 1/1   |
| 6. Mr. Sripop Sarasas                 | 12/12                 | 5/5                  | 2/2                                 |                                | 1/1   |
| 7. General Vichit Yathip              | 9/12                  | 5/5                  | 2/2                                 |                                | 1/1   |
| 8. Mr. Saharatna Benyakul             | 12/12                 | 5/5                  |                                     | 4/4                            | 1/1   |
| 9. Mrs. Narumol Noi-am                | 12/12                 |                      |                                     |                                | 1/1   |
| 10. Mrs. Ariya Prasarttongosoth       | 10/12                 |                      |                                     | 4/4                            | 1/1   |
| 11. Mr. Anawat Leelawatwatana         | 12/12                 |                      |                                     |                                | 1/1   |
| 12. Mr. Somboon Kittiyansub           | 12/12                 |                      | 2/2                                 | 4/4                            | 1/1   |

**Remark :** The 2018 Annual General Meeting of Shareholders was held on April 18, 2018

## The Performance Evaluation for the Directors

The Company has a policy for the Directors and the Sub Committee to evaluate their performances at least once every year. This policy is aimed to enable them to review their past works, issues and any obstacles during the past year, while also increase their work efficiency in accordance to the good corporate governance principle.

The evaluation is carried out in the following dimensions namely 1) Structure and Qualifications of the Directors 2) Role, Task, and Responsibility 3) The Directors' Performance during Meetings and on Duty 4) The Directors' Self-Development and The Executive Development.

The evaluation procedures for the Directors and the Sub Committee are as follows.

- The Company's Secretary will distribute the Director's Performance Evaluation Form for all Directors to fill out as they must evaluate their annual performance as both the Committee and the Sub Committee. Upon completion, they must turn around the form back to the Company's Secretary.
- The evaluation scores will be analyzed basing on their annual performance. The evaluation conclusion will subsequently be reported back to them to consider as to how to achieve the aforementioned goals.



## ● The Corporate Secretary

The Company's Board of Directors appointed Ms. Tresarun Sitakalin as the Company's Corporate Secretary since January 28, 2016, The Corporate Secretary's main duties and responsibilities are as follows:

1. Provide advice and recommendations to the Board of Directors in ensuring that its duties and responsibilities are in compliance with laws and regulations of the companies listed on Stock Exchange of Thailand, the Securities and Exchange Commission and relevant regulators.
2. Provide orientation sessions for new directors to explain the nature of the business, operating results, corporate plans, major investment projects, roles and responsibilities of the directors according to the corporate governance principles for companies listed on the Stock Exchange of Thailand and government regulators.
3. Annually inform the Board of Directors of the assessments, roles and responsibilities of the Board of Directors as advised by the Thai Institute of Directors and State Enterprise Policy Office.
4. Communicate information between the Company's and subsidiaries' directors in an effective manner and in compliance with the laws and regulations of the Stock Exchange of Thailand, the Capital Market Committee, the Securities and Exchange Commission, as well as relevant regulations and resolutions of the shareholders' meetings.
5. Coordinate and collect information from the management covering finance, budget, risk management, internal control, internal audit and report to the Board of Directors every quarter.
6. Prepare and compile personnel records of directors.
7. Retain complete records of policies and regulations of the Company that have been approved by the Board of Directors along with supporting documents and minutes for the Board Meetings.
8. Prepare and keep the shareholders' letters of invitation, supporting documents, and minutes of meetings with complete information within the timeframe of the law.
9. Maintain conflict of interest reports submitted by directors and executives.
10. Supervise and be responsible for the preparation and maintenance of annual statements (Form 56-1) and annual reports (Form 56-2).
11. Ensure that information is disclosed and reported to the regulatory agencies.
12. Support the directors in proceeding in line with good corporate governance practices of listed companies according to Good Corporate Governance Guidelines for Listed Companies (2012) of the Stock Exchange of Thailand and ASEAN CG Scoreboard. This includes director training courses, annual self-assessment of the Board of Directors and reporting assessments to the Board of Directors to acknowledge and consider for further implementation of the operating development plan.
13. Carry out other missions as assigned by the Board of Directors.

## 6. Compensation of Directors and Executive Officers

### Monetary Compensation

#### (a) Remuneration of Directors

In 2018, the total remuneration paid to our 12 directors was THB 38.99 million, which was paid in the form of meeting allowance and annual returns with the following details:

| Names of Board of Directors and Positions  | Allowance         |                    |                 |                     |                                |                                     | Total Remuneration as Directors (Million Baht) In 2018 |
|--|-------------------|--------------------|-----------------|---------------------|--------------------------------|-------------------------------------|--|
|  | Remuneration      | Board of Directors | Audit Committee | Executive Committee | Corporate Governance Committee | Nomination & Remuneration Committee |  |
| 1. Air Chief Marshal Kaset Rochananil<br>Chairman                                  | 5,000,000         | 1,440,000          |                 |                     |                                |                                     | 6.44   |
| 2. Mr. Prasert Prasarttong-Osoth<br>Vice Chairman/ Chairman of Executive Committee | 1,000,000         | 720,000            |                 | 1,440,000           |                                |                                     | 3.16   |
| 3. Mr. Puttipong Prasarttong-Osoth<br>Director                                     | 1,000,000         | 720,000            |                 | 720,000             |                                |                                     | 2.44   |
| 4. Pol.Lt.Gen. Visanu Prasattongosoth<br>Director                                  | 2,285,714         | 720,000            |                 |                     |                                |                                     | 3.01   |
| 5. Mr. Pradit Theekakul<br>Director  | 1,000,000         | 720,000            |                 | 720,000             |                                |                                     | 2.44   |
| 6. Mr. Sripop Sarasas<br>Chairman of Audit Committee                               | 2,285,714         | 720,000            | 300,000         |                     |                                | 60,000                              | 3.37   |
| 7. General Vichit Yathip<br>Chairman of Nomination & Remuneration Committee        | 2,285,714         | 540,000            | 200,000         |                     |                                | 90,000                              | 3.12   |
| 8. Mrs. Narumol Noi-am<br>Director   | 2,285,714         | 720,000            |                 |                     |                                |                                     | 3.01   |
| 9. Mr. Saharatna Benyakul<br>Director  | 2,285,714         | 720,000            | 200,000         |                     | 120,000                        |                                     | 3.33   |
| 10. Mr. Somboon Kitiyansub<br>Chairman of Corporate Governance Committee           | 2,285,714         | 720,000            |                 |                     | 180,000                        | 60,000                              | 3.25   |
| 11. Mr. Anawat Leelawatwatana<br>Director  | 1,000,000         | 720,000            |                 | 720,000             |                                |                                     | 2.44   |
| 12. Mrs. Ariya Prasarttongosoth<br>Director  | 2,285,714         | 600,000            |                 |                     | 120,000                        |                                     | 3.01   |
| <b>Total</b>   | <b>24,999,998</b> | <b>9,060,000</b>   | <b>700,000</b>  | <b>3,600,000</b>    | <b>420,000</b>                 | <b>210,000</b>                      | <b>38.99</b>   |

## (b) Remuneration of Executive Officers

In 2018, the total remuneration paid to the chairman of the Executive Committee, the President and our 20 executive officers of was approximately THB 266 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





## Report of the Nomination and Remuneration Committee



### Dear Shareholders,

The Nomination and Remuneration Committee of Bangkok Airways Public Company Limited consists of three Directors. The Committee's Chairman isn't involved in the work of the other sub-committees. The present members of the Nomination and Remuneration Committee are as follows:

- |                                  |   |
|----------------------------------|---|
| 1. <b>General Vichit Yathip</b>  | The Chairman of the Nomination and Remuneration Committee |
| 2. <b>Mr. Sripop Sarasas</b>     | Member of the Nomination and Remuneration Committee       |
| 3. <b>Mr. Somboon Kitiyansub</b> | Member of the Nomination and Remuneration Committee       |

In 2018, the Nomination and Remuneration Committee carried out all duties assigned by the Board of the Directors and under the authority and responsibility stipulated in the Charter of The Nomination and Remuneration Committee. The Committee is tasked to nominate qualified personnel to take positions as The Company's Directors, Sub Committees, and the high-level Executives in the CEO and the President positions. They're also tasked to determine the remunerations for the Directors, the Executives and propose them for the Board of Directors to consider. In performing such duty, the Nomination and Remuneration Committee has determined the policy, criteria, and methods to be straightforward and transparent in accordance with the charter and abiding by the related law and regulations in order to set forth proper direction and framework in performing their duties as assigned by the Board of Directors. In 2018, the Nomination and Remuneration Committee held two meetings to consider the following matters.

- A) Nomination of the Directors to replace the Directors whose term has expired. The Committee considers qualifications, knowledge, caliber, experience, and expertise in the commercial aviation including related businesses. The leadership, business vision, and decent attitude that would enhance the corporate development as a whole and deemed beneficial to the sustainable business operation are also key consideration in order to have an edge over the overall aviation industry and the commercial aviation business' competitiveness.

- B) Remuneration for the Board of Director's and the Sub Committees requires consideration in appropriate task assignment, responsibility, and results. Also, the overall business turnover, The Company's business environment, and key factors which are prone to affect the business operation, the commercial aviation business, or the economic situation as a whole in parallel with other companies in the same industry are taken into consideration. The evaluation of the committee includes different factors as referred in the annual evaluation form. The remuneration must deem appropriate, transparent, and verifiable. The remuneration of Committee and the Executives are also disclosed in this Annual Report.
- C) Stipulation of qualification criteria for the Chief Executive Officer and the President must be prepared for the succession plan. This includes the evaluation criteria on remuneration of the Chief Executive Officer and the President by considering relevant factors such as the business turnover, the problem solving and management skills in the highly competitive airline industry, the leadership, and the self-evaluation of Chief Executive Officer and the President.

The Board of Directors of Bangkok Airways Public Company Limited has opened for the shareholders to nominate in the selection of The Company's Directors. However, there wasn't any nomination entry for the selection process in the General Shareholder Meeting in 2019.



General Vichit Yathip  
Chairman of the Nomination and Remuneration Committee

## ● Employees and Training

### Overview

As of December 31, 2018, the Company had 3,023 employees divided by function as follows:

| As of December 31, 2018     |                         |       |
|-----------------------------|-------------------------|-------|
| Flight crew                 | Pilots                  | 368   |
|                             | Flight attendants       | 647   |
| Ground Personnel            | Ground services         | 523   |
|                             | Maintenance             | 355   |
| Other centralized functions | Marketing, reservations | 137   |
|                             | Others                  | 993   |
| Total                       |                         | 3,023 |

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 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 1<sup>st</sup>, 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 14<sup>th</sup>, 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 and employees pay the fund to accumulate at the rate of 3-15% of the employees' salaries.

- **Human Resource Development Policy**

#### **Training for the management and employees**

The Company constantly promotes and supports the employees' performance development by organizing several training sessions, both internally and externally, for the Management and the employees to respond to The Company's mission in promoting and supporting employees' performance development in accordance to Core Values, Core Competency, Leadership Competency, and Functional Competency as stipulated by The Company. Also, The Company focusses on developing the suitable curriculum for staff in each line of operation and level in order to efficiently drive forth the business for The Company. There are a number of courses that are designed in collaboration with leading institutions and/or Universities in Thailand both intensive and long term such as the Fundamental Development Program, the Fundamental Airline Business Management Program, the Leadership Development Program, and the Supervisory Skills Program. Moreover, The Company also held many different trainings such as the General Training for basic skill development, the Internal Trainer Program which is a compulsory program for internal trainers and Skills Enrichment Program as included in The Company's annual training plan to support the corporate strategy on a yearly basis. The Company always realizes a significance of the employees' performance development at all levels from the new recruits to the current employees to ensure that all personnel are up to standard and prompted with required skills and knowledge to be tasked in an efficient manner.

The Company values and always fosters personnel development. Hence, there's a policy that encourages personnel to create the Individual Development Plan – IDP through SAP Success Factors: PG-HRC. Each year, employees and their superiors will create a development plan together to identify their development methods which can be various for examples, attending an internal program by The Company, or other types of skills such as Job Rotation, Self-Learning, etc. After completing the Individual Development Plan, the employees will be evaluated from what they've learnt through feedbacks from the trainer or anyone involved in the process. The employees and their superiors will use this information to plan on another individual development plan in a following year. This is another commitment of the Company to sustain the learning culture in order to further develop its personnel towards professionalism and aim to the goal of being the best airline in Asia.

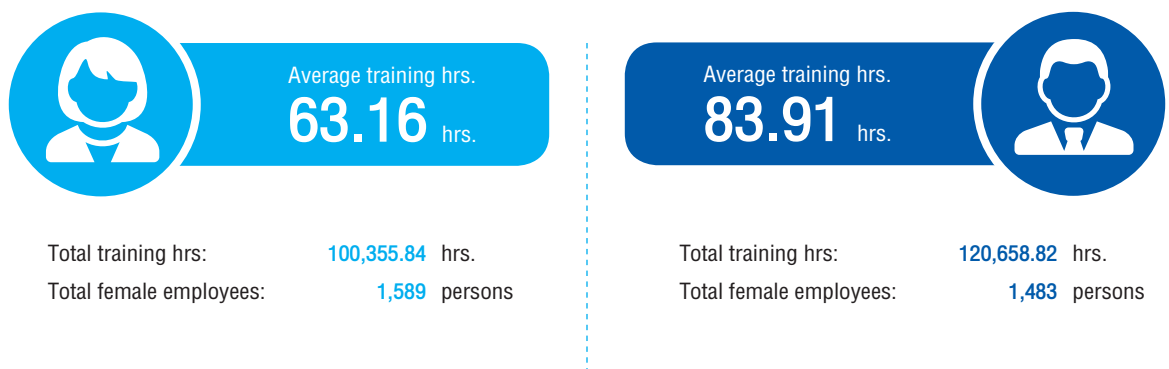
- Overall Human Resource Development

| Average training hours per person per year | 2016  | 2017  | 2018* |
|--|-------|-------|-------|
| The Management and staff                   | 58.67 | 73.64 | 73.01 |

\* Remarks: As of December 31<sup>th</sup>, 2018

- Average training hours per person per year

#### Average training hours per person per year by sex



#### Average training hours per person per year by Level



Remarks: As of December 31<sup>th</sup>, 2018

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

| Name                                  | Shares volume on<br>10/3/2017 | Shares volume on<br>13/3/2018 | Change of shares<br>volume |
|---------------------------------------|-------------------------------|-------------------------------|----------------------------|
| 1. Air Chief Marshal Kaset Rochananil | 700,000                       | 700,000                       | -                          |
| 2. Mr. Prasert Prasarttong-Osoth      | 223,027,500                   | 223,027,500                   | -                          |
| 3. Mr. Puttipong Prasarttong-Osoth    | 523,587,900                   | 523,987,900                   | up 400,000                 |
| 4. Pol.Lt.Gen. Visanu Prasattongosoth | 300,000                       | 300,000                       | -                          |
| 5. Mr. Sripop Sarasas                 | -                             | -                             | -                          |
| 6. General Vichit Yathip              | 300,000                       | 300,000                       | -                          |
| 7. Mrs. Narumol Noi-am                | 416,400                       | 400,000                       | down 16,400                |
| 8. Mr. Pradit Theekakul               | 10,000,000                    | 9,000,000                     | down 1,000,000             |
| 9. Mr. Anawat Leelawatwatana          | 258,700                       | 287,000                       | up 28,300                  |
| 10. Mr. Saharatna Benyakul            | -                             | -                             | -                          |
| 11. Mrs. Ariya Prasarttongosoth       | 243,440,900                   | 243,440,900                   | -                          |
| 12. Mr. Somboon Kittiyansub           | -                             | -                             | -                          |
| 13. Ms. Narumon Chainaknan            | 6,500,000                     | 6,200,000                     | down 300,000               |
| 14. AM. Dechit Chareonwong            | -                             | -                             | -                          |
| 15. Mr. Christophe Clarenc            | 36,900                        | 36,900                        | -                          |
| 16. Mr. Prote Setsuwan                | 28,000                        | 28,000                        | -                          |
| 17. Mr. Narongchai Tanadchangsang     | 30,000                        | 50,000                        | up 20,000                  |
| 18. Mr. Jirapon Hirunrat              | -                             | -                             | -                          |
| 19. Mr. Nijjapat Piyapant             | 54,000                        | 5,000                         | down 49,000                |
| 20. Ms. Tresarun Sitakalin            | 31,500                        | 31,500                        | -                          |
| 21. Ms. Sumalee Chaitientong          | 40,200                        | 40,200                        | -                          |
| 22. Mrs. Chanthip Thongkanya          | -                             | -                             | -                          |
| 23. Mr. Varong Israsena Na Ayudhya    | -                             | -                             | -                          |
| 24. Ms. Poonsuk Teerawanichphol       | -                             | -                             | -                          |
| 25. Mr. Tongsook Chompoonuch          | 15,000                        | -                             | down 15,000                |

**Remarks:** This table shows shares volume comparison on the book closing day in preparation of the 2017 and 2018 annual reports.



## Capital Structure



As of March 10<sup>th</sup>, 2018, the company's top ten shareholders are:

| Names of Shareholders                      | As of March 10 <sup>th</sup> , 2018 |       |
|--|-------------------------------------|-------|
|  | Number of shares                    | %     |
| 1. Mr. Puttipong Prasarttong-Osoth         | 523,387,900                         | 24.92 |
| 2. Mrs. Ariya Prasarttong-Osoth            | 243,440,900                         | 11.59 |
| 3. Mr. Prasert Prasarttong-Osoth           | 222,777,500                         | 10.61 |
| 4. Ms. Poramaporn Prasarttong-Osoth        | 136,250,000                         | 6.49  |
| 5. Bangkok Bank Public Company Limited     | 105,000,000                         | 5.00  |
| 6. Ms. Somruthai Prasarttong-Osoth         | 77,542,900                          | 3.69  |
| 7. Sahakol Estate Co., Ltd. <sup>(1)</sup> | 63,934,400                          | 3.04  |
| 8. Thai NVDR Co., Ltd.                     | 61,569,007                          | 2.93  |
| 9. Bualuang Long-term Equity Fund          | 54,552,400                          | 2.60  |
| 10. N.C.B. TRUST LIMITED-NORGES BANK 11    | 45,900,500                          | 2.19  |

**Remark:** <sup>(1)</sup> 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

## 1. 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.

## 2. 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.



## Report of the Corporate Governance Committee

### Dear Shareholders,

The Corporate Governance Committee of Bangkok Airways Public Company Limited consists of three Directors. None of them is in any management position of The Company. The Chairman of the Committee is independent. The present members of the Committee are listed as follows:

- |                                      |  |
|--------------------------------------|--|
| 1. <b>Mr. Somboon Kitiyansub</b>     | Chairman of the Corporate Governance Committee |
| 2. <b>Mr. Saharatna Benyakul</b>     | Member of the Corporate Governance Committee   |
| 3. <b>Mrs. Ariya Prasarttongsoth</b> | Member of the Corporate Governance Committee   |

In 2018, the Corporate Governance Committee carried out all duties assigned by the Board of the Directors and supported them in all aspects adhered to the good corporate governance policy. They have held four meetings to perform duties as assigned including all other matters within the following scope of responsibility.

- The Committee has created the Director's Guideline Manual for all Directors to be aware of their responsibility of their position in a listed company. This manual also includes all benefits and welfares that are made available in the Company.
- The Corporate Governance Committee has considered the evaluation results under the guideline of The Company's good corporate governance policy following the Thai Institute of Directors' Corporate Governance Report of Thai Listed Companies in 2018, by bringing together the evaluation results and the recommendations to analyse, set the framework and guidelines for the Board of Directors to consider.
- The Corporate Governance Committee has arranged the evaluation form for the Board of Directors, the Sub Committee, the CEO, and the President to evaluate their performance, process the results and submit them to the Board of Directors, the Sub Committee, the CEO, and the President to acknowledge with recommendations for further performance improvement.

- The Corporate Governance Committee has taken part in policy setting, planning, and executing The Company's Corporate Social Responsibility activities, while also giving advice to the CSR working committee and communicating the work progress between the working team, the Corporate Governance Committee, the Board of Directors, the Management, and staff.
- The Corporate Governance Committee has regulated the No Gift Policy with an objective for all level of staff to willingly respect their work without expecting anything in return. This policy is aimed to help lessen any possible conflicts, while also benchmark the morale standard among all personnel.
- Prepare The Company on readiness in declaring the participation in the Private Sector Collective Action Coalition against Corruption (CAC) to ensure all The Company's business operation is correct, transparent, verifiable, and against all forms of corruption.
- Regulate The Company to run in accordance with The General Data Protection Regulation (GDPR) effective on May 25<sup>th</sup>, 2018. This regulation will allow The Company to be relevant to the international private data protection measures which will minimize the risk of any wrongdoing and violation by appointing committee to work with international legal Consultant and also improve company privacy policy compile with Regulation.

The Corporate Governance Committee is tasked to ensure that The Company is strictly run under the good corporate governance policy of the international standard. The committee also organized a systematic checkup, supervision, and evaluation to support The Company's Directors towards their performance and The Company's business operation in the light of further advancing into the corporate sustainability.



(Mr. Somboon Kitiyansub)  
Chairman of the Corporate Governance Committee

## Corporate Social Responsibility – CSR

### Overall Policy

Bangkok Airways Public Company Limited realizes and values an involvement in social responsibility as stated in one of the missions that “The Company is always committed to support and engage in social service and contribution,” in order to achieve The Company’s vision: **“Striving on excellence towards the best airline of Asia”**.

### Corporate Social Responsibility Management Policy

All staff of The Company focuses in performing their duties with responsibility to all groups of stakeholders. This is aligned to the **“Corporate Social Responsibility Management Policy”** set by The Company to sustain the Corporate Social Responsibility activities with an aim to deliver efficient outputs. The policy consists of the following guidance.

1. Adhere to good corporate governance.
2. Commit to expand the route network and service efficiently.
3. Aim to enhance skills, knowledge, and expertise to all personnel as well as create a learning environment within The Company.
4. Manage safety to all levels of stakeholders and plan on business continuity.
5. Consider the principles of humanity and human rights as far as the stakeholders are concerned.
6. Promote social activities and cultivate values in social responsibility and development to employees at all levels.
7. Realize and abide by rules of the environment law related to the business operation.

### Vision and CSR Strategy

The vision and strategy of The Company’s CSR activity is **“Commitment in strengthening the communities surrounding the airports and the routes within our reach of operation,”** by strategizing on networking and knowledge management.

**Knowledge Management in The Company** is driven by the main mission which is to create a culture of cross learning. In 2018, The Company organized the following activities to foster this principle.



- **Knowledge Sharing Activity**

There were altogether 12 sessions among 26 divisions with two outside expert speakers sharing their knowledge under the topics of “How the changing landscape of CX and EX is fueling airline business growth” by a representative from Qualtrics and “ The art of creating happiness in work and life” by Pasin Intarawong.

- **PG Innovation Awards**

This activity opens to new ideas from all staff. The awards are divided into three categories: Service/ Process Improvement, Service/ Product Innovation, Future Business Opportunity. There were altogether 34 entries which were planned to implement in 2019.

- **Knowledge Management Development (KM Site) through Microsoft SharePoint**

To be an archive for knowledge data and information from both inside and outside of The Company where all staff can make use of. Such information comes in form of articles, VDO clips, and documents. This archive system has already been developed in 2018 and is ready for access in 2019.

## Safety

### ● The Occupational Health and Safety Policy

The Company realizes an importance of safety, occupational health, and the working environment for all staff, passengers, business partners, contractors, and all visitors of The Company. Therefore, The Company is determined to prioritize on safety, occupational health, and the working environment among staff in performing their duties by stipulating the following policy.

1. The Company always abides by the law of Occupational Health and Safety including the international standard and regulations of relevant entities in a continuous and sustainable manner.
2. The Company considers the occupational safety a responsibility of all staff in performing their duties. Thus, all levels of their superior must set a good example as a leader who supports and encourage all personnel to be aware of this issue by supervising staff, passengers, business partners, contractors, all visitors to strictly follow the occupational health and safety regulations to ensure safety in all work procedures.
3. The Company is determined to prevent any loss that may occur from accident, injury, or illness from work, including the loss of The Company's assets; by encouraging staff to always improve the working environment and working procedures towards safety for the staff themselves, passengers, business partners, and visitors.
4. The Company will enrich all level of staff with knowledge and participation in all activities concerning Occupational Health and Safety and working environment.
5. The Company will support tasks relevant to Occupational Health and Safety and working environment with an adequate and appropriate company resource.

In 2018, The Company passed an audit for the certificate of IATA Operational Safety Audit or IOSA from International Air Transport Association (IATA). This was the sixth time that The Company has been certified (renewable every two years). This certificate is effective from November 2018 to November 2020. The Company has been certified since the project inception in 2008 by the Operational Safety Audit procedures by IOSA that comprise 8 procedures as follows.

1. Corporate Management Structure and the Administration
2. Flight Operation System
3. Control System in Flight Operation Management
4. Aircraft Maintenance and Engineering
5. In-flight Operation System
6. Ground Operation System
7. Flight Operation Security Management System
8. Cargo Operation System

The Company aims to provide service under the highest level of safety for all passengers including air crews and everyone involved in the flight operations. By being certified in all consecutive years has proved that The Company had all management systems and flights operated under an international standard. This is in line with The Company's vision and mission as in "Striving on excellence towards the best airline of Asia".

## The Business Continuity Management

The Company significantly values the Business Continuity Management (BCM) by developing the Business Continuity Management System; improving the Business Continuity Plan for readiness in response to any catastrophic events in order to reduce the impact it may have on The Company; staff training at the head office, hangar, and Bangkok Airways Operations Center (BAOC) at Suvarnabhumi Airport to learn about the BCM including the Business Impact Analysis, and the international benchmark on the Business Continuity Management (ISO22301).

Moreover, The Company has revised the Risk Evaluation and the Business Continuity Plan. In December 2018, The Company carried out a survey on the awareness level of the BCM as well as strengths and weaknesses to improve the efficiency of this program. The survey covered key business and service activities of The Company.

## Human Rights in Focus

The Company in collaboration with Sangkomdee Wisahakit Puea Sangkom Co., Ltd. (previously known as Play Fun Clay Training Center) organized a training project to promote vocational employment following the Empowerment of Persons with Disabilities Act, B.E. 2550 (2007) Section 35 by training on self-employment for examples, learning how to make clay dolls. This helps enrich skills, and knowledge while also create useful experience for those with physical disability, hearing impaired, visually impaired for six months (600 hours) during April 26th to October 13<sup>th</sup>, 2018. The participants could easily learn from it hands-on, while also get to exercise their hand muscles and to contemplate.

There were altogether 29 participants in 2018. 22 of them had physical disability i.e. hearing impaired or visionally impaired. The other 7 participants were their caregivers who joined on behalf of persons with disabilities. By age; 3 participants were 21-30 years old, 4 participants were 31-40 years old, 3 participants were 41-50 years old, and 19 participants were above 50 years old. By disabilities, 13 participants had disability in the movement, 9 participants were hearing impaired, 4 participants had intellectual disability, 2 participants had mental disability, and 1 participant had communication disability.



## Staff Recreational Activities

- Prepare Breastfeeding Room and Muslim Praying Room at the head office.

- PG Sport Trip: Fit Firm Fun

This health program brings together a group of staff who concerns about their well-being, to work out under a supervision of professional trainers in different forms of exercise.

- Outstanding Employee Award

This award is aimed to reward staff who outstands in different ways to achieve their works' core competency. This also includes those who could inspire others in both work and life.

- PG Art Therapy

This stress-relieving activity takes participants out in the field to create their art works amidst the paddy fields or in the nature.

- PG Family Outing

This team-building activity brings staff closer to one another by narrowing the gap especially between staff and their superiors through fun games.

## Social Project (Promoting Life Quality)

- **Part-time jobs project to supplement incomes with in the community i.e.**

**Group of Coconut milk toffee makers** in Bangrak community of Koh Samui formed up under a support of The Company together with the Department of Community Development, Ministry of Interior.

**Nong Chumsang Community Group** in Sukhothai is a group of community's members who sell their organic produce including vegetables and seasonal fruits that have passed quality control, within the compound of Sukhothai Airport.

- **Community support through serving their products at passenger lounge or snack corner**

The Company seeks to support the communities through purchasing their products for examples, Khun Yai Foo Thai Desserts (Bangkok); Hin Ta Hin Yai's Coconut Caramel, Koh Samui Coconut and Thai desserts (Samui); Butter Banana/ Thai cookies (Sukhothai); Banana Chips (Phuket); Steamed Custard Dumplings, Tao Sor bean pastry, Khanom Khai Sponge Cake (Krabi); Black sticky rice roll (Chiang Mai), etc.

- **Community support in making health checkup equipment available**

The Company gave support through purchasing necessary health checkup equipment for examples, Blood Pressure Monitor, Blood Glucose Meter, and Weight Scale to the Village Health Volunteer Club in three areas namely Ban Bangrak of Koh Samui; Tha Thong Sub-District in Sukhothai; and Tha Soam Sub-District in Trat. This support helped enable the volunteer group to better service the communities as well as lessening risk in the public health.



- **PG Edugether – Learning Quality Development Project**

The Company initiated PG Edugether, a Learning Quality Development Project among schools surrounding Samui Airport, Sukhothai Airport, and Trat Airport. This project fosters educational equality which is among the 17 Sustainable Development Goals – SDGs, 2015-2030 under an MOU between The Company and the Faculty of Industrial Education and Technology of King Mongkut's University of Technology Thonburi. This project is aimed to provide access to diversified quality educations to the youths.



- **Junior Running Clinic**

This is a project that allows youths in Trat, Krabi, Surat Thani (Samui), Lampang, Phuket, Chiang Rai, and Chiang Mai where The Company organized “Bangkok Airways Boutique Series 2018,” to understand both the running theory and techniques from experienced runners. Also, for a good cause, there was a fundraising campaign through [www.teelakow.com](http://www.teelakow.com) and at the events, to bring money to buy sneakers for the needy youths in these areas.



- **“Fly High to Your Dreamed Careers in Aviation” Youth Education Camp**

The Company has organized this project for the first time at Bangkok Airways Operations Center (BAOC) during September 7<sup>th</sup> – 9<sup>th</sup>, 2018 with an aim to develop youth performance while inspire them by introducing divergent careers in the airline business. The participants of this three-day youth camp were 60 students selected from Samui, Sukhothai, and Trat along with their teachers. This allowed them to familiarize themselves with relevant careers in the airline business and to be inspired in which career path they would like to pursue after college.

## Environmental Projects

- **Waste Management Project (Yaek Kaya Dai Prayod)**

The Company has continuously run this project from 2017 by announcing waste volume reduction and an internal waste management program for all staff to realize the significance of the waste management and to follow the program. This project also includes activities to encourage waste reduction such as Office Waste Reduction Ideas Contest, Waste Creative Contest, PG Summer Drink – to encourage usage of personal cup, and waste separation towards Sustainable Outcomes Workshop at Wat Boontharikaram, Samui, Surat Thani.

Moreover, The Company also organized the “Happy Hour Zero Waste” to campaign on the waste reduction from food scraps and on using their personal containers which have both received good cooperation from staff. The revenue earned from this project was partly deducted for social charity for examples, the children’s luncheon funds at the Special Children Foundation, School’s Library renovation at Wat Salak School in Trat, and donation on bulletproof vests for the soldiers and police officers who are on duty at the three border provinces in the deep south of Thailand under the collaboration with the Peace of Life Foundation. The funds were further raised for this foundation from Chiang Mai Walk-Run Charity event titled “Bangkok Airways Lanna Marathon 2018 Run, Hero, Run; I’ll Run For You.”

- **Planting Coconut Trees for Samui Project**

The Company organized the 4<sup>th</sup> Planting Coconut Trees for Samui Project on October 2nd, 2018 at Ban Talay Public Park, Samui, Surat Thani. This project, titled as “Love Earth Save Earth: Love Samui, Save the Coconut Trees,” was aimed to raise awareness among farmers and the local people of Samui what’s important about the coconut trees and to instruct them how to control pests in the area by adopting biological methods as advised by the Department of Agriculture, for examples, breeding the parasitoids, or controlling the number of coconut black-headed caterpillars.



- **Mangrove Conservation and Restoration Project in Trat**

The Company organized the 2<sup>nd</sup> Love Earth Save Earth: Mangrove Conservation and Restoration with Bangkok Airways at the mangrove forest of Ban Salak in Trat to bring together staff and the community to plant more than 2,500 saplings of mangrove trees on a three-rai area as well as release the mangrove resident crabs into the environment as a gesture to conserve the land in a sustainable manner.

- **Weir Building Project in Lampang**

The Company organized the Weir Building Project at the Pha Tai Cave National Park in Lampang in collaboration with Mr. Sekson Dangsai, Chairman of We Love The King Nakorn Lampang Project; along with volunteers from several government units. This project involved a building of five semi-permanent brick and cement weirs in medium semi-aqua body which is a brainchild of the We Love The King Nakorn Lampang group, adapted in accordance with the royal instruction of the late King RAMA IX.



- **The United for Wildlife Project**

With The Company's President having signed the United for Wildlife Buckingham Palace Declaration at the Annual Meeting of the International Air Transport Association in 2016 onto 2018, The Company has announced the policy against illegal wildlife trade to express the concern on the issue. This year, The Company held a workshop "Bangkok Airways Against Wildlife Crime" workshop at Bang Pra Aquatic Birds Nursery in Chonburi in collaboration with Department of National Parks, Wildlife, and Plant Conservation and the Faculty of Veterinary Science, Chulalongkorn University, for staff, the management and all relevant staff who work directly to this issue, to understand about the wildlife crime found in the airline business. Also, to instill in them the sense of rightness in joining hands with others to help eradicate such crime.

# 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; where by the Company's Board of Directors' meeting No. 5/2014 held on May 22, 2014 has approved the 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's 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.

# The Internal Control and the Risk Management



Bangkok Airways Public Company Limited realizes the importance of the Internal Control which lies among significant factors that help The Company achieve the business goal. For this reason, The Company has created the Internal Control System in accordance with COSO (The Committee of Sponsoring Organizations of the Treadway Commission). This is considered a task and responsibility of all personnel in The Company. The Internal Control System must be in place at all work process in multifaceted dimensions including the Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. The Internal Control System has been evaluated with details as follows.

## Control Environment

The Company has an adequate Internal Control which enhances good corporate governance. The Company instructs and facilitates staff to better understand about the Internal Control and to create positive perception towards the matter. The Company also promotes good conscience among all staff in performing their duty with an emphasis on the importance of the Internal Control, the maintenance of the Control Environment through activities and all task deliveries as follows.

- Stipulate the good corporate governance policy and business ethics to prevent staff from having any conflicts of interest between personal benefits and The Company's business. This also covers deploying appropriate measures against any actions that may violate the policy.
- Restructure the corporate organization chart to be more adaptive to authority distribution and to be able to keep up with any change simultaneously in order to increase business flexibility and feasibility in the fast-paced digital disruption environment.
- Stipulate policy in human resource management to communicate with staff in a written form whether in recruiting, training, promoting, to the benefit compensation. Last year, The Company focused on skill development by reskilling and upskilling which will significantly take staff performance to the next level. This skill development is an ongoing program for all staff.

The Company also evaluates any factors that may affect the change in corporate environment for examples; politics, issuance of new regulations, law, economy, technology, and business environment; to create a sound environment that enhances success and efficiency of the Internal Control.

## Risk Assessment

The Company has in place an Enterprise-wide Risk Management with a consideration in the ever-changing business situation. Of late, The Company has faced the disruption in technology which affected the customer behavior, and the competitor set. This caused an organization restructuring. New divisions have been created to cope with potential risks for examples, the Digital Sale Division, Customer Service and Experience Division, and Corporate Clients Data Analysis Division.

The Management has reviewed and revised the process, strategy, values, and corporate culture by considering the company-wide risk assessment including the risks in strategy, business operation, rules and regulations, and finance. This risk evaluation and analysis are pursuant to The Company's business operation plan with an objective to achieve the goal and decision, while aiming to apply to other elements for a better performance of The Company. This is a mechanism in driving forth the good corporate governance. The Company was also certified ISO9001:2015 which incorporates a regulation to comprehend The Company and its context; the stakeholders' demand and expectation. This also includes all other regulations that help create a fundamental understanding in process-oriented management and the risk concept which are an indispensable part of the corporate sustainability.

Details in the risk management are mentioned under the "Risk Management and Risk Factors" topic.





## Control Activities

Both efficient and effective Control Activities must be designed appropriately while considering potential risks in preventing or reducing possible losses or mishaps, as well as achieving the Internal Control's objective. For the Control Activities in each department of The Company, duties are reasonably segregated within each department. No specific staff must be assigned for an important task or at risk for loss all by himself/ herself unless necessary. In that case, other relevant Control Activity must be implemented to ensure a task completion under the duty's objective.

For the procurement process, The Company has continuously improved and developed a process on transparency and verification. There must also be a fair competition under policy and regulations that have been laid out on demand requirement and budgeting, procurement preparation, procurement, and contract management.

For transactions between companies or between subsidiary and the major shareholder, Directors, Executives, or any individuals who are related to The Company; The Company has in place a clear policy and procedure in completing each transaction in a transparent manner through proper authorization as strictly stipulated in the policy without any intervention of the stakeholders. The transactions are always reported to the Audit Committee and the Directors with regular performance monitoring.

## Information and Communication

The Company has sufficiently implemented the work on Information and Communication in its business operation including the business management that's based on both internal and external data analysis. The Company has improved the overall Control Procedure and the safety of the Information System in accordance with the ISO 27001 as a framework towards the international standard. For the personal information protection, The Company has leveraged the standard pursuant to the Data Privacy Law and the relevant benchmark particularly on the General Data Protection Regulation – Europe (EU-GDPR), effective on May 25th, 2018.

The Company has in place a thorough, credible and up-to-date internal and external communication through its Intranet and The Company's website to communicate all internal and external news and information within The Company for examples, The Company's business performance, government regulations, Customer Satisfaction Survey, projects and awards, etc. The objective of the communication is to allow all stakeholders to witness the transparency of information in which reflects upon their confidence towards The Company business operation. Meanwhile, The Company has opened a channel of Whistle Blower for both inside and outside individuals of The Company to be able to report any corruption activity under the Anti-Corruption Policy; also for complaints and suggestions from the outsiders such as customers, business partners, or shareholders, to help increase efficiency within The Company's internal operation.

## Monitoring Activities

The Company realizes the importance of the Internal Control's evaluation. There're reviews of the Internal Control System by the Internal Audit on a regular basis. The Company also includes the Monitoring Activities in the work plan because of constant change in the business situation. Therefore, the improvement of process and in designing the Internal Control System to cope with the change of situation along with sufficient Monitoring Activities will enable The Company to manage the risk in a timely fashion. This also helps boost confidence to the shareholders and all stakeholders. In case of any shortcoming being found, The Company has an instruction for an immediate action to amend it with a report to the Audit Committee on a quarterly basis. The Company aims to enhance the understanding of all personnel to be able to follow and assess the risk in The Company's business operation. At workshops, they will analyze the potential corporate risk assessment in order to plan on proper action to correct the situation.

## Head of Internal Controls and Head of Corporate Governance of The Company



Currently, Mr. Pairoj Chantasil is the Head of Internal Controls was appointed on September 1<sup>st</sup>, 2018 to replace Mr. Viroj Satitharopakorn who retired on August 31<sup>st</sup>, 2018. A total of 11 staff inclusive of himself. The team is split into three units as follows.

1. Internal Audit is tasked for auditing, evaluating and ensuring the sufficiency of the Internal Control System including the corporate management in order to achieve the corporate objective.
2. Risk and Compliance is tasked for identifying, sequencing, and risk management supervising to ensure all procedures are carried out in accordance to the corporate objective.
3. IT Audit is tasked for auditing and evaluating the IT system to ensure that all information is safe, correctly linked with the database, and limited with information accessibility pursuant to the corporate standard.



## Report of Audit Committee

### Dear Shareholders,

The Audit Committee of Bangkok Airways Public Company Limited independently performs its duty with responsibility for good corporate governance. The committee adequately dedicates time to work under such responsibility to ensure that The Company's run under the good corporate governance framework.

In the past year, the Audit Committee carried out its duty in reviewing the financial report and the Internal Control System, the Risk Control Management, and all other data reviews. The committee also implemented a mechanism to supervise the subsidiaries through a review of the Internal Control System and other matters. This is aimed for the business to be run in accordance with The Company's policy. Particularly, all transactions must be transparent, and law-abiding. They must also be in line with the announcement the Stock Exchange of Thailand considering the role and scope as stated in the Charter of the Audit Committee which is reviewed regularly.

Bangkok Airways Public Company Limited always looks into the Risk Assessment and the adequacy of The Company's Internal Control System. Under the workflow of the committee, there were cooperation between the Internal Control Office and the auditor by jointly held five meetings in 2018.

On December 31<sup>st</sup>, 2018; the Audit Committee consists of three members as follows.

| Number | Name                   | In the position since | Attendance (times) |
|--------|------------------------|-----------------------|--------------------|
| 1      | Mr. Sripop Sarasas     | 2014                  | 5/5                |
| 2      | General Vichit Yathip  | 2014                  | 5/5                |
| 3      | Mr. Saharatna Benyakul | 2015                  | 5/5                |

The Audit Committee has worked under the scope of responsibility stated in the Audit Committee Charter which is in accordance with the regulations of the Stock Exchange of Thailand. The committee's year-round tasks that have already been accomplished in 2018 are as follows.

1. A review of financial report and annual financial budget with The Company's management, the Internal Audit, and the auditor by discussing on observations and suggestions on the accuracy of the financial budget and the disclosure adequacy on such information to ensure that the financial report of Bangkok Airways Public Company Limited is correct, credible and up to standard of general accounting policy.

2. A review of the auditor's performance and appointment including audit compensation. This was done by the Audit Committee holding an exclusive meeting with the auditor without any interference of the management. This procedure was carried out to ensure that the auditor is independent and able to thoroughly understand the plan and their scope of work. The Audit Committee has approved an appointment of "EY Co., Ltd." as an auditor of Bangkok Airways Public Company Limited in 2019. Hence, this appointment proposal has been submitted for approval at the shareholder's Ordinary Meeting in 2019
3. Scrutinize all transactions that are suspiciously connected or prone to any conflict of interest to ensure that all activities abide by the law and regulations of the Stock Exchange of Thailand. Clarification will need to be provided by the management if any transactions when compared to the year before, appear to be significantly different.
4. Consider and approve the Internal Control Plan in 2018 by supervising the Internal Control task to be independently carried out or jointly discussed among The Company's Internal Control units and the auditor. The review of such task, suggested in the report of the evaluation of the Internal Control System received from the Internal Control Division, the auditor, and other control units; is aimed to improve the weaknesses in the workflow by allowing both internal and external auditors to work independently while also gained collaborative task force from all departments in The Company.
5. A review of important risk management following The Company's Risk Management Plan for 2017 to evaluate an adequacy and efficiency of the risk management on a quarterly basis.
6. Reviewed and approved the charter of the Audit Committee to consider the scope of the committee's responsibilities pursuant to the Stock Exchange of Thailand's regulation.

In the past year, the Audit Committee has completely fulfilled the scope of responsibility by carefully and independently using their knowledge to voice their opinions in a straightforward manner with an aim to maximize benefits for all stakeholders. In this occasion, the committee concluded that Bangkok Airways Public Company Limited has prepared a financial report that is up to the standard of financial report generally accepted in the accounting principles. There was also adequate information disclosure, Internal Control System, efficient Risk Management, law-abiding as well as following other relevant regulations in accordance with good corporate governance principle.



Mr. Sripop Sarasas  
Chairman of the Audit 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   | Year 2018 (Baht)                  | Rationale   |
|--|---|-----------------------------------|---|
| <b>1. Paradise Shopping Co., Ltd.</b><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>   | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Freight revenue</li> </ul>                 | 1,444<br>13,122                   | Company provides cargo services for Paradise Shopping Co., Ltd.<br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |
|  | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Rental revenue</li> <li>Deposit</li> </ul> | 181,985<br>3,733,990<br>371,160   | Company provides rental space for Paradise Shopping Co., Ltd. at Samui Airport.<br><b>Opinion from Audit Committee:</b><br>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. |
|  | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>                           | 104,094<br>563,122                | Company buys goods from Paradise Shopping Co., Ltd.<br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |
| <b>2. Samui Accom Co., Ltd.</b><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>         | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Other revenue</li> <li>Deposit</li> </ul>  | 2,163,935<br>5,265,257<br>252,000 | Samui Accom Co., Ltd. rents space and parking lots at Samui Airport.<br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
|  | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Service expenses</li> </ul>                   | 15,000<br>50,650                  | Company uses passenger and baggage services from Samui Accom Co., Ltd.<br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
| <b>3. Dhammachart Na Thai Co., Ltd.</b><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul> | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Freight revenue</li> </ul>                 | 9,775<br>66,390                   | Company provides cargo services for Dhammachart Na Thai Co., Ltd.<br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |
|  | <ul style="list-style-type: none"> <li>Expenses</li> </ul>  | 7,000                             | Company buys goods from Dhammachart Na Thai Co., Ltd.<br><b>Opinion from Audit Committee:</b><br>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  | Year 2018 (Baht)            | Rationale   |
|--|--|-----------------------------|---|
| <b>4. Bangkok Travel Club Co., Ltd. - BTC</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>               | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Other revenue</li> <li>Deposit</li> </ul> | 1,701<br>843,210<br>346,400 | BTC rents office space and provides rental deposit.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |
|  | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>                          | 92,750<br>9,240,184         | BTC provides services on visa application and hotel reservations for company's executives and staffs.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions. |
| <b>5. Bangkok Air Tour (1988) Co., Ltd. - BAT</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>           | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Air ticket revenue</li> </ul>             | 5,495,770<br>48,204,330     | BAT is an air ticket agent.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |
|  | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Air ticket expenses</li> </ul>               | 585<br>2,235,123            | BAT provides services on visa application and air ticketing for company's executives and staffs.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.      |
| <b>6. Bangkok Media &amp; Broadcasting Co., Ltd. - PPTV</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul> | <ul style="list-style-type: none"> <li>Air ticket revenue</li> </ul>   | 2,136,060                   | Company sells air tickets to PPTV.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
|  | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Advertising expenses</li> </ul>              | 1,872,849<br>3,526,125      | PPTV produced advertising media for company.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
| <b>7. Prasatthong Osoth Co., Ltd.</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>                       | <ul style="list-style-type: none"> <li>Expenses</li> </ul>   | 3,572                       | Company buys goods from Prasartthong Osoth Co., Ltd.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
| <b>8. Samui Palm Beach Resort Co., Ltd. - SPB</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>           | <ul style="list-style-type: none"> <li>Other revenue</li> </ul>  | 464,800                     | Other revenue from advertising space.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |
|  | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>                          | 3,245,174<br>21,080,778     | Company uses accommodation services at SPB.<br><br><b>Opinion from Audit Committee:</b><br>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  | Year 2018 (Baht)            | Rationale   |
|---|--|-----------------------------|---|
| <b>9. Airport Restaurant Co., Ltd.</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>One of BA executive is a director</li> </ul>                       | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Other revenue</li> </ul>                  | 235,045<br>713,220          | Airport Restaurant Co., Ltd. pays fees to company for its operation in Samui airport.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.     |
|   | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>                          | 41,834<br>1,127,700         | Company buys food vouchers for its staffs and customers from Airport Restaurant Co., Ltd.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions. |
| <b>10. Krungthep Limousine Co., Ltd.</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>                     | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Other revenue</li> <li>Deposit</li> </ul> | 11,309<br>485,146<br>90,000 | Krungthep Limousine Co., Ltd. pays fees to company for its operation in Trat airport.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.     |
|   | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>                          | 163,500<br>331,460          | Krungthep Limousine Co., Ltd. provides passenger and baggage services at Trat airport.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.    |
| <b>11. Natural Rice Co., Ltd.</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders</li> </ul>  | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Freight revenue</li> </ul>                | 8,733<br>72,833             | Company provides cargo services for Natural Rice Co., Ltd.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.                                |
|   | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>                          | 27,070<br>893,567           | Company buys goods from Natural Rice Co., Ltd.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
| <b>12. Sukhothai Property Co., Ltd.</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>                      | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>                          | 46,783<br>207,891           | Company uses accommodation services for company's staffs.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where room rate and services fees were charged at market terms and conditions.                 |
| <b>13. Rankindeeyudee Limited Partnership</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>The major shareholder as spount of BA's Director</li> </ul> | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>                          | 33,750<br>33,750            | Company buys goods from Rankindeeyudee Limited Partnership.<br><br><b>Opinion from Audit Committee:</b><br>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  | Year 2018 (Baht)              | Rationale  |
|---|--|-------------------------------|--|
| <b>14. Nature Tour Co., Ltd.</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>The major shareholder as spount of BA's Director</li> </ul>                        | <ul style="list-style-type: none"> <li>Expenses</li> </ul>   | 46,662                        | Nature Tour Co., Ltd. provides event services at Sukhothai airport.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
| <b>15. Bangkok Dusit Medical Services Pcl. - BDMS</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>                  | <ul style="list-style-type: none"> <li>Investment</li> <li>Dividend income</li> </ul>                  | 22,684,941,643<br>330,630,728 | Company has long term investment in BDMS shares, recorded as available for sale securities.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified. Company and its subsidiaries must comply with company's investment policy.                         |
|   | <ul style="list-style-type: none"> <li>Charter flight revenue</li> </ul>                               | 12,688,392                    | Company provided chartered flight services for BDMS.<br><br><b>Opinion from Audit Committee:</b><br>Price quotation for the services provided must calculated from actual costs and expenses plus margin of at least 15%.  |
|   | <ul style="list-style-type: none"> <li>Other revenue</li> </ul>  | 2,869,159                     | Company received sponsorship for Queen's cup Bangkok Airways and Samui Blue Paradise Fest from BDMS.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.                             |
|   | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>              | 373,243<br>3,171,595          | BDMS provides medical check up services for company's staffs.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
| <b>16. Samitivej Pcl. – SVH</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Subsidiary of BDMS</li> <li>Common directors</li> </ul>                             | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Air ticket revenue</li> </ul> | 69,300<br>305,200             | SVH give away discounted vouchers to its customers to buy air tickets. SVH will then reimburse money of the used voucher to company.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified Transaction were conducted at market terms and conditions. |
|   | <ul style="list-style-type: none"> <li>Expenses</li> </ul>   | 25,870                        | SVH provides medical check up services for company's staffs.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified Transaction were conducted at market terms and conditions.   |
| <b>17. National Healthcare Systems Co., Ltd. - N-Health</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Subsidiary of BDMS</li> <li>Common directors</li> </ul> | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Freight revenue</li> </ul>    | 89,334<br>574,053             | Company provides cargo services for N-Health.<br><br><b>Opinion from Audit Committee:</b><br>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  | Year 2018 (Baht)                            | Rationale  |
|--|--|---|--|
| <b>18. Bangkok Helicopter services Co., Ltd.</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Subsidiary of BDMS</li> <li>Common directors</li> </ul>   | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Service fee revenue</li> </ul>  | 821,760<br>3,115,257                        | Company provides management and helicopter maintenance services.<br><br><b>Opinion from Audit Committee:</b><br>Management and maintenance services provided were justified. Contract should be reviewed every 3 years.  |
| <b>19. Save Drug Center Co., Ltd. – Save Drug</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Subsidiary of BDMS</li> <li>Common directors</li> </ul>  | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>  | 7,274<br>396,855                            | Company buys first aid kits from Save Drug.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
| <b>20. Bangkok Hospital Samui Co., Ltd - BSH</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Subsidiary of BDMS</li> <li>Common directors</li> </ul>   | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Air ticket revenue</li> <li>Other revenue</li> <li>Deposit</li> </ul> | 363,081<br>2,056,140<br>2,726,932<br>80,000 | Company sells air tickets and provides advertising space for BSH.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where rental fees and services fees were charged at market terms and conditions.  |
| <b>21. Aeronautical Radio of Thailand Co., Ltd. - AEROTHAI</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>State enterprise under the Ministry of Transport and Communications</li> <li>To provide air traffic control and aeronautical communication services for airline operations</li> <li>The Ministry of Finance is a major shareholder</li> <li>Common directors</li> </ul> | <ul style="list-style-type: none"> <li>Investment</li> </ul>   | 5,316,200                                   | Company has long term investment in AEROTHAI shares, recorded as other investments.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
|  | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Air ticket revenue</li> <li>Freight revenue</li> </ul>                | 342,778<br>6,541,825<br>40,639              | Company sells air tickets to AEROTHAI.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |
|  | <ul style="list-style-type: none"> <li>Utilities revenue</li> </ul>  | 49,790                                      | Utilities used by AEROTHAI at Samui Airport.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |
|  | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> <li>Rental deposit</li> </ul>                              | 52,303,344<br>544,811,630<br>72,000         | AEROTHAI provides aeronautical services and related services for company. Rental deposit was paid for the usage of radar display system.<br><br><b>Opinion from Audit Committee:</b><br>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  | Year 2018 (Baht)                        | Rationale   |
|---|--|---|---|
| <b>22. Bangkok Aviation Fuel Services Pcl. - BAFS</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common directors</li> </ul>                               | <ul style="list-style-type: none"> <li>Investment</li> <li>Dividend income</li> </ul>  | 1,982,586,688<br>14,116,635             | Company has long term investment in BAFS shares, recorded as available for sale securities.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |
|   | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Revenue</li> <li>Deposit</li> </ul>                               | 18,313<br>129,705<br>23,000             | Company provides communication equipments and utilities.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
|   | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Rental expenses</li> <li>Leasehold right</li> <li>Deposit</li> </ul> | 81,393<br>539,954<br>410,316<br>177,528 | Company leases a plot of land from BAFS.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
| <b>23. Fuel Pipeline Transportation Co., Ltd. - FPT</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Subsidiary of BAFS</li> <li>Common directors</li> </ul> | <ul style="list-style-type: none"> <li>Investment</li> </ul>   | 529,947,690                             | Company has long term investment in FPT shares, recorded as other investments.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified. Company and its subsidiaries must comply with company's investment policy.   |
| <b>24. Bangkok BSS Security Guard Co., Ltd. - BSS</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Deem Related Parties Transaction</li> </ul>               | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Revenue</li> <li>Deposit</li> <li>Other deposit</li> </ul>        | 298,450<br>404,449<br>45,540<br>347,200 | BSS rents office space and provides rental deposit for company.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis.                                     |
|   | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>  | 3,475,240<br>61,107,617                 | BSS provides cleaning and security services for company's offices, Suvarnabhumi and Samui airports.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis. |

| Name of persons who may have conflicts of interest  | Type of Transaction   | Year 2018 (Baht)                        | Rationale   |
|---|---|---|---|
| <b>25. Bangkok Aviation Services Co., Ltd. - BASE</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Deem Related Parties Transaction</li> </ul> | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Other revenue</li> <li>Deposit</li> <li>Other deposit</li> </ul> | 49,778<br>488,132<br>78,305<br>543,120  | BASE rents office space and provides rental deposit for company.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis.                      |
|   | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>   | 8,843,204<br>105,775,895                | BASE provides cleaning and security services for company's airports.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis.                  |
|   | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Rental expenses</li> </ul>  | 80,000<br>960,000                       | Company rents office space from BASE to use as its Sales office.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where rental fees and services fees were charged at market terms and conditions.  |
| <b>26. Bags Ground Services Co., Ltd. -BAGS</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Deem Related Parties Transaction</li> </ul>       | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Air ticket revenue</li> <li>Freight revenue</li> </ul>           | 1,017,326<br>1,173,705<br>123,665       | Company sells air tickets to BAGS's on duty staffs and provides cargo services for BAGS.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where tickets fares, and services fees were charged at market terms and conditions.                                       |
|   | <ul style="list-style-type: none"> <li>Rental revenue</li> <li>Other revenue</li> </ul>   | 5,489,880<br>1,813,652                  | BAGS rents office space from company. Company provides public utility, radio communication equipment and other services for BAGS.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where rental fees and services fees were charged at market terms and conditions. |
|   | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> <li>Deposit</li> </ul>                                | 105,944,547<br>561,453,853<br>1,214,560 | Company uses BAGS's ground handling services.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis.   |

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

| Name of persons who may have conflicts of interest  | Type of Transaction   | Year 2018 (Baht)            | Rationale  |
|---|---|-----------------------------|--|
| <b>1. Bangkok Dusit Medical Services Pcl. - BDMS</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul> | <ul style="list-style-type: none"> <li>Investment</li> <li>Dividend income</li> </ul> | 5,063,500,000<br>73,800,000 | BAH has long term investment in BDMS shares, recorded as available for sale securities.<br><br><b>Opinion from Audit Committee:</b><br>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 Bangkokair Aviation Training Center Co., Ltd. (BATC)

- No Transaction

## (5) Transactions with More Than Free Co., Ltd. (MOR)

| Name of persons who may have conflicts of interest   | Type of Transaction   | Year 2018 (Baht)  | Rationale   |
|--|---|-------------------|---|
| <b>1. Prasatthong Osoth Co., Ltd.</b><br><br><b>Relationship</b><br>Common shareholders and directors  | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul> | 1,488<br>5,871    | MOR buys goods from Prasartthong Osoth Co., Ltd.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
| <b>2. Bangkok BSS Security Guard Co., Ltd. – BSS</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Deem Related Parties Transaction</li> </ul> | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul> | 26,000<br>123,200 | BSS provides cleaning services for MOR's offices.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis. |
| <b>3. Bangkok Aviation Services Co., Ltd. - BASE</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Deem Related Parties Transaction</li> </ul> | <ul style="list-style-type: none"> <li>Expenses</li> </ul>                                | 66,000            | BASE provides logistic and shelving services for MOR.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |

(6) 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   | Year 2018 (Baht)      | Rationale  |
|---|---|-----------------------|--|
| <b>1. Bangkok Dusit Medical Services Pcl. - BDMS</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>   | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Service fee revenue</li> </ul> | 454,696<br>2,477,050  | BFS Ground provided meet & assist services for BDMS.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.     |
| <b>2. The Phya Thai II Hospital Co., Ltd. – PYT 2</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Subsidiary of BDMS</li> <li>Common directors</li> </ul>   | <ul style="list-style-type: none"> <li>Service fee revenue</li> </ul>                                   | 135,050               | BFS Ground provided meet & assist services for PYT 2.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.    |
| <b>3. Aeronautical Radio of Thailand Co., Ltd. - AEROTHAI</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>State enterprise under the Ministry of Transport and Communications.</li> <li>To provide air traffic control and aeronautical communication services for airline operations.</li> <li>The Ministry of Finance is a major shareholder</li> <li>Common directors</li> </ul> | <ul style="list-style-type: none"> <li>Equipments expenses</li> <li>Other expenses</li> </ul>           | 23,139,280<br>151,548 | BFS Ground rents communication equipments from AEROTHAI.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions. |

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

- No Transaction

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

- No Transaction

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

| Name of persons who may have conflicts of interest   | Type of Transaction  | Year 2018 (Baht)     | Rationale   |
|--|--|----------------------|---|
| <b>1. Aeronautical Radio of Thailand Co., Ltd. - AEROTHAI</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>State enterprise under the Ministry of Transport and Communications</li> <li>To provide air traffic control and aeronautical communication services for airline operations.</li> <li>The Ministry of Finance is a major shareholder</li> <li>Common directors</li> </ul> | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Equipments expenses</li> </ul> | 158,200<br>1,783,872 | BAC rents communication equipments from AEROTHAI.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |
| <b>2. Paradise Shopping Co., Ltd.</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>   | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Rental revenue</li> </ul>   | 79,686<br>398,964    | BAC provides storage space and services for Paradise Shopping Co., Ltd.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |
| <b>3. Bangkok Air Tour (1988) Co., Ltd. - BAT</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Associate of The Sahakol Estate Co., Ltd.</li> <li>Common shareholders and directors</li> </ul>  | <ul style="list-style-type: none"> <li>Air ticket expenses</li> </ul>                                | 763,050              | BAT sells air tickets to BAC.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions. BAC can also use other service providers to perform required services.                                      |
| <b>4. Dhammachart Na Thai Co., Ltd.</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>   | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>            | 1,300<br>160,680     | BAC buys agricultural products from Dhammachart Na Thai Co., Ltd.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.   |
| <b>5. Bangkok Dusit Medical Services Pcl. - BDMS</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>  | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>            | 185,000<br>2,220,000 | BAC hires medical staffs from BDMS to attend at BAC's first aid room.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions. However, contract should be reviewed and compared on regular basis. |
| <b>6. A.P. Sheriff Security Guard Co., Ltd.</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Deem Related Parties Transaction</li> </ul>  | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>            | 69,210<br>770,155    | A.P. Sheriff Security Guard Co., Ltd. provides cleaning and security services for BAC.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where services fees were charged at market terms and conditions.  |

## 10) Transactions with BAC Gourmet House Co., Ltd. (BACGH)

| Name of persons who may have conflicts of interest  | Type of Transaction   | Year 2018 (Baht)                             | Rationale  |
|---|---|--|--|
| <b>1. Bangkok Dusit Medical Services Pcl. - BDMS</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Common shareholders and directors</li> </ul>             | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Catering revenue</li> </ul>  | 13,667,471<br>148,822,744                    | BACGH provided catering services for BDMS.<br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions. However, contract should be reviewed and compared on regular basis.                 |
|   | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Rental expenses</li> <li>Utilities expenses</li> <li>Deposit</li> </ul> | 442,848<br>3,319,998<br>5,090,992<br>643,840 | BACGH rents space from BDMS for its restaurant facility.<br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions. However, contract should be reviewed and compared on regular basis.   |
| <b>2. Bangkok Hospital Chiang Mai Co., Ltd. -BCM</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Subsidiary of BDMS</li> <li>Common directors</li> </ul>  | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Catering revenue</li> </ul>  | 1,621,348<br>16,109,682                      | BACGH provided catering services for BCM.<br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions. However, contract should be reviewed and compared on regular basis.                  |
|   | <ul style="list-style-type: none"> <li>Annual check up</li> </ul>   | 2,400  | BCM provides medical check up services for BACGH's staffs.<br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions. However, contract should be reviewed and compared on regular basis. |
| <b>3. Phnom Penh Medical Services Co., Ltd. - RPH</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Subsidiary of BDMS</li> <li>Common directors</li> </ul> | <ul style="list-style-type: none"> <li>Catering revenue</li> </ul>  | 1,106,699                                    | BACGH provided catering services for RPH.<br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions. However, contract should be reviewed and compared on regular basis.                  |

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

| Name of persons who may have conflicts of interest   | Type of Transaction  | Year 2018 (Baht)        | Rationale   |
|--|--|-------------------------|---|
| <b>1. Bangkok Samui Hospital Co., Ltd. - BSH</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Subsidiary of BDMS</li> <li>Common directors</li> </ul> | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Catering revenue</li> </ul> | 1,938,591<br>11,334,750 | BACUSM provided catering services for BSH.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
|  | <ul style="list-style-type: none"> <li>Annual check up</li> </ul>                                    | 115,480                 | BSH provides medical check up services for BACUSM's staffs.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions. However, contract should be reviewed and compared on regular basis. |
| <b>2. Bangkok BSS Security Guard Co., Ltd. - BSS</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Deem Related Parties Transaction</li> </ul>         | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>            | 307,133<br>3,412,112    | BSS provides cleaning and security services for BACUSM's offices.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where services fees were charged at market terms and conditions.   |

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

| Name of persons who may have conflicts of interest  | Type of Transaction  | Year 2018 (Baht)  | Rationale   |
|---|--|-------------------|---|
| <b>1. Aeronautical Radio of Thailand Co., Ltd. - AEROTHAI</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>State enterprise under the Ministry of Transport and Communications.</li> <li>To provide air traffic control and aeronautical communication services for airline operations.</li> <li>The Ministry of Finance is a major shareholder</li> <li>Common directors</li> </ul> | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Equipments expenses</li> </ul> | 34,080<br>352,434 | BACHKT rents communication equipments from AEROTHAI.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
| <b>2. Bags Ground Services Co., Ltd. - BAGS</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Deem Related Parties Transaction</li> </ul>   | <ul style="list-style-type: none"> <li>Trade account receivable</li> <li>Catering revenue</li> </ul> | 6,875<br>109,290  | BACHKT provided catering services for BAGS.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were justified where services fees were charged at market terms and conditions. Contracts should be reviewed and compared on regular basis. |

**(13) Transactions with Bangkok Air Catering Chiang Mai Co., Ltd. (BACCNX)**

- No Transaction

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

| Name of persons who may have conflicts of interest  | Type of Transaction  | Year 2018 (Baht)                     | Rationale   |
|---|--|--------------------------------------|---|
| <b>1. Aeronautical Radio of Thailand Co., Ltd. - AEROTHAI</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>State enterprise under the Ministry of Transport and Communications.</li> <li>To provide air traffic control and aeronautical communication services for airline operations.</li> <li>The Ministry of Finance is a major shareholder</li> <li>Common directors</li> </ul> | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Cash advance</li> </ul>              | 502,018<br>6,349,430                 | PGGS provides ground handling services for airline operations (including payment in advance for communication services to AEROTHAI). Its customer will reimburse money to PGGS.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions. |
| <b>2. Bangkok Aviation Services Co., Ltd. - BASE</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Deem Related Parties Transaction</li> </ul>  | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> </ul>                  | 244,035<br>2,736,840                 | BASE provides security services for PGGS at Samui airport.<br><br><b>Opinion from Audit Committee:</b><br>Transactions were conducted with normal course of business at market terms and conditions.  |
| <b>3. Bags Ground Services Co., Ltd. - BAGS</b><br><br><b>Relationship</b> <ul style="list-style-type: none"> <li>Deem Related Parties Transaction</li> </ul>   | <ul style="list-style-type: none"> <li>Trade account payable</li> <li>Expenses</li> <li>Deposit</li> </ul> | 3,205,840<br>48,953,575<br>1,500,000 | BAGS provides ground handling services for PGGS at Samui airport.<br><br><b>Opinion from Audit Committee:</b><br>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

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For the period ended 31 December 2018

Bangkok Airways Public Company Limited and Its Subsidiaries

## Management's Discussion and Analysis

### for the year ended 31 December 2018

#### Executive Summary

The Thai economy in the last quarter in 2018 continued to grow even though there was a slowdown in the last month of December 2018 due to decelerating of exporting sector and the world economy, compared with the previous quarter. The revenues from agricultural industry sector and tourism industry sector were main drivers, to support the overall Thai economy. Moreover, the inflation rate increased 0.8 percent while the unemployment rate remained under 1.0 percent in the fourth quarter of 2018 (Source: Fiscal policy office). Furthermore, the estimated GDP (Gross Domestic Product) for the whole year 2018 grow at 4.2 percent, compared to 3.9 percent in 2017 (Source: The board of investment of Thailand).

The overall global aviation industry in 2018, passenger traffic increased by 6.5 percent in revenue passenger kilometers (RPK) where Asia-Pacific region had the highest growth at 8.6 percent, followed by Europe, and Latin America, accounting for 6.6 and 6.2 percent respectively. In addition, worldwide capacity growth, or available seat kilometers (ASK), increased 6.1 percent on the average. Asia Pacific region remains at 7.9 percent, followed by Latin America, and Europe with 6.6, and 5.8 percent respectively. In conclusion, even though the growth of overall RPK decreased, compared to last year, it was in the positive relationship with the growth of overall ASK, which led to the improvement of the overall average passenger load factor in 2018 (Source: International Air Transport Association).

Thailand tourism industry in fourth quarter of 2018 grew at 4.9 percent. Tourist arrival from Southeast Asia region had the highest growth at 20.4 percent, followed by South Asia, and Africa at 14.2, and 7.4 percent respectively. In addition, European tourist arrival to Thailand increased 1.0 percent in which Russian, British, and German were recorded as top 3 by nationalities.

Furthermore, the overall Thailand tourism industry in 2018 increased at 8.1 percent. Tourists from Southeast Asia region still had the highest growth at 12.5 percent, followed by South Asia, and East Asia at 12.0 and 8.7 percent respectively. Nevertheless, the boat accident in Phuket in July 2018 had affected the number of Chinese tourists to Thailand. The number of Chinese tourists' arrival to Thailand from July-November 2018 declined at 12.0 percent, but the situation started to improve in December. As a result, the overall Chinese arrival to Thailand increased at 2.8 percent in December 2018 (Source: Ministry of Tourism and Sports).

In year 2018, CLMV routes were more focused according to passenger travel demand especially in Vietnam, Laos and Myanmar. The Company increased flight frequencies in Bangkok- Vientiane route to 14 flights per week, Bangkok-Mandalay route to 11 flights per week and Bangkok- Phu Quoc route to 7 flights per week, together with the launch of new route from Chiang Mai-Hanoi since March 2018. However, an impact of China's economic sluggish together with the boat accident in Phuket, the Company has to decrease its flight Samui to Chongqing from 3 flights per week to 1 flight per week, together with suspended flight from Samui to Guangzhou started from October 2018.

The number of passengers slightly increased by 0.1 percent for year 2018, mainly resulted from the growth from point-of sale in International sector which increased by 15.0 percent comparing with last year.

The Company has total revenue of 27,943.6 million baht, decreased by 1.9 percent from the year. A decrease was mainly from unallocated revenues which dropped by 774.0 million baht or 21.7 percent from year 2017. The revenue from airline business slightly declined by 0.1 percent from highly intense competition which caused the average fare drop by 0.1 percent. However, the revenue from airport-related services increased by 6.1 percent from a rising number of flights landed at Suvarnabhumi airport, together with new airline customers derived during the period. Besides, the increasing of revenue was also contributed from Gourmet Primo Company Limited and More Than Free Company Limited, wholly owned subsidiaries of Bangkok Airways Holding Company Limited.

The Company reported profit before income tax amounting to 356.8 million baht, decreased from the same period last year by 961.6 million baht or 72.9 percent. After corporate income tax, net profit was 263.7 million baht of which gain attributable to equity holders of the Company at the amount of 249.3 million baht. Earnings per share equaled to 0.12 baht.

## Notable Events

### Airline Business

1. The Company has revised flight frequencies due to passenger seasonal demand and has increased flight frequencies, operated new routes and suspended the underperformed route as follows;

- **Add Flight Frequencies**

- Bangkok-Vientiane**

- from 7 flights per week to 14 flights per week (March 2018)

- Bangkok-Mandalay**

- from 7 flights per week to 11 flights per week (July 2018)

- Bangkok-Phu Quoc**

- from 4 flights per week to 7 flights per week (October 2018)

- **Decrease Flight Frequencies**

- Chiang Mai-Mandalay**

- from 7 flights per week to 4 flights per week (July 2018)

- Samui-Chongqing**

- from 3 flights per week to 1 flight per week (September 2018)

- **New Route**

- Chiang Mai-Hanoi**

- 7 flights per week (March 2018)

- **Suspended Route**

- Samui-Guangzhou**

- 7 flights per week (October 2018)

2. As of 31<sup>st</sup> December 2018, the Company has 40 aircraft as shown in table below;

| Fleet Type   | As of 31 <sup>st</sup> December 2018 | As of 31 <sup>st</sup> December 2017 |
|--------------|--------------------------------------|--------------------------------------|
| Airbus A320  | 9                                    | 9                                    |
| Airbus A319  | 15                                   | 14                                   |
| ATR 72-500   | 5                                    | 6                                    |
| ATR 72-600   | 11                                   | 9                                    |
| <b>Total</b> | <b>40</b>                            | <b>38</b>                            |

One additional Airbus A319 under operating lease agreement was delivered in July 2018 and two additional ATR72-600 were delivered in December 2018. While the Company disposed one ATR72-500 in December 2018.

3. The Company has total 27 Codeshare airline partners. In 2018, the Company signed Codeshare agreement with 4 airlines as follows:
  - 3.1 Al El Israel Airlines (February 2018)
  - 3.2 Oman Air (April 2018)
  - 3.3 Laos Airlines (May 2018)
  - 3.4 Philippines Airlines (October 2018)
4. The Company announced a new collaboration effort with Expedia group, the world's leading online travel company, to add a new distribution channel and incorporate marketing campaigns globally. This will enhance ticket sales through sale channels of Expedia and its subsidiaries especially in North America, Europe and Australasia, which are the Company's key target market. (February 2018)
5. The company announced a partnership campaigns with German Football Club "Borussia Dortmund". With Borussia Dortmund's strong global brand presence, it will strengthen the Company's brand image as well as make the airline better known across Asia and Europe. In addition, this cooperation will be part of the Company's CSR project to enhance football skill for the youths in Thailand. (March 2018)
6. The Company has been developing innovative systems and new technology to make passengers' flying experience more convenient. By introducing 5 channels for online payment during the quarter in order to facilitate passengers which are Line Pay, WeChat, AliPay, Union Pay and an installment payment plan for certain credit card providers. (August 2018)
7. The Company announced the implementation of new passenger service system with "Amadeus Alteasuit" which will improve its competitiveness in the fast moving aviation industry. (October 2018)
8. The Company has been certified by the International Air Transport Association's Operational Safety Audit (IOSA) for the 6<sup>th</sup> time. The renewal certificate is valid until November 2020. (November 2018)

## Airport Related Business and Investment

9. Bangkok Airways Holding Company Limited invested 100.0 percent in More Than Free Company Limited. The objective is to invest in duty free business. (April 2018)
10. The Company bought 60 million shares of Bangkok Aviation Fuel Service Public (BAFS) amounted by 2,267 million baht. Total share of BAFS held by the Company accounted for 9.5 percent. (May 2018)
11. The Company's Board of Directors approved Share Repurchase Program for financial management purpose. The maximum amount of share repurchase is not exceeding 500.0 million Baht. (August 2018)
12. The Company approved to establish of wholly owned subsidiary to operate aviation training business named Bangkok Air Aviation Training Center, with registered capital of 10.0 Million Baht. Bangkok Airways Holding Company Limited holds 100.0 percent of shares.(September 2018)
13. Bangkok Air Catering Company Limited (BAC) has moved Kosher meal box production to Phuket operated by Bangkok Air Catering Phuket Company Limited in order to fulfill demand for special meal at Phuket hub.
14. As of 31 December 2018, Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground) had 6 additional airlines while one airline had stopped its flight operation to Thailand. As a results, total number of its customers increased to 79 airlines for ground service equipment.
15. As of 31 December 2018, WFS-PG Cargo Company Limited (BFS Cargo) had 69 airline customers for international cargo terminal services.

## 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 13 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 (PGH) 5) SA Services Company Limited 6) BFS Cargo DMK Company Limited 7) BAC Gourmet House Company Limited 8) Bangkok Air Catering Phuket Company Limited 9) Gourmet Primo Company Limited 10) Bangkok Air Catering Samui Company Limited and 11) Bangkok Air Catering Chiang Mai Company Limited 12) More Than Free Company Limited 13) Bangkok Air Aviation Training Center Co., Ltd.

### ● Airline Operating Data

|   | Unit                           | January-December    |                     |
|---|--------------------------------|---------------------|---------------------|
|   |                                | 2018                | 2017                |
| <b>Scheduled passenger revenues <sup>(1)</sup></b>                                |                                | <b>20,515.9</b>     | <b>20,501.8</b>     |
| <ul style="list-style-type: none"> <li>Domestic</li> <li>International</li> </ul> | Million Baht                   | 12,844.0<br>7,671.9 | 12,725.6<br>7,776.2 |
| <b>Available Seat Kilometers (ASK)</b>  |                                | <b>6,655.6</b>      | <b>6,741.8</b>      |
| <ul style="list-style-type: none"> <li>Domestic</li> <li>International</li> </ul> | Million Seat - Kilometers      | 3,545.6<br>3,110.0  | 3,573.7<br>3,168.1  |
| <b>Revenue Passenger Kilometers (RPK)</b>   |                                | <b>4,565.5</b>      | <b>4,616.7</b>      |
| <ul style="list-style-type: none"> <li>Domestic</li> <li>International</li> </ul> | Million Passenger - Kilometers | 2,566.6<br>1,998.9  | 2,650.6<br>1,966.1  |
| <b>Passenger Load Factor</b>  |                                | <b>68.6</b>         | <b>68.5</b>         |
| <ul style="list-style-type: none"> <li>Domestic</li> <li>International</li> </ul> | Percentage                     | 72.4<br>64.3        | 74.2<br>62.1        |
| <b>Number of scheduled passengers carried</b>                                     |                                | <b>5,952.6</b>      | <b>5,944.5</b>      |
| <ul style="list-style-type: none"> <li>Domestic</li> <li>International</li> </ul> | Thousand Passengers            | 4,141.6<br>1,811.0  | 4,254.8<br>1,689.7  |

|  | Unit                                    | January-December   |                     |
|--|---|--------------------|---------------------|
|  |   | 2018               | 2017                |
| <b>Number of flight flown</b>  |   | <b>71,379</b>      | <b>70,985</b>       |
| <ul style="list-style-type: none"> <li>Domestic</li> <li>International</li> </ul>  | Flights                                 | 47,313<br>24,066   | 48,153<br>22,832    |
| <b>Total seat capacity</b>   |   | <b>8,626.6</b>     | <b>8,590.5</b>      |
| <ul style="list-style-type: none"> <li>Domestic</li> <li>International</li> </ul>  | Thousand Seats                          | 5,684.6<br>2,942.0 | 5,751.2<br>2,839.3  |
| <b>Aircraft utilization</b>  |   | <b>8.8</b>         | <b>9.4</b>          |
| <ul style="list-style-type: none"> <li>Airbus A320</li> <li>Airbus A319</li> <li>ATR 72-500 &amp; ATR 72-600</li> </ul>    | Block Hour<br>per Day<br>per Aircraft   | 10.0<br>9.2<br>7.2 | 10.4<br>10.2<br>7.4 |
| <b>Number of aircraft at period end</b>  |   | <b>40</b>          | <b>38</b>           |
| <ul style="list-style-type: none"> <li>Airbus A320</li> <li>Airbus A319</li> <li>ATR 72-500</li> <li>ATR 72-600</li> </ul> | Aircraft                                | 9<br>15<br>5<br>11 | 9<br>14<br>6<br>9   |
| <b>Kilometers flown</b>  | Million Kilometers                      | 51.8               | 52.2                |
| <b>Average Stage Length</b>  | Kilometers                              | 767.0              | 776.6               |
| <b>Passenger Yield <sup>(2)</sup></b>  | Baht per<br>Passenger -Kilometers       | 4.49               | 4.44                |
| <b>Revenue ASK (RASK)</b>  |   | 3.45               | 3.34                |
| <b>Cost per ASK (CASK)</b>   | Baht per Available<br>Seat - Kilometers | 3.49               | 3.43                |
| <b>Cost per ASK excluding fuel cost</b>  |   | 2.75               | 2.80                |
| <b>RASK – CASK</b>   |   | (0.04)             | (0.09)              |

**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, net interline revenues from flights operated by other airlines and marketed by it on a code-share 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, charter services and other revenue.

(2) Scheduled passenger revenues including fuel surcharge and insurance surcharge, but excluding excess baggage divided by RPKs.

## Operating performance summary for the period ended 31<sup>st</sup> December 2018 consisting of Separate Financial Statement and Financial Statements of the 13 subsidiaries

Unit: million baht

|  | January-December |                |                |              |
|--|------------------|----------------|----------------|--------------|
|  | 2018             | 2017           | Variance       |              |
|  |                  |                | Amount         | %            |
| Net profit (loss) for the period                     | 263.7            | 846.4          | (582.6)        | (68.8)       |
| <b>Plus:</b>   |                  |                |                |              |
| Finance Cost   | 1,874.1          | 1,839.6        | 34.5           | 1.9          |
| Income tax expenses                                  | 93.1             | 472.0          | (378.9)        | (80.3)       |
| <b>Less:</b>   |                  |                |                |              |
| Dividend income                                      | 418.6            | 389.6          | 29.0           | 7.4          |
| Interest received                                    | 114.0            | 116.8          | (2.8)          | (2.4)        |
| Gain on exchange rate                                | 164.7            | 55.7           | 109.0          | 195.8        |
| Non-operating revenues <sup>(1)</sup>                | 435.7            | 1,731.9        | (1,296.1)      | (74.8)       |
| <b>EBIT <sup>(2)</sup></b>                           | <b>1,097.8</b>   | <b>864.0</b>   | <b>233.8</b>   | <b>27.1</b>  |
| <b>Plus:</b>   |                  |                |                |              |
| Depreciation and amortization                        | 1,380.2          | 1,266.6        | 113.6          | 9.0          |
| <b>EBITDA <sup>(2)</sup></b>                         | <b>2,478.0</b>   | <b>2,130.6</b> | <b>347.4</b>   | <b>16.3</b>  |
| <b>Plus:</b>   |                  |                |                |              |
| Operating lease expenses                             | 1,563.2          | 2,152.5        | (589.3)        | (27.4)       |
| <b>EBITDAR <sup>(2)</sup></b>                        | <b>4,041.2</b>   | <b>4,283.2</b> | <b>(241.9)</b> | <b>(5.7)</b> |
| Total revenue  | 27,943.6         | 28,493.3       | (549.7)        | (1.9)        |
| Operating revenue <sup>(3)</sup>                     | 26,810.5         | 26,199.4       | 611.1          | 2.3          |
| Profit attributable to equity holders of the Company | 249.3            | 787.9          | (538.6)        | (68.4)       |
| <b>EBIT Ratio (%)</b>                                | <b>4.1</b>       | <b>3.3</b>     | <b>0.8</b>     |              |
| <b>EBITDA Ratio (%)</b>                              | <b>9.2</b>       | <b>8.1</b>     | <b>1.1</b>     |              |
| <b>EBITDAR Ratio (%)</b>                             | <b>15.1</b>      | <b>16.3</b>    | <b>(1.2)</b>   |              |

**Remarks** (1) Comprises of gain on sale of investments, sale of investment in subsidiaries and sale of assets.

(2) 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.

(3) 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 2017 and year 2018 were 26,199.4 million baht and 26,810.5 million baht respectively, increased by 2.3 percent while total operating expenses increased from 26,151.2 million baht to 26,515.3 million baht or around 1.4 percent.

The earnings before interest and tax, depreciation, amortization, and rent (EBITDAR) were derived from total income (excluding dividend income, gain on sale of investments, gain on sale of assets, interest income and gain on exchange rate) less total expenses plus depreciation and amortization expenses, and aircraft rental, equaled to 4,283.2 million baht and 4,041.2 million baht or 16.3 percent and 15.1 percent of total operating revenue for year 2017 and 2018 respectively.

For year 2018, the Company had profit before income tax expenses at the amount of 356.8 million baht and reported net profit at the amount of 263.7 million baht, dropped from the same period last year by 582.6 million baht or 68.8 percent. The gain attributable to equity holders of the Company was 249.3 million baht.

## Revenue

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

Unit: million baht

|                             | January-December |              |                 |              |                |              |
|-----------------------------|------------------|--------------|-----------------|--------------|----------------|--------------|
|                             | 2018             | %            | 2017            | %            | Variance       |              |
|                             |                  |              |                 |              | Amount         | %            |
| 1. Airlines                 | 20,475.4         | 73.3         | 20,490.5        | 71.9         | (15.1)         | (0.1)        |
| 2. Airports                 | 598.1            | 2.1          | 593.2           | 2.1          | 4.9            | 0.8          |
| 3. Airport-related services | 4,082.3          | 14.6         | 3,847.8         | 13.5         | 234.5          | 6.1          |
| 4. Unallocated revenue      | 2,787.8          | 10.0         | 3,561.8         | 12.5         | (774.0)        | (21.7)       |
| <b>Total Revenue</b>        | <b>27,943.6</b>  | <b>100.0</b> | <b>28,493.3</b> | <b>100.0</b> | <b>(549.7)</b> | <b>(1.9)</b> |

## Revenue from Airline Operations

In year 2018, total revenue mainly derived from airline business which was accounted for 73.3 percent of total revenue. Revenue from airlines consists of earnings from scheduled flights, chartered flights and cargo with details as follows:

Unit: million baht

|  | January-December |                 |               |              |
|--|------------------|-----------------|---------------|--------------|
|  | 2018             | 2017            | Variance      |              |
|  |                  |                 | Amount        | %            |
| Net scheduled passenger revenue              | 19,708.8         | 19,757.1        | (48.3)        | (0.2)        |
| Charter flights and charter services revenue | 550.1            | 491.8           | 58.3          | 11.9         |
| <b>Total passenger revenue</b>               | <b>20,258.9</b>  | <b>20,248.9</b> | <b>10.0</b>   | <b>0.1</b>   |
| Cargo revenue                                | 216.5            | 241.6           | (25.1)        | (10.4)       |
| <b>Total revenue from airline business</b>   | <b>20,475.4</b>  | <b>20,490.5</b> | <b>(15.1)</b> | <b>(0.1)</b> |

In year 2018, revenue from scheduled flights was 19,708.8 million baht, dropped by 0.2 percent from the same period last year, mainly due to a decrease of revenue from international flight services. The declining of scheduled revenue was mainly from the lower average fare of international flights which dropped by 8.0 percent and lower passenger growth of domestic flights which dropped by 2.7 percent from the same period last year.

Revenue from charter flights and charter services increased from 491.8 million baht to 550.1 million baht, higher from year 2017 by 11.9 percent. The growth was mainly contributed from launching scheduled charter services from Samui to Chengdu, Samui to Chongqing and Samui to Guangzhou.

## Revenue from Airport Operations

In year 2018, revenue from airport operations was accounted for 2.1 percent of total revenue. Majority of the airport revenue was derived from growing number of flights landed and the passengers services charged to outbound passengers at Samui Airport. Year 2018, revenue from airport operations was 598.1 million baht or increased by 0.8 percent from year 2017.

## 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 |         |
|---|------------------|---------|
|   | 2018             | 2017    |
| <b>Catering services (BAC)</b>                                |                  |         |
| Revenue <sup>(1)</sup>  | 1,263.8          | 1,550.7 |
| EBITDA  | 270.5            | 396.0   |
| Net income  | 154.2            | 95.3    |
| Number of meals produced and uplifted (million meals)         | 7.9              | 10.2    |
| <b>Ground Services (BFS Ground)</b>                           |                  |         |
| Revenue <sup>(1)</sup>  | 2,733.8          | 2,537.2 |
| EBITDA  | 531.6            | 404.4   |
| Net income  | 334.9            | 254.3   |
| Number of flights handled (flight)                            | 74,725           | 68,356  |
| <b>International cargo terminal services data (BFS Cargo)</b> |                  |         |
| Revenue <sup>(1)</sup>  | 2,048.7          | 1,937.4 |
| EBITDA  | 1,063.7          | 924.6   |
| Net income  | 779.1            | 688.1   |
| Tonnage   | 425,790          | 402,297 |
| Cargo capacity (ton per year)                                 | 450,000          | 450,000 |
| Utilization (%)   | 94.6             | 89.4    |

**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 |                |              |            |
|--|------------------|----------------|--------------|------------|
|  | 2018             | 2017           | Variance     |            |
|  |                  |                | Amount       | %          |
| Bangkok Air Catering Company Limited (BAC)   | 1,048.8          | 1,094.5        | (45.7)       | (4.2)      |
| Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground) | 2,167.6          | 2,111.6        | 56.0         | 2.7        |
| Bangkok Airways Ground Service Company Limited (PGGS)                              | 367.1            | 383.0          | (15.9)       | (4.2)      |
| Other revenue <sup>(1)</sup>   | 498.8            | 258.7          | 240.1        | 92.8       |
| <b>Total revenue from airport-related operations</b>                               | <b>4,082.3</b>   | <b>3,847.8</b> | <b>234.5</b> | <b>6.1</b> |

**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, Gourmet Primo Company Limited and More Than Free Company Limited, a subsidiary of Bangkok Airways Holding Company Limited

### Bangkok Air Catering Company Limited (BAC)

In year 2018, the operating performance of BAC was 1,048.8 million baht, decreased by 4.2 percent. The decreasing revenue mainly due to loss of one major airline customer at the beginning of the year. In addition, BAC has transferred lounge catering business to Gourmet Primo Company Limited and kosher box operation to Bangkok Air Catering Phuket Company Limited. Consequently, the average meal produced drop by 23.1 percent compared with last year.

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

The operating performance of BFS Ground for services provided to other airlines in year 2017 and year 2018 reported at the amount of 2,111.6 million baht and 2,167.6 million baht respectively, rose by 2.7 percent from the same period last year.

The better performance of BFS Ground was derived from increasing number of flights by 9.3 percent with additional of five new airline customers. As of 31 December 2018, BFS Ground has 79 airline customers.

## Bangkok Airways Ground Service Company Limited (PGGS)

The total revenue of PGGS in year 2018 reported at the amount of 367.1 million baht, lower by 4.2 percent. This was resulted from 15.1 percent decreasing in number of flights from the same period last year.

### 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 |                |                |               |
|-----------------------------------|------------------|----------------|----------------|---------------|
|                                   | 2018             | 2017           | Variance       |               |
|                                   |                  |                | Amount         | %             |
| Gain on foreign exchanges         | 164.7            | 55.7           | 109.0          | 195.8         |
| Dividend income                   | 418.6            | 389.6          | 29.0           | 7.4           |
| Gain on sales of investments      | 384.8            | 1,738.2        | (1,353.4)      | (77.9)        |
| Other revenues                    | 1,819.7          | 1,378.3        | 441.4          | 32.0          |
| <b>Total unallocated revenues</b> | <b>2,787.8</b>   | <b>3,561.8</b> | <b>(774.0)</b> | <b>(21.7)</b> |

Total unallocated revenues of the Company for year 2017 and year 2018 decreased from 3,561.8 million baht to 2,787.8 million baht respectively or dropped by 21.7 percent. A largely decrease was mainly from gain on sales of investments in marketable securities which dropped by 1,353.4 million baht or 77.9 percent. However, the Company has gained on foreign exchanges and received other revenues higher than the same period last year by 195.8 percent and 32.0 percent respectively. The other revenues mainly contribute from passenger ticket charges, excess baggage charges, breakage revenues on ticket expiry which aligned with growing number of passengers, in addition with rental income and interest earnings.

## Share of Profit from Investments in Associates

The Company reported share of profit from associated companies for year 2018 at 802.5 million baht, decreased by 1.6 percent compared with the same period last year. That was due to a lower profit contributed to shareholders of Samui Property Fund (SPF) and a decrease in percentage of ownership in SPF from 33.0 in year 2017 to 30.0 percent in year 2018. However, this was offset by a better performance of WFS-PG Cargo Company Limited during this period.

Unit: million baht

|   | January-December |              |               |              |
|---|------------------|--------------|---------------|--------------|
|   | 2018             | 2017         | Variance      |              |
|   |                  |              | Amount        | %            |
| WFS-PG Cargo Company Limited                          | 381.8            | 339.6        | 42.2          | 12.4         |
| Samui Property Fund                                   | 420.7            | 476.3        | (55.6)        | (11.7)       |
| <b>Share of Profit from Investments in Associates</b> | <b>802.5</b>     | <b>815.9</b> | <b>(13.4)</b> | <b>(1.6)</b> |

## Expenses

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

Unit: million baht

|                            | January-December |              |                 |              |              |            |
|----------------------------|------------------|--------------|-----------------|--------------|--------------|------------|
|                            | 2018             | %            | 2017            | %            | Variance     |            |
|                            |                  |              |                 |              | Amount       | %          |
| Cost of sales and services | 22,339.5         | 84.3         | 22,092.1        | 84.5         | 247.4        | 1.1        |
| Selling expenses           | 2,099.2          | 7.9          | 2,082.2         | 8.0          | 17.0         | 0.8        |
| Administrative expenses    | 2,074.7          | 7.8          | 1,969.6         | 7.5          | 105.1        | 5.3        |
| Other expenses             | 1.9              | 0.0          | 7.3             | 0.0          | (5.4)        | (74.0)     |
| <b>Total Expenses</b>      | <b>26,515.3</b>  | <b>100.0</b> | <b>26,151.2</b> | <b>100.0</b> | <b>364.1</b> | <b>1.4</b> |

## Costs of Sales and Services

Costs of sales and services principally consist of fuel costs, aircraft repair and maintenance costs, personnel expenses, cost of passenger service and aircraft rentals. For year 2017 and year 2018, costs of sales and services were accounted for 84.5 percent and 84.3 percent of total operating expenses.

- **Fuel Costs:**

Fuel costs are variable based on number of block hours. For year 2017 and year 2018, fuel costs were 4,264.7 million baht and 4,934.9 million baht which were accounted for 16.3 percent and 18.6 percent of total expenses respectively. The rising amount was mostly due to higher average market fuel price and additional excise tax for domestic flights.

As of 31 December 2018, The Company still has an obligation from fuel price hedging until December 2019 amounting to 1,020,000 barrels of jet fuel whereby jet fuel prices are between USD 74 per barrel and USD 100 per barrel.

- **Aircraft Repair and Maintenance Costs**

Aircraft repair and maintenance costs were higher from 3,251.2 million baht to 3,536.2 million baht for year 2018 comparing to the previous year. These costs mainly incurred for repairing and maintaining the aging aircraft together with additional of maintenance reserve fund for ATR72-600 which is attached to the aircraft lease agreement.

- **Personnel Expenses**

The expenses were increasing from 3,356.1 million baht to 3,444.8 million baht which was mainly from higher rate of flight pay which were adjusted since the beginning of this year.

- **Cost of Passenger Services**

Cost of passenger services reported at 3,151.4 million baht or dropped by 8.6 percent comparing to year 2017. The decreasing amount resulted from flight management strategy which adjusted number of flight based on travel demand.

- **Aircraft Rental Costs**

The aircraft rental costs reported at 1,563.2 million baht or decreased by 27.4 percent compared with the same period last year. That was due to the return of aircraft under wet lease arrangements, together with the fluctuation of foreign exchange rate.

## Selling Expenses

For year 2017 and year 2018, selling expenses were accounted for 8.0 percent and 7.9 percent of total expenses respectively. The selling expenses mainly comprised of advertising and sale promotion and reservation expenses. The significant increase in selling expenses were mainly due to usage of reservation system, expenses associated with reservation system and other supporting selling systems. The higher system usage costs were along with rising number of passengers.

## Administrative Expenses

The administrative expenses of the Company for year 2017 and year 2018 were accounted for 7.5 percent and 7.8 percent of total expenses respectively. The increasing administrative expenses mostly consist of depreciation, IT services and other administrative expenses which including sale promotion for Frequent Flyer Program (FFP), Corporate Social Responsibility program (CSR) and doubtful debt.

## 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 |                |             |            |
|--|------------------|----------------|-------------|------------|
|  | 2018             | 2017           | Variance    |            |
|  |                  |                | Amount      | %          |
| Financial cost paid to the Samui Property Fund (SPF) | 1,467.6          | 1,503.5        | (35.9)      | (2.4)      |
| Interest and Fee expenses <sup>(1)</sup>             | 406.5            | 336.1          | 70.4        | 20.9       |
| <b>Total</b>   | <b>1,874.1</b>   | <b>1,839.6</b> | <b>34.5</b> | <b>1.9</b> |

**Remark :** (1) Interest costs and fees due to financial institutions, finance lease fees under conditional sale agreement and credit card fee

Financial cost paid to the Samui Property Fund (SPF) for year 2018 amounted to 1,467.6 million baht, decreased by 2.4 percent compared with the same period last year. The decreasing amount was due to cancellation of Thai Airways' flight landed into Samui Airport since the beginning of September 2018.

The interest costs and fee expenses increased from 336.1 million baht to 406.5 million baht which mainly due to additional interest paid under long term loan agreements for ATR72-600 incurred during the period.

## Assets

As of 31 December 2018, the Company and its subsidiaries have total assets amounted of 62,067.0 million baht, increased by 4,125.4 million baht.

Unit: million baht

|   | As at December 31,<br>2018 | As at December 31,<br>2017 | Variance         |
|---|----------------------------|----------------------------|------------------|
| <b>Current assets</b>                           |                            |                            |                  |
| Cash & cash equivalents and current investments | 7,647.7                    | 9,995.9                    | (2,348.2)        |
| Trade and other receivables                     | 1,713.4                    | 1,854.0                    | (140.6)          |
| Reimbursable maintenance expense                | 1,050.3                    | 1,552.2                    | (501.9)          |
| Other current assets                            | 1,018.4                    | 978.5                      | 39.9             |
| <b>Total current assets</b>                     | <b>11,429.8</b>            | <b>14,380.6</b>            | <b>(2,950.8)</b> |
| <b>Non-current assets</b>                       |                            |                            |                  |
| Investments in associates                       | 2,902.1                    | 3,240.0                    | (337.9)          |
| Other long-term investments                     | 30,270.0                   | 24,028.8                   | 6,241.2          |
| Property, plant and equipment                   | 15,520.2                   | 14,502.9                   | 1,017.3          |
| Other non-current assets                        | 1,944.9                    | 1,789.3                    | 155.6            |
| <b>Total Non-current assets</b>                 | <b>50,637.2</b>            | <b>43,561.0</b>            | <b>7,076.2</b>   |
| <b>Total assets</b>                             | <b>62,067.0</b>            | <b>57,941.6</b>            | <b>4,125.4</b>   |

## Current assets

Total current assets of the Company as of 31 December 2018 was 11,429.8 million baht, decreased from 31 December 2017 by 2,950.8 million baht. This was mainly due to:

- *Cash and cash equivalents* lower by 2,348.2 million baht, mainly from the acquisition of other long-term investments, property and plant & equipment including two ATR72-600, interest paid and dividend payment to shareholders. This was offset by dividend received from investment in associates and long-term investments together with cash received from operation activities, long-term loans from financial institution and selling of investments during the period.
- *Reimbursable maintenance expense* decreased by 501.9 million baht mostly due to cash received from outstanding amount claimed from maintenance reserve fund.

## Non-current assets

Total non-current assets of the Company is 50,637.2 million baht, increased from the end of 2017 by 7,076.2 million baht. This was resulted from:

- *Other long-term investments* increased by 6,241.2 million baht from the investment in common shares of Bangkok Aviation Fuel Service Public Company Limited (BAFS) and the mark-to-market of other long-term investments.
- *Property, Plant and Equipment* increased by 1,017.3 million baht, mainly from the purchase of two ATR72-600 during the fourth quarter of year 2018.

## Liabilities

As of 31 December 2018, the Company and its subsidiaries have liabilities amounting of 31,288.9 million baht. An increase of 1,732.9 million baht from 31 December 2017 was as follows:

Unit: million baht

|   | As at December 31,<br>2018 | As at December 31,<br>2017 | Variance       |
|---|----------------------------|----------------------------|----------------|
| <b>Current liabilities</b>  |                            |                            |                |
| Trade and other payables  | 2,883.3                    | 2,815.7                    | 67.6           |
| Current portion of long-term loans,<br>Liabilities arising from financial lease of<br>aircrafts and Finance lease liabilities       | 691.3                      | 539.5                      | 151.8          |
| Current portion of long-term lease<br>liabilities from related party  | 34.3                       | 13.6                       | 20.7           |
| Income tax payable  | 13.1                       | 213.9                      | (200.8)        |
| Unearned revenue  | 2,531.0                    | 2,625.7                    | (94.7)         |
| Other current liabilities   | 2,187.2                    | 2,107.0                    | 80.2           |
| <b>Total current liabilities</b>  | <b>8,340.2</b>             | <b>8,315.4</b>             | <b>24.8</b>    |
| <b>Non-Current liabilities</b>  |                            |                            |                |
| Long-term loans , Liabilities arising from<br>financial lease of aircraft and Finance<br>lease liabilities – net of current portion | 5,502.9                    | 4,650.6                    | 852.3          |
| Long-term loans from related party –<br>net of current portion  | 11,331.0                   | 11,365.3                   | (34.3)         |
| Deferred tax liabilities  | 5,330.3                    | 4,576.0                    | 754.3          |
| Other non-current liabilities   | 784.5                      | 648.7                      | 135.8          |
| <b>Total non-current liabilities</b>  | <b>22,948.7</b>            | <b>21,240.6</b>            | <b>1,708.1</b> |
| <b>Total liabilities</b>  | <b>31,288.9</b>            | <b>29,556.0</b>            | <b>1,732.9</b> |

## Current liabilities

Total current liabilities amounting to 8,340.2 million baht, increased from 31 December 2017 by 24.8 million baht, the changes was mainly due to:

- *Current portion of long-term loans, Liabilities arising from financial lease of aircrafts and finance lease liabilities* amounting to 691.3 million baht, increased by 151.8 million baht. This was mainly derived from an increase of current portion of long term loan resulted from entering into new long-term loan agreement for the purpose of the delivery of two ATR72-600.
- *Income tax payable* amounting to 13.1 million baht, decreased by 200.8 million baht. A decreasing amount resulted from tax amount of year 2017 paid to Revenue department.
- *Unearned revenue* decreased by 94.7 baht from 31 December 2017 as a consequence of lower advanced bookings compared with same period last year.
- *Other current liabilities* amounting to 2,187.2 million baht, rose by 80.2 million baht. This was mainly derived from additional maintenance reserve fund (MRF) for the ATR72-600.

## Non-current liabilities

Total non-current liabilities of the Company is 22,948.7million baht, rose by 1,708.1 million baht from 31 December 2017, largely derived from:

- The purchase of two ATR72-600s under long-term loans agreement caused *liabilities arising from long-term loans-net of current portion* increased by 1,276.9 million baht.
- *Deferred tax liabilities* increased by 754.3 million baht due to an acquisition of ATR 72-600 under finance lease liabilities together with changes in market value of the available-for-sale investment in securities.

## Shareholders' Equity

Unit: million baht

|   | As at December 31,<br>2018 | As at December 31,<br>2017 | Variance       |
|---|----------------------------|----------------------------|----------------|
| <b>Shareholders' equity</b>   |                            |                            |                |
| 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                    | -              |
| Treasury stocks   | (366.8)                    | -                          | n.a.           |
| Other components of shareholders' equity  | 19,836.7                   | 16,656.5                   | 3,180.2        |
| Retained earnings   | 32.6                       | 448.2                      | (415.6)        |
| Others  | (143.9)                    | (138.6)                    | (5.3)          |
| <b>Total shareholders' equity</b>   | <b>30,778.1</b>            | <b>28,385.6</b>            | <b>2,392.5</b> |

As of 31 December 2018, total shareholders' of the Company and its subsidiaries is 30,778.1 million baht. The incremental of 2,392.5 million baht mainly derived from the changes in the market value of the available-for-sale investment in securities which rose by 3,180.2 million baht. The Company has retained gain at the amount of 32.6 million baht, declined by 415.6 million baht.

## Statement of Cash Flow

Unit: million baht

|   | January-December |                |
|---|------------------|----------------|
|   | 2018             | 2017           |
| Net cash flows from (used in) operating activities  | 1,901.9          | 762.1          |
| Net cash flows from investing activities            | 817.2            | 2,690.3        |
| Net cash flows used in financing activities         | (1,916.2)        | (2,958.8)      |
| <b>Cash and cash equivalents at end of the year</b> | <b>4,347.7</b>   | <b>3,544.9</b> |

## Cash flows from operating activities

As of 31 December 2018, the profit of the Company and its subsidiaries before changes in operating assets and liabilities is 1,914.8 million baht while the amount of net cash flows from (used in) operating activities is 1,901.9 million baht. This change was mainly from cash received from maintenance reserve fund claimed back from lessors. However, this was partially offset by tax paid during the period.

## Cash flows from investing activities

As of 31 December 2018, net cash flows from investing activities of the Company and its subsidiaries is 817.2 million baht which resulted from dividend received from investment in associates and other long-term investments amounted to 1,288.9 million baht, together with cash received from sales of long-term investments and investment in associates amounted to 785.8 million baht. However, this was offset by cash outflows used for acquisition of property, plant and equipment and long-term investments in BAFS

## Cash flows from financing activities

As of 31 December 2018, the Company and its subsidiaries have cash outflows from financing activities at the amount of 1,916.2 million baht, mainly from interest expense, dividend payment to shareholders, repayment of liabilities under finance lease payable, purchase of treasury stocks and repayment of long term loans amounting to 3,480.4 million baht.

## Summary Consolidated Financial and Ratio

|                            |                                | As at 31 December |      |
|----------------------------|--------------------------------|-------------------|------|
|                            |                                | 2018              | 2017 |
| <b>Liquidity Ratio</b>     | Current Ratio (Time)           | 1.4               | 1.7  |
|                            | Quick Ratio (Time) )           | 4.3               | 3.5  |
|                            | Collection Period (Day)        | 24.4              | 25.6 |
|                            | Stock Turnover Period (Day)    | 8.2               | 6.9  |
|                            | Payment Period (Day) )         | 34.2              | 34.3 |
| <b>Profitability Ratio</b> | Gross Profit Margin (%)        | 11.2              | 11.4 |
|                            | Operating Profit Margin (%)    | 4.4               | 3.5  |
|                            | EBITDAR Margin (%)             | 15.1              | 16.3 |
|                            | Net profit Margin (%)          | 0.9               | 3.0  |
|                            | Return on Equity (%)           | 0.9               | 2.8  |
| <b>Efficiency Ratio</b>    | Return on Assets (%)           | 0.4               | 1.4  |
|                            | Return on Fixed Assets (%)     | 11.0              | 15.5 |
|                            | Asset Turnover (Time)          | 0.5               | 0.5  |
| <b>Leverage Ratio</b>      | Debt to Equity (Time)          | 1.0               | 1.0  |
|                            | Interest Coverage Ratio (Time) | 1.3               | 1.2  |

## Glossary

|  |  |
|--|--|
| <b>Passenger or Cabin load factor</b>    | Number of passenger carried as a proportion to capacity, which is the number of seats available for passengers.  |
| <b>Available Seat-Kilometer (ASK)</b>    | The number of seats available for passengers multiplied by the number of kilometers that are flown.  |
| <b>Revenue Passenger-Kilometer (RPK)</b> | The number of revenue passengers multiplied by the number of kilometers that are flown.  |
| <b>Revenue per ASK (RASK)</b>            | 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.          |
| <b>Cost per ASK (CASK)</b>               | 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.                            |
| <b>CASK – Fuel</b>                       | 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. |

## 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 2018, 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 2018, 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 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.

#### Emphasis of Matter

I draw attention to Note 4 to the consolidated financial statements, during the current year, the Company changed its accounting policy due to the adoption of TAS 27 (revised 2017) Separate Financial Statements which elected to change its investments in subsidiaries to equity method. The Company has restated the separate financial statements for the year ended 31 December 2017, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the separate statements of financial position as at 1 January 2017 as comparative information, using the newly adopted accounting policy for investments in subsidiaries. My opinion is not modified in respect of this matter.

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## 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 5.1 to the consolidated financial statements with respect to revenue recognition, passenger fare is the most significant amount in the statement of comprehensive income. In addition, the Company's passenger fare has been directly impacted by a competitive market environment, fuel prices, economic conditions and other external factors. I therefore considered the revenue recognition of passenger fare to be a key audit matter and have focused on the audit of occurrence and timing of revenue recognition.

The following significant audit procedures were performed in respect to above matter.

- Assessing and testing the Company's IT system and its internal controls with respect to the ticket reservation and recognition of passenger fare revenue when passengers travel to the route they have reserved 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 the ticket reservation transactions and check them against payment information and external reports obtained from financial institutions.
- Applying a sampling method to select and check the flight data recorded in the revenue report against the flight schedule, including entries in corresponding ledgers, to ensure the accuracy and completeness of passenger fare occurring during the year and near the end of the accounting period.
- Applying a sampling method to select and check the flight data recorded in the revenue report against external reports obtained from Airport Authorities to ensure the existence of passenger fare.
- Selecting representative samples of the recorded adjustment transactions to check them against documents relating to passenger fare.
- Performing analytical procedures on disaggregated data to detect possible irregularities in passenger fare transactions throughout the accounting period.

#### Impairment of property, plant and equipment

As disclosed in Note 16 to the consolidated financial statements, the Company and its subsidiaries 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 judgement with respect to 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 overstating property, plant and equipment. I have therefore considered the impairment of property, plant and equipment determination to be a key audit matter.

The following significant audit procedures were performed in respect to above matter.

- Gaining an understanding of the process with respect to acquisition of property, plant and equipment, authorisation of purchasing assets, preparation of asset register, and key internal control procedures.
- Enquiring of the management and considering the reasonableness of policy on determine the estimated useful lives of property, plant and equipment, together the revisions of estimated useful lives of assets.
- Selecting representative samples of entries in asset register to verify the existence of assets.
- Observing and reviewing report on non-operating assets or assets in unusable conditions.
- Applying a sampling method to verify the movement of asset transactions occurring during year against the supporting documents for accounting records and the payment.
- Testing the accuracy of depreciation by performing analytical procedure, recalculating and comparing it to the accounting records.

## 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.

I am responsible for the audit resulting in this independent auditor's report.

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

EY Office Limited

Bangkok: 27 February 2019

## Financial responsibilities of Board of Directors

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Board of Directors is responsible for preparation and presentation of financial statements of Bangkok Airways Public Company Limited and comprehensive financial statements of Bangkok Airways Public Company Limited and its subsidiaries including financial electronic data contained in the Annual Report.

The financial statements had been prepared in accordance to generally accepted financial standards, chosen and regularly observed appropriate financial policies and prepared with great discretion and best estimates. Essential information has been sufficiently disclosed in the notes of the financial statements for best interests of shareholders and general investors as appropriate.

In this regard, Board of Directors has appointed an Audit Committee to review financial policies and quality of financial report, review internal control system, internal audit, risk management system including consideration on disclosure of information on related party transactions. The opinion of the Audit Committee in this matter is included in the Audit Committee report contained in the Annual Report.

The Board is in the opinion that the internal control system of the Company as a whole is satisfactory with reasonable assurance that financial statements of Bangkok Airways Public Company Limited and its subsidiaries ended on 31 December 2018 is reliable and observed in accordance with generally accepted accounting standards, related laws and regulations



**Puttipong Prasarttong-Osoth**

President



## Statement of financial position

As at 31 December 2018

(Unit: Baht)

|   | Note  | Consolidated financial statements |                       | Separate financial statements |                       |                       |
|---|-------|-----------------------------------|-----------------------|-------------------------------|-----------------------|-----------------------|
|   |       | 31 December 2018                  | 31 December 2017      | 31 December 2018              | 31 December 2017      | 1 January 2018        |
| <b>Assets</b>   |       |                                   |                       |                               |                       |                       |
|   |       |                                   |                       |                               | (Restated)            |                       |
| <b>Current assets</b>   |       |                                   |                       |                               |                       |                       |
| Cash and cash equivalents                                       | 8     | 4,347,738,060                     | 3,544,885,324         | 3,815,263,308                 | 3,060,465,008         | 2,657,268,382         |
| Current investments   | 9     | 3,300,000,000                     | 6,451,000,000         | 3,300,000,000                 | 6,451,000,000         | 7,600,000,000         |
| Trade and other receivables                                     | 7, 10 | 1,713,449,877                     | 1,853,955,593         | 1,140,119,849                 | 1,585,496,754         | 1,771,254,325         |
| Inventories   | 11    | 541,644,828                       | 478,821,461           | 401,263,965                   | 358,716,538           | 258,528,466           |
| Prepaid expenses  |       | 261,291,194                       | 218,271,938           | 238,568,376                   | 196,691,879           | 253,275,667           |
| Reimbursable maintenance expenses                               |       | 1,050,344,785                     | 1,552,192,531         | 1,050,344,785                 | 1,552,192,531         | 671,963,458           |
| Other current assets  |       | 215,365,302                       | 281,451,177           | 88,542,536                    | 191,342,220           | 98,908,160            |
| <b>Total current assets</b>                                     |       | <b>11,429,834,046</b>             | <b>14,380,578,024</b> | <b>10,034,102,819</b>         | <b>13,395,904,930</b> | <b>13,311,198,458</b> |
| <b>Non-current assets</b>                                       |       |                                   |                       |                               |                       |                       |
| Restricted bank deposits  |       | 3,500,000                         | 4,189,649             | -                             | 1,689,649             | 2,077,633             |
| Investments in subsidiaries                                     | 12    | -                                 | -                     | 5,734,478,184                 | 4,801,034,163         | 5,227,826,199         |
| Investments in associates                                       | 13    | 2,902,134,194                     | 3,239,976,822         | 3,626,408,941                 | 3,973,996,522         | 3,650,092,755         |
| Other long-term investments                                     | 14    | 30,269,983,221                    | 24,028,750,036        | 25,206,483,221                | 19,744,250,036        | 23,791,328,135        |
| Long-term loans to and interest receivable from related parties | 7     | -                                 | -                     | 104,868,836                   | 100,877,397           | 100,715,582           |
| Investment properties   | 15    | 278,785,997                       | 299,006,461           | 530,226,201                   | 555,240,863           | 518,629,125           |
| Property, plant and equipment                                   | 16    | 15,520,191,352                    | 14,502,885,683        | 13,408,727,635                | 12,580,728,218        | 11,690,608,405        |
| Intangible assets   | 17    | 561,002,998                       | 624,525,613           | 181,058,127                   | 205,922,398           | 200,317,105           |
| Leasehold rights  |       | 35,971,814                        | 38,237,155            | 35,971,814                    | 38,237,155            | 45,080,431            |
| Deferred tax assets   | 30.1  | 41,840,766                        | 37,336,875            | -                             | -                     | -                     |
| Goodwill  | 12    | 26,247,681                        | -                     | -                             | -                     | -                     |
| Deposits  | 7     | 805,493,847                       | 713,200,274           | 793,917,269                   | 702,574,636           | 791,649,026           |
| Other non-current assets  | 18    | 192,029,573                       | 72,898,988            | 190,991,042                   | 70,397,589            | 65,551,419            |
| <b>Total non-current assets</b>                                 |       | <b>50,637,181,443</b>             | <b>43,561,007,556</b> | <b>49,813,131,270</b>         | <b>42,774,948,626</b> | <b>46,083,875,815</b> |
| <b>Total assets</b>   |       | <b>62,067,015,489</b>             | <b>57,941,585,580</b> | <b>59,847,234,089</b>         | <b>56,170,853,556</b> | <b>59,395,074,273</b> |

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



# Statement of financial position (Continued)

As at 31 December 2018

(Unit: Baht)

|  | Note  | Consolidated financial statements |                       | Separate financial statements |                       |                       |
|--|-------|-----------------------------------|-----------------------|-------------------------------|-----------------------|-----------------------|
|  |       | 31 December 2018                  | 31 December 2017      | 31 December 2018              | 31 December 2017      | 1 January 2018        |
| <b>Liabilities and shareholders' equity</b>                                  |       |                                   |                       |                               | (Restated)            |                       |
| <b>Current liabilities</b>   |       |                                   |                       |                               |                       |                       |
| Short-term loans from financial institution                                  | 19    | 35,145,763                        | 30,000,000            | -                             | -                     | -                     |
| Trade and other payables   | 7, 20 | 2,883,262,148                     | 2,815,710,221         | 2,659,203,596                 | 2,581,010,761         | 2,530,700,263         |
| Current portion of long-term loans   | 21    | 248,607,618                       | 82,300,000            | 92,443,389                    | -                     | 57,520,000            |
| Income tax payable   |       | 13,129,643                        | 213,875,252           | -                             | 172,202,876           | -                     |
| Current portion of liabilities arising from finance lease of aircrafts       | 22    | 385,271,823                       | 374,620,277           | 385,271,823                   | 374,620,277           | 312,492,883           |
| Current portion of finance lease liabilities                                 | 23    | 57,356,528                        | 82,539,796            | 37,465,639                    | 51,871,788            | 43,266,586            |
| Current portion of long-term lease liabilities from related party            | 24    | 34,293,354                        | 13,646,069            | 34,293,354                    | 13,646,069            | -                     |
| Unearned income  |       | 2,531,032,711                     | 2,625,693,492         | 2,525,430,723                 | 2,621,725,827         | 2,360,874,259         |
| Other current liabilities  | 7, 25 | 2,152,104,774                     | 2,077,044,256         | 1,761,572,744                 | 1,636,679,101         | 1,354,644,639         |
| <b>Total current liabilities</b>   |       | <b>8,340,204,362</b>              | <b>8,315,429,363</b>  | <b>7,495,681,268</b>          | <b>7,451,756,699</b>  | <b>6,659,498,630</b>  |
| <b>Non-current liabilities</b>   |       |                                   |                       |                               |                       |                       |
| Long-term loans - net of current portion                                     | 21    | 1,968,795,202                     | 691,928,276           | 1,016,459,811                 | -                     | 25,140,000            |
| Liabilities arising from finance lease of aircrafts - net of current portion | 22    | 3,482,983,477                     | 3,889,591,085         | 3,482,983,477                 | 3,889,591,085         | 3,584,313,633         |
| Finance lease liabilities - net of current portion                           | 23    | 51,125,186                        | 69,093,791            | 22,108,801                    | 51,840,810            | 34,189,854            |
| Long-term lease liabilities from related party - net of current portion      | 24    | 11,330,979,129                    | 11,365,272,484        | 11,330,979,129                | 11,365,272,484        | 11,374,384,255        |
| Provision for long-term employee benefits                                    | 26    | 722,583,081                       | 594,020,774           | 548,645,179                   | 449,780,218           | 468,321,042           |
| Deferred tax liabilities   | 30.1  | 5,330,258,774                     | 4,575,950,835         | 4,515,296,613                 | 3,915,553,483         | 4,548,604,537         |
| Other non-current liabilities  |       | 61,939,266                        | 54,708,969            | -                             | -                     | -                     |
| <b>Total non-current liabilities</b>   |       | <b>22,948,664,115</b>             | <b>21,240,566,214</b> | <b>20,916,473,010</b>         | <b>19,672,038,080</b> | <b>20,034,953,321</b> |
| <b>Total liabilities</b>   |       | <b>31,288,868,477</b>             | <b>29,555,995,577</b> | <b>28,412,154,278</b>         | <b>27,123,794,779</b> | <b>26,694,451,951</b> |

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



## Statement of financial position (Continued)

As at 31 December 2018

(Unit: Baht)

|   | Note | Consolidated financial statements |                       | Separate financial statements |                       |                       |
|---|------|-----------------------------------|-----------------------|-------------------------------|-----------------------|-----------------------|
|   |      | 31 December 2018                  | 31 December 2017      | 31 December 2018              | 31 December 2017      | 1 January 2018        |
| <b>Shareholders' equity</b>                                     |      |                                   |                       |                               | (Restated)            |                       |
| <b>Share Capital</b>  |      |                                   |                       |                               |                       |                       |
| Registered  |      |                                   |                       |                               |                       |                       |
| 2,100,000,000 ordinary shares of Baht 1 each Issued and paid-up |      | 2,100,000,000                     | 2,100,000,000         | 2,100,000,000                 | 2,100,000,000         | 2,100,000,000         |
| 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         | 2,100,000,000         |
| Premium on ordinary shares                                      |      | 9,319,481,872                     | 9,319,481,872         | 9,319,481,872                 | 9,319,481,872         | 9,319,481,872         |
| Discount on changes in shareholding in subsidiaries             |      | (211,165,781)                     | (211,165,781)         | (211,165,781)                 | (211,165,781)         | (211,165,781)         |
| Retained earnings   |      |                                   |                       |                               |                       |                       |
| Appropriated  |      |                                   |                       |                               |                       |                       |
| Statutory reserve   | 27   | 210,000,000                       | 210,000,000           | 210,000,000                   | 210,000,000           | 210,000,000           |
| Others  | 28   | 366,783,940                       | -                     | 366,783,940                   | -                     | -                     |
| Unappropriated  |      | (544,162,936)                     | 238,195,867           | 180,111,811                   | 972,215,567           | 1,241,632,187         |
| Treasury stocks   | 28   | (366,783,940)                     | -                     | (366,783,940)                 | -                     | -                     |
| Other components of shareholders' equity                        |      | 19,836,651,909                    | 16,656,527,119        | 19,836,651,909                | 16,656,527,119        | 20,040,674,044        |
| Equity attributable to owners of the Company                    |      | 30,710,805,064                    | 28,313,039,077        | 31,435,079,811                | 29,047,058,777        | 32,700,622,322        |
| Non-controlling interests of the subsidiaries                   |      | 67,341,948                        | 72,550,926            | -                             | -                     | -                     |
| <b>Total shareholders' equity</b>                               |      | <b>30,778,147,012</b>             | <b>28,385,590,003</b> | <b>31,435,079,811</b>         | <b>29,047,058,777</b> | <b>32,700,622,322</b> |
| <b>Total liabilities and shareholders' equity</b>               |      | <b>62,067,015,489</b>             | <b>57,941,585,580</b> | <b>59,847,234,089</b>         | <b>56,170,853,556</b> | <b>59,395,074,273</b> |

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



# Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

|   | Note   | Consolidated financial statements |                       | Separate financial statements |                       |
|---|--------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
|   |        | 2018                              | 2017                  | 2018                          | 2017                  |
| <b>Profit or loss:</b>  |        |                                   |                       |                               | (Restated)            |
| <b>Revenues</b>   |        |                                   |                       |                               |                       |
| Passenger fare  | 7      | 20,258,924,589                    | 20,248,944,339        | 20,259,607,510                | 20,249,535,584        |
| Sales and service income  | 7      | 4,082,360,435                     | 3,847,827,499         | -                             | -                     |
| Freight   | 7      | 216,468,418                       | 241,586,271           | 216,546,517                   | 241,586,271           |
| Passenger service charge  |        | 598,125,783                       | 593,146,849           | 598,125,783                   | 593,146,849           |
| Dividend income   | 7      | 418,563,363                       | 389,563,718           | 1,215,075,586                 | 1,085,864,699         |
| Interest income   | 7      | 114,034,600                       | 116,821,697           | 113,363,423                   | 117,091,192           |
| Gain on sales of investments  | 13, 14 | 384,803,401                       | 1,738,236,121         | 307,275,147                   | 1,738,236,121         |
| Gain on exchange rate   |        | 164,735,157                       | 55,700,590            | 156,441,129                   | 44,451,174            |
| Other income  | 7      | 1,705,611,567                     | 1,261,517,966         | 1,879,749,187                 | 1,445,971,119         |
| <b>Total revenues</b>   |        | <b>27,943,627,313</b>             | <b>28,493,345,050</b> | <b>24,746,184,282</b>         | <b>25,515,883,009</b> |
| <b>Expenses</b>   |        |                                   |                       |                               |                       |
| Cost of sales and services  | 7      | 22,339,482,444                    | 22,092,118,700        | 19,742,871,572                | 19,758,929,144        |
| Selling and distribution expenses   | 7      | 2,099,196,175                     | 2,082,241,173         | 2,065,741,819                 | 2,051,053,885         |
| Administrative expenses   | 7      | 2,074,650,205                     | 1,969,614,020         | 1,412,398,602                 | 1,341,194,844         |
| Other expenses  |        | 1,948,784                         | 7,265,468             | -                             | -                     |
| <b>Total expenses</b>   |        | <b>26,515,277,608</b>             | <b>26,151,239,361</b> | <b>23,221,011,993</b>         | <b>23,151,177,873</b> |
| Profit before share of profit from investments in subsidiaries and associates, finance cost and income tax expenses |        | 1,428,349,705                     | 2,342,105,689         | 1,525,172,289                 | 2,364,705,136         |
| Share of profit from investments in subsidiaries  | 12.2   | -                                 | -                     | 503,592,371                   | 481,301,374           |
| Share of profit from investments in associates  | 13.2   | 802,529,199                       | 815,855,257           | -                             | -                     |
| Profit before finance cost and income tax expenses  |        | 2,230,878,904                     | 3,157,960,946         | 2,028,764,660                 | 2,846,006,510         |
| Finance cost  |        | (1,874,102,145)                   | (1,839,587,391)       | (1,819,510,716)               | (1,807,504,833)       |
| Profit before income tax expenses   |        | 356,776,759                       | 1,318,373,555         | 209,253,944                   | 1,038,501,677         |
| Income tax revenue (expenses)   | 30.2   | (93,065,771)                      | (472,013,642)         | 30,264,209                    | (304,543,658)         |
| <b>Profit for the year</b>  |        | <b>263,710,988</b>                | <b>846,359,913</b>    | <b>239,518,153</b>            | <b>733,958,019</b>    |

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



## Statement of comprehensive income

(Continued)

For the year ended 31 December 2018

(Unit: Baht)

|   | Note | Consolidated financial statements |                        | Separate financial statements |                        |
|---|------|-----------------------------------|------------------------|-------------------------------|------------------------|
|   |      | 2018                              | 2017                   | 2018                          | 2017                   |
| <b>Other comprehensive income:</b>  |      |                                   |                        |                               | (Restated)             |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods:                        |      |                                   |                        |                               |                        |
| Share of other comprehensive income from investments in subsidiaries  | 12.2 | -                                 | -                      | 623,199,626                   | (344,399,793)          |
| Gain (loss) on changes in value of available-for-sale investments   |      | 3,975,156,456                     | (4,230,183,917)        | 3,196,156,455                 | (3,799,683,916)        |
| Less: Income tax effect   | 30.3 | (795,031,290)                     | 846,036,783            | (639,231,291)                 | 759,936,784            |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax     |      | 3,180,125,166                     | (3,384,147,134)        | 3,180,124,790                 | (3,384,146,925)        |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods:                    |      |                                   |                        |                               |                        |
| Share of other comprehensive income from investments in subsidiaries  | 12.2 | -                                 | -                      | 5,402,000                     | (13,633,427)           |
| Actuarial gain (loss) on defined benefits plan  | 26   | (37,108,717)                      | 50,224,809             | (44,611,497)                  | 67,714,112             |
| Less: Income tax effect   | 30.3 | 2,870,972                         | (3,957,463)            | 4,371,528                     | (7,455,324)            |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax |      | (34,237,745)                      | 46,267,346             | (34,837,969)                  | 46,625,361             |
| <b>Other comprehensive income for the year</b>  |      | <b>3,145,887,421</b>              | <b>(3,337,879,788)</b> | <b>3,145,286,821</b>          | <b>(3,337,521,564)</b> |
| <b>Total comprehensive income for the year</b>  |      | <b>3,409,598,409</b>              | <b>(2,491,519,875)</b> | <b>3,384,804,974</b>          | <b>(2,603,563,545)</b> |
| <b>Profit attributable to:</b>  |      |                                   |                        |                               |                        |
| Equity holders of the Company   |      | 249,263,106                       | 787,912,294            | 239,518,153                   | 733,958,019            |
| Non-controlling interests of the subsidiaries   |      | 14,447,882                        | 58,447,619             |                               |                        |
|   |      | 263,710,988                       | 846,359,913            |                               |                        |
| <b>Total comprehensive income attributable to:</b>  |      |                                   |                        |                               |                        |
| Equity holders of the Company   |      | 3,394,549,928                     | (2,549,609,271)        | 3,384,804,974                 | (2,603,563,545)        |
| Non-controlling interests of the subsidiaries   |      | 15,048,481                        | 58,089,396             |                               |                        |
|   |      | 3,409,598,409                     | (2,491,519,875)        |                               |                        |
| <b>Earnings per share</b>   | 32   |                                   |                        |                               |                        |
| Basic earnings per share  |      |                                   |                        |                               |                        |
| Profit attributable to equity holders of the Company  |      | 0.12                              | 0.38                   | 0.11                          | 0.35                   |
| Weighted average number of ordinary shares of Baht 1 each   |      | 2,094,606,860                     | 2,100,000,000          | 2,094,606,860                 | 2,100,000,000          |

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



# Statement of changes in shareholder's equity

For the year ended 31 December 2018

(Unit: Baht)

## Consolidated financial statements

| Equity attributable to owners of the Company                         |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
|--|--|---------------|---------------|---------------|---|---------------|---------------|-------------|---------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|--------------|-----------------|
| Other components of shareholders' equity                             |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Other comprehensive income   |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Retained earnings  |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Appropriated   |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Discount on changes in shareholding in subsidiaries                  |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Premium on ordinary shares   |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Share capital  |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Issued and paid-up   |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Statutory reserve  |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Others   |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Unappropriated   |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Treasury stock   |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Surplus on changes in value of available-for-sale investments        |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| 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   |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
| Note   |  |               |               |               |   |               |               |             |               |                 |                |                |                 |                 |                 |              |                 |
|  | Balance as at 31 December 2016                                 | 2,100,000,000 | 9,319,481,872 | (211,165,781) | - | 453,658,211   | -             | 210,000,000 | -             | 787,912,294     | -              | -              | 20,040,674,046  | 20,040,674,046  | 31,912,648,348  | 75,901,422   | 31,988,549,770  |
|  | Profit for the year  | -             | -             | -             | - | 787,912,294   | -             | -           | -             | -               | -              | -              | -               | -               | 787,912,294     | 58,447,619   | 846,359,913     |
|  | Other comprehensive income for the year                        | -             | -             | -             | - | 46,625,362    | -             | -           | -             | -               | -              | -              | (3,384,146,927) | (3,384,146,927) | (3,337,521,565) | (358,223)    | (3,337,879,788) |
|  | Total comprehensive income for the year                        | -             | -             | -             | - | 834,537,656   | -             | -           | -             | 834,537,656     | -              | -              | (3,384,146,927) | (3,384,146,927) | (2,549,609,271) | 58,089,396   | (2,491,519,875) |
|  | Share capital – non-controlling interests of subsidiaries      | -             | -             | -             | - | -             | -             | -           | -             | -               | -              | -              | -               | -               | -               | -            | 15              |
| 35   | Dividend paid  | -             | -             | -             | - | -             | -             | -           | -             | -               | -              | -              | -               | -               | -               | -            | -               |
|  | Dividend paid to non-controlling interests of the subsidiaries | -             | -             | -             | - | -             | -             | -           | -             | (1,050,000,000) | -              | -              | -               | -               | (1,050,000,000) | -            | (1,050,000,000) |
|  |  | -             | -             | -             | - | -             | -             | -           | -             | -               | -              | -              | -               | -               | -               | (61,439,907) | (61,439,907)    |
|  | Balance as at 31 December 2017                                 | 2,100,000,000 | 9,319,481,872 | (211,165,781) | - | 238,195,867   | -             | 210,000,000 | -             | 249,263,106     | -              | -              | 16,656,527,119  | 16,656,527,119  | 28,313,039,077  | 72,550,926   | 28,385,590,003  |
|  | Balance as at 31 December 2017                                 | 2,100,000,000 | 9,319,481,872 | (211,165,781) | - | 238,195,867   | -             | 210,000,000 | -             | 249,263,106     | -              | -              | 16,656,527,119  | 16,656,527,119  | 28,313,039,077  | 72,550,926   | 28,385,590,003  |
|  | Profit for the year  | -             | -             | -             | - | 249,263,106   | -             | -           | -             | -               | -              | -              | -               | -               | 249,263,106     | 14,447,882   | 263,710,988     |
|  | Other comprehensive income for the year                        | -             | -             | -             | - | (34,837,969)  | -             | -           | -             | -               | -              | -              | 3,180,124,790   | 3,180,124,790   | 3,145,286,821   | 600,600      | 3,145,887,421   |
|  | Total comprehensive income for the year                        | -             | -             | -             | - | 214,425,137   | -             | -           | -             | 214,425,137     | -              | -              | 3,180,124,790   | 3,180,124,790   | 3,394,549,927   | 15,048,482   | 3,409,598,409   |
| 28   | Repurchase ordinary shares                                     | -             | -             | -             | - | -             | -             | -           | -             | -               | -              | -              | -               | -               | -               | -            | (366,783,940)   |
| 28   | Reserve for treasury stock                                     | -             | -             | -             | - | (366,783,940) | -             | -           | -             | (366,783,940)   | -              | -              | -               | -               | -               | -            | -               |
|  | Share capital – non-controlling interests of subsidiaries      | -             | -             | -             | - | -             | -             | -           | -             | -               | -              | -              | -               | -               | -               | -            | 114             |
| 35   | Dividend paid  | -             | -             | -             | - | -             | -             | -           | -             | (630,000,000)   | -              | -              | -               | -               | (630,000,000)   | -            | (630,000,000)   |
|  | Dividend paid to non-controlling interests of the subsidiaries | -             | -             | -             | - | -             | -             | -           | -             | -               | -              | -              | -               | -               | -               | (11,070,064) | (11,070,064)    |
| 12   | The subsidiary paid for capital reduction of the subsidiary    | -             | -             | -             | - | -             | -             | -           | -             | -               | -              | -              | -               | -               | -               | (9,187,510)  | (9,187,510)     |
|  | Balance as at 31 December 2018                                 | 2,100,000,000 | 9,319,481,872 | (211,165,781) | - | 366,783,940   | (544,162,936) | 210,000,000 | (366,783,940) | 19,836,651,909  | 19,836,651,909 | 30,710,805,064 | 67,341,948      | 30,778,147,012  |                 |              |                 |

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

## For the year ended 31 December 2018

(မဟာ:ဒဗ္ဗင်္ဂ)

## Separate financial statements

| Other components of shareholders' equity |  |                                  |                            |   |                   |             |                 |                |                            |  |   |  |                            |
|--|--|----------------------------------|----------------------------|---|-------------------|-------------|-----------------|----------------|----------------------------|--|---|--|----------------------------|
| Note                                     |  | Retained earnings                |                            |   |                   |             |                 |                | Other comprehensive income |  |   |  |                            |
|  |  | Issued and paid-up share capital | Premium on ordinary shares | Discount on changes in shareholding in subsidiaries | Appropriated      |             |                 | Unappropriated | Treasury stock             | Share of other comprehensive income from investments in subsidiaries | Surplus on changes in value of available-for-sale investments | Total other components of shareholders' equity | Total shareholders' equity |
|  |  |                                  |                            |   | Statutory reserve | Others      |                 |                |                            |  |   |  |                            |
| 4  | Balance as at 31 December 2016 - as previously reported  | 2,100,000,000                    | 9,319,481,872              | -   | 210,000,000       | -           | 1,378,080,323   | -              | -                          | 16,785,876,349   | 29,793,438,544  | 29,793,438,544                                 | 29,793,438,544             |
|  | Cumulative effects of changes in accounting policy for investments in subsidiaries under the equity method | -                                | -                          | (211,165,781)                                       | -                 | -           | (136,448,136)   | -              | -                          | 3,254,797,695  | -   | 3,254,797,695                                  | 2,907,183,778              |
|  | Balance as at 31 December 2016 - as restated   | 2,100,000,000                    | 9,319,481,872              | (211,165,781)                                       | 210,000,000       | -           | 1,241,632,187   | -              | 3,254,797,695              | 16,785,876,349   | 20,040,674,044  | 32,700,622,322                                 | 32,700,622,322             |
|  | Profit for the year (Restated)   | -                                | -                          | -   | -                 | -           | 733,958,019     | -              | -                          | -  | -   | -  | 733,958,019                |
|  | Other comprehensive income for the year (Restated)   | -                                | -                          | -   | -                 | -           | 46,625,361      | -              | (344,399,793)              | (3,039,747,132)  | (3,384,146,925)   | (3,337,521,564)                                | (3,337,521,564)            |
|  | Total comprehensive income for the year (Restated)   | -                                | -                          | -   | -                 | -           | 780,583,380     | -              | (344,399,793)              | (3,039,747,132)  | (3,384,146,925)   | (2,603,563,545)                                | (2,603,563,545)            |
| 35                                       | Dividend paid  | -                                | -                          | -   | -                 | -           | (1,050,000,000) | -              | -                          | -  | -   | -  | (1,050,000,000)            |
|  | Balance as at 31 December 2017   | 2,100,000,000                    | 9,319,481,872              | (211,165,781)                                       | 210,000,000       | -           | 972,215,567     | -              | 2,910,397,902              | 13,746,129,217   | 16,656,527,119  | 29,047,058,777                                 | 29,047,058,777             |
|  | Balance as at 31 December 2017 - as previously reported  | 2,100,000,000                    | 9,319,481,872              | -   | 210,000,000       | -           | 1,191,055,946   | -              | -                          | 13,746,129,217   | 13,746,129,217  | 26,566,667,035                                 | 26,566,667,035             |
| 4  | Cumulative effects of changes in accounting policy for investments in subsidiaries under the equity method | -                                | -                          | (211,165,781)                                       | -                 | -           | (218,840,379)   | -              | 2,910,397,902              | -  | 2,910,397,902   | 2,480,391,742                                  | 2,480,391,742              |
|  | Balance as at 31 December 2017 - as restated   | 2,100,000,000                    | 9,319,481,872              | (211,165,781)                                       | 210,000,000       | -           | 972,215,567     | -              | 2,910,397,902              | 13,746,129,217   | 16,656,527,119  | 29,047,058,777                                 | 29,047,058,777             |
|  | Profit for the year  | -                                | -                          | -   | -                 | -           | 239,518,153     | -              | -                          | -  | -   | -  | 239,518,153                |
|  | Other comprehensive income for the year  | -                                | -                          | -   | -                 | -           | (34,837,969)    | -              | 623,199,626                | 2,556,925,164  | 3,180,124,790   | 3,145,286,821                                  | 3,145,286,821              |
|  | Total comprehensive income for the year  | -                                | -                          | -   | -                 | -           | 204,680,184     | -              | 623,199,626                | 2,556,925,164  | 3,180,124,790   | 3,384,804,974                                  | 3,384,804,974              |
| 28                                       | Repurchase ordinary shares   | -                                | -                          | -   | -                 | -           | -               | -              | -                          | -  | -   | -  | -                          |
| 28                                       | Reserve for treasury stock   | -                                | -                          | -   | -                 | -           | 366,783,940     | (366,783,940)  | -                          | -  | -   | -  | (366,783,940)              |
| 35                                       | Dividend paid  | -                                | -                          | -   | -                 | -           | (630,000,000)   | -              | -                          | -  | -   | -  | (630,000,000)              |
|  | Balance as at 31 December 2018   | 2,100,000,000                    | 9,319,481,872              | (211,165,781)                                       | 210,000,000       | 366,783,940 | 180,111,811     | (366,783,940)  | 3,533,597,528              | 16,303,054,381   | 19,836,651,909  | 31,435,079,811                                 | 31,435,079,811             |

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



## Statement of cash flows

For the year ended 31 December 2018

(Unit: Baht)

|   | Consolidated financial statements |                      | Separate financial statements |                      |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
|   | 2018                              | 2017                 | 2018                          | 2017                 |
| <b>Cash flows from operating activities</b>   |                                   |                      |                               | (Restated)           |
| Profit before tax   | 356,776,759                       | 1,318,373,555        | 209,253,944                   | 1,038,501,677        |
| Adjustments to reconcile profit before tax to<br>net cash provided by (paid from) operating activities: |                                   |                      |                               |                      |
| Depreciation and amortisation   | 1,380,228,089                     | 1,266,618,035        | 1,069,396,965                 | 1,010,514,912        |
| Allowance for doubtful accounts (reversal)  | (35,929,904)                      | 15,587,789           | (5,008,817)                   | (21,532,240)         |
| Reduction of inventory to net realisable value (reversal)   | 947,421                           | (438,154)            | (4,206)                       | (438,154)            |
| Loss (gain) on sales of property, plant and equipment   | (50,943,204)                      | 6,384,809            | (59,067,436)                  | (1,908,001)          |
| Gain on sales of long-term investments  | (276)                             | (1,738,236,121)      | -                             | (1,738,236,121)      |
| Gain on sales of investment in associate  | (384,803,125)                     | -                    | (307,275,147)                 | -                    |
| Share of profit from investments in subsidiaries  | -                                 | -                    | (503,592,371)                 | (481,301,374)        |
| Share of profit from investments in associates  | (802,529,199)                     | (815,855,257)        | -                             | -                    |
| Provision for long-term employee benefits   | 136,581,490                       | 107,402,547          | 91,803,055                    | 61,207,321           |
| Unrealised gain on exchange   | (27,036,499)                      | (169,866,546)        | (26,826,255)                  | (169,583,737)        |
| Dividend income   | (418,563,363)                     | (389,563,718)        | (1,215,075,586)               | (1,085,864,699)      |
| Interest income   | (114,034,600)                     | (116,821,697)        | (113,363,423)                 | (117,091,192)        |
| Finance cost  | 1,874,102,145                     | 1,839,587,392        | 1,819,510,716                 | 1,807,504,833        |
| <b>Profit from operating activities before changes in<br/>operating assets and liabilities</b>          | <b>1,914,795,734</b>              | <b>1,323,172,634</b> | <b>959,751,439</b>            | <b>301,773,225</b>   |
| <b>Operating assets (increase) decrease</b>   |                                   |                      |                               |                      |
| Trade and other receivables   | 70,788,060                        | 95,527,141           | 74,269,361                    | 150,930,844          |
| Inventories   | (45,717,532)                      | (109,692,052)        | (42,543,221)                  | (99,749,918)         |
| Other current assets  | 547,666,036                       | (885,250,746)        | 562,459,300                   | (922,298,926)        |
| Other assets  | (93,113,389)                      | 41,893,123           | (93,748,597)                  | 41,117,310           |
| <b>Operating liabilities increase (decrease)</b>  |                                   |                      |                               |                      |
| Trade and other payables  | 59,083,477                        | 65,667,508           | 93,384,451                    | 20,616,990           |
| Other current liabilities   | (36,743,544)                      | 428,509,270          | (5,346,334)                   | 398,478,122          |
| Long-term employee benefits paid  | (45,127,899)                      | (23,536,592)         | (37,549,591)                  | (12,034,033)         |
| Other non-current liabilities   | 7,230,297                         | (2,315,094)          | -                             | -                    |
| <b>Cash flows from (used in) operating activities</b>   | <b>2,378,861,240</b>              | <b>933,975,192</b>   | <b>1,510,676,808</b>          | <b>(121,166,386)</b> |
| Cash paid for corporate income tax  | (476,999,798)                     | (171,892,281)        | (297,648,753)                 | (17,756,550)         |
| <b>Net cash flows from (used in) operating activities</b>   | <b>1,901,861,442</b>              | <b>762,082,911</b>   | <b>1,213,028,055</b>          | <b>(138,922,936)</b> |

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



## Statement of cash flows (Continued)

For the year ended 31 December 2018

(Unit: Baht)

|  | Consolidated financial statements |                      | Separate financial statements |                      |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
|  | 2018                              | 2017                 | 2018                          | 2017                 |
| <b>Cash flows from investing activities</b>                |                                   |                      |                               | (Restated)           |
| Decrease in restricted bank deposits                       | 689,649                           | 387,984              | 1,689,649                     | 387,984              |
| Decrease in current investments                            | 3,151,000,000                     | 1,167,489,033        | 3,151,000,000                 | 1,149,000,000        |
| Cash paid for acquisition of investments in subsidiary     | (37,113,069)                      | -                    | -                             | -                    |
| Cash paid for acquisition of investments in associate      | -                                 | (331,443,487)        | -                             | (331,443,487)        |
| Cash paid for acquisition of other long-term investments   | (2,266,916,629)                   | (586,400)            | (2,266,916,629)               | (586,400)            |
| Cash paid for acquisition of property, plant and equipment | (2,435,562,889)                   | (1,348,405,246)      | (2,009,408,392)               | (420,116,959)        |
| Cash paid for acquisition of investment properties         | -                                 | (12,390)             | -                             | (12,390)             |
| Cash paid for acquisition of intangible assets             | (33,958,611)                      | (36,259,641)         | (23,917,171)                  | (32,195,841)         |
| Cash paid for acquisition of leasehold rights              | (1,500,000)                       | (732,542)            | (1,500,000)                   | (732,542)            |
| Increase in long-term loan to related party                | -                                 | -                    | (50,000,000)                  | -                    |
| Cash received from long-term loan to related party         | -                                 | -                    | 50,000,000                    | -                    |
| Cash received from interest income                         | 112,602,823                       | 122,921,957          | 107,930,067                   | 123,043,041          |
| Dividend income from investments in subsidiaries           | -                                 | -                    | 467,247,699                   | 605,937,425          |
| Dividend income from investments in associates             | 870,312,223                       | 864,800,937          | 870,312,223                   | 864,800,933          |
| Dividend income from long-term investments                 | 418,563,363                       | 389,563,718          | 344,763,363                   | 323,963,718          |
| Proceeds from sales of property, plant and equipment       | 253,329,701                       | 5,342,535            | 251,184,810                   | 2,138,178            |
| Cash received from sales of investments in associate       | 654,862,729                       | -                    | 654,862,729                   | -                    |
| Cash received from sales of long-term investments          | 130,873,657                       | 1,807,188,697        | 129,867,907                   | 1,807,188,697        |
| Cash received from redeem held to maturity debt securities | -                                 | 50,000,000           | -                             | 50,000,000           |
| <b>Net cash flows from investing activities</b>            | <b>817,182,947</b>                | <b>2,690,255,155</b> | <b>1,677,116,255</b>          | <b>4,141,372,357</b> |

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



## Statement of cash flows (Continued)

For the year ended 31 December 2018

(Unit: Baht)

|   | Consolidated financial statements |                        | Separate financial statements |                        |
|---|-----------------------------------|------------------------|-------------------------------|------------------------|
|   | 2018                              | 2017                   | 2018                          | 2017                   |
| <b>Cash flows from financing activities</b>   |                                   |                        |                               | (Restated)             |
| Increase in short-term loans from financial institution                                 | 3,902,334                         | 30,000,000             | -                             | -                      |
| Cash received from long-term loans  | 1,615,707,675                     | 880,828,276            | 1,113,505,951                 | -                      |
| Repayment of long-term loans  | (172,833,409)                     | (226,760,000)          | -                             | (82,660,000)           |
| Repayment of long-term lease liabilities from related party                             | (13,646,070)                      | -                      | (13,646,070)                  | -                      |
| Cash paid for liabilities under finance lease payable                                   | (461,542,418)                     | (731,337,275)          | (443,758,063)                 | (703,104,718)          |
| Cash paid for interest expenses   | (1,849,236,077)                   | (1,795,485,382)        | (1,794,663,888)               | (1,763,488,077)        |
| Dividend paid   | (630,000,000)                     | (1,050,000,000)        | (630,000,000)                 | (1,050,000,000)        |
| Dividend paid to non-controlling interests of the subsidiaries                          | (32,572,352)                      | (66,062,665)           | -                             | -                      |
| Cash paid for capital reduction to non-controlling interests of the subsidiary          | (9,187,510)                       | -                      | -                             | -                      |
| Repurchase ordinary shares  | (366,783,940)                     | -                      | (366,783,940)                 | -                      |
| Cash received from non-controlling interests of the subsidiaries                        | 114                               | 15                     | -                             | -                      |
| <b>Net cash flows used in financing activities</b>                                      | <b>(1,916,191,653)</b>            | <b>(2,958,817,031)</b> | <b>(2,135,346,010)</b>        | <b>(3,599,252,795)</b> |
| <b>Net increase in cash and cash equivalents</b>  | <b>802,852,736</b>                | <b>493,521,035</b>     | <b>754,798,300</b>            | <b>403,196,626</b>     |
| Cash and cash equivalents at beginning of the year                                      | 3,544,885,324                     | 3,051,364,289          | 3,060,465,008                 | 2,657,268,382          |
| <b>Cash and cash equivalents at end of the year (Note 8)</b>                            | <b>4,347,738,060</b>              | <b>3,544,885,324</b>   | <b>3,815,263,308</b>          | <b>3,060,465,008</b>   |
| <b>Supplemental cash flow information:</b>  |                                   |                        |                               |                        |
| Non-cash items  |                                   |                        |                               |                        |
| Increase (decrease) in other receivable from sale of long-term investments              | (129,028,007)                     | 129,028,007            | (129,028,007)                 | 129,028,007            |
| Decrease in accrued dividend income   | -                                 | (102,899,951)          | (268,497,720)                 | (158,777,186)          |
| Decrease in dividend payables   | (21,502,288)                      | (4,622,758)            | -                             | -                      |
| Decrease in payable from acquisition of investments in associate                        | -                                 | (7,539,720)            | -                             | (7,539,720)            |
| Increase (decrease) in payable from acquisition of assets                               | 20,302,948                        | 30,277,557             | 3,713,357                     | (3,069,472)            |
| Decrease in payable from acquisition of intangible assets                               | (7,108,342)                       | -                      | (7,108,342)                   | -                      |
| Purchase of assets under finance lease  | 24,709,544                        | 1,506,299,341          | 5,938,904                     | 1,486,250,395          |
| Gain (loss) on changes in value of available-for-sale investments - net of income taxes | 3,180,125,166                     | (3,384,147,134)        | 3,180,124,790                 | (3,384,146,925)        |

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



## Notes to consolidated financial statements

For the year ended 31 December 2018

### 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. The registered office of the Company is at 99 Moo 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 11 October 2016, 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 |       |
|---|---|--------------------------|----------------------------|-------|
|   |   |                          | 2018                       | 2017  |
| Held by the Company   |   |                          | (%)                        | (%)   |
| Bangkok Air Catering Co., Ltd.  | Catering services   | Thailand                 | 90.00                      | 90.00 |
| 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                      | 98.88 |
| Bangkok Airways Holding Co., Ltd.   | Holding   | Thailand                 | 99.99                      | 99.99 |
| Held by subsidiary companies  |   |                          |                            |       |
| BAC Gourmet House Co., Ltd.<br>(99.99% held by Bangkok Air Catering Co., Ltd.)                              | Restaurant  | Thailand                 | 89.99                      | 89.99 |
| Bangkok Air Catering Phuket Co., Ltd.<br>(99.96% held by Bangkok Air Catering Co., Ltd.)                    | Catering services   | Thailand                 | 89.96                      | 89.96 |
| Bangkok Air Catering Samui Co., Ltd.<br>(99.99% held by Bangkok Air Catering Co., Ltd.)                     | Catering services   | Thailand                 | 89.99                      | 89.99 |
| Bangkok Air Catering Chiang Mai Co., Ltd.<br>(99.99% held by Bangkok Air Catering Co., Ltd.)                | Catering services   | Thailand                 | 89.99                      | 89.99 |
| SA Services Co., Ltd.<br>(99.99% held by Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.)   | Ground services   | Thailand                 | 98.87                      | 98.87 |
| BFS Cargo DMK Co., Ltd.<br>(51.00% held by Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.) | Cargo   | Thailand                 | 50.43                      | 50.43 |
| Gourmet Primo Co., Ltd.<br>(99.99% held by Bangkok Airways Holding Co., Ltd.)                               | Produce and process food for distribution                                     | Thailand                 | 99.98                      | 99.98 |
| More Than Free Co., Ltd.<br>(100.00% held by Bangkok Airways Holding Co., Ltd.)                             | Distribution of souvenirs in duty free shop and rendering management services | Thailand                 | 99.99                      | -     |
| Bangkokair Aviation Training Center Co., Ltd.<br>(100.00% held by Bangkok Airways Holding Co., Ltd.)        | Aviation training business  | Thailand                 | 99.99                      | -     |

- 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 under the equity method and investments in 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 financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### (b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

|                 |                |  |
|-----------------|----------------|--|
| <b>TAS 11</b>   | (revised 2017) | Construction contracts                                       |
| <b>TAS 18</b>   | (revised 2017) | Revenue  |
| <b>TSIC 31</b>  | (revised 2017) | Revenue - Barter Transactions Involving Advertising Services |
| <b>TFRIC 13</b> | (revised 2017) | Customer Loyalty Programmes                                  |
| <b>TFRIC 15</b> | (revised 2017) | Agreements for the Construction of Real Estate               |
| <b>TFRIC 18</b> | (revised 2017) | Transfers of Assets from Customers                           |

Entities are to apply this financial reporting standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries expects the adoption of this financial reporting standard to result in the adjustments of revenue from changing air ticket since the Company and its subsidiaries have determined that revenue from changing air ticket is performance obligation of air transportation service and should be recognised as revenue when transportation is provided. Previously, revenue was recognised in full when the changing air ticket service is provided.

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

**Financial reporting standards:**

|               |                                    |
|---------------|------------------------------------|
| <b>TFRS 7</b> | Financial Instruments: Disclosures |
| <b>TFRS 9</b> | Financial Instruments              |

**Accounting standard:**

|               |                                     |
|---------------|-------------------------------------|
| <b>TAS 32</b> | Financial Instruments: Presentation |
|---------------|-------------------------------------|

**Financial Reporting Standard Interpretations:**

|                 |   |
|-----------------|---|
| <b>IFRIC 16</b> | Hedges of a Net Investment in a Foreign Operation           |
| <b>IFRIC 19</b> | Extinguishing Financial Liabilities with Equity Instruments |

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

## 4. Cumulative effects of changes in accounting policy

During the current year, the Company has changed its accounting policy related to investments in subsidiaries in separate financial statements from cost method to equity method and elected to restate the prior period's financial statements to reflect the effect of the change. The cumulative effect of the change in accounting policy is presented as a separate item in the statement of changes in shareholders' equity.

The amounts of the adjustments affecting the statement of financial position and the statement of comprehensive income are summarised below.

(Unit: Thousand Baht)

|   | Separate financial statements |                  |
|---|-------------------------------|------------------|
|   | 31 December 2017              | 1 January 2017   |
| <b>Statement of financial position</b>                      |                               |                  |
| Increase in investments in subsidiaries                     | 2,480,392                     | 2,907,184        |
| Decrease in unappropriated retained earnings                | (218,840)                     | (136,448)        |
| <b>Increase in other components of shareholders' equity</b> | <b>2,699,232</b>              | <b>3,043,632</b> |

(Unit: Thousand Baht)

|  | Separate financial statements       |           |
|--|-------------------------------------|-----------|
|  | For the year ended 31 December 2017 |           |
| <b>Statement of comprehensive income</b>   |                                     |           |
| <b>Profit or loss:</b>   |                                     |           |
| Decrease in dividend income  |                                     | (550,060) |
| Increase in share of profit from investments in subsidiaries                     |                                     | 481,301   |
| Decrease in profit for the year  |                                     | (68,759)  |
| <b>Other comprehensive income:</b>   |                                     |           |
| Decrease in share of other comprehensive income from investments in subsidiaries |                                     | (358,033) |
| Decrease in total comprehensive income for the year                              |                                     | (426,792) |
| <b>Earnings per share:</b>   |                                     |           |
| Decrease in basic earnings per share (Baht)                                      |                                     | (0.03)    |

## 5. Significant accounting policies

### 5.1 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.

## 5.2 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.

## 5.3 Trade and other receivables

Trade and other receivables 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.

## 5.4 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.

## 5.5 Reimbursable maintenance expenses

Reimbursable maintenance expenses are prepayment maintenance reserve fund which the Company pay to the lessor at the rate specified in the agreement. The Company can reimburse when sending the aircraft to maintenance in accordance with maintenance plan with the conditions stipulated in the agreements.

## 5.6 Investments

- a) 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.
- b) 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).
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries are using the equity method and investments in associates are using the cost method in the separate financial statements.

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.

## 5.7 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.

## 5.8 Property, plant and equipment and 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 the straight-line basis over the following estimated useful lives:

|                                     |              |
|-------------------------------------|--------------|
| 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 construction in progress.

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

## 5.9 Intangible assets and amortisation

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 |

## 5.10 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the subsidiary's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The subsidiary estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

### 5.11 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.

### 5.12 Long-term leases

Leases of 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 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.

### 5.13 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.

The Company and its subsidiaries translated transactions in foreign currencies 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.

## 5.14 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 and also carries out annual impairment reviews in respect of goodwill. 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.

## 5.15 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 defined benefit plans are recognised immediately in other comprehensive income.

## 5.16 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.

## 5.17 Treasury stock

Treasury stock is stated at cost and presented as a deduction from shareholders' equity in the statement of financial position. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock, losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

The weighted average method is used for computation of the unit cost of treasury stock.

## 5.18 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.

## 5.19 Derivatives

- **Interest rate swap contracts**

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

- **Cross currency swap agreement**

Payables and receivables arising from cross currency swap agreements are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are recognised in profit or loss.

## 5.20 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:

|                |   |
|----------------|---|
| <b>Level 1</b> | Use of quoted market prices in an active market for such assets or liabilities                |
| <b>Level 2</b> | Use of other observable inputs for such assets or liabilities, whether directly or indirectly |
| <b>Level 3</b> | 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.

## 6. 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 notes to financial statements 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, investment properties and 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 and its subsidiaries' management has used judgement to assess of the results of the litigation and recorded contingent liabilities as at the end of reporting period.

## 7. Related party transactions

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

| List of related companies                                       | Relationship                      |
|---|-----------------------------------|
| Bangkok Air Catering Co., Ltd.                                  | Subsidiary                        |
| Bangkok Airways Ground Services Co., Ltd.                       | Subsidiary                        |
| Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd. | Subsidiary                        |
| Bangkok Airways Holding Co., Ltd.                               | Subsidiary                        |
| BAC Gourmet House Co., Ltd.                                     | Subsidiary (held by a subsidiary) |
| Bangkok Air Catering Phuket Co., Ltd.                           | Subsidiary (held by a subsidiary) |
| Bangkok Air Catering Samui Co., Ltd.                            | Subsidiary (held by a subsidiary) |
| Bangkok Air Catering Chiang Mai 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) |
| More Than Free Co., Ltd.  | Subsidiary (held by a subsidiary) |
| Bangkokair Aviation Training Center Co., Ltd.                   | Subsidiary (held by a subsidiary) |
| WFS-PG Cargo Co., Ltd.  | Associate                         |
| Samui Airport Property Fund (Leasehold)                         | Associate                         |
| Aeronautical Radio of Thailand Ltd.                             | Common directors                  |
| Bangkok Hospital Chiangmai Co., Ltd.                            | Common directors                  |
| Samitivej Plc.  | Common directors                  |
| Bangkok Save Drug Co., Ltd.                                     | Common directors                  |
| The Krungthep Thanakom Co., Ltd.                                | Common directors                  |
| Bangkok Health Insurance Plc.                                   | Common directors                  |
| Bangkok Premier Life Insurance Broker Co., Ltd.                 | Common directors                  |
| Siam Medical Co., Ltd.  | Common directors                  |
| Kiattana Transport Plc.   | Common directors                  |
| Khan Co., Ltd.  | Common directors                  |
| Sing Sian Yee Pao Co., Ltd.                                     | Common directors                  |
| Save Drug Center Co., Ltd.                                      | Common directors                  |
| Three Sixtyfive Plc.  | Common directors                  |
| Thai Kodama Co., Ltd.   | Common directors                  |

| List of related companies                       | Relationship     |
|---|------------------|
| Thonburi Medical Centre Plc.                    | Common directors |
| National Healthcare Systems Co., Ltd.           | Common directors |
| BDMS Training Co., Ltd.                         | Common directors |
| BDMS Accounting Co., Ltd.                       | Common directors |
| Prasit Patana Plc.                              | Common directors |
| Parute (2008) Co., Ltd.                         | Common directors |
| Paolo Medic Co., Ltd.                           | Common directors |
| Paolo Samut Prakarn Co., Ltd.                   | Common directors |
| Pattaya Country Club Co., Ltd.                  | Common directors |
| BIRA Property Co., Ltd.                         | Common directors |
| Royal Bangkok Healthcare Co., Ltd.              | Common directors |
| Phyathai 1 Hospital Co., Ltd.                   | Common directors |
| The Phya Thai II Hospital Co., Ltd.             | Common directors |
| Phyathai 3 Hospital Co., Ltd.                   | Common directors |
| Sriracha Nakorn General Hospital Plc.           | Common directors |
| Vanachai Group Plc.                             | Common directors |
| Visunee Landing Co., Ltd.                       | Common directors |
| Thai Medical Center Plc.                        | Common directors |
| The Medic Pharma Co., Ltd.                      | Common directors |
| Golden Lime Plc.                                | Common directors |
| Finansia Syrus Securities Plc.                  | Common directors |
| A.N.B. Laboratories Co., Ltd.                   | Common directors |
| Advanced Information Technology Plc.            | Common directors |
| Khao Kor Wind Power Co., Ltd.                   | Common directors |
| Sustainable Energy Corporation Co., Ltd.        | Common directors |
| Greenline Synergy Co., Ltd.                     | Common directors |
| Bangkok Pattaya Hospital Co., Ltd.              | Common directors |
| Bangkok Phuket Hospital Co., Ltd.               | Common directors |
| Bangkok Phuket International Hospital Co., Ltd. | Common directors |
| General Hospital Products Plc.                  | Common directors |
| Fuel Pipeline Transportation Ltd.               | Common directors |
| Loxley Plc.                                     | Common directors |
| Norton Rose Fulbright (Thailand) Ltd.           | Common directors |

| List of related companies              | Relationship                         |
|--|--------------------------------------|
| BDMS Wellness Clinic Co., Ltd.         | Common directors                     |
| Humex (Thailand) Co., Ltd.             | Common directors                     |
| The One Enterprise Co., Ltd.           | Common directors                     |
| EXACT Scenario Co., Ltd.               | Common directors                     |
| ACTS Studio Co., Ltd.                  | Common directors                     |
| Royal Oriental Equity Co., Ltd.        | Common directors                     |
| Hydroquip Co., Ltd.                    | Common directors                     |
| BDMS Property Management Co., Ltd.     | Common directors                     |
| Chewathai Plc.                         | Common directors                     |
| Bangkok Dusit Medical Services Plc.    | 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 |
| Samui Park Avenue Co., Ltd.            | 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 |
| Dhammachart Na Thai Co., Ltd.          | Common shareholders and/or directors |
| Bangkok Travel Club Co., Ltd.          | Common shareholders and/or directors |
| Bangkok Airtour (1998) 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 |
| Legal Connect Consultant Co., Ltd.     | 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 |
| Sabai Sabai Niwet Co., Ltd.            | Common shareholders and/or directors |
| Land & Vege Co., Ltd.                  | Common shareholders and/or directors |
| Grow Up 2014 Co., Ltd.                 | Common shareholders and/or directors |

| List of related companies                    | Relationship  |
|--|---|
| Pa Sanook Co., Ltd.                          | Common shareholders and/or directors                  |
| Hansaphasanuk Limited Partnership            | 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                  |
| Richness & Wealthy Co., Ltd.                 | Common shareholders and/or directors                  |
| Advocate Holding Co., Ltd.                   | Common shareholders and/or directors                  |
| Air Siem Reap Co., Ltd.                      | Common shareholders and/or directors                  |
| Bangkok Aviation Fuel Services Plc.          | Common shareholders and/or directors                  |
| Krungthep Limousine Co., Ltd.                | Common shareholders                                   |
| Bangkok Smart Media Co., Ltd.                | Common shareholders                                   |
| Natural Rice Co., Ltd.                       | Common shareholders                                   |
| Airport Restaurant Co., Ltd.                 | The Company's management is a director                |
| Na Khao Pattana Co., Ltd.                    | The Company's management is a director                |
| Food and Store Co., Ltd.                     | The director's relative is a shareholder and director |
| Bangkok Hospital Chiangrai Co., Ltd.         | The director's relative is a shareholder and director |
| Bangkok Samui Hospital Co., Ltd.             | The director's relative is a shareholder and director |
| Pranaporn Co., Ltd.                          | The director's relative is a shareholder and director |
| PV Consulting Co., Ltd.                      | Deemed related party                                  |
| Bangkok Airways (Cambodia) Co., Ltd.         | Deemed related party                                  |
| Orange Digital Media Co., Ltd.               | Deemed related party                                  |
| A.P. Sheriff Security Guard Co., Ltd.        | Deemed related party                                  |
| Bangkok Aviation Services Co., Ltd.          | Deemed related party                                  |
| Bangkok BSS Security Services Co., Ltd.      | Deemed related party                                  |
| BAGS Ground Services Co., Ltd.               | Deemed related party                                  |
| Security Bangkok Services Aviation Co., Ltd. | Deemed related party                                  |

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 |       | Transfer Pricing Policy |
|   | 2018                              | 2017  | 2018                          | 2017  |                         |
| <b>Transactions with subsidiary companies</b>           |                                   |       |                               |       |                         |
| (eliminated from the consolidated financial statements) |                                   |       |                               |       |                         |
| Passenger income  | -                                 | -     | 1                             | 1     | Authorised price        |
| Permission fee income                                   | -                                 | -     | 170                           | 201   | Contract price          |
| Concession lounge service income                        | -                                 | -     | 28                            | 6     | Contract price          |
| Rental income   | -                                 | -     | 26                            | 17    | Contract price          |
| Dividend income   | -                                 | -     | 199                           | 550   | As declared             |
| Utilities income  | -                                 | -     | 4                             | 2     | Agreed upon             |
| Interest income   | -                                 | -     | 5                             | 5     | MLR-1                   |
| Catering service expenses                               | -                                 | -     | 526                           | 608   | Contract price          |
| Ground service expenses                                 | -                                 | -     | 503                           | 497   | Contract price          |
| Shipping service expenses                               | -                                 | -     | 4                             | 2     | Contract price          |
| Food and beverage expenses                              | -                                 | -     | 15                            | 9     | Agreed upon             |
| Rental expenses   | -                                 | -     | 1                             | 2     | Contract price          |
| Employee expenses                                       | -                                 | -     | 1                             | -     | Agreed upon             |
| Raw materials and supplies expenses                     | -                                 | -     | -                             | 6     | Agreed upon             |
| Flight cancellation and delay compensation              | -                                 | -     | 2                             | -     | Agreed upon             |
| <b>Transactions with associated companies</b>           |                                   |       |                               |       |                         |
| Ground service income                                   | 3                                 | 3     | -                             | -     | Agreed upon             |
| Collection fee income                                   | 2                                 | 2     | -                             | -     | Contract price          |
| Dividend income   | -                                 | -     | 870                           | 762   | As declared             |
| Interest expenses                                       | 1,468                             | 1,411 | 1,468                         | 1,411 | Contract price          |
| Shipping service expenses                               | 25                                | 40    | 25                            | 40    | Agreed upon             |
| Rental expenses   | -                                 | 2     | -                             | -     | Contract price          |

|  | (Unit: Million Baht)              |      |                               |      |                         |
|--|-----------------------------------|------|-------------------------------|------|-------------------------|
|  | Consolidated financial statements |      | Separate financial statements |      | Transfer Pricing Policy |
|  | 2018                              | 2017 | 2018                          | 2017 |                         |
| Transactions with related companies      |                                   |      |                               |      |                         |
| Passenger income                         | 60                                | 38   | 60                            | 38   | Authorised price        |
| Permission fee income                    | 7                                 | 8    | 7                             | 8    | Contract price          |
| Catering service income                  | 177                               | 142  | -                             | -    | Contract price          |
| Cargo income                             | 1                                 | 1    | 1                             | 1    | Market price            |
| Ground service income                    | 4                                 | 3    | -                             | -    | Agreed upon             |
| Rental income                            | 14                                | 14   | 13                            | 14   | Contract price          |
| Charter flight income                    | 13                                | 20   | 13                            | 20   | Contract price          |
| Dividend income                          | 419                               | 389  | 345                           | 324  | As declared             |
| Consulting income                        | 3                                 | 3    | 3                             | 3    | Contract price          |
| Advertising income                       | 5                                 | 4    | 5                             | 4    | Contract price          |
| Utilities income                         | 3                                 | 3    | 3                             | 3    | Agreed upon             |
| Catering service expenses                | 1                                 | 1    | 1                             | 1    | Contract price          |
| Ground service expenses                  | 604                               | 680  | 555                           | 627  | Contract price          |
| Management expenses                      | 140                               | 168  | 140                           | 168  | Contract price          |
| Security expenses                        | 41                                | 45   | 39                            | 44   | Contract price          |
| Rental expenses                          | 16                                | 16   | 13                            | 13   | Contract price          |
| Employee expenses                        | 26                                | 38   | 23                            | 34   | Agreed upon             |
| Medical expenses                         | 5                                 | 9    | 3                             | 7    | Market price            |
| Aeronautical radio expenses              | 570                               | 559  | 545                           | 535  | Market price            |
| Fight cancelled and delayed compensation | 1                                 | 3    | 1                             | 3    | Agreed upon             |
| Charter flight expenses                  | 2                                 | 51   | -                             | 49   | Contract price          |
| Advertising expenses                     | 4                                 | 6    | 4                             | 5    | Contract price          |
| Raw materials and supplies expenses      | 7                                 | 5    | -                             | -    | Agreed upon             |
| Shipping service expenses                | 6                                 | -    | 6                             | -    | Contract price          |
| Other service expenses                   | 5                                 | -    | 4                             | -    | Agreed upon             |

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

|   | Consolidated<br>financial statements |         | Separate<br>financial statements |         |
|---|--------------------------------------|---------|----------------------------------|---------|
|   | 2018                                 | 2017    | 2018                             | 2017    |
| <b>Trade and other receivables - related parties (Note 10)</b>                              |                                      |         |                                  |         |
| Subsidiaries (eliminated from the consolidated financial statements)                        | -                                    | -       | 21,022                           | 308,665 |
| Associates  | 1,071                                | 1,235   | -                                | -       |
| Related companies   | 26,955                               | 27,196  | 11,125                           | 13,510  |
| Total trade and other receivables - related parties   | 28,026                               | 28,431  | 32,147                           | 322,175 |
| <b>Deposits - related parties</b>   |                                      |         |                                  |         |
| Associates  | 47,500                               | 47,500  | 47,500                           | 47,500  |
| Related companies   | 3,284                                | 3,106   | 1,140                            | 962     |
| Total deposits - related parties  | 50,784                               | 50,606  | 48,640                           | 48,462  |
| <b>Trade and other payables - related parties (Note 20)</b>                                 |                                      |         |                                  |         |
| Subsidiaries (eliminated from the consolidated financial statements)                        | -                                    | -       | 197,695                          | 192,157 |
| Associates  | 127,461                              | 147,310 | 117,767                          | 130,450 |
| Related companies   | 184,796                              | 217,782 | 178,465                          | 211,173 |
| Total and other payables - related parties  | 312,257                              | 365,092 | 493,927                          | 533,780 |
| <b>Other current liabilities - related parties (presented as other current liabilities)</b> |                                      |         |                                  |         |
| Subsidiaries (eliminated from the consolidated financial statements)                        | -                                    | -       | 1,816                            | 1,298   |
| Related companies   | 3,558                                | 24,264  | 3,558                            | 2,764   |
| Total other current liabilities - related parties   | 3,558                                | 24,264  | 5,374                            | 4,062   |

## Long-term loans to and interest receivable from related parties

As at 31 December 2018 and 2017, the balance of loans to and accrued interest receivables between the Company and related parties and the movements are as follows:

(Unit: Thousand Baht)

| Separate financial statements             |            |                              |                          |                          |                                |
|---|------------|------------------------------|--------------------------|--------------------------|--------------------------------|
| Loans to and accrued interest receivables | Related by | Balance as at 1 January 2018 | Increase during the year | Decrease during the year | Balance as at 31 December 2018 |
| Bangkok Airways Holding Co., Ltd.         | Subsidiary | 50,439                       | 856                      | (51,295)                 | -                              |
| Gourmet Primo Co., Ltd.                   | Subsidiary | 50,438                       | 54,431                   | -                        | 104,869                        |
| <b>Total</b>                              |            | <b>100,877</b>               | <b>55,287</b>            | <b>(51,295)</b>          | <b>104,869</b>                 |

## Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with their related parties, as described in Note 36.3.1 and 36.4.

## Directors and management's benefits

During the years ended 31 December 2018 and 2017, 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 |            |
|------------------------------|-----------------------------------|------------|-------------------------------|------------|
|                              | 2018                              | 2017       | 2018                          | 2017       |
| Short-term employee benefits | 278                               | 274        | 213                           | 203        |
| Post-employment benefits     | 22                                | 21         | 16                            | 13         |
| <b>Total</b>                 | <b>300</b>                        | <b>295</b> | <b>229</b>                    | <b>216</b> |

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

|               | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|---------------|--------------------------------------|------------------|----------------------------------|------------------|
|               | 2018                                 | 2017             | 2018                             | 2017             |
| Cash          | 54,110                               | 58,220           | 51,161                           | 55,519           |
| Bank deposits | 4,293,628                            | 3,486,665        | 3,764,102                        | 3,004,946        |
| <b>Total</b>  | <b>4,347,738</b>                     | <b>3,544,885</b> | <b>3,815,263</b>                 | <b>3,060,465</b> |

As at 31 December 2018, bank deposits in savings accounts and fixed deposits carried interests between 0.1% and 1.3% per annum (2017: between 0.1% and 1.5% per annum) (Separate financial statements: between 0.1% and 1.1% per annum) (2017: between 0.1% and 1.1% per annum)). As at 31 December 2017, Baht 7 million of cash is cash on hand of stations located abroad (2018: None).

## 9. Current investments

(Unit: Thousand Baht)

|                              | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|------------------------------|--------------------------------------|------------------|----------------------------------|------------------|
|                              | 2018                                 | 2017             | 2018                             | 2017             |
| <b>Fixed deposits over</b>   |                                      |                  |                                  |                  |
| 3 months but not over 1 year | 3,300,000                            | 6,451,000        | 3,300,000                        | 6,451,000        |
| <b>Total</b>                 | <b>3,300,000</b>                     | <b>6,451,000</b> | <b>3,300,000</b>                 | <b>6,451,000</b> |

As at 31 December 2018, fixed deposits carried interests between 1.3% and 1.7% per annum (2017: between 1.2% and 1.6% per annum).

## 10. Trade and other receivables

(Unit: Thousand Baht)

|  | Consolidated<br>financial statements |           | Separate<br>financial statements |           |
|--|--------------------------------------|-----------|----------------------------------|-----------|
|  | 2018                                 | 2017      | 2018                             | 2017      |
| <b>Trade receivables - related parties</b>       |                                      |           |                                  |           |
| Aged on the basis of due dates                   |                                      |           |                                  |           |
| Not yet due                                      | 21,087                               | 21,109    | 23,598                           | 44,741    |
| Past due   |                                      |           |                                  |           |
| Up to 3 months                                   | 5,992                                | 5,639     | 7,148                            | 7,340     |
| 3 - 6 months                                     | 829                                  | 1,265     | 1,283                            | 1,415     |
| 6 - 12 months                                    | 181                                  | 380       | 181                              | 362       |
| Over 12 months                                   | 151                                  | 1,387     | 151                              | 1,168     |
| Total  | 28,240                               | 29,780    | 32,361                           | 55,026    |
| Less: Allowance for doubtful debts               | (214)                                | (1,349)   | (214)                            | (1,349)   |
| Total trade receivables - related parties, net   | 28,026                               | 28,431    | 32,147                           | 53,677    |
| <b>Trade receivables - unrelated parties</b>     |                                      |           |                                  |           |
| Aged on the basis of due dates                   |                                      |           |                                  |           |
| Not yet due                                      | 1,405,443                            | 1,384,062 | 927,457                          | 952,449   |
| Past due   |                                      |           |                                  |           |
| Up to 3 months                                   | 271,013                              | 271,620   | 176,259                          | 157,374   |
| 3 - 6 months                                     | 4,461                                | 5,122     | 462                              | 2,690     |
| 6 - 12 months                                    | 1,401                                | 2,404     | 672                              | 2,113     |
| Over 12 months                                   | 25,187                               | 79,240    | 24,280                           | 28,524    |
| Total  | 1,707,505                            | 1,742,448 | 1,129,130                        | 1,143,150 |
| Less: Allowance for doubtful debts               | (25,972)                             | (66,897)  | (24,889)                         | (29,777)  |
| Total trade receivables - unrelated parties, net | 1,681,533                            | 1,675,551 | 1,104,241                        | 1,113,373 |
| Total trade receivables - net                    | 1,709,559                            | 1,703,982 | 1,136,388                        | 1,167,050 |
| <b>Other receivables</b>                         |                                      |           |                                  |           |
| Other receivables - related parties              | -                                    | -         | -                                | 268,498   |
| Total other receivables - related parties, net   | -                                    | -         | -                                | 268,498   |
| Other receivables - unrelated parties            | 18,077                               | 159,044   | 12,802                           | 159,019   |
| Less: Allowance for doubtful debts               | (14,186)                             | (9,070)   | (9,070)                          | (9,070)   |
| Total other receivables - unrelated parties, net | 3,891                                | 149,974   | 3,732                            | 149,949   |
| Total other receivables - net                    | 3,891                                | 149,974   | 3,732                            | 418,447   |
| Total trade and other receivables - net          | 1,713,450                            | 1,853,956 | 1,140,120                        | 1,585,497 |

## 11. Inventories

(Unit: Thousand Baht)

|                            | Consolidated financial statements |                |  |                 |                   |                |
|----------------------------|-----------------------------------|----------------|--|-----------------|-------------------|----------------|
|                            | Cost                              |                | Reduce cost to net<br>realisable value |                 | Inventories - net |                |
|                            | 2018                              | 2017           | 2018                                   | 2017            | 2018              | 2017           |
| Spare parts                | 408,040                           | 372,398        | (39,267)                               | (39,272)        | 368,773           | 333,126        |
| Duty free goods            | 14,945                            | -              | -                                      | -               | 14,945            | -              |
| Foods and kitchen utensils | 64,385                            | 57,544         | -                                      | -               | 64,385            | 57,544         |
| Air tickets                | 28                                | 28             | -                                      | -               | 28                | 28             |
| Others                     | 96,166                            | 89,823         | (2,652)                                | (1,700)         | 93,514            | 88,123         |
| <b>Total</b>               | <b>583,564</b>                    | <b>519,793</b> | <b>(41,919)</b>                        | <b>(40,972)</b> | <b>541,645</b>    | <b>478,821</b> |

(Unit: Thousand Baht)

|                            | Separate financial statements |                |  |                 |                   |                |
|----------------------------|-------------------------------|----------------|--|-----------------|-------------------|----------------|
|                            | Cost                          |                | Reduce cost to net<br>realisable value |                 | Inventories - net |                |
|                            | 2018                          | 2017           | 2018                                   | 2017            | 2018              | 2017           |
| Spare parts                | 408,040                       | 372,398        | (39,267)                               | (39,272)        | 368,773           | 333,126        |
| Foods and kitchen utensils | 17,701                        | 12,808         | -                                      | -               | 17,701            | 12,808         |
| Air tickets                | 28                            | 28             | -                                      | -               | 28                | 28             |
| Others                     | 14,762                        | 12,755         | -                                      | -               | 14,762            | 12,755         |
| <b>Total</b>               | <b>440,531</b>                | <b>397,989</b> | <b>(39,267)</b>                        | <b>(39,272)</b> | <b>401,264</b>    | <b>358,717</b> |

## 12. Investments in subsidiaries

### 12.1 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             |                  | Carrying amounts based on equity method |                  |
|---|-----------------|-----------|-------------------------|-------|------------------|------------------|---|------------------|
|   | 2018            | 2017      | 2018                    | 2017  | 2018             | 2017             | 2018                                    | 2017             |
|   |                 |           | %                       | %     |                  |                  | (Restated)                              |                  |
| Bangkok Air Catering Co., Ltd.                                  | 500,000         | 500,000   | 90.00                   | 90.00 | 579,469          | 579,469          | 478,911                                 | 375,623          |
| Bangkok Airways Ground Services Co., Ltd.                       | 250             | 250       | 99.99                   | 99.99 | 250              | 250              | 67,015                                  | 1,502            |
| Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd. | 670,000         | 670,000   | 98.88                   | 98.88 | 739,924          | 739,924          | 874,654                                 | 745,956          |
| Bangkok Airways Holding Co., Ltd.                               | 1,001,000       | 1,001,000 | 99.99                   | 99.99 | 1,000,999        | 1,000,999        | 4,313,898                               | 3,677,953        |
| <b>Total</b>  |                 |           |                         |       | <b>2,320,642</b> | <b>2,320,642</b> | <b>5,734,478</b>                        | <b>4,801,034</b> |

### 12.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of comprehensive income from investments in subsidiaries in the separate financial statements as follows:

(Unit: Thousand Baht)

| Company's name  | Separate financial statements                    |                |  |                  |                   |                |
|---|--|----------------|--|------------------|-------------------|----------------|
|   | Share of profit from investments in subsidiaries |                | Share of other comprehensive income from investments in subsidiaries |                  | Dividend received |                |
|   | 2018   | 2017           | 2018   | 2017             | 2018              | 2017           |
| Bangkok Air Catering Co., Ltd.                                  | 97,886   | 123,665        | 5,402  | (2,041)          | -                 | 193,500        |
| Bangkok Airways Ground Services Co., Ltd.                       | 65,513   | 68,958         | -  | -                | -                 | 74,998         |
| Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd. | 327,448  | 271,678        | -  | (11,592)         | 198,750           | 281,562        |
| Bangkok Airways Holding Co., Ltd.                               | 12,745   | 17,000         | 623,200  | (344,400)        | -                 | -              |
| <b>Total</b>  | <b>503,592</b>                                   | <b>481,301</b> | <b>628,602</b>   | <b>(358,033)</b> | <b>198,750</b>    | <b>550,060</b> |

## 12.3 Significant changes in investments in subsidiaries

- **The Company**

On 27 September 2018, the Board of Directors Meeting of the Company passed a resolution to establish a new subsidiary in order to operate aviation training business and Bangkok Airways Holding Co., Ltd. will hold 100% of all shares. Subsequently on 30 November 2018, Bangkokair Aviation Training Center Co., Ltd. was incorporated and registered with a registered share capital of Baht 10 million with the Ministry of Commerce. Bangkok Airways Holding Co., Ltd. already paid for the share subscription of such company amounting to Baht 2.5 million.

- **Bangkok Air Catering Co., Ltd. and its subsidiaries**

On 20 October 2016, the Board of Directors Meeting of Bangkok Air Catering Co., Ltd. approved the establishment of Bangkok Air Catering Chiang Mai Co., Ltd., a new subsidiary, in order to engage in the catering service business. Bangkok Air Catering Co., Ltd. will held 99.99% of shares of such subsidiary. Subsequently on 17 February 2017, Bangkok Air Catering Chiang Mai Co., Ltd. was incorporated and registered with a registered share capital of Baht 1 million with the Ministry of Commerce. Bangkok Air Catering Co., Ltd. paid Baht 0.25 million for the shares of such subsidiary.

Subsequently on 20 April 2017, the Extraordinary General Meeting of shareholders of Bangkok Air Catering Chiang Mai Co., Ltd. passed a resolution to approve an increase in the registered share capital from Baht 1 million (100,000 shares with a par value of Baht 10) to Baht 20 million (2,000,000 shares with a par value of Baht 10), through the issuance of 1,900,000 additional ordinary shares with a par value of Baht 10 each, which Bangkok Air Catering Chiang Mai Co., Ltd. registered the increase of its capital with the Ministry of Commerce on 21 April 2017. Such subsidiary called up the payment of share subscription amounting to 50% of total issued share capital or Baht 5 per share. This constitutes a total share subscription of Baht 9.8 million and Bangkok Air Catering Co., Ltd. already paid for such share subscription.

Subsequently on 26 February 2018, the Annual General Meeting of shareholders of Bangkok Air Catering Chiang Mai Co., Ltd. passed a resolution to approve an increase in the registered share capital from Baht 20 million (2,000,000 shares with a par value of Baht 10) to Baht 90 million (9,000,000 shares with a par value of Baht 10), through the issuance of 7,000,000 additional ordinary shares with a par value of Baht 10 each, which Bangkok Air Catering Chiang Mai Co., Ltd. registered the increase of its capital with the Ministry of Commerce on 7 March 2018. Such subsidiary called up the payment of share subscription amounting to 25% of total issued share capital or Baht 2.50 per share. This constitutes a total share subscription of Baht 17.5 million and Bangkok Air Catering Co., Ltd. already paid for such share subscription.

Subsequently on 26 March 2018, Bangkok Air Catering Chiang Mai Co., Ltd. called up for payment of additional shares that is not yet fully-paid amounting to Baht 17.5 million, or 25% of the additional share capital. Bangkok Air Catering Co., Ltd. already paid for such share subscription.

Subsequently on 18 May 2018, Bangkok Air Catering Chiang Mai Co., Ltd. called up for payment of additional shares that is not yet fully-paid amounting to Baht 22.5 million, or 25% of total capital. Bangkok Air Catering Co., Ltd. already paid for such share subscription.

Subsequently on 15 June 2018, Bangkok Air Catering Chiang Mai Co., Ltd. called up for payment of additional shares that is not yet fully-paid amounting to Baht 22.5 million, or 25% of total capital. Bangkok Air Catering Co., Ltd. already paid for such share subscription.

On 16 June 2017, Bangkok Air Catering Phuket Co., Ltd. entered into a concession agreement with Airports of Thailand Public Company Limited ("AOT"), which included a condition that AOT is to acquire a 10% shareholding in Bangkok Air Catering Phuket Co., Ltd. and Bangkok Air Catering Phuket Co., Ltd. will be responsible for any taxes or expenses incurred from the acquisition of this 10% interest. In addition, AOT has the right to appoint one of the directors of the company. Currently, Bangkok Air Catering Co., Ltd. is in the process of transferring shares of Bangkok Air Catering Phuket Co., Ltd. to AOT.

- **Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd. and its subsidiaries**

BFS Cargo DMK Co., Ltd. (the subsidiary of Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.) entered into an agreement with Airports of Thailand Public Company Limited ("AOT") to operate warehouse services for air cargo at Don Muang International Airport for a period of 3 years (from 1 October 2012 to 30 September 2015). Before the concession agreement expired, the subsidiary prepared a letter requesting an extension of the term of the agreement to operate warehouse services for air cargo at Don Muang International Airport, in line with the conditions in the concession agreement stipulating that the concessionaire is to submit extension requests before the agreement expires. Subsequently, AOT issued a letter to the subsidiary regarding the extension of the ongoing warehouse services for air cargo operations at the Don Muang International Airport, as requested in the subsidiary's letter. This granted an extension of the period in which the subsidiary provides warehouse services to 30 September 2017 or the date of the grand opening of warehouse services for air cargo operations in Cargo Terminal 2 at Don Muang International Airport. AOT reserves a right to grant an approval to other operators to provide the same services as the subsidiary.

Subsequently, on 12 January 2017, AOT also granted an approval to 6 operations (including BFS Cargo DMK Co., Ltd.) to operate international cargo at Don Muang International Airport for 5 years from the date that AOT will advise. The subsidiary has no interest to join under that condition. However, if there is any change in the future and the subsidiary see opportunities; the subsidiary may consider later.

As the new operators were not ready to operate the international warehouse at Don Muang International Airport on 1 October 2017, on 28 September 2017, AOT granted an approval for an extension of the operation of the international cargo at Don Muang International Airport to BFS Cargo DMK Co., Ltd. for another 3 months (until 31 December 2017) or until the date the operators are able to operate the international cargo at Don Muang International Airport.

Since 1 January 2018, the subsidiary has ceased the operation after the concession agreement to operate warehouse services for international air cargo at Don Muang International Airport with AOT expired. The subsidiary is in the process of considering its operation plan, depending on investment of opportunities in the future, so it has not been dissolved.

During the current year, the Extraordinary General Meeting of Shareholders of BFS Cargo DMK Co., Ltd. passed a resolution to decrease its registered share capital of the company from Baht 25 million to Baht 6.25 million. The subsidiary paid for the capital reduction to shareholders and registered the decrease of its capital during the year.

- **Bangkok Airways Holding Co., Ltd. and its subsidiaries**

On 10 October 2016, the Board of Directors Meeting of Bangkok Airways Holding Co., Ltd. approved the establishment of Air Siem Reap Co., Ltd. in order to operate aviation business in Cambodia. Bangkok Airways Holding Co., Ltd. will hold 49% of such company. Subsequently, on 10 February 2017, Air Siam Reap Co., Ltd. was incorporated and registered under The Kingdom of Cambodia Laws with the registered but uncalled share capital of USD 3 million.

In April 2018, Bangkok Airways Holding Co., Ltd. acquired a 100% interest in More Than Free Co., Ltd. The company paid for such business acquisition amounting to Baht 50 million.

Value of assets acquired and liabilities assumed from such company as at the acquisition date were summarised below.

|  | (Unit: Thousand Baht) |
|--|-----------------------|
| Cash and cash equivalents  | 12,887                |
| Trade and other receivables  | 1,590                 |
| Inventories  | 18,053                |
| Other current assets   | 1,406                 |
| Other long-term investments  | 1,006                 |
| Property, plant and equipment  | 4,986                 |
| Other non-current assets   | 1,586                 |
| Short-term loans from financial institutions   | (1,273)               |
| Trade and other payables   | (6,869)               |
| Other current liabilities  | (4,717)               |
| Long-term loans  | (4,903)               |
| <b>Net assets</b>  | <b>23,752</b>         |
| Investment portion (%)   | 100                   |
| Net assets attributable to the company's investment  | 23,752                |
| Add: The difference between the cash payment for purchase of investment and the net assets of the subsidiary | 26,248                |
| Cash payment for purchase of investment in subsidiary  | 50,000                |
| Less: Cash and cash equivalents of subsidiary  | (12,887)              |
| Net cash payment for purchase of investment in subsidiary  | 37,113                |

The Company recorded the difference between the cash payment for purchase of investment and the net assets acquired as goodwill and included the statement of financial position of such company as at 31 December 2018 and operating result from acquisition date to 31 December 2018 in the consolidated financial statements of the current year.

## 13. Investments in associates

### 13.1 Details of associates:

(Unit: Thousand Baht)

| Company's name                          | Consolidated financial statements |                          |                         |       |                  |                  |   |                  |
|---|-----------------------------------|--------------------------|-------------------------|-------|------------------|------------------|---|------------------|
|   | Nature of business                | Country of incorporation | Shareholding percentage |       | Cost             |                  | Carrying amounts based on equity method |                  |
|   |                                   |                          | 2018                    | 2017  | 2018             | 2017             | 2018                                    | 2017             |
|   |                                   |                          | %                       | %     |                  |                  |   |                  |
| WFS - PG Cargo Co., Ltd.                | Cargo                             | Thailand                 | 49.00                   | 49.00 | 147,000          | 147,000          | 198,793                                 | 243,304          |
| Samui Airport Property Fund (Leasehold) | Property Fund                     | Thailand                 | 30.03                   | 33.03 | 3,479,409        | 3,826,997        | 2,703,341                               | 2,996,673        |
| <b>Total</b>                            |                                   |                          |                         |       | <b>3,626,409</b> | <b>3,973,997</b> | <b>2,902,134</b>                        | <b>3,239,977</b> |

(Unit: Thousand Baht)

| Company's name                          | Separate financial statements |                          |                         |       |                  |                  |
|---|-------------------------------|--------------------------|-------------------------|-------|------------------|------------------|
|   | Nature of business            | Country of incorporation | Shareholding percentage |       | Cost             |                  |
|   |                               |                          | 2018                    | 2017  | 2018             | 2017             |
|   |                               |                          | %                       | %     |                  |                  |
| WFS - PG Cargo Co., Ltd.                | Cargo                         | Thailand                 | 49.00                   | 49.00 | 147,000          | 147,000          |
| Samui Airport Property Fund (Leasehold) | Property Fund                 | Thailand                 | 30.03                   | 33.03 | 3,479,409        | 3,826,997        |
| <b>Total</b>                            |                               |                          |                         |       | <b>3,626,409</b> | <b>3,973,997</b> |

During the current year, the Company sold investments in Samui Airport Property Fund (Leasehold) and recognised gain on sales amounting to Baht 385 million in profit or loss in consolidated financial statements (Separate financial statements: Baht 307 million), and resulted in the decrease in proportion of shareholding from 33.03% to 30.03%

## 13.2 Share of profit and dividend received

During the years, the Company has recognised its share of profit 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 |                | Dividend received             |                |
|   | 2018   | 2017           | 2018                          | 2017           |
| WFS - PG Cargo Co., Ltd.                | 381,789  | 339,583        | 426,300                       | 294,000        |
| Samui Airport Property Fund (Leasehold) | 420,740  | 476,272        | 444,012                       | 467,901        |
| <b>Total</b>                            | <b>802,529</b>                                 | <b>815,855</b> | <b>870,312</b>                | <b>761,901</b> |

## 13.3 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: Thousand Baht)

| Company's name                          | Fair value as at 31 December |       |
|---|------------------------------|-------|
|   | 2018                         | 2017  |
| Samui Airport Property Fund (Leasehold) | 6,533                        | 7,217 |

### 13.4 Summarised financial information about material associates

- Summarised information about financial position

(Unit: Million Baht)

|  | WFS - PG Cargo Co., Ltd. |            | Samui Airport Property Fund (Leasehold) |               |
|--|--------------------------|------------|---|---------------|
|  | 2018                     | 2017       | 2018                                    | 2017          |
| Current assets   | 204                      | 209        | 127                                     | 189           |
| Non-current assets   | 668                      | 678        | 11,922                                  | 11,824        |
| Current liabilities  | (363)                    | (342)      | (76)                                    | (30)          |
| Non-current liabilities                                      | (94)                     | (47)       | (48)                                    | (48)          |
| <b>Net assets</b>  | <b>415</b>               | <b>498</b> | <b>11,925</b>                           | <b>11,935</b> |
| Shareholding percentage (%)                                  | 49.00                    | 49.00      | 30.03                                   | 33.03         |
| <b>Share of net assets</b>                                   | <b>203</b>               | <b>244</b> | <b>3,581</b>                            | <b>3,942</b>  |
| Elimination entries and other adjustments                    | (4)                      | (1)        | (878)                                   | (945)         |
| <b>Carrying amounts of associates based on equity method</b> | <b>199</b>               | <b>243</b> | <b>2,703</b>                            | <b>2,997</b>  |

- Summarised information about comprehensive income

(Unit: Million Baht)

|                                   | WFS - PG Cargo Co., Ltd. |            | Samui Airport Property Fund (Leasehold) |              |
|-----------------------------------|--------------------------|------------|---|--------------|
|                                   | 2018                     | 2017       | 2018                                    | 2017         |
| Revenue                           | 2,050                    | 1,937      | 1,486                                   | 1,504        |
| Profit                            | 788                      | 688        | 1,274                                   | 1,459        |
| <b>Total comprehensive income</b> | <b>788</b>               | <b>688</b> | <b>1,274</b>                            | <b>1,459</b> |

## 14. Other long-term investments

(Unit: Thousand Baht)

|                                       | Consolidated financial statements |                   | Separate financial statements |                   |
|---------------------------------------|-----------------------------------|-------------------|-------------------------------|-------------------|
|                                       | 2018                              | 2017              | 2018                          | 2017              |
| Available-for-sales securities        |                                   |                   |                               |                   |
| Marketable securities                 | 4,938,901                         | 2,671,985         | 4,292,401                     | 2,025,484         |
| Add: Unrealised gain from revaluation | 24,795,818                        | 20,820,661        | 20,378,818                    | 17,182,662        |
| Available-for-sales securities - net  | 29,734,719                        | 23,492,646        | 24,671,219                    | 19,208,146        |
| Other investments                     | 535,264                           | 536,104           | 535,264                       | 536,104           |
| <b>Total</b>                          | <b>30,269,983</b>                 | <b>24,028,750</b> | <b>25,206,483</b>             | <b>19,744,250</b> |

Certain available-for-sales securities with market value as at 31 December 2018 amounting to Baht 889 million (2017: Baht 5,768 million) have been used as collateral for long-term loans from financial institutions and long-term lease liabilities from related party.

On 24 May 2018, the Board of Directors Meeting of the Company approved the investment in common shares of Bangkok Aviation Fuel Services Public Company Limited (BAFS) by 60 million shares amounting to Baht 2,267 million. The Company fully paid the investment in available-for-sales securities during the year.

During the year 2017, the Company sold available-for-sale securities with book value totaling Baht 198 million and recognised gain on sales amounting to Baht 1,738 million in profit or loss (2018: None).

The Group's investment policies focus on investments in attractive companies, 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. 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     |
| <b>31 December 2018</b>        |                                   |                           |           |                               |                           |           |
| Cost                           | 10,526                            | 404,409                   | 414,935   | 222,903                       | 500,293                   | 723,196   |
| Less: Accumulated depreciation | -                                 | (136,149)                 | (136,149) | -                             | (192,970)                 | (192,970) |
| Net book value                 | 10,526                            | 268,260                   | 278,786   | 222,903                       | 307,323                   | 530,226   |

(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     |
| <b>31 December 2017</b>        |                                   |                           |           |                               |                           |           |
| Cost                           | 10,526                            | 404,409                   | 414,935   | 222,903                       | 500,293                   | 723,196   |
| Less: Accumulated depreciation | -                                 | (115,929)                 | (115,929) | -                             | (167,955)                 | (167,955) |
| Net book value                 | 10,526                            | 288,480                   | 299,006   | 222,903                       | 332,338                   | 555,241   |

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 |          |
|--------------------------------------|-----------------------------------|----------|-------------------------------|----------|
|                                      | 2018                              | 2017     | 2018                          | 2017     |
| Net book value at beginning of year  | 299,006                           | 319,215  | 555,241                       | 518,629  |
| Increase during the year             | -                                 | 12       | -                             | 12       |
| Reclassified assets - net book value | -                                 | -        | -                             | 58,029   |
| Depreciation                         | (20,220)                          | (20,221) | (25,015)                      | (21,429) |
| Net book value at end of year        | 278,786                           | 299,006  | 530,226                       | 555,241  |

The fair value of the investment properties as at 31 December 2018 and 2017 is stated below:

(Unit: Thousand Baht)

|                           | Consolidated financial statements |         | Separate financial statements |         |
|---------------------------|-----------------------------------|---------|-------------------------------|---------|
|                           | 2018                              | 2017    | 2018                          | 2017    |
| Land awaiting sale        | 146,685                           | 141,796 | 420,979                       | 411,545 |
| Office and shops for rent | 290,721                           | 296,288 | 424,017                       | 433,509 |

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 (2017: Baht 11 million) as collateral against credit facilities received from financial institutions.

#### Investment properties for rent under operating leases

The Company has several operating lease agreements in respect of the lease of land occupancy rights, buildings and building improvement. The terms of the agreements are generally from 3 to 10 years. As at 31 December 2018 and 2017, future minimum rental income to be generated under these operating leases is as follows.

(Unit: Thousand Baht)

|                             | Consolidated financial statements |      | Separate financial statements |      |
|-----------------------------|-----------------------------------|------|-------------------------------|------|
|                             | 2018                              | 2017 | 2018                          | 2017 |
| In up to 1 year             | 33                                | 32   | 42                            | 36   |
| In over 1 and up to 5 years | 89                                | 103  | 92                            | 105  |
| In over 5 years             | 25                                | 41   | 25                            | 41   |

## 16. 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 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 |
| Purchase   | 2,683                             | 17,991                    | -                        | 1,411,343  | 341,441                             | 131,782                          | 62,768   | 905,107                  | 2,873,115  |
| Disposal   | -                                 | (19,190)                  | (430)                    | -          | (54,787)                            | (5,418)                          | (10,883) | -                        | (90,708)   |
| Reclassified assets  | -                                 | -                         | -                        | -          | (104)                               | 104                              | -        | -                        | -          |
| Transfer in (out)  | -                                 | 656,125                   | 77,103                   | -          | 19,607                              | 206,103                          | 12,454   | (971,392)                | -          |
| 31 December 2017   | 2,341,653                         | 2,333,239                 | 1,055,069                | 11,887,788 | 3,035,940                           | 1,449,709                        | 668,117  | 178,101                  | 22,949,616 |
| Purchase   | 180,691                           | 14,191                    | -                        | 1,332,815  | 392,266                             | 87,860                           | 61,652   | 411,101                  | 2,480,576  |
| Increase from purchase of investments in subsidiary  | -                                 | 3,985                     | -                        | -          | -                                   | 3,124                            | -        | -                        | 7,109      |
| Disposal   | (1,035)                           | (2,500)                   | -                        | (775,638)  | (40,806)                            | (12,475)                         | (34,771) | (271)                    | (867,496)  |
| Transfer in (out)  | -                                 | 55,957                    | 51,689                   | -          | 39,460                              | 39,139                           | 7,530    | (193,775)                | -          |
| 31 December 2018   | 2,521,309                         | 2,404,872                 | 1,106,758                | 12,444,965 | 3,426,860                           | 1,567,357                        | 702,528  | 395,156                  | 24,569,805 |
| Accumulated depreciation   |                                   |                           |                          |            |                                     |                                  |          |                          |            |
| 31 December 2016   | -                                 | 901,171                   | 633,570                  | 3,074,620  | 1,530,884                           | 780,523                          | 452,992  | -                        | 7,373,760  |
| Depreciation for the year  | -                                 | 115,430                   | 36,149                   | 525,585    | 288,903                             | 132,221                          | 53,663   | -                        | 1,151,951  |
| Depreciation - disposal  | -                                 | (18,863)                  | (287)                    | -          | (43,643)                            | (5,305)                          | (10,883) | -                        | (78,981)   |
| 31 December 2017   | -                                 | 997,738                   | 669,432                  | 3,600,205  | 1,776,144                           | 907,439                          | 495,772  | -                        | 8,446,730  |
| Increase from purchase of investments in subsidiary  | -                                 | 443                       | -                        | -          | -                                   | 1,680                            | -        | -                        | 2,123      |
| Depreciation for the year  | -                                 | 142,853                   | 38,097                   | 545,192    | 326,151                             | 152,762                          | 60,815   | -                        | 1,265,870  |
| Depreciation - disposal  | -                                 | (1,779)                   | -                        | (585,499)  | (31,306)                            | (11,897)                         | (34,628) | -                        | (665,109)  |
| 31 December 2018   | -                                 | 1,139,255                 | 707,529                  | 3,559,898  | 2,070,989                           | 1,049,984                        | 521,959  | -                        | 9,049,614  |
| Net book value   |                                   |                           |                          |            |                                     |                                  |          |                          |            |
| 31 December 2017   | 2,341,653                         | 1,335,501                 | 385,637                  | 8,287,583  | 1,259,796                           | 542,270                          | 172,345  | 178,101                  | 14,502,886 |
| 31 December 2018   | 2,521,309                         | 1,265,617                 | 399,229                  | 8,885,067  | 1,355,871                           | 517,373                          | 180,569  | 395,156                  | 15,520,191 |
| Depreciation for the years   |                                   |                           |                          |            |                                     |                                  |          |                          |            |
| 2017 (Baht 1,041 million included in cost of sales and services, and the balance in selling, distribution and administrative expenses) |                                   |                           |                          |            |                                     |                                  |          |                          | 1,151,951  |
| 2018 (Baht 1,137 million included in cost of sales and services, and the balance in selling, distribution and administrative expenses) |                                   |                           |                          |            |                                     |                                  |          |                          | 1,265,870  |

(Unit: Thousand Baht)

| Separate 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 2016   | 2,139,555 | 1,506,986                 | 978,395                  | 10,476,445 | 1,532,089                           | 735,901                          | 319,326  | 130,886                  | 17,819,583 |
| Purchase   | 2,683     | 112                       | -                        | 1,411,343  | 224,266                             | 36,350                           | 43,941   | 172,736                  | 1,891,431  |
| Disposal   | -         | -                         | (430)                    | -          | -                                   | (4,362)                          | (8,853)  | -                        | (13,645)   |
| Reclassified assets  | (12,961)  | (95,885)                  | -                        | -          | (104)                               | 104                              | -        | -                        | (108,846)  |
| Transfer in (out)  | -         | 30,997                    | 77,104                   | -          | -                                   | 51,102                           | 7,572    | (166,775)                | -          |
| 31 December 2017   | 2,129,277 | 1,442,210                 | 1,055,069                | 11,887,788 | 1,756,251                           | 819,095                          | 361,986  | 136,847                  | 19,588,523 |
| Purchase   | 180,691   | 100                       | -                        | 1,332,815  | 245,596                             | 66,389                           | 24,158   | 169,312                  | 2,019,061  |
| Disposal   | (1,035)   | (1,810)                   | -                        | (775,638)  | -                                   | (7,585)                          | (17,751) | -                        | (803,819)  |
| Transfer in (out)  | -         | 42,227                    | 51,689                   | -          | -                                   | 33,313                           | 7,530    | (134,759)                | -          |
| 31 December 2018   | 2,308,933 | 1,482,727                 | 1,106,758                | 12,444,965 | 2,001,847                           | 911,212                          | 375,923  | 171,400                  | 20,803,765 |
| Accumulated depreciation   |           |                           |                          |            |                                     |                                  |          |                          |            |
| 31 December 2016   | -         | 800,691                   | 633,570                  | 3,074,619  | 871,506                             | 481,164                          | 267,425  | -                        | 6,128,975  |
| Depreciation for the year  | -         | 81,681                    | 36,148                   | 525,586    | 178,042                             | 94,998                           | 26,597   | -                        | 943,052    |
| Depreciation - disposal  | -         | -                         | (287)                    | -          | (5)                                 | (4,270)                          | (8,853)  | -                        | (13,415)   |
| Reclassified assets  | -         | (50,817)                  | -                        | -          | -                                   | -                                | -        | -                        | (50,817)   |
| 31 December 2017   | -         | 831,555                   | 669,431                  | 3,600,205  | 1,049,543                           | 571,892                          | 285,169  | -                        | 7,007,795  |
| Depreciation for the year  | -         | 81,510                    | 38,097                   | 545,192    | 202,972                             | 101,190                          | 29,983   | -                        | 998,944    |
| Depreciation - disposal  | -         | (1,172)                   | -                        | (585,499)  | -                                   | (7,280)                          | (17,751) | -                        | (611,702)  |
| 31 December 2018   | -         | 911,893                   | 707,528                  | 3,559,898  | 1,252,515                           | 665,802                          | 297,401  | -                        | 7,395,037  |
| Net book value   |           |                           |                          |            |                                     |                                  |          |                          |            |
| 31 December 2017   | 2,129,277 | 610,655                   | 385,638                  | 8,287,583  | 706,708                             | 247,203                          | 76,817   | 136,847                  | 12,580,728 |
| 31 December 2018   | 2,308,933 | 570,834                   | 399,230                  | 8,885,067  | 749,332                             | 245,410                          | 78,522   | 171,400                  | 13,408,728 |
| Depreciation for the years   |           |                           |                          |            |                                     |                                  |          |                          |            |
| 2017 (Baht 865 million included in cost of sales and services, and the balance in selling, distribution and administrative expenses) |           |                           |                          |            |                                     |                                  |          |                          | 943,052    |
| 2018 (Baht 919 million included in cost of sales and services, and the balance in selling, distribution and administrative expenses) |           |                           |                          |            |                                     |                                  |          |                          | 998,944    |

As at 31 December 2018, the Company and its subsidiaries have aircrafts, vehicles and equipment under finance leases which net book value amounted to approximately Baht 6,818 million (2017: Baht 7,526 million) (separate financial statements: Baht 6,772 million (2017: Baht 7,491 million)).

As at 31 December 2018, the Company and its subsidiaries have certain property and equipment which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 2,534 million (2017: Baht 2,226 million (separate financial statements: Baht 1,878 million (2017: Baht 1,569 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 24.

As at 31 December 2018, 9 aircrafts (2017: 9 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 Agreement specifies 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.

During the year 2018, the Company has registered business collateral for 2 ATR aircrafts to secure the long-term loan as discussed in Note 21.

## 17. Intangible assets

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

| 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 2018 and 2017 are presented below.

(Unit: Thousand Baht)

|                                | Consolidated financial statements |                   |           | Separate financial statements |                   |           |
|--------------------------------|-----------------------------------|-------------------|-----------|-------------------------------|-------------------|-----------|
|                                | Concessions                       | Computer software | Total     | Concessions                   | Computer software | Total     |
| <b>As at 31 December 2018:</b> |                                   |                   |           |                               |                   |           |
| Cost                           | 938,197                           | 466,577           | 1,404,774 | -                             | 435,679           | 435,679   |
| Less: Accumulated amortisation | (567,293)                         | (276,478)         | (843,771) | -                             | (254,621)         | (254,621) |
| Net book value                 | 370,904                           | 190,099           | 561,003   | -                             | 181,058           | 181,058   |
| <b>As at 31 December 2017:</b> |                                   |                   |           |                               |                   |           |
| Cost                           | 930,755                           | 447,169           | 1,377,924 | -                             | 418,870           | 418,870   |
| Less: Accumulated amortisation | (520,219)                         | (233,179)         | (753,398) | -                             | (212,948)         | (212,948) |
| Net book value                 | 410,536                           | 213,990           | 624,526   | -                             | 205,922           | 205,922   |

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 |          |
|-------------------------------------|-----------------------------------|----------|-------------------------------|----------|
|                                     | 2018                              | 2017     | 2018                          | 2017     |
| Net book value at beginning of year | 624,526                           | 663,269  | 205,922                       | 200,317  |
| Increase during the year            | 26,850                            | 48,128   | 16,809                        | 44,063   |
| Amortisation                        | (90,373)                          | (86,871) | (41,673)                      | (38,458) |
| Net book value at end of year       | 561,003                           | 624,526  | 181,058                       | 205,922  |

## 18. Other non-current assets

(Unit: Thousand Baht)

|                 | Consolidated financial statements |               | Separate financial statements |               |
|-----------------|-----------------------------------|---------------|-------------------------------|---------------|
|                 | 2018                              | 2017          | 2018                          | 2017          |
| Withholding tax | 189,623                           | 70,492        | 188,704                       | 68,110        |
| Others          | 2,407                             | 2,407         | 2,287                         | 2,287         |
| <b>Total</b>    | <b>192,030</b>                    | <b>72,899</b> | <b>190,991</b>                | <b>70,397</b> |

## 19. Short-term loans from financial institution

(Unit: Thousand Baht)

|   | Consolidated financial statements |         | Separate financial statements |               |
|---|-----------------------------------|---------|-------------------------------|---------------|
|   | 2018                              | 2017    | 2018                          | 2017          |
| Short-term loans from financial institution | 1.8, 6.8, MLR and MLR-1.5         | MLR-1.5 | 35,146                        | 30,000        |
| <b>Total</b>                                |                                   |         | <b>35,146</b>                 | <b>30,000</b> |

Short-term loans from financial institution are secured by guarantees provided by the subsidiaries as described in Note 36.4 and matured within 3 months from the issue dates.

## 20. Trade and other payables

(Unit: Thousand Baht)

|   | Consolidated financial statements |                  | Separate financial statements |                  |
|---|-----------------------------------|------------------|-------------------------------|------------------|
|   | 2018                              | 2017             | 2018                          | 2017             |
| Trade payables - related parties                      | 297,034                           | 346,201          | 478,928                       | 515,238          |
| Trade payables - unrelated parties                    | 1,832,886                         | 1,766,948        | 1,628,400                     | 1,556,652        |
| Other payables - related parties                      | 15,223                            | 18,891           | 14,999                        | 18,542           |
| Other payables - unrelated parties                    | 653,192                           | 611,937          | 530,904                       | 481,211          |
| Other payables for purchase of software and equipment | 84,927                            | 71,733           | 5,973                         | 9,368            |
| <b>Total trade and other payables</b>                 | <b>2,883,262</b>                  | <b>2,815,710</b> | <b>2,659,204</b>              | <b>2,581,011</b> |

## 21. Long-term loans

(Unit: Thousand Baht)

| Loan                                    | Interest rate (%)                              | Repayment schedule  | Consolidated financial statements |          | Separate financial statements |      |
|---|--|---|-----------------------------------|----------|-------------------------------|------|
|   |  |   | 2018                              | 2017     | 2018                          | 2017 |
| 1                                       | LIBOR+1.625                                    | Monthly installments as from January 2019 with the last installment in December 2030          | 1,108,903                         | -        | 1,108,903                     | -    |
| 2                                       | MLR-1.5  | Semi-annually installments as from December 2016 with the last installment in June 2018       | -                                 | 65,000   | -                             | -    |
| 3                                       | MLR  | Quarterly installments as from May 2016 with the last installment in February 2019            | 2,500                             | 12,500   | -                             | -    |
| 4                                       | MLR-1.5  | Semi-annually installments as from December 2018 with the last installment in December 2023   | 4,600                             | 5,000    | -                             | -    |
| 5                                       | 4.0, MLR-1.5                                   | Semi-annually installments as from December 2018 with the last installment in December 2023   | 24,020                            | 26,120   | -                             | -    |
| 6                                       | Year 1-3: 4.0<br>Year 4 onward: MLR-1.5        | Quarterly installments as from April 2018 with the last installment in July 2024              | 56,320                            | 49,300   | -                             | -    |
| 7                                       | 4.0, MLR-1.5                                   | Semi-annually installments as from February 2019 with the last installment in August 2023     | 225,000                           | 225,000  | -                             | -    |
| 8                                       | MLR-1.5  | Semi-annually installments as from June 2019 with the last installment in December 2023       | 120,000                           | 120,000  | -                             | -    |
| 9                                       | 4.0, MLR-1.5                                   | Quarterly installments as from November 2017 with the last installment in August 2023         | 25,290                            | 27,290   | -                             | -    |
| 10                                      | Year 1-3: MLR-2.25<br>Year 4 onward: MLR-2.125 | Monthly installments as from February 2019 with the last installment in December 2025         | 260,000                           | 244,018  | -                             | -    |
| 11                                      | THBFIX<br>6 months+1.5                         | Semi-annually installments as from June 2018 with the last installment in December 2021       | 225,000                           | -        | -                             | -    |
| 12                                      | MLR  | Monthly installments as from February 2018 with the last installment in January 2025          | 4,470                             | -        | -                             | -    |
| 13                                      | THBFIX<br>6 months+1.65                        | Semi-annually installments as from September 2020 with the last installment in September 2026 | 140,000                           | -        | -                             | -    |
| 14                                      | 4.0  | Quarterly installments as from April 2017 with the last installment in January 2020           | 21,300                            | -        | -                             | -    |
| Total                                   |  |   | 2,217,403                         | 774,228  | 1,108,903                     | -    |
| Less: Current portion                   |  |   | (248,608)                         | (82,300) | (92,443)                      | -    |
| Long-term loans, net of current portion |  |   | 1,968,795                         | 691,928  | 1,016,460                     | -    |

Movement of the long - term loan account during the year ended 31 December 2018 are summarised below:

(Unit: Thousand Baht)

|   | Consolidated financial statements | Separate financial statements |
|---|-----------------------------------|-------------------------------|
| Balance as at 1 January 2018                        | 774,228                           | -                             |
| <b>Add:</b> Additional borrowings                   | 1,615,708                         | 1,113,506                     |
| Increase from purchase of investments in subsidiary | 4,903                             | -                             |
| <b>Less:</b> Repayment                              | (172,833)                         | -                             |
| Unrealised gain on exchange                         | (4,603)                           | (4,603)                       |
| Balance as at 31 December 2018                      | 2,217,403                         | 1,108,903                     |

On 18 September 2018, the Company entered into loan agreements with a local commercial bank to obtain a credit facility of USD 92 million to purchase 4 ATR aircrafts. The Company is entitled to drawdown such loans in either USD currency or THB currency, with the loan interest at the floating rate or the fixed rate as stipulated in the loan agreements. The Company is required to register business collateral to secure the loan. Subsequently on 6 December 2018, the Company has drawdown USD 17 million or about Baht 557 million. And on 26 December 2018, the Company has drawdown USD 17 million or about Baht 557 million. The Company has registered business collateral for 2 ATR aircrafts to secure the loan.

Long-term loans are secured by the Company and its subsidiaries as described in Note 36.3 and Note 36.4, respectively.

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

As at 31 December 2018, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawdown amounted to Baht 110 million and USD 46 million (2017: Baht 202 million) (Separate financial statements: USD 46 million (2017: None)).

## 22. 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 2.60% to 4.57% (2017: 1.94% to 3.36%)) and are due as follows:

(Unit: Thousand Baht)

|                                      | Consolidated and separate financial statements |                            |                  |
|--------------------------------------|--|----------------------------|------------------|
|                                      | 2018   |                            |                  |
|                                      | Liabilities arising from finance lease         | Deferred interest expenses | Total            |
| Within one year                      | 473,870  | (88,598)                   | 385,272          |
| After one year but within five years | 1,847,248                                      | (245,315)                  | 1,601,933        |
| Over five years                      | 1,985,213                                      | (104,163)                  | 1,881,050        |
| <b>Total</b>                         | <b>4,306,331</b>                               | <b>(438,076)</b>           | <b>3,868,255</b> |

(Unit: Thousand Baht)

|                                      | Consolidated and separate financial statements |                            |                  |
|--------------------------------------|--|----------------------------|------------------|
|                                      | 2017   |                            |                  |
|                                      | Liabilities arising from finance lease         | Deferred interest expenses | Total            |
| Within one year                      | 468,546  | (93,926)                   | 374,620          |
| After one year but within five years | 1,859,537                                      | (281,254)                  | 1,578,283        |
| Over five years                      | 2,464,801                                      | (153,493)                  | 2,311,308        |
| <b>Total</b>                         | <b>4,792,884</b>                               | <b>(528,673)</b>           | <b>4,264,211</b> |

## 23. Liabilities under finance lease agreements

(Unit: Thousand Baht)

|  | Consolidated financial statements |                | Separate financial statements |                |
|--|-----------------------------------|----------------|-------------------------------|----------------|
|  | 2018                              | 2017           | 2018                          | 2017           |
| Liabilities under finance lease agreements                                 | 113,049                           | 158,909        | 61,599                        | 108,635        |
| Less: Deferred interest expenses   | (4,567)                           | (7,275)        | (2,024)                       | (4,922)        |
| <b>Total</b>   | <b>108,482</b>                    | <b>151,634</b> | <b>59,575</b>                 | <b>103,713</b> |
| Less: Portion due within one year  | (57,357)                          | (82,540)       | (37,466)                      | (51,872)       |
| <b>Liabilities under finance lease agreements - net of current portion</b> | <b>51,125</b>                     | <b>69,094</b>  | <b>22,109</b>                 | <b>51,841</b>  |

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 their 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 |             |         |
|--|-----------------------------------|-------------|---------|
|  | 2018                              |             |         |
|  | Less than 1 year                  | 1 - 5 years | Total   |
| Future minimum lease payments                  | 60,324                            | 52,725      | 113,049 |
| Deferred interest expenses                     | (2,967)                           | (1,600)     | (4,567) |
| Present value of future minimum lease payments | 57,357                            | 51,125      | 108,482 |

(Unit: Thousand Baht)

|  | Consolidated financial statements |             |         |
|--|-----------------------------------|-------------|---------|
|  | 2017                              |             |         |
|  | Less than 1 year                  | 1 - 5 years | Total   |
| Future minimum lease payments                  | 87,317                            | 71,592      | 158,909 |
| Deferred interest expenses                     | (4,777)                           | (2,498)     | (7,275) |
| Present value of future minimum lease payments | 82,540                            | 69,094      | 151,634 |

(Unit: Thousand Baht)

|  | Separate financial statements |             |         |
|--|-------------------------------|-------------|---------|
|  | 2018                          |             |         |
|  | Less than 1 year              | 1 - 5 years | Total   |
| Future minimum lease payments                  | 39,069                        | 22,530      | 61,599  |
| Deferred interest expenses                     | (1,603)                       | (421)       | (2,024) |
| Present value of future minimum lease payments | 37,466                        | 22,109      | 59,575  |

(Unit: Thousand Baht)

|  | Separate financial statements |             |         |
|--|-------------------------------|-------------|---------|
|  | 2017                          |             |         |
|  | Less than 1 year              | 1 - 5 years | Total   |
| Future minimum lease payments                  | 55,060                        | 53,575      | 108,635 |
| Deferred interest expenses                     | (3,188)                       | (1,734)     | (4,922) |
| Present value of future minimum lease payments | 51,872                        | 51,841      | 103,713 |

## 24. Long-term lease liabilities from related party

|   | (Unit : Thousand Baht)                         |
|---|--|
|   | Consolidated and separate financial statements |
| Balance as at 1 January 2018  | 11,378,918                                     |
| Increase from compound interest   | 1,467,631                                      |
| Less: Payment during year   | (1,481,277)                                    |
| Balance as at 31 December 2018  | 11,365,272                                     |
| Less: Portion due within one year                                       | (34,293)                                       |
| Long-term lease liabilities from related party - net of current portion | 11,330,979                                     |

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.

As at 31 December 2018, the Company has pledged common shares of Bangkok Dusit Medical Services Public Company Limited amounting to 36 million shares (2017: 36 million shares) with a fair value of Baht 889 million (2017: Baht 752 million) as collateral.

## 25. Other current liabilities

(Unit: Thousand Baht)

|                        | Consolidated financial statements |                  | Separate financial statements |                  |
|------------------------|-----------------------------------|------------------|-------------------------------|------------------|
|                        | 2018                              | 2017             | 2018                          | 2017             |
| Deposits               | 243,261                           | 224,742          | 180,960                       | 145,478          |
| Airport tax payable    | 308,947                           | 320,852          | 308,947                       | 320,852          |
| Maintenance reserve    | 766,998                           | 603,186          | 766,998                       | 603,186          |
| Accrued expenses       | 418,351                           | 492,009          | 168,888                       | 228,314          |
| Derivative liabilities | 195,297                           | 193,263          | 195,297                       | 193,263          |
| Others                 | 219,251                           | 242,992          | 140,483                       | 145,586          |
| <b>Total</b>           | <b>2,152,105</b>                  | <b>2,077,044</b> | <b>1,761,573</b>              | <b>1,636,679</b> |

## 26. 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<br>financial statements |                | Separate<br>financial statements |                |
|---|--------------------------------------|----------------|----------------------------------|----------------|
|   | 2018                                 | 2017           | 2018                             | 2017           |
| <b>Provision for long-term employee benefits at beginning of year</b> | <b>594,021</b>                       | <b>560,380</b> | <b>449,780</b>                   | <b>468,321</b> |
| Included in profit or loss:   |                                      |                |                                  |                |
| Current service cost  | 122,402                              | 94,277         | 80,783                           | 51,381         |
| Interest cost   | 14,179                               | 13,126         | 11,020                           | 9,826          |
| Included in other comprehensive income:                               |                                      |                |                                  |                |
| Actuarial (gain) loss arising from                                    |                                      |                |                                  |                |
| Demographic assumptions changes                                       | 66,894                               | (3,313)        | 67,778                           | (2,780)        |
| Financial assumptions changes   | (53,789)                             | (10,544)       | (54,552)                         | (18,558)       |
| Experience adjustments  | 24,004                               | (36,368)       | 31,386                           | (46,376)       |
| Benefits paid during the year   | (45,128)                             | (23,537)       | (37,550)                         | (12,034)       |
| <b>Provision for long-term employee benefits at end of year</b>       | <b>722,583</b>                       | <b>594,021</b> | <b>548,645</b>                   | <b>449,780</b> |

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

(Unit: Thousand Baht)

|  | Consolidated<br>financial statements |                | Separate<br>financial statements |               |
|--|--------------------------------------|----------------|----------------------------------|---------------|
|  | 2018                                 | 2017           | 2018                             | 2017          |
| Cost of sales and services                         | 89,911                               | 76,941         | 57,777                           | 41,312        |
| Selling, distribution and administrative expenses  | 46,670                               | 30,462         | 34,026                           | 19,895        |
| <b>Total expenses recognised in profit or loss</b> | <b>136,581</b>                       | <b>107,403</b> | <b>91,803</b>                    | <b>61,207</b> |

The Company and its subsidiaries expect to pay Baht 15.3 million (2017: Baht 25.7 million) of long-term employee benefits during the next year (Separate financial statements: Baht 11.7 million (2017: Baht 18.4 million)).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 7.23 - 13.07 years (2017: 8.16 - 13.43 years) (Separate financial statements: 11.50 years (2017: 11.61 years)).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

|                      | Consolidated financial statements |              | Separate financial statements |             |
|----------------------|-----------------------------------|--------------|-------------------------------|-------------|
|                      | 2018                              | 2017         | 2018                          | 2017        |
| Discount rate        | 2.55 - 4.08                       | 2.20 - 4.08  | 2.86                          | 2.45        |
| Salary increase rate | 3.00 - 7.00                       | 3.00 - 7.00  | 5.00                          | 5.40        |
| Turnover rate        | 0.00 - 31.00                      | 0.00 - 32.00 | 4.00 - 9.00                   | 4.00 - 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 2018 and 2017 are summarised below:

(Unit: Thousand Baht)

|                      | Consolidated financial statements |      | Separate financial statements |      |
|----------------------|-----------------------------------|------|-------------------------------|------|
|                      | 2018                              | 2017 | 2018                          | 2017 |
| Discount rate        | (63)                              | 75   | (51)                          | 62   |
| Salary increase rate | 62                                | (54) | 49                            | (42) |
| Turnover rate        | (69)                              | 78   | (56)                          | 67   |

(Unit: Million Baht)

|                      | As at 31 December 2017            |      |                               |      |
|----------------------|-----------------------------------|------|-------------------------------|------|
|                      | Consolidated financial statements |      | Separate financial statements |      |
|                      | 2018                              | 2017 | 2018                          | 2017 |
| Discount rate        | (54)                              | 64   | (43)                          | 52   |
| Salary increase rate | 60                                | (52) | 49                            | (41) |
| Turnover rate        | (59)                              | 67   | (47)                          | 56   |

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 183 million (Separate financial statements: Baht 164 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## 27. 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.

## 28. Treasury stock

On 23 August 2018, the Board of Directors Meeting of the Company approved the share repurchase program in the amount not exceeding 40 million common shares, at a par value of Baht 1 each or less than 10% of the Company's paid-up share capital, at a maximum price of Baht 500 million. The share repurchase is made to maximize the benefits of the Company's excess liquidity and to increase the return on equity and the earnings per share. It is to be made through the Stock Exchange of Thailand. The repurchase period runs from 10 September 2018 to 6 March 2019. The Company may consider the resale of those repurchased shares via either the Stock Exchange of Thailand or a public offering, depending on situation after 6 months from the completion date of share repurchase. During the current year, the Company purchased treasury stock of 29.7 million shares at a total purchase of Baht 367 million, which was presented as a deduction item in shareholders' equity under the cost method.

The market value of such treasury stock, which is calculated from the closing price in the Stock Exchange of Thailand as at last working day of the year, is approximately Baht 345 million.

The Company set aside an amount from retained earnings equal to the cost of the treasury shares to a separate reserve account with such reserve to remain outstanding until either the shares are sold or paid-up capital is reduced by the cancellation of any remaining unsold shares. As at 31 December 2018, the Company has set aside approximately Baht 367 million, with the Company recording the reserve as "Appropriated retained earnings - others" in the statement of financial position.

## 29. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

|  | Consolidated<br>financial statements |           | Separate<br>financial statements |           |
|--|--------------------------------------|-----------|----------------------------------|-----------|
|  | 2018                                 | 2017      | 2018                             | 2017      |
| Salary and wages and other employee benefits | 6,349,020                            | 5,985,104 | 4,212,498                        | 4,012,459 |
| Depreciation                                 | 1,286,090                            | 1,172,172 | 1,023,959                        | 964,481   |
| Amortisation expenses                        | 94,138                               | 94,446    | 45,438                           | 46,034    |
| Rental expenses from operating lease         | 1,879,281                            | 2,486,353 | 1,748,600                        | 2,354,996 |
| Fuel expenses                                | 4,934,899                            | 4,264,705 | 4,934,899                        | 4,264,705 |
| Repair and maintenance                       | 3,515,989                            | 3,258,633 | 3,390,314                        | 3,130,318 |
| Ground service expenses                      | 1,342,836                            | 1,414,296 | 1,846,047                        | 1,911,493 |
| Catering and passenger service expenses      | 775,592                              | 912,791   | 1,301,905                        | 1,520,950 |
| Landing and parking expenses                 | 424,725                              | 425,084   | 424,725                          | 425,084   |
| Aeronautical radio expenses                  | 682,398                              | 673,529   | 682,398                          | 673,529   |
| Booking expenses                             | 1,630,197                            | 1,578,837 | 1,630,197                        | 1,578,837 |
| Raw materials and supplies used              | 648,651                              | 725,908   | -                                | -         |
| Fuel for ground service equipment            | 64,199                               | 54,496    | -                                | -         |

## 30. Income tax

### 30.1 Deferred tax assets / liabilities

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

(Unit: Thousand Baht)

|   | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|---|--------------------------------------|---------------|----------------------------------|---------------|
|   | 2018                                 | 2017          | 2018                             | 2017          |
| <b>Deferred tax assets</b>                        |                                      |               |                                  |               |
| Allowance for doubtful debts                      | 1,023                                | -             | -                                | -             |
| Allowance for diminution in value of inventories  | 8,384                                | 8,194         | 7,854                            | 7,854         |
| Accumulated depreciation - building and equipment | 558                                  | 545           | -                                | -             |
| Accrued expense                                   | 11,730                               | 12,341        | 2,176                            | 2,456         |
| Provision for long-term employee benefits         | 88,395                               | 78,272        | 53,762                           | 49,521        |
| Unused tax loss                                   | 6,188                                | -             | 6,188                            | -             |
| <b>Total</b>                                      | <b>116,278</b>                       | <b>99,352</b> | <b>69,980</b>                    | <b>59,831</b> |

(Unit: Thousand Baht)

|   | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|---|--------------------------------------|------------------|----------------------------------|------------------|
|   | 2018                                 | 2017             | 2018                             | 2017             |
| <b>Deferred tax liabilities</b>                     |                                      |                  |                                  |                  |
| Unrealised gain on re-measuring securities          | 4,892,313                            | 4,097,282        | 4,075,763                        | 3,436,532        |
| Accrued income                                      | 1,498                                | 1,484            | 1,498                            | 1,484            |
| Liabilities arising from finance lease of aircrafts | 505,122                              | 535,081          | 505,122                          | 535,081          |
| Finance lease liabilities                           | 5,763                                | 4,119            | 2,894                            | 2,287            |
| <b>Total</b>  | <b>5,404,696</b>                     | <b>4,637,966</b> | <b>4,585,277</b>                 | <b>3,975,384</b> |
| Deferred tax assets - net                           | 41,841                               | 37,337           | -                                | -                |
| Deferred tax liabilities - net                      | 5,330,259                            | 4,575,951        | 4,515,297                        | 3,915,553        |

## 30.2 Income tax expenses (revenue)

Income tax expenses (revenue) for the years are made up as follows:

(Unit: Thousand Baht)

|  | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|--|--------------------------------------|----------------|----------------------------------|----------------|
|  | 2018                                 | 2017           | 2018                             | 2017           |
| <b>Current income tax:</b>   |                                      |                |                                  |                |
| Current income tax charge  | 130,570                              | 329,352        | -                                | 159,813        |
| Adjustment in respect of income tax of previous year                                   | 4,852                                | 25,356         | 4,852                            | 25,301         |
| <b>Deferred tax:</b>   |                                      |                |                                  |                |
| Relating to origination and reversal of temporary differences                          | (42,356)                             | 117,306        | (35,116)                         | 119,430        |
| <b>Income tax expenses (revenue) reported in the statement of comprehensive income</b> | <b>93,066</b>                        | <b>472,014</b> | <b>(30,264)</b>                  | <b>304,544</b> |

Reconciliation between accounting profit and income tax expenses (revenue) is as follows:

(Unit: Thousand Baht)

|  | Consolidated<br>financial statements |           | Separate<br>financial statements |           |
|--|--------------------------------------|-----------|----------------------------------|-----------|
|  | 2018                                 | 2017      | 2018                             | 2017      |
| Accounting profit before tax   | 356,777                              | 1,318,374 | 209,254                          | 1,038,502 |
| Applicable tax rate  | 20%                                  | 20%       | 20%                              | 20%       |
| Accounting profit before tax multiplied by<br>applicable tax rate                  | 71,355                               | 263,675   | 41,851                           | 207,700   |
| Adjustment in respect of income tax of previous year                               | 4,852                                | 25,356    | 4,852                            | 25,301    |
| Effects of:  |                                      |           |                                  |           |
| Tax exempted revenue   | (230,594)                            | (235,787) | (321,772)                        | (315,361) |
| Non-deductible expenses  | 409,527                              | 504,545   | 394,009                          | 460,619   |
| Additional deductible expense allowed  | (162,074)                            | (85,775)  | (149,204)                        | (73,715)  |
| Total  | 16,859                               | 182,983   | (76,967)                         | 71,543    |
| Income tax expenses (revenue) reported in<br>the statement of comprehensive income | 93,066                               | 472,014   | (30,264)                         | 304,544   |

### 30.3 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 years are as follows:

(Unit: Thousand Baht)

|  | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|--|--------------------------------------|------------------|----------------------------------|------------------|
|  | 2018                                 | 2017             | 2018                             | 2017             |
| Deferred tax relating to Gain (loss) on re-measuring<br>available-for-sale investments | 795,031                              | (846,037)        | 639,231                          | (759,937)        |
| Actuarial gain (loss) on defined benefits plan   | (2,871)                              | 3,958            | (4,371)                          | 7,455            |
|  | <b>792,160</b>                       | <b>(842,079)</b> | <b>634,860</b>                   | <b>(752,482)</b> |

As at 31 December 2018, the subsidiaries have unused tax losses totaling Baht 398 million (2017: Baht 279 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of unused tax losses. Such unused tax losses will expire by 2023 (2017: by 2022).

### 31. 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 5 - 8 years as follows:

| Promotion certificate No.<br>Air transportation<br>operations | Description                               | Commencing date             | Expiring date    |
|---|---|-----------------------------|------------------|
| 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  | 12 aircrafts with capacity of 1,148 seats | 17 February 2015            | 16 February 2023 |
| 61-0099-1-00-1-0  | 1 aircraft with capacity of 144 seats     | 16 July 2018                | 15 July 2023     |
| 61-1240-1-00-1-0  | 1 aircraft with capacity of 70 seats      | 16 December 2018            | 15 December 2023 |
| 61-0098-1-00-1-0  | 1 aircraft with capacity of 162 seats     | Not yet have income in 2018 | -                |
| 61-1290-1-00-1-0  | 1 aircraft with capacity of 70 seats      | Not yet have income in 2018 | -                |
| 61-1443-1-00-1-0  | 1 aircraft with capacity of 70 seats      | Not yet have income in 2018 | -                |

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 divided between promoted and non-promoted operations, are summarized below.

(Unit: Million Baht)

|                      | Promoted operations |               | Non-promoted operations |               | Total         |               |
|----------------------|---------------------|---------------|-------------------------|---------------|---------------|---------------|
|                      | 2018                | 2017          | 2018                    | 2017          | 2018          | 2017          |
|                      | (Restated)          |               | (Restated)              |               | (Restated)    |               |
| <b>Revenue</b>       |                     |               |                         |               |               |               |
| Passenger fare       | 11,984              | 11,518        | 8,276                   | 8,732         | 20,260        | 20,250        |
| Others               | 386                 | 297           | 4,100                   | 4,969         | 4,486         | 5,266         |
| <b>Total revenue</b> | <b>12,370</b>       | <b>11,815</b> | <b>12,376</b>           | <b>13,701</b> | <b>24,746</b> | <b>25,516</b> |

## 32. 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 issued during the year.

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

|   | Consolidated<br>financial statements |           | Separate<br>financial statements |           |
|---|--------------------------------------|-----------|----------------------------------|-----------|
|   | 2018                                 | 2017      | 2018                             | 2017      |
| Profit for the years (Thousand Baht)                            | 249,263                              | 787,912   | 239,518                          | 733,958   |
| Weighted average number of ordinary shares<br>(Thousand shares) | 2,094,607                            | 2,100,000 | 2,094,607                        | 2,100,000 |
| Basic earnings per share (Baht/share)                           | 0.12                                 | 0.38      | 0.11                             | 0.35      |

## 33. 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, duty free shop and aviation training business but these operating segments do not meet the quantitative thresholds as set out in the financial reporting standard. Chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured 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.

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

(Unit: Million Baht)

|   | Airline segment |        | Airport segment |      | Supporting airline business segments |       | Other segments |      | Elimination of inter-segment revenues |         | Consolidated financial statements |         |
|---|-----------------|--------|-----------------|------|--------------------------------------|-------|----------------|------|---------------------------------------|---------|-----------------------------------|---------|
|   | 2018            | 2017   | 2018            | 2017 | 2018                                 | 2017  | 2018           | 2017 | 2018                                  | 2017    | 2018                              | 2017    |
| Revenue from external customers                                   | 20,475          | 20,490 | 598             | 593  | 3,583                                | 3,589 | 499            | 259  | -                                     | -       | 25,155                            | 24,931  |
| Inter-segment revenues  | 1               | 1      | -               | -    | 1,038                                | 1,128 | 66             | 14   | (1,105)                               | (1,143) | -                                 | -       |
| Total revenues  | 20,476          | 20,491 | 598             | 593  | 4,621                                | 4,717 | 565            | 273  | (1,105)                               | (1,143) | 25,155                            | 24,931  |
| Segment operating profit (loss)                                   | 2,272           | 2,329  | 95              | 111  | 446                                  | 429   | 2              | (30) |                                       |         | 2,815                             | 2,839   |
| Unallocated income and expenses:                                  |                 |        |                 |      |                                      |       |                |      |                                       |         |                                   |         |
| Dividend income   |                 |        |                 |      |                                      |       |                |      |                                       |         | 419                               | 390     |
| Interest income   |                 |        |                 |      |                                      |       |                |      |                                       |         | 114                               | 117     |
| Gain on sales of investments                                      |                 |        |                 |      |                                      |       |                |      |                                       |         | 385                               | 1,738   |
| Gain on sales of equipment  |                 |        |                 |      |                                      |       |                |      |                                       |         | 51                                | -       |
| Gain on exchange  |                 |        |                 |      |                                      |       |                |      |                                       |         | 165                               | 56      |
| Other income  |                 |        |                 |      |                                      |       |                |      |                                       |         | 1,654                             | 1,261   |
| Selling and distribution expenses                                 |                 |        |                 |      |                                      |       |                |      |                                       |         | (2,099)                           | (2,082) |
| Administrative expenses   |                 |        |                 |      |                                      |       |                |      |                                       |         | (2,075)                           | (1,970) |
| Other expenses  |                 |        |                 |      |                                      |       |                |      |                                       |         | (2)                               | (7)     |
| Share of profit from investments in associates                    |                 |        |                 |      |                                      |       |                |      |                                       |         | 803                               | 816     |
| Finance costs   |                 |        |                 |      |                                      |       |                |      |                                       |         | (1,874)                           | (1,840) |
| Income tax expenses   |                 |        |                 |      |                                      |       |                |      |                                       |         | (93)                              | (472)   |
| Non-controlling interests of the subsidiaries                     |                 |        |                 |      |                                      |       |                |      |                                       |         | (14)                              | (58)    |
| Profit for the year attributable to equity holders of the Company |                 |        |                 |      |                                      |       |                |      |                                       |         | 249                               | 788     |

The basis of accounting for any transactions between reportable segment is consistent with that for third party transactions.

Inter-segment revenues are eliminated from the consolidated financial statements.  
Transfer prices between business segments are as set out in Note 7.

For the year 2018, 74% of total revenue from the airlines, airports and supporting airlines business segments of the Company and its subsidiaries was derived from domestic operations (2017: 70%).

For the years 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

## 34. 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% (2017: 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. The contributions for the year 2018 amounting to Baht 111 million (2017: Baht 105 million) were recognised as expenses.

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% (2017: 3% to 7%) of basic salary. The fund, which is managed by Tisco Assets Management Public Co., Ltd. and MFC Assets Management Public Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to Baht 27 million (2017: Baht 26 million) were recognised as expenses.

## 35. Dividends

| Dividends                                       | Approved by   | Total dividends<br>(Million Baht) | Dividend per share<br>(Baht) |
|---|---|-----------------------------------|------------------------------|
| Dividend from the operation<br>of the year 2016 | Annual General Meeting<br>of the shareholders<br>on 18 April 2017 | 1,050                             | 0.50                         |
| Dividend from the operation<br>of the year 2017 | Annual General Meeting<br>of the shareholders<br>on 18 April 2018 | 630                               | 0.30                         |

## 36. Commitments and contingent liabilities

### 36.1 Capital commitments

- 36.1.1 As at 31 December 2018, the Company and its subsidiaries had capital commitments of Baht 108 million and SGD 0.45 million (2017: Baht 121 million, USD 0.02 million and SGD 0.73 million) (Separate financial statement: Baht 38 million and SGD 0.45 million (2017: Baht 50 million, USD 0.02 million and SGD 0.73 million)) mainly relating to land purchasing and building improvement construction, and Baht 30 million and USD 0.71 million (2017: Baht 49 million and USD 0.24 million) (Separate financial statement: Baht 21 million and USD 0.71 million (2017: Baht 49 million and USD 0.24 million)) relating to acquisition of software and office equipment for operations and deposits.
- 36.1.2 As at 31 December 2018, the Company had commitments as a result of entering into a sale and purchase contract for 2 ATR aircrafts (2017: 4 ATR aircrafts) with Avions de Transport Regional G.I.E. Delivery of the aircraft is scheduled for between February and March 2019 (2017: between October 2018 and March 2019).

### 36.2 Operating lease commitments

- 36.2.1 As at 31 December 2018, future minimum lease payments required under aircraft lease agreements amount to USD 159 million. (2017: USD 163 million).
- 36.2.2 The Company and its subsidiaries have entered into several concessions agreements, rental agreements of land, office building, office equipment, ground service equipment and other service agreements. The terms of the agreements are generally between 1 year and 20 years.

As at 31 December 2018 and 2017, the Company and its subsidiaries have future minimum lease payments required under non-cancellable agreements were as follows.

|                                  | Consolidated<br>financial statements |       | Separate<br>financial statements |      |
|----------------------------------|--------------------------------------|-------|----------------------------------|------|
|                                  | 2018                                 | 2017  | 2018                             | 2017 |
| <b>Payable</b>                   |                                      |       |                                  |      |
| In up to 1 year                  | 1,179                                | 934   | 549                              | 373  |
| In over 1 year and up to 5 years | 2,609                                | 2,258 | 347                              | 296  |
| In over 5 years                  | 1,708                                | 2,262 | 89                               | 97   |

### 36.3 Letter of guarantees

36.3.1 As at 31 December 2018, the Company guaranteed bank credit facilities of its subsidiary companies amounting to Baht 849 million (2017: Baht 759 million).

36.3.2 As at 31 December 2018 and 2017, 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<br>financial statements |           | Separate<br>financial statements |           |
|--|--------------------------------------|-----------|----------------------------------|-----------|
|  | 2018                                 | 2017      | 2018                             | 2017      |
|  | (million)                            | (million) | (million)                        | (million) |
| Letter of guarantees for<br>land and building rental   |                                      |           |                                  |           |
| THB  | 67.79                                | 57.07     | 29.37                            | 20.67     |
| Letter of guarantees for<br>purchase of aircraft fuel  |                                      |           |                                  |           |
| THB  | 20.05                                | 20.05     | 20.05                            | 20.05     |
| Letter of guarantees for<br>the concessionary contract |                                      |           |                                  |           |
| THB  | 423.22                               | 438.09    | -                                | -         |
| Letter of guarantees for<br>payments due to creditors  |                                      |           |                                  |           |
| THB  | 9.72                                 | 2.24      | -                                | -         |
| USD  | 0.30                                 | 0.30      | 0.30                             | 0.30      |
| MYR  | 0.02                                 | 0.02      | 0.02                             | 0.02      |
| SGD  | 0.25                                 | 0.16      | 0.25                             | 0.16      |
| BDT  | 1.20                                 | 1.20      | 1.20                             | 1.20      |
| INR  | 26.50                                | 18.80     | 26.50                            | 18.80     |
| Other letter of guarantees                             |                                      |           |                                  |           |
| THB  | 56.97                                | 37.68     | 17.80                            | 19.68     |
| EUR  | -                                    | 0.01      | -                                | 0.01      |
| USD  | 0.34                                 | 0.53      | 0.34                             | 0.14      |
| MYR  | 1.00                                 | 1.00      | 1.00                             | 1.00      |

## 36.4 Guarantees

As at 31 December 2018 and 2017, the subsidiaries had the following contingent liabilities in respect of guarantees for short-term loans from financial institutions, long-term loans, bank overdraft facilities, finance leases, letter of credit facilities, trust receipts and foreign currency forward contract facilities.

(Unit: Million Baht)

| Guarantor                         | Guarantee                                 | 2018         | 2017         |
|-----------------------------------|---|--------------|--------------|
| Bangkok Air Catering Co., Ltd.    | BAC Gourmet House Co., Ltd.               | 192          | 177          |
| Bangkok Air Catering Co., Ltd.    | Bangkok Air Catering Samui Co., Ltd.      | 46           | 47           |
| Bangkok Air Catering Co., Ltd.    | Bangkok Air Catering Phuket Co., Ltd.     | 602          | 617          |
| Bangkok Air Catering Co., Ltd.    | Bangkok Air Catering Chiang Mai Co., Ltd. | 568          | -            |
| Bangkok Airways Holding Co., Ltd. | Gourmet Primo Co., Ltd.                   | 380          | 380          |
|                                   |   | <b>1,788</b> | <b>1,221</b> |

## 36.5 Other commitments

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 a 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. In August 2018, the Company and counterparty agreed to adjust the details of the agreement and enter into a new contract ending on 3 September 2019. In December 2018, the Company and counter party entered into a swap agreement to exchange return on investment ending on 25 December 2019. At maturity, the counterparty may choose among options as stipulated in the agreement.

As at 31 December 2018 and 2017, the future payments required under non-cancellable agreements are as follows:

(Unit: Million Baht)

|                         | Consolidated and separate financial statements |      |
|-------------------------|--|------|
|                         | 2018   | 2017 |
| Payable in up to 1 year | 84   | 80   |

### 36.6 Letter of credit facilities

The Company entered into a credit 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 2018, the undrawn portion of these credit facilities amounted to USD 0.71 million (2017: USD 0.71 million).

### 36.7 Interest Rate Swap Transaction agreements

As at 31 December 2018, the Company has interest rate swap agreement for principal amounting to USD 14.1 million (2017: USD 28.1 million) which are still effective. The interest rates received under this agreement is a floating rate of LIBOR-ICE and the interest rates paid is a fixed interest rate of 2.38 percent (2017: 2.37 to 2.38 percent) and the agreement matures in April 2028 (2017: between November 2026 and April 2028).

### 36.8 Cross Currency and Interest Rate Swap agreements

As at 31 December 2018, the Company has cross currency and interest rate swap agreements amounting to USD 105.7 million (2017: USD 103.1 million) which are still effective. The interest rates received under these agreements are a fixed interest rate of 2.38 to 2.60 percent (2017: 2.38 to 2.60 percent) and a floating rate of LIBOR-ICE and the interest rates paid are a fixed interest rate of 1.58 to 4.015 percent (2017: 2.14 to 4.015 percent) and the agreements mature between November 2026 and April 2029 (2017: September 2027 and April 2029).

### 36.9 Contingent liabilities

Pursuant to the Royal Decrees issued under the Revenue Code regarding Exemption from Revenue Taxes No. 608, No. 609 and No. 610, regarding the termination of the value added tax, specific business tax and stamp duty exemptions granted to property funds set up under the Securities and Exchange Act, effective from 24 May 2017 property funds are required to pay value added tax, specific business tax and stamp duty. For this reason, Samui Airport Property Fund (the Fund) collected output tax on service income under the Utilities System Service Agreement, as described in Note 24, from the Company to submit to the Revenue Department to comply with the law. However, it is still unclear which type of tax is payable on the Sub-Lease Agreement and the Utilities System Service Agreement between the Company and the Fund. The Company has consulted with the relevant government agency in order to clarify the tax obligation.

Subsequently, on 4 October 2018, the relevant government agency issued a tax ruling that the transaction under the lease agreement carried no intention of the parties to transfer the ownership of the property to the Fund. Therefore, the transaction did not fall into the renting property under Section 537 of Civil and Commercial Code. However, the Company received money from the Fund under the agreement. This is considered a loan, which is the actual intension of the parties. When the Company made a loan repayment to the Fund, this transaction is considered loan principal and interest payment. In this regard, such transaction is subject to specific business taxes on interest income and exempted from the value added tax. The Company and investments in associate have been affected by such tax ruling as follows:

1. The fair value of associate's investments in leasehold rights to properties decreased because the projected income of the Fund is reduced.
2. The Company may have to pay tax penalty and surcharge to relevant government agency. The maximum penalty is two times the amount of claimed value added tax by the Company and a surcharge at a rate of 1.5 percent per month.

The Company considered that such event is directly impacted by the Royal Decrees issued under the Revenue Code regarding Exemption from Revenue Taxes No. 608, No. 609 and No. 610, regarding the termination of the value added tax, specific business tax and stamp duty exemptions. As a result, the Fund is required to pay value added tax, specific business tax and stamp duty which were formerly exempted. The Company and the Fund have always submitted matters for tax consultation and discussed the guidelines with relevant government agency, and thus the Company has no obligations to pay value added tax to the Fund. The Company's management believes that no penalties will be imposed as the Company did not intended to avoid taxation and has intention to pay taxes related to such transactions. So, the Company did not record the provision for penalties in the accounts.

On 15 November 2018, the Company returned the input tax and submitted a revision of the input tax and made a letter to the relevant government agency for penalty exemption and request to extend the period for filing value added tax. Subsequently, the Company paid tax penalty and surcharge by Baht 22 million. Currently, the Company is in the process of requesting for tax penalty and surcharge return. However, the outcome cannot be determined at this time and is dependent on decisions to be made by relevant government agency.

## 37. Litigations

### The Company

- 37.1 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 Central Labour Court dismissed the case and ordered the plaintiff to pay Baht 1.8 million, together with interest thereon at a rate of 7.5% per annum. On 22 September 2017, the plaintiff filed an appeal and a petition for a stay of execution of judgment with the Court and on 3 November 2017, the Company filed an objection against the plaintiff's petition. Subsequently, on 17 December 2018, the Supreme Court dismissed the plaintiff's case in accordance with the judgment of the Central Labour Court and ordered the plaintiff to make the payment together with interest to the Company.
- 37.2 In July 2014, the Company was sued by a former employee, claiming Baht 34.6 million in severance pay. Subsequently, on 15 August 2016, the Central Labour Court ordered the dismissal of the plaintiff's case, and on 15 November 2016, the plaintiff submitted an appeal to the Supreme Court. After that, on 26 January 2017, the Company filed the appeal of the plaintiff. Subsequently, on 3 December 2018, the Supreme Court ordered the dismissal of the plaintiff's case.
- 37.3 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 2.1 million plus interest thereon 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. Subsequently, on 29 March 2017, the Samui Provincial Court dismissed the plaintiff's case. On 28 December 2017, the plaintiff appealed against the judgment of the Samui Provincial Court and the Samui Provincial Court has read the judgment of the Court of Appeal 8 to order the dismissal of the plaintiff's case on 25 April 2018. Currently, the plaintiff is requesting a permission of submission an appeal to the Supreme Court.
- 37.4 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 thereon at rate of 15% per annum. Currently, on 26 June 2017 and 6 July 2017, the Court ordered the dismissal of the plaintiff's case. On 21 September 2017, the plaintiff filed an appeal against the judgment of the Central Labour Court. In this regard, the Company filed an appeal on 4 December 2017 and on 9 April 2018, the Court of Appeal for Specialized Cases ordered the dismissal of the plaintiff's case in accordance with the judgment of the Central Labour Court.

- 37.5 In May 2016, an airline filed a lawsuit against the Company with Thai Civil Court alleging that the Company's 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. Subsequently, 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 International Airport air traffic control. The Company therefore countersued the plaintiff claiming damages of USD 5,382,320.27. Subsequently, On 27 December 2018, the Thai Civil Court dismissed both the plaintiff's case and the Company's countersued since such claims are barred by prescription. Currently, the case is under extension the appeal period.
- 37.6 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. Subsequently, 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 finished examination for the plaintiff's evidence and defendant's evidence. Subsequently, on 17 September 2018, the Civil Court dismissed the plaintiff's case and ordered the plaintiff to pay Baht 3,724,712, together with interest thereon at a rate of 7.5% per annum. The plaintiff also pay court fees to the Company. Currently, the plaintiff has not yet filed an appeal or requested to extend the appeal period.

## Subsidiary

- 37.7 A subsidiary has legal cases as it was sued by its former employees ("Plaintiff"), claiming severance payment, compensations, and other damages totaling of Baht 34.7 million. The Court of First Instance has dismissed and the plaintiff has filed an appeal against the judgement of the Court of First Instance with the Court of Appeal for Specialized Cases. Currently, the cases are being considered by the Court of Appeal for Specialized Cases. However, the subsidiary's management has set aside provisions for liabilities arising as a result of these cases of Baht 2.6 million and it believes that the provisions made in the accounts are adequate to cover any losses that may arise from these cases.
- 37.8 In December 2017, a subsidiary was sued by former employee, claiming funds of the employer totaling of Baht 0.4 million (the subsidiary is the defendant together with TISCO Provident Fund). Subsequently, on 16 August 2018, the Court ordered the subsidiary to repay the provident fund and interest totaling Baht 0.4 million to former employee. The subsidiary made such payment on 31 October 2018.

## 38. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

| Consolidated financial statements                              |         |         |         |        |
|--|---------|---------|---------|--------|
| 31 December 2018   |         |         |         |        |
|  | Level 1 | Level 2 | Level 3 | Total  |
| <b>Financial assets measured at fair value</b>                 |         |         |         |        |
| Available-for-sale investments - Equity instruments            | 29,735  | -       | -       | 29,735 |
| <b>Assets for which fair value is disclosed</b>                |         |         |         |        |
| Investments in associate that is listed companies              | 6,533   | -       | -       | 6,533  |
| Investment properties  | -       | -       | 437     | 437    |
| Derivatives - Interest rate swap agreements                    | -       | -       | 19      | 19     |
| <b>Liabilities for which fair value is disclosed</b>           |         |         |         |        |
| Derivatives - Fuel price swap agreements                       | -       | -       | 558     | 558    |
| Derivatives - Equity swap agreement                            | -       | -       | 115     | 115    |
| Derivatives - Cross currency and interest rate swap agreements | -       | -       | 192     | 192    |

(Unit: Million Baht)

| Consolidated financial statements                              |         |         |         |        |
|--|---------|---------|---------|--------|
| 31 December 2017   |         |         |         |        |
|  | Level 1 | Level 2 | Level 3 | Total  |
| <b>Financial assets measured at fair value</b>                 |         |         |         |        |
| Available-for-sale investments - Equity instruments            | 23,493  | -       | -       | 23,493 |
| <b>Assets for which fair value is disclosed</b>                |         |         |         |        |
| Investments in associate that is listed companies              | 7,217   | -       | -       | 7,217  |
| Investment properties  | -       | -       | 438     | 438    |
| Derivatives - Fuel price swap agreements                       | -       | -       | 224     | 224    |
| Derivatives - Equity swap agreement                            | -       | -       | 25      | 25     |
| Derivatives - Interest rate swap agreements                    | -       | -       | 20      | 20     |
| <b>Liabilities for which fair value is disclosed</b>           |         |         |         |        |
| Derivatives - Cross currency and interest rate swap agreements | -       | -       | 216     | 216    |

(Unit: Million Baht)

| Separate financial statements                                  |         |         |         |        |
|--|---------|---------|---------|--------|
| 31 December 2018   |         |         |         |        |
|  | Level 1 | Level 2 | Level 3 | Total  |
| <b>Financial assets measured at fair value</b>                 |         |         |         |        |
| Available-for-sale investments - Equity instruments            | 24,671  | -       | -       | 24,671 |
| <b>Assets for which fair value is disclosed</b>                |         |         |         |        |
| Investments in associate that is listed companies              | 6,533   | -       | -       | 6,533  |
| Investment properties  | -       | -       | 845     | 845    |
| Derivatives - Fuel price swap agreements                       | -       | -       | 19      | 19     |
| Derivatives - Equity swap agreement                            | -       | -       | -       | -      |
| Derivatives - Interest rate swap agreements                    | -       | -       | 558     | 558    |
| <b>Liabilities for which fair value is disclosed</b>           |         |         |         |        |
| Derivatives - Cross currency and interest rate swap agreements | -       | -       | 115     | 115    |
| Derivatives - Cross currency and interest rate swap agreements | -       | -       | 192     | 192    |

(Unit: Million Baht)

| Separate financial statements                                  |         |         |         |        |
|--|---------|---------|---------|--------|
| 31 December 2017   |         |         |         |        |
|  | Level 1 | Level 2 | Level 3 | Total  |
| <b>Financial assets measured at fair value</b>                 |         |         |         |        |
| Available-for-sale investments - Equity instruments            | 19,208  | -       | -       | 19,208 |
| <b>Assets for which fair value is disclosed</b>                |         |         |         |        |
| Investments in associate that is listed companies              | 7,217   | -       | -       | 7,217  |
| Investment properties  | -       | -       | 845     | 845    |
| Derivatives - Fuel price swap agreements                       | -       | -       | 224     | 224    |
| Derivatives - Equity swap agreement                            | -       | -       | 25      | 25     |
| Derivatives - Interest rate swap agreements                    | -       | -       | 20      | 20     |
| <b>Liabilities for which fair value is disclosed</b>           |         |         |         |        |
| Derivatives - Cross currency and interest rate swap agreements | -       | -       | 216     | 216    |

## 39. Financial instruments

### 39.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, restricted bank deposits, loans to, investments, trade and other payables, short-term loans, long-term loans, liabilities arising from finance lease of aircrafts, finance lease liabilities and long-term lease liabilities from related party. The financial risks associated with these financial instruments and how they are managed are described below.

#### Credit risk

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

#### Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, loans to, short-term loans and long-term loans with interest. However, since most of the Company and its subsidiaries' 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.

As at 31 December 2018 and 2017, 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 |           |              |                        |                      |        |                         |
|---|----------------------------------|-----------|--------------|------------------------|----------------------|--------|-------------------------|
|   | 2018                             |           |              |                        |                      |        |                         |
|   | Fixed interest rates             |           |              | Floating interest rate | Non-interest bearing | Total  | Effective interest rate |
|   | Within 1 year                    | 1-5 years | Over 5 years |                        |                      |        |                         |
| Financial assets                                    | (% per annum)                    |           |              |                        |                      |        |                         |
| Cash and cash equivalents                           | -                                | -         | -            | 848                    | 3,500                | 4,348  | Note 8                  |
| Current investments                                 | 3,300                            | -         | -            | -                      | -                    | 3,300  | Note 9                  |
| Trade and other receivables                         | -                                | -         | -            | -                      | 1,713                | 1,713  | -                       |
| Restricted bank deposits                            | 4                                | -         | -            | -                      | -                    | 4      | 0.38 - 0.90             |
| Other long-term investments                         | -                                | -         | -            | -                      | 30,270               | 30,270 | -                       |
| Financial liabilities                               |                                  |           |              |                        |                      |        |                         |
| Short-term loans from financial institution         | 3                                | -         | -            | 32                     | -                    | 35     | Note 19                 |
| Trade and other payables                            | -                                | -         | -            | -                      | 2,883                | 2,883  | -                       |
| Long-term loans                                     | 24                               | 252       | 140          | 1,801                  | -                    | 2,217  | Note 21                 |
| Liabilities arising from finance lease of aircrafts | 385                              | 1,602     | 1,881        | -                      | -                    | 3,868  | Note 22                 |
| Finance lease liabilities                           | 57                               | 51        | -            | -                      | -                    | 108    | 1.80 - 6.47             |
| Long-term lease liabilities from related party      | 34                               | 545       | 10,786       | -                      | -                    | 11,365 | 12.64                   |

(Unit: Million Baht)

|   | Consolidated financial statement |           |              |                        |                      |        |                         |
|---|----------------------------------|-----------|--------------|------------------------|----------------------|--------|-------------------------|
|   | 2017                             |           |              |                        |                      |        |                         |
|   | Fixed interest rates             |           |              | Floating interest rate | Non-interest bearing | Total  | Effective interest rate |
|   | Within 1 year                    | 1-5 years | Over 5 years |                        |                      |        |                         |
| Financial assets                                    | (% per annum)                    |           |              |                        |                      |        |                         |
| Cash and cash equivalents                           | -                                | -         | -            | 807                    | 2,738                | 3,545  | Note 8                  |
| Current investments                                 | 6,451                            | -         | -            | -                      | -                    | 6,451  | Note 9                  |
| Trade and other receivables                         | -                                | -         | -            | -                      | 1,854                | 1,854  | -                       |
| Other long-term investments                         | 4                                | -         | -            | -                      | -                    | 4      | 0.85                    |
| Long-term loans to related parties                  | -                                | -         | -            | -                      | 24,029               | 24,029 | -                       |
| Financial liabilities                               |                                  |           |              |                        |                      |        |                         |
| Short-term loans from financial institution         | -                                | -         | -            | 30                     | -                    | 30     | Note 19                 |
| Trade and other payables                            | -                                | -         | -            | -                      | 2,816                | 2,816  | -                       |
| Long-term loans                                     | 6                                | 318       | 4            | 446                    | -                    | 774    | Note 21                 |
| Liabilities arising from finance lease of aircrafts | 375                              | 1,578     | 2,311        | -                      | -                    | 4,264  | Note 22                 |
| Finance lease liabilities                           | 83                               | 69        | -            | -                      | -                    | 152    | 3.75 - 6.47             |
| Long-term lease liabilities from related party      | 14                               | 370       | 10,995       | -                      | -                    | 11,379 | 12.64                   |

(Unit: Million Baht)

|   | Separate financial statement |           |              |                        |                      |        |                         |
|---|------------------------------|-----------|--------------|------------------------|----------------------|--------|-------------------------|
|   | 2018                         |           |              |                        |                      |        |                         |
|   | Fixed interest rates         |           |              | Floating interest rate | Non-interest bearing | Total  | Effective interest rate |
|   | Within 1 year                | 1-5 years | Over 5 years |                        |                      |        |                         |
| Financial assets                                    | (% per annum)                |           |              |                        |                      |        |                         |
| Cash and cash equivalents                           | -                            | -         | -            | 398                    | 3,417                | 3,815  | Note 8                  |
| Current investments                                 | 3,300                        | -         | -            | -                      | -                    | 3,300  | Note 9                  |
| Trade and other receivables                         | -                            | -         | -            | -                      | 1,140                | 1,140  | -                       |
| Other long-term investments                         | -                            | -         | -            | -                      | 25,206               | 25,206 | -                       |
| Long-term lease liabilities from related party      | -                            | -         | -            | 105                    | -                    | 105    | MLR - 1                 |
| Financial liabilities                               |                              |           |              |                        |                      |        |                         |
| Trade and other payables                            | -                            | -         | -            | -                      | 2,659                | 2,659  | -                       |
| Long-term loans                                     | -                            | -         | -            | 1,109                  | -                    | 1,109  | Note 21                 |
| Liabilities arising from finance lease of aircrafts | 385                          | 1,602     | 1,881        | -                      | -                    | 3,868  | Note 22                 |
| Finance lease liabilities                           | 38                           | 22        | -            | -                      | -                    | 60     | 3.75 - 5.15             |
| Long-term lease liabilities from related party      | 34                           | 545       | 10,786       | -                      | -                    | 11,365 | 12.64                   |

(Unit: Million Baht)

|   | Separate financial statement |           |              |                        |                      |        |                         |
|---|------------------------------|-----------|--------------|------------------------|----------------------|--------|-------------------------|
|   | 2017                         |           |              |                        |                      |        |                         |
|   | Fixed interest rates         |           |              | Floating interest rate | Non-interest bearing | Total  | Effective interest rate |
|   | Within 1 year                | 1-5 years | Over 5 years |                        |                      |        |                         |
| Financial assets                                    | (% per annum)                |           |              |                        |                      |        |                         |
| Cash and cash equivalents                           | -                            | -         | -            | 448                    | 2,612                | 3,060  | Note 8                  |
| Current investments                                 | 6,451                        | -         | -            | -                      | -                    | 6,451  | Note 9                  |
| Trade and other receivables                         | -                            | -         | -            | -                      | 1,585                | 1,585  | -                       |
| Other long-term investments                         | 2                            | -         | -            | -                      | -                    | 2      | 0.85                    |
| Restricted bank deposits                            | -                            | -         | -            | -                      | 19,744               | 19,744 | -                       |
| Long-term lease liabilities from related party      | -                            | -         | -            | 101                    | -                    | 101    | MLR-1                   |
| Financial liabilities                               |                              |           |              |                        |                      |        |                         |
| Trade and other payables                            | -                            | -         | -            | -                      | 2,581                | 2,581  | -                       |
| Liabilities arising from finance lease of aircrafts | 375                          | 1,578     | 2,311        | -                      | -                    | 4,264  | Note 22                 |
| Finance lease liabilities                           | 52                           | 52        | -            | -                      | -                    | 104    | 3.75 - 5.50             |
| Long-term lease liabilities from related party      | 14                           | 370       | 10,995       | -                      | -                    | 11,379 | 12.64                   |

## 39.2 Foreign currency risk

As at 31 December 2018 and 2017, the Company and its subsidiaries' balances of financial assets and liabilities denominated in foreign currencies are summarised below.

| Foreign currencies | Consolidated financial statements |           |                       |           |                                    |       |
|--------------------|-----------------------------------|-----------|-----------------------|-----------|------------------------------------|-------|
|                    | Financial assets                  |           | Financial liabilities |           | Average exchange rate              |       |
|                    | 2018                              | 2017      | 2018                  | 2017      | 2018                               | 2017  |
|                    | (Million)                         | (Million) | (Million)             | (Million) | (Baht per 1 foreign currency unit) |       |
| BDT                | 790                               | 1,114     | -                     | -         | 0.39                               | 0.39  |
| CNY                | 13                                | 40        | 3                     | 7         | 4.72                               | 5.01  |
| EUR                | 8                                 | 7         | 1                     | 10        | 37.13                              | 39.03 |
| GBP                | 1                                 | 1         | -                     | -         | 41.07                              | 43.99 |
| HKD                | 8                                 | 12        | 4                     | 4         | 4.14                               | 4.18  |
| INR                | 144                               | 120       | 15                    | 20        | 0.46                               | 0.51  |
| SGD                | 2                                 | 2         | -                     | -         | 23.69                              | 24.45 |
| USD                | 152                               | 133       | 101                   | 93        | 32.45                              | 32.68 |
| VND                | 36,136                            | 4,265     | 18                    | 27        | 0.001                              | 0.001 |

| Foreign currencies | Separate financial statements |           |                       |           |                                    |       |
|--------------------|-------------------------------|-----------|-----------------------|-----------|------------------------------------|-------|
|                    | Financial assets              |           | Financial liabilities |           | Average exchange rate              |       |
|                    | 2018                          | 2017      | 2018                  | 2017      | 2018                               | 2017  |
|                    | (Million)                     | (Million) | (Million)             | (Million) | (Baht per 1 foreign currency unit) |       |
| BDT                | 790                           | 1,114     | -                     | -         | 0.39                               | 0.39  |
| CNY                | 13                            | 40        | 3                     | 7         | 4.72                               | 5.01  |
| EUR                | 8                             | 7         | 1                     | 1         | 37.13                              | 39.03 |
| GBP                | 1                             | 1         | -                     | -         | 41.07                              | 43.99 |
| HKD                | 8                             | 12        | 4                     | 4         | 4.14                               | 4.18  |
| INR                | 144                           | 120       | 15                    | 20        | 0.46                               | 0.51  |
| SGD                | 2                             | 2         | -                     | -         | 23.69                              | 24.45 |
| USD                | 152                           | 132       | 99                    | 71        | 32.45                              | 32.68 |
| VND                | 36,136                        | 4,265     | 18                    | 27        | 0.001                              | 0.001 |

### 39.3 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.

As at 31 December 2018, the Company still has an obligation from fuel price hedging until December 2019 amounting to of 1,020,000 barrels (2017: until September 2018 amounting to of 630,000 barrels) of Jet fuel whereby the contract prices are between USD 74 per barrel and USD 100 per barrel (2017: USD 59 per barrel and USD 74 per barrel).

### 39.4 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' 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, interest rate swap agreements and cross currency and interest rate swap agreements.

As at 31 December 2018 and 2017, the estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

|  | Consolidated and separate<br>financial statements |       |
|--|---|-------|
|  | Fair value  |       |
|  | Gain (loss)                                       |       |
|  | 2018  | 2017  |
| <b>Derivatives</b>                               |   |       |
| Fuel price swap agreements                       | (558)   | 224   |
| Equity swap agreement                            | (115)   | 25    |
| Interest rate swap agreements                    | 19  | 20    |
| Cross currency and interest rate swap agreements | (192)   | (216) |

The fair value for derivatives of the Company and its subsidiaries 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, forward rates of foreign currencies, interest rate yield curves and commodity price yield curves.

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

## 40. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 1.02:1 (2017: 1.04:1) and the Company's was 0.90:1 (2017 (Restated): 0.93:1).

## 41. Events after the reporting period

### The Company

- On 23 August 2018, the Board of Directors Meeting of the Company approved the share repurchase program in the amount not exceeding 40 million common shares, at a par value of Baht 1 each or less than 10% of the Company's paid-up share capital, at a maximum price of Baht 500 million. During 1 January 2019 to 27 February 2019, the Company purchased treasury stock of 8.9 million shares at a total purchase of Baht 108 million.
- On 27 February 2019, a meeting of the Board of Directors of the Company passed the resolution to propose for consideration and approval by the Annual General Meeting of the Shareholders the payment of a dividend for the year 2018 of Baht 0.08 per share.

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

On 18 January 2019, a meeting of the Board of Directors of the subsidiary passed the resolutions for the payment of an interim dividend for the year 2018 of Baht 1.50 per share, amounting to Baht 101 million. The subsidiary has already paid such dividend on 28 January 2019.

### WFS-PG Cargo Co., Ltd.

On 18 January 2019, a meeting of the Board of Directors of the associate passed the resolutions for the payment of an interim dividend for the year 2018 of Baht 2.00 per share, amounting to Baht 60 million. The associate has already paid such dividend on 28 January 2019.

## 42. Other information

The Company has owned Samui Airport since 1989 and applied for permission from and passed inspection by the Department of Commercial Aviation (as it was then called) and the relevant government authorities before proceeding with construction of the airport. Later, in 1999, the Company leased a plot of land from the Treasury Department for a period of 30 years to be used as an extension of the existing aviation safety zone in compliance with the Air Navigation Act B.E. 2497. This land contains no buildings or facilities relating to the airport operations.

In November 2017, the Treasury Department sent a letter to inform the Company that the plot of land leased from the Treasury Department was not Ratchaphasadu land but was public land. However, the change had no impact whatsoever on flight operations and the operation of Samui Airport because the plot of land was already protected in accordance with Ministry of Transport Announcement 1992, by virtue of section 58 of the Air Navigation Act B.E. 2497, whereby an area near an aerodrome or the site of an air navigation facility an air navigation safety zone and no buildings or construction of buildings are permitted. This is line with the Company's objective in leasing the plot for use as an aviation safety zone. The Company confirms that its application to lease this land was made in compliance with all procedures and processes stipulated by the state. Subsequently, on 26 March 2018, the Company obtained the lease termination letter from the Treasury Department.

## 43. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2019.

# Bangkok Airways Offices

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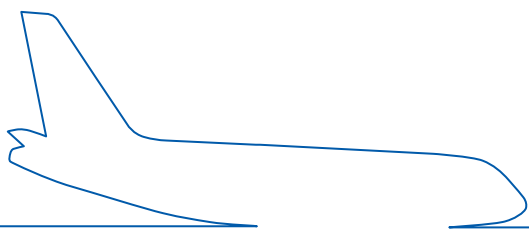
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