

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

TO: THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has reviewed the accompanying consolidated and separate statements of financial position as at September 30, 2015, the related consolidated and separate statements of comprehensive income for the three-month and nine-month period ended September 30, 2015, statements of changes in shareholders' equity and statements of cash flows for the nine-month period ended September 30, 2015 and condensed notes to interim financial statements of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of the Review

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

Conclusion

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

Office of the Auditor General

Empasis of Matters

The Office of the Auditor General of Thailand would like to draw attention to Note 5 to financial statements regarding the implementation of the transformation plan of Thai Airways International Public Company Limited. The Office of the Auditor General of Thailand is not qualified in respect of this matter.

(Signed)

Poungchomnad Jariyajinda
(Poungchomnad Jariyajinda)
Deputy Auditor General

(Signed)

Nipaporn Punyanon
(Nipaporn Punyanon)
Director of Amnatcharoen Provincial Audit Office
Acting Director of Financial Audit Office No.4

Office of the Auditor General

November 9, 2015

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2015

Unit : Baht

	Notes	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
		<u>SEPTEMBER 30, 2015</u>	<u>DECEMBER 31, 2014</u>	<u>SEPTEMBER 30, 2015</u>	<u>DECEMBER 31, 2014</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
Current Assets					
Cash and cash equivalents	7.1	28,251,338,678	23,346,551,299	26,982,015,951	22,605,700,442
Temporary investments		110,000,000	120,000,000	-	-
Trade receivables	7.2	12,058,704,783	12,693,156,288	11,242,815,348	12,421,448,355
Prepaid expenses and deposits		9,356,376,251	8,973,291,938	9,488,384,544	9,247,752,662
Inventories and supplies		5,860,793,597	6,394,407,798	5,827,690,857	6,390,435,351
Other current assets	7.3	8,178,982,207	7,931,830,092	15,161,820,785	11,118,182,978
Non-current assets classified as held for sale	7.4	13,562,122,064	4,825,624,336	13,562,122,064	4,825,624,336
Total Current Assets		<u>77,378,317,580</u>	<u>64,284,861,751</u>	<u>82,264,849,549</u>	<u>66,609,144,124</u>
Non-Current Assets					
Investments in associates	7.5.1	4,720,422,674	4,771,142,799	1,083,520,500	1,083,520,500
Investments in subsidiaries	7.5.1	-	-	810,209,893	810,209,893
Other long-term investments	7.5.2	76,639,084	80,940,004	73,503,884	80,940,004
Property, plant and equipment	7.7	202,542,425,105	224,021,451,558	202,527,664,241	224,013,693,009
Intangible assets	7.8	990,463,949	1,263,035,882	954,184,285	1,233,074,265
Deferred tax assets	7.9.1	8,853,628,458	7,008,807,127	8,833,143,657	6,991,941,202
Other non-current assets	7.10	5,873,628,572	5,836,938,847	5,868,714,440	5,831,235,015
Total Non-Current Assets		<u>223,057,207,842</u>	<u>242,982,316,217</u>	<u>220,150,940,900</u>	<u>240,044,613,888</u>
Total Assets		<u><u>300,435,525,422</u></u>	<u><u>307,267,177,968</u></u>	<u><u>302,415,790,449</u></u>	<u><u>306,653,758,012</u></u>

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2015

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>SEPTEMBER 30, 2015</u>	<u>DECEMBER 31, 2014</u>	<u>SEPTEMBER 30, 2015</u>	<u>DECEMBER 31, 2014</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables		4,624,209,317	4,874,561,680	4,451,884,209	4,856,382,197
Accrued expenses		19,094,117,592	20,762,483,571	24,045,895,856	24,095,946,587
Current portion of long-term liabilities					
Long-term borrowings from financial institutions		8,020,785,174	7,471,449,581	8,020,785,174	7,471,449,581
Long-term borrowings from related parties	7.6.1.2	139,000,000	568,000,000	139,000,000	568,000,000
Liabilities under finance leases		10,091,594,267	10,638,027,281	10,091,594,267	10,638,027,281
Debentures		2,300,000,000	3,000,000,000	2,300,000,000	3,000,000,000
Short-term borrowings from financial institutions		6,000,000,000	13,300,000,000	6,000,000,000	13,300,000,000
Short-term borrowings from related parties	7.6.1.1	12,480,160,000	10,000,000,000	12,480,160,000	10,000,000,000
Short-term provisions		279,659,614	135,235,892	-	-
Income tax payable		-	10,420,267	-	-
Other current liabilities					
Accrued dividends		54,869,347	54,901,142	54,739,464	54,809,341
Unearned transportation revenues		25,472,651,455	22,602,110,933	25,142,269,974	22,452,816,806
Others		11,727,861,251	8,691,920,949	11,449,470,575	8,549,157,255
Total Current Liabilities		100,284,908,017	102,109,111,296	104,175,799,519	104,986,589,048
Non-Current Liabilities					
Long-term liabilities					
Long-term borrowings from financial institutions		22,698,201,916	28,414,617,915	22,698,201,916	28,414,617,915
Long-term borrowings from related parties	7.6.1.2	15,819,046,158	15,471,246,741	15,819,046,158	15,471,246,741
Liabilities under finance leases		69,437,915,189	61,388,824,147	69,437,915,189	61,388,824,147
Debentures		54,300,000,000	41,600,000,000	54,300,000,000	41,600,000,000
Deferred tax liabilities	7.9.2	138,912,930	127,934,346	138,912,930	127,934,346
Staff pension fund	7.11	4,608,854,531	4,763,145,821	4,608,854,531	4,763,145,821
Employee benefit obligations	7.12	12,239,591,475	11,508,912,107	12,168,889,373	11,456,349,347
Long-term provisions		549,692,403	412,959,915	547,251,599	410,519,111
Other non-current liabilities		171,984,768	174,493,302	170,914,738	172,982,273
Total Non-Current Liabilities		179,964,199,370	163,862,134,294	179,889,986,434	163,805,619,701
Total Liabilities		280,249,107,387	265,971,245,590	284,065,785,953	268,792,208,749
Shareholders' Equity					
Share capital	7.13				
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	25,545,316,308	25,545,316,308	25,545,316,308
Retained earnings					
Appropriated					
Legal reserve		2,691,275,568	2,691,275,568	2,691,275,568	2,691,275,568
Unappropriated		(26,968,002,049)	(8,849,195,269)	(28,736,294,260)	(12,202,761,783)
Other component of equity		(2,978,012,290)	-	(2,978,012,290)	-
Total Company Shareholders' Equity		20,118,296,707	41,215,115,777	18,350,004,496	37,861,549,263
Non-controlling Interests		68,121,328	80,816,601	-	-
Total Shareholders' Equity		20,186,418,035	41,295,932,378	18,350,004,496	37,861,549,263
Total Liabilities and Shareholders' Equity		300,435,525,422	307,267,177,968	302,415,790,449	306,653,758,012

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

(Signed) *Charamporn Jotikasthira*
(Charamporn Jotikasthira)
President

(Signed) *Narongchai Wongthanavimok*
(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2015	2014	2015	2014
Revenues					
Revenues from Sales or Revenues from Services					
Passenger and excess baggage		36,638,551,962	37,903,006,347	35,454,950,706	37,903,006,347
Freight		4,268,292,200	5,246,768,174	4,268,292,200	5,246,768,174
Mail		103,281,326	192,975,258	103,281,326	192,975,258
Other activities		2,823,530,503	2,483,093,545	3,052,078,858	2,578,362,494
Total Revenues from Sales or Revenues from Services		43,833,655,991	45,825,843,324	42,878,603,090	45,921,112,273
Other Income					
Interest income		77,228,695	69,166,229	75,801,275	67,244,891
Gains (Loss) on foreign currency exchange		(4,531,554,554)	7,379,563,474	(4,359,968,126)	7,385,858,462
Other income - Others	7.14	507,775,833	544,518,274	596,616,491	594,909,076
Total Other Income		(3,946,550,026)	7,993,247,977	(3,687,550,360)	8,048,012,429
Total Revenues		39,887,105,965	53,819,091,301	39,191,052,730	53,969,124,702
Expenses					
Fuel and oil		16,363,875,468	19,479,099,776	15,972,664,707	19,122,166,232
Employee benefit expenses	7.15	7,166,928,367	7,278,569,961	7,043,338,603	7,258,551,808
Flight service expenses		5,074,771,359	5,038,383,707	4,939,769,788	4,880,956,311
Crew expenses		1,310,522,625	1,468,834,389	1,252,096,655	1,448,035,522
Aircraft maintenance and overhaul costs		3,130,224,608	3,174,183,624	3,017,470,531	2,944,101,177
Depreciation and amortisation expenses		4,671,544,217	5,146,036,738	4,663,978,316	5,145,106,847
Lease of aircraft and spare parts		2,435,946,645	1,657,958,560	2,057,441,382	2,603,651,223
Inventories and supplies		1,831,456,202	1,969,758,520	1,771,998,748	1,933,091,619
Selling and advertising expenses		2,466,490,098	2,285,558,530	2,383,747,355	2,257,033,946
Insurance expenses		157,670,483	112,514,751	148,445,941	112,514,751
Impairment loss of assets		99,273,593	89,506,243	99,273,593	89,506,243
Impairment loss of aircraft	7.17	-	1,131,079,434	-	1,131,079,434
Other expenses	7.18	2,441,629,803	2,488,762,285	2,373,566,263	2,457,938,518
Finance costs		1,530,353,925	1,472,353,029	1,530,353,925	1,472,353,029
Share of loss of associates		76,625,861	104,918,213	-	-
Total Expenses		48,757,313,254	52,897,517,760	47,254,145,807	52,856,086,660
Profit (Loss) before Income Tax Expense		(8,870,207,289)	921,573,541	(8,063,093,077)	1,113,038,042
Income tax expense (income)	7.19	1,024,199,771	(174,960,589)	1,018,708,075	(187,572,830)
Profit (Loss) for the Period		(9,894,407,060)	1,096,534,130	(9,081,801,152)	1,300,610,872
Other Comprehensive Income					
Effective portion of changes in fair value of cash flow hedges		(2,256,041,446)	-	(2,256,041,446)	-
Income tax relating to components of other comprehensive income		451,208,289	-	451,208,289	-
Other Comprehensive Income for the Year - Net of Tax		(1,804,833,157)	-	(1,804,833,157)	-
Total Comprehensive Income for the Period		(11,699,240,217)	1,096,534,130	(10,886,634,309)	1,300,610,872
Profit (Loss) Attributable to:					
Owners of the Parent		(9,900,871,694)	1,085,733,639	(9,081,801,152)	1,300,610,872
Non-controlling interests		6,464,634	10,800,491	-	-
		(9,894,407,060)	1,096,534,130	(9,081,801,152)	1,300,610,872
Total Comprehensive Income Attributable to:					
Owners of the Parent		(11,705,704,851)	1,085,733,639	(10,886,634,309)	1,300,610,872
Non-controlling interests		6,464,634	10,800,491	-	-
		(11,699,240,217)	1,096,534,130	(10,886,634,309)	1,300,610,872
Earning (Loss) per Share					
Basic earning (loss) per share	7.20	(4.54)	0.50	(4.16)	0.60

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

(Signed) *Charamporn Jotikasthira*
(Charamporn Jotikasthira)
President

(Signed) *Narongchai Wongthanavimok*
(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2015	2014	2015	2014
Revenues					
Revenues from Sales or Revenues from Services					
Passenger and excess baggage		114,204,844,906	113,484,917,808	110,918,476,675	113,484,917,808
Freight		13,350,777,252	16,927,253,157	13,350,777,252	16,927,253,157
Mail		394,939,645	595,718,203	394,939,645	595,718,203
Other activities		8,461,496,793	7,117,879,805	9,077,097,401	7,166,475,881
Total Revenues from Sales or Revenues from Services		136,412,058,596	138,125,768,973	133,741,290,973	138,174,365,049
Other Income					
Interest income		249,969,684	202,477,355	242,284,996	194,971,828
Gains on foreign currency exchange		1,443,402,523	9,378,034,665	1,649,122,311	9,383,827,274
Other income - Others	7.14	1,302,725,028	1,518,732,190	1,645,168,283	1,881,484,145
Total Other Income		2,996,097,235	11,099,244,210	3,536,575,590	11,460,283,247
Total Revenues		139,408,155,831	149,225,013,183	137,277,866,563	149,634,648,296
Expenses					
Fuel and oil		45,777,844,266	58,938,449,183	44,706,045,636	58,280,696,216
Employee benefit expenses	7.15	22,260,092,791	22,721,931,797	22,006,901,276	22,636,725,037
Termination benefit - Mutual Separation Plan	7.16	3,721,779,884	-	3,721,779,884	-
Flight service expenses		15,173,763,204	15,839,929,888	14,897,876,359	15,549,500,600
Crew expenses		3,982,441,833	4,395,859,347	3,828,305,235	4,352,098,262
Aircraft maintenance and overhaul costs		9,906,613,241	9,586,726,132	9,439,444,139	9,193,958,838
Depreciation and amortisation expenses		14,395,478,567	15,403,171,486	14,385,360,193	15,400,215,562
Lease of aircraft and spare parts		6,608,516,229	4,578,235,055	5,660,337,294	6,235,064,582
Inventories and supplies		5,851,237,496	6,066,688,369	5,698,426,858	6,014,081,975
Selling and advertising expenses		7,041,986,957	6,215,941,510	6,817,745,710	6,142,512,184
Insurance expenses		462,699,508	350,589,477	435,707,123	350,589,477
Impairment loss of assets		212,852,100	225,372,412	212,852,100	225,372,412
Impairment loss of aircraft	7.17	12,116,754,633	2,293,900,483	12,116,754,633	2,293,900,483
Other expenses	7.18	6,697,263,465	7,430,788,228	6,509,567,767	7,342,914,981
Finance costs		4,438,559,221	4,547,629,778	4,438,559,221	4,547,629,778
Share of profit of associates		(95,031,961)	(5,359,428)	-	-
Total Expenses		158,552,851,434	158,589,853,717	154,875,663,428	158,565,260,387
Loss before Income Tax Expense		(19,144,695,603)	(9,364,840,534)	(17,597,796,865)	(8,930,612,091)
Income tax expense (income)	7.19	(1,044,987,233)	(187,598,837)	(1,064,264,388)	(219,698,185)
Loss for the Period		(18,099,708,370)	(9,177,241,697)	(16,533,532,477)	(8,710,913,906)
Other Comprehensive Income					
Effective portion of changes in fair value of cash flow hedges		(3,722,515,362)	-	(3,722,515,362)	-
Income tax relating to components of other comprehensive income		744,503,072	-	744,503,072	-
Other Comprehensive Income for the Year - Net of Tax		(2,978,012,290)	-	(2,978,012,290)	-
Total Comprehensive Income for the Period		(21,077,720,660)	(9,177,241,697)	(19,511,544,767)	(8,710,913,906)
Profit (Loss) Attributable to:					
Owners of the Parent		(18,118,806,780)	(9,210,727,874)	(16,533,532,477)	(8,710,913,906)
Non-controlling interests		19,098,410	33,486,177	-	-
		(18,099,708,370)	(9,177,241,697)	(16,533,532,477)	(8,710,913,906)
Total Comprehensive Income Attributable to:					
Owners of the Parent		(21,096,819,070)	(9,210,727,874)	(19,511,544,767)	(8,710,913,906)
Non-controlling interests		19,098,410	33,486,177	-	-
		(21,077,720,660)	(9,177,241,697)	(19,511,544,767)	(8,710,913,906)
Loss per Share	7.20				
Basic loss per share		(8.30)	(4.22)	(7.57)	(3.99)

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

(Signed) *Charamporn Jotikasthira*
(Charamporn Jotikasthira)
President

(Signed) *Narongchai Wongthanavimok*
(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS									
	Owners of the parent								Non-controlling Interests	Total Shareholders' Equity
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings	Other Components of Equity				Total Owners of the Parent		
				Other Comprehensive Income						
Effective portion of changes in fair value of cash flow hedges				Actuarial Gains on Employee Benefit Obligations	Income Tax Relating to Components of Other Comprehensive Income	Total Other Components of Equity				
Balance brought forward 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 Adjustment of share offering expense	-	-	-	-	-	-	-	-	(68,600)	(68,600)
Less Dividends paid to cumulative preferred shares	-	(2,907,643)	-	-	-	-	-	(2,907,643)	-	(2,907,643)
Add Total comprehensive income (loss) for the period	-	-	(9,210,727,874)	-	-	-	-	(9,210,727,874)	33,486,177	(9,177,241,697)
Balance carry forward as at September 30, 2014	21,827,719,170	25,545,316,308	242,973,218	-	-	-	-	47,616,008,696	75,262,436	47,691,271,132
Balance brought forward as at January 1, 2015	21,827,719,170	25,545,316,308	(6,157,919,701)	-	-	-	-	41,215,115,777	80,816,601	41,295,932,378
Changes in Shareholders' Equity										
Less Dividends paid	-	-	-	-	-	-	-	-	(31,725,000)	(31,725,000)
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	(68,683)	(68,683)
Add Total comprehensive income (loss) for the period	-	-	(18,118,806,780)	(3,722,515,362)	-	744,503,072	(2,978,012,290)	(21,096,819,070)	19,098,410	(21,077,720,660)
Balance carry forward as at September 30, 2015	21,827,719,170	25,545,316,308	(24,276,726,481)	(3,722,515,362)	-	744,503,072	(2,978,012,290)	20,118,296,707	68,121,328	20,186,418,035

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

(Signed) *Charnporn Jotikasthira*
(Charnporn Jotikasthira)
President

(Signed) *Narongchai Wongthanavimok*
(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

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				
				Effective portion of changes in fair value of cash flow hedges	Actuarial Gains on Employee Benefit Obligations	Income Tax Relating to Components of Other Comprehensive Income	Total Other Components of Equity	
Balance brought forward 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
Changes in Shareholders' Equity								
Reclassification								
Actuarial gains on employee benefit and income tax	-	-	1,046,340,527	-	(1,307,925,659)	261,585,132	(1,046,340,527)	-
<u>Add</u> Adjustment of share offering expense	-	(2,907,643)	-	-	-	-	-	(2,907,643)
<u>Less</u> Total comprehensive income (loss) for the period	-	-	(8,710,913,906)	-	-	-	-	(8,710,913,906)
Balance carry forward as at September 30, 2014	21,827,719,170	25,545,316,308	(3,326,398,936)	-	-	-	-	44,046,636,542
Balance brought forward as at January 1, 2015	21,827,719,170	25,545,316,308	(9,511,486,215)	-	-	-	-	37,861,549,263
Changes in Shareholders' Equity								
<u>Less</u> Total comprehensive income (loss) for the period	-	-	16,533,532,477	(3,722,515,362)	-	744,503,072	(2,978,012,290)	(19,511,544,767)
Balance carry forward as at September 30, 2015	21,827,719,170	25,545,316,308	(26,045,018,692)	(3,722,515,362)	-	744,503,072	(2,978,012,290)	18,350,004,496

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

(Signed) *Charnporn Jotikasthira*
(Charnporn Jotikasthira)
President

(Signed) *Narongchai Wongthanavimok*
(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities				
Loss before income tax expenses	(19,144,695,603)	(9,364,840,534)	(17,597,796,865)	(8,930,612,091)
Adjustment to reconcile (loss) before income tax expense to cash received (paid) from operating activities :				
Depreciation and amortisation expenses	14,395,478,567	15,403,171,486	14,385,360,193	15,400,215,562
Aircraft lease fee	133,193,066	108,042,790	133,193,066	108,042,790
Dividends received	(570,602)	(576,100)	(185,097,689)	(346,817,666)
Share of profits of investments by equity method	(95,031,961)	(5,359,428)	-	-
Interest income	(249,969,684)	(202,477,355)	(242,284,996)	(194,971,828)
Interest expenses	4,438,559,221	4,547,629,778	4,438,559,221	4,547,629,778
Gains on sales of assets	(65,406,431)	(15,318,401)	(65,406,431)	(14,925,842)
Loss on sales of aircraft	67,612,948	82,151,560	67,612,948	82,151,560
Gains on reversal of current liabilities in prior period	(1,584,386)	-	-	-
Gains on foreign currency exchange	(430,915,016)	(8,001,050,531)	(642,916,525)	(8,006,676,385)
Employee benefit obligations	730,679,368	712,583,923	712,540,026	698,668,143
Provision for obsolete inventories and supplies	411,766,591	584,079,888	411,766,591	584,079,888
Doubtful accounts	(196,275,151)	151,427,452	(197,345,247)	151,170,935
Impairment loss of aircraft	12,116,754,633	2,293,900,483	12,116,754,633	2,293,900,483
Impairment loss of assets	212,852,100	225,372,412	212,852,100	225,372,412
Operating profits before changes in operating assets and liabilities	12,322,447,660	6,518,737,423	13,547,791,025	6,597,227,739
Decrease (increase) in operating assets :				
Trade receivables	650,910,022	645,102,338	1,195,084,459	646,555,385
Inventories and supplies	121,847,609	(479,889,501)	150,977,902	(479,889,501)
Prepaid expenses and deposits	412,511,968	(59,464,547)	554,964,400	41,881,985
Tax refund	246,995,391	(6,757,317)	246,995,391	(6,757,317)
Other current assets	(141,276,377)	392,031,183	(3,943,440,875)	(1,231,349,094)
Assets for sales	(62,148,244)	(2,296,569,969)	(62,148,244)	(2,296,569,969)
Other assets	171,154,933	263,564,732	170,368,136	263,574,702
Deferred charges	(797,027,827)	(1,147,983,779)	(797,027,827)	(1,147,983,779)
Increase (decrease) in operating liabilities :				
Trade payables	(1,582,277,275)	(525,414,278)	(1,529,242,234)	(522,397,909)
Accrued expenses and other current liabilities	1,706,697,522	(4,218,168,754)	3,192,486,155	(2,821,949,645)
Staff pension fund	(154,291,290)	143,168,599	(154,291,290)	143,168,599
Unearned transportation revenues	2,884,411,408	1,350,048,901	2,703,324,055	1,350,048,901
Other non-current liabilities	240,617,876	173,367,578	97,896,647	(93,827,772)
Proceeds from operations	16,020,573,376	751,772,609	15,373,737,700	441,732,325
Payment of income tax	(219,074,660)	(221,841,129)	(180,237,308)	(178,900,892)
Net Cash provided by Operating Activities	15,801,498,716	529,931,480	15,193,500,392	262,831,433

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash Flows from Investing Activities				
Cash paid for acquisition of fixed assets	(2,795,372,590)	(6,862,260,937)	(2,783,191,756)	(6,861,277,230)
Cash paid for intangible assets	(47,793,736)	(437,462,993)	(36,541,207)	(432,772,043)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment	1,430,992,283	907,868,686	1,430,992,283	907,868,686
Proceeds from sales of assets	1,012,953,489	122,178,219	1,012,953,489	121,783,360
Interest income	313,301,857	218,005,982	305,729,148	210,579,451
Dividends received	146,322,689	289,008,870	185,097,689	346,817,666
Investment increase	11,198,722	50,000,000	14,333,922	(350,000,000)
Temporary investment increase	10,000,000	(35,000,000)	-	-
Net Cash provided by (used in) Investing Activities	81,602,714	(5,747,662,173)	129,373,568	(6,057,000,110)
Cash Flows from Financing Activities				
Proceeds from debentures	15,000,000,000	3,200,000,000	15,000,000,000	3,200,000,000
Proceeds from short-term borrowings	19,864,550,000	39,623,830,000	19,864,550,000	39,623,830,000
Proceeds from long-term borrowings	5,484,696,208	10,019,917,087	5,484,696,208	10,019,917,087
Cash paid for repayment of short-term borrowings	(25,000,000,000)	(20,623,830,000)	(25,000,000,000)	(20,623,830,000)
Cash paid for repayment of debentures	(3,000,000,000)	(720,000,000)	(3,000,000,000)	(720,000,000)
Cash paid for repayment of long-term borrowings	(19,332,684,626)	(14,837,398,749)	(19,332,684,626)	(14,837,398,749)
Cash paid for borrowings interest	(4,570,147,430)	(4,100,859,816)	(4,570,147,430)	(4,100,859,816)
Dividends paid	(69,877)	(220,917)	(69,877)	(159,717)
Dividends paid to non-controlling interests	(31,755,600)	(47,280,604)	-	-
Net Cash provided by (used in) Financing Activities	(11,585,411,325)	12,514,157,001	(11,553,655,725)	12,561,498,805
Net decrease in cash and cash equivalents	4,297,690,105	7,296,426,308	3,769,218,235	6,767,330,128
Cash and cash equivalents at the beginning of the period	23,346,551,299	11,757,473,084	22,605,700,442	11,649,734,484
	27,644,241,404	19,053,899,392	26,374,918,677	18,417,064,612
Effect from changing in exchange rate on cash and cash at banks increase (decrease)	607,097,274	(428,961,958)	607,097,274	(428,961,958)
Cash and Cash Equivalents at the End of the Period	28,251,338,678	18,624,937,434	26,982,015,951	17,988,102,654

Additional Information for Cash Flow**Non-cash Transactions**

Fixed assets unpaid	121,810,087	2,193,210,640	121,810,087	2,193,210,640
Assets under finance leases	10,701,573,896	5,997,822,178	10,701,573,896	5,997,822,178

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

(Signed) *Charaporn Jotikasthira*
(Charaporn Jotikasthira)
President

(Signed) *Narongchai Wongthanavimok*
(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three-month and nine-month periods ended September 30, 2015 (unaudited but reviewed)

1. GENERAL INFORMATION

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

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

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

As at September 30, 2015, the Company has the routes network servicing to 64 destinations in 31 countries all over the world, whereas 4 routes are domestic (excluding Bangkok).

2. BASIS OF FINANCIAL STATEMENTS 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	
			2015	2014
Held by the Company:				
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 Eurng Luang Company Limited	Tourism Business	Thailand	49%	49%

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

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

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

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.

Interim Financial Statements Preparation

The interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) Interim Financial Reporting. The Company presents items in the statements of financial position, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows which complied with TAS No. 1 (revised 2014) Presentation of Financial Statements, which are effective on January 1, 2015 onwards, and discloses only significant supplementary information in the condensed notes to the interim financial statements.

The preparation of these interim financial statements is to provide additional information to that included in the latest financial statements for the year ended December 31, 2014. Accordingly, the interim financial statements focus on supporting of new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the financial statements for the year ended December 31, 2014.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Accounting Policies applied in these interim financial statements are consistent with those applied in the financial statements for the year ended December 31, 2014 except that the Company has adopted all the new and revised TFRS that are effective for the fiscal years beginning on or after January 1, 2015. The adoption of these new and revised TFRS did not have any material effect on the accounting policies and operating result or financial position of the Company.

4. FINANCIAL REPORTING STANDARD BEING EFFECTIVE IN THE FUTURE

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

TAS No. 1 (Revised 2015)	Presentation of Financial Statements
TAS No. 2 (Revised 2015)	Inventories
TAS No. 7 (Revised 2015)	Statement of Cash Flows
TAS No. 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS No. 11 (Revised 2015)	Construction Contracts
TAS No. 12 (Revised 2015)	Income Taxes
TAS No. 16 (Revised 2015)	Property, Plant, and Equipment
TAS No. 17 (Revised 2015)	Leases
TAS No. 18 (Revised 2015)	Revenue
TAS No. 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS No. 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS No. 23 (Revised 2015)	Borrowing Costs
TAS No. 24 (Revised 2015)	Related Party Disclosures
TAS No. 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS No. 27 (Revised 2015)	Separate Financial Statements
TAS No. 28 (Revised 2015)	Investment in Associates and Joint Ventures
TAS No. 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS No. 33 (Revised 2015)	Earnings per Share
TAS No. 34 (Revised 2015)	Interim Financial Reporting
TAS No. 37 (Revised 2015)	Provisions, Contingent Liabilities, and Contingent Assets
TAS No. 40 (Revised 2015)	Investment Property
TFRS No. 3 (Revised 2015)	Business Combinations
TFRS No. 4 (Revised 2015)	Insurance Contracts
TFRS No. 5 (Revised 2015)	Non - current Assets Held for Sale and Discontinued Operations
TFRS No. 8 (Revised 2015)	Operating Segments
TFRS No. 11 (Revised 2015)	Joint Arrangements
TFRS No. 12 (Revised 2015)	Disclosure of Interests in Other Entities
TSIC No. 10 (Revised 2015)	Government Assistance – No Specific Relation to Operating Activities
TSIC No. 15 (Revised 2015)	Operating Leases - Incentives
TSIC No. 25 (Revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC No. 27 (Revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a lease
TSIC No. 29 (Revised 2015)	Service Concession Arrangement : Disclosures
TSIC No. 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC No. 32 (Revised 2015)	Intangible Assets – Web site Costs
TFRIC No. 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC No. 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC No. 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC No. 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC No. 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC No. 12 (Revised 2015)	Service Concession Arrangements
TFRIC No. 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC No. 14 (Revised 2015)	TAS 19(Revised 2015) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC No. 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC No. 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC No. 18 (Revised 2015)	Transfers of Assets from Customers

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

5. IMPLEMENTING THE TRANSFORMATION PLAN

The Company took immediate steps to improve financial performance upon posting a loss in 2013 and the turnaround plan received approval from the Company's Board of Directors on August 5, 2014. At the core was the immediate push to enhance sales revenue and reduce costs to improve the 2014 financial performance. Funding was also sought to ensure sufficient liquidity to support its ongoing operations. The ongoing transformation plan being implemented for the period 2015-2016 was approved by the Company's Board of Directors on December 22, 2014 and by the State Enterprise Policy Commission on January 26, 2015.

The launch of the 6 Transformation Plans began the first quarter of 2015 and activities undertaken as part of the transformation plan during the third quarter include network rationalization by suspending service to weak markets and/or loss making routes; aircraft rationalization by reducing aircraft type to lower maintenance cost; enhancing commercial sales via strategic campaigns and diversifying channel of distribution while enhancing operational efficiency and lowering costs through launching of an early retirement program and reducing non-fuel cash cost; organization restructuring was also undertaken to enhance decision making process and establishing a more comprehensive approach to manage its business units. An assessment system has also been put in place to track progress of the transformation plan.

Despite the transformation plan, external factors including the weak global economy, the weak Thai economy and stiff competition especially on regional routes heavily served by low cost carriers with high frequency and the most recent unfortunate bombing that occurred downtown Bangkok, Ratchaprasong, has caused travel traffic on key routes including China, Japan, Hong Kong, South Korea and Singapore to drop by approximately 15-20%. Cost was kept in check and in-line with expectations despite reprocessing undertaken which did not a significant reduction in operating expenses. Quick win initiatives have been initiated to further reduce costs, increase revenue and a more robust tracking program for senior management to achieve goals to ensure that the Company's financial performance is more in-line with the established target.

Liquidity management for the third quarter 2015 encompasses obtaining long-term finance lease for 2 B777-300ER aircraft. Delivery was taken of the first aircraft on June 22, 2015 and delivery of the second aircraft was September 28, 2015. The financing obtained from the Ministry of Finance through the European Commercial Paper (ECP) program was used to purchase the 6 A340-600 aircraft in preparation for sale. The duration of the ECP is 180 days and drawdown of the second and third portions were done on July 15, 2015 and August 17, 2015. The Company also raised THB 8,000 million in debentures on September 30, 2015 via a private placement program to institutional and/or high net worth investors. All transactions undertaken above are part of the Company's financing plan.

In September 2015, the Company repaid THB 3,000 million in promissory note which was a drawdown on the Company's available committed revolving credit line and in making such repayment, the same amount repaid will be counted towards the Company's total available committed credit line. The Company was also received the additional THB 2,000 million revolving credit line by a local bank during the period. Under the conservative preparing the cash flows budget in the year 2015, the Company's cash on hand is sufficient to support its normal business operations if there is no external impact from the uncontrollable factors. Liquidity ratio currently stands at 1.04 times (not including unearned income) while the Company's interest bearing debt to equity ratio stands at 10.97 times for the period ending September 30, 2015.

6. POTENTIAL IMPACT FROM THE THAI DEPARTMENT OF CIVIL AVIATION (DCA) NOT PASSING ICAO'S SAFETY STANDARDS

The Company has developed a plan to mitigate any potential impact from the potential action to be taken by ICAO against the Thai DCA. Internally, a war room has been established to closely monitor the progress of every aspect in relation to ICAO's safety requirements, provide awareness and understanding to those relevant persons whose actions and activities relate to the safety requirements and inspections to be made and extending to rigorous self-inspection of aircraft and maintenance. Externally, the AOC Evaluation plan was launched whereby authorities from the Thai DCA along with personnel from internationally recognized safety organization to undertake inspection of the Company's operations. The Company's safety benchmark reflects that of international safety standards.

The biggest impact to the Company's operations so far from the various countries for which the Company currently serves is Japan whereby the impact has been limited to charter flights operated by the Company where no new cities can be added. The impact to the Company in this respect is minimal.

On June 18, 2015, the International Civil Aviation Organization (ICAO) announced on their public website findings of Serious Safety Concern (SSC) regarding their audit of the Thai Department of Civil Aviation (DCA) which did not bear impact on the Company's operations. The Company's services to the European continent is unlikely to be impacted as there was no mention of Thailand in the EU Air Safety Committee website update on June 25, 2015.

In addition to the ICAO findings of the Thai DCA, the United States Federal Aviation Administration (FAA) has also made 35 findings on the Thai DCA and has given a deadline of October 26, 2015 to make rectifications. If the Thai DCA is not able to take the necessary corrective actions, the Thai DCA will be downgraded to Category 2 standing which means that no Thai-based carrier will be able to make additional flights or launch new destinations within the continental United States.

The key finding against the Thai DCA this round is on the issue of Flight Operation Inspectors not meeting international standards. The Company provided support in this regard to the Thai DCA by approving early retirement for 2 senior captains from the Company to join the Thai DCA as permanent staff and also support of special qualification flight tests to help the Thai DCA to correct deficiencies in the approval the utilize of new aircraft types into service.

The Department of Civil Aviation (DCA) has informed the FAA of the actions taken on this issue and is awaiting response from the FAA in November 2015.

During November 9-13, 2015, the EASA will be visiting the Civil Aviation Authority of Thailand (CAAT) and will be undertaking a Third Country Operators Audit (TCO Audit) on the Company. Findings of the TCO Audit will be taken into discussion of the EASA prior to making any disclosures. The outcome of the findings is dependent on many factors for which the Company cannot predict.

7. SUPPLEMENTARY INFORMATION

7.1 Cash and Cash Equivalents

	<u>Consolidated Financial Statements</u>		<u>Unit : Million Baht</u> <u>Separate Financial Statements</u>	
	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>
	Cash - Domestic	12.10	10.96	11.61
Cash - Abroad	34.26	14.51	34.26	14.51
Cash at Banks - Domestic	11,583.02	11,982.90	10,323.50	11,242.05
Cash at Banks - Abroad	16,621.96	11,338.18	16,612.64	11,338.18
Total	<u>28,251.34</u>	<u>23,346.55</u>	<u>26,982.01</u>	<u>22,605.70</u>

7.2 Trade Receivables aging analysis is as follows:

	<u>Consolidated Financial Statements</u>		<u>Unit : Million Baht</u> <u>Separate Financial Statements</u>	
	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>
	Accounts Receivable Aging :			
Not over 6 months	11,776.18	12,425.82	10,962.42	12,156.81
Over 6 months to 1 year	194.22	334.55	192.96	328.69
Over 1 year to 2 years	308.76	252.65	302.78	252.65
Over 2 years	966.88	849.27	941.73	823.23
	13,246.04	13,862.29	12,399.89	13,561.38
<u>Less Allowance for doubtful accounts</u>	<u>(1,187.34)</u>	<u>(1,169.13)</u>	<u>(1,157.07)</u>	<u>(1,139.93)</u>
Trade receivables - net	<u>12,058.70</u>	<u>12,693.16</u>	<u>11,242.82</u>	<u>12,421.45</u>

7.3 Other Current Assets

	<u>Consolidated Financial Statements</u>		<u>Unit : Million Baht</u> <u>Separate Financial Statements</u>	
	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>
	Tax refund	303.49	390.99	302.77
Cash and cash at bank of pension fund	4,774.84	4,883.18	4,774.84	4,883.18
Others	3,100.65	2,657.66	10,084.21	5,844.01
Total	<u>8,178.98</u>	<u>7,931.83</u>	<u>15,161.82</u>	<u>11,118.18</u>

7.4 Non-current assets classified as held for sale Separate financial statements

As at January 1, 2015, Non-current assets classified as held for sale composed of 8 A300-600, 4 A340-500, 4 B737-400, 1 B747-400, 2 ATR 72 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. During the nine-month period ended September 30, 2015, the non-current assets classified as held for sale increased by THB 9,591.16 million which consisting of 6 A330-300, 6 A340-600 and 2 B747-400, totaling of 14 aircraft as well as by THB 62.15 million from other fixed assets, the total increase in this period is THB 9,653.31 million. Therefore, the Company has a total of 36 aircraft as held for sale, amount of THB 14,382.20 million and already transferred the seven title of aircraft, 6 A300-600 and 1 B747-400 aircraft, amount of THB 916.82 million to the buyer. As at September 30, 2015, there are the remaining of 29 aircraft as held for sale amount of THB 13,465.38 million as well as other fixed assets amount of THB 96.74 million, which made a grand total of Non-current assets classified as held for sale amount of THB 13,562.12 million .

As at September 30, 2015, non-current assets classified as held for sale composed of 2 A300-600, 4 A340-500, 6 A340-600, 4 B737-400, 2 B747-400, 2 ATR72, and 9 A330-300 aircraft, totaling of 29 aircraft in an aggregate of THB 13,465.38 million, as well as other fixed assets amount of THB 96.74 million, which made a grand total of THB 13,562.12 million.

7.5 Investments

Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
	Sep 30, 2015	Dec 31, 2014	Cost Method		Equity Method		Sep 30, 2015	Sep 30, 2014
			Sep 30, 2015	Dec 31, 2014	Sep 30, 2015	Dec 31, 2014		
7.5.1 Investments in associated companies recorded by equity method								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at September 30, 2015 amount of THB 652.50 million and as at December 31, 2014 amount of THB 544.40 million)	24.00	24.00	225.00	225.00	234.13	231.06	3.07	(38.81)
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	111.87	115.08	18.39	18.45
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at September 30, 2015 amount of THB 2,879.66 million and as at December 31, 2014 amount of THB 3,599.58 million)	22.59	22.59	115.19	115.19	985.72	920.66	166.71	135.23
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	299.63	292.05	30.09	55.06
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	167.30	155.15	12.15	20.30
Nok Airlines Public Company Limited (Fair value as at September 30, 2015 amount of THB 1,715.00 million and as at December 31, 2014 amount of THB 3,209.50 million)	39.20	39.20	360.00	360.00	<u>2,921.77</u>	<u>3,057.14</u>	<u>(135.38)</u>	<u>(184.87)</u>
Total investments recorded by equity method					<u>4,720.42</u>	<u>4,771.14</u>	<u>95.03</u>	<u>5.36</u>
7.5.2 Other long-term investments recorded by cost method								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00067	0.00067			0.0001	-
Aeronautical Radio of Thailand Limited	0.43	1.42	5.96	9.37			-	-
SITA Investment Certificate	-	-	32.04	36.06			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			0.33	0.33
SITA Information Networking Computing	-	-	33.11	30.00			-	-
Other Shares	-	-	2.78	2.76			0.24	0.25
Investment in Debentures	-	-	-	-			-	-
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>			<u>-</u>	<u>-</u>
Total other long-term investments			<u>76.64</u>	<u>80.94</u>			<u>0.57</u>	<u>0.58</u>

Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	Sep 30, 2015	Dec 31, 2014	Sep 30, 2015	Dec 31, 2014	Sep 30, 2015	Sep 30, 2014
7.5.1 Investments recorded by cost method						
Subsidiary Companies						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	38.78	57.75
Wing Span Services Company Limited	49.00	49.00	0.98	0.98	-	0.06
Thai Flight Training Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Smile Airways Company Limited	100.00	100.00	800.00	800.00	-	-
Total			810.21	810.21	38.78	57.81
Associated Companies						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at September 30, 2015 amount of THB 652.50 million and as at December 31, 2014 amount of THB 544.40 million)	24.00	24.00	225.00	225.00	-	13.50
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	21.60	12.00
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at September 30, 2015 amount of THB2,879.66 million and as at December 31, 2014 amount of THB 3,599.58 million)	22.59	22.59	115.19	115.19	101.65	112.88
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	22.50	30.00
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited (Fair value as at September 30, 2015 amount of THB 1,715.00 million and as at December 31, 2014 amount of THB 3,209.50 million)	39.20	39.20	360.00	360.00	-	120.05
Total			1,083.52	1,083.52	145.75	288.43
Total investments recorded by cost method			1,893.73	1,893.73	184.53	346.24
7.5.2 Other long-term investments recorded by cost method						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00067	0.00067	0.0001	-
Aeronautical Radio of Thailand Limited	0.43	1.42	2.82	9.37	-	-
SITA Investment Certificate	-	-	32.04	36.06	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	0.33	0.33
SITA Information Networking Computing	-	-	33.11	30.00	-	-
Other Shares	-	-	2.78	2.76	0.24	0.25
Investment in Vayupak Fund	-	-	1.00	1.00	-	-
Total other long-term investments			73.50	80.94	0.57	0.58

7.5.3 Financial Information Summary of Subsidiaries

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
Subsidiary Companies				
Thai-Amadeus Southeast Asia Company Limited	215.63	67.68	197.49	42.28
WingSpan Services Company Limited	536.94	355.11	718.08	28.13
Thai Flight Training Company Limited	29.96	15.32	34.34	8.37
Tour Eurng Luang Company Limited	3.09	0.52	0.94	(0.13)
Thai Smile Airways Company Limited	7,012.44	8,348.31	3,369.38	(1,555.26)

The Company used the financial statements of subsidiary and associated companies, which are unreviewed by the CPA, as at September 30, 2015 to record the investment by equity method in the consolidated financial statement and by cost method in the separate financial statement.

7.6 Significant Transactions with Related Parties

7.6.1 Related Transactions with Major Shareholders

7.6.1.1 Short-term borrowings from related parties

Unit : Million Baht

	Sep 30, 2015	Dec 31, 2014
Foreign borrowings via the Ministry of Finance	5,480.16	-
Government Saving Bank	7,000.00	7,000.00
Islamic Bank of Thailand	-	<u>3,000.00</u>
Total	<u>12,480.16</u>	<u>10,000.00</u>

7.6.1.2 Long-term borrowings from related parties

Unit : Million Baht

	Sep 30, 2015	Dec 31, 2014
Foreign borrowings via the Ministry of Finance	15,819.05	15,471.25
Government Saving Bank	<u>139.00</u>	<u>568.00</u>
Total	<u>15,958.05</u>	<u>16,039.25</u>

7.6.2 Related Transactions with Subsidiary Companies

7.6.2.1 Loans to Subsidiary

Unit : Million Baht

	Sep 30, 2015	Dec 31, 2014
WingSpan Services Company Limited	<u>10.00</u>	<u>20.00</u>
Total	<u>10.00</u>	<u>20.00</u>

7.6.2.2 Sales and Purchases

Unit : Million Baht

	Three-month period				Nine-month period			
	Jul – Sep 2015		Jul – Sep 2014		Jan – Sep 2015		Jan – Sep 2014	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Thai-Amadeus Southeast Asia Company Limited	0.34	-	0.71	-	1.20	-	1.99	0.03
WingSpan Services Company Limited	0.93	153.94	1.14	226.37	3.54	579.39	5.18	665.85
Thai Flight Training Company Limited	1.51	-	2.66	0.03	5.60	-	15.69	0.12
Tour Eurng Luang Company Limited	6.69	0.007	8.12	6.38	28.53	0.04	36.11	21.65
Thai Smile Airways Company Limited	1,402.46	1,719.69	1,020.24	1,249.13	4,056.55	1,735.37	1,662.04	2,211.22

7.6.2.3 Account Receivables and Account Payables

Unit : Million Baht

	Sep 30, 2015		Dec 31, 2014	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	0.14	0.16	0.14	0.16
WingSpan Services Company Limited	208.94	1,068.64	320.59	412.10
Thai Flight Training Company Limited	2.75	-	4.46	-
Tour Eurng Luang Company Limited	3.26	-	9.56	-
Thai Smile Airways Company Limited	6,732.31	4,284.42	2,825.91	2,549.06

Related account receivables and account payables of WingSpan Service Co., Ltd. have included prepaid and accrued expenses amount of THB 207.61 million and THB 71.29 million.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. have included accrued income and accrued expenses amount of THB 114.47 million and THB 3,794.21 million.

7.6.2.4 Aircraft Lease Between Related Parties

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. for a period of 3 years for which such contracts can be extended for another 3 years. As at September 30, 2015, a total of such aircraft are 13 aircraft consisting of 10 of the A320-200 aircraft which were back to back operating leases while 3 were aircraft for which the Company acquired under finance lease and were quarterly subleased to Thai Smile.

7.6.3 Related Transactions with Associated Companies

7.6.3.1 Sales and Purchases

Unit : Million Baht

	Three-month period				Nine-month period			
	Jul – Sep 2015		Jul – Sep 2014		Jan – Sep 2015		Jan – Sep 2014	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.24	-	0.29	-	0.93	-	2.03
Donmuang International Airport Hotel Company Limited	-	0.08	-	0.01	-	0.13	-	0.02
Bangkok Aviation Fuel Services Public Company Limited	0.01	50.16	0.01	91.86	0.02	206.80	0.02	222.97
Phuket Air Catering Company Limited	0.42	3.08	0.33	5.49	1.47	16.74	1.04	20.82
Suvarnabhumi Airport Hotel Company Limited	-	6.00	-	6.91	-	18.24	-	16.74
Nok Airlines Public Company Limited	86.61	0.02	24.82	2.46	163.49	0.13	58.22	10.33

7.6.3.2 Account Receivables and Account Payables

Unit : Million Baht

	Sep 30, 2015		Dec 31, 2014	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.09	-	0.01
Donmuang International Airport Hotel Company Limited	-	0.02	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	-	-	30.96
Phuket Air Catering Company Limited	0.14	-	0.004	0.07
Suvarnabhumi Airport Hotel Company Limited	-	0.23	-	0.43
Nok Airlines Public Company Limited	118.13	0.01	46.56	0.08

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

7.6.4 Key Executives Separate financial statements

Unit : Million Baht

	Three-month period		Nine-month period	
	Jul – Sep 2015	Jul – Sep 2014	Jan – Sep 2015	Jan – Sep 2014
Remuneration for Management Executives	23.06	13.44	61.35	44.64
Remuneration for Board of Directors	4.30	3.50	12.87	11.05
Total	<u>27.36</u>	<u>16.94</u>	<u>74.22</u>	<u>55.69</u>

The Company's Executives are the same criteria as Note No. 7.15, employee benefits expenses.

7.7 Property, Plant and Equipment

Consolidated Financial Statements As at September 30, 2015

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, 2015	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
- Adjust/Transfers	(8,309.25)	(23,927.31)	(27,657.75)	872.08	-	-	-	-	(2.54)	61.97	(58,962.80)
- Additions	1,964.63	42.47	14,387.09	730.18	(998.73)	-	-	13.72	27.41	916.02	17,082.79
- Disposals/Amortized	-	(44.30)	(327.86)	(1,074.84)	-	-	-	-	(25.09)	(357.11)	(1,829.20)
As at September 30, 2015	6,023.03	112,762.19	174,947.39	37,281.67	274.97	936.30	2,514.52	10,805.23	4,801.22	31,764.44	382,110.96
Accumulated depreciation											
As at January 1, 2015	-	85,369.19	53,935.09	23,563.13	-	-	2,410.50	5,784.11	4,398.91	26,337.79	201,798.72
- Depreciation	-	4,495.37	6,715.97	1,421.28	-	-	25.74	172.32	118.90	1,104.00	14,053.58
- Adjust/Transfers	-	(18,566.59)	(16,334.19)	(174.21)	-	-	-	-	(1.16)	62.13	(35,014.02)
- Disposals/Amortized	-	(44.30)	(327.86)	(518.30)	-	-	-	-	(24.87)	(354.42)	(1,269.75)
As at September 30, 2015	-	71,253.67	43,989.01	24,291.90	-	-	2,436.24	5,956.43	4,491.78	27,149.50	179,568.53
Net book value											
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
As at September 30, 2015	6,023.03	41,508.52	130,958.38	12,989.77	274.97	936.30	78.28	4,848.80	309.44	4,614.94	202,542.43

**Consolidated Financial Statements
As at September 30, 2014**

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
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	(7,125.55)	(16,101.10)	2,209.83	295.87	-	0.56	1.42	-	66.66	1.82	(20,650.49)
- Additions	2,909.16	456.75	14,277.01	1,234.08	(193.91)	-	-	-	139.78	884.30	19,707.17
- Disposals/Amortized	-	(646.77)	(119.76)	(342.78)	-	-	-	-	(88.89)	(713.95)	(1,912.15)
As at September 30, 2014	13,769.87	141,164.77	185,701.72	36,066.06	918.81	936.30	2,514.52	10,791.51	4,781.06	30,829.64	427,474.26
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	-	5,724.37	6,546.36	1,493.08	-	-	30.74	172.15	110.20	1,026.50	15,103.40
- Adjust/Transfers	-	(11,500.75)	-	(4.20)	-	-	1.42	-	66.51	3.62	(11,433.40)
- Disposals/Amortized	-	(632.62)	(119.76)	(309.14)	-	-	-	-	(88.73)	(691.94)	(1,842.19)
As at September 30, 2014	-	86,956.17	51,669.95	23,554.91	-	-	2,400.36	5,726.10	4,358.24	26,043.08	200,708.81
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 September 30, 2014	13,769.87	54,208.60	134,031.77	12,511.15	918.81	936.30	114.16	5,065.41	422.82	4,786.56	226,765.45

**Separate Financial Statements
As at September 30, 2015**

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, 2015	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
- Adjust/Transfers	(8,309.25)	(23,927.31)	(27,657.75)	872.08	-	-	-	-	(2.54)	61.97	(58,962.80)
- Additions	1,964.63	42.47	14,387.09	730.18	(998.73)	-	-	13.72	15.34	914.83	17,069.53
- Disposals/Amortized	-	(44.30)	(327.86)	(1,074.84)	-	-	-	-	(25.09)	(355.68)	(1,827.77)
As at September 30, 2015	6,023.03	112,762.19	174,947.39	37,281.67	274.97	936.30	2,514.52	10,805.23	4,789.15	31,666.41	382,000.86
Accumulated Depreciation											
As at January 1, 2015	-	85,369.19	53,935.09	23,563.13	-	-	2,410.50	5,784.11	4,398.91	26,247.28	201,708.21
- Depreciation	-	4,495.37	6,715.97	1,421.28	-	-	25.74	172.32	116.22	1,101.86	14,048.76
- Adjust/Transfers	-	(18,566.59)	(16,334.19)	(174.21)	-	-	-	-	(1.16)	62.13	(35,014.02)
- Disposals/Amortized	-	(44.30)	(327.86)	(518.30)	-	-	-	-	(24.87)	(354.42)	(1,269.75)
As at September 30, 2015	-	71,253.67	43,989.01	24,291.90	-	-	2,436.24	5,956.43	4,489.10	27,056.85	179,473.20
Net book value											
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	4,798.01	224,013.69
As at September 30, 2015	6,023.03	41,508.52	130,958.38	12,989.77	274.97	936.30	78.28	4,848.80	300.05	4,609.56	202,527.66

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

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
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	(7,125.55)	(16,101.10)	2,209.83	295.87	-	0.56	1.42	-	66.66	1.82	(20,650.49)
- Additions	2,909.16	456.75	14,277.01	1,234.08	(193.91)	-	-	-	139.78	883.20	19,706.07
- Disposals/Amortized	-	(646.77)	(119.76)	(342.78)	-	-	-	-	(88.89)	(619.51)	(1,817.71)
As at September 30, 2014	13,769.87	141,164.77	185,701.72	36,066.06	918.81	936.30	2,514.52	10,791.51	4,781.06	30,733.04	427,377.66
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	-	5,724.37	6,546.36	1,493.08	-	-	30.74	172.15	110.20	1,024.14	15,101.04
- Adjust/Transfers	-	(11,500.75)	-	(4.20)	-	-	1.42	-	66.51	3.62	(11,433.40)
- Disposals/Amortized	-	(632.62)	(119.76)	(309.14)	-	-	-	-	(88.73)	(597.50)	(1,747.75)
As at September 30, 2014	-	86,956.17	51,669.95	23,554.91	-	-	2,400.36	5,726.10	4,358.24	25,953.14	200,618.87
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 September 30, 2014	13,769.87	54,208.60	134,031.77	12,511.15	918.81	936.30	114.16	5,065.41	422.82	4,779.90	226,758.79

In this period, there are 95 aircraft represented in the Company's fleet consisting of 26 own aircraft, 36 aircraft under finance leases, and 33 aircraft under operating leases which excluded 29 aircraft for sales with a carrying amount of THB 13,465.38 million.

The Company repaid the entire borrowings and terminated the finance leases for A340-600 No. 1-6 on June 29, July 27, July 6, August 28, September 9, and July 29, 2015, respectively.

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 55,193.08 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 31, 2015, 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, 2015 to September 27, 2018, 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.

7.8 Intangible Assets

	Unit : Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
Cost		
As at January 1, 2015	3,323.80	3,285.25
- Additions	49.14	37.54
As at September 30, 2015	3,372.94	3,322.79
Accumulated amortization		
As at January 1, 2015	2,060.76	2,052.18
- Amortization	321.72	316.43
As at September 30, 2015	2,382.48	2,368.61
Net book value		
As at December 31, 2014	1,263.04	1,233.07
As at September 30, 2015	990.46	954.18

7.9 Deferred Tax Assets , Deferred Tax Liabilities

7.9.1 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		Separate	
	Financial Statements		Financial Statements	
	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>
Contribution to staff provident fund	64.06	68.90	64.06	68.90
Contribution to staff pension fund	383.00	431.03	383.00	431.03
Allowance for obsolete inventories	677.13	594.77	677.13	594.77
Allowance for doubtful accounts	281.14	329.56	276.89	325.31
Allowance for impairment in value of assets	3,538.03	2,561.08	3,538.03	2,561.08
Estimated accrual expenses	672.51	659.48	672.02	658.99
Intangible assets	43.73	60.59	43.73	60.59
Employee benefits obligation	2,447.92	2,301.78	2,433.78	2,291.27
Effective portion of changes in fair value of cash flow hedges	744.50	-	744.50	-
Others	<u>1.61</u>	<u>1.62</u>	<u>-</u>	<u>-</u>
Total	<u>8,853.63</u>	<u>7,008.81</u>	<u>8,833.14</u>	<u>6,991.94</u>

7.9.2 Deferred Tax Liabilities

	Unit : Million Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>
Intangible assets	138.91	127.93	138.91	127.93

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

7.10 Other Non-Current Assets

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>
Deferred charges	5,316.14	5,108.29	5,316.14	5,108.29
Others	<u>557.49</u>	<u>728.65</u>	<u>552.57</u>	<u>722.94</u>
Total	<u>5,873.63</u>	<u>5,836.94</u>	<u>5,868.71</u>	<u>5,831.23</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.

7.11 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>Sep 30, 2015</u>	<u>Dec 31, 2014</u>
Current assets	4,774.84	4,883.18
Others	<u>32.80</u>	<u>73.87</u>
Total	<u>4,807.64</u>	<u>4,957.05</u>
Other current liabilities	198.79	193.90
Pension fund	<u>4,608.85</u>	<u>4,763.15</u>
Total	<u>4,807.64</u>	<u>4,957.05</u>

As at September 30, 2015, the fund balance was THB 4,608.85 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 108.69 million, which came from contributions at a rate equivalent to 10% of employee salaries in the amount of THB 153.70 million less the amount to match the Company's obligation of THB 45.01 million.)

7.12 Employee Benefit Obligations

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>
Beginning balance - Employee benefit obligations	11,508.91	10,545.97	11,456.35	10,511.75
Current service cost	376.62	498.87	359.96	481.54
Interest cost	354.06	451.03	352.58	450.02
Benefits paid	-	13.04	-	13.04
Ending Balance - Employee Benefit Obligations	<u>12,239.59</u>	<u>11,508.91</u>	<u>12,168.89</u>	<u>11,456.35</u>

7.13 Share Capital

As at September 30, 2015, 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.

7.14 Other Income - Others

	Unit : Million Baht			
	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2015	Jul-Sep, 2014	Jan-Sep, 2015	Jan-Sep, 2014
Gains on sales of assets	16.69	5.98	65.41	14.93
Revenue from other services of Aircraft Maintenance Department	131.61	131.42	404.79	505.00
Compensation revenue from the delay delivery of aircraft	-	6.36	-	6.36
Other fine revenues	101.88	42.84	235.17	107.97
Insurance compensation from the flood disaster	-	0.47	-	57.71
Insurance compensation from other cases	80.15	30.16	115.87	30.37
Revenue from Royal Orchid Lounge service	27.49	31.00	84.30	74.66
Others	149.96	296.29	397.19	721.73
Total	507.78	544.52	1,302.73	1,518.73

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2015	Jul-Sep, 2014	Jan-Sep, 2015	Jan-Sep, 2014
Gains on sales of assets	16.69	5.98	65.41	14.93
Dividends from associated and subsidiary companies	36.00	39.75	184.53	346.24
Revenue from other services of Aircraft Maintenance Department	131.61	131.42	404.79	505.00
Compensation revenue from the delay delivery of aircraft	-	6.36	-	6.36
Other fine revenues	101.88	42.84	235.17	107.97
Insurance compensation from the flood disaster	-	0.47	-	57.71
Insurance compensation from other cases	80.15	30.16	115.87	30.37
Revenue from Royal Orchid Lounge service	27.49	31.00	84.30	74.66
Revenue from service to Thai Smile Airways passenger	57.52	38.46	161.19	68.65
Others	145.28	268.47	393.91	669.59
Total	596.62	594.91	1,645.17	1,881.48

7.15 Employee Benefit Expenses

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2015	Jul-Sep, 2014	Jan-Sep, 2015	Jan-Sep, 2014
Personnel expenses	6,893.66	7,022.25	21,448.31	21,947.16
Employee benefits	243.78	237.53	731.33	712.58
Executive remuneration	24.51	14.84	65.46	49.00
Board of Directors remuneration	4.98	3.95	14.99	13.19
Total	7,166.93	7,278.57	22,260.09	22,721.93

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2015	Jul-Sep, 2014	Jan-Sep, 2015	Jan-Sep, 2014
Personnel expenses	6,778.47	7,008.72	21,220.14	21,882.38
Employee benefits	237.51	232.89	712.54	698.66
Executive remuneration	23.06	13.44	61.35	44.64
Board of Directors remuneration	4.30	3.50	12.87	11.05
Total	7,043.34	7,258.55	22,006.90	22,636.73

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 period as at September 30, 2015 and 2014, they issued the tickets for themselves and their related parties amount of 0 and 153 tickets with the value of THB 0 and THB 13.41 million, respectively, calculating from the full fare tickets in those traveling classes.

7.16 Termination benefit – Mutual Separation Plan and Golden Handshake

According to the Board of Director meeting No. 6/2558 held on June 15, 2015 approved the Mutual Separation Plan and Golden Handshake. There are 1,401 employees have been authorized to join the plan in 4 periods of time, which are July 1, 2015, October 1, 2015, December 1, 2015 and March 1, 2016. The Company has to pay the benefit according such plans amount of THB 857.13 million, 1,111.56 million, 1,187.03 million and 566.06 million, respectively, in an aggregate of THB 3,721.78 million. The Company recognized the mentioned amount of Termination benefit in the statements of comprehensive income for the six-month period ended June 30, 2015.

7.17 Impairment Loss of Aircraft Separate Financial Statements

In the nine-month period ended September 30, 2015, the Company has phased out 14 aircraft from the fleet and are under the selling process (Notes 7.4), 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 6 A330-300, 6 A340-600 and 2 B747-400 amount of THB 12,116.75 million. Therefore, the Company recognized the mentioned amount impairment loss of such aircraft in the statements of comprehensive income in this period.

7.18 Other Expenses

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2015	Jul-Sep, 2014	Jan-Sep, 2015	Jan-Sep, 2014
Rentals and utilities	689.75	702.45	2,018.46	2,129.60
Office supplies	37.67	35.47	112.83	132.56
Repair of building and equipment	132.90	158.28	384.79	491.32
Outsource services	357.26	303.49	1,108.73	940.26
Consultant and service fees	132.91	97.05	428.91	426.98
Legal fee for Antitrust/ Competition Law	10.68	8.29	19.85	49.00
Computer service expenses	97.86	158.25	425.91	340.84
Rental of communication devices and office equipment	58.02	82.40	162.01	284.14
Travelling and transportation expenses	124.85	138.36	373.95	434.86
Concession fees	93.74	73.27	288.17	282.14
Passenger claim expenses	71.06	54.75	196.34	161.49
Damages from flood disaster	-	0.47	-	57.71
Provision for disposal and unused spare parts	113.80	210.31	411.76	584.08
Service cargo expenses	29.20	33.66	85.39	106.78
Joint venture expenses in STAR Alliance	39.43	22.45	44.56	67.76
Company business and municipal taxes	51.25	31.61	134.87	135.54
Bad debts and provision for bad debts	15.89	45.96	(196.28)	151.17
Service fee for IT HOSTING system	29.50	5.00	67.46	18.99
Fine and interest expenses	109.25	37.91	179.34	38.53
Others	246.61	289.33	450.21	597.04
Total	2,441.63	2,488.76	6,697.26	7,430.79

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2015	Jul-Sep, 2014	Jan-Sep, 2015	Jan-Sep, 2014
Rentals and utilities	689.75	702.45	2,018.46	2,129.60
Office supplies	37.67	35.47	112.83	132.56
Repair of building and equipment	132.90	158.28	384.79	491.32
Outsource services	357.26	303.49	1,108.73	940.26
Consultant and service fees	132.91	97.05	428.91	426.98
Legal fee for Antitrust/ Competition Law	10.68	8.29	19.85	49.00
Computer service expenses	97.86	158.25	425.91	340.84
Rental of communication devices and office equipment	58.02	82.40	162.01	284.14
Travelling and transportation expenses	124.85	138.36	373.95	434.86
Concession fees	93.74	73.27	288.17	282.14
Passenger claim expenses	71.06	54.75	196.34	161.49
Damages from flood disaster	-	0.47	-	57.71
Provision for disposal and unused spare parts	113.80	210.31	411.76	584.08
Service cargo expenses	29.20	33.66	85.39	106.78
Joint venture expenses in STAR Alliance	39.43	22.45	44.56	67.76
Company business and municipal taxes	51.25	31.61	134.87	135.54
Bad debts and provision for bad debts	15.27	45.96	(197.35)	151.17
Service fee for IT HOSTING system	29.50	5.00	67.46	18.99
Fine and interest expenses	109.25	37.91	179.34	38.53
Others	179.17	258.51	263.59	509.16
Total	2,373.57	2,457.94	6,509.57	7,342.91

7.19 Income Tax Expense (Income)

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2015	Jul-Sep, 2014	Jan-Sep, 2015	Jan-Sep, 2014
Tax expense (income) from taxable profit for the period	13.25	21.80	44.35	60.09
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	1,010.95	(196.76)	(1,089.34)	(247.69)
Tax expenses (income)	1,024.20	(174.96)	(1,044.99)	(187.60)

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2015	Jul-Sep, 2014	Jan-Sep, 2015	Jan-Sep, 2014
Tax expense (income) from taxable profit for the period	6.52	8.27	21.46	25.22
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	1,012.19	(195.84)	(1,085.72)	(244.92)
Tax expenses (income)	1,018.71	(187.57)	(1,064.26)	(219.70)

7.20 Earnings (Loss) Per Share

Basic earnings (loss) 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.

Consolidated Financial Statements For the three-month period ended September 30, 2015

	<u>Earning (Loss)</u>		<u>Number of Shares</u>		<u>Earning (Loss) per Share</u>	
	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earning (Loss) per Share						
Profit (Loss) attributable to owners of the parent	(9,900.87)	1,085.73	2,182.77	2,182.77	(4.54)	0.50

Separate Financial Statements For the three-month period ended September 30, 2015

	<u>Earning (Loss)</u>		<u>Number of Shares</u>		<u>Earning (Loss) per Share</u>	
	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earning (Loss) per Share						
Profit (Loss) attributable to owners of the parent	(9,081.80)	1,300.61	2,182.77	2,182.77	(4.16)	0.60

Consolidated Financial Statements For the nine-month period ended September 30, 2015

	<u>Loss</u>		<u>Number of Shares</u>		<u>Loss per Share</u>	
	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Loss per Share						
Loss attributable to owners of the parent	(18,118.81)	(9,210.73)	2,182.77	2,182.77	(8.30)	(4.22)

**Separate Financial Statements
For the nine-month period ended September 30, 2015**

	<u>Loss</u>		<u>Number of Shares</u>		<u>Loss per Share</u>	
	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Loss per Share						
Loss attributable to owners of the parent	(16,533.53)	(8,710.91)	2,182.77	2,182.77	(7.57)	(3.99)

7.21 Financial Information by Segment Consolidated financial statements

7.21.1 Business segments

**Statements of Income
For the three-month period ended September 30, 2015**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>
External Revenues	41,010.13	43,342.75	2,183.14	1,838.41	640.39	644.68	43,833.66	45,825.84
Inter - segment revenues	-	-	2,061.43	1,882.61	1,032.66	1,287.89	3,094.09	3,170.50
Interest income	75.80	67.24	-	-	1.43	1.92	77.23	69.16
Finance costs	(1,530.35)	(1,472.35)	-	-	-	-	(1,530.35)	(1,472.35)
Finance costs - net	(1,454.55)	(1,405.11)	-	-	1.43	1.92	(1,453.12)	(1,403.19)
Depreciation and amortization expenses	(4,232.07)	(4,744.89)	(201.61)	(193.73)	(237.86)	(207.42)	(4,671.54)	(5,146.04)
Fuel and oil	(15,972.67)	(19,122.16)	-	-	(391.21)	(356.94)	(16,363.88)	(19,479.10)
Employee benefits expenses	(3,913.69)	(4,267.62)	(1,834.25)	(1,814.64)	(1,418.99)	(1,196.31)	(7,166.93)	(7,278.57)
Tax income (expenses)	(1,018.71)	187.57	-	-	(5.49)	(12.61)	(1,024.20)	174.96
Profit (loss) on investment in associates	(76.63)	(104.92)	-	-	-	-	(76.63)	(104.92)
Gain (loss) on foreign currency exchange	(4,359.97)	7,385.86	-	-	(171.58)	(6.30)	(4,531.55)	7,379.56
Impairment loss of assets and aircraft	(99.27)	(1,220.59)	-	-	-	-	(99.27)	(1,220.59)
Gain (loss) by segments	(7,921.00)	356.70	773.61	160.91	(1,722.82)	403.96	(8,870.21)	921.57

Statements of Income
For the nine-month period ended September 30, 2015

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>
External Revenues	127,950.56	131,007.89	6,698.79	5,560.23	1,762.71	1,557.65	136,412.06	138,125.77
Inter - segment revenues	-	-	6,479.11	6,345.79	3,273.46	3,976.50	9,752.57	10,322.29
Interest income	242.29	194.97	-	-	7.68	7.51	249.97	202.48
Finance costs	(4,438.56)	(4,547.63)	-	-	-	-	(4,438.56)	(4,547.63)
Finance costs - net	(4,196.27)	(4,352.66)	-	-	7.68	7.51	(4,188.59)	(4,345.15)
Depreciation and amortization expenses	(13,045.38)	(14,238.78)	(597.68)	(570.46)	(752.42)	(593.93)	(14,395.48)	(15,403.17)
Fuel and oil	(44,706.04)	(58,280.69)	-	-	(1,071.80)	(657.76)	(45,777.84)	(58,938.45)
Employee benefit expenses	(16,458.73)	(13,321.31)	(5,525.51)	(5,623.40)	(3,997.63)	(3,777.22)	(25,981.87)	(22,721.93)
Tax income (expenses)	1,064.26	219.70	-	-	(19.27)	(32.10)	1,044.99	187.60
Profit on investment in associates	95.03	5.36	-	-	-	-	95.03	5.36
Gain on foreign currency exchange	1,649.12	9,383.83	-	-	(205.72)	(5.80)	1,443.40	9,378.03
Impairment loss of assets and aircraft	(12,329.61)	(2,519.27)	-	-	-	-	(12,329.61)	(2,519.27)
Gain (loss) by segments	(17,478.19)	(11,026.61)	2,511.15	996.14	(4,177.66)	665.63	(19,144.70)	(9,364.84)

Assets and Liabilities
As at September 30, 2015

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Sep 30, 2015</u>	<u>Sep 31, 2014</u>	<u>Sep 30, 2015</u>	<u>Sep 31, 2014</u>	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>
Current assets	65,269.87	54,615.59	677.83	603.99	7,772.80	4,999.65	73,720.50	60,219.23
Investments	4,792.90	4,851.06	-	-	4.16	1.02	4,797.06	4,852.08
Property, plant and equipment	194,777.03	215,510.01	4,356.63	4,802.08	3,408.77	3,709.36	202,542.43	224,021.45
Other non-current assets	15,646.72	14,041.80	0.54	1.54	70.46	65.45	15,717.72	14,108.79
Non-allocated assets	-	-	-	-	-	-	<u>3,657.82</u>	<u>4,065.63</u>
Total assets							<u>300,435.53</u>	<u>307,267.18</u>
Current liabilities	90,286.66	96,252.69	310.67	234.67	8,729.42	4,403.09	99,326.75	100,890.45
Non-current liabilities	179,889.99	163,805.62	-	-	74.21	56.52	179,964.20	163,862.14
Non-allocated liabilities	-	-	-	-	-	-	<u>958.16</u>	<u>1,218.66</u>
Total Liabilities							<u>280,249.11</u>	<u>265,971.25</u>

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.

7.21.2 Geographical Segments

	Domestic Revenues			Foreign Revenues					Charter Revenues and Others	Other Income			Total
	Transportation	Business Unit	Others	Regional Asia	Europe	North Pacific	Australia & New Zealand	Africa		Interest Income	Other Income	Gain (loss) on Foreign Currency Exchange	
For the the three-month period													
Jul-Sep 2015	2,644.12	2,183.14	640.39	21,889.28	11,520.45	638.31	4,043.20	0.05	274.71	77.23	507.78	(4,531.55)	39,887.11
Jul-Sep 2014	1,715.29	1,838.41	644.69	22,116.59	13,674.16	696.37	4,404.15	272.89	463.29	69.17	544.52	7,379.56	53,819.09
For the the nine-month period													
Jan-Sep 2015	8,540.96	6,698.79	1,762.71	69,073.32	35,657.35	2,011.07	11,822.65	56.23	788.99	249.97	1,302.72	1,443.40	139,408.16
Jan-Sep 2014	7,326.86	5,560.23	1,557.65	65,111.01	41,427.67	2,109.04	12,752.78	858.67	1,421.86	202.48	1,518.73	9,378.03	149,225.01

7.22 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 933.14 million for this fiscal year.

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

7.23 Contingent Liabilities

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

	Unit : Million Baht	
	<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>
Letters of guarantee issued by banks - Domestic	30.50	37.24
Letters of guarantee issued by banks - Abroad	319.55	357.37
The Company as defendant in		
Labor dispute cases	1,323.10	1,321.01
Damage claims cases	<u>1,725.34</u>	<u>2,247.42</u>
Total	<u>3,398.49</u>	<u>3,963.04</u>

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

1. 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 sixth installments as per the settlement agreement.

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

On February 4, 2014, the Company has received a notice from an English lawyer representing British Airways 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 process of disclosure.

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

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

4. Regarding the case where British Airways, Lufthansa and KLM-AF, who are the defendants in the Cargo Civil Class Action case in the Netherlands, requested that the court give them leave to implead the Company, in the early July 2015, the Company received the writs of summons from British Airways, Lufthansa and KLM-AF. Moreover, British Airways, Lufthansa and KLM-AF have served the writs of summons to the Company and more than other 20 airlines for the case where the plaintiff filed a lawsuit against Koninklijke Luchtvaart Maatschappij N.V., Martin Air Holland N.V., Société Air France S.A. (collectively referred to as "KLM-AF"), Deutsche Lufthansa and Lufthansa Cargo A.G. (collectively referred to as "Lufthansa"), Singapore Airlines and Singapore Airlines Cargo (collectively referred to as "Singapore Airlines") and British Airways as defendants since December 24, 2013 alleging surcharges fixing among such airlines. On June 25, 2014, such airlines requested that the court give them leave to implead other airlines involving in surcharges fixing arrangement. After that, on March 25, 2015, the court granted permission according to such airlines' request. However, the Company was not filed a lawsuit against as the defendant in the main case and currently the Company is preparing to attend the first hearing.

7.24 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.

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.

At present, the Company has entered into settlement agreement with Southern Air Inc., (SAI) amounting to USD 2 million in order to settle the civil and bankruptcy case. The court has already approved the settlement between the Company and Southern Air Inc., (SAI).

In addition, the Company has already made a payment according to settlement agreement.

7.25 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, the English court has rendered a judgment ordering Koito to make a payment to the Company for the principal amount and interest calculated until June 8, 2015 totaling USD 94,921,275.52 , EUR 22,636,671.48 and THB 5,391,901.52 or approximately USD 124,284,189.29 or THB 4,179.30 million and partial litigation costs. On July 29, 2015, Koito had transferred the damages by virtue of the court order in the amount of USD 60 million and expenses in the amount of GBP 11,400. Nevertheless, currently the Company and Koito have filed an application for permission to appeal to the court of appeal; hence, the case is still ongoing.

For AFS, it is under the process of filing an application to request the court for a judgment against AFS.

7.26 Foreign Currency Exchange Rate Risk

The Company generates revenues in more than 50 currencies or approximately 63% of total revenue. 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 Swaps (CCS) when the financial market is of benefit to the Company. The Company also used Forward Contracts as a hedging instrument based on amount and duration to provide various degrees of protection against currency exchange rate movement of future obligations with underlying exposures.

During the 9 months of 2015, the Company incurred additional borrowings in EUR and USD to finance the acquisition of 3 B777-300ER aircraft and 1 A320-200 aircraft. A total of THB 15,000 million in debentures were issued and received funding via the ECP. Currency conversion was undertaken on the Spot market as well as forward contracts to USD for payment of fuel and aircraft lease payments. Post CCS, the Company’s proportion of outstanding long-term borrowings in the major currencies are : USD 8%; EUR 46%; JPY 12% and THB 34% as at September 30, 2015 (excluding aircraft leasing cost).

7.27 Cash Flow Hedge Accounting

For the three-month and nine-month periods ended September 30, 2015, the Company recognized in profit and loss THB 303.76 and THB 457.97 million, respectively, from application of hedge accounting to foreign currency borrowings and forecasted future revenue (Revenue Hedging).

7.28 Contractual Obligations

7.28.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase, 2 A320-200, 4 A350-900XWB aircraft amount of THB 22,229.09 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	2,360.69	19,868.40

7.28.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 43 aircraft amount of USD 4,387.74 million or approximately to THB 160,303.43 million consisting of 15 A320-200, 2 A330-300, 8 A350-900, 2 B777-200, 8 B777-300ER, 6 B787-8, and 2 B787-9 aircraft. As at September 30, 2015, there are 33 aircraft which have been already taken the delivery. In addition, there are the 10 aircraft which have not been taken deliver yet.

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

Lease obligation for 43 aircraft operating leases can be classified as follows:

Unit : Million Baht			
Obligation	Within 1 year	Over 1 year – 5 years	Over 5 years
Operating leases	9,797.33	55,038.47	95,467.63

7.29 Damages from the Flood Disaster

On October 26, 2011, the flood reached Don Muang Airport and Headquarters 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 September 30, 2015, the Company received the insurance compensation amount of THB 1,759.02 million and THB 158 million after the reporting period. 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. On October 5 and October 16, 2015, the Company received an additional insurance compensation amount of THB 104 million and THB 54 million, respectively, totaling of THB 158 million. However, all the damaged assets which are covered by the insurance policy are under claiming process with the insurance company.

7.30 Damages from the Aircraft Flights TG679

On September 8, 2013, Flight TG679 (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 an insurance compensation in related to the damage of the aircraft from Insurers in the total amount of USD 33.54 million or approximately THB 1,087.28 million consisting of the full insured value of the aircraft agreed under the Insurance Policy at USD 32.45 million plus additional costs of working and inflight entertainment in the total amount of USD 1.09 million.

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.

7.31 Events after the Reporting Period

7.31.1 On October 8, 2015, the Company took delivery of 1 A320-200 aircraft under asset backed finance lease with a duration of 12 years.

7.31.2 The company's Board of Director meeting held on August 10, 2015, approved the exercise of purchase options on 2 B747-400 aircraft on the last day of the financial lease.

7.32 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on November 9, 2015.
