

**(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 March 31, 2017, the related consolidated and separate statements of income and other comprehensive income, the consolidated and separate statements of changes in shareholders' equity and the consolidated and separate statements of cash flows for the three-month periods then ended, 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".

### **Emphasis of Matters**

The Office of the Auditor General of Thailand would like to draw attention to Note 4 to the condensed interim financial statements regarding the Corporate Transformation Plans, which describes the liquidity management plan of Thai Airways International Public Company Limited. The Office of the Auditor General of Thailand's conclusion 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 MARCH 31, 2017**

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		March 31, 2017 (Unaudited but reviewed)	December 31, 2016 (Audited)	March 31, 2017 (Unaudited but reviewed)	December 31, 2016 (Audited)
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	6.1	13,612,845,630	13,389,710,774	12,418,495,461	11,925,036,967
Temporary investments		140,524,072	130,419,289	-	-
Trade receivables	6.2	12,922,776,513	10,358,261,388	12,569,187,660	10,444,175,323
Prepaid expenses and deposits		7,904,629,307	7,979,056,576	8,198,532,319	8,217,149,112
Inventories and supplies		5,116,342,922	4,986,775,103	5,090,932,877	4,961,626,437
Other current assets	6.3	10,449,746,731	10,208,355,227	15,622,908,577	14,987,088,746
Non-current assets held for sale	6.4	11,019,879,470	12,321,891,869	11,019,879,470	12,321,891,869
<b>Total Current Assets</b>		<b>61,166,744,645</b>	<b>59,374,470,226</b>	<b>64,919,936,364</b>	<b>62,856,968,454</b>
<b>Non-Current Assets</b>					
Investments in associates	6.5.1	3,917,981,074	3,890,765,534	1,083,520,500	1,083,520,500
Investments in subsidiaries	6.5.1	-	-	1,810,209,893	1,810,209,893
Other long-term investments	6.5.2	75,325,710	77,763,005	72,330,510	74,767,805
Property, plant and equipment	6.7	191,628,569,810	194,891,347,457	191,601,578,445	194,863,785,314
Intangible assets	6.8	635,866,387	709,855,682	602,340,757	673,082,159
Deferred tax assets	6.9.1	10,182,273,748	10,014,948,163	10,167,166,880	10,000,049,684
Other non-current assets	6.10	15,388,256,411	14,164,714,939	14,744,536,646	13,649,568,370
<b>Total Non-Current Assets</b>		<b>221,828,273,140</b>	<b>223,749,394,780</b>	<b>220,081,683,631</b>	<b>222,154,983,725</b>
<b>Total Assets</b>		<b>282,995,017,785</b>	<b>283,123,865,006</b>	<b>285,001,619,995</b>	<b>285,011,952,179</b>

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

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2017**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>March 31, 2017</u> (Unaudited but reviewed)	<u>December 31, 2016</u> (Audited)	<u>March 31, 2017</u> (Unaudited but reviewed)	<u>December 31, 2016</u> (Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Trade payables		5,534,232,105	4,951,411,552	5,409,182,980	4,746,744,517
Accrued expenses		14,960,970,692	16,846,320,892	15,161,614,021	16,910,539,096
Current portion of long-term liabilities					
Long-term borrowings from financial institutions		8,350,178,498	8,305,108,457	8,350,178,498	8,305,108,458
Liabilities under finance leases		9,172,292,251	9,461,231,562	9,172,292,251	9,461,231,562
Debentures		5,200,000,000	5,200,000,000	5,200,000,000	5,200,000,000
Short-term borrowings from financial institutions		1,000,000,000	2,000,000,000	1,000,000,000	2,000,000,000
Short-term borrowings from related parties	6.6.1.1	5,192,160,000	5,400,375,000	5,192,160,000	5,400,375,000
Income tax payable		20,182,824	11,280,480	-	-
Other current liabilities					
Accrued dividends		54,840,191	54,836,876	54,633,892	54,653,276
Unearned transportation revenues		27,234,301,405	27,111,129,396	26,649,988,743	26,624,698,720
Others		11,186,589,308	8,179,071,068	12,698,230,090	9,768,399,457
<b>Total Current Liabilities</b>		<u>87,905,747,274</u>	<u>87,520,765,283</u>	<u>88,888,280,475</u>	<u>88,471,750,086</u>
<b>Non-Current Liabilities</b>					
Long-term liabilities					
Long-term borrowings from financial institutions		11,331,400,331	13,006,551,881	11,331,400,331	13,006,551,881
Long-term borrowings from related parties	6.6.1.2	14,240,377,243	14,620,533,660	14,240,377,243	14,620,533,660
Liabilities under finance leases		51,658,341,487	55,289,234,923	51,658,341,487	55,289,234,923
Debentures		54,100,000,000	54,100,000,000	54,100,000,000	54,100,000,000
Deferred tax liabilities	6.9.2	1,833,919,584	1,854,236,084	1,833,919,584	1,854,236,084
Staff pension fund	6.11	3,744,044,988	3,710,083,100	3,744,044,988	3,710,083,100
Employee benefit obligations	6.12	12,144,844,524	11,920,072,997	12,127,463,068	11,903,855,344
Long-term provisions	6.13	8,874,453,765	7,365,831,672	8,366,526,362	7,034,078,456
Other non-current liabilities		142,571,130	148,363,624	142,207,130	148,080,624
<b>Total Non-Current Liabilities</b>		<u>158,069,953,052</u>	<u>162,014,907,941</u>	<u>157,544,280,193</u>	<u>161,666,654,072</u>
<b>Total Liabilities</b>		<u>245,975,700,326</u>	<u>249,535,673,224</u>	<u>246,432,560,668</u>	<u>250,138,404,158</u>
<b>Shareholders' Equity</b>					
Share capital	6.14				
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
Retained earnings					
Appropriated					
Legal reserve		2,691,275,568	2,691,275,568	2,691,275,568	2,691,275,568
Unappropriated		(18,970,031,135)	(22,167,172,423)	(17,321,362,595)	(20,794,927,497)
Other components of equity		5,826,265,878	5,604,235,654	5,826,110,876	5,604,164,472
<b>Total Company Shareholders' Equity</b>		<u>36,920,545,789</u>	<u>33,501,374,277</u>	<u>38,569,059,327</u>	<u>34,873,548,021</u>
<b>Non-controlling interests</b>		98,771,670	86,817,505	-	-
<b>Total Shareholders' Equity</b>		<u>37,019,317,459</u>	<u>33,588,191,782</u>	<u>38,569,059,327</u>	<u>34,873,548,021</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>282,995,017,785</u>	<u>283,123,865,006</u>	<u>285,001,619,995</u>	<u>285,011,952,179</u>

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

( Usanee Sangsingkeo )  
Executive Vice President, Commercial  
and Acting President

( Narongchai Wongthanavimok )  
Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2017**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>					
<b>Revenues from Sales or Revenues from Services</b>					
Passenger and excess baggage		41,462,906,353	42,045,275,123	39,157,367,360	40,235,131,859
Freight		4,688,329,280	4,270,158,516	4,689,570,906	4,258,468,212
Mail		168,869,021	141,833,793	168,869,021	141,833,793
Other activities		2,969,119,942	3,282,607,579	3,408,768,514	3,553,694,738
<b>Total Revenues from Sales or Revenues from Services</b>		<b>49,289,224,596</b>	<b>49,739,875,011</b>	<b>47,424,575,801</b>	<b>48,189,128,602</b>
<b>Other Income</b>					
Interest income		29,482,523	55,075,886	28,085,888	53,705,948
Gain on foreign currency exchange		1,560,055,617	(680,710,930)	1,580,815,657	(681,528,337)
Other income - Others	6.15	514,668,766	443,101,987	518,307,967	500,391,178
<b>Total Other Income</b>		<b>2,104,206,906</b>	<b>(182,533,063)</b>	<b>2,127,209,512</b>	<b>(127,431,211)</b>
<b>Total Revenues</b>		<b>51,393,431,502</b>	<b>49,557,341,948</b>	<b>49,551,785,313</b>	<b>48,061,697,391</b>
<b>Expenses</b>					
Fuel and oil		12,844,715,557	10,842,536,054	12,089,229,161	10,463,410,005
Employee benefit expenses	6.16	7,558,008,709	7,387,359,646	7,424,297,819	7,270,993,361
Flight service expenses		5,602,658,189	5,242,481,605	5,409,038,329	5,184,896,685
Crew expenses		1,402,741,181	1,345,552,432	1,312,180,159	1,287,791,327
Aircraft maintenance and overhaul costs		4,489,366,051	4,482,900,649	4,222,104,072	4,296,119,012
Depreciation and amortisation expenses		4,206,895,175	4,627,726,326	4,200,506,023	4,622,580,651
Lease of aircraft and spare parts		2,703,286,620	2,476,994,798	2,371,176,820	2,076,577,828
Inventories and supplies		2,311,372,220	1,997,533,096	2,209,287,439	1,942,114,899
Selling and advertising expenses		2,764,172,207	2,262,049,485	2,643,597,569	2,144,901,745
Insurance expenses		121,948,768	146,099,501	107,408,991	130,686,290
Impairment loss of assets		157,294,964	91,309,384	157,294,964	91,309,384
Impairment loss of aircraft	6.17	859,727,115	82,675,861	859,727,115	82,675,861
Other expenses	6.18	2,211,739,486	2,083,657,128	2,103,452,903	2,007,193,657
Finance costs		1,259,235,202	1,394,196,221	1,259,235,202	1,394,196,221
Share of ( profit ) loss of associates		(27,120,796)	(77,610,021)	-	-
<b>Total Expenses</b>		<b>48,466,040,648</b>	<b>44,385,462,159</b>	<b>46,368,536,566</b>	<b>42,995,446,926</b>
<b>Profit (loss) before Income Tax Expense</b>		<b>2,927,390,854</b>	<b>5,171,879,789</b>	<b>3,183,248,747</b>	<b>5,066,250,465</b>
Tax income	6.19	(241,775,547)	(838,780,088)	(250,459,155)	(844,387,128)
<b>Profit (loss) for the Period</b>		<b>3,169,166,401</b>	<b>6,010,659,877</b>	<b>3,433,707,902</b>	<b>5,910,637,593</b>
<b>Other Comprehensive Income (loss)</b>					
Items that will not be reclassified to profit or loss in subsequent periods					
Share of other comprehensive income from joint ventures and associates		94,744	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		327,254,255	(590,022,196)	327,254,255	(590,022,196)
Income tax related to Effective portion of changes in fair value of cash flow hedges		(65,450,851)	118,004,439	(65,450,851)	118,004,439
Unrealized gain on available for sale investments		104,783	-	-	-
Income tax related to unrealized gain on available for sale investments		(20,956)	-	-	-
<b>Other Comprehensive Income (loss) for the Period - Net of Tax</b>		<b>261,981,975</b>	<b>(470,293,364)</b>	<b>261,803,404</b>	<b>(472,017,757)</b>
<b>Total Comprehensive Income (loss) for the Period</b>		<b>3,431,148,376</b>	<b>5,540,366,513</b>	<b>3,695,511,306</b>	<b>5,438,619,836</b>
<b>Profit (Loss) Attributable to</b>					
<b>Owners of the Parent</b>					
Owners of the Parent		3,157,189,544	5,999,179,746	3,433,707,902	5,910,637,593
Non-controlling interests		11,976,857	11,480,137	-	-
		<b>3,169,166,401</b>	<b>6,010,659,877</b>	<b>3,433,707,902</b>	<b>5,910,637,593</b>
<b>Total Comprehensive Income (loss) Attributable to</b>					
<b>Owners of the Parent</b>					
Owners of the Parent		3,419,171,512	5,528,886,376	3,695,511,306	5,438,619,836
Non-controlling interests		11,976,864	11,480,137	-	-
		<b>3,431,148,376</b>	<b>5,540,366,513</b>	<b>3,695,511,306</b>	<b>5,438,619,836</b>
<b>Profit (loss) per Share</b>					
Basic profit (loss) per share	6.20	1.45	2.75	1.57	2.71

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

( Usanee Sangsingkeo )  
Executive Vice President, Commercial  
and Acting President

( Narongchai Wongthanavimok )  
Executive Vice President, Finance and Accounting

( TRANSLATION )

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2017

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS												Non-controlling Interests	Total Shareholders' Equity	
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Owners of the parent							Total Owners of the Parent			
					Other Components of Equity										
			Appropriated Legal reserve	Unappropriated	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	Unrealized gain on available for sale investment	Income tax related to unrealized gain on available for sale investment	Total Other Components of Equity				
<b>Balance as at January 1, 2016</b>	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
<b>Changes in Shareholders' Equity</b>															
<u>Less</u> Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,699)	(22,699)
<u>Add</u> Profit (Loss) for the period	-	-	-	5,999,179,740	-	-	-	-	-	-	-	5,999,179,740	11,480,137	6,010,659,877	
<u>Add</u> Total Other comprehensive income (loss) for the period	-	-	-	1,724,393	(590,022,196)	118,004,439	-	-	-	-	(472,017,757)	(470,293,364)	-	(470,293,364)	
<b>Balance as at March 31, 2016</b>	21,827,719,170	25,545,316,308	2,691,275,568	(16,246,900,276)	(2,938,072,416)	587,614,483	8,647,351,381	(1,729,470,276)	-	-	4,567,423,172	38,384,833,942	81,200,696	38,466,034,638	
<b>Balance as at January 1, 2017</b>	21,827,719,170	25,545,316,308	2,691,275,568	(22,167,172,423)	(1,629,834,423)	325,966,885	8,635,040,012	(1,727,008,002)	88,977	(17,795)	5,604,235,654	33,501,374,277	86,817,505	33,588,191,782	
<b>Changes in Shareholders' Equity</b>															
<u>Less</u> Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,699)	(22,699)
<u>Add</u> Profit for the period	-	-	-	3,157,189,544	-	-	-	-	-	-	-	3,157,189,544	11,976,857	3,169,166,401	
<u>Less</u> Transfer of revaluation surplus on disposed assets	-	-	-	39,837,000	-	-	(49,821,250)	9,964,250	-	-	(39,837,000)	-	-	-	
<u>Add</u> Total Other comprehensive income (loss) for the period	-	-	-	94,744	327,254,255	(65,450,851)	-	-	104,776	(20,956)	261,887,224	261,981,968	7	261,981,975	
<b>Balance as at March 31, 2017</b>	21,827,719,170	25,545,316,308	2,691,275,568	(18,970,031,135)	(1,302,580,168)	260,516,034	8,585,218,762	(1,717,043,752)	193,753	(38,751)	5,826,265,878	36,920,545,789	98,771,670	37,019,317,459	

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

( Usanee Sangsingkeo  
Executive Vice President, Commercial  
and Acting President

( Narongchai Wongthanavimok  
Executive Vice President, Finance and Accountant

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2017**

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	
<b>Balance as at January 1, 2016</b>	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
<b>Changes in Shareholders' Equity</b>										
<u>Add</u> Profit for the period	-	-	-	5,910,637,593	-	-	-	-	-	5,910,637,593
<u>Add</u> Total Other comprehensive income (loss) for the period	-	-	-	-	(590,022,196)	118,004,439	-	-	(472,017,757)	(472,017,757)
<b>Balance as at March 31, 2016</b>	21,827,719,170	25,545,316,308	2,691,275,568	(17,775,719,780)	(2,938,072,416)	587,614,483	8,647,351,381	(1,729,470,276)	4,567,423,172	36,856,014,438
<b>Balance as at January 1, 2017</b>	21,827,719,170	25,545,316,308	2,691,275,568	(20,794,927,497)	(1,629,834,423)	325,966,885	8,635,040,012	(1,727,008,002)	5,604,164,472	34,873,548,021
<b>Changes in Shareholders' Equity</b>										
<u>Add</u> Profit for the period	-	-	-	3,433,707,902	-	-	-	-	-	3,433,707,902
<u>Less</u> Transfer of revaluation surplus on disposed assets	-	-	-	39,857,000	-	-	(49,821,250)	9,964,250	(39,857,000)	-
<u>Add</u> Total Other comprehensive income (loss) for the period	-	-	-	-	327,254,255	(65,450,851)	-	-	261,803,404	261,803,404
<b>Balance as at March 31, 2017</b>	21,827,719,170	25,545,316,308	2,691,275,568	(17,321,362,595)	(1,302,580,168)	260,516,034	8,585,218,762	(1,717,043,752)	5,826,110,876	38,569,059,327

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

( Usanee Sangsingkeo )  
Executive Vice President, Commercial  
and Acting President

( Narongchai Wongthanavimok )  
Executive Vice President, Finance and Accounting

( TRANSLATION )

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## THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2017

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		
	Notes	2017	2016	2017	2016
<b>Cash Flows from Operating Activities</b>					
Profit (loss) before income tax expenses		2,927,390,854	5,171,879,789	3,183,248,747	5,066,250,465
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :					
Depreciation and amortisation expenses		4,206,895,175	4,627,726,326	4,200,506,023	4,622,580,651
Aircraft lease fee		56,447,669	46,669,809	56,447,669	46,669,809
Dividends received		-	-	-	(35,995,781)
Share profit of investments in associates by equity method		(27,120,796)	(77,610,021)	-	-
Interest income		(29,482,523)	(55,075,880)	(28,085,888)	(53,705,948)
Interest expenses		1,259,235,202	1,394,196,221	1,259,235,202	1,394,196,221
Loss (Gain) on sales of assets		19,044,494	(5,059,004)	19,044,452	(5,059,004)
Loss on sales of aircraft		6,907,470	-	6,907,470	-
Loss (Gain) on foreign currency exchange		(1,773,181,098)	406,929,057	(1,787,752,044)	405,055,800
Employee benefit obligations		224,771,527	(648,467,259)	223,607,724	(653,406,493)
Provision for obsolete inventories and supplies		103,740,056	80,747,172	103,740,056	80,747,172
Doubtful accounts		(17,476,916)	16,371,728	(17,199,744)	16,427,189
Impairment loss of aircraft		859,727,115	82,675,861	859,727,115	82,675,861
Impairment loss of assets		157,294,964	91,309,384	157,294,964	91,309,384
Operating profits before changes in operating assets and liabilities		7,974,193,193	11,132,293,183	8,236,721,746	11,057,745,326
Decrease (increase) in operating assets :					
Trade receivables		(2,719,641,157)	(509,375,889)	(2,279,739,180)	(1,181,588,910)
Inventories and supplies		(233,307,875)	569,524,988	(233,046,496)	566,341,032
Prepaid expenses and deposits		(182,543,466)	(320,702,004)	(238,353,942)	(242,466,935)
Tax refund		-	252,103,642	-	252,103,642
Other current assets		6,145,286	86,563,763	(394,414,749)	4,146,476,898
Assets held for sales		495,323,223	779,230	495,323,223	779,230
Maintenance Reserve		(807,724,946)	(2,217,332,607)	(681,192,346)	-
Other assets		(230,964,343)	87,557,483	(225,413,181)	(2,132,178,799)
Deferred charges		(661,593,440)	(134,995,304)	(665,104,006)	(134,995,304)
Increase (decrease) in operating liabilities :					
Trade payables		288,058,324	(419,394,637)	367,303,809	(355,199,685)
Accrued expenses and other current liabilities		1,494,165,457	(4,008,085,256)	1,550,780,846	(7,010,601,373)
Staff pension fund		33,961,888	(10,557,977)	33,961,888	(10,557,977)
Unearned transportation revenues		124,139,890	(880,188,521)	26,257,904	(1,070,487,522)
Other non-current liabilities		1,764,570,415	3,676,683,577	1,588,315,228	3,676,668,577
<b>Proceeds from operations</b>		7,344,782,449	7,304,873,671	7,581,400,744	7,562,038,200
Payment of income tax		(123,631,102)	(195,243,960)	(115,173,935)	(186,978,592)
<b>Net Cash provided by Operating Activities</b>		7,221,151,347	7,109,629,711	7,466,226,809	7,375,059,608

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



( TRANSLATION )

-9-

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CASH FLOWS

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2017

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Investing Activities</b>					
Cash paid for acquisition of fixed assets		(862,297,725)	(955,981,799)	(859,727,203)	(954,707,808)
Cash paid for intangible assets		(3,332,230)	(3,585,443)	(3,332,230)	(2,570,670)
Proceeds from sales of assets		89,544,764	6,311,251	89,544,764	6,311,251
Interest income		19,130,354	49,724,178	17,541,000	47,885,245
Dividends received		-	35,995,781	-	35,995,781
Investment increase		-	-	-	(1,000,000,000)
Temporary investment decrease (increase)		(10,000,000)	25,000,000	-	-
<b>Net Cash used in Investing Activities</b>		<b>(766,954,837)</b>	<b>(842,536,032)</b>	<b>(755,973,669)</b>	<b>(1,867,086,201)</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds from short-term borrowings		6,266,095,000	11,400,330,000	6,266,095,000	11,400,330,000
Cash paid for repayment of short-term borrowings		(7,218,150,000)	(9,768,755,000)	(7,218,150,000)	(9,768,755,000)
Cash paid for repayment of debentures		-	(300,000,000)	-	(300,000,000)
Cash paid for repayment of long-term borrowings		(4,134,377,593)	(4,289,465,868)	(4,134,377,593)	(4,289,465,868)
Cash paid for borrowings interest		(964,782,430)	(1,175,053,340)	(964,782,431)	(1,175,053,340)
Dividends paid		(19,384)	(15,530)	(19,384)	(15,530)
Dividends paid to non-controlling interests		-	(61,200)	-	-
<b>Net Cash used in Financing Activities</b>		<b>(6,051,234,407)</b>	<b>(4,133,020,938)</b>	<b>(6,051,234,408)</b>	<b>(4,132,959,738)</b>
Net increase in cash and cash equivalents		402,962,103	2,134,072,741	659,018,732	1,375,013,669
Cash and cash equivalents at the beginning of the year		13,389,710,774	20,781,350,721	11,925,036,967	18,875,817,868
		13,792,672,877	22,915,423,462	12,584,055,699	20,250,831,537
Effect from changing in exchange rate on cash and cash at banks increase (decrease)		(179,827,247)	6,768,784	(165,560,238)	6,768,784
<b>Cash and Cash Equivalents at the End of the year</b>		<b>13,612,845,630</b>	<b>22,922,192,246</b>	<b>12,418,495,461</b>	<b>20,257,600,321</b>

Additional Information for Cash Flow

Non-cash Transactions

Fixed assets unpaid	87,864,283	26,533,192	87,864,283	26,533,192
Assets under finance leases				

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

( Usanee Sangsingkeo )  
Executive Vice President, Commercial  
and Acting President

( 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 PERIOD ENDED MARCH 31, 2017 (unaudited but reviewed)**

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE – MONTH PERIOD ENDED MARCH 31, 2017 (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 March 31, 2017, the Company has the routes network servicing to 61 destinations in 32 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	The main place of Business	Percentage of Share Holding	
			2017	2016
<b>Held by the Company:</b>				
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%
<b>Held by the Subsidiary of the Company</b>				
A subsidiary held by WingSpan Services Company Limited				
- Tour Eurng Luang Company Limited	Tourism Business	Thailand	49%	49%

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

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

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

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 2016) Interim Financial Reporting. The Company presents items in the statements of financial position, income statement and statements of other comprehensive income, statements of changes in shareholders' equity and statements of cash flows which complied with TAS No. 1 (revised 2016) Presentation of Financial Statements, which are effective on January 1, 2017 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, 2016. 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, 2016.

### **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, 2016 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, 2017. 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. CORPORATE TRANSFORMATION PLANS

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. The Company has already implemented transformation plan such as Network Management System, Revenue Management System, Upgrading of Business Class meals and services, and Improving work process for better efficiency.

In 2017, the Company continues to implement its third phase of the transformation plan "Sustainable Growth" dealing with 6 strategies which are about development of competitive profitable network and aircraft type simplification, improvement of competitiveness capability and of revenue generating, creating of an excellence in Service Ring, competitive cost and efficient operation, development of corporate culture which support sustainability and also an excellence in human resource development, managing Company's portfolio and dealing with new business development for sustainability perspective.

Liquidity management for the first quarter of 2017 was administered by way of Roll Over of the loan obtained from the Ministry of Finance in the form of European Commercial Paper (ECP) by pushing back the maturity date of January, February and March 2017 for another 180 days in the total amount of USD 150 million to accommodate the ongoing sale of Airbus 340-600 aircraft. Furthermore the repayment of revolving credit line with domestic bank in the form of Promissory Note in the amount of THB 1,000 million has matured; and the 91 day rolled over in the amount of THB 1,000 million has been done in order to be used to support the Company's cash flow.

From the financial administration explained above and cash flow projection for the year 2017 with conservative financial plan, the Company still has a sufficient level of cash on hand to conduct normal operation, provided that there will be no uncontrollable circumstances.

**5. POTENTIAL IMPACT FROM THE CIVIL AVIATION AUTHORITY OF THAILAND (RENAMED 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.

According to the European Union Air Safety Committee (EU-ASC) meeting that held on December 8, 2016, no air carriers from Thailand were added to the EU Air Safety List in its latest update. The Company would continue flying to European Countries as usual.

The Civil Aviation Authority of Thailand has proceeded systematically with the ICAO required improvements, and by end of 2017, the Civil Aviation Authority of Thailand will invite ICAO to conduct a review of the improved civil aviation safety regulatory system in Thailand.

## 6. SUPPLEMENTARY INFORMATION

### 6.1 Cash and Cash Equivalents

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>
Cash - Domestic	13.27	10.61	12.62	9.97
Cash - Abroad	27.47	26.27	27.47	26.27
Cash at Banks - Domestic	3,663.39	6,770.25	2,538.01	5,374.54
Cash at Banks - Abroad	<u>9,908.72</u>	<u>6,582.58</u>	<u>9,840.40</u>	<u>6,514.26</u>
<b>Total</b>	<b><u>13,612.85</u></b>	<b><u>13,389.71</u></b>	<b><u>12,418.50</u></b>	<b><u>11,925.04</u></b>

### 6.2 Trade Receivables

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>
Aging Periods:				
Not over 6 months	12,601.58	9,922.07	12,247.97	10,007.96
Over 6 months to 1 year	103.06	175.24	103.04	175.22
Over 1 year to 2 years	133.76	98.48	133.71	98.45
Over 2 years	<u>1,096.18</u>	<u>1,096.24</u>	<u>1,066.22</u>	<u>1,065.99</u>
	13,934.58	11,292.03	13,550.94	11,347.62
<u>Less</u> Allowance for doubtful accounts	<u>(1,011.80)</u>	<u>(933.77)</u>	<u>(981.75)</u>	<u>(903.44)</u>
<b>Trade receivables - net</b>	<b><u>12,922.78</u></b>	<b><u>10,358.26</u></b>	<b><u>12,569.19</u></b>	<b><u>10,444.18</u></b>

Part of the outstanding overdue trade receivables belong to government agencies and state enterprises. The Company does not set aside the allowance for doubtful accounts for trade receivables of government agencies, while set aside the allowance for doubtful accounts for trade receivables of state enterprises when there is a significant indicator of uncollectible debt.

### 6.3 Other Current Assets

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>
Tax refund	874.88	762.13	874.88	762.13
Cash and cash at bank of pension fund	3,950.70	3,908.30	3,950.70	3,908.30
Others	<u>5,624.17</u>	<u>5,537.93</u>	<u>10,797.33</u>	<u>10,316.66</u>
<b>Total</b>	<b><u>10,449.75</u></b>	<b><u>10,208.36</u></b>	<b><u>15,622.91</u></b>	<b><u>14,987.09</u></b>

### 6.4 Non-current assets held for sale Separate financial statements

As at January 1, 2017, non-current assets held for sale comprised 1 A300-600, 3 A340-500, 6 A340-600, 4 B737-400, 4 B747-400, 7 A330-300 aircraft, totaling 25 aircraft amounting to THB 10,724.98 million. As well as spare engines of THB 1,027.02 million and other fixed assets of THB 569.89 million which consist of land revaluation in year 2015 of THB 506.13 million (historical cost of THB 32.04 million) and other assets of THB 63.76 million, which made a grand total of THB 12,321.89 million.

During the three-month period ended March 31, 2017, the total increase of non-current assets held for sale of THB 122.01 million comprised 1 aircraft of THB 110.82 million, and other fixed assets of THB 11.19 million which consist of land revaluation in year 2015 of THB 8.07 million and other assets of THB 3.12 million.

Moreover, the Company has transferred the title of 1 aircraft of THB 260.20 million to the buyer, as well as sold out spare engines of THB 235.12 million ; other fixed assets of THB 33.84 million consisting of land revaluation in year 2015 THB 31.66 million and other assets THB 2.18 million, which made a grand total of THB 529.16 million. In addition, One aircraft has been returned to service of THB 35.13 million. In this period, the Company recognized impairment of aircraft of THB 859.73 million.

As at March 31, 2017, the total increase of non-current assets classified as held for sale is THB 11,019.88 million which consist of 1 A300-600, 3 A340-500, 6 A340-600, 4 B737-400, 4 B747-400 and 6 A330-300 aircraft, totaling 24 aircraft in an aggregate of THB 9,680.74 million, spare engines of THB 791.90 million , as well as other fixed assets of THB 547.24 million which consist of land revaluation in year 2015 of THB 482.54 million and other assets of THB 64.70 million.



## 6.5 Investments

### Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
			Cost Method		Equity Method		Mar. 31, 2017	Mar. 31, 2016
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2017	Dec. 31, 2016		
<b>6.5.1 Investments in associated companies recorded by equity method</b>								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at March 31, 2017 amount of THB 787.50 million and as at December 31, 2016 amount of THB 703.13 million)	24.00	24.00	225.00	225.00	279.66	268.53	11.13	10.61
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	127.73	120.62	7.11	13.30
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at March 31, 2017 amount of THB 4,521.07 million and as at December 31, 2016 amount of THB 4,175.51 million)	22.59	22.59	115.19	115.19	1,203.47	1,126.71	76.76	181.81
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	350.22	316.70	33.53	26.61
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	214.90	201.09	13.81	10.65
Nok Airlines Public Company Limited (Fair value as at March 31, 2017 amount of THB 1,862.00 million and as at December 31, 2016 amount of THB 1,813.00 million)	39.20	39.20	360.00	360.00	<u>1,742.00</u>	<u>1,857.12</u>	<u>(115.12)</u>	<u>(165.37)</u>
<b>Total investments recorded by equity method</b>					<b><u>3,917.98</u></b>	<b><u>3,890.77</u></b>	<b><u>27.22</u></b>	<b><u>77.61</u></b>
<b>6.5.2 Other long-term investments recorded by cost method</b>								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934			-	-
Aeronautical Radio of Thailand Limited	1.01	1.01	9.63	9.63			-	-
SITA Investment Certificate	-	-	28.91	30.07			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			-	-
SITA Information Networking Computing	-	-	31.35	32.60			-	-
Other Shares	-	-	2.68	2.70			-	-
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>			-	-
<b>Total other long-term investments</b>			<b><u>75.33</u></b>	<b><u>77.76</u></b>			<b>-</b>	<b>-</b>

Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
	Mar 31, 2017	Dec 31, 2016	Cost Method		Mar 31, 2017	Mar 31, 2016
			Mar 31, 2017	Dec 31, 2016		
<b>6.5.1 Investments recorded by cost method</b>						
<b>Subsidiary Companies</b>						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	-	-
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>1,800.00</u>	-	-
<b>Total</b>			<b><u>1,810.21</u></b>	<b><u>1,810.21</u></b>	<b>-</b>	<b>-</b>
<b>Associated Companies</b>						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at March 31, 2017 amount of THB 787.50 million and as at December 31, 2016 amount of THB 703.13 million)	24.00	24.00	225.00	225.00	-	-
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	-	-
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at March 31, 2017 amount of THB 4,521.07 million and as at December 31, 2016 amount of THB 4,175.51 million)	22.59	22.59	115.19	115.19	-	36.00
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	-	-
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited (Fair value as at March 31, 2017 amount of THB 1,862.00 million and as at December 31, 2016 amount of THB 1,813.00 million)	39.20	39.20	<u>360.00</u>	<u>360.00</u>	-	-
<b>Total</b>			<b><u>1,083.52</u></b>	<b><u>1,083.52</u></b>	<b>-</b>	<b><u>36.00</u></b>
<b>Total investments recorded by cost method</b>			<b><u>2,893.73</u></b>	<b><u>2,893.73</u></b>	<b>-</b>	<b><u>36.00</u></b>
<b>6.5.2 Other long-term investments recorded by cost method</b>						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934	-	-
Aeronautical Radio of Thailand Limited	1.01	1.01	6.64	6.64	-	-
SITA Investment Certificate	-	-	28.91	30.07	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	-	-
SITA Information Networking Computing	-	-	31.35	32.60	-	-
Other Shares	-	-	2.68	2.70	-	-
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>	-	-
<b>Total other long-term investments</b>			<b><u>72.33</u></b>	<b><u>74.77</u></b>	<b>-</b>	<b>-</b>

## Controlling of Subsidiaries

The Company has a proportion of shareholding more than 50% or invests in a portion to get the power over the subsidiary. The Company is entitled to appoint Board representative to vote and direct the relevant activities of the subsidiary through voting rights, or as stipulated in the Shareholders' Agreement giving the Company majority vote in the Board of Directors.

### 6.5.3 Financial Information Summary of Subsidiaries

Unit : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<b><u>Subsidiary Companies</u></b>				
Thai-Amadeus Southeast Asia Company Limited	293.17	77.11	73.26	26.56
WingSpan Services Company Limited	663.21	466.61	271.21	7.73
Thai Flight Training Company Limited	42.59	4.27	9.77	3.10
Tour Eurng Luang Company Limited	14.50	11.26	0.64	0.17
Thai Smile Airways Company Limited	5,457.46	8,111.46	2,772.44	60.43

The Company used the financial statements of subsidiary and associated companies, some of which are unreviewed by the CPA, as at March 31, 2017 to record the investment by equity method in the consolidated financial statement and by cost method in the separate financial statement.

## 6.6 Significant Transactions with Related Parties

### 6.6.1 Related Transactions with Major Shareholders

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

Unit : Million Baht		
	Mar 31, 2017	Dec 31, 2016
Foreign borrowings via the Ministry of Finance	<u>5,192.16</u>	<u>5,400.38</u>
<b>Total</b>	<b><u>5,192.16</u></b>	<b><u>5,400.38</u></b>

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

Unit : Million Baht		
	Mar 31, 2017	Dec 31, 2016
Foreign borrowings via the Ministry of Finance	<u>14,240.38</u>	<u>14,620.53</u>
<b>Total</b>	<b><u>14,240.38</u></b>	<b><u>14,620.53</u></b>

## 6.6.2 Related Transactions with Subsidiary Companies

### 6.6.2.1 Sales and Purchases

	Unit : Million Baht			
	Mar 31, 2017		Mar 31, 2016	
	Sales	Purchases	Sales	Purchases
Thai-Amadeus Southeast Asia Company Limited	0.38	-	0.40	-
WingSpan Services Company Limited	0.76	263.99	0.78	225.00
Thai Flight Training Company Limited	2.97	0.06	2.07	-
Tour Eurng Luang Company Limited	18.89	0.02	7.23	0.01
Thai Smile Airways Company Limited	2,107.50	101.43	1,910.12	42.35

### 6.6.2.2 Account Receivables and Account Payables

	Unit : Million Baht			
	Mar 31, 2017		Dec 31, 2016	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	0.11	0.16	0.15	0.16
WingSpan Services Company Limited	348.17	335.52	250.62	277.68
Thai Flight Training Company Limited	1.17	-	1.17	-
Tour Eurng Luang Company Limited	0.69	-	1.16	-
Thai Smile Airways Company Limited	6,518.01	1,894.91	6,060.39	1,363.65

Related account receivables and account payables of WingSpan Service Co., Ltd. have included prepaid and accrued expenses amount of THB 346.46 million and THB 329.20 million.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. have included accrued income amount of THB 153.37 million and accrued expenses amount of THB 1,882.94 million.

### 6.6.2.3 Aircraft Lease Between Related Parties

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. As at March 31, 2017, a total of such aircraft are 20 aircraft consisting of 15 aircraft under operating lease agreement with monthly lease payment and 5 aircraft under finance lease agreement with quarterly lease payment. The sublease term is equal to lease term that the Company signed agreement with the lessor.

### 6.6.3 Related Transactions with Associated Companies

#### 6.6.3.1 Sales and Purchases

Unit : Million Baht

	Mar 31, 2017		Mar 31, 2016	
	Sales	Purchases	Sales	Purchases
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.83	-	0.34
Donmuang International Airport Hotel Company Limited	-	-	-	0.03
Bangkok Aviation Fuel Services Public Company Limited	0.02	104.85	-	71.79
Phuket Air Catering Company Limited	0.12	12.02	0.03	3.44
Suvarnabhumi Airport Hotel Company Limited	-	6.03	-	3.28
Nok Airlines Public Company Limited	16.04	0.01	11.30	0.08
NokScoot Airlines Public Company Limited	11.65	-	15.93	-

#### 6.6.3.2 Account Receivables and Account Payables

Unit : Million Baht

	Mar 31, 2017		Dec 31, 2016	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.58	-	0.003
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	39.86	-	43.45
Phuket Air Catering Company Limited	0.05	2.26	0.02	5.05
Suvarnabhumi Airport Hotel Company Limited	-	0.09	-	0.80
Nok Airlines Public Company Limited	42.14	-	40.54	-
NokScoot Airlines Public Company Limited	4.53	-	11.35	-

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

## 6.7 Property, Plant and Equipment

### Consolidated Financial Statements As at March 31, 2017

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
<b>Cost</b>											
As at January 1, 2017	9,646.95	126,334.89	156,393.29	33,291.82	371.21	9,063.37	2,124.24	10,805.23	4,794.03	31,335.71	<b>384,160.74</b>
- Adjust/Transfers	-	12.40	-	(27.12)	(203.81)	23.58	(1.09)	-	(5.19)	42.65	<b>(158.58)</b>
- Additions	579.62	197.91	-	248.92	256.22	-	-	-	2.50	82.15	<b>1,367.32</b>
- Disposals/Amortized	-	(311.13)	-	(67.81)	-	(51.89)	(3.96)	-	(22.25)	(120.10)	<b>(577.14)</b>
As at March 31, 2017	<b>10,226.57</b>	<b>126,234.07</b>	<b>156,393.29</b>	<b>33,445.81</b>	<b>423.62</b>	<b>9,035.06</b>	<b>2,119.19</b>	<b>10,805.23</b>	<b>4,769.09</b>	<b>31,340.41</b>	<b>384,792.34</b>
<b>Accumulated depreciation</b>											
As at January 1, 2017	-	81,648.97	43,476.63	23,063.89	-	-	2,063.66	6,245.16	4,605.78	28,165.30	<b>189,269.39</b>
- Depreciation	-	1,460.35	1,943.26	376.70	-	-	3.43	56.86	28.52	251.37	<b>4,120.49</b>
- Adjust/Transfers	-	25.58	-	115.93	-	-	(1.09)	-	(5.19)	43.59	<b>178.82</b>
- Disposals/Amortized	-	(293.37)	-	(34.69)	-	-	(3.96)	-	(22.25)	(117.92)	<b>(472.19)</b>
- Allowance for impairment	-	67.26	-	-	-	-	-	-	-	-	<b>67.26</b>
As at March 31, 2017	-	<b>82,908.79</b>	<b>45,419.89</b>	<b>23,521.83</b>	-	-	<b>2,062.04</b>	<b>6,302.02</b>	<b>4,606.86</b>	<b>28,342.34</b>	<b>193,163.77</b>
<b>Net book value</b>											
As at December 31, 2016	<b>9,646.95</b>	<b>44,685.92</b>	<b>112,916.66</b>	<b>10,227.93</b>	<b>371.21</b>	<b>9,063.37</b>	<b>60.58</b>	<b>4,560.07</b>	<b>188.25</b>	<b>3,170.41</b>	<b>194,891.35</b>
As at March 31, 2017	<b>10,226.57</b>	<b>43,325.28</b>	<b>110,973.40</b>	<b>9,923.98</b>	<b>423.62</b>	<b>9,035.06</b>	<b>57.15</b>	<b>4,503.21</b>	<b>162.23</b>	<b>2,998.07</b>	<b>191,628.57</b>

Consolidated Financial Statements  
As at March 31, 2017

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
<b>Cost</b>											
As at January 1, 2017	9,646.95	126,334.89	156,393.29	33,291.82	371.21	9,063.37	2,124.24	10,805.23	4,768.82	31,224.76	<b>384,024.58</b>
- Adjust/Transfers	-	12.40	-	(27.12)	(203.81)	23.58	(1.09)	-	(5.19)	42.65	<b>(158.58)</b>
- Additions	579.62	197.91	-	248.92	256.22	-	-	-	2.13	81.17	<b>1,365.97</b>
- Disposals/Amortized	-	(311.13)	-	(67.81)	-	(51.89)	(3.96)	-	(22.25)	(120.10)	<b>(577.14)</b>
As at March 31, 2017	<b>10,226.57</b>	<b>126,234.07</b>	<b>156,393.29</b>	<b>33,445.81</b>	<b>423.62</b>	<b>9,035.06</b>	<b>2,119.19</b>	<b>10,805.23</b>	<b>4,743.51</b>	<b>31,228.48</b>	<b>384,654.83</b>
<b>Accumulated Depreciation</b>											
As at January 1, 2017	-	81,648.97	43,476.63	23,063.89	-	-	2,063.66	6,245.16	4,596.38	28,066.10	<b>189,160.79</b>
- Depreciation	-	1,460.35	1,943.26	376.70	-	-	3.43	56.86	26.50	251.47	<b>4,118.57</b>
- Adjust/Transfers	-	25.58	-	115.93	-	-	(1.09)	-	(5.19)	43.59	<b>178.82</b>
- Disposals/Amortized	-	(293.37)	-	(34.69)	-	-	(3.96)	-	(22.25)	(117.92)	<b>(472.19)</b>
- Allowance for impairment	-	67.26	-	-	-	-	-	-	-	-	<b>67.26</b>
As at March 31, 2017	-	<b>82,908.79</b>	<b>45,419.89</b>	<b>23,521.83</b>	-	-	<b>2,062.04</b>	<b>6,302.02</b>	<b>4,595.44</b>	<b>28,243.24</b>	<b>193,053.25</b>
<b>Net book value</b>											
As at December 31, 2016	<b>9,646.95</b>	<b>44,685.92</b>	<b>112,916.66</b>	<b>10,227.93</b>	<b>371.21</b>	<b>9,063.37</b>	<b>60.58</b>	<b>4,560.07</b>	<b>172.44</b>	<b>3,158.66</b>	<b>194,863.79</b>
As at March 31, 2017	<b>10,226.57</b>	<b>43,325.28</b>	<b>110,973.40</b>	<b>9,923.98</b>	<b>423.62</b>	<b>9,035.06</b>	<b>57.15</b>	<b>4,503.21</b>	<b>148.07</b>	<b>2,985.24</b>	<b>191,601.58</b>

As at March 31, 2017, there are 95 aircraft represented in the Company's fleet consisting of 28 own aircraft, 34 aircraft under finance leases, and 33 aircraft under operating leases which excluded 24 aircraft for sales with a carrying amount of THB 9,680.74 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 71,457.90 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 had 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, and the proposal is under the negotiation. In this regard, Airports of Thailand Public Company Limited has collected aforementioned rental at the same rate of previous agreement.

The measurement of the Company's domestic and abroad land have been changed from historical 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.).

In this period, the Company sold out domestic land of THB 51.89 million consisting of land in Songkhla Province of THB 27.08 million, land in Phuket Province of THB 4.57 million and land in Nan Province of THB 20.24 million.

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



## 6.8 Intangible Assets

	Unit : Million Baht	
	<b>Consolidated Financial Statements</b>	<b>Separate Financial Statements</b>
<b>Cost</b>		
As at January 1, 2017	3,556.61	3,493.26
- Adjust/Transfers	0.27	0.27
- Additions	3.31	3.31
- Disposals/Amortized	(13.47)	(13.47)
As at March 31, 2017	3,546.72	3,483.37
<b>Accumulated amortization</b>		
As at January 1, 2017	2,846.75	2,820.18
- Adjust/Transfers	77.29	74.04
- Additions	0.27	0.27
- Disposals/Amortized	(13.46)	(13.46)
As at March 31, 2017	2,910.85	2,881.03
<b>Net book value</b>		
As at December 31, 2016	<b>709.86</b>	<b>673.08</b>
As at March 31, 2017	<b>635.87</b>	<b>602.34</b>

## 6.9 Deferred Tax Assets , Deferred Tax Liabilities

6.9.1 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			
	<b>Consolidated Financial Statements</b>		<b>Separate Financial Statements</b>	
	<u>Mar 31,2017</u>	<u>Dec 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>
Contribution to staff provident fund	44.61	44.71	44.61	44.71
Contribution to staff pension fund	172.83	167.98	172.83	167.98
Allowance for obsolete inventories	772.24	751.49	772.24	751.49
Allowance for doubtful accounts	275.77	279.21	271.54	274.98
Allowance for impairment in value of assets	4,369.08	4,316.20	4,369.08	4,316.20
Estimated accrual expenses	1,840.57	1,723.87	1,834.73	1,718.03
Intangible assets	16.13	19.92	16.13	19.92
Employee benefits obligation	2,428.96	2,384.01	2,425.49	2,380.77
Effective portion of changes in fair value of cash flow hedges	260.52	325.97	260.52	325.97
Others	1.56	1.59	-	-
<b>Total</b>	<b><u>10,182.27</u></b>	<b><u>10,014.95</u></b>	<b><u>10,167.17</u></b>	<b><u>10,000.05</u></b>

### 6.9.2 Deferred Tax Liabilities

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Mar 31,2017</u>	<u>Dec 31, 2016</u>	<u>Mar 31,2017</u>	<u>Dec 31, 2016</u>
Intangible assets	116.88	127.23	116.88	127.23
Revaluation surplus	<u>1,717.04</u>	<u>1,727.01</u>	<u>1,717.04</u>	<u>1,727.01</u>
<b>Total</b>	<b><u>1,833.92</u></b>	<b><u>1,854.24</u></b>	<b><u>1,833.92</u></b>	<b><u>1,854.24</u></b>

Tax rate used for measuring asset value and deferred tax is 20%.

### 6.10 Other Non-Current Assets

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Mar 31,2017</u>	<u>Dec 31, 2016</u>	<u>Mar 31,2017</u>	<u>Dec 31, 2016</u>
Deferred charges	5,661.59	5,153.88	5,509.80	4,998.58
Maintenance Reserve	8,729.19	8,244.32	8,270.90	7,912.57
Others	<u>997.48</u>	<u>766.51</u>	<u>963.84</u>	<u>738.42</u>
<b>Total</b>	<b><u>15,388.26</u></b>	<b><u>14,164.71</u></b>	<b><u>14,744.54</u></b>	<b><u>13,649.57</u></b>

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.

### 6.11 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>Mar 31, 2017</u>	<u>Dec 31, 2016</u>
Current assets	3,950.70	3,908.30
Others	<u>24.59</u>	<u>22.08</u>
Total	<u>3,975.29</u>	<u>3,930.38</u>
Other current liabilities	231.25	220.30
Pension fund	<u>3,744.04</u>	<u>3,710.08</u>
<b>Total</b>	<b><u>3,975.29</u></b>	<b><u>3,930.38</u></b>

As at March 31, 2017, the fund balance was THB 3,744.04 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 31.30 million, which came from contributions at a rate equivalent to 10% of employee salaries in the amount of THB 39.18 million less the amount to match the Company's obligation of THB 7.88 million.)

## 6.12 Employee Benefits Obligation

### Changes in Present Value of the Employee Benefits Obligation

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>
Beginning Balance – Employee Benefits Obligation	11,920.07	11,645.23	11,903.85	11,568.26
Current service cost	130.01	543.27	128.94	527.45
Interest cost	94.76	362.60	94.67	359.91
Benefits paid	-	(552.98)	-	(551.77)
Actuarial losses (gains)	-	(78.05)	-	-
<b>Ending Balance - Employee Benefits Obligation</b>	<b><u>12,144.84</u></b>	<b><u>11,920.07</u></b>	<b><u>12,127.46</u></b>	<b><u>11,903.85</u></b>

### Principal Actuarial assumptions :

	March 31, 2017	December 31, 2016
Discount rate	3.2%	3.2%
Price inflation	3.0%	3.0%
Average salary increase rates	3.0% - 7.0%	3.0% - 7.0%
Staff turnover rate	0.0% - 9.0%	0.0% - 9.0%
Medical cost inflation	6.0%	6.0%
Mortality rate	TMO08	TMO08

### Sensitivity analysis :

The actuarial assumptions of employee benefits obligation is sensitive to the possible change on assumptions used for calculation such as economic and demographic assumptions under the defined benefit plan. The change in each assumption occurs separately.

### Unit : Million Baht

### Changes in Present Value of the Employee Benefits Obligation increase (decrease) as at Mar31,2017

	<u>Increase in</u> <u>assumption 1%</u>	<u>Decrease in</u> <u>assumption 1%</u>
Discount rate	(375.29)	465.32
Average salary increase rates	242.94	(214.03)
Medical cost inflation	198.46	(151.55)

### 6.13 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>Mar 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>
Long-term provision at the beginning balance	7,365.83	619.31	7,034.08	619.31
Long-term provision for the period	<u>1,508.62</u>	<u>6,746.52</u>	<u>1,332.45</u>	<u>6,414.77</u>
Long-term provision at the ending balance	<u><b>8,874.45</b></u>	<u><b>7,365.83</b></u>	<u><b>8,366.53</b></u>	<u><b>7,034.08</b></u>

Long-term provision as at March 31, 2017 (Separate financial statements) consist of:

6.13.1 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 0.12 million. At present, the case is under the Supreme Court's consideration.

6.13.2 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 14.62 million. At present, the case is under the Supreme Court's consideration.

6.13.3 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. This payment is for the early termination fee in the amount of USD 3 million or approximately THB 103.84 million and Retrofit Koito Seat fee in the amount of USD 2.54 million or approximately THB 87.85 million totaling THB 191.69 million.

6.13.4 The Company recognized long term provision for future repair and maintenance of aircraft as of March 31, 2017 amounting to THB 8,160.10 million. This represented the obligation under operating lease as to major overhaul of aircrafts, engines, and other major components over the leasing periods and the obligation to restore aircraft conditions at the end of the lease period. The measurement of the provision based on the assumptions of flight hours, flight cycles, maintenance schedules and period of operating lease. The estimated overhaul costs were recorded over the period that the aircrafts have been used which comprised aircraft restoration costs (D-Check) and other major components restoration costs of THB 3,854.20 million, engine restoration costs of THB 3,371.02 million (engines under operating leases of THB 3,152.66 million and under finance leases of THB 218.36 million) and return conditions cost of THB 934.88 million.

### 6.14 Share Capital

As at March 31, 2017, the Company has authorized ordinary shares amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.00 million, issued and paid-up ordinary shares amount of THB 21,827.72 million.

### 6.15 Other Income - Others

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	Mar 31, 2017	Mar 31, 2016	Mar 31, 2017	Mar 31, 2016
Gains on sales of assets	-	5.06	-	5.06
Dividends from associated and subsidiary companies	-	-	-	36.00
Revenue from other service of Aircraft Maintenance Department	208.92	197.29	208.92	197.29
Other fine revenues	55.38	93.04	55.38	93.04
Insurance compensation from the flood disaster	98.93	-	98.93	-
Revenue from Royal Orchid Lounge service	24.63	28.34	24.63	28.34
Revenue from services to Thai Smile Airways	-	-	17.52	37.34
Revenue from management services at Suvarnabhumi Airport	16.48	14.90	16.48	14.90
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	19.35	23.58	19.35	23.58
Others	90.98	80.89	77.10	64.84
<b>Total</b>	<b>514.67</b>	<b>443.10</b>	<b>518.31</b>	<b>500.39</b>

### 6.16 Employee Benefits Expenses

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	Mar 31, 2017	Mar 31, 2016	Mar 31, 2017	Mar 31, 2016
Personnel expenses	7,310.02	7,141.90	7,179.55	7,032.69
Employee benefits	224.77	223.34	223.61	218.40
Executive remuneration	17.86	17.09	16.40	15.63
Board of directors remuneration	5.36	5.03	4.74	4.27
<b>Total</b>	<b>7,558.01</b>	<b>7,387.36</b>	<b>7,424.30</b>	<b>7,270.99</b>

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.

### 6.17 Impairment Loss of Aircraft Separate Financial Statements

The Company has compared the net carrying value of decommissioned aircraft with the fair value less cost to sell, it appears that the fair value less cost to sell is lower than the net carrying value. Therefore, the Company recognized the impairment losses of aircraft in the statements of comprehensive income for the three month period amount of THB 859.73 million, which consist of 3 A340-500, 6 A340-600, 1 B737-400 and 4 B747-400, totaling 14 aircraft.

## 6.18 Other Expenses

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	Mar 31, 2017	Mar 31, 2016	Mar 31, 2017	Mar 31, 2016
Rentals and utilities	618.64	624.65	618.64	624.65
Office supplies	42.59	38.72	42.59	38.72
Repair of building and equipment	163.72	124.43	163.72	124.43
Outsource services	457.31	381.03	457.31	381.03
Consultant and service fees	65.90	117.97	65.90	117.97
Legal fee for Antitrust/ Competition Law	5.70	6.00	5.70	6.00
Computer service expenses	120.96	150.12	120.96	150.12
Rental of communication devices and office equipment	48.37	59.58	48.37	59.58
Travelling and transportation expenses	122.53	133.42	122.53	133.42
Concession fees	99.53	107.11	99.53	107.11
Passenger claim expenses	81.89	52.06	81.89	52.06
Obsolete inventories and supplies expenses	103.74	80.75	103.74	80.75
Service cargo expenses	30.83	16.04	30.83	16.04
Joint venture expenses in STAR Alliance	1.89	1.88	1.89	1.88
Company business and municipal taxes	38.65	40.56	38.65	40.56
Bad debts and provision for bad debts	(17.20)	16.37	(17.20)	16.43
Service fee for T HOSTING system	22.43	1.55	22.43	1.55
Fine and interest expenses	-	(0.46)	-	(0.46)
Others	204.26	131.87	95.97	55.35
<b>Total</b>	<b>2,211.74</b>	<b>2,083.65</b>	<b>2,103.45</b>	<b>2,007.19</b>

## 6.19 Income Tax Expense (Income)

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	Mar 31, 2017	Mar 31, 2016	Mar 31, 2017	Mar 31, 2016
Tax expense from taxable profit for the period	11.34	11.34	2.43	4.76
Add (less): deferred tax asset/ liability from temporary different increase/ decrease	(253.12)	(850.12)	(252.89)	(849.15)
<b>Net tax expenses (income)</b>	<b>(241.78)</b>	<b>(838.78)</b>	<b>(250.46)</b>	<b>(844.39)</b>

## 6.20 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 March 31, 2017

	<u>Profit (loss)</u>		<u>Number of Shares</u>		<u>Earnings (loss) per Share</u>	
	<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings (loss) per Share</b>						
Profits (loss) attributable to owners of the parent	3,157.19	5,999.18	2,182.77	2,182.77	1.45	2.75

### Separate Financial Statements For the three-month period ended March 31, 2017

	<u>Profit (loss)</u>		<u>Number of Shares</u>		<u>Earnings (loss) per share</u>	
	<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings (loss) per Share</b>						
Profits (loss) attributable to owners of the parent	3,433.71	5,910.64	2,182.77	2,182.77	1.57	2.71

## **6.21 Operating Segments**

### **Segments Information**

The Company determines reportable segments based on the nature of the products and services provided, which the management has considered the organization structure in relation to commercial airline operation.

The Company has 3 reportable 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.

### **Measurement Criteria**

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 recorded at budget cost. Those transferred transaction will be eliminated in consolidated financial statements.

Total gain (loss) before income tax expense by segments was derived from revenues net of costs and operating expenses.

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.



6.21.1 Financial Information by Segment Consolidated financial statements

**Statements of Income**  
**For the three – month period ended March 31, 2017**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>
External Revenues	46,320.10	46,457.27	2,543.06	2,517.93	426.06	764.68	49,289.22	49,739.88
Inter - segment revenues								
(expenses)	(3,654.71)	(3,298.89)	2,501.39	2,336.32	1,153.32	962.57	-	-
Interest income	28.08	53.70	-	-	1.40	1.37	29.48	55.07
Gain (loss) on foreign currency								
exchange	1,580.82	(681.53)	-	-	(20.76)	0.82	1,560.06	(680.71)
Other income	<u>508.20</u>	<u>451.02</u>	<u>8.23</u>	<u>9.63</u>	<u>(1.76)</u>	<u>(17.55)</u>	<u>514.67</u>	<u>443.10</u>
<b>Total Revenue</b>	<u>44,782.49</u>	<u>42,981.57</u>	<u>5,052.68</u>	<u>4,863.88</u>	<u>1,558.26</u>	<u>1,711.89</u>	<u>51,393.43</u>	<u>49,557.34</u>
Fuel and oil	(12,089.23)	(10,463.41)	-	-	(755.49)	(379.13)	(12,844.72)	(10,842.54)
Employee benefits expenses	(4,602.92)	(4,442.19)	(1,681.56)	(1,690.08)	(1,273.52)	(1,255.09)	(7,558.00)	(7,387.36)
Flight service expenses	(5,395.72)	(5,175.28)	(13.32)	(9.62)	(193.62)	(57.58)	(5,602.66)	(5,242.48)
Depreciation and amortization								
expense	(3,833.70)	(4,156.58)	(134.68)	(198.36)	(238.51)	(272.79)	(4,206.89)	(4,627.73)
Impairment loss of assets and								
aircraft	(1,017.02)	(173.99)	-	-	-	-	(1,017.02)	(173.99)
Other expenses	(12,995.08)	(12,130.82)	(1,792.79)	(1,550.02)	(1,216.76)	(1,113.93)	(16,004.63)	(14,794.77)
Finance costs	(1,259.24)	(1,394.20)	-	-	-	-	(1,259.24)	(1,394.20)
Share of profit (loss) on								
investment in associates	<u>27.12</u>	<u>77.61</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27.12</u>	<u>77.61</u>
<b>Total Expenses</b>	<u>(41,165.79)</u>	<u>(37,858.86)</u>	<u>(3,622.35)</u>	<u>(3,448.08)</u>	<u>(3,677.90)</u>	<u>(3,078.52)</u>	<u>(48,466.04)</u>	<u>(44,385.46)</u>
<b>Profit (loss) before Income Tax</b>								
<b>Expense</b>	<b>3,616.70</b>	<b>5,122.71</b>	<b>1,430.33</b>	<b>1,415.80</b>	<b>(2,119.64)</b>	<b>(1,366.63)</b>	<b>2,927.39</b>	<b>5,171.88</b>
Tax Income (expense)	<u>250.46</u>	<u>844.39</u>	<u>-</u>	<u>-</u>	<u>(8.68)</u>	<u>(5.61)</u>	<u>241.78</u>	<u>838.78</u>
<b>Gain (loss) by segments</b>	<u>3,867.16</u>	<u>5,967.10</u>	<u>1,430.33</u>	<u>1,415.80</u>	<u>(2,128.32)</u>	<u>(1,372.24)</u>	<u>3,169.17</u>	<u>6,010.66</u>

**Assets and Liabilities  
As at March 31, 2017**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>
Current assets	49,144.07	48,594.54	613.72	668.73	5,801.93	4,764.94	55,559.72	54,028.21
Investments	3,989.29	3,964.51	-	-	4.02	4.02	3,993.31	3,968.53
Property, plant and equipment	183,528.69	186,605.78	5,299.99	5,410.34	2,799.89	2,875.23	191,628.57	194,891.35
Other non-current assets	25,510.47	24,318.95	0.05	0.07	695.88	570.50	26,206.40	24,889.52
Non-allocated assets	-	-	-	-	-	-	<u>5,607.02</u>	<u>5,346.26</u>
<b>Total assets</b>							<b><u>282,995.02</u></b>	<b><u>283,123.87</u></b>
Current liabilities	77,406.82	78,489.43	414.68	327.72	8,416.08	7,512.99	86,237.58	86,330.14
Non-current liabilities	157,544.27	161,666.66	-	-	525.68	348.25	158,069.95	162,014.91
Non-allocated liabilities	-	-	-	-	-	-	<u>1,668.17</u>	<u>1,190.62</u>
<b>Total Liabilities</b>							<b><u>245,975.70</u></b>	<b><u>249,535.67</u></b>

6.21.2 Geographical Segments

Unit : Million Baht

	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	Others Income	Gain (loss) on Foreign Currency Exchange	
<b><u>For the Three-month Periods</u></b>													
<b>Jan-Mar 2017</b>	4,269.91	2,543.06	426.06	24,214.12	13,528.41	-	4,259.90	-	47.76	29.48	514.67	1,560.06	<b>51,393.43</b>
<b>Jan-Mar 2016</b>	3,998.45	2,517.93	764.68	24,205.93	13,857.14	0.31	4,321.55	0.16	73.73	55.07	443.10	(680.71)	<b>49,557.34</b>

## 6.22 Staff Provident Fund

In this period, 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 285.62 million.

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).

## 6.23 Contingent Liabilities

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

	<b>Unit : Million Baht</b>	
	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>
Letters of guarantee issued by banks - Domestic	15.12	49.96
Letters of guarantee issued by banks - Abroad	493.58	451.70
The Company as defendant in		
Labor dispute cases	1,385.17	1,399.91
Damage claims cases	<u>535.82</u>	<u>460.30</u>
<b>Total</b>	<b><u>2,429.69</u></b>	<b><u>2,361.87</u></b>

6.23.2 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 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 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 Case in the Netherlands, requested that the court give them leave to implead the Company.

At the beginning of July 2015, the Company has received a writ of summons for contribution claim from British Airways, Deutsche Lufthansa and Lufthansa Cargo A.G. (collectively "Lufthansa"), and Koninklijke Luchtvaart Maatschappij N.V., Martin Air Holland N.V., Societe Air France S.A. (collectively "KLM-AF"). These airlines have submitted such writ of summons against the Company and more than 20 other airlines in the case where a group of plaintiffs have filed a lawsuit against British Airways, Lufthansa, KLM-AF and Singapore Airlines and Singapore Airlines Cargo (collectively "Singapore Airlines") as defendants since December 24, 2013 by alleging that these airlines have jointly acted to fix the price for various surcharges (Main Proceedings). Nonetheless, the Company has not been sued as a defendant in the Main Proceedings. Subsequently, British Airways, Lufthansa and Swiss International, KLM-AF, Korean Airlines and Qantas Airways, who are parties to the Contribution Claim Case, have submitted a writ of summons to exercise the contribution claim in addition to the Contribution Claim Case above (known as sub contribution claim), and the Company then submitted a writ of summons to exercise the contribution claim in the form of this sub contribution claim against all airlines as well in order to reserve the Company's right. The initiation of such proceedings in the form of contribution claim and sub contribution claim is merely for the purpose of reserving the right in the event that the court orders that each airline pay for the damages exceeding its market share. This is not a lawsuit to demand for additional damages.

Moreover, in December 2016 to January 2017, the Company has received a writ of summons for contribution claim from British Airways, Lufthansa and KLM-AF. These airlines have submitted such writ of summons to the Company and more than 20 other airlines in the case where a new group of plaintiffs has filed a lawsuit against British Airways, Lufthansa, KLM-AF and Singapore Airlines as defendants on November 6, 2015. The allegation is of similar type as that in the first Main Proceedings in which the Company has not been sued as a defendant. At present, all the cases are under the court's consideration."

## 6.24 Fluctuations in Foreign Currency Exchange Rates

Due to the fact that the Company's earnings are in more than 50 different currencies, accounting for 68% 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 debts 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 March 31, 2017, the Company's outstanding long-term foreign currency borrowings post CCS were 0% in USD, 39% in EUR, 19% in JPY, 7% in CHF and 35% in THB (excluding operating aircraft lease liabilities).

## 6.25 Cash Flow Hedge

For the three month periods ended Mar 31, 2017, the Company recognized in loss THB 35.41 million from application of hedge accounting to foreign currency borrowings and forecasted future revenue (Revenue Hedging).

## 6.26 Contractual Obligations

### 6.26.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase 4 A350 - 900XWB aircraft amount of THB 13,996.22 million, expected to take delivery during the year 2017-2018 which consist of:

Obligation	Unit : Million Baht	
	Within 1 year	Over 1 year – 5 years
Purchase of aircraft	6,719.11	7,277.11

### 6.26.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 41 aircraft amount of USD 4,094.05 million or approximately to THB 141,713.09 million consisting of 15 A320-200, 2 A330-300, 8 A350-900, 8 B777-300ER, 6 B787-8, and 2 B787-9 aircraft. As at March 31, 2017, there are 33 aircraft which have been already taken the delivery. In addition, there are the 8 aircraft which have not been taken deliver yet. Also, there are 2, 9 and 30 aircraft which the lease will expire in 2017, 2018 - 2021 and 2022 - 2030, respectively.

Lease obligation for 41 aircraft operating leases can be classified as follows:

Obligation	Unit : Million Baht		
	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	12,496.84	56,992.12	72,224.13

### **6.27 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 March 31, 2017, 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. On March 24, 2017, the Company has signed Full and Final Reinsurance Release and Discharge with our insurer and the Company has already received the final claim compensation from insurer at THB 98.93 million on April 19, 2017.

### **6.28 Events after the Reporting Period**

6.28.1 In the second quarter of 2017, the Company plans to employ such financial instrument as Cross Currency Swap (CCS) to manage payments for 8 aircraft under operating leases, with notional amount not more than THB 42,180 million as has been approved by the Company's Board of Directors on March 15, 2017. Swaps will be carried out when market conditions become agreeable.

6.28.2 In April 2016, the Company has taken the delivery of 1 A350-900 aircraft under the finance leases.

6.28.3 According to the Resolution of the year 2017 Annual General Shareholders' Meeting held on April 21, 2017 approved the Company to abstain from dividend payment for 2016 operating result to the Company shareholders.

### **6.29 Approval of Financial Statements**

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on May 11, 2017.

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