

**(UNOFFICIAL TRANSLATION)**  
**AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

**TO: THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED**

The Office of the Auditor General of Thailand has reviewed the accompanying consolidated and separate statements of financial position as at June 30, 2014, the related consolidated and separate statements of comprehensive income for the three-month and six-month period ended June 30, 2014, statements of changes in shareholders' equity and statements of cash flows for the six-month period ended June 30, 2014 and condensed notes to interim financial statements of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

**Scope of the Review**

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

**Conclusion**

Based on the review, nothing has come to the attention that causes the Office of the Auditor General of Thailand to believe that the interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

## **Empasis of Matters**

The Office of the Auditor General of Thailand would like to draw attention to Note 4 to financial statements regarding the going concern, which described the 2014 Business Plan, to comply with the current financial situation of Thai Airways International Public Company Limited. The Office of the Auditor General of Thailand is not qualified in respect of this matter.

*(Signed)*

*Poungchomnad Jariyajinda*  
(Poungchomnad Jariyajinda)  
Deputy Auditor General

*(Signed)*

*Roongnapa Charoenkunwiwat*  
(Roongnapa Charoenkunwiwat)  
Director of Audit Office No. 4

*Office of the Auditor General*  
August 14, 2014

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2014**

Unit : Baht

|  | Notes | CONSOLIDATED FINANCIAL STATEMENTS           |                        | SEPARATE FINANCIAL STATEMENTS               |                        |
|--|-------|---|------------------------|---|------------------------|
|  |       | Jun 30, 2014<br>(Unaudited<br>but reviewed) | Dec 31, 2013           | Jun 30, 2014<br>(Unaudited<br>but reviewed) | Dec 31, 2013           |
| <b>ASSETS</b>                                  |       |   |                        |   |                        |
| <b>Current Assets</b>                          |       |   |                        |   |                        |
| Cash and cash equivalents                      | 5.1   | 10,453,104,524                              | 11,757,473,084         | 9,984,089,279                               | 11,649,734,484         |
| Temporary investments                          |       | 100,000,000                                 | 100,000,000            | -   | -                      |
| Trade receivables                              | 5.2   | 12,111,853,154                              | 13,640,040,697         | 12,069,102,278                              | 13,602,738,159         |
| Prepaid expenses and deposits                  |       | 8,420,775,671                               | 8,759,218,393          | 8,762,025,908                               | 9,117,676,555          |
| Inventories and supplies                       |       | 7,515,759,182                               | 7,521,371,974          | 7,515,759,182                               | 7,521,371,974          |
| Other current assets                           | 5.3   | 8,997,769,689                               | 9,510,098,148          | 10,013,219,926                              | 9,508,020,384          |
| Non-current assets classified as held for sale | 5.11  | 8,861,031,334                               | 7,196,723,980          | 8,861,031,334                               | 7,196,723,980          |
| <b>Total Current Assets</b>                    |       | <b>56,460,293,554</b>                       | <b>58,484,926,276</b>  | <b>57,205,227,907</b>                       | <b>58,596,265,536</b>  |
| <b>Non-Current Assets</b>                      |       |   |                        |   |                        |
| Investments in associates                      | 5.4.1 | 4,843,895,847                               | 4,982,298,757          | 1,083,520,500                               | 1,083,520,500          |
| Investments in subsidiaries                    | 5.4.1 | -   | -                      | 460,209,893                                 | 460,209,893            |
| Other long-term investments                    | 5.4.2 | 78,491,891                                  | 129,255,558            | 78,491,891                                  | 79,195,065             |
| Property, plant and equipment                  | 5.6   | 226,469,252,656                             | 231,448,732,868        | 226,461,940,018                             | 231,440,806,539        |
| Intangible assets                              | 5.7   | 1,236,461,311                               | 861,265,669            | 1,232,446,529                               | 856,777,952            |
| Deferred tax assets                            | 5.8   | 5,808,638,421                               | 5,741,159,508          | 5,793,597,016                               | 5,727,973,315          |
| Other non-current assets                       | 5.10  | 5,158,171,659                               | 5,437,095,760          | 5,152,481,723                               | 5,431,405,823          |
| <b>Total Non-Current Assets</b>                |       | <b>243,594,911,785</b>                      | <b>248,599,808,120</b> | <b>240,262,687,570</b>                      | <b>245,079,889,087</b> |
| <b>Total Assets</b>                            |       | <b>300,055,205,339</b>                      | <b>307,084,734,396</b> | <b>297,467,915,477</b>                      | <b>303,676,154,623</b> |

Notes to interim financial statements are an integral part of these financial statements.

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT June 30, 2014

Unit : Baht

|  | Notes   | CONSOLIDATED FINANCIAL STATEMENTS           |                        | SEPARATE FINANCIAL STATEMENTS               |                        |
|--|---------|---|------------------------|---|------------------------|
|  |         | Jun 30, 2014<br>(Unaudited<br>but reviewed) | Dec 31, 2013           | Jun 30, 2014<br>(Unaudited<br>but reviewed) | Dec 31, 2013           |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                |         |   |                        |   |                        |
| <b>Current Liabilities</b>                                 |         |   |                        |   |                        |
| Trade payables   |         | 5,035,672,728                               | 6,186,377,742          | 5,028,267,214                               | 6,179,081,198          |
| Accrued expenses   |         | 17,576,833,238                              | 20,395,460,571         | 18,742,634,623                              | 20,653,985,311         |
| Current portion of long-term liabilities                   |         |   |                        |   |                        |
| Long-term borrowings from related parties                  | 5.5.1.2 | 822,000,000                                 | 1,322,000,000          | 822,000,000                                 | 1,322,000,000          |
| Long-term borrowings from other parties                    |         | 9,870,865,024                               | 9,445,117,378          | 9,870,865,024                               | 9,445,117,378          |
| Liabilities under finance leases                           |         | 10,771,412,894                              | 10,313,020,136         | 10,771,412,894                              | 10,313,020,136         |
| Debentures   |         | 6,000,000,000                               | 3,720,000,000          | 6,000,000,000                               | 3,720,000,000          |
| Short-term borrowings from related parties                 | 5.5.1.1 | 7,000,000,000                               | -                      | 7,000,000,000                               | -                      |
|  |         | 6,000,000,000                               | -                      | 6,000,000,000                               | -                      |
| Income tax payable   |         | 14,357,320                                  | 11,369,045             | -   | -                      |
| Other current liabilities                                  |         |   |                        |   |                        |
| Accrued dividends  |         | 54,929,082                                  | 55,099,476             | 54,883,517                                  | 55,007,676             |
| Unearned transportation revenues                           |         | 20,346,017,395                              | 20,546,445,629         | 20,346,017,395                              | 20,546,445,629         |
| Others   |         | 7,586,641,053                               | 10,373,688,613         | 7,750,039,695                               | 10,920,292,838         |
| <b>Total Current Liabilities</b>                           |         | <b>91,078,728,734</b>                       | <b>82,368,578,590</b>  | <b>92,386,120,362</b>                       | <b>83,154,950,166</b>  |
| <b>Non-Current Liabilities</b>                             |         |   |                        |   |                        |
| Long-term liabilities                                      |         |   |                        |   |                        |
| Long-term borrowings from related parties                  | 5.5.1.2 | 17,374,393,805                              | 17,943,517,559         | 17,374,393,805                              | 17,943,517,559         |
| Long-term borrowings from other parties                    |         | 28,743,442,894                              | 32,887,321,733         | 28,743,442,894                              | 32,887,321,733         |
| Liabilities under finance leases                           |         | 61,823,636,687                              | 63,318,861,181         | 61,823,636,687                              | 63,318,861,181         |
| Debentures   |         | 37,600,000,000                              | 37,400,000,000         | 37,600,000,000                              | 37,400,000,000         |
| Deferred tax liabilities                                   | 5.9     | 121,882,909                                 | 105,336,022            | 121,882,909                                 | 105,336,022            |
| Staff pension fund   | 5.22    | 4,979,940,918                               | 4,874,412,373          | 4,979,940,918                               | 4,874,412,373          |
| Employee benefit obligations                               | 5.12    | 11,021,030,388                              | 10,545,974,865         | 10,977,524,068                              | 10,511,745,306         |
| Long-term provisions                                       |         | 491,339,064                                 | 488,522,824            | 488,898,260                                 | 486,082,020            |
| Other non-current liabilities                              |         | 226,049,903                                 | 233,470,172            | 226,049,903                                 | 233,470,172            |
| <b>Total Non-Current Liabilities</b>                       |         | <b>162,381,716,568</b>                      | <b>167,797,416,729</b> | <b>162,335,769,444</b>                      | <b>167,760,746,366</b> |
| <b>Total Liabilities</b>                                   |         | <b>253,460,445,302</b>                      | <b>250,165,995,319</b> | <b>254,721,889,806</b>                      | <b>250,915,696,532</b> |
| <b>Shareholders' Equity</b>                                |         |   |                        |   |                        |
| Share capital  | 5.13    |   |                        |   |                        |
| Authorized share capital                                   |         |   |                        |   |                        |
| 2,698.90 million ordinary shares par value of Baht 10 each |         | <b>26,989,009,500</b>                       | <b>26,989,009,500</b>  | <b>26,989,009,500</b>                       | <b>26,989,009,500</b>  |
| Issued and paid-up share capital                           |         |   |                        |   |                        |
| 2,182.77 million ordinary shares par value of Baht 10 each |         | 21,827,719,170                              | 21,827,719,170         | 21,827,719,170                              | 21,827,719,170         |
| Premium on ordinary shares                                 |         | 25,545,316,308                              | 25,548,223,951         | 25,545,316,308                              | 25,548,223,951         |
| Retained earnings  |         |   |                        |   |                        |
| Appropriated   |         |   |                        |   |                        |
| Legal reserve  |         | 2,691,275,568                               | 2,691,275,568          | 2,691,275,568                               | 2,691,275,568          |
| Unappropriated   | 5.31    | (3,534,035,988)                             | 6,762,425,524          | (7,318,285,375)                             | 2,693,239,402          |
| <b>Total Company Shareholders' Equity</b>                  |         | <b>46,530,275,058</b>                       | <b>56,829,644,213</b>  | <b>42,746,025,671</b>                       | <b>52,760,458,091</b>  |
| <b>Non-controlling Interests</b>                           |         | <b>64,484,979</b>                           | <b>89,094,864</b>      | <b>-</b>                                    | <b>-</b>               |
| <b>Total Shareholders' Equity</b>                          |         | <b>46,594,760,037</b>                       | <b>56,918,739,077</b>  | <b>42,746,025,671</b>                       | <b>52,760,458,091</b>  |
| <b>Total Liabilities and Shareholders' Equity</b>          |         | <b>300,055,205,339</b>                      | <b>307,084,734,396</b> | <b>297,467,915,477</b>                      | <b>303,676,154,623</b> |

Notes to interim financial statements are an integral part of these financial statements.

(Signed) *ACM Siwakiat Jayema*  
(Siwakiat Jayema)  
Board of Director  
Acting President

(Signed) *Thongchai Singhakul*  
(Thongchai Singhakul)  
Vice President, Financial Accounting Department  
Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2014

Unit : Baht

|  | Notes | CONSOLIDATED FINANCIAL STATEMENTS |                        | SEPARATE FINANCIAL STATEMENTS |                        |
|--|-------|-----------------------------------|------------------------|-------------------------------|------------------------|
|  |       | 2014                              | 2013                   | 2014                          | 2013                   |
| <b>Revenues</b>  |       |                                   |                        |                               |                        |
| <b>Revenues from Sales or Revenues from Services</b>       |       |                                   |                        |                               |                        |
| Passenger and excess baggage                               |       | 34,547,192,279                    | 38,791,775,234         | 34,547,192,279                | 38,791,775,234         |
| Freight  |       | 5,856,067,343                     | 5,645,661,476          | 5,856,067,343                 | 5,645,661,476          |
| Mail   |       | 203,704,577                       | 257,624,443            | 203,704,577                   | 257,624,443            |
| Other activities   |       | 2,160,117,497                     | 2,397,983,596          | 2,214,271,013                 | 2,312,157,038          |
| <b>Total Revenues from Sales or Revenues from Services</b> |       | <b>42,767,081,696</b>             | <b>47,093,044,749</b>  | <b>42,821,235,212</b>         | <b>47,007,218,191</b>  |
| <b>Other Income</b>  |       |                                   |                        |                               |                        |
| Interest income  |       | 61,710,295                        | 138,041,991            | 58,987,936                    | 136,222,017            |
| Gain(loss) on foreign currency exchange                    |       | 1,008,488,071                     | (4,202,601,067)        | 1,008,195,130                 | (4,204,709,310)        |
| Other income - Others                                      | 5.15  | 597,037,147                       | 453,116,309            | 789,236,803                   | 714,541,337            |
| Gain on deemed disposal                                    |       | -                                 | 722,299,368            | -                             | -                      |
| <b>Total Other Income</b>                                  |       | <b>1,667,235,513</b>              | <b>(2,889,143,399)</b> | <b>1,856,419,869</b>          | <b>(3,353,945,956)</b> |
| <b>Total Revenues</b>                                      |       | <b>44,434,317,209</b>             | <b>44,203,901,350</b>  | <b>44,677,655,081</b>         | <b>43,653,272,235</b>  |
| <b>Expenses</b>  |       |                                   |                        |                               |                        |
| Fuel and oil   |       | 18,717,105,805                    | 18,452,551,931         | 18,416,286,382                | 18,452,551,931         |
| Employee benefit expenses                                  | 5.14  | 7,767,935,549                     | 8,742,429,368          | 7,693,601,195                 | 8,731,449,506          |
| Flight service expenses                                    |       | 5,179,826,717                     | 5,227,103,525          | 5,046,824,826                 | 5,227,103,525          |
| Crew expenses  |       | 1,456,740,866                     | 1,459,401,886          | 1,433,778,649                 | 1,459,401,886          |
| Aircraft maintenance and overhaul costs                    |       | 3,051,079,192                     | 3,236,865,654          | 2,888,394,345                 | 3,236,865,654          |
| Depreciation and amortisation expenses                     |       | 5,151,361,604                     | 4,986,892,417          | 5,150,395,479                 | 4,985,438,983          |
| Lease of aircraft and spare parts                          |       | 1,501,919,151                     | 1,188,672,281          | 2,217,229,705                 | 1,188,672,281          |
| Inventories and supplies                                   |       | 1,926,549,435                     | 2,245,451,083          | 1,910,644,799                 | 2,245,451,083          |
| Selling and advertising expenses                           |       | 1,932,021,997                     | 2,183,427,196          | 1,908,226,958                 | 2,169,630,667          |
| Insurance expenses   |       | 120,168,459                       | 169,034,687            | 120,168,459                   | 169,034,687            |
| Impairment loss of assets                                  |       | 95,437,767                        | 72,354,555             | 95,437,766                    | 72,354,555             |
| Impairment loss of aircraft                                | 5.17  | 1,119,547,509                     | 1,332,096,784          | 1,119,547,509                 | 1,332,096,784          |
| Other expenses   | 5.16  | 2,619,805,357                     | 2,433,592,198          | 2,591,184,639                 | 2,412,957,443          |
| Finance costs  |       | 1,652,195,125                     | 1,523,003,150          | 1,652,195,125                 | 1,523,003,150          |
| Share of profits(loss) of associates                       |       | 47,794,740                        | (166,115,032)          | -                             | -                      |
| <b>Total Expenses</b>                                      |       | <b>52,339,489,273</b>             | <b>53,086,761,683</b>  | <b>52,243,915,836</b>         | <b>53,206,012,135</b>  |
| <b>Loss before Income Tax Expense</b>                      |       | <b>(7,905,172,064)</b>            | <b>(8,882,860,333)</b> | <b>(7,566,260,755)</b>        | <b>(9,552,739,900)</b> |
| Income tax expense (income)                                | 5.18  | (250,660,314)                     | (456,560,174)          | (256,579,255)                 | (465,513,396)          |
| <b>Loss for the Period</b>                                 |       | <b>(7,654,511,750)</b>            | <b>(8,426,300,159)</b> | <b>(7,309,681,500)</b>        | <b>(9,087,226,504)</b> |
| Other Comprehensive Income                                 |       | -                                 | -                      | -                             | -                      |
| <b>Total Comprehensive Income for the Period</b>           |       | <b>(7,654,511,750)</b>            | <b>(8,426,300,159)</b> | <b>(7,309,681,500)</b>        | <b>(9,087,226,504)</b> |
| <b>Profit (Loss) Attributable to:</b>                      |       |                                   |                        |                               |                        |
| <b>Owners of the Parent</b>                                |       | <b>(7,662,350,766)</b>            | <b>(8,438,926,161)</b> | <b>(7,309,681,500)</b>        | <b>(9,087,226,504)</b> |
| Non-controlling interests                                  |       | 7,839,016                         | 12,626,002             | -                             | -                      |
|  |       | <b>(7,654,511,750)</b>            | <b>(8,426,300,159)</b> | <b>(7,309,681,500)</b>        | <b>(9,087,226,504)</b> |
| <b>Total Comprehensive Income Attributable to:</b>         |       |                                   |                        |                               |                        |
| <b>Owners of the Parent</b>                                |       | <b>(7,662,350,766)</b>            | <b>(8,438,926,161)</b> | <b>(7,309,681,500)</b>        | <b>(9,087,226,504)</b> |
| Non-controlling interests                                  |       | 7,839,016                         | 12,626,002             | -                             | -                      |
|  |       | <b>(7,654,511,750)</b>            | <b>(8,426,300,159)</b> | <b>(7,309,681,500)</b>        | <b>(9,087,226,504)</b> |
| <b>Loss per Share</b>                                      | 5.19  |                                   |                        |                               |                        |
| Basic loss per share                                       |       | (3.51)                            | (3.87)                 | (3.35)                        | (4.16)                 |

Notes to interim financial statements are an integral part of these financial statements.

(Signed) ACM Siwakiat Jayema  
(Siwakiat Jayema)  
Board of Director  
Acting President

(Signed) Thongchai Singhakul  
(Thongchai Singhakul)  
Vice President, Financial Accounting Department  
Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

Unit : Baht

|  | Notes | CONSOLIDATED FINANCIAL STATEMENTS |                        | SEPARATE FINANCIAL STATEMENTS |                        |
|--|-------|-----------------------------------|------------------------|-------------------------------|------------------------|
|  |       | 2014                              | 2013                   | 2014                          | 2013                   |
| <b>Revenues</b>  |       |                                   |                        |                               |                        |
| <b>Revenues from Sales or Revenues from Services</b>       |       |                                   |                        |                               |                        |
| Passenger and excess baggage                               |       | 75,581,911,461                    | 86,344,215,790         | 75,581,911,461                | 86,344,215,790         |
| Freight  |       | 11,680,484,983                    | 11,494,663,370         | 11,680,484,983                | 11,494,663,370         |
| Mail   |       | 402,742,944                       | 479,188,230            | 402,742,944                   | 479,188,230            |
| Other activities   |       | 4,634,786,260                     | 4,787,382,843          | 4,588,113,388                 | 4,607,161,953          |
| <b>Total Revenues from Sales or Revenues from Services</b> |       | <b>92,299,925,648</b>             | <b>103,105,450,233</b> | <b>92,253,252,776</b>         | <b>102,925,229,343</b> |
| <b>Other Income</b>  |       |                                   |                        |                               |                        |
| Interest income  |       | 133,311,127                       | 257,476,672            | 127,726,936                   | 254,046,323            |
| Gain on foreign currency exchange                          |       | 1,998,471,191                     | 1,926,707,612          | 1,997,968,813                 | 1,927,350,616          |
| Other income - Others                                      | 5.15  | 974,213,915                       | 1,164,747,671          | 1,286,575,069                 | 1,548,298,162          |
| Gain on deemed disposal                                    |       | -                                 | 722,299,368            | -                             | -                      |
| Gain on disposal of the controlling interest               |       | -                                 | 298,158,621            | -                             | -                      |
| <b>Total Other Income</b>                                  |       | <b>3,105,996,233</b>              | <b>4,369,389,944</b>   | <b>3,412,270,818</b>          | <b>3,729,695,101</b>   |
| <b>Total Revenues</b>                                      |       | <b>95,405,921,881</b>             | <b>107,474,840,177</b> | <b>95,665,523,594</b>         | <b>106,654,924,444</b> |
| <b>Expenses</b>  |       |                                   |                        |                               |                        |
| Fuel and oil   |       | 39,459,349,406                    | 38,766,097,667         | 39,158,529,984                | 38,766,097,667         |
| Employee benefit expenses                                  | 5.14  | 15,443,361,836                    | 17,123,206,528         | 15,378,173,229                | 17,112,545,267         |
| Flight service expenses                                    |       | 10,801,546,180                    | 10,489,446,444         | 10,668,544,289                | 10,489,446,444         |
| Crew expenses  |       | 2,927,024,958                     | 2,917,055,824          | 2,904,062,741                 | 2,917,055,824          |
| Aircraft maintenance and overhaul costs                    |       | 6,412,542,508                     | 6,491,478,676          | 6,249,857,660                 | 6,491,478,676          |
| Depreciation and amortisation expenses                     |       | 10,257,134,749                    | 9,765,829,763          | 10,255,108,715                | 9,762,901,576          |
| Lease of aircraft and spare parts                          |       | 2,920,276,494                     | 2,233,049,041          | 3,631,413,358                 | 2,233,049,041          |
| Inventories and supplies                                   |       | 4,096,929,849                     | 4,667,414,909          | 4,080,990,356                 | 4,667,414,909          |
| Selling and advertising expenses                           |       | 3,930,382,980                     | 4,439,319,370          | 3,885,478,239                 | 4,406,739,828          |
| Insurance expenses   |       | 238,074,726                       | 292,734,680            | 238,074,726                   | 292,734,680            |
| Impairment loss of assets                                  |       | 135,866,169                       | 180,265,981            | 135,866,169                   | 180,265,981            |
| Impairment loss of aircraft                                | 5.17  | 1,162,821,050                     | 3,592,578,829          | 1,162,821,050                 | 3,592,578,829          |
| Other expenses   | 5.16  | 4,942,025,942                     | 4,949,998,709          | 4,884,976,462                 | 4,910,564,291          |
| Finance costs  |       | 3,075,276,748                     | 2,932,065,810          | 3,075,276,748                 | 2,932,062,469          |
| Share of profits of associates                             |       | (110,277,641)                     | (514,991,958)          | -                             | -                      |
| <b>Total Expenses</b>                                      |       | <b>105,692,335,954</b>            | <b>108,325,550,273</b> | <b>105,709,173,726</b>        | <b>108,754,935,482</b> |
| <b>Loss before Income Tax Expense</b>                      |       | <b>(10,286,414,073)</b>           | <b>(850,710,096)</b>   | <b>(10,043,650,132)</b>       | <b>(2,100,011,038)</b> |
| Income tax expense (income)                                | 5.18  | (12,638,247)                      | (719,598,482)          | (32,125,355)                  | (743,721,754)          |
| <b>Loss for the Period</b>                                 |       | <b>(10,273,775,826)</b>           | <b>(131,111,614)</b>   | <b>(10,011,524,777)</b>       | <b>(1,356,289,284)</b> |
| Other Comprehensive Income                                 |       | -                                 | -                      | -                             | -                      |
| <b>Total Comprehensive Income for the Period</b>           |       | <b>(10,273,775,826)</b>           | <b>(131,111,614)</b>   | <b>(10,011,524,777)</b>       | <b>(1,356,289,284)</b> |
| <b>Profit (Loss) Attributable to:</b>                      |       |                                   |                        |                               |                        |
| <b>Owners of the Parent</b>                                |       | <b>(10,296,461,512)</b>           | <b>(155,976,997)</b>   | <b>(10,011,524,777)</b>       | <b>(1,356,289,284)</b> |
| Non-controlling interests                                  |       | 22,685,686                        | 24,865,383             | -                             | -                      |
|  |       | <b>(10,273,775,826)</b>           | <b>(131,111,614)</b>   | <b>(10,011,524,777)</b>       | <b>(1,356,289,284)</b> |
| <b>Total Comprehensive Income Attributable to:</b>         |       |                                   |                        |                               |                        |
| <b>Owners of the Parent</b>                                |       | <b>(10,296,461,512)</b>           | <b>(155,976,997)</b>   | <b>(10,011,524,777)</b>       | <b>(1,356,289,284)</b> |
| Non-controlling interests                                  |       | 22,685,686                        | 24,865,383             | -                             | -                      |
|  |       | <b>(10,273,775,826)</b>           | <b>(131,111,614)</b>   | <b>(10,011,524,777)</b>       | <b>(1,356,289,284)</b> |
| <b>Loss per Share</b>                                      |       |                                   |                        |                               |                        |
| Basic loss per share                                       | 5.19  | (4.72)                            | (0.07)                 | (4.59)                        | (0.62)                 |

Notes to interim financial statements are an integral part of these financial statements.

(Signed) *ACM Siwakiat Jayema*  
(Siwakiat Jayema)  
Board of Director  
Acting President

(Signed) *Thongchai Singhakul*  
(Thongchai Singhakul)  
Vice President, Financial Accounting Department  
Acting Executive Vice President, Finance and Accounting

Unaudited  
but reviewed

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS

|  | Notes | Owners of the parent             |                            |                       |   |   |                                  |                            | Non-controlling Interests | Total Shareholders' Equity |
|--|-------|----------------------------------|----------------------------|-----------------------|---|---|----------------------------------|----------------------------|---------------------------|----------------------------|
|  |       | Issued and Paid-up Share Capital | Premium on Ordinary Shares | Retained Earnings     | Other Components of Equity                      |   |                                  | Total Owners of the Parent |                           |                            |
|  |       |                                  |                            |                       | Other Comprehensive Income                      |   |                                  |                            |                           |                            |
|  |       |                                  |                            |                       | Actuarial Gains on Employee Benefit Obligations | Income Tax Relating to Components of Other Comprehensive Income | Total Other Components of Equity |                            |                           |                            |
| <b>Balance as at January 1, 2013 before Adjustment</b>     |       | 21,827,719,170                   | 25,548,223,951             | 21,544,010,006        | -   | -   | -                                | 68,919,953,127             | 898,484,836               | 69,818,437,963             |
| <u>Add</u> The effect from loss of control in subsidiary   |       | -                                | -                          | -                     | -   | -   | -                                | -                          | (720,965,280)             | (720,965,280)              |
| <u>Add</u> The effect of changes in accounting policy      |       | -                                | -                          | 2,990,093             | -   | -   | -                                | 2,990,093                  | 214                       | 2,990,307                  |
| <b>Balance after Adjustment</b>                            |       | 21,827,719,170                   | 25,548,223,951             | 21,547,000,099        | -   | -   | -                                | 68,922,943,220             | 177,519,770               | 69,100,462,990             |
| <b>Changes in Shareholders' Equity</b>                     |       |                                  |                            |                       |   |   |                                  |                            |                           |                            |
| <u>Less</u> Dividend payment                               |       | -                                | -                          | (1,091,385,959)       | -   | -   | -                                | (1,091,385,959)            | (135,000,005)             | (1,226,385,964)            |
| <u>Add</u> Dividend return                                 |       | -                                | -                          | 49,578                | -   | -   | -                                | 49,578                     | -                         | 49,578                     |
| <u>Less</u> Dividends paid to cumulative preferred shares  |       | -                                | -                          | -                     | -   | -   | -                                | -                          | (45,565)                  | (45,565)                   |
| <u>Add</u> Total comprehensive income for the period       |       | -                                | -                          | (155,976,997)         | -   | -   | -                                | (155,976,997)              | 24,865,383                | (131,111,614)              |
| <b>Balance as at June 30, 2013</b>                         |       | <b>21,827,719,170</b>            | <b>25,548,223,951</b>      | <b>20,299,686,721</b> | -   | -   | -                                | <b>67,675,629,842</b>      | <b>67,339,583</b>         | <b>67,742,969,425</b>      |
| <b>Balance as at January 1, 2014</b>                       |       | 21,827,719,170                   | 25,548,223,951             | 8,408,289,694         | 1,306,764,248                                   | (261,352,850)   | 1,045,411,398                    | 56,829,644,213             | 89,094,864                | 56,918,739,077             |
| <b>Reclassification</b>                                    | 5.31  |                                  |                            |                       |   |   |                                  |                            |                           |                            |
| Actuarial gains on employee benefit and income tax         |       | -                                | -                          | 1,045,411,398         | (1,306,764,248)                                 | 261,352,850   | (1,045,411,398)                  | -                          | -                         | -                          |
| <b>Changes in Shareholders' Equity</b>                     |       |                                  |                            |                       |   |   |                                  |                            |                           |                            |
| <u>Less</u> Dividend payment                               |       | -                                | -                          | -                     | -   | -   | -                                | -                          | (47,250,005)              | (47,250,005)               |
| <u>Less</u> Dividends paid to cumulative preference shares |       | -                                | -                          | -                     | -   | -   | -                                | -                          | (45,566)                  | (45,566)                   |
| <u>Less</u> Adjustment of share offering expense           |       | -                                | (2,907,643)                | -                     | -   | -   | -                                | (2,907,643)                | -                         | (2,907,643)                |
| <u>Add</u> Total comprehensive income for the period       |       | -                                | -                          | (10,296,461,512)      | -   | -   | -                                | (10,296,461,512)           | 22,685,686                | (10,273,775,826)           |
| <b>Balance as at June 30, 2014</b>                         |       | <b>21,827,719,170</b>            | <b>25,545,316,308</b>      | <b>(842,760,420)</b>  | -   | -   | -                                | <b>46,530,275,058</b>      | <b>64,484,979</b>         | <b>46,594,760,037</b>      |

Notes to interim financial statements are an integral part of these financial statements.

(Signed) ACM Siwakiat Jayema  
(Siwakiat Jayema)  
Board of Director  
Acting President

(Signed) Thongchai Singhakul  
(Thongchai Singhakul)  
Vice President, Financial Accounting Department  
Acting Executive Vice President, Finance and Accounting

Unaudited  
but reviewed

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

Unit : Baht

SEPARATE FINANCIAL STATEMENTS

|  | Notes | Issued and Paid-up Share Capital | Premium on Ordinary Shares | Retained Earnings      | Other Components of Equity                      |   |                                  | Total Shareholders' Equity |
|--|-------|----------------------------------|----------------------------|------------------------|---|---|----------------------------------|----------------------------|
|  |       |                                  |                            |                        | Other Comprehensive Income                      |   |                                  |                            |
|  |       |                                  |                            |                        | Actuarial Gains on Employee Benefit Obligations | Income Tax Relating to Components of Other Comprehensive Income | Total Other Components of Equity |                            |
| <b>Balance as at January 1, 2013</b>               |       | 21,827,719,170                   | 25,548,223,951             | 18,867,502,874         | -   | -   | -                                | 66,243,445,995             |
| <b>Changes in Shareholders' Equity</b>             |       |                                  |                            |                        |   |   |                                  |                            |
| Less Dividend payment                              |       | -                                | -                          | (1,091,385,959)        | -   | -   | -                                | (1,091,385,959)            |
| Add Dividend return                                |       | -                                | -                          | 49,578                 | -   | -   | -                                | 49,578                     |
| Less Total comprehensive income for the period     |       | -                                | -                          | (1,356,289,284)        | -   | -   | -                                | (1,356,289,284)            |
| <b>Balance as at June 30, 2013</b>                 |       | <b>21,827,719,170</b>            | <b>25,548,223,951</b>      | <b>16,419,877,209</b>  | -   | -   | -                                | <b>63,795,820,330</b>      |
| <b>Balance as at January 1, 2014</b>               |       | 21,827,719,170                   | 25,548,223,951             | 4,338,174,443          | 1,307,925,659                                   | (261,585,132)   | 1,046,340,527                    | 52,760,458,091             |
| <b>Reclassification</b>                            | 5.31  |                                  |                            |                        |   |   |                                  |                            |
| Actuarial gains on employee benefit and income tax |       | -                                | -                          | 1,046,340,527          | (1,307,925,659)                                 | 261,585,132   | (1,046,340,527)                  | -                          |
| <b>Changes in Shareholders' Equity</b>             |       |                                  |                            |                        |   |   |                                  |                            |
| Less Adjustment of share offering expense          |       | -                                | (2,907,643)                | -                      | -   | -   | -                                | (2,907,643)                |
| Less Total comprehensive income for the period     |       | -                                | -                          | (10,011,524,777)       | -   | -   | -                                | (10,011,524,777)           |
| <b>Balance as at June 30, 2014</b>                 |       | <b>21,827,719,170</b>            | <b>25,545,316,308</b>      | <b>(4,627,009,807)</b> | -   | -   | -                                | <b>42,746,025,671</b>      |

Notes to interim financial statements are an integral part of these financial statements.

(Signed) ACM Siwakiat Jayema  
(Siwakiat Jayema)  
Board of Director  
Acting President

(Signed) Thongchai Singhakul  
(Thongchai Singhakul)  
Vice President, Financial Accounting Department  
Acting Executive Vice President, Finance and Accounting



**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014**

Unit : Baht

|  | <u>CONSOLIDATED FINANCIAL STATEMENTS</u> |                       | <u>SEPARATE FINANCIAL STATEMENTS</u> |                       |
|--|--|-----------------------|--------------------------------------|-----------------------|
|  | <u>2014</u>                              | <u>2013</u>           | <u>2014</u>                          | <u>2013</u>           |
| <b>Cash Flows from Operating Activities</b>  |  |                       |                                      |                       |
| Loss before income tax expenses  | (10,286,414,073)                         | (850,710,096)         | (10,043,650,132)                     | (2,100,011,038)       |
| Adjustment to reconcile loss before income tax expense to cash received (paid) from operating activities : |  |                       |                                      |                       |
| Depreciation and amortisation expenses   | 10,257,134,749                           | 9,765,829,763         | 10,255,108,715                       | 9,762,901,576         |
| Aircraft lease fee   | 70,291,613                               | 28,779,590            | 70,291,613                           | 28,779,590            |
| Dividends received   | (576,100)                                | (423,150)             | (307,065,446)                        | (385,727,061)         |
| Share of profits of investments by equity method   | (110,277,641)                            | (514,991,958)         | -                                    | -                     |
| Gain on disposal of the controlling interest   | -  | (298,158,621)         | -                                    | -                     |
| Gain on deemed disposal  | -  | (722,299,368)         | -                                    | -                     |
| Interest income  | (133,311,127)                            | (257,476,672)         | (127,726,936)                        | (254,046,323)         |
| Interest expenses  | 3,075,276,748                            | 2,932,065,810         | 3,075,276,748                        | 2,932,062,469         |
| Gains on sales of assets   | (9,322,376)                              | (19,487,720)          | (8,949,216)                          | (19,672,831)          |
| Gain on foreign currency exchange  | (1,526,742,941)                          | (635,977,515)         | (1,527,028,920)                      | (636,019,470)         |
| Employee benefit obligations   | 475,055,523                              | 459,637,380           | 465,778,762                          | 454,080,957           |
| Provision for obsolete inventories and supplies  | 373,768,595                              | 324,622,711           | 373,768,595                          | 324,622,711           |
| Doubtful accounts  | 105,258,962                              | 15,383,213            | 105,216,594                          | 15,381,223            |
| Impairment loss of aircraft  | 1,162,821,050                            | 3,592,578,829         | 1,162,821,050                        | 3,592,578,829         |
| Impairment loss of assets  | 135,866,169                              | 180,265,981           | 135,866,169                          | 180,265,981           |
| Operating profits before changes in operating assets and liabilities                                       | 3,588,829,151                            | 13,999,638,177        | 3,629,707,596                        | 13,895,196,613        |
| Decrease (increase) in operating assets :  |  |                       |                                      |                       |
| Trade receivables  | 1,563,281,146                            | (154,615,785)         | 1,568,507,415                        | (147,542,094)         |
| Inventories and supplies   | (368,155,803)                            | (432,843,052)         | (368,155,803)                        | (432,843,052)         |
| Prepaid expenses and deposits  | 231,130,799                              | (118,149,585)         | 248,338,724                          | (325,998,091)         |
| Tax refund   | (6,757,317)                              | 226,673,591           | (6,757,317)                          | 226,673,591           |
| Other current assets   | 293,419,678                              | 865,380,612           | (278,998,321)                        | 873,891,008           |
| Assets for sales   | (1,164,506,042)                          | (45,992,397)          | (1,164,506,042)                      | (45,992,397)          |
| Other assets   | 60,532,697                               | (22,189,961)          | 60,532,697                           | (22,192,101)          |
| Deferred charges   | (162,009,831)                            | (1,040,665,180)       | (162,009,831)                        | (1,040,665,180)       |
| Increase (decrease) in operating liabilities :   |  |                       |                                      |                       |
| Trade payables   | (630,869,453)                            | 595,933,191           | (630,982,535)                        | 596,965,697           |
| Accrued expenses and other current liabilities   | (5,419,907,045)                          | 926,197,622           | (4,895,300,184)                      | 1,081,570,229         |
| Staff pension fund   | 107,313,691                              | 255,866,717           | 107,313,691                          | 255,866,717           |
| Unearned transportation revenues   | (232,074,411)                            | (1,250,201,001)       | (232,074,411)                        | (1,250,201,001)       |
| Other non-current liabilities  | (1,201,269)                              | 34,411,361            | (1,201,269)                          | 34,411,361            |
| <b>Proceeds from operations</b>  | <b>(2,140,974,009)</b>                   | <b>13,839,444,310</b> | <b>(2,125,585,590)</b>               | <b>13,699,141,300</b> |
| Payment of income tax  | (142,282,634)                            | (144,835,505)         | (118,516,015)                        | (116,345,114)         |
| <b>Net Cash provided by (used in) Operating Activities</b>   | <b>(2,283,256,643)</b>                   | <b>13,694,608,805</b> | <b>(2,244,101,605)</b>               | <b>13,582,796,186</b> |

Notes to interim financial statements are an integral part of these financial statements.

Unaudited  
but reviewed

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014**

Unit : Baht

|   | <u>CONSOLIDATED FINANCIAL STATEMENTS</u> |                        | <u>SEPARATE FINANCIAL STATEMENTS</u> |                        |
|---|--|------------------------|--------------------------------------|------------------------|
|   | <u>2014</u>                              | <u>2013</u>            | <u>2014</u>                          | <u>2013</u>            |
| <b>Cash Flows from Investing Activities</b>   |  |                        |                                      |                        |
| Cash paid for acquisition of fixed assets   | (4,482,490,392)                          | (7,596,269,314)        | (4,481,522,644)                      | (7,595,299,519)        |
| Cash paid for intangible assets   | (412,092,961)                            | (95,287,518)           | (412,092,961)                        | (94,893,150)           |
| Proceeds from transferring the rights for advance payment of aircraft<br>and aircraft equipment | 475,408,381                              | 1,226,032,229          | 475,408,381                          | 1,226,032,229          |
| Proceeds from sales of assets   | 12,839,864                               | 543,564,253            | 12,438,364                           | 543,564,253            |
| Interest income   | 75,191,749                               | 107,793,471            | 69,043,211                           | 103,931,561            |
| Dividend received   | 249,256,650                              | 220,668,266            | 307,065,446                          | 385,727,061            |
| Investment decrease   | 50,000,000                               | 1,226,496              | -                                    | 1,226,496              |
| Temporary investment decrease   | -  | 250,000,000            | -                                    | -                      |
| Cash decreased from loss of control   | -  | (246,456,042)          | -                                    | -                      |
| <b>Net Cash used in Investing Activities</b>  | <b>(4,031,886,709)</b>                   | <b>(5,588,728,159)</b> | <b>(4,029,660,203)</b>               | <b>(5,429,711,069)</b> |
| <b>Cash Flows from Financing Activities</b>   |  |                        |                                      |                        |
| Proceeds from debentures  | 3,200,000,000                            | 5,000,000,000          | 3,200,000,000                        | 5,000,000,000          |
| Proceeds from short-term borrowings   | 19,000,000,000                           | -                      | 19,000,000,000                       | -                      |
| Proceeds from long-term borrowings  | 2,339,099,035                            | 16,393,967,528         | 2,339,099,035                        | 16,393,967,528         |
| Proceeds from issued share capital  | 449,999,993                              | -                      | -                                    | -                      |
| Cash paid for repayment of short-term borrowings  | (6,000,000,000)                          | -                      | (6,000,000,000)                      | -                      |
| Cash paid for repayment of debentures   | (720,000,000)                            | -                      | (720,000,000)                        | -                      |
| Cash paid for repayment of long-term borrowings   | (10,306,887,433)                         | (10,346,886,935)       | (10,306,887,433)                     | (10,346,886,935)       |
| Cash paid for borrowings interest   | (2,737,295,850)                          | (2,635,294,730)        | (2,737,295,850)                      | (2,635,291,389)        |
| Dividends paid  | (185,359)                                | (1,086,678,783)        | (124,159)                            | (1,086,678,583)        |
| Dividends paid to non-controlling interests   | (47,280,604)                             | (135,101,497)          | -                                    | -                      |
| <b>Net Cash provided by Financing Activities</b>  | <b>5,177,449,782</b>                     | <b>7,190,005,583</b>   | <b>4,774,791,593</b>                 | <b>7,325,110,621</b>   |
| Net increase (decrease) in cash and cash equivalents  | (1,137,693,570)                          | 15,295,886,229         | (1,498,970,215)                      | 15,478,195,738         |
| Effect from changing in exchange rate on cash<br>and cash equivalents decreased                 | (166,674,990)                            | (404,803,421)          | (166,674,990)                        | (404,803,421)          |
| Cash and cash equivalents at the beginning of the period  | 11,757,473,084                           | 20,048,374,724         | 11,649,734,484                       | 19,741,670,550         |
| <b>Cash and Cash Equivalents at the End of the Period</b>                                       | <b>10,453,104,524</b>                    | <b>34,939,457,532</b>  | <b>9,984,089,279</b>                 | <b>34,815,062,867</b>  |
| <b>Additional Information for Cash Flow</b>   |  |                        |                                      |                        |
| <b>Non-cash Transactions</b>  |  |                        |                                      |                        |
| Fixed assets unpaid   | 498,158,670                              | 213,505,259            | 498,158,670                          | 213,505,259            |
| Assets under finance leases   | 2,998,330,131                            | 9,285,229,781          | 2,998,330,131                        | 9,285,229,781          |

Notes to interim financial statements are an integral part of these financial statements.

(Signed) *ACM Siwakiat Jayema*  
(Siwakiat Jayema)  
Board of Director  
Acting President

(Signed) *Thongchai Singhakul*  
(Thongchai Singhakul)  
Vice President, Financial Accounting Department  
Acting Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONDENSED NOTES TO INTERIM FINANCIAL STATEMENTS**  
**For the three-month and six-month period ended June 30, 2014 (unaudited but reviewed)**

**1. GENERAL INFORMATION**

Thai Airways International Public Company Limited (“the Company”) is incorporated as a public limited company in Thailand and is listed on the Stock Exchange of Thailand. The address of its incorporated and registered office is as follow:

The head office of the Company is located at 89 Vibhavadee Rungsit Road, Chom Phon, Chatuchak, Bangkok, Thailand.

The Company’s principal activity is the operation of airline business and business Unit which concern directly with transportation.

As at June 30, 2014, the Company has the routes servicing to 72 destinations in 34 countries all over the world, whereas 10 routes are domestic (excluding Bangkok).

**2. BASIS OF FINANCIAL STATEMENTS PREPARATION**

The consolidated and the separate financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543 (2000) being those Thai Accounting Standards which issued by the Accounting Profession Act B.E. 2547 (2004) and the Financial Reporting Requirements of the Securities and Exchange Commission, Thailand under the Securities and Exchange Act B.E. 2535 (1992).

The Company’s financial statements consist of Thai Airways International Public Company Limited (“the Company”) and the Company’s staff pension fund.

The consolidated financial statements consist of the Company and its subsidiaries as follows:

| Company’s Name   | Type of Business                                    | Located Country | Percentage of Share Holding |      |
|--|---|-----------------|-----------------------------|------|
|  |   |                 | 2014                        | 2013 |
| <b>Held by the Company:</b>                            |   |                 |                             |      |
| 1. Thai-Amadeus Southeast Asia Company Limited         | Information technology Company for travel services  | Thailand        | 55%                         | 55%  |
| 2. WingSpan Services Company Limited                   | Providing special personnel services to the Company | Thailand        | 49%                         | 49%  |
| 3. Thai Flight Training Company Limited                | Aviation training services                          | Thailand        | 49%                         | 49%  |
| 4. Thai Smile Airways Company Limited                  | Air transportation services                         | Thailand        | 100%                        | 100% |
| <b>Held by the Subsidiary of the Company</b>           |   |                 |                             |      |
| A subsidiary held by WingSpan Services Company Limited |   |                 |                             |      |
| - Tour Eurng Luang Company Limited                     | Tourism Business                                    | Thailand        | 49%                         | 49%  |

Thai Smile Airways Co., Ltd. received the Airline Operator License (AOL), Airline Operator Certificate (AOC) as well as Airline Designator Code from IATA on January 10, March 31 and April 1, 2014, respectively. So, Thai Smile Airways Co., Ltd. commenced its business operations on April 10, 2014.

The subsidiaries are controlled by the Company, directly or indirectly, in determining the financial policies and operations of such subsidiaries. Significant accounting transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

An English language version of the financial statements has been translated from the statutory financial statements that were issued in Thai language. In case of conflict or difference in understanding, the financial statements in Thai language shall prevail.

### **Interim Financial Statements Preparation**

The interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting (revised 2012). The Company presents items in the statements of financial position, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows which complied with TAS No. 1 (revised 2012) Presentation of Financial Statements, which are effective on January 1, 2014 onwards, and discloses only significant supplementary information in the condensed notes to the interim financial statements.

The preparation of these interim financial statements is to provide additional information to that included in the latest financial statements for the year ended December 31, 2013. Accordingly, the interim financial statements focus on supporting of new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the financial statements for the year ended December 31, 2013.

### **3. FINANCIAL REPORTING STANDARD BEING EFFECTIVE IN THE FUTURE**

The Financial Reporting Standard which will be effective for the fiscal years beginning on or after January 1, 2016 :

TFRS No. 4

Insurance Contracts

For adopting of Financial Reporting Standard, the management of the Company has assessed that the above standard has no significant impact to the consolidated and the separate financial statements.

#### 4. GOING CONCERN

The Company's Board of Directors Meeting No. 2/2557 (2014) held on February 21, 2014 had approved the Business Plan for the year 2014. The main objectives are to increase revenue, manage cost control, and improve the business process efficiency in order to achieve the target within the definite time frame. The action plan will reduce the impact of decreasing passenger demand from the political unrest and respond to the financial situation of the Company in order to obtain the acceptable operating result and long term business continuity.

Due to the political turmoil in the first quarter of 2014, The Company ought to reduce flights to respond to the lower traffic and focus on enhancing the revenue simultaneous with consciously cost control. The Company expects that the political situation will be recovery in the second quarter whilst it is the low season which the Company normally tune down the production to match with seasonality demand and try to maintain its customers. In the third and fourth quarter, the Company expects that the demand will pick up to the normal situation and will expand the flights to its seasonal level. If the situation is as expected, the management of the Company is confident that the Company as a state enterprise will be able to conduct the business continuity.

On August 5, 2014, the Company's Board of Directors has approved in the principle of the Company's business revival plan which is under the improvement process. At present, the plan is under the discussion and consideration of the Company's Business Plan Screening Working Group, which the meeting held on August 8, 2014 and the next meeting will be held on August 18, 2014. On August 7, 2014, the Company participated in the meeting with representatives of the Ministry of Finance, which comprised of the officers of State Enterprise Policy Office and the Public Debt Management Office, to resolve its liquidity problems.

#### 5. SUPPLEMENTARY INFORMATION

##### 5.1 Cash and Cash Equivalents

|                          | <u>Consolidated Financial Statements</u> |                         | <u>Separate Financial Statements</u> |                         |
|--------------------------|--|-------------------------|--------------------------------------|-------------------------|
|                          | <u>Jun 30, 2014</u>                      | <u>Dec 31, 2013</u>     | <u>Jun 30, 2014</u>                  | <u>Dec 31, 2013</u>     |
| Cash - Domestic          | 15.52                                    | 13.99                   | 15.52                                | 13.99                   |
| Cash - Abroad            | 42.71                                    | 65.57                   | 42.71                                | 65.57                   |
| Cash at Banks - Domestic | 6,519.73                                 | 898.84                  | 6,050.72                             | 791.10                  |
| Cash at Banks - Abroad   | <u>3,875.14</u>                          | <u>10,779.07</u>        | <u>3,875.14</u>                      | <u>10,779.07</u>        |
| <b>Total</b>             | <b><u>10,453.10</u></b>                  | <b><u>11,757.47</u></b> | <b><u>9,984.09</u></b>               | <b><u>11,649.73</u></b> |

Unit : Million Baht

**5.2 Trade Receivables aging analysis are as follow:**

|                                      | <u>Consolidated Financial Statements</u> |                         | <u>Unit : Million Baht</u><br><u>Separate Financial Statements</u> |                         |
|--------------------------------------|--|-------------------------|--|-------------------------|
|                                      | <u>Jun 30, 2014</u>                      | <u>Dec 31, 2013</u>     | <u>Jun 30, 2014</u>  | <u>Dec 31, 2013</u>     |
|                                      | Aging Periods :                          |                         |  |                         |
| Not over 6 months                    | 11,956.37                                | 13,512.16               | 11,915.60  | 13,476.30               |
| Over 6 months to 1 year              | 272.27                                   | 357.67                  | 269.71   | 354.75                  |
| Over 1 year to 2 years               | 399.83                                   | 350.20                  | 399.83   | 350.20                  |
| Over 2 years                         | <u>708.50</u>                            | <u>1,309.26</u>         | <u>683.21</u>  | <u>1,284.91</u>         |
|                                      | 13,336.97                                | 15,529.29               | 13,268.35  | 15,466.16               |
| Less Allowance for doubtful accounts | <u>(1,225.12)</u>                        | <u>(1,889.25)</u>       | <u>(1,199.25)</u>  | <u>(1,863.42)</u>       |
| <b>Trade receivables - net</b>       | <b><u>12,111.85</u></b>                  | <b><u>13,640.04</u></b> | <b><u>12,069.10</u></b>  | <b><u>13,602.74</u></b> |

**5.3 Other Current Assets**

|  | <u>Consolidated Financial Statements</u> |                        | <u>Unit : Million Baht</u><br><u>Separate Financial Statements</u> |                        |
|--|--|------------------------|--|------------------------|
|  | <u>Jun 30, 2014</u>                      | <u>Dec 31, 2013</u>    | <u>Jun 30, 2014</u>  | <u>Dec 31, 2013</u>    |
|  | Tax refund                               | 550.01                 | 441.69   | 550.01                 |
| Cash and bank deposits of pension fund | 4,911.20                                 | 4,796.92               | 4,911.20   | 4,796.92               |
| Others                                 | <u>3,536.56</u>                          | <u>4,271.49</u>        | <u>4,552.01</u>  | <u>4,269.41</u>        |
| <b>Total</b>                           | <b><u>8,997.77</u></b>                   | <b><u>9,510.10</u></b> | <b><u>10,013.22</u></b>  | <b><u>9,508.02</u></b> |

## 5.4 Investments

## Consolidated Financial Statements

Unit : Million Baht

| Name of Company   | Percentage of Shareholding |                 | Investments         |                      |                        |                        | Income on Investments |                      |
|---|----------------------------|-----------------|---------------------|----------------------|------------------------|------------------------|-----------------------|----------------------|
|   | Jun 30,<br>2014            | Dec 31,<br>2013 | Cost Method         |                      | Equity Method          |                        | Jun 30,<br>2014       | Dec 31,<br>2013      |
|   |                            |                 | Jun 30,<br>2014     | Dec 31,<br>2013      | Jun 30,<br>2014        | Dec 31,<br>2013        |                       |                      |
| <b>5.4.1 Investments in associated companies recorded by equity method</b>  |                            |                 |                     |                      |                        |                        |                       |                      |
| Royal Orchid Hotel (Thailand) Public Company Limited<br>(Fair value as at June 30, 2014 amount of THB 585.00 million and as at December 31, 2013 amount of THB 427.50 million)      | 24.00                      | 24.00           | 225.00              | 225.00               | 251.65                 | 286.73                 | (21.59)               | 30.64                |
| Donmuang International Airport Hotel Company Limited  | 40.00                      | 40.00           | 48.00               | 48.00                | 102.59                 | 102.88                 | 11.70                 | 4.34                 |
| Bangkok Aviation Fuel Services Public Company Limited<br>(Fair value as at June 30, 2014 amount of THB 4,175.51 million and as at December 31, 2013 amount of THB 3,167.63 million) | 22.59                      | 22.59           | 115.19              | 115.19               | 889.83                 | 878.05                 | 92.42                 | 87.89                |
| Phuket Air Catering Company Limited   | 30.00                      | 30.00           | 30.00               | 30.00                | 274.57                 | 246.13                 | 50.94                 | 53.18                |
| Suvarnabhumi Airport Hotel Company Limited  | 30.00                      | 30.00           | 305.33              | 305.33               | 153.71                 | 130.51                 | 23.20                 | 2.68                 |
| Nok Airlines Public Company Limited<br>(Fair value as at June 30, 2014 amount of THB 4,189.50 million and as at December 31, 2013 amount of THB 4,655.00 million)                   | 39.20                      | 39.20           | 360.00              | 360.00               | <u>3,171.55</u>        | <u>3,338.00</u>        | <u>(46.39)</u>        | <u>336.26</u>        |
| <b>Total investments</b>  |                            |                 |                     |                      | <b><u>4,843.90</u></b> | <b><u>4,982.30</u></b> | <b><u>110.28</u></b>  | <b><u>514.99</u></b> |
| <b>5.4.2 Other long-term investments recorded by cost method</b>  |                            |                 |                     |                      |                        |                        |                       |                      |
| Fuel Pipeline Transportation Limited  | 0.00048                    | 0.00048         | 0.00067             | 0.00067              |                        |                        | -                     | -                    |
| Aeronautical Radio of Thailand Limited  | 1.90                       | 1.90            | 12.56               | 12.56                |                        |                        | -                     | -                    |
| SITA Investment Certificate   | -                          | -               | 30.77               | 31.12                |                        |                        | -                     | -                    |
| Trade Siam Company Limited<br>(paid 25% of authorized share capital)  | 3.50                       | 3.50            | 1.75                | 1.75                 |                        |                        | 0.33                  | 0.13                 |
| SITA Information Networking Computing   | -                          | -               | 29.54               | 29.88                |                        |                        | -                     | -                    |
| Other Shares  | -                          | -               | 2.87                | 2.89                 |                        |                        | 0.25                  | 0.29                 |
| Investment in Debentures  | -                          | -               | -                   | 50.06                |                        |                        | -                     | -                    |
| Investment in Vayupak Fund  | -                          | -               | 1.00                | 1.00                 |                        |                        | -                     | -                    |
| <b>Total other long-term investments</b>  |                            |                 | <b><u>78.49</u></b> | <b><u>129.26</u></b> |                        |                        | <b><u>0.58</u></b>    | <b><u>0.42</u></b>   |

## Separate Financial Statements

Unit : Million Baht

| Name of Company   | Percentage of Shareholding |              | Investments            |                        | Dividend Income      |                      |
|---|----------------------------|--------------|------------------------|------------------------|----------------------|----------------------|
|   |                            |              | Cost Method            |                        |                      |                      |
|   | Jun 30, 2014               | Dec 31, 2013 | Jun 30, 2014           | Dec 31, 2013           | Jun 30, 2014         | Dec 31, 2013         |
| <b>5.4.1 Investments recorded by cost method</b>  |                            |              |                        |                        |                      |                      |
| <b>Subsidiary Companies</b>   |                            |              |                        |                        |                      |                      |
| Thai-Amadeus Southeast Asia Company Limited   | 55.00                      | 55.00        | 8.25                   | 8.25                   | 57.75                | 165.00               |
| WingSpan Services Company Limited   | 49.00                      | 49.00        | 0.98                   | 0.98                   | 0.06                 | 0.06                 |
| Thai Flight Training Company Limited  | 49.00                      | 49.00        | 0.98                   | 0.98                   | -                    | -                    |
| Thai Smile Airways Company Limited  | 100.00                     | 100.00       | <u>450.00</u>          | <u>450.00</u>          | <u>-</u>             | <u>-</u>             |
| <b>Total</b>  |                            |              | <b><u>460.21</u></b>   | <b><u>460.21</u></b>   | <b><u>57.81</u></b>  | <b><u>165.06</u></b> |
| <b>Associated Companies</b>   |                            |              |                        |                        |                      |                      |
| Royal Orchid Hotel (Thailand) Public Company Limited<br>(Fair value as at June 30, 2014 amount of THB 585.00 million and as at December 31, 2013 amount of THB 427.50 million)      | 24.00                      | 24.00        | 225.00                 | 225.00                 | 13.50                | 13.50                |
| Donmuang International Airport Hotel Company Limited  | 40.00                      | 40.00        | 48.00                  | 48.00                  | 12.00                | 12.00                |
| Bangkok Aviation Fuel Services Public Company Limited<br>(Fair value as at June 30, 2014 amount of THB 4,175.51 million and as at December 31, 2013 amount of THB 3,167.63 million) | 22.59                      | 22.59        | 115.19                 | 115.19                 | 80.63                | 58.74                |
| Phuket Air Catering Company Limited   | 30.00                      | 30.00        | 30.00                  | 30.00                  | 22.50                | 13.50                |
| Suvarnabhumi Airport Hotel Company Limited  | 30.00                      | 30.00        | 305.33                 | 305.33                 | -                    | -                    |
| Nok Airlines Public Company Limited<br>(Fair value as at June 30, 2014 amount of THB 4,189.50 million and as at December 31, 2013 amount of THB 4,655.00 million)                   | 39.20                      | 39.20        | <u>360.00</u>          | <u>360.00</u>          | <u>120.05</u>        | <u>122.50</u>        |
| <b>Total</b>  |                            |              | <b><u>1,083.52</u></b> | <b><u>1,083.52</u></b> | <b><u>248.68</u></b> | <b><u>220.24</u></b> |
| <b>Total investments</b>  |                            |              | <b><u>1,543.73</u></b> | <b><u>1,543.73</u></b> | <b><u>306.49</u></b> | <b><u>385.30</u></b> |
| <b>5.4.2 Other long-term investments recorded by cost method</b>  |                            |              |                        |                        |                      |                      |
| Fuel Pipeline Transportation Limited  | 0.00048                    | 0.00048      | 0.00067                | 0.00067                | -                    | -                    |
| Aeronautical Radio of Thailand Limited  | 1.90                       | 1.90         | 12.56                  | 12.56                  | -                    | -                    |
| SITA Investment Certificate   | -                          | -            | 30.77                  | 31.12                  | -                    | -                    |
| TRADESIAM Company Limited<br>(paid 25% of authorized share capital)   | 3.50                       | 3.50         | 1.75                   | 1.75                   | 0.33                 | 0.13                 |
| SITA Information Networking Computing   | -                          | -            | 29.54                  | 29.88                  | -                    | -                    |
| Other Shares  | -                          | -            | 2.87                   | 2.89                   | 0.25                 | 0.29                 |
| Investment in Vayupak Fund  | -                          | -            | <u>1.00</u>            | <u>1.00</u>            | <u>-</u>             | <u>-</u>             |
| <b>Total other long-term investments</b>  |                            |              | <b><u>78.49</u></b>    | <b><u>79.20</u></b>    | <b><u>0.58</u></b>   | <b><u>0.42</u></b>   |



### 5.4.3 Financial Data Summary of Subsidiaries

| Name of Company                             | Unit : Million Baht |             |        |                |
|---|---------------------|-------------|--------|----------------|
|   | Assets              | Liabilities | Income | Gains (Losses) |
| <b>Subsidiary Companies</b>                 |                     |             |        |                |
| Thai-Amadeus Southeast Asia Company Limited | 247.84              | 107.96      | 178.50 | 50.31          |
| WingSpan Services Company Limited           | 627.69              | 528.45      | 479.26 | 20.90          |
| Thai Flight Training Company Limited        | 19.00               | 14.99       | 22.12  | 5.37           |
| Tour Eurng Luang Company Limited            | 12.79               | 10.13       | 0.95   | 0.13           |
| Thai Smile Airways Company Limited          | 1,432.26            | 1,128.07    | 903.33 | (142.69)       |

The Company used the financial statements of subsidiary and associated companies, some of financial statements of associated companies are unreviewed by the CPA, as at June 30, 2014 to record the investments by equity method in the consolidated financial statements and by cost method in the separate financial statements.

## 5.5 Significant Transactions with Related Parties

### 5.5.1 Related Transactions with Major Shareholders

#### 5.5.1.1 Short-term borrowings from related parties

|                        | Unit : Million Baht    |                 |
|------------------------|------------------------|-----------------|
|                        | Jun 30, 2014           | Dec 31, 2013    |
| Government Saving Bank | <u>7,000.00</u>        | -               |
| <b>Total</b>           | <b><u>7,000.00</u></b> | <b><u>-</u></b> |

#### 5.5.1.2 Long-term borrowings from related parties

|  | Unit : Million Baht     |                         |
|--|-------------------------|-------------------------|
|  | Jun 30, 2014            | Dec 31, 2013            |
| Foreign borrowings via the Ministry of Finance | 17,092.39               | 17,375.52               |
| Government Saving Bank                         | <u>1,104.00</u>         | <u>1,890.00</u>         |
| <b>Total</b>                                   | <b><u>18,196.39</u></b> | <b><u>19,265.52</u></b> |

### 5.5.2 Related Transactions with Subsidiary Companies

#### 5.5.2.1 Loans to Subsidiary

|                                   | Unit : Million Baht |                     |
|-----------------------------------|---------------------|---------------------|
|                                   | Jun 30, 2014        | Dec 31, 2013        |
| WingSpan Services Company Limited | <u>20.00</u>        | <u>20.00</u>        |
| <b>Total</b>                      | <b><u>20.00</u></b> | <b><u>20.00</u></b> |

### 5.5.2.2 Sales and Purchases

**Unit : Million Baht**

|   | Three-month period |          |                |          | Six-month period |          |                |          |
|---|--------------------|----------|----------------|----------|------------------|----------|----------------|----------|
|   | Apr – Jun 2014     |          | Apr – Jun 2013 |          | Jan – Jun 2014   |          | Jan – Jun 2013 |          |
|   | Sales              | Purchase | Sales          | Purchase | Sales            | Purchase | Sales          | Purchase |
| Thai-Amadeus Southeast Asia Company Limited | 0.61               | 0.03     | 0.57           | -        | 1.28             | 0.03     | 1.31           | -        |
| WingSpan Services Company Limited           | 1.15               | 186.43   | 1.82           | 257.46   | 4.04             | 439.48   | 3.53           | 417.87   |
| Thai Flight Training Company Limited        | 6.33               | 0.09     | 1.01           | -        | 13.03            | 0.09     | 2.84           | -        |
| Tour Eurng Luang Company Limited            | 9.63               | 7.04     | 5.96           | 0.41     | 27.99            | 15.28    | 32.49          | 1.35     |
| Thai Smile Airways Company Limited          | 641.81             | 962.10   | -              | -        | 641.81           | 962.10   | -              | -        |

### 5.5.2.3 Account Receivables and Account Payables

**Unit : Million Baht**

|   | Jun 30, 2014        |                  | Dec 31, 2013        |                  |
|---|---------------------|------------------|---------------------|------------------|
|   | Account Receivables | Account Payables | Account Receivables | Account Payables |
| Thai-Amadeus Southeast Asia Company Limited | 0.12                | 0.16             | 0.42                | 0.13             |
| WingSpan Services Company Limited           | 380.79              | 390.52           | 404.04              | 423.08           |
| Thai Flight Training Company Limited        | 7.43                | -                | 2.23                | -                |
| Tour Eurng Luang Company Limited            | 6.00                | -                | 2.37                | -                |
| Thai Smile Airways Company Limited          | 663.36              | 962.10           | -                   | 449.99           |

Related transactions of account receivables and account payables of WingSpan Service Co., Ltd. have already included the prepaid and accrued expenses amount of THB 379.69 million and THB 389.73 million, respectively.

Related account payables transactions of Thai Smile Airways Co., Ltd. are accrued expenses at the entire amount.

## 5.5.3 Related Transactions with Associated Companies

### 5.5.3.1 Sales and Purchases

**Unit : Million Baht**

|   | Three-month period |          |                |          | Six-month period |          |                |          |
|---|--------------------|----------|----------------|----------|------------------|----------|----------------|----------|
|   | Apr – Jun 2014     |          | Apr – Jun 2013 |          | Jan – Jun 2014   |          | Jan – Jun 2013 |          |
|   | Sales              | Purchase | Sales          | Purchase | Sales            | Purchase | Sales          | Purchase |
| Royal Orchid Hotel (Thailand) Public Company Limited  | -                  | 0.96     | -              | 0.97     | -                | 1.74     | -              | 3.34     |
| Donmuang International Airport Hotel Company Limited  | -                  | -        | -              | 0.04     | -                | 0.10     | -              | 0.10     |
| Bangkok Aviation Fuel Services Public Company Limited | 0.01               | 47.17    | 0.01           | 96.67    | 0.01             | 131.11   | 0.02           | 209.23   |
| Phuket Air Catering Company Limited                   | 0.36               | 6.59     | 0.51           | 3.09     | 0.71             | 15.33    | 2.71           | 3.87     |
| Suvarnabhumi Airport Hotel Company Limited            | -                  | 6.03     | -              | 5.72     | -                | 9.83     | -              | 10.98    |
| Nok Airlines Public Company Limited                   | 13.37              | 3.76     | 69.57          | 0.11     | 33.40            | 7.88     | 192.52         | 1.92     |

### 5.5.3.2 Account Receivables and Account Payables

Unit : Million Baht

|   | Jun 30, 2014        |                  | Dec 31, 2013        |                  |
|---|---------------------|------------------|---------------------|------------------|
|   | Account Receivables | Account Payables | Account Receivables | Account Payables |
| Royal Orchid Hotel (Thailand) Public Company Limited  | -                   | 0.67             | -                   | 0.36             |
| Donmuang International Airport Hotel Company Limited  | -                   | -                | -                   | 0.01             |
| Bangkok Aviation Fuel Services Public Company Limited | -                   | -                | 0.01                | 33.48            |
| Phuket Air Catering Company Limited                   | 0.14                | -                | 0.24                | 2.74             |
| Suvarnabhumi Airport Hotel Company Limited            | -                   | 2.00             | -                   | 1.04             |
| Nok Airlines Public Company Limited                   | 39.46               | 0.19             | 49.44               | 0.03             |

The Company's pricing policy is to purchases goods and services at market price from related parties on normal commercial term as unrelated parties.

### 5.5.4 Key Executives Separate financial statements

Unit : Million Baht

|  | Three-month period  |                     | Six-month period    |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Apr – Jun 2014      | Apr – Jun 2013      | Jan – Jun 2014      | Jan – Jun 2013      |
| Remuneration for Management Executives | 14.79               | 16.72               | 31.19               | 38.37               |
| Remuneration for Board of Directors    | <u>3.96</u>         | <u>10.45</u>        | <u>7.55</u>         | <u>14.79</u>        |
| <b>Total</b>                           | <b><u>18.75</u></b> | <b><u>27.17</u></b> | <b><u>38.74</u></b> | <b><u>53.16</u></b> |

The Company's Executives are the same criteria as Note No. 5.14, Employee Benefit Expenses.

## 5.6 Property, Plant and Equipment

### Consolidated Financial Statements As at June 30, 2014

Unit : Million Baht

|                                 | Prepaid Aircraft and Spare Engines | Aircraft          | Aircraft under Finance Leases | Aircraft Spare Parts | Work in Progress | Land          | Buildings       | Leasehold Buildings | Building Improvement | Other Plant and Equipment | Total              |
|---------------------------------|------------------------------------|-------------------|-------------------------------|----------------------|------------------|---------------|-----------------|---------------------|----------------------|---------------------------|--------------------|
| <b>Cost</b>                     |                                    |                   |                               |                      |                  |               |                 |                     |                      |                           |                    |
| As at January 1, 2014           | 17,986.26                          | 157,455.89        | 169,334.64                    | 34,878.89            | 1,112.72         | 935.74        | 2,513.10        | 10,791.51           | 4,663.51             | 30,657.47                 | <b>430,329.73</b>  |
| - Adjust/Transfers              | (2,786.94)                         | (11,521.76)       | 2,209.83                      | 319.32               | -                | 0.56          | 1.42            | -                   | 63.96                | 48.80                     | <b>(11,664.81)</b> |
| - Additions                     | 2,515.75                           | 456.78            | 3,419.23                      | 953.11               | 87.26            | -             | -               | -                   | 38.42                | 665.35                    | <b>8,135.90</b>    |
| - Disposals /Amortized          | -                                  | (404.31)          | -                             | (215.94)             | -                | -             | -               | -                   | (87.37)              | (578.00)                  | <b>(1,285.62)</b>  |
| As at June 30, 2014             | <b>17,715.07</b>                   | <b>145,986.60</b> | <b>174,963.70</b>             | <b>35,935.38</b>     | <b>1,199.98</b>  | <b>936.30</b> | <b>2,514.52</b> | <b>10,791.51</b>    | <b>4,678.52</b>      | <b>30,793.62</b>          | <b>425,515.20</b>  |
| <b>Accumulated depreciation</b> |                                    |                   |                               |                      |                  |               |                 |                     |                      |                           |                    |
| As at January 1, 2014           | -                                  | 93,365.17         | 45,243.35                     | 22,375.17            | -                | -             | 2,368.20        | 5,553.95            | 4,270.26             | 25,704.90                 | <b>198,881.00</b>  |
| - Depreciation                  | -                                  | 3,880.13          | 4,292.41                      | 1,012.31             | -                | -             | 20.59           | 114.13              | 71.99                | 666.97                    | <b>10,058.53</b>   |
| - Adjust/Transfers              | -                                  | (8,696.31)        | -                             | (79.61)              | -                | -             | 1.42            | -                   | 63.81                | 50.05                     | <b>(8,660.64)</b>  |
| - Disposals /Amortized          | -                                  | (390.16)          | -                             | (199.11)             | -                | -             | -               | -                   | (87.22)              | (556.45)                  | <b>(1,232.94)</b>  |
| As at June 30, 2014             | -                                  | <b>88,158.83</b>  | <b>49,535.76</b>              | <b>23,108.76</b>     | -                | -             | <b>2,390.21</b> | <b>5,668.08</b>     | <b>4,318.84</b>      | <b>25,865.47</b>          | <b>199,045.95</b>  |
| <b>Net book value</b>           |                                    |                   |                               |                      |                  |               |                 |                     |                      |                           |                    |
| As at December 31, 2013         | <b>17,986.26</b>                   | <b>64,090.72</b>  | <b>124,091.29</b>             | <b>12,503.72</b>     | <b>1,112.72</b>  | <b>935.74</b> | <b>144.90</b>   | <b>5,237.56</b>     | <b>393.25</b>        | <b>4,952.57</b>           | <b>231,448.73</b>  |
| As at June 30, 2014             | <b>17,715.07</b>                   | <b>57,827.77</b>  | <b>125,427.94</b>             | <b>12,826.62</b>     | <b>1,199.98</b>  | <b>936.30</b> | <b>124.31</b>   | <b>5,123.43</b>     | <b>359.68</b>        | <b>4,928.15</b>           | <b>226,469.25</b>  |

**Consolidated Financial Statements  
As at June 30, 2013**

**Unit : Million Baht**

|                                 | <b>Prepaid Aircraft and Spare Engines</b> | <b>Aircraft</b>   | <b>Aircraft under Finance Leases</b> | <b>Aircraft Spare Parts</b> | <b>Work in Progress</b> | <b>Land</b>   | <b>Buildings</b> | <b>Leasehold Buildings</b> | <b>Building Improvement</b> | <b>Other Plant and Equipment</b> | <b>Total</b>       |
|---------------------------------|---|-------------------|--------------------------------------|-----------------------------|-------------------------|---------------|------------------|----------------------------|-----------------------------|----------------------------------|--------------------|
| <b>Cost</b>                     |   |                   |                                      |                             |                         |               |                  |                            |                             |                                  |                    |
| As at January 1, 2013           | 17,617.01                                 | 157,199.58        | 166,578.72                           | 33,043.68                   | 2,488.24                | 935.74        | 2,513.10         | 10,788.91                  | 4,550.17                    | 29,515.68                        | <b>425,230.83</b>  |
| - Adjust/Transfers              | (14,656.09)                               | (605.52)          | (14,176.35)                          | (543.49)                    | -                       | 0.30          | 0.27             | -                          | (0.17)                      | (192.10)                         | <b>(30,173.15)</b> |
| - Additions                     | 13,433.52                                 | 703.23            | 16,668.72                            | 1,856.18                    | (298.13)                | -             | -                | 2.60                       | 54.73                       | 867.72                           | <b>33,288.57</b>   |
| - Disposals/ Amortized          | -   | (9,589.69)        | (172.88)                             | (271.65)                    | -                       | (0.30)        | (0.27)           | -                          | (3.67)                      | (239.14)                         | <b>(10,277.60)</b> |
| As at June 30, 2013             | <b>16,394.44</b>                          | <b>147,707.60</b> | <b>168,898.21</b>                    | <b>34,084.72</b>            | <b>2,190.11</b>         | <b>935.74</b> | <b>2,513.10</b>  | <b>10,791.51</b>           | <b>4,601.06</b>             | <b>29,952.16</b>                 | <b>418,068.65</b>  |
| <b>Accumulated depreciation</b> |   |                   |                                      |                             |                         |               |                  |                            |                             |                                  |                    |
| As at January 1, 2013           | -   | 104,588.32        | 43,872.20                            | 20,537.53                   | -                       | -             | 2,324.00         | 5,323.81                   | 4,120.17                    | 25,027.15                        | <b>205,793.18</b>  |
| - Depreciation                  | -   | 3,455.05          | 4,270.86                             | 1,004.15                    | -                       | -             | 23.03            | 114.12                     | 80.40                       | 659.76                           | <b>9,607.37</b>    |
| - Adjust/Transfers              | -   | (3,287.19)        | (6,896.73)                           | 3.11                        | -                       | -             | 0.27             | -                          | (0.21)                      | (207.04)                         | <b>(10,387.79)</b> |
| - Disposals / Amortized         | -   | (8,679.63)        | (172.88)                             | (127.62)                    | -                       | -             | (0.27)           | -                          | (3.60)                      | (236.81)                         | <b>(9,220.81)</b>  |
| As at June 30, 2013             | -   | <b>96,076.55</b>  | <b>41,073.45</b>                     | <b>21,417.17</b>            | -                       | -             | <b>2,347.03</b>  | <b>5,437.93</b>            | <b>4,196.76</b>             | <b>25,243.06</b>                 | <b>195,791.95</b>  |
| <b>Net book value</b>           |   |                   |                                      |                             |                         |               |                  |                            |                             |                                  |                    |
| As at December 31, 2012         | <b>17,617.01</b>                          | <b>51,660.86</b>  | <b>122,706.52</b>                    | <b>12,506.15</b>            | <b>2,488.24</b>         | <b>935.74</b> | <b>189.10</b>    | <b>5,465.10</b>            | <b>430.00</b>               | <b>4,569.22</b>                  | <b>218,567.94</b>  |
| As at June 30, 2013             | <b>16,394.44</b>                          | <b>51,631.05</b>  | <b>127,824.76</b>                    | <b>12,667.55</b>            | <b>2,190.11</b>         | <b>935.74</b> | <b>166.07</b>    | <b>5,353.58</b>            | <b>404.30</b>               | <b>4,709.10</b>                  | <b>222,276.70</b>  |

**Separate Financial Statements  
As at June 30, 2014**

Unit : Million Baht

|                                 | <b>Prepaid Aircraft and Spare Engines</b> | <b>Aircraft</b>   | <b>Aircraft under Finance Leases</b> | <b>Aircraft Spare Parts</b> | <b>Work in Progress</b> | <b>Land</b>   | <b>Buildings</b> | <b>Leasehold Buildings</b> | <b>Building Improvement</b> | <b>Other Plant and Equipment</b> | <b>Total</b>       |
|---------------------------------|---|-------------------|--------------------------------------|-----------------------------|-------------------------|---------------|------------------|----------------------------|-----------------------------|----------------------------------|--------------------|
| <b>Cost</b>                     |   |                   |                                      |                             |                         |               |                  |                            |                             |                                  |                    |
| As at January 1, 2014           | 17,986.26                                 | 157,455.89        | 169,334.64                           | 34,878.89                   | 1,112.72                | 935.74        | 2,513.10         | 10,791.51                  | 4,663.51                    | 30,467.53                        | <b>430,139.79</b>  |
| - Adjust/Transfers              | (2,786.94)                                | (11,521.76)       | 2,209.83                             | 319.32                      | -                       | 0.56          | 1.42             | -                          | 63.96                       | 48.80                            | <b>(11,664.81)</b> |
| - Additions                     | 2,515.75                                  | 456.78            | 3,419.23                             | 953.11                      | 87.26                   | -             | -                | -                          | 38.42                       | 664.41                           | <b>8,134.96</b>    |
| - Disposals /Amortized          | -   | (404.31)          | -                                    | (215.94)                    | -                       | -             | -                | -                          | (87.37)                     | (493.58)                         | <b>(1,201.20)</b>  |
| As at June 30, 2014             | <b>17,715.07</b>                          | <b>145,986.60</b> | <b>174,963.70</b>                    | <b>35,935.38</b>            | <b>1,199.98</b>         | <b>936.30</b> | <b>2,514.52</b>  | <b>10,791.51</b>           | <b>4,678.52</b>             | <b>30,687.16</b>                 | <b>425,408.74</b>  |
| <b>Accumulated depreciation</b> |   |                   |                                      |                             |                         |               |                  |                            |                             |                                  |                    |
| As at January 1, 2014           | -   | 93,365.17         | 45,243.35                            | 22,375.17                   | -                       | -             | 2,368.20         | 5,553.95                   | 4,270.26                    | 25,522.88                        | <b>198,698.98</b>  |
| - Depreciation                  | -   | 3,880.13          | 4,292.41                             | 1,012.31                    | -                       | -             | 20.59            | 114.13                     | 71.99                       | 665.42                           | <b>10,056.98</b>   |
| - Adjust/Transfers              | -   | (8,696.31)        | -                                    | (79.61)                     | -                       | -             | 1.42             | -                          | 63.81                       | 50.05                            | <b>(8,660.64)</b>  |
| - Disposals /Amortized          | -   | (390.16)          | -                                    | (199.11)                    | -                       | -             | -                | -                          | (87.22)                     | (472.03)                         | <b>(1,148.52)</b>  |
| As at June 30, 2014             | -   | <b>88,158.83</b>  | <b>49,535.76</b>                     | <b>23,108.76</b>            | -                       | -             | <b>2,390.21</b>  | <b>5,668.08</b>            | <b>4,318.84</b>             | <b>25,766.32</b>                 | <b>198,946.80</b>  |
| <b>Net book value</b>           |   |                   |                                      |                             |                         |               |                  |                            |                             |                                  |                    |
| As at December 31, 2013         | <b>17,986.26</b>                          | <b>64,090.72</b>  | <b>124,091.29</b>                    | <b>12,503.72</b>            | <b>1,112.72</b>         | <b>935.74</b> | <b>144.90</b>    | <b>5,237.56</b>            | <b>393.25</b>               | <b>4,944.65</b>                  | <b>231,440.81</b>  |
| As at June 30, 2014             | <b>17,715.07</b>                          | <b>57,827.77</b>  | <b>125,427.94</b>                    | <b>12,826.62</b>            | <b>1,199.98</b>         | <b>936.30</b> | <b>124.31</b>    | <b>5,123.43</b>            | <b>359.68</b>               | <b>4,920.84</b>                  | <b>226,461.94</b>  |

**Separate Financial Statements  
As at June 30, 2013**

**Unit : Million Baht**

|                                 | <b>Prepaid Aircraft and Spare Engines</b> | <b>Aircraft</b>   | <b>Aircraft under Finance Leases</b> | <b>Aircraft Spare Parts</b> | <b>Work in Progress</b> | <b>Land</b>   | <b>Buildings</b> | <b>Leasehold Buildings</b> | <b>Building Improvement</b> | <b>Other Plant and Equipment</b> | <b>Total</b>       |
|---------------------------------|---|-------------------|--------------------------------------|-----------------------------|-------------------------|---------------|------------------|----------------------------|-----------------------------|----------------------------------|--------------------|
| <b>Cost</b>                     |   |                   |                                      |                             |                         |               |                  |                            |                             |                                  |                    |
| As at January 1, 2013           | 17,617.01                                 | 157,199.58        | 166,578.72                           | 33,043.68                   | 2,488.24                | 935.74        | 2,513.10         | 10,788.91                  | 4,550.17                    | 29,328.29                        | <b>425,043.44</b>  |
| - Adjust/Transfers              | (14,656.09)                               | (605.52)          | (14,176.35)                          | (543.49)                    | -                       | 0.30          | 0.27             | -                          | (0.17)                      | (192.10)                         | <b>(30,173.15)</b> |
| - Additions                     | 13,433.52                                 | 703.23            | 16,668.72                            | 1,856.18                    | (298.13)                | -             | -                | 2.60                       | 54.73                       | 866.60                           | <b>33,287.45</b>   |
| - Disposals /Amortized          | -   | (9,589.69)        | (172.88)                             | (271.65)                    | -                       | (0.30)        | (0.27)           | -                          | (3.67)                      | (239.14)                         | <b>(10,277.60)</b> |
| As at June 30, 2013             | <b>16,394.44</b>                          | <b>147,707.60</b> | <b>168,898.21</b>                    | <b>34,084.72</b>            | <b>2,190.11</b>         | <b>935.74</b> | <b>2,513.10</b>  | <b>10,791.51</b>           | <b>4,601.06</b>             | <b>29,763.65</b>                 | <b>417,880.14</b>  |
| <b>Accumulated depreciation</b> |   |                   |                                      |                             |                         |               |                  |                            |                             |                                  |                    |
| As at January 1, 2013           | -   | 104,588.32        | 43,872.20                            | 20,537.53                   | -                       | -             | 2,324.00         | 5,323.81                   | 4,120.17                    | 24,849.07                        | <b>205,615.10</b>  |
| - Depreciation                  | -   | 3,455.05          | 4,270.86                             | 1,004.15                    | -                       | -             | 23.03            | 114.12                     | 80.40                       | 657.74                           | <b>9,605.35</b>    |
| - Adjust/Transfers              | -   | (3,287.19)        | (6,896.73)                           | 3.11                        | -                       | -             | 0.27             | -                          | (0.21)                      | (207.04)                         | <b>(10,387.79)</b> |
| - Disposals /Amortized          | -   | (8,679.63)        | (172.88)                             | (127.62)                    | -                       | -             | (0.27)           | -                          | (3.60)                      | (236.81)                         | <b>(9,220.81)</b>  |
| As at June 30, 2013             | -   | <b>96,076.55</b>  | <b>41,073.45</b>                     | <b>21,417.17</b>            | -                       | -             | <b>2,347.03</b>  | <b>5,437.93</b>            | <b>4,196.76</b>             | <b>25,062.96</b>                 | <b>195,611.85</b>  |
| <b>Net book value</b>           |   |                   |                                      |                             |                         |               |                  |                            |                             |                                  |                    |
| As at December 31, 2012         | <b>17,617.01</b>                          | <b>51,660.86</b>  | <b>122,706.52</b>                    | <b>12,506.15</b>            | <b>2,488.24</b>         | <b>935.74</b> | <b>189.10</b>    | <b>5,465.10</b>            | <b>430.00</b>               | <b>4,479.22</b>                  | <b>218,477.94</b>  |
| As at June 30, 2013             | <b>16,394.44</b>                          | <b>51,631.05</b>  | <b>127,824.76</b>                    | <b>12,667.55</b>            | <b>2,190.11</b>         | <b>935.74</b> | <b>166.07</b>    | <b>5,353.58</b>            | <b>404.30</b>               | <b>4,700.69</b>                  | <b>222,268.29</b>  |

In this period, there are 101 aircraft represented in the Company's fleet consisting of 38 own aircraft, 34 aircraft under finance leases, and 29 aircraft under operating leases which excluded 23 aircraft for sales with a carrying amount of THB 8,858.21 million.

Aircraft spare parts consist of aircraft engines and other aircraft spare parts.

The Company uses buildings and equipment that are now fully depreciated with historical cost of THB 61,281.82 million including the leasehold buildings amount of THB 3,924.94 million.

Leasehold buildings are leased from Airports of Thailand Public Company Limited at Suvarnabhumi Airport with a lease term of 30 years starting from September 28, 2006 to September 29, 2036 and at Donmuang Airport with a lease term of 3 years starting from September 27, 2009 to September 28, 2012. The title of the buildings and elements will be passed to the Ministry of Finance at the end of the lease term. On August 10, 2012, the Company has issued the letter of intent to Airports of Thailand Public Company Limited for such leasehold buildings with a lease term of 3 years starting from September 28, 2012 to September 27, 2015, and the proposal is under the negotiation.

The Company has provided a land located in Bangkok for security meanwhile the Company is now in the procedure of appealing against the judgement of the court of first instance who has made a decision that compelled the Company to provide compensation in the amount of THB 27.63 million with interest due to ceasing of wine purchase.

At present, the official appraisal value of the Company's domestic land is THB 4,215.33 million consisting of land in Bangkok amount of THB 3,981.09 million and land in provinces amount of THB 234.24 million.

Assets under finance leases are aircraft under finance leases which the purchase contracts were made in USD currency but the finance leases were made in EUR, USD, and JPY currency.



## 5.7 Intangible Assets

|                                 | Unit : Million Baht                  |                                  |
|---------------------------------|--------------------------------------|----------------------------------|
|                                 | Consolidated<br>Financial Statements | Separate Financial<br>Statements |
| <b>Cost</b>                     |                                      |                                  |
| As at January 1, 2014           | 2,589.20                             | 2,577.44                         |
| - Additions                     | 539.87                               | 539.87                           |
| As at June 30, 2014             | 3,129.07                             | 3,117.31                         |
| <b>Accumulated amortisation</b> |                                      |                                  |
| As at January 1, 2014           | 1,727.94                             | 1,720.66                         |
| - Amortisation                  | 164.67                               | 164.20                           |
| As at June 30, 2014             | 1,892.61                             | 1,884.86                         |
| <b>Net book value</b>           |                                      |                                  |
| As at December 31, 2013         | <b>861.26</b>                        | <b>856.78</b>                    |
| As at June 30, 2014             | <b>1,236.46</b>                      | <b>1,232.45</b>                  |

## 5.8 Deferred Tax Assets

Deferred tax assets arising from the temporary differences between the book values and tax base of assets and liabilities in statement of financial position are as follows:

|   | Unit : Million Baht                                |                        |  |                        |
|---|--|------------------------|--|------------------------|
|   | <u>Consolidated</u><br><u>Financial Statements</u> |                        | <u>Separate</u><br><u>Financial Statements</u> |                        |
|   | <u>June 30, 2014</u>                               | <u>Dec 31, 2013</u>    | <u>June 30, 2014</u>                           | <u>Dec 31, 2013</u>    |
| Contribution to staff provident fund        | 73.76  | 74.16                  | 73.76  | 74.16                  |
| Contribution to staff pension fund          | 487.17   | 479.63                 | 487.17   | 479.63                 |
| Allowance for obsolete inventories          | 532.94   | 473.00                 | 532.94   | 473.00                 |
| Allowance for doubtful accounts             | 293.08   | 431.12                 | 288.84   | 426.88                 |
| Allowance for impairment in value of assets | 1,702.31   | 1,590.39               | 1,702.31                                       | 1,590.39               |
| Estimated accrual expenses                  | 441.60   | 498.89                 | 441.11   | 498.40                 |
| Intangible assets                           | 71.97  | 83.17                  | 71.97  | 83.17                  |
| Employee benefits obligation                | 2,204.19   | 2,109.18               | 2,195.50                                       | 2,102.34               |
| Others                                      | <u>1.62</u>  | <u>1.62</u>            | <u>-</u>                                       | <u>-</u>               |
| <b>Total</b>                                | <b><u>5,808.64</u></b>                             | <b><u>5,741.16</u></b> | <b><u>5,793.60</u></b>                         | <b><u>5,727.97</u></b> |

## 5.9 Deferred Tax Liabilities

|                   | <u>Consolidated</u>         |                     | <u>Unit : Million Baht</u> |                     |
|-------------------|-----------------------------|---------------------|----------------------------|---------------------|
|                   | <u>Financial Statements</u> |                     | <u>Separate</u>            |                     |
|                   | <u>Jun 30, 2014</u>         | <u>Dec 31, 2013</u> | <u>Jun 30, 2014</u>        | <u>Dec 31, 2013</u> |
| Intangible assets | 121.88                      | 105.34              | 121.88                     | 105.34              |

Tax rates used for measuring asset value and deferred tax income are 20%.

## 5.10 Other Non-Current Assets

|                  | <u>Consolidated</u>         |                        | <u>Unit : Million Baht</u> |                        |
|------------------|-----------------------------|------------------------|----------------------------|------------------------|
|                  | <u>Financial Statements</u> |                        | <u>Separate</u>            |                        |
|                  | <u>Jun 30, 2014</u>         | <u>Dec 31, 2013</u>    | <u>Jun 30, 2014</u>        | <u>Dec 31, 2013</u>    |
| Deferred charges | 4,211.28                    | 4,429.67               | 4,211.28                   | 4,429.67               |
| Others           | <u>946.89</u>               | <u>1,007.43</u>        | <u>941.20</u>              | <u>1,001.74</u>        |
| <b>Total</b>     | <b><u>5,158.17</u></b>      | <b><u>5,437.10</u></b> | <b><u>5,152.48</u></b>     | <b><u>5,431.41</u></b> |

Deferred charges consisted of aircraft overhaul costs (D-check) for aircraft under operating lease, which are amortised as expenses over an estimated useful life of 4-7 years but not over the lease term, and loans guarantee premiums for purchasing of aircraft are amortised as expenses over the period of due payment loans in each accounting period.

## 5.11 Non-current Assets Classified as Held for Sale Separate financial statements

As at January 1, 2014, non-current assets classified as held for sale composed of 4 A300-600, 4 A340-500, 4 B737-400, 4 B747-400, and 2 ATR72, totaling 18 aircraft in an aggregate of THB 7,195.59 million, as well as other fixed assets amount of THB 1.13 million, which made a grand total of THB 7,196.72 million. During the six - month period ended June 30, 2014, non-current assets classified as held for sale increased by THB 1,662.62 million, which consisted of 3 A330-300 and 2 A300-600, as well as by THB 1.69 million from other fixed assets. The total increase in this period is THB 1,664.31 million.

As at June 30, 2014, non-current assets classified as held for sale composed of 6 A300-600, 4 A340-500, 4 B737-400, 4 B747-400, 2 ATR 72, and 3 A330-300 aircraft, totaling 23 aircraft in an aggregate of THB 8,858.21 million, as well as other fixed assets amount of THB 2.82 million, which made a grand total of THB 8,861.03 million.

At present, the Company has already agreed to sell 10 aircraft consisted of 4 Boeing 747-400, 4 A300-600, and 2 ATR72 aircraft.

## 5.12 Employee Benefit Obligations

|   | <b>Consolidated</b>         |                         | <b>Unit : Million Baht</b> |                         |
|---|-----------------------------|-------------------------|----------------------------|-------------------------|
|   | <b>Financial Statements</b> |                         | <b>Separate</b>            |                         |
|   | <b>Jun 30, 2014</b>         | <b>Dec 31, 2013</b>     | <b>Jun 30, 2014</b>        | <b>Dec 31, 2013</b>     |
| Beginning balance - Employee benefit obligations            | 10,545.97                   | 11,082.18               | 10,511.75                  | 10,970.90               |
| Adjustment of employee benefit obligations for subsidiaries | -                           | (91.21)                 | -                          | -                       |
| Employee benefits for the period                            | 475.06                      | 922.01                  | 465.77                     | 908.16                  |
| Benefits paid during the period                             | -                           | (61.20)                 | -                          | (59.38)                 |
| Actuarial loss  | -                           | (1,305.81)              | -                          | (1,307.93)              |
| <b>Ending Balance - Employee Benefit Obligations</b>        | <b><u>11,021.03</u></b>     | <b><u>10,545.97</u></b> | <b><u>10,977.52</u></b>    | <b><u>10,511.75</u></b> |

## 5.13 Share Capital

As at June 30, 2014, the Company has authorized ordinary shares amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.01 million, issued and paid-up ordinary shares amount of THB 21,827.72 million.

## 5.14 Employee Benefit Expenses

|                                 | <b>Unit : Million Baht</b>               |                      |                         |                      |
|---------------------------------|--|----------------------|-------------------------|----------------------|
|                                 | <b>Consolidated Financial Statements</b> |                      |                         |                      |
|                                 | <b>Three-month Period</b>                |                      | <b>Six-month Period</b> |                      |
|                                 | <b>Apr-Jun, 2014</b>                     | <b>Apr-Jun, 2013</b> | <b>Jan-Jun, 2014</b>    | <b>Jan-Jun, 2013</b> |
| Personnel expenses              | 7,508.58                                 | 8,483.75             | 14,924.90               | 16,607.77            |
| Employee benefits               | 237.53                                   | 230.14               | 475.06                  | 459.64               |
| Executive remuneration          | 16.82                                    | 17.34                | 34.16                   | 39.99                |
| Board of Directors remuneration | 5.01                                     | 11.20                | 9.24                    | 15.81                |
| <b>Total</b>                    | <b>7,767.94</b>                          | <b>8,742.43</b>      | <b>15,443.36</b>        | <b>17,123.21</b>     |

|                                 | <b>Unit : Million Baht</b>           |                      |                         |                      |
|---------------------------------|--------------------------------------|----------------------|-------------------------|----------------------|
|                                 | <b>Separate Financial Statements</b> |                      |                         |                      |
|                                 | <b>Three-month Period</b>            |                      | <b>Six-month Period</b> |                      |
|                                 | <b>Apr-Jun, 2014</b>                 | <b>Apr-Jun, 2013</b> | <b>Jan-Jun, 2014</b>    | <b>Jan-Jun, 2013</b> |
| Personnel expenses              | 7,441.96                             | 8,477.24             | 14,873.66               | 16,605.31            |
| Employee benefits               | 232.89                               | 227.04               | 465.77                  | 454.08               |
| Executive remuneration          | 14.79                                | 16.72                | 31.19                   | 38.37                |
| Board of Directors remuneration | 3.96                                 | 10.45                | 7.55                    | 14.79                |
| <b>Total</b>                    | <b>7,693.60</b>                      | <b>8,731.45</b>      | <b>15,378.17</b>        | <b>17,112.55</b>     |

Managements refer to the Company's Board of Directors, Chief Executive, persons in the next four executive levels below the chief executive, and in similar position, including accounting or finance department managers or above according to the Securities and Exchange Mandate.

Moreover, the Directors of the Company obtain the ticket benefits. For the three-month period ended June 30, 2014 and 2013, they issued the tickets for themselves and their related parties amount of 153 and 198 tickets with the value of THB 13.41 million and THB 19.92 million, respectively, calculating from the full fare tickets in those traveling classes.

### 5.15 Other Income - Others

Unit : Million Baht

|  | Consolidated Financial Statements |               |                  |                 |
|--|-----------------------------------|---------------|------------------|-----------------|
|  | Three-month Period                |               | Six-month Period |                 |
|  | Apr-Jun, 2014                     | Apr-Jun, 2013 | Jan-Jun, 2014    | Jan-Jun, 2013   |
| Gains on sales of assets                                       | 5.32                              | 15.64         | 8.95             | 19.68           |
| Revenue from other services of Aircraft Maintenance Department | 179.42                            | 108.04        | 373.58           | 319.43          |
| Revenue from airport fees collected from passengers            | -                                 | 157.72        | -                | 315.44          |
| Compensation revenue from the delay delivery of aircraft       | -                                 | -             | -                | 205.98          |
| Other fine revenues  | 24.83                             | 18.16         | 53.28            | 33.44           |
| Insurance compensation from the flood disaster                 | 23.10                             | (5.18)        | 57.25            | 7.03            |
| Revenue from Royal Orchid Lounge service                       | 23.09                             | 20.36         | 43.66            | 37.09           |
| Others   | 341.28                            | 138.38        | 437.49           | 226.66          |
| <b>Total</b>   | <b>597.04</b>                     | <b>453.12</b> | <b>974.21</b>    | <b>1,164.75</b> |

Unit : Million Baht

|  | Separate Financial Statements |               |                  |                 |
|--|-------------------------------|---------------|------------------|-----------------|
|  | Three-month Period            |               | Six-month Period |                 |
|  | Apr-Jun, 2014                 | Apr-Jun, 2013 | Jan-Jun, 2014    | Jan-Jun, 2013   |
| Gains on sales of assets                                       | 5.32                          | 15.64         | 8.95             | 19.68           |
| Dividends from associated and subsidiary companies             | 186.44                        | 262.80        | 306.49           | 385.30          |
| Revenue from other services of Aircraft Maintenance Department | 179.42                        | 108.04        | 373.58           | 319.43          |
| Revenue from airport fees collected from passengers            | -                             | 157.72        | -                | 315.44          |
| Compensation revenue from the delay delivery of aircraft       | -                             | -             | -                | 205.98          |
| Other fine revenues  | 24.83                         | 18.16         | 53.28            | 33.44           |
| Insurance compensation from the flood disaster                 | 23.10                         | (5.18)        | 57.25            | 7.03            |
| Revenue from Royal Orchid Lounge service                       | 23.09                         | 20.36         | 43.66            | 37.09           |
| Others   | 347.04                        | 137.00        | 443.37           | 224.91          |
| <b>Total</b>   | <b>789.24</b>                 | <b>714.54</b> | <b>1,286.58</b>  | <b>1,548.30</b> |

**5.16 Other Expenses**

Unit : Million Baht

|  | Consolidated Financial Statements |                 |                  |                 |
|--|-----------------------------------|-----------------|------------------|-----------------|
|  | Three-month Period                |                 | Six-month Period |                 |
|  | Apr-Jun, 2014                     | Apr-Jun, 2013   | Jan-Jun, 2014    | Jan-Jun, 2013   |
| Rentals and utilities                                | 707.09                            | 668.70          | 1,427.15         | 1,346.74        |
| Office supplies                                      | 55.36                             | 54.96           | 97.09            | 121.92          |
| Repair of building and equipment                     | 179.05                            | 282.50          | 333.04           | 426.51          |
| Outsource services                                   | 321.58                            | 349.18          | 636.77           | 743.88          |
| Consultant and service fees                          | 165.99                            | 143.24          | 329.94           | 278.99          |
| Legal fee for Antitrust/ Competition Law             | 23.44                             | 3.60            | 40.71            | 21.12           |
| Computer service expenses                            | 107.55                            | 105.84          | 182.59           | 251.54          |
| Rental of communication devices and office equipment | 91.89                             | 66.15           | 201.74           | 158.14          |
| Travelling and transportation expenses               | 146.90                            | 150.65          | 296.50           | 281.31          |
| Concession fees                                      | 103.04                            | 92.92           | 208.86           | 191.19          |
| Passenger claim expenses                             | 56.23                             | 77.47           | 106.74           | 152.51          |
| Damages from flood disaster                          | 23.10                             | (5.18)          | 57.25            | 7.03            |
| Provision for disposal and unused spare parts        | 200.26                            | 171.76          | 373.61           | 328.83          |
| Service cargo expenses                               | 34.30                             | 16.83           | 73.11            | 77.71           |
| Joint venture expenses in STAR Alliance              | 35.31                             | 3.50            | 45.31            | 6.91            |
| Company business and municipal taxes                 | 62.25                             | 52.80           | 103.93           | 120.28          |
| Bad debts and provision for bad debts                | 79.81                             | (97.19)         | 105.22           | 15.38           |
| Others   | 226.65                            | 295.86          | 322.46           | 420.01          |
| <b>Total</b>   | <b>2,619.80</b>                   | <b>2,433.59</b> | <b>4,942.02</b>  | <b>4,950.00</b> |

Unit : Million Baht

|  | Separate Financial Statements |                 |                  |                 |
|--|-------------------------------|-----------------|------------------|-----------------|
|  | Three-month Period            |                 | Six-month Period |                 |
|  | Apr-Jun, 2014                 | Apr-Jun, 2013   | Jan-Jun, 2014    | Jan-Jun, 2013   |
| Rentals and utilities                                | 707.09                        | 668.70          | 1,427.15         | 1,346.74        |
| Office supplies                                      | 55.36                         | 54.96           | 97.09            | 121.92          |
| Repair of building and equipment                     | 179.05                        | 282.50          | 333.04           | 426.51          |
| Outsource services                                   | 321.58                        | 349.18          | 636.77           | 743.88          |
| Consultant and service fees                          | 165.99                        | 143.24          | 329.94           | 278.99          |
| Legal fee for Antitrust/ Competition Law             | 23.44                         | 3.60            | 40.71            | 21.12           |
| Computer service expenses                            | 107.55                        | 105.84          | 182.59           | 251.54          |
| Rental of communication devices and office equipment | 91.89                         | 66.15           | 201.74           | 158.14          |
| Travelling and transportation expenses               | 146.90                        | 150.65          | 296.50           | 281.31          |
| Concession fees                                      | 103.04                        | 92.92           | 208.86           | 191.19          |
| Passenger claim expenses                             | 56.23                         | 77.47           | 106.74           | 152.51          |
| Damages from flood disaster                          | 23.10                         | (5.18)          | 57.25            | 7.03            |
| Provision for disposal and unused spare parts        | 200.26                        | 171.76          | 373.61           | 328.83          |
| Service cargo expenses                               | 34.30                         | 16.83           | 73.11            | 77.71           |
| Joint venture expenses in STAR Alliance              | 35.31                         | 3.50            | 45.31            | 6.91            |
| Company business and municipal taxes                 | 62.25                         | 52.80           | 103.93           | 120.28          |
| Bad debts and provision for bad debts                | 79.81                         | (97.19)         | 105.22           | 15.38           |
| Others   | 198.03                        | 275.23          | 322.46           | 380.57          |
| <b>Total</b>   | <b>2,591.18</b>               | <b>2,412.96</b> | <b>4,942.02</b>  | <b>4,910.56</b> |

### 5.17 Impairment Loss of Aircraft Separate Financial Statements

As the Company has phased out 23 aircraft held for sale from the fleet (Notes 5.11), when comparing the net book value with the fair value less selling cost, it appears that the fair value less selling cost of 3 A300-600 aircraft is lower than the net book value amount of THB 1,162.82 million, therefore the Company recognised the impairment loss of such aircraft in the statement of comprehensive income for the six-month period ended June 30, 2014.

## 5.18 Income Tax Expenses (Income)

Unit : Million Baht

|  | Consolidated Financial Statements |                 |                  |                 |
|--|-----------------------------------|-----------------|------------------|-----------------|
|  | Three-month Period                |                 | Six-month Period |                 |
|  | Apr-Jun, 2014                     | Apr-Jun, 2013   | Jan-Jun, 2014    | Jan-Jun, 2013   |
| Tax expense (income) from taxable profit for the period                              | 15.43                             | (222.78)        | 38.29            | 42.35           |
| Add(less): deferred tax asset/ liability from temporary different increase/ decrease | (266.09)                          | (233.78)        | (50.93)          | (761.95)        |
| <b>Net tax income</b>  | <b>(250.66)</b>                   | <b>(456.56)</b> | <b>(12.64)</b>   | <b>(719.60)</b> |

Unit : Million Baht

|  | Separate Financial Statements |                 |                  |                 |
|--|-------------------------------|-----------------|------------------|-----------------|
|  | Three-month Period            |                 | Six-month Period |                 |
|  | Apr-Jun, 2014                 | Apr-Jun, 2013   | Jan-Jun, 2014    | Jan-Jun, 2013   |
| Tax expense (income) from taxable profit for the period                              | 8.58                          | (232.81)        | 16.95            | 17.13           |
| Add(less): deferred tax asset/ liability from temporary different increase/ decrease | (265.16)                      | (232.70)        | (49.08)          | (760.85)        |
| <b>Net tax income</b>  | <b>(256.58)</b>               | <b>(465.51)</b> | <b>(32.13)</b>   | <b>(743.72)</b> |

## 5.19 Earnings (Loss) per Share

Basic earnings per share is calculated by dividing net profit or loss attributable to owner of the parent for the period by the weighted average number of ordinary shares outstanding during the period.

### Consolidated Financial Statements For the three-month period ended June 30, 2014

|   | Loss         |              | Number of Shares |               | Loss per Share |              |
|---|--------------|--------------|------------------|---------------|----------------|--------------|
|   | Jun 30, 2014 | Jun 30, 2013 | Jun 30, 2014     | Jun 30, 2013  | Jun 30, 2014   | Jun 30, 2013 |
|   | Million Baht | Million Baht | Million Share    | Million Share | Baht           | Baht         |
| <b>Basic Loss per Share</b>               |              |              |                  |               |                |              |
| Loss attributable to owners of the parent | (7,662.35)   | (8,438.93)   | 2,182.77         | 2,182.77      | (3.51)         | (3.87)       |

### Separate Financial Statements For the three-month period ended June 30, 2014

|   | Loss         |              | Number of Shares |               | Loss per Share |              |
|---|--------------|--------------|------------------|---------------|----------------|--------------|
|   | Jun 30, 2014 | Jun 30, 2013 | Jun 30, 2014     | Jun 30, 2013  | Jun 30, 2014   | Jun 30, 2013 |
|   | Million Baht | Million Baht | Million Share    | Million Share | Baht           | Baht         |
| <b>Basic Loss per Share</b>               |              |              |                  |               |                |              |
| Loss attributable to owners of the parent | (7,309.68)   | (9,087.23)   | 2,182.77         | 2,182.77      | (3.35)         | (4.16)       |

**Consolidated Financial Statements**  
**For the six-month period ended June 30, 2014**

|   | <u>Loss</u>         |                     | <u>Number of Shares</u> |                     | <u>Loss per Share</u> |                     |
|---|---------------------|---------------------|-------------------------|---------------------|-----------------------|---------------------|
|   | <u>Jun 30, 2014</u> | <u>Jun 30, 2013</u> | <u>Jun 30, 2014</u>     | <u>Jun 30, 2013</u> | <u>Jun 30, 2014</u>   | <u>Jun 30, 2013</u> |
|   | Million<br>Baht     | Million<br>Baht     | Million<br>Share        | Million<br>Share    | Baht                  | Baht                |
| <b>Basic Loss per Share</b>               |                     |                     |                         |                     |                       |                     |
| Loss attributable to owners of the parent | (10,296.46)         | (155.98)            | 2,182.77                | 2,182.77            | (4.72)                | (0.07)              |

**Separate Financial Statements**  
**For the six-month period ended June 30, 2014**

|   | <u>Loss</u>         |                     | <u>Number of Shares</u> |                     | <u>Loss per Share</u> |                     |
|---|---------------------|---------------------|-------------------------|---------------------|-----------------------|---------------------|
|   | <u>Jun 30, 2014</u> | <u>Jun 30, 2013</u> | <u>Jun 30, 2014</u>     | <u>Jun 30, 2013</u> | <u>Jun 30, 2014</u>   | <u>Jun 30, 2013</u> |
|   | Million<br>Baht     | Million<br>Baht     | Million<br>Share        | Million<br>Share    | Baht                  | Baht                |
| <b>Basic Loss per Share</b>               |                     |                     |                         |                     |                       |                     |
| Loss attributable to owners of the parent | (10,011.52)         | (1,356.29)          | 2,182.77                | 2,182.77            | (4.59)                | (0.62)              |

## 5.20 Investment Promotion

On April 9, 2014, Thailand Board of Investment approved the Company to transfer the rest of investment promotion privilege for 20 A320-200 aircraft to Thai Smile Airways Company Limited, according to the investment promotion certificates No. 206(2)/2555 dated July 31, 2012, 1222(2)/2556 dated February 13, 2013, 2355(2)/2556 September 27, 2013, 2356(2)/2556 date September 27, 2013, 2359(2)/2556 dated September 27, 2013 and 2361(2)/2556 dated September 27, 2013. Thus, the numbers of investment promotion certificates of Thai Smile Airways Co., Ltd. are 1465(2)/AOR/2557, 1466(2)/AOR/2557, 1467(2)/AOR/2557, 1468(2)/AOR/2557, 1469(2)/AOR/2557, and 1470(2)/AOR/2557.



## 5.21 Financial Information by Segment Consolidated financial statements

### 5.21.1 Business Segments

#### Statements of Income For the three-month period ended June 30, 2014

|  | Unit : Million Baht       |                     |                       |                     |                         |                     |                     |                     |
|--|---------------------------|---------------------|-----------------------|---------------------|-------------------------|---------------------|---------------------|---------------------|
|  | <u>Air Transportation</u> |                     | <u>Business Units</u> |                     | <u>Other Activities</u> |                     | <u>Total</u>        |                     |
|  | <u>Jun 30, 2014</u>       | <u>Jun 30, 2013</u> | <u>Jun 30, 2014</u>   | <u>Jun 30, 2013</u> | <u>Jun 30, 2014</u>     | <u>Jun 30, 2013</u> | <u>Jun 30, 2014</u> | <u>Jun 30, 2013</u> |
| External Revenues                        | 40,606.96                 | 44,695.06           | 1,834.05              | 1,735.89            | 326.07                  | 662.09              | 42,767.08           | 47,093.04           |
| Inter - segment revenues                 | -                         | -                   | 2,091.55              | 2,505.69            | 1,213.36                | 1,506.95            | 3,304.91            | 4,012.64            |
| Interest income                          | 58.99                     | 136.22              | -                     | -                   | 2.72                    | 1.82                | 61.71               | 138.04              |
| Finance costs                            | (1,652.20)                | (1,523.00)          | -                     | -                   | -                       | -                   | (1,652.20)          | (1,523.00)          |
| Finance costs - net                      | (1,593.21)                | (1,386.78)          | -                     | -                   | 2.72                    | 1.82                | (1,590.49)          | (1,384.96)          |
| Depreciation and amortisation expenses   | (4,766.39)                | (4,592.13)          | (189.54)              | (203.16)            | (195.43)                | (191.61)            | (5,151.36)          | (4,986.90)          |
| Fuel and oil                             | (18,416.29)               | (18,452.55)         | -                     | -                   | (300.82)                | -                   | (18,717.11)         | (18,452.55)         |
| Employee benefit expenses                | (4,468.03)                | (4,868.72)          | (1,957.36)            | (2,185.16)          | (1,342.55)              | (1,688.55)          | (7,767.94)          | (8,742.43)          |
| Tax income (expenses)                    | 256.58                    | 465.51              | -                     | -                   | (5.92)                  | (8.95)              | 250.66              | 456.56              |
| Profit on investment in associates       | (47.79)                   | 166.12              | -                     | -                   | -                       | -                   | (47.79)             | 166.12              |
| Gain (loss) on foreign currency exchange | 1,008.20                  | (4,204.71)          | -                     | -                   | 0.29                    | 2.11                | 1,008.49            | (4,202.60)          |
| Impairment loss of aircraft              | (1,214.99)                | (1,404.45)          | -                     | -                   | -                       | -                   | (1,214.99)          | (1,404.45)          |
| Gain on deemed disposal                  | -                         | 722.30              | -                     | -                   | -                       | -                   | -                   | 722.30              |
| Gain (loss) by segments                  | (7,954.64)                | (9,130.70)          | 219.01                | 330.98              | (169.54)                | (83.14)             | (7,905.17)          | (8,882.86)          |

#### Statements of Income For the six-month period ended June 30, 2014

|  | Unit : Million Baht       |                     |                       |                     |                         |                     |                     |                     |
|--|---------------------------|---------------------|-----------------------|---------------------|-------------------------|---------------------|---------------------|---------------------|
|  | <u>Air Transportation</u> |                     | <u>Business Units</u> |                     | <u>Other Activities</u> |                     | <u>Total</u>        |                     |
|  | <u>Jun 30, 2014</u>       | <u>Jun 30, 2013</u> | <u>Jun 30, 2014</u>   | <u>Jun 30, 2013</u> | <u>Jun 30, 2014</u>     | <u>Jun 30, 2013</u> | <u>Jun 30, 2014</u> | <u>Jun 30, 2013</u> |
| External Revenues                            | 87,665.14                 | 98,318.07           | 3,721.83              | 3,576.18            | 912.96                  | 1,211.20            | 92,299.93           | 103,105.45          |
| Inter - segment revenues                     | -                         | -                   | 4,463.18              | 5,096.57            | 2,688.61                | 3,060.89            | 7,151.79            | 8,157.46            |
| Interest income                              | 127.73                    | 254.05              | -                     | -                   | 5.58                    | 3.43                | 133.31              | 257.48              |
| Finance costs                                | (3,075.28)                | (2,932.06)          | -                     | -                   | -                       | -                   | (3,075.28)          | (2,932.06)          |
| Finance costs - net                          | (2,947.55)                | (2,678.01)          | -                     | -                   | 5.58                    | 3.43                | (2,941.97)          | (2,674.58)          |
| Depreciation and amortisation expenses       | (9,493.89)                | (8,994.60)          | (376.73)              | (405.88)            | (386.51)                | (365.35)            | (10,257.13)         | (9,765.83)          |
| Fuel and oil                                 | (39,158.53)               | (38,766.10)         | -                     | -                   | (300.82)                | -                   | (39,459.35)         | (38,766.10)         |
| Employee benefit expenses                    | (9,053.69)                | (9,768.61)          | (3,808.76)            | (4,132.81)          | (2,580.91)              | (3,221.78)          | (15,443.36)         | (17,123.20)         |
| Tax income (expenses)                        | 32.13                     | 743.72              | -                     | -                   | (19.49)                 | (24.12)             | 12.64               | 719.60              |
| Profit on investment in associates           | 110.28                    | 514.99              | -                     | -                   | -                       | -                   | 110.28              | 514.99              |
| Gain (loss) on foreign currency exchange     | 1,997.97                  | 1,927.35            | -                     | -                   | 0.50                    | (0.64)              | 1,998.47            | 1,926.71            |
| Impairment loss of aircraft                  | (1,298.69)                | (3,772.84)          | -                     | -                   | -                       | -                   | (1,298.69)          | (3,772.84)          |
| Gain on disposal of the controlling interest | -                         | 298.16              | -                     | -                   | -                       | -                   | -                   | 298.16              |
| Gain on deemed disposal                      | -                         | 722.30              | -                     | -                   | -                       | -                   | -                   | 722.30              |
| Gain (loss) by segments                      | (11,383.32)               | 1,932.51            | 835.24                | 1,002.40            | 261.67                  | 79.40               | (10,286.41)         | (850.71)            |

**Assets and Liabilities  
As at June 30, 2014**

|                               | Unit : Million Baht       |                     |                       |                     |                         |                     |                          |                          |
|-------------------------------|---------------------------|---------------------|-----------------------|---------------------|-------------------------|---------------------|--------------------------|--------------------------|
|                               | <u>Air Transportation</u> |                     | <u>Business Units</u> |                     | <u>Other Activities</u> |                     | <u>Total</u>             |                          |
|                               | <u>Jun 30, 2014</u>       | <u>Dec 31, 2013</u> | <u>Jun 30, 2014</u>   | <u>Dec 31, 2013</u> | <u>Jun 30, 2014</u>     | <u>Dec 31, 2013</u> | <u>Jun 30, 2014</u>      | <u>Dec 31, 2013</u>      |
| Current assets                | 51,102.78                 | 53,927.76           | 655.09                | 756.56              | 2,342.95                | 1,266.18            | 54,100.82                | 55,950.50                |
| Investments                   | 4,921.37                  | 5,060.47            | -                     | -                   | 1.02                    | 51.08               | 4,922.39                 | 5,111.55                 |
| Property, plant and equipment | 217,831.09                | 222,732.50          | 4,940.63              | 5,268.08            | 3,697.53                | 3,448.15            | 226,469.25               | 231,448.73               |
| Other non-current assets      | 12,163.63                 | 11,997.27           | 2.30                  | 3.31                | 37.34                   | 38.94               | 12,203.27                | 12,039.52                |
| Non-allocated assets          | -                         | -                   | -                     | -                   | -                       | -                   | <u>2,359.47</u>          | <u>2,534.43</u>          |
| <b>Total Assets</b>           |                           |                     |                       |                     |                         |                     | <b><u>300,055.20</u></b> | <b><u>307,084.73</u></b> |
| Current liabilities           | 87,499.15                 | 79,589.35           | 360.75                | 860.61              | 1,803.84                | 637.70              | 89,663.74                | 81,087.66                |
| Non-current liabilities       | 162,335.78                | 167,740.77          | -                     | 11.66               | 45.94                   | 44.99               | 162,381.72               | 167,797.42               |
| Non-allocated liabilities     | -                         | -                   | -                     | -                   | -                       | -                   | <u>1,414.99</u>          | <u>1,280.92</u>          |
| <b>Total Liabilities</b>      |                           |                     |                       |                     |                         |                     | <b><u>253,460.45</u></b> | <b><u>250,166.00</u></b> |

The Company has 3 reported segments, consisting of air transportation activities segment, business Unit segment, and other activities segment. Air transportation activities segment composed of passenger, freight, and mail services. The business Unit segments related directly to transportation activities, which include cargo and mail commercial, ground customer services, ground support equipment services, and catering services. Other activities segment are transportation supporting activities, which include dispatch services, sales on board, THAI shop, technical services and operation of subsidiaries.

Total gain (loss) before income tax of each segment was derived from total revenues net of costs and operating expenses

The Company records inter-segment revenue transfers at market price charged to its unaffiliated customer net of discount, for ground customer services segment recorded at cost net of discount, and for other activities segment and technical services recorded at budget cost. Those transferred transaction will be eliminated in consolidated financial statements.

Segment assets are the assets used for the operation or related to such activity.

Segment liabilities are the liabilities used for the operation or related to such activity.

5.21.2 Geographical Segment Revenues as follows:

| Unit : Million Baht                      |                   |               |          |                  |           |               |                         |        |                             |                 |              |                         |  |  |                   |
|--|-------------------|---------------|----------|------------------|-----------|---------------|-------------------------|--------|-----------------------------|-----------------|--------------|-------------------------|--|--|-------------------|
|  | Domestic Revenues |               |          | Foreign Revenues |           |               |                         |        | Charter Revenues and Others | Other Income    |              |                         |  | Gain (loss) on Foreign Currency Exchange | Total             |
|  | Transportation    | Business Unit | Others   | Regional Asia    | Europe    | North Pacific | Australia & New Zealand | Africa |                             | Interest Income | Other Income | Gain on Deemed Disposal | Gain on Disposal of the Controlling Interest |  |                   |
| <b><u>For the three-month period</u></b> |                   |               |          |                  |           |               |                         |        |                             |                 |              |                         |  |  |                   |
| <b>Apr-Jun 2014</b>                      | 1,894.65          | 1,834.05      | 326.07   | 21,317.99        | 11,982.86 | 704.49        | 3,922.64                | 302.52 | 481.81                      | 61.71           | 597.04       | -                       | -  | 1,008.49                                 | <b>44,434.32</b>  |
| <b>Apr-Jun 2013</b>                      | 3,273.25          | 1,735.90      | 662.09   | 23,106.55        | 11,974.87 | 877.72        | 4,668.11                | 361.89 | 432.66                      | 138.04          | 453.12       | 722.30                  | -  | (4,202.60)                               | <b>44,203.90</b>  |
| <b><u>For the six-month period</u></b>   |                   |               |          |                  |           |               |                         |        |                             |                 |              |                         |  |  |                   |
| <b>Jan-Jun 2014</b>                      | 5,611.57          | 3,721.82      | 912.96   | 42,994.43        | 27,753.51 | 1,412.67      | 8,348.63                | 585.78 | 958.56                      | 133.31          | 974.21       | -                       | -  | 1,998.47                                 | <b>95,405.92</b>  |
| <b>Jan-Jun 2013</b>                      | 7,703.02          | 3,576.18      | 1,211.20 | 49,288.66        | 27,839.77 | 1,743.36      | 10,193.38               | 698.49 | 851.38                      | 257.48          | 1,164.75     | 722.30                  | 298.16                                       | 1,926.71                                 | <b>107,474.84</b> |

Revenues from fuel and insurance surcharge are included in the geographical segment revenues and also reclassified such items in the six- month period of the year 2013 for comparative purpose.

## 5.22 Staff Pension Fund Consolidated and Separate Financial Statements

The Company has established a staff pension fund, contributing 10% of employee salaries to the fund each month. The fund's assets, liabilities and balance are presented in the Company's statements of financial position. Interest and expenses arising from fund operations are recognized as income and expenses of the Company. The details are as follows:

|                           | <b>Unit : Million Baht</b> |                            |
|---------------------------|----------------------------|----------------------------|
|                           | <b><u>Jun 30, 2014</u></b> | <b><u>Dec 31, 2013</u></b> |
| Current assets            | 4,911.20                   | 4,844.51                   |
| Others                    | <u>128.81</u>              | <u>75.19</u>               |
| Total                     | <u>5,040.01</u>            | <u>4,919.70</u>            |
| Other current liabilities | 60.07                      | 45.29                      |
| Pension fund              | <u>4,979.94</u>            | <u>4,874.41</u>            |
| Total                     | <u>5,040.01</u>            | <u>4,919.70</u>            |

As at June 30, 2014, the fund balance was THB 4,979.94 million, equal to the Company's obligation to its staff under the fund. (The total Company contribution to the fund in this accounting periods was THB 61.41 million, which comes from contributions at a rate equivalent to 10% of employee salaries in the amount of THB 110.79 million less the amount to match the Company's obligation of THB 49.38 million.)

## 5.23 Staff Provident Fund

The Company contributes to the provident fund at the rate of 9% for members having not more than 20 years of services and 10% for members having more than 20 years of services, representing amount of THB 633.01 million for this fiscal year.

The Company's provident fund is managed by Kasikorn Asset Management Company Limited, Krungthai Asset Management Public Company Limited, and MFC Asset Management Public Company Limited, which are permitted by the Securities and Exchange Commission, Thailand (SEC).

## 5.24 The Progress of Entering to Block Space Agreement With Southern Air Inc. (SAI)

Since Southern Air Inc. (SAI) has files an application for the rehabilitation (Chapter 11) with the bankruptcy court in Delaware, the United States of America, on November 28, 2012, the Company filed a debt repayment application in the case where Southern Air Inc. (SAI) requested for the rehabilitation by assigning SKADDEN, ARPS, SLATE, MEAGHER & FLOM to be a local lawyer of the Company. The case is currently undergoing the court's consideration.

## 5.25 The Progress of Claiming for Damages Arising from the Delay of KOITO Economy Class Seats Delivery

On December 9, 2011, Macfarlanes LLP, the Company's lawyer, filed a lawsuit against Koito Industries Limited and Asia Fleet Services(s) Pte., Ltd. at the court in England for breaching of general terms agreements (economy class seats) for Airbus A330-300 and A380-800 and Boeing 777-300 aircraft. At present, Koito Industries Limited (KI Holding Limited) and Asia Fleet Services(s) Pte., Ltd. has already files their defence and counter claim. The case is currently undergoing the court's consideration. The court is hearing date on January 26 to February 13, 2015.

## 5.26 Contingent Liabilities

5.26.1 The Company has contingent liabilities, not presented in the financial statement, as follows:

|   | Unit : Million Baht    |                        |
|---|------------------------|------------------------|
|   | <u>Jun 30, 2014</u>    | <u>Dec 31, 2013</u>    |
| Letters of guarantee issued by banks - Domestic | 37.29                  | 231.09                 |
| Letters of guarantee issued by banks - Abroad   | 269.86                 | 457.22                 |
| The Company as defendant in                     |                        |                        |
| Labor dispute cases                             | 1,316.14               | 1,299.87               |
| Damage claims cases                             | <u>2,295.12</u>        | <u>2,588.15</u>        |
| <b>Total</b>                                    | <b><u>3,918.41</u></b> | <b><u>4,576.33</u></b> |

5.26.2 The progress of antitrust cases is detailed as follows:

1. The investigations conducted by the United States' Department of Justice (DOJ) could be divided into the following 2 cases:

1.1 Cargo US DOJ Investigation: The Company was unofficially informed that DOJ has already terminated the investigation.

1.2 Passenger US DOJ Investigation: At present, the Company has not been contacted by DOJ and therefore it is assumed that DOJ has terminated any proceedings against the Company.

2. With respect to the investigation by the Australian Competition and Consumer Commission (ACCC), on October 28, 2009, the ACCC had filed a lawsuit against the Company for violating the Trade Practices Act 1974. Nonetheless, the amount of fines and expenses had not yet been specified by the ACCC in the lawsuit.

At present, the Company has already entered into a settlement with the ACCC in order to pay a fine in the amount of AUD 7,500,000 together with the legal fees of the ACCC in the amount of AUD 500,000, totaling AUD 8,000,000. On December 14, 2012, the court rendered a judgment as per the settlement agreed between the Company and the ACCC whereby the Company can pay the fine in 7 installments within a 3 year-period.

In this regard, the Company has already paid the fine in respect of the first to forth installments as per the settlement agreement.

3. On the subject of an investigation by the Korean Fair Trade Commission (KFTC), the Company received an official decision of the KFTC on November 30, 2010 imposing a fine in the total amount of KRW 2,877,000,000 yet dropping the criminal charges against the Company and the relevant staff. The Company had therefore appealed the KFTC Commissioners' decision to the competent court. Nonetheless, the court dismissed the appeal of the Company for both ex Korea route and ex Hong Kong to Korea route. The Company had appealed to the Supreme Court in this respect.

At present, the Supreme Court of the Republic of Korea has upheld the decision of the Seoul High Court with regard to both the ex Korea and ex Hong Kong to Korea route. As a result, the Company shall pay a fine in the amount of KRW 2,198,000,000 for ex Korea route and KRW 679,000,000 for ex Hong Kong to Korea route. The case is currently pending the written decision from the Supreme Court. Nonetheless, the Company has already paid the fine for both routes pursuant to the decision of KFTC when appealing to the court.

4. With regard to the case filed by the New Zealand Commerce Commission (NZCC) against the Company and other 13 airlines at the Auckland High Court, the Company together with other 13 airlines was alleged to have jointly fixed the fuel surcharge and security surcharge, and thus constituting a violation against the Commerce Act of New Zealand. The NZCC requested the court to impose a fine and expenses to the Company according to the law. However, the fine and expenses remained unspecified at the time of the lawsuit being filed.

At present, the Company has already entered into a settlement with the NZCC. On April 22, 2013, the New Zealand court rendered a judgment as per the settlement agreed between the Company and the NZCC whereby the Company was allowed by the court to pay the fine in the amount of NZD 2,700,000 and the legal fees of the NZCC in the amount of NZD 259,079.18, totaling NZD 2,959,079.18, in 4 installments within an 18 month-period.

In this regard, the Company has already paid the fine in respect of the first to the third installments as per the settlement agreement.

5. In relation to the lawsuits filed against the Company at the Superior Court of Los Angeles and the San Francisco County Superior Court where the Company was alleged of violating the antitrust law of the United States by committing fares and surcharges fixing conspiracy. The Judicial Panel on Multi-district Litigation had subsequently ordered to combine the cases to be considered by the San Francisco court as a single case. However, the disputed amount of claims was not yet to be determined until the court rendered a final decision that the Company was guilty.

At present, the Company has agreed to settle with the plaintiffs in the amount of USD 9.7 million including the expenses for delivery of notice to class action members and legal fees of the plaintiffs' lawyers. The Company can pay the settlement amount in 2 installments. However, the settlement agreement has to be approved by the Federal Court of San Francisco, California, the United States before the settlement can be legally enforced. With respect to the payment of the settlement amount according to the settlement agreement, the payment shall be made into an escrow account in which an escrow agent will transfer the settlement amount to the plaintiffs once the Court renders a judgment as per the settlement agreement. In the case that the Court does not do so, the settlement amount shall be transferred back to the Company.

In this regard, the Company has already paid the first installment of the settlement amount into the escrow account as per the settlement agreement.

In addition to the 5 cases above, there are presently 3 additional cases relating to such antitrust allegation filed against the Company as follows:

(1) The case where the respondents in Cargo Civil Class Action Case in Australia filed a cross claim application against the Company:

British Airways, Singapore Airlines (together with Singapore Airlines Cargo), Cathay Pacific Airways and Lufthansa Cargo had filed an application to the court in order to bring the Company into the Class Action as a cross-respondent. On September 18, 2013, the court made the order granting those respondents to file a cross claim application against the Company and other airlines for proportional contribution in the event that damages are awarded by the court against the respondents.

Presently, the Company has already agreed to settle with the applicant group members and the respondents in the amount of AUD 500,000. The court has also approved the settlement agreement between the applicant group members, respondents and cross-respondents (including the Company). The case is currently pending the preparation of the written order of the court approving the settlement.

(2) The case where British Airways, which is a defendant in Cargo Civil Class Action Case in the UK, issued a cross claim against the Company:

On February 4, 2014, the Company has received a notice from an English lawyer representing British Airways, who is the defendant in the Cargo Civil Class Action Case in the UK and being claimed for damages arisen from fuel and security surcharges fixing during 1999-2007 under such case, has issued a cross claim against 18 airlines, including the Company on November 28, 2013. The Company is not the main party to the proceedings. The case is currently undergoing the court procedures.

(3) The Cargo Civil Case filed against the Company in the Republic of Korea:

The Company has been informed by the branch office in the Republic of Korea on January 22, 2014 that LG Group Companies, including LG Chemical, LG Electronics, LG Display and LG Life Science, have filed a civil lawsuit against 12 airlines, including the Company, on November 27, 2013 in order to claim damages arisen from the conduct of conspiracy to fix fuel and security surcharges during 2003-2007. LG Group Companies have asserted the amount of claim at KRW 404,000,000 with interest or approximately THB 12.28 million and reserved their rights to amend the Plaintiff to increase the amount of claim if they can prove their claims to the court later on. The case is currently undergoing the court procedures.

In this regard, at the Company's Board of Directors Meeting No.10/2554 dated August 19, 2011, the meeting resolved to apply the local currency of each foreign country which the Company has the obligation to pay in the future for the accounting record instead of applying the Baht currency.

Correspondingly, the Department of Legal Affairs and Business Administration has modified the estimation guidelines as follows:

1. The above estimated damages and fines are based on the progress and direction of the cases which have become more apparent and the Company also considers the possibility that the Company may be alleged by each authority of the country that conducted investigation against the Company and the lowest fine rates that may be used in case the courts rule or sentence that the Company has committed guiltiness as alleged or claimed. In addition, the Company adjusted the foreign currency exchange rate to be in line with the current rates.

2. The above estimated fine amounts are made in respect of the investigations made by the competent authority in each country including the initial estimate of the compensation in the Civil Class Action cases in the United States, although the disputed amount of claims has not yet been set and the plaintiffs still have to prove the damages.

3. The sentence or decision on the cases might be given separately in the next forth coming different fiscal years.

4. The above provision may be substantially deviate from the fact due to the following factors:

4.1 In the countries where investigations are initiated and no allegation is filed yet, there is no clear fact as to whether an allegation will be filed against the Company. In the case that such an allegation has been made, the locations at which the alleged action has been committed would be specified. Therefore, the amount of the turnover of the Company in such locations which shall be used as an evidence for the calculation of fines or damages cannot be identified.

4.2 The determination of fines and damages is dependent on the discretion of the deciding body where other facts of the cases may also be taken into consideration.

4.3 Before the decision is made, there may be a compromise or settlement of fines or damages amount, depending on the policy of each country and the case aspects.



## 5.27 Contractual Obligations

### 5.27.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase 5 A320-200, 4 A350-900XWB, and 5 B777-300ER aircraft amount of THB 41,981.19 million, expected to take delivery during the year 2014-2018 which consisted of:

| Obligation           | Unit : Million Baht |                       |
|----------------------|---------------------|-----------------------|
|                      | Within 1 year       | Over 1 year – 5 years |
| Purchase of aircraft | 18,122.16           | 23,859.03             |

### 5.27.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 46 aircraft amount of USD 4,726.80 million or approximately to THB 154,086.97 million consisting of 15 A320-200, 2 A330-300, 8 A350-900, 3 B737-400, 2 B777-200, 8 B777-300ER, 6 B787-8, and 2 B787-9 aircraft.

There are 29 aircraft which have been already taken the delivery at the end of June 30, 2014, including the delivered aircraft in the second quarter 2014. Such aircraft are 2 A320-200 aircraft which the Company signed the operating lease with AWAS Aviation Trading Limited with 6-year lease terms. In addition, there are the 17 aircraft which have not been taken deliver yet. The last aircraft is scheduled for delivery in 2030.

As for the operating lease aircraft, the lease term termination can be classified as within 1 year - 3 B777-400, over 1-5 years - 4 aircraft, and over 5 years - 22 aircraft.

Lease obligations according to aircraft lease for 46 aircraft can be classified as follows:

| Obligations | Unit : Million Baht |                       |              |
|-------------|---------------------|-----------------------|--------------|
|             | Within 1 year       | Over 1 year – 5 years | Over 5 years |
| Rent        | 7,494.39            | 44,441.78             | 102,150.80   |

## 5.28 Damages from the Flood Disaster

On October 26, 2011, the flood reached Don Muang Airport causing the damages to the Company's assets which the insurance will cover for such damages.

The Company has recorded the damages from flood disaster, which consisted of 2 Airbus A300-600 aircraft, consumable parts and supplies of Technical Department, tool repairment of Technical Department and raw material of Catering. As at June 30, 2014, the Company received the insurance compensation amount of THB 1,759.02 million. The Company recognised the insurance compensation from the flood disaster as an income amount of THB 1,651.57 million. Such compensation has been recognized in the statements of comprehensive income for the year 2011, 2012, 2013 and for the six-month period June 30, 2014 at the amount of THB 175 million, THB 284.23 million, THB 1,135.09 million and THB 57.25 million, respectively. However, all the damaged assets which are covered by the insurance policy are under claiming process with the insurance company.

## **5.29 Damages from the Aircraft Flights TG679**

On September 8, 2013, Flight TG697 (Aircraft Type Airbus A330-300/Registration HS-TEF) skidded off run-way after landing at Suvarnabhumi International Airport. 80 passengers were reported injury and there was no fatality in this incident. Aircraft sustained severe damage. The aircraft is insured with the Agreed Value of USD 32.45 million or approximately to THB 1,014.01 million.

In this cases, the Company's Aviation Insurers are fully aware of the matter and already appointed Lawyers and Loss Adjusters to coordinate and work with THAI in respect of claims, litigation and settlement for passengers. The Team appointed by Insurers shall also make assessment for the damage of the aircraft under these cases. On September 18, 2013, the Company received the first interim payment from Insurers in the amount of USD 250,000 or approximately to THB 7.92 million.

At the present, the Team from aircraft manufacturer, Airbus Industrie, is in the process of inspection and assessment of the damage of the aircraft. After completion of this part, Airbus Industrie shall submit their Report to the Company for consideration. Such Report will be passed to Loss Adjusters and Aviation Insurers for further discussion with the Company for the settlement of claims arising out from the damage of the aircraft.

Till date, the Company has received more than 30 claims from Thai and Chinese passengers including claims from Airport Authority of Thailand. All claims are being handled by the Company with close coordination with the Lawyers appointed by Aviation Insurers. Costs and expenses in this respect will be absorbed by Aviation Insurers.

## **5.30 Events after the Reporting Period**

5.30.1 On July 7, 2014, the Company issued and offered Bill of Exchange with the total face value of THB 3,000 million and tenor 6 months, which offered to the private placement limited to 10 investors.

5.30.2 On July 10, 2014, the Company is scheduled to take delivery of 1 Boeing 777-300ER which is acquired by a finance lease with 12-year lease term.

5.30.3 The Company is scheduled to take delivery of 1 Boeing 787-8 on July 18, 2014 under the operating lease with 12-year lease term.

5.30.4 On August 1, 2014, the Company has signed a contract of revolving credit line with a bank amount of THB 3,000 million with 6-month maturity. The Company has already withdrawn a part of such credit line amount of THB 1,500 million on August 4, 2014.

### **5.31 Reclassification**

The Company has reclassified unrealized actuarial gain which was previously presented under other components of equity to be presented under unappropriated retained earnings for appropriate presentation according to Thai Accounting standard No. 19 (revised 2009), Employee Benefits. The reclassification has not been made in the consolidate and separate financial statements as at December 31, 2013 because the impact is not material.

### **5.32 Approval of Financial Statements**

These financial statements were approved by the Company's Board of Directors, on August 14, 2014.

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