

(TRANSLATION)

NO. 0025/0487

OFFICE OF THE AUDITOR GENERAL
OF THAILAND,
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This letter is given to confirm that the English version of the auditor's report together with the consolidated financial statements for the year ended December 31, 2014 of Thai Airways International Public Company Limited and its subsidiaries and separate financial statements for the year ended December 31, 2014 of Thai Airways International Public Company Limited was translated by Thai Airways International Public Company Limited. The Office of the Auditor General of Thailand has reviewed the aforementioned English version of the auditor's report and the consolidated and separate financial statements and found that it is in agreement, as to form and content, with the Thai version of the auditor's report and the consolidated and separate financial statements for the same period.

Given on March 3, 2015

(Signed)

Pisit Leelavachiropas
(Pisit Leelavachiropas)
Auditor General

(TRANSLATION)



AUDITOR'S REPORT

TO: THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has audited the accompanying consolidated and separate financial statements of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2014, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

The Office of the Auditor General of Thailand's responsibility is to express an opinion on these consolidated and separate financial statements based on the audit. The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing. Those standards require that the Office of the Auditor General of Thailand comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

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

The Office of the Auditor General of Thailand believes that the audit evidence the Office of the Auditor General of Thailand has obtained is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's audit opinion.

Office of the Auditor General of Thailand



Opinion

In the Office of the Auditor General of Thailand's opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited, respectively, as at December 31, 2014 and their consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matters

The Office of the Auditor General of Thailand would like to draw attention to Note 4 to the financial statements regarding the going concern, which described the fund requirement plan and liquidity management plan of Thai Airways International Public Company Limited. The opinion of the Office of the Auditor General of Thailand is not qualified in respect of this matter.

(Signed) *Pisit Leelavachiropas*
(Pisit Leelavachiropas)
Auditor General

(Signed) *Roongnapa Charoenkunwivat*
(Roongnapa Charoenkunwivat)
Director of Audit Office No.4

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

		Unit : Baht			
		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Notes	2014	2013	2014	2013
ASSETS					
Current Assets					
Cash and cash equivalents	5.1	23,346,551,299	11,757,473,084	22,605,700,442	11,649,734,484
Temporary investments		120,000,000	100,000,000	-	-
Trade receivables	5.2	12,693,156,288	13,640,040,697	12,421,448,355	13,602,738,159
Prepaid expenses and deposits		8,973,291,938	8,759,218,393	9,247,752,662	9,117,676,555
Inventories and supplies	5.3	6,394,407,798	7,521,371,974	6,390,435,351	7,521,371,974
Other current assets	5.4	7,931,830,092	9,510,098,148	11,118,182,978	9,508,020,384
Non-current assets classified as held for sale	5.5	4,825,624,336	7,196,723,980	4,825,624,336	7,196,723,980
Total Current Assets		64,284,861,751	58,484,926,276	66,609,144,124	58,596,265,536
Non-Current Assets					
Investments in associates	5.6.1	4,771,142,799	4,982,298,757	1,083,520,500	1,083,520,500
Investments in subsidiaries	5.6.1	-	-	810,209,893	460,209,893
Other long-term investments	5.6.2	80,940,004	129,255,558	80,940,004	79,195,065
Property, plant and equipment	5.8	224,021,451,558	231,448,732,868	224,013,693,009	231,440,806,539
Intangible assets	5.9	1,263,035,882	861,265,669	1,233,074,265	856,777,952
Deferred tax assets	5.10.1	7,008,807,127	5,741,159,508	6,991,941,202	5,727,973,315
Other non-current assets	5.11	5,836,938,847	5,437,095,760	5,831,235,015	5,431,405,823
Total Non-Current Assets		242,982,316,217	248,599,808,120	240,044,613,888	245,079,889,087
Total Assets		307,267,177,968	307,084,734,396	306,653,758,012	303,676,154,623

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

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

Unit : Baht

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Notes	2014	2013	2014	2013
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables		4,874,561,680	6,186,377,742	4,856,382,197	6,179,081,198
Accrued expenses		20,762,483,571	20,395,460,571	24,095,946,587	20,653,985,311
Current portion of long-term liabilities					
Long-term borrowings from financial institutions	5.12	7,471,449,581	9,445,117,378	7,471,449,581	9,445,117,378
Long-term borrowings from related parties	5.12	568,000,000	1,322,000,000	568,000,000	1,322,000,000
Liabilities under finance leases	5.13	10,638,027,281	10,313,020,136	10,638,027,281	10,313,020,136
Debentures	5.14	3,000,000,000	3,720,000,000	3,000,000,000	3,720,000,000
Short-term borrowings from financial institutions		13,300,000,000	-	13,300,000,000	-
Short-term borrowings from related parties		10,000,000,000	-	10,000,000,000	-
Short-term provisions		135,235,892	-	-	-
Income tax payable		10,420,267	11,369,045	-	-
Other current liabilities					
Accrued dividends		54,901,142	55,099,476	54,809,341	55,007,676
Unearned transportation revenues		22,602,110,933	20,546,445,629	22,452,816,806	20,546,445,629
Others	5.15	8,691,920,949	10,373,688,613	8,549,157,255	10,920,292,838
Total Current Liabilities		102,109,111,296	82,368,578,590	104,986,589,048	83,154,950,166
Non-Current Liabilities					
Long-term liabilities					
Long-term borrowings from financial institutions	5.12	28,414,617,915	32,887,321,733	28,414,617,915	32,887,321,733
Long-term borrowings from related parties	5.12	15,471,246,741	17,943,517,559	15,471,246,741	17,943,517,559
Liabilities under finance leases	5.13	61,388,824,147	63,318,861,181	61,388,824,147	63,318,861,181
Debentures	5.14	41,600,000,000	37,400,000,000	41,600,000,000	37,400,000,000
Deferred tax liabilities	5.10.2	127,934,346	105,336,022	127,934,346	105,336,022
Staff pension fund	5.16	4,763,145,821	4,874,412,373	4,763,145,821	4,874,412,373
Employee benefit obligations	5.17	11,508,912,107	10,545,974,865	11,456,349,347	10,511,745,306
Long-term provisions	5.18	412,959,915	488,522,824	410,519,111	486,082,020
Other non-current liabilities		174,493,302	233,470,172	172,982,273	233,470,172
Total Non-Current Liabilities		163,862,134,294	167,797,416,729	163,805,619,701	167,760,746,366
Total Liabilities		265,971,245,590	250,165,995,319	268,792,208,749	250,915,696,532
Shareholders' Equity					
Share capital	5.20				
Authorized share capital					
2,698.90 million ordinary shares par value of Baht 10 each		26,989,009,500	26,989,009,500	26,989,009,500	26,989,009,500
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	5.21	2,691,275,568	2,691,275,568	2,691,275,568	2,691,275,568
Unappropriated		(8,849,195,269)	6,762,425,524	(12,202,761,783)	2,693,239,402
Total Company Shareholders' Equity		41,215,115,777	56,829,644,213	37,861,549,263	52,760,458,091
Non-controlling Interests		80,816,601	89,094,864	-	-
Total Shareholders' Equity		41,295,932,378	56,918,739,077	37,861,549,263	52,760,458,091
Total Liabilities and Shareholders' Equity		307,267,177,968	307,084,734,396	306,653,758,012	303,676,154,623

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

(Signed) *Charamporn Jotikasathira*
(Charamporn Jotikasathira)
President

(Signed) *Charita Leelayudth*
(Charita Leelayudth)
Vice President, Investor Relations Management Department
Acting Executive Vice President, Finance and Accounting

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

Unit : Baht

		<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>Notes</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues					
Revenues from Sales or Revenues from Services					
Passenger and excess baggage		154,881,181,131	172,334,807,613	154,135,518,653	172,334,807,613
Freight		22,848,094,507	23,553,974,470	22,848,094,507	23,553,974,470
Mail		753,212,553	960,880,422	753,212,553	960,880,422
Other activities		9,885,122,984	9,486,581,292	10,040,759,899	9,126,217,355
Total Revenues from Sales or Revenues from Services		188,367,611,175	206,336,243,797	187,777,585,612	205,975,879,860
Other Income					
Interest income		279,968,103	515,761,906	268,615,608	510,771,156
Gains (losses) on foreign currency exchange		12,622,952,932	(3,894,648,120)	12,644,844,956	(3,897,221,771)
Other income - Others	5.22	2,618,814,433	3,733,127,668	3,120,492,132	4,282,173,605
Gain on Deemed Disposal		-	722,299,368	-	-
Gain on disposal of the controlling interest		-	298,158,621	-	-
Total Other Income		15,521,735,468	1,374,699,443	16,033,952,696	895,722,990
Total Revenues		203,889,346,643	207,710,943,240	203,811,538,308	206,871,602,850
Expenses					
Fuel and oil		79,231,321,984	80,525,255,227	78,101,938,927	80,525,255,227
Employee benefit expenses	5.23	31,274,209,959	33,108,710,969	31,123,370,184	33,091,975,460
Flight service expenses		21,624,911,990	21,726,825,135	21,326,425,139	21,726,825,135
Crew expenses		5,831,415,474	6,008,593,154	5,768,145,956	6,008,593,154
Aircraft maintenance and overhaul costs		14,683,624,297	13,446,842,295	14,308,385,268	13,446,842,295
Depreciation and amortisation expenses		20,534,528,787	20,025,665,524	20,530,221,460	20,019,984,082
Lease of aircraft and spare parts		6,592,623,020	4,699,434,859	8,211,687,583	4,699,434,859
Inventories and supplies		8,256,854,790	9,624,613,734	8,169,067,665	9,624,613,734
Selling and advertising expenses		8,920,303,698	9,495,908,441	8,800,452,822	9,407,838,251
Insurance expenses		492,742,174	628,580,377	477,957,195	628,580,377
Impairment loss of assets		146,248,635	333,663,737	146,248,635	333,663,737
Impairment loss of aircraft	5.24	6,196,331,961	5,092,536,008	6,196,331,961	5,092,536,008
Other expenses	5.25	10,845,617,496	10,702,486,673	10,682,459,841	10,614,233,954
Finance costs		6,073,282,906	6,057,267,666	6,073,282,906	6,057,264,324
Share of profit of associates		(77,276,813)	(836,089,566)	-	-
Total Expenses		220,626,740,358	220,640,294,233	219,915,975,542	221,277,640,597
Loss before Income Tax Expense		(16,737,393,715)	(12,929,350,993)	(16,104,437,234)	(14,406,037,747)
Income tax expense (income)	5.26	(1,164,836,464)	(929,404,056)	(1,208,436,049)	(968,045,697)
Loss for the Year		(15,572,557,251)	(11,999,946,937)	(14,896,001,185)	(13,437,992,050)
Other Comprehensive Income					
Actuarial gains on employee benefit obligation		-	1,305,814,003	-	1,307,925,659
Income tax relating to components of other comprehensive income		-	(261,162,801)	-	(261,585,132)
Other Comprehensive Income for the Year - Net of Tax		-	1,044,651,202	-	1,046,340,527
Total Comprehensive Income for the Year		(15,572,557,251)	(10,955,295,735)	(14,896,001,185)	(12,391,651,523)
Profit (Loss) Attributable to:					
Owners of the Parent		(15,611,620,793)	(12,047,374,024)	(14,896,001,185)	(13,437,992,050)
Non-controlling interests		39,063,542	47,427,087	-	-
		(15,572,557,251)	(11,999,946,937)	(14,896,001,185)	(13,437,992,050)
Total Comprehensive Income Attributable to:					
Owners of the Parent		(15,611,620,793)	(11,001,962,626)	(14,896,001,185)	(12,391,651,523)
Non-controlling interests		39,063,542	46,666,891	-	-
		(15,572,557,251)	(10,955,295,735)	(14,896,001,185)	(12,391,651,523)
Loss per Share					
Basic loss per share	5.28	(7.15)	(5.52)	(6.82)	(6.16)

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

(Signed) *Charamporn Jotikasathira*
(Charamporn Jotikasathira)
President

(Signed) *Charita Leelayudth*
(Charita Leelayudth)
Vice President, Investor Relations Management Department
Acting Executive Vice President, Finance and Accounting

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS

	CONSOLIDATED FINANCIAL STATEMENTS							Non-controlling Interests	Total Shareholders' Equity
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings	Owners of the parent			Total Owners of the Parent		
				Other Components of Equity					
				Other Comprehensive Income					
				Actuarial Gains on Employee Benefit Obligations	Income Tax Relating to Components of Other Comprehensive Income	Total Other Components of Equity			
Balance as at January 1, 2013 before Adjustment	21,827,719,170	25,548,223,951	21,544,010,006	-	-	-	68,919,953,127	898,484,836	69,818,437,963
Add The effect from loss of control in subsidiary	-	-	-	-	-	-	-	(720,965,280)	(720,965,280)
Add The effect of changes in accounting policy	-	-	2,990,093	-	-	-	2,990,093	214	2,990,307
Balance after Adjustment	21,827,719,170	25,548,223,951	21,547,000,099	-	-	-	68,922,943,220	177,519,770	69,100,462,990
Changes in Shareholders' Equity									
Less Dividends paid	-	-	(1,091,385,959)	-	-	-	(1,091,385,959)	(135,000,005)	(1,226,385,964)
Add Dividends returned	-	-	49,578	-	-	-	49,578	-	49,578
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	(91,800)	(91,800)
Less Issued share capital	-	-	-	-	-	-	-	8	8
Add Total comprehensive income for the year 2013	-	-	(12,047,374,024)	1,306,764,248	(261,352,850)	1,045,411,398	(11,001,962,626)	46,666,891	(10,955,295,735)
Balance as at December 31, 2013	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
Balance as at January 1, 2014	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
Reclassification									
Actuarial gains on employee benefit and income tax	-	-	1,045,411,398	(1,306,764,248)	261,352,850	(1,045,411,398)	-	-	-
Changes in Shareholders' Equity									
Less Dividends paid	-	-	-	-	-	-	-	(47,250,005)	(47,250,005)
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	(91,800)	(91,800)
Less Adjustment of share offering expense	-	(2,907,643)	-	-	-	-	(2,907,643)	-	(2,907,643)
Add Total comprehensive income for the year 2014	-	-	(15,611,620,793)	-	-	-	(15,611,620,793)	39,063,542	(15,572,557,251)
Balance as at December 31, 2014	21,827,719,170	25,545,316,308	(6,157,919,701)	-	-	-	41,215,115,777	80,816,601	41,295,932,378

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

(Signed) *Charamporn Jotikasathira*
 (Charamporn Jotikasathira)
 President

(Signed) *Charita Leelayudth*
 (Charita Leelayudth)
 Vice President, Investor Relations Management Department
 Acting Executive Vice President , Finance and Accounting

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

Unit : Baht

SEPARATE FINANCIAL STATEMENTS

	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	
Balance as at January 1, 2013	21,827,719,170	25,548,223,951	18,867,502,874	-	-	-	66,243,445,995
Changes in Shareholders' Equity							
Less Dividend paid	-	-	(1,091,385,959)	-	-	-	(1,091,385,959)
Add Dividend returned	-	-	49,578	-	-	-	49,578
Less Total comprehensive income for the year 2013	-	-	(13,437,992,050)	1,307,925,659	(261,585,132)	1,046,340,527	(12,391,651,523)
Balance as at December 31, 2013	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
Balance as at January 1, 2014	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
Reclassification							
Actuarial gains on employee benefit and income tax	-	-	1,046,340,527	(1,307,925,659)	261,585,132	(1,046,340,527)	-
Changes in Shareholders' Equity							
Less Adjustment of share offering expense	-	(2,907,643)	-	-	-	-	(2,907,643)
Less Total comprehensive income for the year 2014	-	-	(14,896,001,185)	-	-	-	(14,896,001,185)
Balance as at December 31, 2014	21,827,719,170	25,545,316,308	(9,511,486,215)	-	-	-	37,861,549,263

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

(Signed) *Charnporn Jotikasathira*
 (Charnporn Jotikasathira)
 President

(Signed) *Charita Leelayudth*
 (Charita Leelayudth)
 Vice President, Investor Relations Management Department
 Acting Executive Vice President , Finance and Accounting

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities					
Loss before income tax expenses		(16,737,393,715)	(12,929,350,993)	(16,104,437,234)	(14,406,037,747)
Adjustment to reconcile loss before income tax expense to cash received (paid) from operating activities :					
Depreciation and amortisation expenses		20,534,528,787	20,025,665,524	20,530,221,460	20,019,984,082
Aircraft lease fee		149,417,313	93,097,956	149,417,313	93,097,956
Dividends received		(578,785)	(633,150)	(346,820,352)	(552,793,011)
Share of profits of investments by equity method		(77,276,813)	(836,089,566)	-	-
Gain on disposal of the controlling interest		-	(298,158,621)	-	-
Gain on deemed disposal		-	(722,299,368)	-	-
Interest income		(279,968,103)	(515,761,906)	(268,615,608)	(510,771,156)
Interest expenses		6,073,282,906	6,057,267,666	6,073,282,906	6,057,264,324
Gains on sales of assets		(27,415,792)	(87,583,013)	(27,023,244)	(87,771,672)
Loss on sales of aircraft		688,434,938	-	688,434,938	-
Losses (gains) on foreign currency exchange		(10,365,248,297)	6,844,522,988	(10,386,356,549)	6,845,438,501
Employee benefit obligations		962,937,242	860,823,639	944,604,041	848,775,939
Provision for obsolete inventories and supplies		682,942,374	716,570,111	682,942,374	716,570,111
Doubtful accounts		293,635,222	163,572,394	290,248,654	158,935,445
Impairment loss of aircraft		6,196,331,961	5,092,536,008	6,196,331,961	5,092,536,008
Impairment loss of assets		146,248,635	333,663,737	146,248,635	333,663,737
Operating profits before changes in operating assets and liabilities		8,239,877,873	24,797,843,406	8,568,479,295	24,608,892,517
Decrease (increase) in operating assets :					
Trade receivables		310,185,813	2,531,399,710	548,221,184	2,541,521,171
Inventories and supplies		444,021,802	(457,742,355)	447,994,249	(457,742,355)
Prepaid expenses and deposits		(209,315,164)	799,957,276	(125,317,727)	581,816,051
Tax refund	A	259,528,595	223,591,214	259,528,595	223,591,214
Other current assets		1,315,077,036	312,191,449	(1,873,927,159)	302,418,111
Assets for sales		(2,327,359,628)	(521,914,995)	(2,327,359,628)	(521,914,995)
Other assets		278,780,241	(135,366,166)	278,794,137	(135,347,845)
Deferred charges		(1,352,677,207)	(1,186,332,285)	(1,352,677,207)	(1,186,332,285)
Increase (decrease) in operating liabilities :					
Trade payables		(1,606,417,392)	2,158,904,891	(1,596,516,663)	2,160,283,610
Accrued expenses and other current liabilities		(975,508,332)	412,684,026	1,408,612,196	613,809,800
Staff pension fund		(111,266,552)	204,307,966	(111,266,552)	204,307,966
Unearned transportation revenues		2,046,424,940	(2,781,225,301)	1,897,130,813	(2,781,225,301)
Other non-current liabilities		(2,403,776)	(315,168,048)	(137,639,668)	(315,205,177)
Proceeds from operations		6,308,948,249	26,043,130,788	5,884,055,865	25,838,872,482
Payment of income tax		(290,349,666)	(309,160,380)	(241,759,589)	(250,582,127)
Net Cash provided by Operating Activities		6,018,598,583	25,733,970,408	5,642,296,276	25,588,290,355

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

(TRANSLATION)

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

Unit : Baht

		<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>Notes</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash Flows from Investing Activities					
Cash paid for acquisition of fixed assets	B	(7,983,652,715)	(28,803,209,428)	(7,980,857,431)	(28,800,658,531)
Cash paid for intangible assets		(581,842,824)	(360,467,215)	(555,022,349)	(359,717,415)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment		980,996,468	1,226,032,229	980,996,468	1,226,032,229
Proceeds from sales of assets		863,637,046	556,891,855	863,242,186	556,891,855
Interest income		281,577,613	268,619,048	270,396,164	263,344,110
Dividends received		289,011,555	387,734,216	346,820,351	552,793,011
Investment decrease (increase)		48,418,798	(449,178,594)	(351,581,202)	(449,178,594)
Temporary investment decrease (increase)		(20,000,000)	200,000,000	-	-
Cash decreased from loss of control		-	(246,456,042)	-	-
Net Cash used in Investing Activities		(6,121,854,059)	(27,220,033,931)	(6,426,005,813)	(27,010,493,335)
Cash Flows from Financing Activities					
Proceeds from debentures		7,200,000,000	9,000,000,000	7,200,000,000	9,000,000,000
Proceeds from short-term borrowings		49,923,830,000	-	49,923,830,000	-
Proceeds from long-term borrowings		10,403,755,433	22,762,434,571	10,403,755,433	22,762,434,571
Proceeds from issued share capital		-	8	-	-
Cash paid for repayment of short-term borrowings		(26,623,830,000)	-	(26,623,830,000)	-
Cash paid for repayment of debentures		(3,720,000,000)	(2,556,790,000)	(3,720,000,000)	(2,556,790,000)
Cash paid for repayment of long-term borrowings		(19,365,652,291)	(30,161,446,441)	(19,365,652,291)	(30,161,446,441)
Cash paid for borrowings interest		(5,571,741,777)	(5,184,712,670)	(5,571,741,777)	(5,184,709,328)
Dividends paid		(259,534)	(1,088,021,876)	(198,334)	(1,088,021,676)
Dividends paid to non-controlling interests		(47,280,604)	(135,101,497)	-	-
Net Cash provided by (used in) Financing Activities		12,198,821,227	(7,363,637,905)	12,246,163,031	(7,228,532,874)
Net increase (decrease) in cash and cash equivalents		12,095,565,751	(8,849,701,428)	11,462,453,494	(8,650,735,854)
Cash and cash equivalents at the beginning of the year		11,757,473,084	20,048,374,724	11,649,734,484	19,741,670,550
		23,853,038,835	11,198,673,296	23,112,187,978	11,090,934,696
Effect from changing in exchange rate on cash and cash at banks increase (decrease)		(506,487,536)	558,799,788	(506,487,536)	558,799,788
Cash and Cash Equivalents at the End of the Year	C	23,346,551,299	11,757,473,084	22,605,700,442	11,649,734,484

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

(Signed) *Charnporn Jotikasathira*
(Charnporn Jotikasathira)
President

(Signed) *Charita Leelayudth*
(Charita Leelayudth)
Vice President, Investor Relations Management Department
Acting Executive Vice President, Finance and Accounting

(TRANSLATION)

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

Note to Statements of Cash Flows

A. Tax Refund - Consolidated and Separate Financial Statements

	Unit : Million Baht
	<u>2014</u>
Proceeds from P.N.D.50 for the year 2012	266.29
Adjustment of tax refund for the year 2013	(6.76)
	<u>259.53</u>
	<u>2013</u>
Proceeds from P.N.D.50 for the year 2011	244.04
Proceeds from P.N.D.50 for the year 2007	19.60
Adjustment of tax refund for the year 2012	(40.05)
	<u>223.59</u>

B. Property, Plant and Equipment

Consolidated financial statements

During the year 2014, the Company bought property, plant and equipment under finance leases amount of THB 7,733.89 million and cash payment amount of THB 7,983.65 million, total cost amount of THB 15,717.35 million.

During the year 2013, the Company bought property, plant and equipment under finance leases amount of THB 9,285.22 million and cash payment amount of THB 28,803.21 million, total cost amount of THB 38,088.43 million.

Separate financial statements

During the year 2014, the Company bought property, plant and equipment under finance leases amount of THB 7,733.89 million and cash payment amount of THB 7,980.86 million, total cost amount of THB 15,714.75 million.

During the year 2013, the Company bought property, plant and equipment under finance leases amount of THB 9,285.22 million and cash payment amount of THB 28,800.66 million, total cost amount of THB 38,085.88 million.

C. Cash and Cash Equivalents

	Unit : Million Baht			
	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash on hand and outstanding bank balances	23,853.04	10,198.67	23,112.19	10,090.93
Short-term investments	-	1,000.00	-	1,000.00
Cash and cash equivalents as previously reported	23,853.04	11,198.67	23,112.19	11,090.93
Effect of exchange rate changes	(506.49)	558.80	(506.49)	558.80
Cash and cash equivalents as reported	<u>23,346.55</u>	<u>11,757.47</u>	<u>22,605.70</u>	<u>11,649.73</u>

(Signed) *Charamporn Jotikasathira*
(Charamporn Jotikasathira)
President

(Signed) *Charita Leelayudth*
(Charita Leelayudth)
Vice President, Investor Relations Management Department
Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014

1. GENERAL INFORMATION AND BASIS OF FINANCIAL STATEMENT PREPARATION

1.1 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 units which concern directly with transportation.

As at December 31, 2014, the Company has the routes network servicing to 74 destinations in 34 countries all over the world, whereas 7 routes are domestic (excluding Bangkok).

1.2 Basis of Financial Statement Preparation

The consolidated and the separate financial statements have been prepared in accordance with 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 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	
Held by the Company:			<u>2014</u>	<u>2013</u>
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%
Held by the Subsidiary of the Company				
A subsidiary held by WingSpan Services Company Limited				
- Tour Eung 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.

These financial statements are prepared by the historical cost basis to measure the component of financial statements except for the other disclosures in the accounting policies.

2. ACCOUNTING STANDARDS, FINANCIAL REPORTING STANDARDS, FINANCIAL REPORTING INTERPRETATIONS COMMITTEE AND ACCOUNTING STANDARD INTERPRETATIONS WHICH ARE NOT CURRENTLY EFFECTIVE ARE AS FOLLOWS:

- Effective for accounting periods on or after January 1, 2015 :

TAS No. 1 (Revised 2014)	Presentation of Financial Statements
TAS No. 2 (Revised 2014)	Inventories
TAS No. 7 (Revised 2014)	Statement of Cash Flows
TAS No. 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS No. 10 (Revised 2014)	Events after the Reporting Period
TAS No. 11 (Revised 2014)	Construction Contracts
TAS No. 12 (Revised 2014)	Income Taxes
TAS No. 16 (Revised 2014)	Property, Plant, and Equipment
TAS No. 17 (Revised 2014)	Leases
TAS No. 18 (Revised 2014)	Revenue
TAS No. 19 (Revised 2014)	Employee Benefits
TAS No. 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS No. 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS No. 23 (Revised 2014)	Borrowing Costs
TAS No. 24 (Revised 2014)	Related Party Disclosures
TAS No. 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS No. 27 (Revised 2014)	Separate Financial Statements
TAS No. 28 (Revised 2014)	Investment in Associates and Joint Ventures
TAS No. 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS No. 33 (Revised 2014)	Earnings per Share
TAS No. 34 (Revised 2014)	Interim Financial Reporting
TAS No. 36 (Revised 2014)	Impairment of Assets
TAS No. 37 (Revised 2014)	Provisions, Contingent Liabilities, and Contingent Assets
TAS No. 38 (Revised 2014)	Intangible Assets
TAS No. 40 (Revised 2014)	Investment Property
TFRS No. 2 (Revised 2014)	Share – based Payment
TFRS No. 3 (Revised 2014)	Business Combinations
TFRS No. 5 (Revised 2014)	Non - current Assets Held for Sale and Discontinued Operations
TFRS No. 8 (Revised 2014)	Operating Segments
TFRS No. 10	Consolidated Financial Statements

TFRS No. 11	Joint Arrangements
TFRS No. 12	Disclosure of Interests in Other Entities
TFRS No. 13	Fair Value Measurement
TSIC No. 10 (Revised 2014)	Government Assistance – No Specific Relation to Operating Activities
TSIC No. 15 (Revised 2014)	Operating Leases - Incentives
TSIC No. 25 (Revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC No. 27 (Revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a lease
TSIC No. 29 (Revised 2014)	Service Concession Arrangement : Disclosures
TSIC No. 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC No. 32 (Revised 2014)	Intangible Assets – Web site Costs
TFRIC No. 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC No. 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC No. 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC No. 7 (Revised 2014)	Applying the Restatement Approach under TAS 29 (Revised 2014) <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC No. 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC No. 12 (Revised 2014)	Service Concession Arrangements
TFRIC No. 13 (Revised 2014)	Customer Loyalty Programmes
TFRIC No. 14 (Revised 2014)	TAS 19(Revised 2014) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC No. 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC No. 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC No. 18 (Revised 2014)	Transfers of Assets from Customers

- Effective for accounting periods on or after January 1, 2016 :

TFRS No. 4 (Revised 2014)	Insurance Contracts
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For adopting of Accounting Standard, Financial Reporting Standards and Financial Reporting Standard Interpretation which will be effective for accounting periods on or after January 1, 2015, The management of the Company has assessed that the above standards have no significant impact to the consolidated and the separate financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Allowance for Doubtful Accounts

Trade receivables, not government agencies and state enterprises, are set an allowance for doubtful accounts by analysing a payment history and connection data together with aging analysis of each trade receivables as a criteria at the following rates:

Aging Periods:	Allowance for doubtful accounts (%)
over 6 months to 1 year	50
over 1 year to 2 years	75
over 2 years	100

3.2 Inventories and Supplies

Inventories and supplies at the year-end, consisting of aircraft spare parts, fuel and oil for aircraft, cabin supplies, goods for sales as well as stationery and office supplies, are stated

at the lower of moving average cost or net realizable value, except inventories in transit are stated at purchased date cost.

- Provision for obsolescence of aircraft spare parts is made at an annual rate of 10% of the year-end balance.

- Slow moving aircraft spare parts and spare parts for sales are spare parts not moving over two years or spare parts for aircraft not represented in the fleet. Provision for obsolescence is made at an annual rate of 33.33% of the incurred balance during the year.

- Provision for obsolete and damaged inventories is made at the full amount.

3.3 Investments

3.3.1 Investments in subsidiary and associated companies are recorded by the equity method in the consolidated financial statements but by cost method in the separate financial statements.

3.3.2 Current investments in debt securities held-to-1 year maturity are stated by the amortized cost method. A premium or discount on debt securities is amortized according to an effective interest rate. The amortized amount will be taken to adjust to an interest income.

3.3.3 Long-term investments in non-marketable equity securities are recorded at cost net of a provision for impairment. An impairment loss is recognized in the income statement.

3.4 Property, Plant and Equipment and Depreciation

3.4.1 Aircraft and aircraft under finance leases

3.4.1.1 Aircraft and aircraft under finance leases are stated at cost, including where applicable (engines and other flight equipment), as well as cost of decoration incurred prior to the aircraft being placed into service but excluding passenger seats and the first estimated overhaul cost, less any concessions for the acquisition of aircraft. Depreciation is calculated on a straight-line basis over an estimated useful life of 20 years with a residual value of 10% of cost.

3.4.1.2 Aircraft overhaul (D-check) costs, the first estimated overhaul costs, are presented as separate assets from the aircraft cost and depreciated over the period of the next scheduled overhaul 4-7 years depending on type of aircraft. When these costs incur, the asserted assets will be expensed and replaced by the incurred overhaul cost.

3.4.1.3 Passenger seats are presented as separate assets from the aircraft cost and depreciated on a straight-line basis over an estimated useful life of 5 years. When the replacement costs incur, they are accounted for as the separate assets and the replaced assets will be written off.

3.4.2 Aircraft spare parts are stated at cost on the acquisition date and depreciated on a straight-line basis over an estimated useful life of 5-20 years.

3.4.3 Other fixed assets are stated at cost on the acquisition date or on the date of completion of construction and depreciated on a straight-line basis over an estimated useful life of 3-30 years.

3.4.4 Leasehold buildings are amortized as expense over a lease term of 10-30 years.

3.4.5 Gain or loss on sale of aircraft is calculated from the difference between the net benefit from aircraft selling and the carrying amount of the aircraft, including D-check, improvements to passenger seats, and sales expense. Gain or loss on sale of other assets is calculated from the difference between the net benefit and net book value of sold assets and recognized as revenue or expense in the income statement.

3.5 Non-Current Assets Classified as Held for Sale

Non-current assets classified as held for sale are stated at the lower of carrying amount or fair value less costs to sell.

Losses on impairment are recognized in an income statement. Gains or losses on sales of assets are recognized as other income or expense at sales.

3.6 Intangible Assets

Computer Software

Software license and cost that are directly with identifiable and unique software product, which can be separated, identified costs and have an economic useful life over the accounting period, will be recognized as an intangible asset and amortized as expenses on a straight-line basis over an useful life of 5 years.

Expenses arising from developing or maintaining computers are recognized as expenses when incurred.

3.7 Impairment of Assets

Assets may be impaired whenever there is an indicator that the book value of the asset exceeds its recoverable amount. A recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

The Company will recognize an impairment loss in an income statement whenever the book value of the asset exceeds its recoverable amount. Also, the Company will reverse the impairment loss when there is an indicator that the impairment has no longer existed or amount of impairment has decreased.

3.8 Deferred Charges

3.8.1 Aircraft overhaul costs (D-check) for aircraft under operating lease are presented as deferred charges and amortized as expenses over an estimated useful life of 4-7 years but not over the lease term.

3.8.2 Loan guarantee premiums are recorded as deferred charge and amortized as expenses over the period of loans in each accounting period.

3.9 Liabilities under Finance leases

Liabilities under finance leases are liabilities from the purchase of aircraft under long-term finance leases with financial institutions and are stated at obligation value less aggregate repayments.

3.10 Revenue Recognition

3.10.1 Passenger and excess baggage revenues:

3.10.1.1 Revenue from ticket sales and service orders is recognized as revenue when transportation is provided. For passengers using the services of other airlines, the difference between the selling price charged by the Company and the amount billed to the Company by those airline performing the services is recognized as revenue.

3.10.1.2 Unused tickets and service orders are recognized as revenue after 2 years.

3.10.2 Freight revenue is recognized when the Company provides the services and issues its air waybills. For freight carried by other air carriers, the difference between the selling price charged by the Company and the amount billed to the Company by those air carriers performing the services is recognized as revenue.

- Freight with respect to which the Company has issued an air waybill but carried by other air carriers is recognized as revenue if the other air carriers do not bill within 1 year.

3.10.3 The Company has operated a frequent flyer program called "Royal Orchid Plus" since 1993. Members exchange accumulated mileage for services. The Company calculates fair value rate per mile by average of air award redemption fair value and other award redemption fair value.

Both air award and other award redemption fair value calculate using the same concept. Air award redemption fair value calculates from dividing the average net collected fare in each zone by the number of miles redeemed for awards in that zone then weighted by each zonal redemption. Other award redemption fair value calculates the same way using average other award value as a value per mile of the Royal Orchid Plus. Then, the estimated cost is used to reduce passenger revenues and recorded liabilities under “unearned transportation revenues”. Revenues are recognized when numbers redeem awards.

3.10.3.1 Unredeemed awards are recognized as revenue after 3 years.

3.10.3.2 Redemptions with Star Alliance partners involve interline billing arrangements and costs per mile specified in partner agreements. Revenues are recognized when transportation is provided.

3.10.3.3 The Company sells mileage to its members in order to encourage redemptions and recognizes the difference between the sale price and mileage cost as revenue.

3.10.4 Revenues from business units, Aircraft Maintenance Services, Ground Customer Services, Ground Support Equipment Services, and Cargo and Mail Commercial Services are recognized when services are provided. Revenues from Catering Services are recognized at sales. As for revenues from supporting activities such as Sale on Board and Thai Shop are recognized at sales but revenues from Dispatch Services are recognized when services are provided.

3.10.5 Other revenues are recognized on an accrual basis.

3.11 Earnings per Share

Basic earnings per share is calculated by dividing a profit or loss of owners of the parent by the weighted average number of ordinary shares outstanding during the period.

3.12 Foreign Currency Transactions

Foreign currency transactions incurred during the year are translated into Baht by exchange rates of the Bank of Thailand at transaction date.

Assets and liabilities denominated in foreign currency at year-end are translated into Baht by the closing rate of the average buying and average selling rates of commercial banks announced by the Bank of Thailand at the statements of financial position date, respectively. Gains or losses on currency exchange are recognized as income or expenses in the statements of comprehensive income.

3.13 Employee Benefits

The Company’s obligation concerning post-employment benefits under the defined benefit plans and other long-term benefits are recognized in the financial statements using the Projected Unit Credit Method based on calculations by a qualified actuary.

Actuarial gains and losses for the Company’s defined benefit plans and other long-term benefits will be recognized in the statements of comprehensive income.

3.14 Staff Provident Fund

On June 26, 1992, the Company established an “Employee of Thai Airways International Public Company Limited Registered Provident Fund” in accordance with the Provident Fund Act B.E. 2530. The fund is managed by a professional fund manager and does not appear on the separate statements of financial position. The Company contributes to the fund on a monthly basis at a rate of 9% of salaries for members having not more than 20 years of service and 10% for members having more than 20 years of service. Contributions are recognized as expenses of the Company.

3.15 Deferred Tax

The Company’s income tax is calculated in accordance with the Revenue Code of Thailand.

The deferred tax asset is calculated from temporary differences between the tax base of an asset and liability and its carrying amount in the statements of financial position. The Company recognizes the deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period, and will reduce to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of the deferred tax assets to be utilized.

The deferred tax liability is calculated from temporary differences between the tax base of intangible asset and its carrying amount.

3.16 Accounting Estimates

The Company and its subsidiaries have applied the accounting estimates and many assumptions in preparation financial statements to conform to the generally accepted accounting principles. These will impact on the amounts of revenues, expenses, assets, liabilities as well as the disclosure of contingent assets and liabilities which may be differed from the actualities.

The estimates and assumptions used in the preparation of financial statement are consistently reviewed. Revisions to accounting estimates are recognized in the reviewed accounting periods and affected future periods.

3.17 Financial Instruments

The Company uses financial instruments which are Interest Rate Swap (IRS) and Cross Currency Swap (CCS) to reduce the fluctuation risk from an interest rate and exchange rate by entering into a Swap Confirmation to exchange the principal amount and interest at maturity according to the contract. Each party will pay and receive the principal and/or interest in the agreeing currency and interest. The arising interest difference will be recorded as interest expenses in the statements of comprehensive income and the principal difference will be recognized as gains or losses on foreign currency exchange in the statement of comprehensive income. For the forward foreign exchange contracts, the Company will recognize in its financial statements at maturity. The arising difference will be recorded as gains or losses on foreign currency exchange in the statements of comprehensive income.

In addition, the Company also entered into fuel price hedging agreement in which premium and the difference of the fuel price arising from this agreement will be recorded as expenses in the statements of comprehensive income.

3.18 Cash Flow Hedge Accounting

When a financial instrument is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the financial instrument is recognized in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion is recognized immediately in profit or loss.

Effective portion of the hedges recognized in other comprehensive income is reclassified in profit and loss as forecasted transactions are recognized in profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognized in profit or loss immediately.

4. GOING CONCERN

Due to the loss operating results has impacted on the material decrease in cash flow from operating activities. As a result, liquidity ratio is equal to 0.81 (exclude unearned revenue) and interest bearing debt to equity ratio is equal to 4.65 for the year ended December 31, 2014. Thus, the Company has to partially draw down committed revolving credit lines to sustain liquidity and to maintain adequate level of required cash flow for working capital, to meet its investment program without a discontinuity. Moreover, the Company borrowed a short-term, long-term loan as well as drawn down committed revolving credit lines for an aggregate of THB 76,328 million which were the borrowing in the forth quarter amount of THB 9,300 million. As a result, the Company has cash and cash equivalents as at December 31, 2014 amount of THB 22,606 million, an increase of THB 10,956 million from the year 2013. Therefore, the Company can repay the loan at maturity date.

On August 20, 2014, the Company sent a letter to the Public Debt Management Office (PDMO) to ask for revision of the Public Debt in funding foreign currency requirement for Aircraft procurement for the budget year 2015 in order to obtain funding approval under the Public Debt in accordance with the loan condition of the European Commercial Paper (ECP) Program. On September 2, 2014, the Company sent another letter to ask for on-lending support from the PDMO under the ECP Program for the purpose of bridge financing before acquiring long-term loan for Aircraft procurement.

On September 2, 2014, The National Council for Peace and Order (NCPO) approved the Public Debt for the budget year 2015 as proposed by Finance Minister, Chairman of the Public Debt Policy and Supervision Committee which the Company plans to secure foreign currency funding for the 8 aircraft on due payment. The Aircraft procurement plan forms part of the country's strategy to enhance Air Transport Infrastructure (phase I). The total amount of THB 23,540.47 million (equivalent to USD 759.37 million) with the condition that the Company may use on-lending loan approved under the ECP program for the purpose of bridge financing before securing Long-term loan to finance aircraft acquisition.

For aircraft which has been already taken the delivery, the Company borrowed a long-term loan from foreign financial institution to pay for aircraft, without draw down from the ECP Program.

For the year 2015, the Company will implement the Transformation Plan which has been approved by the Company's Board of Directors on December 22, 2014, and has been agreed to by the State Enterprise Policy Commission on January 26, 2015. The Transformation Plan will be proceeded continuously between the year 2015 – 2016, consisting of 6 strategic major areas, which are Network Strategy, Fleet Strategy, Commercial Strategy, Operation and Cost Strategy, Organization Strategy and Portfolio Strategy. This Transformation Plan will ensure stability and sustainability for the Company's profit and bring the Company back to as the national carrier. To drive the Transformation Plan, the Company has established the monitoring function to regulate according to such plan.

In ensuring sufficient liquidity, the Company is planning to obtain long-term financing for payment of aircraft to be delivered in 2015 and has in hand, the ECP lending facility as approved by the Ministry of Finance should there be need for aircraft financing support. In addition to aircraft financing, the Company has submitted its plan to issue up to THB 15,000 million in long-dated bonds as part of the 2015 National Debt Management Plan. Cash flow projections made for 2015 has been conservative to ensure that the Company will be able to sustain operations. However, there are committed revolving credit lines that are still available to the Company which in combination with the planned fund raising should provide sufficient cash on-hand to sustain operations through the transformation period. From the beginning of the year 2015, passenger traffic has been higher than the estimation and therefore, the improvement should better the Company's overall 2015 financial outlook and lend to the Company being able to achieve its fund raising as planned.

5. SUPPLEMENTARY INFORMATION

5.1 Cash and Cash Equivalents

	<u>Consolidated Financial Statements</u>		Unit : Million Baht <u>Separate Financial Statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash - Domestic	10.96	13.99	10.96	13.99
Cash - Abroad	14.51	65.57	14.51	65.57
Cash at Banks - Domestic	11,982.90	898.84	11,242.05	791.10
Cash at Banks - Abroad	<u>11,338.18</u>	<u>10,779.07</u>	<u>11,338.18</u>	<u>10,779.07</u>
Total	<u>23,346.55</u>	<u>11,757.47</u>	<u>22,605.70</u>	<u>11,649.73</u>

5.2 Trade Receivables aging analysis is as follows:

	<u>Consolidated Financial Statements</u>		<u>Unit : Million Baht</u> <u>Separate Financial Statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Aging Periods:				
Not over 6 months	12,425.82	13,512.16	12,156.81	13,476.30
Over 6 months to 1 year	334.55	357.67	328.69	354.75
Over 1 year to 2 years	252.65	350.20	252.65	350.20
Over 2 years	849.27	1,309.26	823.23	1,284.91
	13,862.29	15,529.29	13,561.38	15,466.16
<u>Less</u> Allowance for doubtful accounts	<u>(1,169.13)</u>	<u>(1,889.25)</u>	<u>(1,139.93)</u>	<u>(1,863.42)</u>
Trade receivables - net	<u>12,693.16</u>	<u>13,640.04</u>	<u>12,421.45</u>	<u>13,602.74</u>

5.3 Inventories and Supplies

	<u>Consolidated</u> <u>Financial Statements</u>		<u>Unit : Million Baht</u> <u>Separate</u> <u>Financial Statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Aircraft spare parts	4,412.40	5,075.35	4,412.40	5,075.35
<u>Less</u> Allowance for obsolescence (10% of the year-end balance)	<u>(441.24)</u>	<u>(507.53)</u>	<u>(441.24)</u>	<u>(507.53)</u>
Aircraft spare parts - Net	<u>3,971.16</u>	<u>4,567.82</u>	<u>3,971.16</u>	<u>4,567.82</u>
Vehicle spare parts and ground support equipments	<u>318.82</u>	<u>313.59</u>	<u>318.82</u>	<u>313.59</u>
Slow moving aircraft spare parts and spare parts for sale	3,564.59	3,141.99	3,564.59	3,141.99
<u>Less</u> Allowance for obsolescence (33.33% of incurred balance during the period)	<u>(2,500.87)</u>	<u>(1,824.83)</u>	<u>(2,500.87)</u>	<u>(1,824.83)</u>
Slow moving aircraft spare parts and spare parts for sale - Net	<u>1,063.72</u>	<u>1,317.16</u>	<u>1,063.72</u>	<u>1,317.16</u>
Fuel and oil for aircraft	375.51	740.75	374.70	740.75
Goods for sales	176.96	233.27	176.30	233.27
Cabin supplies	217.92	175.61	216.68	175.61
Supplies and other consumables	26.92	30.63	25.66	30.63
Stationery and office supplies	93.92	90.08	93.92	90.08
Inventories and spare parts in transit	149.48	52.46	149.48	52.46
Total inventories and supplies	<u>1,040.71</u>	<u>1,322.80</u>	<u>1,036.74</u>	<u>1,322.80</u>
Obsolete and damaged inventories for disposal	31.75	32.65	31.75	32.65
<u>Less</u> Allowance for obsolescence (100%)	<u>(31.75)</u>	<u>(32.65)</u>	<u>(31.75)</u>	<u>(32.65)</u>
Obsolete and damaged inventories for disposal - Net	-	-	-	-
Total inventories and supplies - Net	<u>6,394.41</u>	<u>7,521.37</u>	<u>6,390.44</u>	<u>7,521.37</u>
Total inventories and supplies at year-end	9,368.27	9,886.38	9,364.30	9,886.38
<u>Less</u> Total allowance for obsolete inventories and supplies	<u>(2,973.86)</u>	<u>(2,365.01)</u>	<u>(2,973.86)</u>	<u>(2,365.01)</u>
Total inventories and supplies – Net	<u>6,394.41</u>	<u>7,521.37</u>	<u>6,390.44</u>	<u>7,521.37</u>

5.4 Other Current Assets

	<u>Consolidated</u> <u>Financial Statements</u>		<u>Unit : Million Baht</u> <u>Separate</u> <u>Financial Statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Tax refund	390.99	441.69	390.99	441.69
Cash and cash at bank of pension fund	4,883.18	4,796.92	4,883.18	4,796.92
Others	<u>2,657.66</u>	<u>4,271.49</u>	<u>5,844.01</u>	<u>4,269.41</u>
Total	<u>7,931.83</u>	<u>9,510.10</u>	<u>11,118.18</u>	<u>9,508.02</u>

5.5 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 ATR 72 aircraft, totaling of 18 aircraft amount 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. The non-current assets classified as held for sale during the year 2014 increased by THB 3,403.64 million which consisting of 4 A330-300 and 5 A300-600, totaling of 9 aircraft as well as by THB 33.46 million from other fixed assets, the total increase in this period is THB 3,437.10 million. Moreover, non-current assets classified as held for sale decreased due to impairment and selling of aircraft by THB 5,808.19 million. As a result, non-current assets classified as held for sale decreased by THB 2,371.09 million.

As at December 31, 2014, non-current assets classified as held for sale composed of 8 A300-600, 4 A340-500, 4 B737-400, 1 B747-400, 2 ATR72, and 3 A330-300 aircraft, totaling of 22 aircraft in an aggregate of THB 4,791.04 million, as well as other fixed assets amount of THB 34.59 million, which made a grand total of THB 4,825.63 million.

In concerning with selling of aircraft, the Company has signed an agreement to sell 4 B747-400, 4 A300-600 and also a Memorandum of Understanding to sell 2 ATR72, totaling of 10 aircraft during this fiscal year. The Company has already received the proceed from selling of 1 A300-600, 3 B747-400, totaling 4 aircraft and transferred the title of these 4 aircraft to the buyer on September 12, 2014, October 31, 2014, November 20, 2014 and December 23, 2014. Also, the Company has disposed 1 A330-300 from its account. (according to Note 5.37).

5.6 Investments**Consolidated Financial Statements****Unit : Million Baht**

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
			Cost Method		Equity Method			
	2014	2013	2014	2013	2014	2013	2014	2013
5.6.1 Investments in associated companies recorded by equity method								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2014 amount of THB 544.50 million and for the year 2013 amount of THB 427.50 million)	24.00	24.00	225.00	225.00	231.06	286.73	(42.18)	38.02
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	115.08	102.88	24.21	21.74
Bangkok Aviation Fuel Services Public Company Limited (Fair value for the year 2014 amount of THB 3,599.58 million and for the year 2013 amount of THB 3,167.63 million)	22.59	22.59	115.19	115.19	920.66	878.05	155.50	188.90
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	292.05	246.13	75.91	84.51
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	155.15	130.51	24.64	13.82
Nok Airlines Public Company Limited (Fair value for the year 2014 amount of THB 3,209.50 million and for the year 2013 amount of THB 4,655.00 million)	39.20	39.20	360.00	360.00	<u>3,057.14</u>	<u>3,338.00</u>	<u>(160.80)</u>	<u>489.10</u>
Total investments recorded by equity method					<u>4,771.14</u>	<u>4,982.30</u>	<u>77.28</u>	<u>836.09</u>
5.6.2 Other long-term investments recorded by cost method								
Fuel Pipeline Transportation Limited	0.00026	0.00048	0.00067	0.00067			-	-
Aeronautical Radio of Thailand Limited	1.42	1.90	9.37	12.56			-	-
SITA Investment Certificate	-	-	36.06	31.12			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			0.33	0.13
SITA Information Networking Computing	-	-	30.00	29.88			-	-
Other Shares	-	-	2.76	2.89			0.25	0.50
Investment in Debentures	-	-	-	50.06			-	-
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>			<u>0.0027</u>	<u>-</u>
Total other long-term investments			<u>80.94</u>	<u>129.26</u>			<u>0.58</u>	<u>0.63</u>

Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	2014	2013	2014	2013	2014	2013
5.6.1 Investments recorded by cost method						
Subsidiary Companies						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	57.75	165.00
Wing Span 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>800.00</u>	<u>450.00</u>	<u>-</u>	<u>-</u>
Total			<u>810.21</u>	<u>460.21</u>	<u>57.81</u>	<u>165.06</u>
Associated Companies						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2014 amount of THB 544.50 million and for the year 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 (Fair value for the year 2014 amount of THB 3,599.58 million and for the year 2013 amount of THB 3,167.63 million)	22.59	22.59	115.19	115.19	112.88	93.30
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	30.00	13.50
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited (Fair value for the year 2014 amount of THB 3,209.50 million and for the year 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>254.80</u>
Total			<u>1,083.52</u>	<u>1,083.52</u>	<u>288.43</u>	<u>387.10</u>
Total investments recorded by cost method			<u>1,893.73</u>	<u>1,543.73</u>	<u>346.24</u>	<u>552.16</u>
5.6.2 Other long-term investments recorded by cost method						
Fuel Pipeline Transportation Limited	0.00026	0.00048	0.00067	0.00067	-	-
Aeronautical Radio of Thailand Limited	1.42	1.90	9.37	12.56	-	-
SITA Investment Certificate	-	-	36.06	31.12	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	0.33	0.13
SITA Information Networking Computing	-	-	30.00	29.88	-	-
Other Shares	-	-	2.76	2.89	0.25	0.50
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>	<u>0.0027</u>	-
Total other long-term investments			<u>80.94</u>	<u>79.20</u>	<u>0.58</u>	<u>0.63</u>

5.6.3 Financial Information Summary of Subsidiaries

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Subsidiary Companies</u>				
Thai-Amadeus Southeast Asia Company Limited	261.86	85.70	330.92	86.59
WingSpan Services Company Limited	620.96	467.22	1,086.77	75.43
Thai Flight Training Company Limited	15.78	9.47	36.73	7.70
Tour Eurng Luang Company Limited	15.55	12.79	1.72	0.24
Thai Smile Airways Company Limited	4,094.33	3,874.93	3,068.60	(577.47)

The Company used the financial statements of subsidiary and associated companies, some of which are unaudited by the CPA, as at December 31, 2014 to record the investment by equity method in the consolidated financial statement and by cost method in the separate financial statement.

5.7 Significant Transactions with Related Parties**5.7.1 Related Transactions with Major Shareholders****5.7.1.1 Short-term borrowings from related parties**

Unit : Million Baht

	2014	2013
Government Saving Bank	7,000.00	-
Islamic Bank of Thailand	<u>3,000.00</u>	<u>-</u>
Total	<u>10,000.00</u>	<u>-</u>

5.7.1.2 Long-term borrowings from related parties

Unit : Million Baht

	2014	2013
Foreign borrowings via the Ministry of Finance	15,471.25	17,375.52
Government Saving Bank	<u>568.00</u>	<u>1,890.00</u>
Total	<u>16,039.25</u>	<u>19,265.52</u>

5.7.2 Related Transactions with Subsidiary Companies**5.7.2.1 Loans to Subsidiary**

Unit : Million Baht

	2014	2013
WingSpan Services Company Limited	<u>20.00</u>	<u>20.00</u>
Total	<u>20.00</u>	<u>20.00</u>

5.7.2.2 Sales and Purchases

	Unit : Million Baht			
	2014		2013	
	Sales	Purchases	Sales	Purchases
Thai-Amadeus Southeast Asia Company Limited	2.37	-	2.67	-
WingSpan Services Company Limited	6.59	863.52	4.76	913.68
Thai Flight Training Company Limited	18.18	0.12	5.16	-
Tour Eurng Luang Company Limited	50.72	21.65	59.87	22.53
Thai Smile Airways Company Limited	2,736.79	2,549.06	-	-

5.7.2.3 Account Receivables and Account Payables

	Unit : Million Baht			
	2014		2013	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	0.14	0.16	0.42	0.13
WingSpan Services Company Limited	320.59	412.10	404.04	423.08
Thai Flight Training Company Limited	4.46	-	2.23	-
Tour Eurng Luang Company Limited	9.56	-	2.37	-
Thai Smile Airways Company Limited	2,825.91	2,549.06	-	449.99

Related account receivables and account payables of WingSpan Service Co., Ltd. have included prepaid and accrued expenses amount of THB 320.26 million and THB 403.93 million.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. have included accrued income amount of THB 86.58 million and total amount of accrued expenses.

5.7.3 Related Transactions with Associated Companies

5.7.3.1 Sales and Purchases

	Unit : Million Baht			
	2014		2013	
	Sales	Purchases	Sales	Purchases
Royal Orchid Hotel (Thailand) Public Company Limited	-	2.20	-	4.91
Donmuang International Airport Hotel Company Limited	-	0.06	-	0.15
Bangkok Aviation Fuel Services Public Company Limited	0.03	301.32	0.03	363.70
Phuket Air Catering Company Limited	1.29	26.70	2.57	46.97
Suvarnabhumi Airport Hotel Company Limited	-	21.04	-	17.56
Nok Airlines Public Company Limited	70.96	10.57	171.26	13.27

5.7.3.2 Account Receivables and Account Payables

Unit : Million Baht

	2014		2013	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.01	-	0.36
Donmuang International Airport Hotel Company Limited	-	-	-	0.01
Bangkok Aviation Fuel Services Public Company Limited	-	30.96	0.01	33.48
Phuket Air Catering Company Limited	0.004	0.07	0.24	2.74
Suvarnabhumi Airport Hotel Company Limited	-	0.43	-	1.04
Nok Airlines Public Company Limited	46.56	0.08	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.

5.7.4 Key Executives Separate financial statements

Unit : Million Baht

	2014	2013
Remuneration for Management Executives	64.90	73.45
Remuneration for Board of Directors	<u>14.97</u>	<u>22.79</u>
Total	<u>79.87</u>	<u>96.24</u>

The Company's Executives are the same criteria as Note No. 5.23, employee benefits expenses.

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5.8 Property, Plant and Equipment**Consolidated Financial Statements
As at December 31, 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
Cost											
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	430,329.73
- Adjust/Transfers	(8,469.14)	(20,527.98)	2,209.84	18.46	-	0.56	1.42	-	67.09	59.19	(26,640.56)
- Additions	2,850.53	410.19	17,193.61	2,488.30	160.98	-	-	-	160.45	1,272.52	24,536.58
- Disposals/Amortized	-	(646.77)	(192.18)	(631.40)	-	-	-	-	(89.61)	(845.62)	(2,405.58)
As at December 31, 2014	12,367.65	136,691.33	188,545.91	36,754.25	1,273.70	936.30	2,514.52	10,791.51	4,801.44	31,143.56	425,820.17
Accumulated depreciation											
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	198,881.00
- Depreciation	-	7,467.08	8,883.92	1,976.97	-	-	40.88	230.16	151.16	1,393.52	20,143.69
- Adjust/Transfers	-	(14,830.44)	-	(316.93)	-	-	1.42	-	66.94	60.39	(15,018.62)
- Disposals/Amortized	-	(632.62)	(192.18)	(472.08)	-	-	-	-	(89.45)	(821.02)	(2,207.35)
As at December 31, 2014	-	85,369.19	53,935.09	23,563.13	-	-	2,410.50	5,784.11	4,398.91	26,337.79	201,798.72
Net book value											
As at December 31, 2013	17,986.26	64,090.72	124,091.29	12,503.72	1,112.72	935.74	144.90	5,237.56	393.25	4,952.57	231,448.73
As at December 31, 2014	12,367.65	51,322.14	134,610.82	13,191.12	1,273.70	936.30	104.02	5,007.40	402.53	4,805.77	224,021.45

(TRANSLATION)

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Consolidated Financial Statements
As at December 31, 2013

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
Cost											
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	29,784.42	425,499.57
- Assets decrease from loss of control	-	-	-	-	-	-	-	-	-	(268.74)	(268.74)
- Adjust/Transfers	(30,929.40)	(16,642.27)	(14,110.94)	(766.04)	-	0.30	0.27	-	0.01	(61.36)	(62,509.43)
- Additions	31,298.65	17,938.58	17,124.66	2,930.44	(1,375.52)	-	-	2.60	125.72	1,814.24	69,859.37
- Disposals/Amortized	-	(1,040.00)	(257.80)	(329.19)	-	(0.30)	(0.27)	-	(12.39)	(611.09)	(2,251.04)
As at December 31, 2013	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	430,329.73
Impairment Allowance	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation											
As at January 1, 2013	-	105,538.72	43,872.20	20,537.53	-	-	2,324.00	5,323.81	4,120.17	25,215.20	206,931.63
- Disposal from loss of control	-	-	-	-	-	-	-	-	-	(188.05)	(188.05)
- Depreciation	-	7,366.41	8,502.35	2,037.73	-	-	44.20	230.14	162.29	1,353.74	19,696.86
- Adjust/Transfers	-	(18,499.96)	(6,896.73)	(50.30)	-	-	0.27	-	(0.03)	(77.52)	(25,524.27)
- Disposals/Amortized	-	(1,040.00)	(234.47)	(149.79)	-	-	(0.27)	-	(12.17)	(598.47)	(2,035.17)
As at December 31, 2013	-	93,365.17	45,243.35	22,375.17	-	-	2,368.20	5,553.95	4,270.26	25,704.90	198,881.00
Net book value											
As at December 31, 2012	17,617.01	51,660.86	122,706.52	12,506.15	2,488.24	935.74	189.10	5,465.10	430.00	4,569.22	218,567.94
As at December 31, 2013	17,986.26	64,090.72	124,091.29	12,503.72	1,112.72	935.74	144.90	5,237.56	393.25	4,952.57	231,448.73

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**Separate Financial Statements
As at December 31, 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
Cost											
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	430,139.79
- Adjust/Transfers	(8,469.14)	(20,527.98)	2,209.84	18.46	-	0.56	1.42	-	67.09	59.19	(26,640.56)
- Additions	2,850.53	410.19	17,193.61	2,488.30	160.98	-	-	-	160.45	1,268.52	24,532.58
- Disposals/Amortized	-	(646.77)	(192.18)	(631.40)	-	-	-	-	(89.61)	(749.95)	(2,309.91)
As at December 31, 2014	12,367.65	136,691.33	188,545.91	36,754.25	1,273.70	936.30	2,514.52	10,791.51	4,801.44	31,045.29	425,721.90
Accumulated depreciation											
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	198,698.98
- Depreciation	-	7,467.08	8,883.92	1,976.97	-	-	40.88	230.16	151.16	1,390.44	20,140.61
- Adjust/Transfers	-	(14,830.44)	-	(316.93)	-	-	1.42	-	66.94	60.39	(15,018.62)
- Disposals/Amortized	-	(632.62)	(192.18)	(472.08)	-	-	-	-	(89.45)	(726.43)	(2,112.76)
As at December 31, 2014	-	85,369.19	53,935.09	23,563.13	-	-	2,410.50	5,784.11	4,398.91	26,247.28	201,708.21
Net book value											
As at December 31, 2013	17,986.26	64,090.72	124,091.29	12,503.72	1,112.72	935.74	144.90	5,237.56	393.25	4,944.65	231,440.81
As at December 31, 2014	12,367.65	51,322.14	134,610.82	13,191.12	1,273.70	936.30	104.02	5007.40	402.53	4,798.01	224,013.69

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Separate Financial Statements
As at December 31, 2013

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
Cost											
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	425,043.44
- Adjust/Transfers	(30,929.40)	(16,642.27)	(14,110.94)	(766.04)	-	0.30	0.27	-	0.01	(61.36)	(62,509.43)
- Additions	31,298.65	17,938.58	17,124.66	2,930.44	(1,375.52)	-	-	2.60	125.72	1,811.69	69,856.82
- Disposals/Amortized	-	(1,040.00)	(257.80)	(329.19)	-	(0.30)	(0.27)	-	(12.39)	(611.09)	(2,251.04)
As at December 31, 2013	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	430,139.79
Impairment Allowance	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation											
As at January 1, 2013	-	105,538.72	43,872.20	20,537.53	-	-	2,324.00	5,323.81	4,120.17	24,849.07	206,565.50
- Depreciation	-	7,366.41	8,502.35	2,037.73	-	-	44.20	230.14	162.29	1,349.80	19,692.92
- Adjust/Transfers	-	(18,499.96)	(6,896.73)	(50.30)	-	-	0.27	-	(0.03)	(77.52)	(25,524.27)
- Disposals/Amortized	-	(1,040.00)	(234.47)	(149.79)	-	-	(0.27)	-	(12.17)	(598.47)	(2,035.17)
As at December 31, 2013	-	93,365.17	45,243.35	22,375.17	-	-	2,368.20	5,553.95	4,270.26	25,522.88	198,698.98
Net book value											
As at December 31, 2012	17,617.01	51,660.86	122,706.52	12,506.15	2,488.24	935.74	189.10	5,465.10	430.00	4,479.22	218,477.94
As at December 31, 2013	17,986.26	64,090.72	124,091.29	12,503.72	1,112.72	935.74	144.90	5,237.56	393.25	4,944.65	231,440.81

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In this fiscal year, there are 106 aircraft represented in the Company's fleet consisting of 34 own aircraft, 38 aircraft under finance leases, and 34 aircraft under operating leases which excluded 22 aircraft for sales with a carrying amount of THB 4,791.04 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 59,788.15 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 at Donmuang Airport with a lease term of 3 years starting from September 28, 2012 to September 27, 2015, and the proposal is under the negotiation. In this regard, Airports of Thailand Public Company Limited has collected aforementioned rental at the same rate of previous agreement.

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 4,216.29 million consisting of land in Bangkok amount of THB 3,981.09 million and land in provinces amount of THB 235.20 million.

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

5.9 Intangible Assets

	Unit : Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
Cost		
As at January 1, 2014	2,589.20	2,577.44
- Additions	734.60	707.81
As at December 31, 2014	3,323.80	3,285.25
Accumulated amortization		
As at January 1, 2014	1,727.94	1,720.66
- Amortization	332.82	331.52
As at December 31, 2014	2,060.76	2,052.18
Net book value		
As at December 31, 2013	861.26	856.78
As at December 31, 2014	1,263.04	1,233.07

5.10 Deferred Tax Assets , Deferred Tax Liabilities

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

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Contribution to staff provident fund	68.90	74.16	68.90	74.16
Contribution to staff pension fund	431.03	479.63	431.03	479.63
Allowance for obsolete inventories	594.77	473.00	594.77	473.00
Allowance for doubtful accounts	329.56	431.12	325.31	426.88
Allowance for impairment in value of assets	2,561.08	1,590.39	2,561.08	1,590.39
Estimated accrual expenses	659.48	498.89	658.99	498.40
Intangible assets	60.59	83.17	60.59	83.17
Employee benefits obligation	2,301.78	2,109.18	2,291.27	2,102.34
Others	<u>1.62</u>	<u>1.62</u>	<u>-</u>	<u>-</u>
Total	<u>7,008.81</u>	<u>5,741.16</u>	<u>6,991.94</u>	<u>5,727.97</u>

5.10.2 Deferred Tax Liabilities

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Intangible assets	127.93	105.34	127.93	105.34

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

5.11 Other Non-Current Assets

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>	<u>Financial Statements</u>	<u>Financial Statements</u>	<u>Financial Statements</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred charges	5,108.29	4,429.67	5,108.29	4,429.67
Others	<u>728.65</u>	<u>1,007.43</u>	<u>722.94</u>	<u>1,001.74</u>
Total	<u>5,836.94</u>	<u>5,437.10</u>	<u>5,831.23</u>	<u>5,431.41</u>

Deferred charges consist of aircraft overhaul costs (D-check) for aircraft under operating lease, which are amortized 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 amortized as expenses over the period of due payment loans in each accounting period.

5.12 Long-Term Borrowings Consolidated and separate financial statements

<u>Currency</u>	<u>Loan Currency</u>		<u>Baht Equivalent (Million)</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
EUR	496,371,133	526,502,960	20,031.15	23,862.33
THB	31,894,157,895	37,735,631,579	<u>31,894.16</u>	<u>37,735.63</u>
Total long-term borrowings			51,925.31	61,597.96
Less Current portion of			<u>8,039.45</u>	<u>10,767.12</u>
long-term borrowings				
Net long-term borrowings			<u>43,885.86</u>	<u>50,830.84</u>

As a December 31, 2014, long-term borrowings of the Company consist of the foreign loans borrowed via the Ministry of Finance amount of THB 15,471.25 million and **local loans** from the commercial banks as well as Government Saving Bank amount of THB 36,454.06 million. The total of long-term borrowings amounted to THB 51,925.31 million and have been transferred to be a current portion of long-term borrowing amount of THB 8,039.45 million, leaving the balance of long-term borrowings amount of THB 43,885.86 million.

5.13 Liabilities under Finance leases Consolidated and separate financial statements

Liabilities under Finance Leases	Unit : Million Baht			
	2014		2013	
	Book Value	Present Value	Book Value	Present Value
Within 1 year	10,638.03	10,092.05	10,313.02	9,485.65
More than 1 year – 5 years	34,499.85	29,021.27	37,381.28	31,163.91
More than 5 years	<u>26,888.97</u>	<u>17,481.22</u>	<u>25,937.58</u>	<u>17,751.54</u>
Total	<u>72,026.85</u>	<u>56,594.54</u>	<u>73,631.88</u>	<u>58,401.10</u>

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The Company has exercised purchase options at the end of term financial lease of aircraft, with 14 foreign and domestic financial institutions, which presented the value regarding to the accounting policy described in Note 3.9. For the fiscal year 2014, the outstanding balance of obligations under finance leases for 38 aircraft is THB 75,810.97 million with maturities ranging from 2015 to 2028. After deducting interest expenses due amount of THB 3,784.12 million, the principal balance of obligations under the Company's finance leases is THB 72,026.85 million. As at December 31, 2014, the amount of THB 10,638.03 million has been transferred to a current portion of finance lease, leaving the balance of long-term liabilities under finance lease amount of THB 61,388.82 million.

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5.14 Debentures

Unit : Million Baht

Issuing								Redemption					Balance as at December 31, 2014.				
Resolutions of Shareholders’ Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2014	2015	2016	2017	2018					
Extraordinary/1/2546 September 2, 2003	40,000	2 (Tranche3)	2004	October 20, 2014	10	5.80	3,000.00	October 20					-				
		3 (Tranche3)	2005	May 12, 2015	10	5.19	3,000.00						3,000.00				
							6,000.00										
Ordinary /2548 December 23, 2005	60,000							January 20									-
		1 (Tranche2)	2009	January 20, 2014	5	5.45	720.00							300.00			
		1 (Tranche3)	2009	January 20, 2016	7	5.60	300.00							3,600.00			
		1 (Tranche4)	2009	January 20, 2019	10	6.00	3,600.00										
						4,620.00											
Ordinary /2553 April 28, 2010	40,000	1 (Tranche1)	2011	May 13, 2018	7	Year 1-3 4% Year 4-6 4.5% Year 7 5.25%	1,555.00										1,555.00
		1 (Tranche2)	2011	May 13, 2021	10	Year 1-4 4.25% Year 5-8 4.75% Year 9-10 5.35%	833.00									833.00	
		1 (Tranche3)	2011	May 13, 2016	5	3.91	2,000.00									2,000.00	
		1 (Tranche4)	2011	May 13, 2018	7	4.36	1,445.00									1,445.00	
		1 (Tranche5)	2011	May 13, 2021	10	4.62	2,167.00									2,167.00	
							8,000.00										
		2	2011	December 28, 2016	5	4.30	2,000.00									2,000.00	
							2,000.00										

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Unit : Million Baht

Issuing								Redemption					Balance as at December 31, 2014
Resolutions of Shareholders' Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2014	2015	2016	2017	2018	
During the year 2013 May 16, 2013 August 30, 2013 During the year 2014 NO. 1/2014 February 07, 2014		2	2012	March 23, 2024	12	4.98	1,500.00						1,500.00
		3 (Tranche1) 3 (Tranche2) 3 (Tranche3)	2012	October 11, 2017 October 11, 2019 October 11, 2022	5 7 10	4.51 4.70 4.90	1,500.00						4,000.00
							4,000.00						1,500.00
							1,500.00						1,500.00
							1,500.00						
							7,000.00						
		1	2013	May 16, 2018	5	4.18	5,000.00						5,000.00
							5,000.00						
		2 2 (Tranche 1) 2 (Tranche 2) 2 (Tranche 3)	2013	August 30, 2018 August 30, 2020 August 30, 2023	5 7 10	4.58 4.88 5.16	1,250.00						1,250.00
							1,250.00						1,250.00
							1,500.00						1,500.00
							4,000.00						
		Tranche 1 Tranche 2 Tranche 3	2014 2014 No. 2014	February 07, 2019 February 07, 2021 February 07, 2024	5 7 10	4.71 5.14 5.58	1,200.00						1,200.00
							1,000.00						1,000.00
							1,000.00						1,000.00
							*3,200.00						

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Unit : Million Baht

Issuing								Redemption					Balance as at December 31, 2014
Resolutions of Shareholders’ Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2014	2015	2016	2017	2018	
NO. 2/2014 December 26, 2014		Tranche 1	2014	December 26, 2019	5	4.46	1,230.00						1,230.00
		Tranche 2	2014	December 26, 2021	7	4.76	1,340.00						1,340.00
		Tranche 3	No.2014	December 26, 2024	10	4.98	1,430.00						1,430.00
							4,000.00						
Total													44,600.00

As at December 31, 2014, the balance of debentures was THB 44,600 million, which the amount of THB 3,000 million was transferred to be a current portion of long-term liabilities, leaving the balance of long-term liabilities amount of THB 41,600.00 million.

* The Company has entered into Cross Currency Swap for swapping THB debentures amount of THB 3,200 million to EUR currency amount of EUR 71.24 million with the interest rate of 2.92%, 3.79% and 4.46% per annum, respectively.

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The Company has registered these debentures with the Thai Bond Market Association (Thai BMA) in the bond electronic exchange of the Stock Exchange of Thailand except for the issuing of debentures No. 1/2552 which were offered to specific investors (not more than 10 investors).

5.15 Other Current Liabilities - Others

	Consolidated		Unit : Million Baht	
	Financial Statements		Separate	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Payable - airport fees	4,641.41	5,901.77	4,641.41	5,901.77
Deferred revenue	100.56	4.39	100.06	4.14
Tax payables	213.76	144.37	211.82	141.82
Payable - fringe benefits (field office staff)	498.90	564.44	498.90	564.44
Deposit received	1,268.73	917.41	1,260.63	909.33
Payable - employee	2.29	161.42	2.29	161.42
Accrued income	-	347.55	-	347.55
Payable - collected assets	792.63	518.59	792.63	518.59
Other payables	<u>1,173.64</u>	<u>1,813.75</u>	<u>1,041.42</u>	<u>2,371.23</u>
Total	<u>8,691.92</u>	<u>10,373.69</u>	<u>8,549.16</u>	<u>10,920.29</u>

5.16 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:

	Unit : Million Baht	
	<u>2014</u>	<u>2013</u>
Current assets	4,883.18	4,844.51
Others	<u>73.87</u>	<u>75.19</u>
Total	<u>4,957.05</u>	<u>4,919.70</u>
Other current liabilities	193.90	45.29
Pension fund	<u>4,763.15</u>	<u>4,874.41</u>
Total	<u>4,957.05</u>	<u>4,919.70</u>

As at December 31, 2014, the fund balance was THB 4,763.15 million and was 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 105.23 million, which came from contributions at a rate equivalent to 10% of employee salaries in the amount of THB 218.20 million less the amount to match the Company's obligation of THB 112.97 million.)

5.17 Employee Benefits Obligation Separate financial statements

Employee benefits obligations are classified into 5 projects as follows:

5.17.1 Legal Severance Payments are paid to the retired employees who work with the Company from 5 to less than 15 years, receiving 180 days of the latest salary rate. For the retired employees who work with the Company from 15 years onwards will receive for 300 days of the latest salary rate.

5.17.2 Post-Retirement Medical Benefits are provided to the retired and early retired employees together with their spouses and unmarried children less than 20 years of age with no expenses at all medical centers of the Company.

5.17.3 Encashment of Unutilized Holiday Leaves is paid to the employees who have outstanding holiday leaves, which can be accumulated not more than 3 consecutive years.

5.17.4 Long Service Awards (Pin/Ring) will be rewarded to the employees who have been working with the Company for 15, 25 and 35 years.

5.17.5 Post-Retirement Long Service Awards (Air ticket) is provided to the employees who have been working with the Company for 15 years will get rewards for 1 free confirmed ticket on the Company's routes, and every next 5 years from the latest reward if continue working with the Company. The employees can accumulate and use these awards whenever they desire.

Principal actuarial assumptions :

Discount rate	4.4%
Price inflation	3.0%
Average salary increase rates	
Domestic staff	3.0% - 7.0%
Oversea staff	5.0%
Staff turnover rate	
Domestic staff	0.0% - 2.0%
Oversea staff	0.0% - 9.0%
Medical cost inflation	6.0%
Mortality rate	TMO08 (Thailand mortality rate table, year 2008)

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Changes in Present Value of the Employee Benefits Obligation

	Consolidated		Unit : Million Baht	
	Financial Statements		Separate	
	2014	2013	2014	2013
Beginning Balance – Employee Benefits Obligation	10,545.97	11,082.18	10,511.75	10,970.90
Adjustment of Employee benefits obligation for subsidiaries	-	(91.21)	-	-
Current service cost	498.87	489.01	481.54	475.63
Interest cost	451.03	433.00	450.02	432.53
Benefits paid	13.04	(61.20)	13.04	(59.38)
Actuarial loss (gain)	-	(1,305.81)	-	(1,307.93)
Ending Balance - Employee Benefits Obligation	<u>11,508.91</u>	<u>10,545.97</u>	<u>11,456.35</u>	<u>10,511.75</u>

Actuarial gain and loss incur due to the changes in present value of the employee benefits obligation and other long-term benefits, which is an effect from the change of principal actuarial assumptions. For the fiscal year 2014, the actuarial assumptions remain unchanged, therefore there is not an effect on other comprehensive income.

5.18 Long-Term Provision

Changes in the present value of long-term provision

	Consolidated		Unit : Million Baht	
	Financial Statements		Separate	
	2014	2013	2014	2013
Long-term provision at the beginning balance	488.52	831.59	486.08	829.19
Long-term provision for the period	(75.56)	(343.07)	(75.56)	(343.11)
Long-term provision at the ending balance	<u>412.96</u>	<u>488.52</u>	<u>410.52</u>	<u>486.08</u>

Long-term provision as at December 31, 2014 (Separate financial statements) consist of:

5.18.1 The Court of First Instance has rendered a judgment ordering the Company to pay for damages claimed by employees in the amount of THB 9.89 million. At present, the case is under the Supreme Court's consideration.

5.18.2 The Court of First Instance has rendered a judgment ordering the Company to pay for damages arising from suspending the purchase of wine from Ming Yerng International Company which claimed against the Company in the amount of THB 27.63 million. At present, the case is under the Court of Appeal's consideration.

5.18.3 The Case which the court has rendered a judgment ordering the Company to pay for severance pay to its employees in the amount of THB 2.88 million. At present, the case is under the Supreme Court's consideration.

5.18.4 The Court of First Instance has rendered a judgment ordering the Company to pay for damages in the amount of THB 42.26 million. At present, the case is under the Court of Appeal and the Supreme Court's consideration.

5.18.5 The Court of First Instance and the Court of Appeal has rendered a judgment ordering the Company to return cash guarantee or fines in the amount of THB 5.07 million. At present, the case is under the Supreme Court's consideration.

5.18.6 The Court of Appeal has rendered a judgment ordering the Company to pay THB 1.59 million. At present, the case is under the Supreme Court's consideration.

5.18.7 The Company had estimated damages and fines and had acknowledged such damages and fines in the financial statement of 2008 in the amount of THB 4,290.17 million. The Company had decreased an amount of the reserve with respect to damages and fines to THB 1,783.19 million, THB 1,042.05 million, THB 695.76 million and THB 372.11 million in the financial statement of 2010, 2011, 2012 and 2013, respectively. In 2013, the Company has further decreased an amount of the reserve for damages and fines totaling THB 75.86 million, leaving the balance of THB 321.20 million.

5.18.8 In the year 2012, the Company had decreased an amount of damages and fines regarding Antitrust cases in the United States of America from USD 41 million to USD 20 million which is only for the Passenger Civil Class Action Case. After that, at the Company's Board of Directors Meeting No.11/2013 dated November 13, 2013, the meeting resolved to approve the settlement in the U.S. Passenger Civil Class Action Case in the range of USD 10 million according to the legal board's opinion. Cravath, Swaine & Moore LLP, the Company's lawyer was then able to negotiate with the plaintiffs about the settlement amount in the amount of USD 9.7 million which is lower than the amount approved by the Board of Directors.

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 of America 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 and second installment of the settlement amount into the escrow account as per the settlement agreement.

In this regard, at the Company's Board of Directors Meeting No.10/2011 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 by applying the current exchange rate of Bank of Thailand at the end of the fiscal year.

Correspondingly, the Department of Legal Affairs and Business Administration has set 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 damages and fines 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 of America, though 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 truth due to:

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. And if such an allegation is filed against the Company, in which locations that such allegation may cover. The turnover amount of such locations which shall be based for calculation of fine or damages is therefore unaware.

4.2 The determination of fines and damages is dependent on the discretion of the deciding body. Other facts of the cases may need to be considered by such deciding body.

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.

5.19 Dividend Payment Separate financial statements

According to the Resolution of the 2014 Annual General Shareholders' Meeting held on April 29, 2014 approved the Company to abstain from dividend payment for 2013 operating result ended December 31, 2013.

5.20 Share Capital

As at December 31, 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.

5.21 Legal Reserve

As at December 31, 2014, the Company's legal reserve balance was THB 2,691.27 million.

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5.22 Other Income - Others

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Gains on sales of assets	27.02	87.77	27.02	87.77
Dividends from associated and subsidiary companies	-	-	346.24	552.16
Revenue from other services of Aircraft Maintenance Department	485.08	598.49	485.08	598.49
Revenue from airport fees collected from passengers	-	630.88	-	630.88
Compensation revenue from the delay delivery of aircraft	7.86	651.85	7.86	651.85
Other fine revenues	110.08	73.23	110.08	73.23
Insurance compensation from the flood disaster	164.70	1,135.09	164.70	1,135.09
Revenue from Royal Orchid Lounge service	100.95	79.16	100.95	79.16
Others	1,723.12	476.66	1,878.56	473.54
Total	2,618.81	3,733.13	3,120.49	4,282.17

5.23 Employee Benefits Expenses

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Personnel expenses	30,223.55	32,146.12	30,098.90	32,146.96
Employee benefits	962.94	858.68	944.60	848.78
Executive remuneration	70.13	79.39	64.90	73.45
Board of directors remuneration	17.59	24.52	14.97	22.79
Total	31,274.21	33,108.71	31,123.37	33,091.98

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

Moreover, the Directors of the Company obtain the ticket benefits. For the year 2014 and 2013, they issued the tickets for themselves and their related parties amount of 153 and 279 tickets with the value of THB 13.41 million and THB 28.18 million, respectively, calculating from the full fare tickets in those traveling classes.

5.24 Impairment Loss of Aircraft Separate Financial Statements

As the Company has phased out 22 aircraft from the fleet and are under the selling process according to Notes 5.5, when comparing the net book value with the fair value less cost to sell, it appears that the fair value less cost to sell is lower than the net book value of 8 A300-600, 4 A340-500, 2 ATR72, 4 B737-400 and 1 B747-400. Therefore, the Company recognized the impairment loss of such aircraft in the statements of comprehensive income for the year 2014, amount of THB 6,196.33 million.

5.25 Other Expenses

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Rentals and utilities	2,880.95	2,796.66	2,880.95	2,796.66
Office supplies	182.62	251.19	182.62	251.19
Repair of building and equipment	690.84	698.12	690.84	698.12
Outsource services	1,295.81	1,458.47	1,295.81	1,458.47
Consultant and service fees	580.26	680.88	580.26	680.88
Legal fee for Antitrust/ Competition Law	59.61	(277.90)	59.61	(277.90)
Computer service expenses	547.98	465.05	547.98	465.05
Rental of communication devices and office equipment	378.20	312.00	378.20	312.00
Travelling and transportation expenses	580.23	592.02	580.23	592.02
Concession fees	398.41	482.19	398.41	482.19
Passenger claim expenses	229.02	266.76	229.02	266.76
Damages from flood disaster	69.96	154.25	69.96	154.25
Provision for disposal and unused spare parts	682.71	720.75	682.71	720.75
Service cargo expenses	144.06	175.42	144.06	175.42
Joint venture expenses in STAR Alliance	112.97	148.66	112.97	148.66
Company business and municipal taxes	176.16	298.60	176.16	298.60
Bad debts and provision for bad debts	293.64	163.57	290.25	158.93
Others	1,542.19	1,315.80	1,382.42	1,232.18
Total	10,845.62	10,702.49	10,682.46	10,614.23

Legal fee for Antitrust/Competition Law is a contingent liability that the Company has to set the reserve for damages and fines with respect to Antitrust laws allegation. In the fiscal year 2014, the Company has decreased the provision for such damages and fines according to Note 5.18.7.

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5.26 Income Tax Expense (Income)

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Tax expense from taxable profit for the period	80.21	99.83	32.93	60.04
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(1,245.05)	(1,029.23)	(1,241.37)	(1,028.08)
Net tax expenses (income)	(1,164.84)	(929.40)	(1,208.44)	(968.04)

5.27 Investment Promotion

The Company received the investment promotion certificates for air transportation operation of aircraft, consisting of passenger and cargo transportation activities, according to the investment promotion certificates as follows :

Investment Promotion Certificates No.	Investment Promotion Certificates Date
1214(2)/2009	March 13, 2009
1874(2)/2009	November 19, 2009
1446(2)/2011	April 21, 2011
1178(2)/2012	February 10, 2012
1627(2)/ 2012	May 22, 2012
2576(2)/2012	October 22, 2012
2577(2)/2012	October 22, 2012
1220(2)/2013	February 13, 2013
1221(2)/2013	February 13, 2013
1590(2)/2013	May 1, 2013
2357(2)/2013	September 27, 2013
2358(2)/2013	September 27, 2013
2360(2)/2013	September 27, 2013
2362(2)/2013	September 27, 2013
2363(2)/2013	September 27, 2013
2364(2)/2013	September 27, 2013
2365(2)/2013	September 27, 2013
2366(2)/2013	September 27, 2013
2367(2)/2013	September 27, 2013

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Under the condition, the Company will receive a privilege for exemption from corporate income tax for the net profit, which operated by such aircraft starting from the date of first revenues derived from the promoted activities, up to 8 years.

Revenues from sales or services classified to the promoted and non-promoted activities for the year ended December 31, 2014 and 2013 are as follows:

	Unit : Million Baht	
	Separate Financial Statements	
	2014	2013
Revenues from sales or services		
Promoted activities	77,083.69	64,920.92
Non-promoted activities	110,696.90	141,054.96
Total revenues from sales or services	187,777.59	205,975.88

5.28 Earnings (Loss) Per Share

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

	Unit : Million Baht/Million Shares			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Profit (loss) attributable to owners of the parent	(15,611.62)	(12,047.37)	(14,896.00)	(13,437.99)
Number of issued ordinary shares as at January 1	2,182.77	2,182.77	2,182.77	2,182.77
Number of weighted average ordinary shares	<u>2,182.77</u>	<u>2,182.77</u>	<u>2,182.77</u>	<u>2,182.77</u>
Basic earnings (loss) per share (THB)	<u>(7.15)</u>	<u>(5.52)</u>	<u>(6.82)</u>	<u>(6.16)</u>

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5.29 Financial Information by Segment Consolidated financial statements

5.29.1 Business segments

**Statements of Income
For the year ended December 31, 2014**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
External Revenues	178,482.49	196,849.66	7,697.14	7,255.91	2,187.98	2,230.67	188,367.61	206,336.24
Inter - segment revenues	-	-	(408.07)	10,331.24	(671.06)	6,195.13	(1,079.13)	16,526.37
Interest income	268.62	510.77	-	-	11.35	4.99	279.97	515.76
Finance costs	(6,073.28)	(6,057.26)	-	-	-	-	(6,073.28)	(6,057.26)
Finance costs - net	(5,804.66)	(5,546.49)	-	-	11.35	4.99	(5,793.31)	(5,541.50)
Depreciation and amortization expenses	(18,952.55)	(18,452.35)	(772.72)	(799.08)	(809.26)	(774.24)	(20,534.53)	(20,025.67)
Fuel and oil	(78,101.94)	(80,525.26)	-	-	(1,129.38)	-	(79,231.32)	(80,525.26)
Employee benefits expenses	(18,420.05)	(19,264.96)	(7,679.56)	(7,977.25)	(5,174.60)	(5,866.50)	(31,274.21)	(33,108.71)
Tax income (expenses)	1,208.44	968.04	-	-	(43.60)	(38.64)	1,164.84	929.40
Profit on investment in associates	77.28	836.09	-	-	-	-	77.28	836.09
Gain (loss) on foreign currency exchange	12,644.84	(3,897.22)	-	-	(21.89)	2.57	12,622.95	(3,894.65)
Impairment loss of aircraft	(6,342.58)	(5,426.20)	-	-	-	-	(6,342.58)	(5,426.20)
Gain on Disposal of the Controlling Interest	-	298.16	-	-	-	-	-	298.16
Gain on deemed disposal	-	722.30	-	-	-	-	-	722.30
Gain (loss) by segments	(3,258.19)	(15,910.63)	(7,448.56)	2,261.87	(6,030.64)	719.41	(16,737.39)	(12,929.35)

**Assets and Liabilities
As at December 31, 2014**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current assets	54,615.59	53,927.76	603.99	756.56	4,999.65	1,266.18	60,219.23	55,950.50
Investments	4,851.06	5,060.47	-	-	1.02	51.08	4,852.08	5,111.55
Property, plant and equipment	215,510.01	222,732.50	4,802.08	5,268.08	3,709.36	3,448.15	224,021.45	231,448.73
Other non-current assets	14,041.80	11,997.27	1.54	3.31	65.45	38.94	14,108.79	12,039.52
Non-allocated assets	-	-	-	-	-	-	4,065.63	2,534.43
Total assets							307,267.18	307,084.73
Current liabilities	96,252.69	79,589.35	234.67	860.61	4,403.09	637.70	100,890.45	81,087.66
Non-current liabilities	163,805.62	167,740.77	-	11.66	56.52	44.99	163,862.14	167,797.42
Non-allocated liabilities	-	-	-	-	-	-	1,218.66	1,280.92
Total Liabilities							265,971.25	250,166.00

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The Company has 3 reported segments, consisting of air transportation activities segment, business units segment, and other activities segment. Air transportation activities segment composed of passenger, freight, and mail services. The business units 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 by segments was derived from 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.

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5.29.2 Geographical Segments

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		
For the year															
Jan-Dec 2014	10,127.77	7,697.14	2,187.98	90,381.98	54,880.47	2,770.42	17,164.07	1,150.14	2,007.64	279.97	2,618.82	-	-	12,622.95	203,889.35
Jan-Dec 2013	14,964.78	7,255.91	2,230.67	98,160.44	56,427.52	3,427.96	20,344.19	1,402.88	2,121.89	515.76	3,733.13	722.30	298.16	(3,894.65)	207,710.94

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

5.30 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 1,271.83 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).

5.31 Contingent Liabilities

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

	Unit : Million Baht	
	<u>2014</u>	<u>2013</u>
Letters of guarantee issued by banks - Domestic	37.24	231.09
Letters of guarantee issued by banks - Abroad	357.37	457.22
The Company as defendant in		
Labor dispute cases	1,321.01	1,299.87
Damage claims cases	<u>2,247.42</u>	<u>2,588.15</u>
Total	<u>3,963.04</u>	<u>4,576.33</u>

5.31.2 There are antitrust cases which have been filed alleged and conducted a criminal investigation against the Company as follows:

1. Regarding a Passenger US DOJ Investigation conducted by the United States' Department of Justice (DOJ), it can be divided into 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: The Company has not been contacted by DOJ and therefore it is assumed that DOJ should terminate 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 has subsequently filed a lawsuit against the Company for violating Trade Practices Act 1974. The amount of fines and expenses has not yet been specified by the ACCC in the lawsuit.

At present, the Company has already entered into a settlement with ACCC in order to pay a fine in the amount of AUD 7.5 million including the legal fees of ACCC in the amount of AUD 0.5 million, the total amount is AUD 8 million. On December 14, 2012, the court rendered a judgment as per the settlement agreed between the Company and ACCC. The Company can pay the fine by 7 installments within 3 years period.

The Company has already paid for the fine of the first to the fifth 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. And to pay litigation expenses in the court of appeal and the supreme court procedures to KFTC in the amount of KRW 36,611,290 or around THB 1.13 million of which the Company has recognized as expenses in the third quarter of year 2014 already. Nonetheless, the Company has already paid the fine for both routes pursuant to the decision of KFTC when appealing to the court.

4. As for the case involving the New Zealand Commerce Commission (NZCC)

NZCC had filed a lawsuit against the Company and other 13 airlines at the Auckland High Court and alleging that the Company, jointly with other airlines, fixed the fuel surcharge and security surcharge, 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, these fine and expenses remained unspecified at the time of filing the lawsuit.

At present, the Company has already entered into a settlement with NZCC. On April 22, 2013, the court in New Zealand rendered a judgment as per the settlement agreed between the Company and NZCC. The Company was allowed by the court to pay the fine in the amount of NZD 2.7 million and pay the legal fess of NZCC in the amount of NZD 259,079.18, the total amount is NZD 2,959,079.18 by 4 installments within 18 months period.

The Company has already paid for the fine of all installments as per the settlement agreement.

5. For the case where lawsuits were filed against the Company at the Superior Court of Los Angeles and the San Francisco County Superior Court alleging that the Company had violated the Antitrust law of the United States by committing fares and surcharges fixing conspiracy. Presently, the Judicial Panel on Multi-district Litigation has ordered to combine the cases to be considered by the court at San Francisco as a single case, however, the disputed amount of claims has not yet been determined until the court makes a final decision that the Company is guilty.

At present, the Company has agreed to settle with the plaintiffs in the amount of USD 9.7 million including expenses for delivery of notice to class action members and legal fees of the plaintiffs' lawyers. The Company can pay for the settlement amount by 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. The Company's lawyer expected that there will be a hearing and the Court will render a judgment as per the settlement agreement within the next 6-8 months. With respect to the payment of the settlement amount according to the settlement agreement, the payment shall be made to 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 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 and second installment of the settlement amount into the escrow account as per the settlement agreement.

6. 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.

7. 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 informed that 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.

8. 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.

5.32 Actions Taken in Relation to 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.

On June 12, 2014, Southern Air Inc.,(SAI) filed civil law suit case against the Company claiming damages for the breach of the Block Space Agreement. SKADDEN, ARPS, SLATE, MEAGHER & FLOM, the law firm representing the Company has filed a motion to dismiss the case on September 12, 2014. The case is now under the process of the court.

5.33 Actions Taken in Relation to 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 A330-300, A380-800 and B777-300 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 12, 2015.

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5.34 Disclosure of Financial Instruments Separate financial statements

5.34.1 Interest rate risk

Interest rate risk in financial statements arises from changes in market interest rates which have an effect on the Company's operating results at present and in the future.

The following tables show weighted average interest rates and the amount of financial liabilities.

2014**Unit : Million Baht**

Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates			Outstanding Balances Fixed Interest Rates			Total
		Less than 1 year	1 to 5 years	Over 5 years	Less than 1 year	1 to 5 years	Over 5 years	
By currency								
USD	2.18	165.74	700.64	1,385.32	-	-	-	2,251.70
JPY	1.17	1,675.61	4,023.06	4,156.90	-	-	-	9,855.57
EUR	1.59	7,797.69	27,973.04	21,346.75	2,214.96	6,437.35	14,180.95	79,950.74
THB	4.30	30,123.47	21,366.07	3,704.62	3,000.00	26,080.00	15,520.00	99,794.16
Total		39,762.51	54,062.81	30,593.59	5,214.96	32,517.35	29,700.95	191,852.17

2013**Unit : Million Baht**

Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates			Outstanding Balances Fixed Interest Rates			Total
		Less than 1 year	1 to 5 years	Over 5 years	Less than 1 year	1 to 5 years	Over 5 years	
By currency								
USD	-	-	-	-	-	-	-	-
JPY	1.17	1,893.41	5,346.84	5,911.55	-	-	-	13,151.80
EUR	1.83	7,321.63	28,916.64	20,046.29	2,463.62	8,268.16	17,375.52	84,391.86
THB	4.42	9,401.47	28,334.16	-	3,720.00	20,550.00	16,850.00	78,855.63
Total		18,616.51	62,597.64	25,957.84	6,183.62	28,818.16	34,225.52	176,399.29

For Interest Rate Risk Management policy, the Company applies a derivative financial instrument, Interest Rate Swap (IRS), to swap the floating interest rates which show high tendency to increase to fixed. As at December 31, 2014, the portion of the Company's debt after swap with floating to fixed interest rate is 50 : 50.

At the moment, the Company has the total of 10 IRS transactions, swapping debt with floating interest rate to fixed interest rate. Seven of these transactions are in EUR and three transactions in THB. As at December 31, 2014, IRS transactions' total notional amount was THB 15,314.87 million of which interest exchange payments are done monthly and quarterly. The three transactions in EUR currency will expire in 2017 and the other four transactions in EUR currency will expire in 2018. One transaction in THB currency will expire in 2016 and two transactions in THB currency will expire in 2017.

5.34.2 Foreign Currency Exchange Rate Risk

The Company generates revenues in THB and more than 50 currencies, mainly in USD, THB, EUR and JPY while incurring liabilities mainly in 4 major currencies : USD, EUR, THB and JPY as well as expenses mainly in USD and THB. Fluctuations in exchange rates affect on long-term liabilities and operating expenses denominated in foreign currencies. Therefore, the Company has adopted “Natural Hedging” strategy to manage this risk by increasing the matching of currency between the revenues and expenses and to arrange for loan and restructure loan to coincide with net operating cash flow, and at the same time, to decrease foreign currency debt risk partially by relying on Thai baht loan in order to decrease the fluctuation of gain or loss from foreign exchange in the financial statements. In addition, the Company has a policy to enter into Cross Currency Swap (CCS) when the financial market benefits to the Company. As at December 31, 2014, the proportion of the Company’s debts after swap in each currency i.e. USD : EUR : JPY : THB = 1 : 56 : 6 : 37. Gradually, the Company also used hedging strategy named Forward Contracts, by providing various degrees of participation in favorable currency exchange rate movement to hedge the future obligation that has underlying exposures.

At present, the Company has 8 CCS transactions which are swapping debt in THB currency to EUR currency with fixed interest rate, with notional amount as at December 31, 2014, of EUR 351.12 million, or equivalent to THB 14,169.37 million of which payments, both principal and interest, are done every 3 and 6 months. These 8 transactions will terminate between the year 2015 and 2024.

Unit : Million Baht						
Foreign Currency Liabilities						
<u>Currency</u>	<u>2014</u>			<u>2013</u>		
	<u>Due within 1 year</u>	<u>Due 1 to 5 years</u>	<u>Due over 5 years</u>	<u>Due within 1 year</u>	<u>Due 1 to 5 years</u>	<u>Due over 5 years</u>
USD	165.74	700.64	1,385.32	-	-	-
JPY	1,675.61	4,023.06	4,156.90	1,893.41	5,346.84	5,911.55
EUR	10,012.65	34,410.39	35,527.70	9,785.25	37,184.80	37,421.81

5.34.3 Fuel Price Risk

Fuel price fluctuation depends on supply and demand of global economic situation and political uncertainty worldwide. Fuel price has direct impact on the Company’s operating result as fuel plays vital factor in airline industry. The Company has implemented jet fuel price hedging in order to reduce the risk of fuel price volatility, to protect the value of the Company for shareholders and all concerned and is not to be treated as a profit-marking venture.

(TRANSLATION)

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This was in accordance with the Company's policy, specifying that fuel hedging be conducted on a regular basis at not lower than 20 percent and not more than 80 percent of annual fuel consumption. Whereby the tenor of each contract would be for a period of not more than 18 months. The Company selected a financial tool that was suitable for the market situation by establishing the lowest and highest prices of jet fuel, whereby the Company would incur the difference in USD currency, should the price of jet fuel falls below the lowest price. On the contrary, the Company would be compensated should the price of jet fuel rises higher than the highest price. In this fiscal year 2014, the Company's hedge portion account to 63 percent of its annual fuel consumption and as at December 31, 2014, the Company still has an obligation from fuel price hedging until December 2015 amount of 14,400,000 barrels of Jet fuel. Also, in the first, second, third and forth quarter of the year 2015, the Company's hedge portion account to 66, 75, 80 and 80 percent, respectively.

5.34.4 Fair Value of Financial Instruments

Fair value is the amount for which the buyer and the seller agree to exchange an asset, or settle a liability, while both parties are knowledgeable, willing, independent with the freedom to bargain.

The methods and assumptions that the Company uses to estimate the fair value of assets and liabilities are as follows:

Cash and cash equivalents, trade payables, loans, and accrued expenses are stated at the carrying value.

Other investments are stated at net book value net of allowance of impairment. Investments in marketable equity securities are stated at market value.

Trade receivables are stated at net book value net of allowances for doubtful accounts.

Financial derivative transaction is a fair value derived from value adjustment of contract between the Company and the bank with market price as at the report release date to more currently reflect the value of the contract.

5.35 Contractual Obligations

5.35.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase, 3 A320-200, 4 A350-900XWB, and 3 B777-300ER aircraft amount of THB 33,527.59 million, expected to take delivery during the year 2015-2018 which consisted of:

Obligation	Unit : Million Baht	
	Within 1 year	Over 1 year – 5 years
Purchase of aircraft	14,064.17	19,463.42

(TRANSLATION)

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5.35.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 46 aircraft amount of USD 4,582.66 million or approximately to THB 151,746.58 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. As at December 31, 2014, there are 34 aircraft which have been already taken the delivery, including 2 B787-2 delivered in the forth quarter 2014 with the lease term of 12 years . In addition, there are the 12 aircraft which have not been taken deliver yet.

Also, there are 3, 8 and 35 aircraft which the lease will expire in 2015, 2016 - 2019 and 2020 - 2030, respectively.

Lease obligation for 46 aircraft operating leases can be classified as follows:

Unit : Million Baht			
Obligation	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	8,241.92	47,205.14	96,299.52

5.36 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 two Airbus A300-600 aircraft, consumable parts and supplies of Technical Department, tool repairment of Technical Department and raw material of Catering. As at December 31, 2014, the Company received the insurance compensation amount of THB 1,759.02 million. The Company recognized the insurance compensation from the flood disaster as an income amount of THB 1,759.02 million. Such compensation has been recognized in the statements of comprehensive income for the year 2011, 2012, 2013 and 2014 at the amount of THB 175 million, THB 284.23 million, THB 1,135.09 million and THB 164.70 million, respectively. However, all the damaged assets which are covered by the insurance policy are under claiming process with the insurance company.

5.37 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 Company and Insurers' Loss Adjusters work together on the assessment for costs and expenses related to the repair of the aircraft. The manufacturer of the aircraft, Airbus Industries, is also engaged for "Full Repair Assessment" and it comes to the conclusion that the repair costs and expenses is higher than the insured value of the aircraft. Therefore, this case is considered to be "Constructive Total Loss (CTL)" under terms and conditions of the Company's aviation insurance policy. As the consequence of the above, the Company already received USD 33.24 million or approximately THB 1,077.56 million as insurance compensation from insurers, THB 9.72 million paid in January, 2015.

Till date, the Company has received more than 30 claims from Thai and Chinese passengers including claims from Airport Authority of Thailand Public Company Limited. 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.

5.38 Events after the Reporting Period

5.38.1 On January 7, 2015, the Company paid for repayment of Bill of Exchange amount of THB 3,000 million.

5.38.2 On January 9, 2015, the Company has issued 6 month Bill of Exchange amount of THB 700,000,000 which was offered to institution investors and/ or high net worth investors. The Company has already received the proceeds from issuing Bill of Exchange.

5.38.3 On January 20, 2015, the Company has been already taken the delivery of 1 B777-300ER and 1 A320-200. Such aircraft was acquired by the finance leases method. The aircraft was used as collateral with the lease term of 12 years.

5.38.4 On January 29, 2015, the Company has delivered 1 B747-400, which is aircraft under non-current assets classified as held for sale to the buyer.

5.38.5 On January 30, 2015 and February 17, 2015, the Company paid for repayment of short-term borrowings amount of THB 3,000 million.

5.39 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on February 20, 2015.
