

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

TO: THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has reviewed the accompanying consolidated and separate statements of financial position as at June 30, 2016, the related consolidated and separate statements of comprehensive income for the three-month and six - month periods ended June 30, 2016, the consolidated and separate statements of changes in shareholders' equity and statements of cash flows for the six-month period ended June 30, 2016, 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

Emphasis of Matters

The Office of the Auditor General of Thailand would like to draw attention to Note 5 to the financial statements regarding the going concern, which described the fund requirement plan and liquidity management plan of Thai Airways International Public Company Limited. The opinion of the Office of the Auditor General of Thailand is not qualified in respect of this matter.

(Signed)

Poungchomnad Jariyajinda
(Poungchomnad Jariyajinda)
Deputy Auditor General

(Signed)

Nipaporn Panyanon
(Nipaporn Panyanon)
Director of Audit Office No.4

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2016

Unit : Baht

	<u>Notes</u>	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
		<u>June 30 , 2016</u> (Unaudited but reviewed)	<u>December 31 , 2015</u> (Audited)	<u>June 30 , 2016</u> (Unaudited but reviewed)	<u>December 31 , 2015</u> (Audited)
ASSETS					
Current Assets					
Cash and cash equivalents	7.1	15,404,998,467	20,781,350,721	12,796,206,178	18,875,817,868
Temporary investments		150,133,771	85,000,000		-
Trade receivables	7.2	10,513,225,860	11,695,702,825	10,405,249,967	10,906,776,494
Prepaid expenses and deposits		9,057,431,699	8,904,945,334	9,161,186,210	9,060,545,326
Inventories and supplies		5,258,476,555	5,920,786,454	5,242,474,453	5,902,724,322
Other current assets	7.3	9,477,658,737	7,989,028,240	14,258,477,122	16,176,770,720
Non-current assets held for sale	7.4	14,413,255,170	15,099,392,637	14,413,255,170	15,099,392,637
Total Current Assets		64,275,180,259	70,476,206,211	66,276,849,100	76,022,027,367
Non-Current Assets					
Investments in associates	7.5.1	4,415,671,479	4,739,377,563	1,083,520,500	1,083,520,500
Investments in subsidiaries	7.5.1	-	-	1,810,209,893	810,209,893
Other long-term investments	7.5.2	73,951,936	75,575,920	70,816,736	72,440,719
Property, plant and equipment	7.7	200,537,396,856	208,285,363,102	200,516,899,042	208,262,819,695
Intangible assets	7.8	837,425,593	1,031,333,707	803,542,117	993,493,107
Deferred tax assets	7.9.1	10,364,056,834	8,680,325,679	10,335,234,618	8,653,240,176
Other non-current assets	7.10	12,391,072,489	9,182,875,582	12,316,308,086	9,179,744,325
Total Non-Current Assets		228,619,575,187	231,994,851,553	226,936,530,992	229,055,468,415
Total Assets		292,894,755,446	302,471,057,764	293,213,380,092	305,077,495,782

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2016

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Unit : Baht					
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables		5,079,773,744	4,242,439,990	5,001,287,926	4,095,515,853
Accrued expenses		18,383,066,507	21,386,197,260	18,532,450,935	21,577,714,868
Current portion of long-term liabilities					
Long-term borrowings from financial institutions		7,897,731,314	8,240,705,325	7,897,731,314	8,240,705,325
Liabilities under finance leases		10,062,158,822	9,889,586,330	10,062,158,822	9,889,586,330
Debentures		3,200,000,000	4,300,000,000	3,200,000,000	4,300,000,000
Short-term borrowings from financial institutions		6,800,000,000	4,000,000,000	6,800,000,000	4,000,000,000
Short-term borrowings from related parties	7.6.1.1	5,301,540,000	10,625,380,000	5,301,540,000	10,625,380,000
Income tax payable		10,249,084	87,452	-	-
Other current liabilities					
Accrued dividends		54,839,168	54,881,143	54,701,970	54,728,143
Unearned transportation revenues		25,468,781,893	24,868,518,712	25,021,681,474	24,632,513,208
Others		7,219,169,042	8,415,014,030	8,871,915,100	12,799,438,374
Total Current Liabilities		89,477,309,574	96,022,810,242	90,743,467,541	100,215,582,101
Non-Current Liabilities					
Long-term liabilities					
Long-term borrowings from financial institutions		16,049,795,710	20,127,865,886	16,049,795,710	20,127,865,886
Long-term borrowings from related parties	7.6.1.2	15,118,578,439	15,258,204,263	15,118,578,439	15,258,204,263
Liabilities under finance leases		63,324,472,449	67,660,868,639	63,324,472,449	67,660,868,639
Debentures		51,100,000,000	52,300,000,000	51,100,000,000	52,300,000,000
Deferred tax liabilities	7.9.2	1,861,592,378	1,866,882,144	1,861,592,378	1,866,882,144
Staff pension fund	7.11	3,863,725,352	3,880,258,506	3,863,725,352	3,880,258,506
Employee benefit obligations	7.12	11,682,565,574	11,645,226,358	11,596,866,929	11,568,261,769
Long-term provisions	7.13	5,285,908,335	619,309,937	5,285,908,335	619,309,937
Other non-current liabilities		158,433,915	163,940,945	157,327,886	162,867,915
Total Non-Current Liabilities		168,445,072,152	173,522,556,698	168,358,267,478	173,444,519,079
Total Liabilities		257,922,381,726	269,545,366,940	259,101,735,019	273,660,101,180
Shareholders' Equity					
Share capital	7.14				
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
Proceeds from ESOP offering					
Retained earnings					
Appropriated					
Legal reserve		2,691,275,568	2,691,275,568	2,691,275,568	2,691,275,568
Unappropriated		(19,167,980,232)	(22,247,804,409)	(19,957,164,699)	(23,686,357,373)
Other components of equity		4,004,498,726	5,039,440,929	4,004,498,726	5,039,440,929
Total Company Shareholders' Equity		34,900,829,540	32,855,947,566	34,111,645,073	31,417,394,602
Non-controlling interests		71,544,180	69,743,258	-	-
Total Shareholders' Equity		34,972,373,720	32,925,690,824	34,111,645,073	31,417,394,602
Total Liabilities and Shareholders' Equity		292,894,755,446	302,471,057,764	293,213,380,092	305,077,495,782

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

(Signed)
 (Charamporn Jotikasthira)
 President

(Signed)
 (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 JUNE 30, 2016

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues					
Revenues from Sales or Revenues from Services					
Passenger and excess baggage		33,507,822,623	34,043,682,702	31,974,812,096	33,040,737,962
Freight		4,258,941,244	4,330,039,318	4,259,198,335	4,330,039,318
Mail		133,394,263	139,175,232	133,394,263	139,175,232
Other activities		2,841,430,490	2,849,827,219	3,114,803,170	3,069,458,700
Total Revenues from Sales or Revenues from Services		<u>40,741,588,620</u>	<u>41,362,724,471</u>	<u>39,482,207,864</u>	<u>40,579,411,212</u>
Other Income					
Interest income		63,097,915	90,641,800	52,367,370	86,378,700
Gains (loss) on foreign currency exchange		594,879,418	(3,678,954,561)	596,618,865	(3,632,031,986)
Other income - Others	7.15	501,256,745	443,819,238	688,851,769	632,453,556
Total Other Income		<u>1,159,234,078</u>	<u>(3,144,493,523)</u>	<u>1,337,838,004</u>	<u>(2,913,199,730)</u>
Total Revenues		<u>41,900,822,698</u>	<u>38,218,230,948</u>	<u>40,820,045,868</u>	<u>37,666,211,482</u>
Expenses					
Fuel and oil		11,750,945,665	14,934,323,875	11,357,416,041	14,580,368,116
Employee benefit expenses	7.16	7,125,043,980	7,590,837,938	6,994,643,874	7,520,279,302
Termination benefit - Mutual Separation Plan	7.17	427,122,345	3,721,779,884	427,122,345	3,721,779,884
Flight service expenses		4,703,859,168	4,765,714,340	4,585,892,582	4,761,832,207
Crew expenses		1,310,788,829	1,290,131,675	1,251,652,835	1,235,967,439
Aircraft maintenance and overhaul costs		3,269,944,443	3,424,581,433	3,067,006,119	3,250,239,393
Depreciation and amortisation expenses		4,528,565,286	4,631,637,166	4,523,888,482	4,630,368,543
Lease of aircraft and spare parts		2,506,207,339	2,132,511,395	2,072,357,252	1,869,106,298
Inventories and supplies		1,871,640,401	1,786,071,457	1,799,914,839	1,739,351,457
Selling and advertising expenses		2,159,170,444	2,273,586,685	2,046,984,617	2,159,850,122
Insurance expenses		146,563,371	158,102,839	129,304,048	145,868,815
Impairment loss of assets		117,636,452	113,578,508	117,636,452	113,578,508
Impairment loss of aircraft		1,754,857,117	312,592,938	1,754,857,117	312,592,938
Other expenses	7.18	2,174,134,478	2,158,808,805	2,104,374,510	2,117,985,012
Finance costs		1,343,428,080	1,499,094,596	1,343,428,080	1,499,094,596
Share of (profit) loss of associates		198,159,061	(35,437,936)		-
Total Expenses		<u>45,388,066,459</u>	<u>50,757,915,598</u>	<u>43,576,479,193</u>	<u>49,658,262,630</u>
Loss before Income Tax Expense		<u>(3,487,243,761)</u>	<u>(12,539,684,650)</u>	<u>(2,756,433,325)</u>	<u>(11,992,051,148)</u>
Income tax	7.19	(572,054,988)	214,499,712	(574,988,406)	209,054,834
Loss for the Period		<u>(2,915,188,773)</u>	<u>(12,754,184,362)</u>	<u>(2,181,444,919)</u>	<u>(12,201,105,982)</u>
Other Comprehensive Income (loss)					
Items that will be reclassified to profit or loss in subsequent periods					
Effective portion of changes in fair value of cash flow hedges		(703,655,558)	(1,466,473,917)	(703,655,558)	(1,466,473,917)
Income tax related to Effective portion of changes in fair value of cash flow hedges		140,731,112	293,294,783	140,731,112	293,294,783
Other Comprehensive Income (loss) for the Period - Net of Tax		<u>(562,924,446)</u>	<u>(1,173,179,134)</u>	<u>(562,924,446)</u>	<u>(1,173,179,134)</u>
Total Comprehensive Income (loss) for the Period		<u>(3,478,113,219)</u>	<u>(13,927,363,496)</u>	<u>(2,744,369,365)</u>	<u>(13,374,285,116)</u>
Profit (Loss) Attributable to					
Owners of the Parent		(2,921,077,492)	(12,759,066,726)	(2,181,444,919)	(12,201,105,982)
Non-controlling interests		5,888,719	4,882,364	-	-
		<u>(2,915,188,773)</u>	<u>(12,754,184,362)</u>	<u>(2,181,444,919)</u>	<u>(12,201,105,982)</u>
Total Comprehensive Income (loss) Attributable to					
Owners of the Parent		(3,484,001,938)	(13,932,245,860)	(2,744,369,365)	(13,374,285,116)
Non-controlling interests		5,888,719	4,882,364	-	-
		<u>(3,478,113,219)</u>	<u>(13,927,363,496)</u>	<u>(2,744,369,365)</u>	<u>(13,374,285,116)</u>
Loss per Share					
Basic loss per share	7.20	(1.34)	(5.85)	(1.00)	(5.59)

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

(Signed)

(Charamporn Jotikasthira)
President

(Signed)

(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>			<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>Notes</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues					
Revenues from Sales or Revenues from Services					
Passenger and excess baggage		75,553,097,746	77,566,292,943	72,209,943,955	75,463,525,968
Freight		8,529,099,761	9,082,485,053	8,517,666,548	9,082,485,053
Mail		275,228,056	291,658,319	275,228,056	291,658,319
Other activities		6,124,038,069	5,637,966,290	6,668,497,908	6,025,018,543
Total Revenues from Sales or Revenues from Services		90,481,463,632	92,578,402,605	87,671,336,467	90,862,687,883
Other Income					
Interest income		118,173,794	172,740,989	106,073,317	166,483,722
Gains on foreign currency exchange		(85,831,511)	5,974,957,077	(84,909,472)	6,009,090,437
Other income - Others	7.15	944,358,733	794,949,195	1,189,242,948	1,048,551,792
Total Other Income		976,701,016	6,942,647,261	1,210,406,793	7,224,125,951
Total Revenues		91,458,164,648	99,521,049,866	88,881,743,260	98,086,813,834
Expenses					
Fuel and oil		22,593,481,720	29,413,968,798	21,820,826,046	28,733,380,929
Employee benefit expenses	7.16	14,512,403,620	15,093,164,424	14,265,637,235	14,963,562,674
Termination benefit - Mutual Separation Plan	7.17	427,122,345	3,721,779,884	427,122,345	3,721,779,884
Flight service expenses		9,946,340,773	10,098,991,844	9,770,789,267	9,958,106,571
Crew expenses		2,656,341,261	2,671,919,208	2,539,444,161	2,576,208,580
Aircraft maintenance and overhaul costs		7,752,845,092	6,776,388,634	7,363,125,131	6,421,973,608
Depreciation and amortisation expenses		9,156,291,612	9,723,934,350	9,146,469,132	9,721,381,877
Lease of aircraft and spare parts		4,983,202,136	4,172,569,584	4,148,935,080	3,602,895,912
Inventories and supplies		3,869,173,497	4,019,781,294	3,742,029,739	3,926,428,109
Selling and advertising expenses		4,421,219,930	4,575,496,859	4,191,886,362	4,433,998,355
Insurance expenses		292,662,872	305,029,025	259,990,339	287,261,182
Impairment loss of assets		208,945,837	113,578,508	208,945,837	113,578,508
Impairment loss of aircraft		1,837,532,978	12,116,754,633	1,837,532,978	12,116,754,633
Other expenses	7.18	4,257,791,607	4,255,633,661	4,111,568,167	4,136,001,503
Finance costs		2,737,624,301	2,908,205,296	2,737,624,301	2,908,205,296
Share of profit (loss) of associates		120,549,040	(171,657,821)		
Total Expenses		89,773,528,621	109,795,538,181	86,571,926,120	107,621,517,621
Profit (loss) before Income Tax Expense		1,684,636,027	(10,274,488,315)	2,309,817,140	(9,534,703,787)
Income tax	7.19	(1,410,835,077)	(2,069,187,005)	(1,419,375,534)	(2,082,972,463)
Profit (loss) for the Period		3,095,471,104	(8,205,301,310)	3,729,192,674	(7,451,731,324)
Other Comprehensive Income (loss)					
Items that will not be reclassified to profit or loss in subsequent periods					
Share of other comprehensive income (loss) from joint ventures and associates		1,724,393	-	-	-
Items that will be reclassified to profit or loss in subsequent periods					
Effective portion of changes in fair value of cash flow hedges		(1,293,677,754)	(1,466,473,917)	(1,293,677,754)	(1,466,473,917)
Income tax related to Effective portion of changes in fair value of cash flow hedges		258,735,551	293,294,783	258,735,551	293,294,783
Other Comprehensive Income (loss) for the Period - Net of Tax		(1,033,217,810)	(1,173,179,134)	(1,034,942,203)	(1,173,179,134)
Total Comprehensive Income (loss) for the Period		2,062,253,294	(9,378,480,444)	2,694,250,471	(8,624,910,458)
Profit (Loss) Attributable to					
Owners of the Parent		3,078,099,784	(8,217,935,086)	3,729,192,674	(7,451,731,324)
Non-controlling interests		17,371,320	12,633,776		
		3,095,471,104	(8,205,301,310)	3,729,192,674	(7,451,731,324)
Total Comprehensive Income (loss) Attributable to					
Owners of the Parent		2,044,881,974	(9,391,114,220)	2,694,250,471	(8,624,910,458)
Non-controlling interests		17,371,320	12,633,776		
		2,062,253,294	(9,378,480,444)	2,694,250,471	(8,624,910,458)
Profit (loss) per Share					
Basic profit per share	7.20	1.41	(3.76)	1.71	(3.41)

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

(Signed)

(Charamporn Jotikasthira)
President

(Signed)

(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 SIX-MONTH PERIOD ENDED JUNE 30, 2016

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS										Non-controlling Interests	Total Shareholders' Equity	
	Owners of the parent												
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Other Components of Equity					Total Owners of the Parent			
			Appropriated Legal reserve	Unappropriated	Other Comprehensive Income								
		Effective portion of changes in fair value of cash flow hedges			Income tax related to Effective portion of changes in fair value of cash flow hedges	Revaluation surplus on assets	Income tax related to Revaluation surplus on assets	Total Other Components of Equity					
Balance as at January 1, 2015	21,827,719,170	25,545,316,308	2,691,275,568	(8,849,195,269)	-	-	-	-	-	-	41,215,115,777	80,816,601	41,295,932,378
Reclassification													
Changes in Shareholders' Equity													
<u>Less</u> Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(31,725,000)	(31,725,000)
<u>Less</u> Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	(45,565)	(45,565)
<u>Less</u> Loss for period	-	-	-	(8,217,935,086)	-	-	-	-	-	-	(8,217,935,086)	12,633,776	(8,205,301,310)
<u>Add</u> Total comprehensive income (loss) for the period	-	-	-	-	(1,466,473,917)	293,294,783	-	-	-	(1,173,179,134)	(1,173,179,134)	-	(1,173,179,134)
Balance as at June 30, 2015	21,827,719,170	25,545,316,308	2,691,275,568	(17,067,130,355)	(1,466,473,917)	293,294,783	-	-	-	(1,173,179,134)	31,824,001,557	61,679,812	31,885,681,369
Balance as at January 1, 2016	21,827,719,170	25,545,316,308	2,691,275,568	(22,247,804,409)	(2,348,050,220)	469,610,044	8,647,351,381	(1,729,470,276)	-	5,039,440,929	32,855,947,566	69,743,258	32,925,690,824
Changes in Shareholders' Equity													
<u>Less</u> Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(15,525,000)	(15,525,000)
<u>Less</u> Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	(45,398)	(45,398)
<u>Add</u> Profit for period	-	-	-	3,078,099,784	-	-	-	-	-	-	3,078,099,784	17,371,320	3,095,471,104
<u>Add</u> Total Other comprehensive income (loss) for the period	-	-	-	1,724,393	(1,293,677,754)	258,735,551	-	-	-	(1,034,942,203)	(1,033,217,810)	-	(1,033,217,810)
Balance as at June 30, 2016	21,827,719,170	25,545,316,308	2,691,275,568	(19,167,980,232)	(3,641,727,974)	728,345,595	8,647,351,381	(1,729,470,276)	-	4,004,498,726	34,900,829,540	71,544,180	34,972,373,720

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

(Signed)

(Charamporn Jotikasthira)
President

(Signed)

(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 SIX-MONTH PERIOD ENDED JUNE 30, 2016

Unit : Baht

SEPARATE FINANCIAL STATEMENTS

	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Other Components of Equity					Total Shareholders' Equity
			Appropriated Legal reserve	Unappropriated	Other Comprehensive Income					
					Effective portion of changes in fair value of cash flow hedges	Income Tax related to Effective portion of changes in fair value of cash flow hedges	Revaluation Surplus on assets	Income tax related to Revaluation Surplus on assets	Total Other Components of Equity	
Balance as at January 1, 2015	21,827,719,170	25,545,316,308	2,691,275,568	(12,202,761,783)	-	-	-	-	-	37,861,549,263
Changes in Shareholders' Equity										
Less Loss for period	-	-	-	(7,451,731,324)	-	-	-	-	-	(7,451,731,324)
Add Total comprehensive income (loss) for the period	-	-	-	-	(1,466,473,917)	293,294,783	-	-	(1,173,179,134)	(1,173,179,134)
Balance as at June 30, 2015	21,827,719,170	25,545,316,308	2,691,275,568	(19,654,493,107)	(1,466,473,917)	293,294,783	-	-	(1,173,179,134)	29,236,638,805
Balance as at January 1, 2016	21,827,719,170	25,545,316,308	2,691,275,568	(23,686,357,373)	(2,348,050,220)	469,610,044	8,647,351,381	(1,729,470,276)	5,039,440,929	31,417,394,602
Changes in Shareholders' Equity										
Add Profit for the period	-	-	-	3,729,192,674	-	-	-	-	-	3,729,192,674
Add Total Other comprehensive income (loss) for the period	-	-	-	-	(1,293,677,754)	258,735,551	-	-	(1,034,942,203)	(1,034,942,203)
Balance as at June 30, 2016	21,827,719,170	25,545,316,308	2,691,275,568	(19,957,164,699)	(3,641,727,974)	728,345,595	8,647,351,381	(1,729,470,276)	4,004,498,726	34,111,645,073

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

(Signed)

(Charamporn Jotikasthira)
President

(Signed)

(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities				
Profit (loss) before income tax expenses	1,684,636,027	(10,274,488,315)	2,309,817,140	(9,534,703,787)
Adjustment to reconcile loss before income tax expense to cash received (paid) from operating activities :				
Depreciation and amortisation expenses	9,156,291,612	9,723,934,350	9,146,469,132	9,721,381,877
Aircraft lease fee	93,339,618	87,210,903	93,339,618	87,210,903
Dividends received	(308,698)	(570,602)	(224,165,304)	(149,101,907)
Share of profits of investments by equity method	120,549,040	(171,657,821)	-	-
Interest income	(118,173,794)	(172,740,989)	(106,073,317)	(166,483,722)
Interest expenses	2,737,624,301	2,908,205,296	2,737,624,301	2,908,205,296
Gains on sales of assets	(35,269,398)	(48,716,777)	(35,269,398)	(48,716,777)
Loss on sales of aircraft	1,658,628	2,492,735	1,658,628	2,492,735
Gains on reversal of current liabilities in prior period	-	(1,252,865)	-	-
Gains on foreign currency exchange	(332,203,872)	(5,617,502,823)	(335,313,529)	(5,657,593,370)
Gain on investment valuation	(133,771)	-	-	-
Employee benefit obligations	(834,469,704)	486,903,584	(843,203,760)	475,026,684
Provision for obsolete inventories and supplies	162,009,813	297,964,356	162,009,813	297,964,356
Doubtful accounts	(2,977,840)	(212,167,749)	(2,927,347)	(212,610,592)
Impairment loss of aircraft	1,837,532,978	12,116,754,633	1,837,532,978	12,116,754,633
Impairment loss of assets	208,945,837	113,578,508	208,945,837	113,578,508
Operating profits before changes in operating assets and liabilities	14,679,050,777	9,237,946,424	14,950,444,792	9,953,404,837
Decrease (increase) in operating assets :				
Trade receivables	1,101,421,105	984,957,275	450,100,958	1,120,913,304
Inventories and supplies	500,300,087	150,326,511	498,240,057	172,312,863
Prepaid expenses and deposits	(425,519,990)	(72,514,731)	(376,933,338)	129,397,937
Tax refund	237,763,772	246,995,391	237,763,772	246,995,391
Other current assets	(1,603,830,460)	(1,218,265,349)	1,899,174,283	(3,671,052,744)
Assets for sales	66,262,403	(397,811,332)	66,262,403	(397,811,332)
Other assets	(3,449,977,766)	109,930,134	(3,452,381,441)	109,143,337
Deferred charges	(134,995,304)	(568,688,092)	(134,995,304)	(568,688,092)
Increase (decrease) in operating liabilities :				
Trade payables	269,857,414	(666,804,962)	317,245,394	(705,266,351)
Accrued expenses and other current liabilities	(3,218,410,037)	3,318,944,233	(6,032,559,643)	4,540,061,375
Staff pension fund	(16,533,154)	21,408,820	(16,533,154)	21,408,820
Unearned transportation revenues	617,596,611	(1,754,626,766)	406,501,696	(1,696,395,294)
Other non-current liabilities	4,667,853,774	129,008,919	4,667,820,774	(9,851,854)
Proceeds from operations	13,290,839,232	9,520,806,475	13,480,151,249	9,244,572,197
Payment of income tax	(266,094,266)	(129,590,048)	(249,169,862)	(109,100,842)
Net Cash provided by Operating Activities	13,024,744,966	9,391,216,427	13,230,981,387	9,135,471,355

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 SIX-MONTH PERIOD ENDED JUNE 30, 2016

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash Flows from Investing Activities				
Cash paid for acquisition of fixed assets	<i>(2,076,192,523)</i>	(1,943,598,833)	<i>(2,073,547,935)</i>	(1,943,522,572)
Cash paid for intangible assets	<i>(4,413,844)</i>	(22,524,901)	<i>(3,238,670)</i>	(31,105,745)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment	-	938,162,671	-	938,162,671
Proceeds from sales of assets	<i>94,582,475</i>	488,093,096	<i>94,582,475</i>	488,093,096
Interest income	<i>99,872,479</i>	145,167,493	<i>86,995,660</i>	138,785,743
Dividends received	<i>205,251,504</i>	110,326,907	<i>224,165,304</i>	149,101,907
Investment increase	<i>(4,338)</i>	-	<i>(1,000,004,338)</i>	-
Temporary investment decrease (increase)	<i>(65,000,000)</i>	50,000,000	-	-
Net Cash provided by (used in) Investing Activities	<i>(1,745,904,247)</i>	(234,373,567)	<i>(2,671,047,504)</i>	(260,484,900)
Cash Flows from Financing Activities				
Proceeds from debentures		7,000,000,000		7,000,000,000
Proceeds from short-term borrowings	<i>(2,300,000,000)</i>	12,385,795,000	<i>(2,300,000,000)</i>	12,385,795,000
Proceeds from long-term borrowings	<i>18,200,330,000</i>	3,579,780,679	<i>18,200,330,000</i>	3,579,780,679
Cash paid for repayment of short-term borrowings	<i>(20,478,755,000)</i>	(17,300,000,000)	<i>(20,478,755,000)</i>	(17,300,000,000)
Cash paid for repayment of debentures	-	(3,000,000,000)	-	(3,000,000,000)
Cash paid for repayment of long-term borrowings	<i>(9,515,139,243)</i>	(10,382,052,682)	<i>(9,515,139,243)</i>	(10,382,052,682)
Cash paid for borrowings interest	<i>(2,502,630,222)</i>	(2,653,653,420)	<i>(2,502,630,222)</i>	(2,653,653,420)
Dividends paid	<i>(26,173)</i>	(45,584)	<i>(26,173)</i>	(45,584)
Dividends paid to non-controlling interests	<i>(15,647,400)</i>	(31,755,600)	-	-
Net Cash provided by (used in) Financing Activities	<i>(16,611,868,038)</i>	(10,401,931,607)	<i>(16,596,220,638)</i>	(10,370,176,007)
Net increase (decrease) in cash and cash equivalents	<i>(5,333,027,319)</i>	(1,245,088,747)	<i>(6,036,286,755)</i>	(1,495,189,552)
Cash and cash equivalents at the beginning of the year	<i>20,781,350,721</i>	23,346,551,299	<i>18,875,817,868</i>	22,605,700,442
	<i>15,448,323,402</i>	22,101,462,552	<i>12,839,531,113</i>	21,110,510,890
Effect from changing in exchange rate on cash and cash at banks increase (decrease)	<i>(43,324,935)</i>	423,787,212	<i>(43,324,935)</i>	423,787,212
Cash and Cash Equivalents at the End of the Period	<i>15,404,998,467</i>	22,525,249,764	<i>12,796,206,178</i>	21,534,298,102
Additional Information for Cash Flow				
Non-cash Transactions				
Fixed assets unpaid	<i>126,302,146</i>	144,908,869	<i>126,302,146</i>	144,908,869
Assets under finance leases	-	7,214,844,336	-	7,214,844,336

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

(Signed)

(Charnporn Jotikasthira)
President

(Signed)

(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS

For the three-month and six-month periods ended June 30, 2016 (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 June 30, 2016, the Company has the routes network servicing to 60 destinations in 30 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	
			2016	2015
Held by the Company:				
1. Thai-Amadeus Southeast Asia Company Limited	Information technology 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 2015) 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 2015) Presentation of Financial Statements, which are effective on January 1, 2016 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, 2015. 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, 2015.

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, 2015 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, 2016. 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, 2017 onwards, are during revision and not yet effective.

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

5. GOING CONCERN

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 financial performance for the year 2014. 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 year 2015 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 Mutual Separation Plan and Golden Handshake 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, but was not significantly been decreased. 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.

For the year 2016, the Company has proceeded the transformation plan, dated February 4, 2016, in the second phase "Competitiveness Strength Building" comprising 4 strategies including proactive revenue boost, effective cost reduction, capability enhancement and service excellence provision. The strategies are supported by 20 implementation plans with clear scope, objective, responsible party and execution plan under the closely monitoring process.

Liquidity management for the second quarter of 2016 was administered by way of paying off THB 3,000 million of Promissory Note matured in April 2016 and THB 1,710 million of Bill of Exchange matured in June 2016. Furthermore, in June 2016, the maturity date for Revolving Credit Line (Roll Over) has also been extended by way of paying off the matured THB 6,000 million Promissory Note, and drawing down the Revolving Credit Line of THB 6,800 million from domestic banks in the form of Promissory Note with 90 days to maturity to be used as the Company's cash flow.

From the financial administration explained above and cash flow projection for the year 2016 has been conservative with financing plan, the Company is confident that the operation result will provide sufficient cash on hand for its normal operation, provided that there will be no uncontrollable circumstances.

6. POTENTIAL IMPACT FROM THE CIVIL AVIATION AUTHORITY OF THAILAND NOT PASSING ICAO'S SAFETY STANDARDS

On June 18, 2015, the Civil Aviation Organization, ICAO, reported on its WEB site about Significant Safety Concerns, SSC, for the Thai Department of Civil Aviation, DCA. The report said about the overall general safety concern under DCA supervision and did not impact to the Company's operation. Afterwards, US Federal Aviation Administration, FAA, had conducted International Aviation Safety Assessments (IASA) on the DCA and found deviation from the Convention on the International Civil Aviation. As a result, the FAA have downgraded Thailand's aviation safety rating from Category 1 to Category 2 disallowing Thai Carrier to increase its flight frequency on existing routes or prohibiting an establishment of new routes to the United State of America.

On December 10, 2015, the European Commission has updated the EU Air Safety List, the list of airlines that are subject to an operating ban or operational restrictions within the European Union. The update stated that "No air carriers from Thailand were added to the Air Safety List at this time", and also the Commission and the European Aviation Safety Agency (EASA) are willing to continue to work with the Thai authorities to enhance aviation safety in the country, and will closely monitor future developments. As a result, Thai carriers and Thai carriers with code share operations have been able to operating flights to 28 countries in the European Union. The Company would continue flying to European Countries as usual.

The Company has passed the European Aviation Safety Agency (EASA) Third Country Operator (TCO) Audit and received authorization for flight operations to countries in the European Union. The authorization has effective since December 15, 2015 onward. This is the first time for the European Union to grant TCO authorization to airlines outside of the European Union. TCO authorization is one of the requirements for Air Carriers outside the European Union needed to obtain the traffic rights or permit to fly to destinations in the EU from November 2016 onwards.

The latest European Union Air Safety Committee (EU-ASC) that met on 6 June 2559 reported that THAILAND has systematically address the regulatory issue in a sustainable manner with cooperation with EASA in many areas. No restrictive measure had been taken on THAI carriers but will continue to monitor THAILAND closely. Ramp inspections on THAI carriers operating into the EU remains at the elevated level.

7. SUPPLEMENTARY INFORMATION

7.1 Cash and Cash Equivalents

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>
Cash - Domestic	13.84	10.32	13.19	9.51
Cash - Abroad	25.28	24.95	25.28	24.95
Cash at Banks - Domestic	6,756.53	8,587.59	4,212.09	6,716.47
Cash at Banks - Abroad	<u>8,609.35</u>	<u>12,158.49</u>	<u>8,545.65</u>	<u>12,124.89</u>
Total	<u>15,405.00</u>	<u>20,781.35</u>	<u>12,796.21</u>	<u>18,875.82</u>

7.2 Trade Receivables aging analysis is as follows:

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>
Aging Periods:				
Not over 6 months	10,182.56	11,429.69	10,075.27	10,641.45
Over 6 months to 1 year	209.60	160.60	209.71	160.58
Over 1 year to 2 years	216.48	319.46	216.09	313.47
Over 2 years	<u>981.58</u>	<u>941.13</u>	<u>951.17</u>	<u>916.40</u>
	11,590.22	12,850.88	11,452.24	12,031.90
<u>Less</u> Allowance for doubtful accounts	<u>(1,076.99)</u>	<u>(1,155.18)</u>	<u>(1,046.99)</u>	<u>(1,125.12)</u>
Trade receivables - net	<u>10,513.23</u>	<u>11,695.70</u>	<u>10,405.25</u>	<u>10,906.78</u>

7.3 Other Current Assets

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>
Tax refund	359.80	357.56	359.80	357.56
Cash and cash at bank of pension fund	4,081.19	4,278.64	4,081.19	4,278.64
Others	<u>5,036.67</u>	<u>3,352.83</u>	<u>9,817.49</u>	<u>11,540.57</u>
Total	<u>9,477.66</u>	<u>7,989.03</u>	<u>14,258.48</u>	<u>16,176.77</u>

7.4 Non-current assets held for sale Separate financial statements

As at January 1, 2016, non-current assets held for sale composed of 1 A300-600, 4 A340-500, 6 A340-600, 4 B737-400, 4 B747-400, 2 ATR 72 and 9 A330-300 aircraft, totaling 30 aircraft amount of THB 14,904.65 million. As well as spare engines amount THB 128.81 and other fixed assets amount THB 65.93 million, which made a grand total of THB 15,099.39 million.

During the six-month period ended Jun 30, 2016, non-current assets held for sale increased by THB 1,218.71 million which composed of spare engines amount THB 1,217.78 million and other fixed assets amount THB 0.93 million.

The Company has transferred the two title of ATR 72 amount THB 64.96 million to the buyer, sold out spare engines and other fixed assets amount THB 1.30 and 1.05 million, respectively.

The Company recognized impairment of aircraft and spare engines amount THB 1,512.29 million and THB 325.24 million, respectively. Number of decommissioned aircrafts, 28, is the same as December 31, 2015. There is no additional decommissioned aircraft during the six-month period ended June 30, 2016.

As at June 30, 2016, non-current assets classified as held for sale composed of 1 A300-600, 4 A340-500, 6 A340-600, 4 B737-400, 4 B747-400 and 9 A330-300 aircraft, totaling 28 aircraft in an aggregate of THB 13,327.40 million, as well as spare engines and other fixed assets amount of THB 1,020.05 and 65.81 million, which made a grand total of THB 14,413.26 million.

7.5 Investments

Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
	Jun 30, 2016	Dec 31, 2015	Cost Method		Equity Method		Jun 30, 2016	Jun 30, 2015
			Jun 30, 2016	Dec 31, 2015	Jun 30, 2016	Dec 31, 2015		
7.5.1 Investments in associated companies recorded by equity method								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at June 30, 2016 amount of THB 658.13 million and as at December 31, 2015 amount of THB 720.00 million)	24.00	24.00	225.00	225.00	257.80	238.07	19.72	11.49
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	107.09	111.87	19.22	11.68
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at June 30, 2016 amount of THB 4,060.32 million and as at December 31, 2015 amount of THB 3,369.21 million)	22.59	22.59	115.19	115.19	1,068.11	1,001.51	224.99	108.24
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	316.03	298.80	39.73	34.12
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	185.53	174.72	10.82	4.44
Nok Airlines Public Company Limited (Fair value as at June 30, 2016 amount of THB 2,094.75 million and as at December 31, 2015 amount of THB 1,666.00 million)	39.20	39.20	360.00	360.00	<u>2,481.11</u>	<u>2,914.41</u>	<u>(435.03)</u>	<u>1.69</u>
Total investments recorded by equity method					<u>4,415.67</u>	<u>4,739.38</u>	<u>(120.55)</u>	<u>171.66</u>
7.5.2 Other long-term investments recorded by cost method								
Fuel Pipeline Transportation Limited	0.00014	0.00026	0.005	0.00067			0.0002	0.0001
Aeronautical Radio of Thailand Limited	0.43	0.43	5.96	5.96			-	-
SITA Investment Certificate	-	-	30.49	31.28			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			0.26	0.33
SITA Information Networking Computing	-	-	32.02	32.85			-	-
Other Shares	-	-	2.73	2.74			0.05	0.24
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>			-	-
Total other long-term investments			<u>73.95</u>	<u>75.58</u>			<u>0.31</u>	<u>0.57</u>

Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
	Jun 30, 2016	Dec 31, 2015	Cost Method		Jun 30, 2016	Jun 30, 2015
			Jun 30, 2016	Dec 31, 2015		
7.5.1 Investments recorded by cost method						
Subsidiary Companies						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	18.98	38.77
Wing Span Services Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Flight Training Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Smile Airways Company Limited	100.00	100.00	<u>1,800.00</u>	<u>800.00</u>	-	-
Total			<u>1,810.21</u>	<u>810.21</u>	<u>18.98</u>	<u>38.77</u>
Associated Companies						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at June 30, 2016 amount of THB 658.13 million and as at December 31, 2015 amount of THB 720.00 million)	24.00	24.00	225.00	225.00	-	-
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	24.00	21.60
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at June 30, 2016 amount of THB 4,060.32 million and as at December 31, 2015 amount of THB 3,369.21 million)	22.59	22.59	115.19	115.19	158.38	65.66
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	22.50	22.50
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited (Fair value as at June 30, 2016 amount of THB 2,094.75 million and as at December 31, 2015 amount of THB 1,666.00 million)	39.20	39.20	<u>360.00</u>	<u>360.00</u>	-	-
Total			<u>1,083.52</u>	<u>1,083.52</u>	<u>204.88</u>	<u>109.76</u>
Total investments recorded by cost method			<u>2,893.73</u>	<u>1,893.73</u>	<u>223.86</u>	<u>148.53</u>
7.5.2 Other long-term investments recorded by cost method						
Fuel Pipeline Transportation Limited	0.00014	0.00026	0.005	0.00067	0.0002	0.0001
Aeronautical Radio of Thailand Limited	0.43	0.43	2.82	2.82	-	-
SITA Investment Certificate	-	-	30.49	31.28	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	0.26	0.33
SITA Information Networking Computing	-	-	32.02	32.85	-	-
Other Shares	-	-	2.73	2.74	0.05	0.24
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>	-	-
Total other long-term investments			<u>70.82</u>	<u>72.44</u>	<u>0.31</u>	<u>0.57</u>

7.5.3 Financial Information Summary of Subsidiaries

Unit : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Subsidiary Companies</u>				
Thai-Amadeus Southeast Asia Company Limited	247.12	91.55	141.78	38.50
WingSpan Services Company Limited	413.59	308.96	548.80	(5.52)
Thai Flight Training Company Limited	34.16	4.11	20.01	6.40
Tour Eurng Luang Company Limited	5.00	2.46	0.64	0.06
Thai Smile Airways Company Limited	5,161.27	6,113.85	3,453.78	(319.20)

The Company used the financial statements of subsidiary and associated companies, some of which are unaudited by the CPA, as at June 30, 2016 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		
	Jun 30, 2016	Dec 31, 2015
Foreign borrowings via the Ministry of Finance	5,301.54	3,625.38
Government Saving Bank	-	7,000.00
Total	<u>5,301.54</u>	<u>10,625.38</u>

7.6.1.2 Long-term borrowings from related parties

Unit : Million Baht		
	Jun 30, 2016	Dec 31, 2015
Foreign borrowings via the Ministry of Finance	<u>15,118.58</u>	<u>15,258.20</u>
Total	<u>15,118.58</u>	<u>15,258.20</u>

7.6.2 Related Transactions with Subsidiary Companies

7.6.2.1 Sales and Purchases

Unit : Million Baht

	Three-month period				Six-month period			
	Apr – Jun 2016		Apr – Jun 2015		Jan – Jun 2016		Jan – Jun 2015	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Thai-Amadeus Southeast Asia Company Limited	0.26	-	0.41	-	0.66	-	0.85	-
WingSpan Services Company Limited	0.86	237.76	1.76	259.46	1.64	462.76	2.61	425.45
Thai Flight Training Company Limited	4.98	-	2.02	-	7.05	-	4.10	-
Tour Eurng Luang Company Limited	4.78	0.008	3.37	0.03	12.01	0.02	21.84	0.03
Thai Smile Airways Company Limited	1,670.51	8.31	1,442.46	8.57	3,580.63	50.66	2,654.09	15.67

7.6.2.2 Account Receivables and Account Payables

Unit : Million Baht

	Jun 30, 2016		Dec 31, 2015	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	0.13	0.16	0.11	0.16
WingSpan Services Company Limited	169.86	279.54	211.46	286.36
Thai Flight Training Company Limited	2.75	-	0.71	-
Tour Eurng Luang Company Limited	3.24	-	8.08	-
Thai Smile Airways Company Limited	5,390.08	1,336.74	8,104.09	5,015.93

Related account receivables and account payables of WingSpan Service Co., Ltd. have included prepaid and accrued expenses amount of THB 166.64 million and THB 273.05 million.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. have included accrued income amount of THB 160.12 million and accrued expenses amount of THB 1,116.34 million.

7.6.2.3 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 June 30, 2016, a total of such aircraft are 17 aircraft consisting of 12 of the A320-200 aircraft which were back to back operating leases while 5 were aircraft for which the Company acquired under finance leases and were quarterly subleased to Thai Smile Airways Co., Ltd..

7.6.3 Related Transactions with Associated Companies

7.6.3.1 Sales and Purchases

Unit : Million Baht

	Three-month period				Six-month period			
	Apr – Jun 2016		Apr – Jun 2015		Jan – Jun 2016		Jan – Jun 2015	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.35	-	0.35	-	0.69	-	0.69
Donmuang International Airport Hotel Company Limited	-	-	-	-	-	0.03	-	0.05
Bangkok Aviation Fuel Services Public Company Limited	0.02	125.17	0.01	80.40	0.02	196.96	0.01	156.64
Phuket Air Catering Company Limited	0.06	2.90	0.53	4.98	0.09	6.34	1.05	13.66
Suvarnabhumi Airport Hotel Company Limited	0.02	2.76	-	7.27	0.02	6.04	-	12.24
Nok Airlines Public Company Limited	-	-	39.05	0.02	11.30	0.08	76.88	0.11

7.6.3.2 Account Receivables and Account Payables

Unit : Million Baht

	Jun 30, 2016		Dec 31, 2015	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.11	-	0.02
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	0.03	30.79	-	36.15
Phuket Air Catering Company Limited	0.002	0.88	0.004	-
Suvarnabhumi Airport Hotel Company Limited	0.02	0.59	-	0.34
Nok Airlines Public Company Limited	34.29	-	73.22	0.03

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

7.6.4 Key Executives Separate financial statements

Unit : Million Baht

	Three-month period		Six-month period	
	Apr – Jun 2016	Apr – Jun 2015	Jan – Jun 2016	Jan – Jun 2015
Remuneration for Management Executives	15.00	18.82	30.63	38.30
Remuneration for Board of Directors	<u>5.15</u>	<u>4.34</u>	<u>9.42</u>	<u>8.57</u>
Total	<u>20.15</u>	<u>23.16</u>	<u>40.05</u>	<u>46.87</u>

The Company's Executives are the same criteria as Note No. 7.16, employee benefits expenses.

7.7 Property, Plant and Equipment

Consolidated Financial Statements As at June 30, 2016

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, 2016	5,491.24	117,546.25	165,110.74	36,440.79	61.20	9,583.65	2,514.52	10,805.23	4,792.85	31,724.07	384,070.54
- Adjust/Transfers	-	-	-	(2,614.94)	-	-	-	-	1.14	(50.79)	(2,664.59)
- Additions	1,646.38	87.56	239.21	496.82	199.50	-	-	-	6.40	85.17	2,761.04
- Disposals/Amortized	-	(69.64)	(255.44)	(694.25)	-	-	-	-	(30.86)	(175.39)	(1,225.58)
As at June 30, 2016	7,137.62	117,564.17	165,094.51	33,628.42	260.70	9,583.65	2,514.52	10,805.23	4,769.53	31,583.06	382,941.41
Accumulated depreciation											
As at January 1, 2016	-	72,566.93	38,859.37	23,975.65	-	-	2,439.82	6,014.55	4,510.15	27,418.71	175,785.18
- Depreciation	-	2,976.32	4,233.59	824.15	-	-	7.06	114.68	71.93	705.14	8,932.87
- Adjust/Transfers	-	-	-	(1,352.34)	-	-	-	-	8.51	(47.08)	(1,390.91)
- Disposals/Amortized	-	(67.17)	(203.80)	(449.22)	-	-	-	-	(29.16)	(173.78)	(923.13)
As at June 30, 2016	-	75,476.08	42,889.16	22,998.24	-	-	2,446.88	6,129.23	4,561.43	27,902.99	182,404.01
Net book value											
As at December 31, 2015	5,491.24	44,979.32	126,251.37	12,465.14	61.20	9,583.65	74.70	4,790.68	282.70	4,305.36	208,285.36
As at June 30, 2016	7,137.62	42,088.09	122,205.35	10,630.18	260.70	9,583.65	67.64	4,676.00	208.10	3,680.07	200,537.40

Consolidated Financial Statements
As at June 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	(6,019.46)	(21,768.56)	(27,631.64)	834.93	-	-	-	-	0.23	105.31	(54,479.19)
- Additions	1,086.82	42.47	8,199.21	226.22	(813.42)	-	-	-	13.34	869.70	9,624.34
- Disposals/Amortized	-	(44.30)	(157.57)	(786.96)	-	-	-	-	(1.99)	(247.08)	(1,237.90)
As at June 30, 2015	7,435.01	114,920.94	168,955.91	37,028.44	460.28	936.30	2,514.52	10,791.51	4,813.02	31,871.49	379,727.42
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	-	3,073.02	4,507.63	961.17	-	-	19.95	114.13	78.88	730.63	9,485.41
- Adjust/Transfers	-	(16,628.36)	(16,334.19)	(264.96)	-	-	-	-	0.23	105.53	(33,121.75)
- Disposals/Amortized	-	(44.30)	(157.57)	(321.98)	-	-	-	-	(1.77)	(245.25)	(770.87)
As at June 30, 2015	-	71,769.55	41,950.96	23,937.36	-	-	2,430.45	5,898.24	4,476.25	26,928.70	177,391.51
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 June 30, 2015	7,435.01	43,151.39	127,004.95	13,091.08	460.28	936.30	84.07	4,893.27	336.77	4,942.79	202,335.91

**Separate Financial Statements
As at June 30, 2016**

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, 2016	5,491.24	117,546.25	165,110.74	36,440.79	61.20	9,583.65	2,514.52	10,805.23	4,779.18	31,617.83	383,950.63
- Adjust/Transfers	-	-	-	(2,614.94)	-	-	-	-	1.14	(50.79)	(2,664.59)
- Additions	1,646.38	87.56	239.21	496.82	199.43	-	-	-	4.60	84.40	2,758.40
- Disposals/Amortized	-	(69.64)	(255.44)	(694.25)	-	-	-	-	(30.86)	(175.39)	(1,225.58)
As at June 30, 2016	7,137.62	117,564.17	165,094.51	33,628.42	260.63	9,583.65	2,514.52	10,805.23	4,754.06	31,476.05	382,818.86
Accumulated depreciation											
As at January 1, 2016	-	72,566.93	38,859.37	23,975.65	-	-	2,439.82	6,014.55	4,506.23	27,325.26	175,687.81
- Depreciation	-	2,976.32	4,233.59	824.15	-	-	7.06	114.68	69.68	702.71	8,928.19
- Adjust/Transfers	-	-	-	(1,352.34)	-	-	-	-	8.51	(47.08)	(1,390.91)
- Disposals/Amortized	-	(67.17)	(203.80)	(449.22)	-	-	-	-	(29.16)	(173.78)	(923.13)
As at June 30, 2016	-	75,476.08	42,889.16	22,998.24	-	-	2,446.88	6,129.23	4,555.26	27,807.11	182,301.96
Net book value											
As at December 31, 2015	5,491.24	44,979.32	126,251.37	12,465.14	61.20	9,583.65	74.70	4,790.68	272.95	4,292.57	208,262.82
As at June 30, 2016	7,137.62	42,088.09	122,205.35	10,630.18	260.63	9,583.65	67.64	4,676.00	198.80	3,668.94	200,516.90

**Separate Financial Statements
As at June 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	(6,019.46)	(21,768.56)	(27,631.64)	834.93	-	-	-	-	0.23	105.31	(54,479.19)
- Additions	1,086.82	42.47	8,199.21	226.22	(813.42)	-	-	-	13.34	868.55	9,623.19
- Disposals/Amortized	-	(44.30)	(157.57)	(786.96)	-	-	-	-	(1.99)	(245.65)	(1,236.47)
As at June 30, 2015	7,435.01	114,920.94	168,955.91	37,028.44	460.28	936.30	2,514.52	10,791.51	4,813.02	31,773.50	379,629.43
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	-	3,073.02	4,507.63	961.17	-	-	19.95	114.13	78.88	729.19	9,483.97
- Adjust/Transfers	-	(16,628.36)	(16,334.19)	(264.96)	-	-	-	-	0.23	105.53	(33,121.75)
- Disposals/Amortized	-	(44.30)	(157.57)	(321.98)	-	-	-	-	(1.77)	(245.25)	(770.87)
As at June 30, 2015	-	71,769.55	41,950.96	23,937.36	-	-	2,430.45	5,898.24	4,476.25	26,836.75	177,299.56
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 June 30, 2015	7,435.01	43,151.39	127,004.95	13,091.08	460.28	936.30	84.07	4,893.27	336.77	4,936.75	202,329.87

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 28 aircraft for sales with a carrying amount of THB 13,327.40 million.

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

The Company uses buildings and equipment that are now fully depreciated with historical cost of THB 61,381.91 million including the leasehold buildings amount of THB 3,924.94 million.

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

At present, the measurement of the Company's domestic and abroad land have been changed from cost model amount of THB 936.30 million to revaluation model amount of THB 9,583.65 million, consisting of land in Bangkok, provinces and abroad amount of THB 8,007.24 million, THB 394.89 million and THB 1,181.52 million, respectively. The revaluation has been done in September 2015 using the professional appraisal qualified by the Securities and Exchange Commission, Thailand (SEC.).

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, 2016	3,516.43	3,462.71
- Additions	3.61	2.44
As at June 30, 2016	3,520.04	3,465.15
Accumulated amortization		
As at January 1, 2016	2,485.10	2,469.22
- Amortization	197.51	192.39
As at June 30, 2016	2,682.61	2,661.61
Net book value		
As at December 31, 2015	1,031.33	993.49
As at June 30, 2016	837.43	803.54

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 Financial Statements		Separate Financial Statements	
	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>
Contribution to staff provident fund	49.19	52.16	49.19	52.16
Contribution to staff pension fund	222.33	232.98	222.33	232.98
Allowance for obsolete inventories	722.51	690.15	722.51	690.15
Allowance for doubtful accounts	290.82	295.88	286.58	291.64
Allowance for impairment in value of assets	4,411.23	3,970.13	4,411.23	3,970.13
Estimated accrual expenses	1,573.27	600.57	1,567.43	594.73
Intangible assets	28.25	38.19	28.25	38.19
Employee benefits obligation	2,336.51	2,329.05	2,319.37	2,313.65
Effective portion of changes in fair value of cash flow hedges	728.34	469.61	728.34	469.61
Others	<u>1.61</u>	<u>1.61</u>	<u>-</u>	<u>-</u>
Total	<u>10,364.06</u>	<u>8,680.33</u>	<u>10,335.23</u>	<u>8,653.24</u>

7.9.2 Deferred Tax Liabilities

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>
Intangible assets	132.12	137.41	132.12	137.41
Revaluation surplus	1,729.47	1,729.47	1,729.47	1,729.47
Total	<u>1,861.59</u>	<u>1,866.88</u>	<u>1,861.59</u>	<u>1,866.88</u>

Tax rates used for measuring asset value and deferred tax 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>Jun 30, 2016</u>	<u>Dec 31, 2015</u>	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>
Deferred charges	5,182.77	5,306.10	5,129.14	5,306.10
Maintenance Reserve	6,835.23	3,331.30	6,835.23	3,331.30
Others	373.07	545.47	351.94	542.34
Total	<u>12,391.07</u>	<u>9,182.87</u>	<u>12,316.31</u>	<u>9,179.74</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.

Maintenance reserves deposit is placed to lessor by lessee to ensure lessor the aircraft maintenance requirement as specified by lease agreement.

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>Jun 30, 2016</u>	<u>Dec 31, 2015</u>
Current assets	4,081.19	4,278.64
Others	63.57	55.14
Total	<u>4,144.76</u>	<u>4,333.78</u>
Other current liabilities	281.04	453.52
Pension fund	3,863.72	3,880.26
Total	<u>4,144.76</u>	<u>4,333.78</u>

As at June 30, 2016, the fund balance was THB 3,863.72 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 40.66 million, which came from contributions at a rate equivalent to 10% of employee salaries in the amount of THB 83.20 million less the amount to match the Company's obligation of THB 42.54 million.)

7.12 Employee Benefits Obligation

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>
Beginning Balance – Employee Benefits Obligation	11,645.23	11,508.91	11,568.26	11,456.35
Current service cost	261.77	502.38	254.46	479.94
Interest cost	172.73	472.08	171.31	470.11
Benefits paid	(397.16)	(1,238.82)	(397.16)	(1,238.82)
Actuarial loss	-	400.68	-	400.68
Ending Balance - Employee Benefits Obligation	<u>11,682.57</u>	<u>11,645.23</u>	<u>11,596.87</u>	<u>11,568.26</u>

7.13 Long-Term Provision

Changes in the present value of long-term provision

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>
Long-term provision at the beginning balance	619.31	412.96	619.31	410.52
Long-term provision for the period	<u>4,666.60</u>	<u>206.35</u>	<u>4,666.60</u>	<u>208.79</u>
Long-term provision at the ending balance	<u>5,285.91</u>	<u>619.31</u>	<u>5,285.91</u>	<u>619.31</u>

Long-term provision as at June 30, 2016 (Separate financial statements) consist of:

7.13.1 The Case which the court has rendered a judgment ordering the Company to pay for severance pay to its employees in the amount of THB 7.70 million. At present, the case is under the Supreme Court's consideration.

7.13.2 The Court of First Instance and the Court of Appeal has rendered a judgment ordering the Company to pay for damages, return cash guarantee or fines in the amount of THB 30.73 million. At present, the case is under the Supreme Court's consideration.

7.13.3 The Company had estimated damages and fines and had acknowledged such damages and fines in the financial statement of 2015 in the amount of THB 351.66 million. As at June 30, 2016 the Company had decreased an amount of the reserve with respect to damages and fines amount of THB 8.83 million, leaving the balance of THB 342.83 million.

7.13.4 The Board of Directors meeting no. 11/2558 dated November 11, 2015 has resolved the Company to reserve money as a compensation in respect of the 1 year early termination of Aircraft operating Lease Agreements for 2 A330-300 (TEJ, TEL) to AerCap at the begin of 2017. This payment is for the early termination fee in the amount of USD 3 million or approximately THB 106.03 million and Retrofit Koito Seat fee in the amount of USD 2.54 million or approximately THB 89.70 million totaling THB 195.73 million.

7.13.5 Long-term provision as at June 30, 2016, of THB 4,708.92 are the estimation of aircraft maintenance under operating lease agreement corresponding to actual aircraft utilization and to aircraft maintenance condition. Once after the Company will perform the maintenance according to criteria under lease agreement, the Company can reimburse from lessors the maintenance reserves deposit as presented by Note No. 7.10.

7.14 Share Capital

As at June 30, 2016, 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.

7.15 Other Income - Others

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2016	Apr-Jun, 2015	Jan-Jun, 2016	Jan-Jun, 2015
Gains on sales of assets	30.21	46.64	35.27	48.72
Revenue from other services of Aircraft Maintenance Department	142.67	124.40	339.97	273.17
Other fine revenues	139.25	99.88	193.76	133.29
Revenue from Royal Orchid Lounge service	37.70	27.49	67.77	56.81
Revenue from service to Thai Smile Airways passenger	13.11	49.89	48.71	103.67
Others	138.32	95.52	258.88	179.29
Total	501.26	443.82	944.36	794.95

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2016	Apr-Jun, 2015	Jan-Jun, 2016	Jan-Jun, 2015
Gains on sales of assets	30.21	46.64	35.27	48.72
Dividends from associated and subsidiary companies	187.86	148.53	223.86	148.53
Revenue from other services of Aircraft Maintenance Department	142.67	124.40	339.97	273.17
Other fine revenues	139.25	99.88	193.76	133.29
Revenue from Royal Orchid Lounge service	37.70	27.49	67.77	56.81
Revenue from service to Thai Smile Airways passenger	13.11	49.88	48.71	103.67
Others	138.05	135.63	279.90	284.36
Total	688.85	632.45	1,189.24	1,048.55

7.16 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2016	Apr-Jun, 2015	Jan-Jun, 2016	Jan-Jun, 2015
Personnel expenses	6,891.33	7,322.24	14,033.23	14,556.06
Employee benefits	211.16	243.78	434.50	486.90
Executive remuneration	16.60	19.54	33.69	40.20
Board of Directors remuneration	5.95	5.28	10.98	10.00
Total	7,125.04	7,590.84	14,512.40	15,093.16

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2016	Apr-Jun, 2015	Jan-Jun, 2016	Jan-Jun, 2015
Personnel expenses	6,767.13	7,259.61	13,799.83	14,441.67
Employee benefits	207.36	237.51	425.76	475.02
Executive remuneration	15.00	18.82	30.63	38.30
Board of Directors remuneration	5.15	4.34	9.42	8.57
Total	6,994.64	7,520.28	14,265.64	14,963.56

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.

7.17 Termination benefit – Mutual Separation Plan and Golden Handshake

According to the Board of Director meeting No. 4/2559 held on April 20, 2016 approved the Mutual Separation Plan for the year 2016. There are 280 employees have been authorized to join the plan in 2 periods, which are June 1, 2016 and July 1, 2016. The Company has to pay the benefit according such plans amount THB 13.54 million and 413.58 million, respectively, in an aggregate of THB 427.12 million.

7.18 Other Expenses

	Unit : Million Baht			
	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2016	Apr-Jun, 2015	Jan-Jun, 2016	Jan-Jun, 2015
Rentals and utilities	667.37	688.61	1,292.02	1,328.71
Office supplies	57.82	46.98	96.54	75.16
Repair of building and equipment	159.98	132.38	284.41	251.88
Outsource services	384.17	365.02	765.38	751.47
Consultant and service fees	118.11	118.37	236.08	296.00
Legal fee for Antitrust/ Competition Law	10.55	4.21	16.54	9.17
Computer service expenses	134.32	182.30	284.44	328.05
Rental of communication devices and office equipment	56.48	39.53	116.06	103.99
Travelling and transportation expenses	137.55	122.75	270.97	249.10
Concession fees	94.11	88.26	201.22	194.43
Passenger claim expenses	48.34	63.02	100.40	125.27
Provision for disposal and unused spare parts	81.26	152.82	162.01	297.96
Service cargo expenses	16.90	26.24	32.94	56.20
Joint venture expenses in STAR Alliance	38.92	2.48	40.80	5.13
Company business and municipal taxes	6.19	47.64	46.76	83.62
Bad debts and provision for bad debts	(19.35)	7.34	(2.98)	(212.17)
Service fee for IT HOSTING system	35.18	21.77	36.73	37.95
Fine and interest expenses	14.89	69.92	14.44	70.09
Others	131.34	(20.83)	263.03	203.62
Total	2,174.13	2,158.81	4,257.79	4,255.63

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2016	Apr-Jun, 2015	Jan-Jun, 2016	Jan-Jun, 2015
Rentals and utilities	667.37	688.61	1,292.02	1,328.71
Office supplies	57.82	46.98	96.54	75.16
Repair of building and equipment	159.98	132.38	284.41	251.88
Outsource services	384.17	365.02	765.38	751.47
Consultant and service fees	118.11	118.37	236.08	296.00
Legal fee for Antitrust/ Competition Law	10.55	4.21	16.54	9.17
Computer service expenses	134.32	182.30	284.44	328.05
Rental of communication devices and office equipment	56.48	39.53	116.06	103.99
Travelling and transportation expenses	137.55	122.75	270.97	249.10
Concession fees	94.11	88.26	201.22	194.43
Passenger claim expenses	48.34	63.02	100.40	125.27
Provision for disposal and unused spare parts	81.26	152.82	162.01	297.96
Service cargo expenses	16.89	26.24	32.94	56.20
Joint venture expenses in STAR Alliance	38.92	2.48	40.80	5.13
Company business and municipal taxes	6.19	47.64	46.76	83.62
Bad debts and provision for bad debts	(19.35)	7.24	(2.93)	(212.61)
Service fee for IT HOSTING system	35.18	21.77	36.73	37.95
Fine and interest expenses	14.89	69.92	14.44	70.09
Others	61.59	(61.55)	116.76	84.43
Total	2,104.37	2,117.99	4,111.57	4,136.00

7.19 Income Tax Expense (Income)

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2016	Apr-Jun, 2015	Jan-Jun, 2016	Jan-Jun, 2015
Tax expense (income) from taxable profit for the period	8.11	14.19	19.45	31.10
<u>Add(less):</u> deferred tax asset/ liability from temporary different increase/ decrease	(580.16)	200.31	(1,430.29)	(2,100.29)
Tax expenses (income)	(572.05)	214.50	(1,410.84)	(2,069.19)

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2016	Apr-Jun, 2015	Jan-Jun, 2016	Jan-Jun, 2015
Tax expense (income) from taxable profit for the period	4.41	7.50	9.17	14.94
<u>Add(less):</u> deferred tax asset/ liability from temporary different increase/ decrease	(579.40)	201.55	(1,428.55)	(2,097.91)
Tax expenses (income)	(574.99)	209.05	(1,419.38)	(2,082.97)

7.20 Earnings (Loss) Per Share

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

Consolidated Financial Statements For the three-month period ended June 30, 2016

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Earnings (Loss) per Share</u>	
	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (loss) per Share						
Profits (loss) attributable to owners of the parent	(2,921.08)	(12,759.07)	2,182.77	2,182.77	(1.34)	(5.85)

Separate Financial Statements For the three-month period ended June 30, 2016

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Earnings (Loss) per Share</u>	
	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (loss) per Share						
Profits (loss) attributable to owners of the parent	(2,181.44)	(12,201.11)	2,182.77	2,182.77	(1.00)	(5.59)

Consolidated Financial Statements For the six-month period ended June 30, 2016

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Earnings (Loss) per Share</u>	
	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (loss) per Share						
Profits (loss) attributable to owners of the parent	3,078.10	(8,217.94)	2,182.77	2,182.77	1.41	(3.76)

Separate Financial Statements For the six-month period ended June 30, 2016

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Earnings (Loss) per Share</u>	
	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (loss) per Share						
Profits (loss) attributable to owners of the parent	3,729.19	(7,451.73)	2,182.77	2,182.77	1.71	(3.41)

7.21 Financial Information by Segment Consolidated financial statements

7.21.1 Business segments

Statements of Income For the three – month period ended June 30, 2016

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>
External Revenues	37,900.16	38,512.90	2,320.40	2,198.66	521.03	651.16	40,741.59	41,362.72
Inter - segment revenues	-	-	2,133.03	2,091.50	1,200.79	1,036.57	3,333.82	3,128.07
Interest income	52.37	86.38	-	-	10.73	4.26	63.10	90.64
Finance costs	(1,343.43)	(1,499.09)	-	-	-	-	(1,343.43)	(1,499.09)
Finance costs - net	(1,291.06)	(1,412.71)	-	-	10.73	4.26	(1,280.33)	(1,408.45)
Depreciation and amortization expenses	(4,076.64)	(4,187.68)	(196.62)	(203.02)	(255.30)	(240.93)	(4,528.56)	(4,631.63)
Fuel and oil	(11,357.42)	(14,580.37)	-	-	(393.53)	(353.95)	(11,750.95)	(14,934.32)
Employee benefits expenses	(4,387.63)	(8,231.72)	(1,824.86)	(1,866.90)	(1,339.68)	(1,214.00)	(7,552.17)	(11,312.62)
Tax income (expenses)	574.99	(209.05)	-	-	(2.93)	(5.44)	572.06	(214.49)
Profit (loss) on investment in associates	(198.16)	35.44	-	-	-	-	(198.16)	35.44
Gain (loss) on foreign currency exchange	596.62	(3,632.03)	-	-	(1.74)	(46.92)	594.88	(3,678.95)
Impairment loss of assets and aircraft	(1,872.49)	(426.17)	-	-	-	-	(1,872.49)	(426.17)
Gain (loss) by segments	(2,872.00)	(12,154.32)	901.06	715.71	(1,516.30)	(1,101.07)	(3,487.24)	(12,539.68)

Statements of Income For the six-month period ended June 30, 2016

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2015</u>
External Revenues	84,357.43	86,940.44	4,838.33	4,515.64	1,285.70	1,122.32	90,481.46	92,578.40
Inter - segment revenues	-	-	4,469.35	4,417.68	2,163.36	2,240.80	6,632.71	6,658.48
Interest income	106.07	166.48	-	-	12.10	6.26	118.17	172.74
Finance costs	(2,737.62)	(2,908.21)	-	-	-	-	(2,737.62)	(2,908.21)
Finance costs - net	(2,631.55)	(2,741.72)	-	-	12.10	6.26	(2,619.45)	(2,735.46)
Depreciation and amortization expenses	(8,233.22)	(8,813.31)	(394.98)	(396.06)	(528.09)	(514.56)	(9,156.29)	(9,723.93)
Fuel and oil	(21,820.83)	(28,733.38)	-	-	(772.65)	(680.59)	(22,593.48)	(29,413.97)
Employee benefit expenses	(8,829.82)	(12,545.04)	(3,514.94)	(3,691.26)	(2,594.76)	(2,578.64)	(14,939.52)	(18,814.94)
Tax income (expenses)	1,419.38	2,082.97	-	-	(8.54)	(13.78)	1,410.84	2,069.19
Profit (loss) on investment in associates	(120.55)	171.66	-	-	-	-	(120.55)	171.66
Gain (loss) on foreign currency exchange	(84.91)	6,009.09	-	-	(0.92)	(34.13)	(85.83)	5,974.96
Impairment loss of assets and aircraft	(2,046.48)	(12,230.33)	-	-	-	-	(2,046.48)	(12,230.33)
Gain (loss) by segments	2,250.71	(9,557.19)	2,316.86	1,737.53	(2,882.94)	(2,454.83)	1,684.63	(10,274.49)

**Assets and Liabilities
As at June 30, 2016**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>	<u>Jun 30, 2016</u>	<u>Dec 31, 2015</u>
Current assets	53,486.14	56,563.55	659.96	638.56	5,751.80	8,571.54	59,897.90	65,773.65
Investments	4,485.46	4,810.79	-	-	4.16	4.16	4,489.62	4,814.95
Property, plant and equipment	191,738.83	198,914.36	5,728.71	6,081.91	3,069.86	3,289.09	200,537.40	208,285.36
Other non-current assets	23,449.29	18,818.36	0.15	0.41	143.12	75.77	23,592.56	18,894.54
Non-allocated assets	-	-	-	-	-	-	<u>4,377.28</u>	<u>4,702.56</u>
Total assets							<u>292,894.76</u>	<u>302,471.06</u>
Current liabilities	81,448.36	85,001.33	300.65	238.80	6,450.51	9,884.47	88,199.52	95,124.60
Non-current liabilities	168,358.26	173,444.52	-	-	86.81	78.04	168,445.07	173,522.56
Non-allocated liabilities	-	-	-	-	-	-	<u>1,277.79</u>	<u>898.21</u>
Total Liabilities							<u>257,922.38</u>	<u>269,545.37</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 three-month period													
Apr-Jun 2016	2,883.82	2,320.40	521.03	21,493.66	9,811.96	0.72	3,656.92	-	53.07	63.10	501.26	594.88	41,900.82
Apr-Jun 2015	2,446.25	2,198.67	651.16	22,195.67	9,622.05	650.84	3,512.29	0.18	85.62	90.64	443.82	(3,678.96)	38,218.23
For the six-month period													
Jan-Jun 2016	6,882.28	4,838.33	1,285.71	45,699.59	23,669.10	1.03	7,978.47	0.16	126.79	118.17	944.36	(85.83)	91,458.16
Jan-Jun 2015	5,896.84	4,515.65	1,122.32	47,184.04	24,136.90	1,372.76	7,779.45	56.18	514.27	172.74	794.95	5,974.95	99,521.05

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 568.80 million for this period.

The Company's provident fund is managed by UOB Asset Management (Thailand) Company Limited, Krungthai Asset Management Public Company Limited, One Asset Management Limited and MFC Asset Management Public Company 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>Jun 30, 2016</u>	<u>Dec 31, 2015</u>
Letters of guarantee issued by banks - Domestic	30.31	30.36
Letters of guarantee issued by banks - Abroad	427.20	314.58
The Company as defendant in		
Labor dispute cases	1,358.72	1,356.00
Damage claims cases	<u>484.37</u>	<u>512.64</u>
Total	<u>2,300.60</u>	<u>2,213.58</u>

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

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

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

2. 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 Complaint 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.

3. 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 Fluctuations in Foreign Currency Exchange Rates

Due to the fact that the Company's earnings are in more than 50 different currencies, accounting for 62% of total revenues, the Company has adopted the practice of Natural Hedging to reduce the risk of foreign currency exchange rate fluctuation by ensuring that as many cash expenses are paid for in the same currencies as revenues as practically possible. The net cash flow is then managed to better match its major expenses such as fuel payment, aircraft operating lease payment, and employee salaries. Borrowings are then made in the currencies with the highest net operating cash flow. To ensure that the Company does not incur too much foreign currency debt, it also took on Thai Baht to mitigate the foreign currency gain/loss impact on the Company's profit and loss statement. In addition, the Company has a policy to enter into Cross Currency Swap (CCS) whenever it is suitable to do so and also to use forward instruments as a way to manage fund to pay for the Company's expenses and debt obligation.

As at June 30, 2016, the Company's outstanding long-term foreign currency borrowings post CCS were 8% in USD, 42% in EUR, 16% in JPY and 34% in THB (excluding operating aircraft lease liabilities).

7.25 Cash Flow Hedge

For the three month and six-month periods ended June 30, 2016, the Company recognized in profit and loss from application of hedge accounting to foreign currency borrowings and forecasted future revenue (Revenue Hedging) amount THB 85.69 million and THB 147.55 million, respectively.

7.26 Contractual Obligations

7.26.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase 4 A350 - 900XWB aircraft amount of THB 16,021.98 million, expected to take delivery during the year 2017-2018 which consisted of:

Obligation	Unit : Million Baht
	Over 1 year – 5 years
Purchase of aircraft	16,021.98

7.26.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 43 aircraft amount of USD 4,233.80 million or approximately to THB 149,637.68 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 June 30, 2016, 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 2, 11 and 30 aircraft which the lease will expire in 2016, 2017 - 2020 and 2021 - 2030, respectively.

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

Obligation	Unit : Million Baht		
	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	10,253.91	56,489.50	82,894.27

7.27 Damages from the Flood Disaster

On October 26, 2011, the flood reached Don Muang Airport and Head Quarter 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 June 30, 2016, the Company received the insurance compensation amount of THB 1,967.07 million. The Company recognized the insurance compensation from the flood disaster as an income amount of THB 1,967.07 million. Such compensation has been recognized in the statements of comprehensive income for the year 2011, 2012, 2013, 2014 and 2015 at the amount of THB 175 million, THB 284.23 million, THB 1,135.09 million THB 164.70 million and THB 208.05 million, respectively. However, all the damaged assets which are covered by the insurance policy are under claiming process with the insurance company.

7.28 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. Eighty 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.

Since the date of this incident , THAI have already paid compensation to the injured passengers and the majority of claims including the claims from the 22 Thai plaintiffs could be settled/closed. At this time, there is only one Thai passenger, whose claim is under consideration of THAI reinsurers' lawyer and all legal expenses to defense all claim cases on THAI's behalf together with claim compensation in relation to this incident will be responsible by our insurers/reinsurers.

7.29 Events after the Reporting Period

7.29.1 The Company plans to employ such financial tools as Cross Currency Swap (CCS) and/or Interest Rate Swap (IRS) for the loan not exceeding THB 6,244 million from Bangkok Bank (Public) Company Limited (BBL) in the third and fourth quarters of 2016 as has been approved by Board of Director on August 14, 2014. The swaps will be carried out no later than December 2016 which is within BBL's approved extended timeframe. Decision to enter into swap will, however, depend on financial market conditions.

7.29.2 On July 14, 2016, the Company has subleased another three A320-200 to Thai Smile Airways Company Limited.

7.30 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on August 11, 2016.
