

(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, 2017, the related consolidated and separate statements of income and other comprehensive income for the three-month and six - month periods ended June 30, 2017, the consolidated and separate statements of changes in shareholders' equity and the consolidated and separate statements of cash flows for the six-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".

Office of the Auditor General of Thailand

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 JUNE 30, 2017

Unit : Baht

	<u>Notes</u>	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
		<u>June 30 , 2017</u> (Unaudited but reviewed)	<u>December 31 , 2016</u> (Audited)	<u>June 30 , 2017</u> (Unaudited but reviewed)	<u>December 31 , 2016</u> (Audited)
ASSETS					
Current Assets					
Cash and cash equivalents	6.1	21,798,710,273	13,389,710,774	20,922,368,822	11,925,036,967
Temporary investments		210,722,386	130,419,289	-	-
Trade receivables	6.2	10,497,627,809	10,358,261,388	10,223,930,415	10,444,175,323
Prepaid expenses and deposits		7,588,810,693	7,979,056,576	7,870,401,122	8,217,149,112
Inventories and supplies		4,963,574,701	4,986,775,103	4,931,345,259	4,961,626,437
Other current assets	6.3	10,732,226,921	10,208,355,227	16,764,242,268	14,987,088,746
Total Current Assets		55,791,672,783	47,052,578,357	60,712,287,886	50,535,076,585
Non-Current Assets					
Investments in associates	6.4.1	3,066,380,694	3,890,765,534	1,083,520,500	1,083,520,500
Investments in subsidiaries	6.4.1	-	-	1,810,209,893	1,810,209,893
Other long-term investments	6.4.2	74,549,808	77,763,005	71,554,608	74,767,805
Property, plant and equipment	6.6	195,584,129,785	194,891,347,457	195,557,696,681	194,863,785,314
Intangible assets	6.7	564,880,993	709,855,682	534,466,943	673,082,159
Non-current assets held for sale	6.8	10,379,102,407	12,321,891,869	10,379,102,407	12,321,891,869
Deferred tax assets	6.9.1	10,387,083,824	10,014,948,163	10,371,784,854	10,000,049,684
Other non-current assets	6.10	15,952,056,859	14,164,714,939	15,217,640,190	13,649,568,370
Total Non-Current Assets		236,008,184,370	236,071,286,649	235,025,976,076	234,476,875,594
Total Assets		291,799,857,153	283,123,865,006	295,738,263,962	285,011,952,179

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, 2017

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>June 30, 2017</u> (Unaudited but reviewed)	<u>December 31, 2016</u> (Audited)	<u>June 30, 2017</u> (Unaudited but reviewed)	<u>December 31, 2016</u> (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables		5,030,840,996	4,951,411,552	4,916,364,133	4,746,744,517
Accrued expenses		15,436,065,612	16,846,320,892	16,184,505,367	16,910,539,096
Current portion of long-term liabilities					
Long-term borrowings from financial institutions		7,684,018,209	8,305,108,457	7,684,018,209	8,305,108,458
Liabilities under finance leases		10,045,496,392	9,461,231,562	10,045,496,392	9,461,231,562
Debentures	4	12,000,000,000	5,200,000,000	12,000,000,000	5,200,000,000
Short-term borrowings from financial institutions		-	2,000,000,000	-	2,000,000,000
Short-term borrowings from related parties	6.5.1.1	5,122,245,000	5,400,375,000	5,122,245,000	5,400,375,000
Income tax payable		11,370,372	11,280,480	-	-
Other current liabilities					
Accrued dividends		54,781,649	54,836,876	54,613,684	54,653,276
Unearned transportation revenues		32,002,403,514	27,111,129,396	31,277,694,336	26,624,698,720
Others		7,750,384,843	8,179,071,068	9,367,071,738	9,768,399,457
Total Current Liabilities		<u>95,137,606,587</u>	<u>87,520,765,283</u>	<u>96,652,008,859</u>	<u>88,471,750,086</u>
Non-Current Liabilities					
Long-term liabilities					
Long-term borrowings from financial institutions		9,482,748,779	13,006,551,881	9,482,748,779	13,006,551,881
Long-term borrowings from related parties	6.5.1.2	15,033,238,767	14,620,533,660	15,033,238,767	14,620,533,660
Liabilities under finance leases		58,452,585,323	55,289,234,923	58,452,585,323	55,289,234,923
Debentures	4	54,100,000,000	54,100,000,000	54,100,000,000	54,100,000,000
Deferred tax liabilities	6.9.2	1,818,546,088	1,854,236,084	1,818,546,088	1,854,236,084
Staff pension fund	6.11	3,831,123,006	3,710,083,100	3,831,123,006	3,710,083,100
Employee benefit obligations	6.12	12,369,616,048	11,920,072,997	12,351,070,792	11,903,855,344
Long-term provisions	6.13	9,865,349,977	7,365,831,672	9,312,111,851	7,034,078,456
Other non-current liabilities		148,296,213	148,363,624	147,923,213	148,080,624
Total Non-Current Liabilities		<u>165,101,504,201</u>	<u>162,014,907,941</u>	<u>164,529,347,819</u>	<u>161,666,654,072</u>
Total Liabilities		<u>260,239,110,788</u>	<u>249,535,673,224</u>	<u>261,181,356,678</u>	<u>250,138,404,158</u>
Shareholders' Equity					
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		(24,181,235,403)	(22,167,172,423)	(21,102,979,381)	(20,794,927,497)
Other components of equity		5,595,889,261	5,604,235,654	5,595,575,619	5,604,164,472
Total Company Shareholders' Equity		<u>31,478,964,904</u>	<u>33,501,374,277</u>	<u>34,556,907,284</u>	<u>34,873,548,021</u>
Non-controlling interests		<u>81,781,461</u>	<u>86,817,505</u>	<u>-</u>	<u>-</u>
Total Shareholders' Equity		<u>31,560,746,365</u>	<u>33,588,191,782</u>	<u>34,556,907,284</u>	<u>34,873,548,021</u>
Total Liabilities and Shareholders' Equity		<u>291,799,857,153</u>	<u>283,123,865,006</u>	<u>295,738,263,962</u>	<u>285,011,952,179</u>

Notes to interim financial statements 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 JUNE 30, 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>
Revenues					
Revenues from Sales or Revenues from Services					
Passenger and excess baggage		36,600,957,086	33,507,822,623	34,672,830,698	31,974,812,096
Freight		4,598,952,126	4,258,941,244	4,599,553,739	4,259,198,335
Mail		172,843,024	133,394,263	172,843,024	133,394,263
Other activities		3,109,415,433	2,841,430,490	3,471,004,500	3,114,803,170
Total Revenues from Sales or Revenues from Services		44,482,167,669	40,741,588,620	42,916,231,961	39,482,207,864
Other Income					
Interest income		44,291,857	63,097,915	39,937,981	52,367,370
Gain (loss) on foreign currency exchange		(2,430,507,424)	594,879,418	(2,394,479,103)	596,618,865
Other income - Others	6.15	699,462,460	501,256,745	970,391,400	688,851,769
Total Other Income		(1,686,753,107)	1,159,234,078	(1,384,149,722)	1,337,838,004
Total Revenues		42,795,414,562	41,900,822,698	41,532,082,239	40,820,045,868
Expenses					
Fuel and oil		12,279,138,787	11,750,945,665	11,589,375,333	11,357,416,041
Employee benefit expenses	6.16	7,845,129,185	7,125,043,986	7,699,052,393	6,994,643,874
Termination benefit - Mutual Separation Plan		-	427,122,345	-	427,122,345
Flight service expenses		5,255,224,496	4,703,859,168	5,016,350,107	4,585,892,582
Crew expenses		1,377,123,288	1,310,788,829	1,292,474,481	1,251,652,835
Aircraft maintenance and overhaul costs		4,818,706,037	3,269,944,443	4,171,686,179	3,067,006,119
Depreciation and amortisation expenses		4,222,007,519	4,528,565,286	4,215,784,418	4,523,888,482
Lease of aircraft and spare parts		2,672,974,711	2,506,207,339	2,563,301,816	2,072,357,252
Inventories and supplies		2,171,995,628	1,871,640,401	2,078,226,728	1,799,914,839
Selling and advertising expenses		2,711,941,074	2,159,170,444	2,540,614,371	2,046,984,617
Insurance expenses		124,375,901	146,563,371	109,836,006	129,304,048
Impairment loss of assets		46,787,763	117,636,452	46,787,763	117,636,452
Impairment loss of aircraft	6.17	342,870,441	1,754,857,117	342,870,441	1,754,857,117
Other expenses	6.18	2,579,170,103	2,174,134,478	2,701,563,854	2,104,374,510
Loss from change in ownership interest	6.27.2	428,108,749	-	-	-
Finance costs		1,105,711,397	1,343,428,086	1,105,711,397	1,343,428,080
Share of (profit) loss of associates		179,758,505	198,159,061	-	-
Total Expenses		48,161,023,584	45,388,066,459	45,473,635,287	43,576,479,193
Profit (loss) before Income Tax Expense		(5,365,609,022)	(3,487,243,761)	(3,941,553,048)	(2,756,433,325)
Tax income	6.19	(157,687,402)	(572,054,988)	(159,936,262)	(574,988,406)
Profit (loss) for the Period		(5,207,921,620)	(2,915,188,773)	(3,781,616,786)	(2,181,444,919)
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		(288,169,071)	(703,655,558)	(288,169,071)	(703,655,558)
Income tax related to Effective portion of changes in fair value of cash flow hedges		57,633,814	140,731,112	57,633,814	140,731,112
Unrealized gain on available for sale investments		198,314	-	-	-
Income tax related to unrealized gain on available for sale investments		(39,663)	-	-	-
Other Comprehensive Income (loss) for the Period - Net of Tax		(230,376,606)	(562,924,446)	(230,535,257)	(562,924,446)
Total Comprehensive Income (loss) for the Period		(5,438,298,226)	(3,478,113,219)	(4,012,152,043)	(2,744,369,365)
Profit (Loss) Attributable to					
Owners of the Parent		(5,211,204,267)	(2,921,077,492)	(3,781,616,786)	(2,181,444,919)
Non-controlling interests		3,282,647	5,888,719	-	-
		(5,207,921,620)	(2,915,188,773)	(3,781,616,786)	(2,181,444,919)
Total Comprehensive Income (loss) Attributable to					
Owners of the Parent		(5,441,580,884)	(3,484,001,938)	(4,012,152,043)	(2,744,369,365)
Non-controlling interests		3,282,658	5,888,719	-	-
		(5,438,298,226)	(3,478,113,219)	(4,012,152,043)	(2,744,369,365)
Loss per Share					
Basic loss per share	6.20	(2.39)	(1.34)	(1.73)	(1.00)

Notes to interim financial statements 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 SIX-MONTH PERIOD ENDED JUNE 30, 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>
Revenues					
Revenues from Sales or Revenues from Services					
Passenger and excess baggage		78,063,863,439	75,553,097,746	73,830,198,058	72,209,943,955
Freight		9,287,281,406	8,529,099,761	9,289,124,646	8,517,666,548
Mail		341,712,045	275,228,056	341,712,045	275,228,056
Other activities		6,078,535,375	6,124,038,069	6,879,773,013	6,668,497,908
Total Revenues from Sales or Revenues from Services		<u>93,771,392,265</u>	<u>90,481,463,632</u>	<u>90,340,807,762</u>	<u>87,671,336,467</u>
Other Income					
Interest income		73,774,379	118,173,794	68,023,869	106,073,317
Gain (loss) on foreign currency exchange		(870,451,807)	(85,831,511)	(813,663,446)	(84,909,472)
Other income - Others	6.15	1,214,131,226	944,358,733	1,488,699,368	1,189,242,948
Total Other Income		<u>417,453,798</u>	<u>976,701,016</u>	<u>743,059,791</u>	<u>1,210,406,793</u>
Total Revenues		<u>94,188,846,063</u>	<u>91,458,164,648</u>	<u>91,083,867,553</u>	<u>88,881,743,260</u>
Expenses					
Fuel and oil		25,123,854,344	22,593,481,720	23,678,604,494	21,820,826,046
Employee benefit expenses	6.16	15,403,137,893	14,512,403,620	15,123,350,212	14,265,637,235
Termination benefit - Mutual Separation Plan		-	427,122,345	-	427,122,345
Flight service expenses		10,857,882,685	9,946,340,773	10,425,388,436	9,770,789,267
Crew expenses		2,779,864,469	2,656,341,261	2,604,654,640	2,539,444,161
Aircraft maintenance and overhaul costs		9,308,072,088	7,752,845,092	8,393,790,251	7,363,125,131
Depreciation and amortisation expenses		8,428,902,695	9,156,291,612	8,416,290,441	9,146,469,132
Lease of aircraft and spare parts		5,376,261,331	4,983,202,136	4,934,478,636	4,148,935,080
Inventories and supplies		4,483,367,848	3,869,173,497	4,287,514,167	3,742,029,739
Selling and advertising expenses		5,476,113,281	4,421,219,930	5,184,211,940	4,191,886,362
Insurance expenses		246,324,669	292,662,872	217,244,997	259,990,339
Impairment loss of assets		204,082,728	208,945,837	204,082,728	208,945,837
Impairment loss of aircraft	6.17	1,202,597,556	1,837,532,978	1,202,597,556	1,837,532,978
Other expenses	6.18	4,790,909,588	4,257,791,607	4,805,016,758	4,111,568,167
Loss from change in ownership interest	6.27.2	428,108,749	-	-	-
Finance costs		2,364,946,599	2,737,624,301	2,364,946,599	2,737,624,301
Share of (profit) loss of associates		152,637,709	120,549,040	-	-
Total Expenses		<u>96,627,064,232</u>	<u>89,773,528,621</u>	<u>91,842,171,855</u>	<u>86,571,926,126</u>
Profit (loss) before Income Tax Expense		<u>(2,438,218,169)</u>	<u>1,684,636,027</u>	<u>(758,304,302)</u>	<u>2,309,817,140</u>
Tax income	6.19	(399,462,949)	(1,410,835,077)	(410,395,418)	(1,419,375,534)
Profit (loss) for the Period		<u>(2,038,755,220)</u>	<u>3,095,471,104</u>	<u>(347,908,884)</u>	<u>3,729,192,674</u>
Other Comprehensive Income (loss)					
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		39,085,184	(1,293,677,754)	39,085,184	(1,293,677,754)
Income tax related to Effective portion of changes in fair value of cash flow hedges		(7,817,037)	258,735,551	(7,817,037)	258,735,551
Unrealized gain on available for sale investments		303,097	-	-	-
Income tax related to unrealized gain on available for sale investments		(60,620)	-	-	-
Other Comprehensive Income (loss) for the Period - Net of Tax		<u>31,605,368</u>	<u>(1,033,217,810)</u>	<u>31,268,147</u>	<u>(1,034,942,203)</u>
Total Comprehensive Income (loss) for the Period		<u>(2,007,149,852)</u>	<u>2,062,253,294</u>	<u>(316,640,737)</u>	<u>2,694,250,471</u>
Profit (Loss) Attributable to					
Owners of the Parent		<u>(2,054,014,724)</u>	<u>3,078,099,784</u>	<u>(347,908,884)</u>	<u>3,729,192,674</u>
Non-controlling interests		15,259,504	17,371,320	-	-
		<u>(2,038,755,220)</u>	<u>3,095,471,104</u>	<u>(347,908,884)</u>	<u>3,729,192,674</u>
Total Comprehensive Income (loss) Attributable to					
Owners of the Parent		<u>(2,022,409,373)</u>	<u>2,044,881,974</u>	<u>(316,640,737)</u>	<u>2,694,250,471</u>
Non-controlling interests		15,259,521	17,371,320	-	-
		<u>(2,007,149,852)</u>	<u>2,062,253,294</u>	<u>(316,640,737)</u>	<u>2,694,250,471</u>
Profit (loss) per Share	6.20				
Basic profit (loss) per share		(0.94)	1.41	(0.16)	1.71

Notes to interim financial statements 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 CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS											Total Owners of the Parent	Non-controlling Interests	Total Shareholders' Equity	
	Issued and Paid-up Share Capital		Premium on Ordinary Shares		Retained Earnings		Other Components of Equity								
							Other Comprehensive Income								
			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				
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 the period	-	-	-	3,078,099,784	-	-	-	-	-	-	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	
Balance as at January 1, 2017	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	
Changes in Shareholders' Equity															
<u>Less</u> Dividends paid														(20,250,000)	(20,250,000)
<u>Less</u> Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(45,565)	(45,565)	
<u>Add</u> Profit for the period	-	-	-	(2,054,014,724)	-	-	-	-	-	-	(2,054,014,724)	(2,054,014,724)	15,259,504	(2,038,755,220)	
<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	-	-	-	94,744	39,085,184	(7,817,037)	-	-	303,075	(60,615)	31,510,607	31,605,351	17	31,605,368	
Balance as at June 30, 2017	21,827,719,170	25,545,316,308	2,691,275,568	(24,181,235,403)	(1,590,749,239)	318,149,848	8,585,218,762	(1,717,043,752)	392,052	(78,410)	5,595,889,261	31,478,964,904	81,781,461	31,560,746,365	

Notes to interim financial statements 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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 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	
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										
<u>Add</u> Profit for the period	-	-	-	3,729,192,674	-	-	-	-	-	3,729,192,674
<u>Add</u> 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
Balance as at January 1, 2017	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
Changes in Shareholders' Equity										
<u>Add</u> Loss for the period	-	-	-	(347,908,884)	-	-	-	-	-	(347,908,884)
<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	-	-	-	-	39,085,184	(7,817,037)	-	-	31,268,147	31,268,147
Balance as at June 30, 2017	21,827,719,170	25,545,316,308	2,691,275,568	(21,102,979,381)	(1,590,749,239)	318,149,848	8,585,218,762	(1,717,043,752)	5,595,575,619	34,556,907,284

Notes to interim financial statements 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 CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 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>
Cash Flows from Operating Activities					
Profit (loss) before income tax expenses		(2,438,218,169)	1,684,636,027	(758,304,302)	2,309,817,140
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :					
Depreciation and amortisation expenses		8,428,902,695	9,156,291,612	8,416,290,441	9,146,469,132
Aircraft lease fee		112,896,589	93,339,618	112,896,589	93,339,618
Dividends received		(1,334,937)	(308,698)	(269,818,062)	(224,165,304)
Share profit of investments in associates by equity method		152,637,709	120,549,040	-	-
Loss from change in ownership interest		428,108,749	-	-	-
Interest income		(73,774,379)	(118,173,794)	(68,023,869)	(106,073,317)
Interest expenses		2,364,946,599	2,737,624,301	2,364,946,599	2,737,624,301
Loss (Gain) on sales of assets		19,911,947	(35,269,398)	19,911,905	(35,269,398)
Loss on sales of aircraft		49,819,600	1,658,628	49,819,600	1,658,628
Loss (Gain) on foreign currency exchange		485,733,504	(332,203,872)	471,063,496	(335,313,529)
Gain on investment valuation		-	(133,771)	-	-
Employee benefit obligations		449,543,051	(834,469,704)	447,215,448	(843,203,760)
Provision for obsolete inventories and supplies		196,931,214	162,009,813	196,931,214	162,009,813
Doubtful accounts		(12,977,582)	(2,977,840)	(12,688,628)	(2,927,347)
Impairment loss of aircraft		1,202,597,556	1,837,532,978	1,202,597,556	1,837,532,978
Impairment loss of assets		204,082,728	208,945,837	204,082,728	208,945,837
Operating profits before changes in operating assets and liabilities		11,569,806,874	14,679,050,777	12,376,920,715	14,950,444,792
Decrease (increase) in operating assets :					
Trade receivables		(219,065,559)	1,101,421,105	140,595,448	450,100,958
Inventories and supplies		(173,730,812)	500,300,087	(166,650,036)	498,240,057
Prepaid expenses and deposits		46,600,376	(425,519,990)	3,102,483	(376,933,338)
Tax refund		(1,090,387)	237,763,772	(1,090,387)	237,763,772
Other current assets		(26,212,872)	(1,568,760,210)	(1,295,611,353)	1,899,174,283
Assets held for sales		756,473,204	66,262,403	756,473,204	66,262,403
Maintenance Reserve		(1,516,799,726)	(3,503,929,025)	(1,295,314,816)	(3,503,929,025)
Other assets		(95,360,545)	33,541,288	(85,928,150)	51,547,584
Deferred charges		(938,448,869)	(149,655,583)	(950,096,073)	(134,995,304)
Increase (decrease) in operating liabilities :					
Trade payables		(568,797,101)	269,857,414	(478,869,438)	317,245,394
Accrued expenses and other current liabilities		(1,561,895,377)	(3,218,410,037)	(850,196,945)	(6,032,559,643)
Staff pension fund		105,843,462	(16,533,154)	105,843,462	(16,533,154)
Unearned transportation revenues		4,906,625,548	617,596,611	4,668,347,046	406,501,696
Other non-current liabilities		2,855,178,659	4,667,853,774	2,633,603,749	4,667,820,774
Proceeds from operations		15,139,126,875	13,290,839,232	15,561,128,909	13,480,151,249
Payment of income tax		(251,937,107)	(266,094,266)	(224,268,482)	(249,169,862)
Net Cash provided by Operating Activities		14,887,189,768	13,024,744,966	15,336,860,427	13,230,981,387

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, 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>
Cash Flows from Investing Activities					
Cash paid for acquisition of fixed assets		(2,441,046,624)	(2,076,192,523)	(2,435,922,841)	(2,073,547,935)
Cash paid for intangible assets		(9,289,674)	(4,413,844)	(9,289,674)	(3,238,670)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment		208,513,123	-	208,513,123	-
Proceeds from sales of assets		84,915,667	94,582,475	84,915,667	94,582,475
Interest income		61,095,751	99,872,479	55,069,179	86,995,660
Dividends received		245,097,461	205,251,504	269,818,062	224,165,304
Investment increase		-	(4,338)	-	(1,000,004,338)
Temporary investment decrease (increase)		(80,000,000)	(65,000,000)	-	-
Net Cash used in Investing Activities		(1,930,714,296)	(1,745,904,247)	(1,826,896,484)	(2,671,047,504)
Cash Flows from Financing Activities					
Proceeds from debentures		8,000,000,000	-	8,000,000,000	-
Proceeds from short-term borrowings		6,266,095,000	18,200,330,000	6,266,095,000	18,200,330,000
Proceeds from long-term borrowings		1,981,651,804	-	1,981,651,804	-
Cash paid for repayment of short-term borrowings		(8,218,150,000)	(20,478,755,000)	(8,218,150,000)	(20,478,755,000)
Cash paid for repayment of debentures		(1,200,000,000)	(2,300,000,000)	(1,200,000,000)	(2,300,000,000)
Cash paid for repayment of long-term borrowings		(9,226,610,679)	(9,515,139,243)	(9,226,610,679)	(9,515,139,243)
Cash paid for borrowings interest		(2,080,771,592)	(2,502,630,222)	(2,080,771,592)	(2,502,630,222)
Dividends paid		(39,593)	(26,173)	(39,593)	(26,173)
Dividends paid to non-controlling interests		(20,250,000)	(15,647,400)	-	-
Net Cash used in Financing Activities		(4,498,075,060)	(16,611,868,038)	(4,477,825,060)	(16,596,220,638)
Net increase in cash and cash equivalents		8,458,400,412	(5,333,027,319)	9,032,138,883	(6,036,286,755)
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
		21,848,111,186	15,448,323,402	20,957,175,850	12,839,531,113
Effect from changing in exchange rate on cash and cash at banks increase (decrease)		(49,400,913)	(43,324,935)	(34,807,028)	(43,324,935)
Cash and Cash Equivalents at the End of the year		21,798,710,273	15,404,998,467	20,922,368,822	12,796,206,178

Additional Information for Cash Flow

Non-cash Transactions

Fixed assets unpaid	118,685,365	126,302,146	118,685,365	126,302,146
Assets under finance leases	6,242,821,028	-	6,242,821,028	-

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 and six-month periods ended June 30, 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 and six-month periods ended June 30, 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 June 30, 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	Located Country	Percentage of Share Holding	
			2017	2016
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 2016) Interim Financial Reporting. The Company presents items in the statements of financial position, income statement and statements of 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 second quarter of 2017, the Company drawdown foreign currency loan to pay for A350-900 aircraft delivered in April and June of 2017 comprising JPY 13,065 million and USD 119 million, totaling THB 8,175 million and also received money from issuing long-term debenture of THB 8,000 million. Long-term debenture that will mature within a year of THB 12,000 million, consisting of THB 4,000 million of debenture that had been classified in the previous year before January 1, 2017 and THB 8,000 million of debenture classified in this period. Furthermore, there is repayment of revolving credit line with domestic bank of THB 1,000 million.

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 THAI DEPARTMENT OF CIVIL AVIATION (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 been addressing the Significant Safety Concern (SCC) rigorously and had now invited ICAO to conduct an ICAO Coordinated Validation Mission (ICVM) by end 2017.

To date, 5 airlines have been re-evaluated and granted with new Air Operator Certificates (AOC-Re-Certification) namely: Bangkok Airways, Thai Air Asia, Thai Airways, NokScoot and Thai Air Asia X.

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>Jun 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>
Cash - Domestic	13.58	10.61	12.93	9.97
Cash - Abroad	30.27	26.27	30.27	26.27
Cash at Banks - Domestic	9,061.09	6,770.25	8,251.53	5,374.54
Cash at Banks - Abroad	12,693.77	6,582.58	12,627.64	6,514.26
Total	<u>21,798.71</u>	<u>13,389.71</u>	<u>20,922.37</u>	<u>11,925.04</u>

6.2 Trade Receivables

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>
Aging Periods:				
Not over 6 months	10,192.57	9,922.07	9,919.36	10,007.96
Over 6 months to 1 year	72.53	175.24	72.53	175.22
Over 1 year to 2 years	157.44	98.48	157.54	98.45
Over 2 years	<u>1,033.62</u>	<u>1,096.24</u>	<u>1,003.00</u>	<u>1,065.99</u>
	11,456.16	11,292.03	11,152.43	11,347.62
Less Allowance for doubtful accounts	<u>(958.53)</u>	<u>(933.77)</u>	<u>(928.50)</u>	<u>(903.44)</u>
Trade receivables - net	<u>10,497.63</u>	<u>10,358.26</u>	<u>10,223.93</u>	<u>10,444.18</u>

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>Financial Statements</u>		Unit : Million Baht <u>Separate</u> <u>Financial Statements</u>	
	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>
Tax refund	996.75	762.13	996.75	762.13
Cash and cash at bank of pension fund	3,976.82	3,908.30	3,976.82	3,908.30
Others	<u>5,758.66</u>	<u>5,537.93</u>	<u>11,790.67</u>	<u>10,316.66</u>
Total	<u>10,732.23</u>	<u>10,208.36</u>	<u>16,764.24</u>	<u>14,987.09</u>

6.4 Investments

Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
	Jun 30, 2017	Dec 31, 2016	Cost Method		Equity Method		Jun 30, 2017	Jun 30, 2016
			Jun 30, 2017	Dec 31, 2016	Jun 30, 2017	Dec 31, 2016		
6.4.1 Investments in associated companies recorded by equity method								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at June 30, 2017 amount of THB 736.88 million and as at December 31, 2016 amount of THB 703.13 million)	24.00	24.00	225.00	225.00	263.17	268.53	14.89	19.72
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	109.00	120.62	12.37	19.22
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at June 30, 2017 amount of THB 5,356.17 million and as at December 31, 2016 amount of THB 4,175.51 million)	22.59	22.59	115.19	115.19	1,115.49	1,126.71	132.77	224.99
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	305.87	316.70	44.67	39.73
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	220.26	201.09	19.17	10.82
Nok Airlines Public Company Limited (Fair value as at June 30, 2017 amount of THB 1,141.70 million and as at December 31, 2016 amount of THB 1,813.00 million)	21.57	39.20	360.00	360.00	<u>1,052.59</u>	<u>1,857.12</u>	<u>(804.52)</u>	<u>(435.03)</u>
Total investments recorded by equity method					<u>3,066.38</u>	<u>3,890.77</u>	<u>(580.65)</u>	<u>(120.55)</u>
6.4.2 Other long-term investments recorded by cost method								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934			0.00004	0.0002
Aeronautical Radio of Thailand Limited	1.01	1.01	9.63	9.63			-	-
SITA Investment Certificate	-	-	28.51	30.07			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			0.42	0.26
SITA Information Networking Computing	-	-	30.92	32.60			-	-
Other Shares	-	-	2.73	2.70			0.91	0.05
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>			-	-
Total other long-term investments			<u>74.55</u>	<u>77.76</u>			<u>1.33</u>	<u>0.31</u>

Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	Jun 30, 2017	Dec 31, 2016	Jun 30, 2017	Dec 31, 2016	Jun 30, 2017	Jun 30, 2016
6.4.1 Investments recorded by cost method						
Subsidiary Companies						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	24.75	18.98
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>	-	-
Total			<u>1,810.21</u>	<u>1,810.21</u>	<u>24.75</u>	<u>18.98</u>
Associated Companies						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at June 30, 2017 amount of THB 736.88 million and as at December 31, 2016 amount of THB 703.13 million)	24.00	24.00	225.00	225.00	20.25	-
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	24.00	24.00
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at June 30, 2017 amount of THB 5,356.17 million and as at December 31, 2016 amount of THB 4,175.51 million)	22.59	22.59	115.19	115.19	143.98	158.38
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	55.50	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, 2017 amount of THB 1,141.70 million and as at December 31, 2016 amount of THB 1,813.00 million)	21.57	39.20	<u>360.00</u>	<u>360.00</u>	-	-
Total			<u>1,083.52</u>	<u>1,083.52</u>	<u>243.73</u>	<u>204.88</u>
Total investments recorded by cost method			<u>2,893.73</u>	<u>2,893.73</u>	<u>268.48</u>	<u>223.86</u>
6.4.2 Other long-term investments recorded by cost method						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934	0.00004	0.0002
Aeronautical Radio of Thailand Limited	1.01	1.01	6.64	6.64	-	-
SITA Investment Certificate	-	-	28.51	30.37	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	0.42	0.26
SITA Information Networking Computing	-	-	30.92	32.60	-	-
Other Shares	-	-	2.73	2.70	0.91	0.05
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>	-	-
Total other long-term investments			<u>71.55</u>	<u>74.77</u>	<u>1.33</u>	<u>0.31</u>

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.

6.4.3 Financial Information Summary of Subsidiaries and Associated

Unit : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Subsidiary Companies</u>				
Thai-Amadeus Southeast Asia Company Limited	272.38	94.07	139.67	33.81
WingSpan Services Company Limited	629.30	432.39	550.00	8.05
Thai Flight Training Company Limited	47.96	7.03	20.29	5.72
Tour Eurng Luang Company Limited	6.91	3.00	1.86	0.88
Thai Smile Airways Company Limited	5,124.71	8,712.16	4,842.33	(873.02)
<u>Associated Companies</u>				
Royal Orchid Hotel (Thailand) Public Company Limited	1,047.88	203.50	439.26	62.05
Donmuang International Airport Hotel Company Limited	420.99	93.06	195.62	31.05
Bangkok Aviation Fuel Services Public Company Limited	11,999.58	4,711.59	1,829.80	575.03
Phuket Air Catering Company Limited	1,063.92	50.54	409.28	151.99
Suvarnabhumi Airport Hotel Company Limited	1,367.31	626.20	700.81	99.41
Nok Airlines Public Company Limited	5,923.78	6,115.57	10,080.41	(1,078.47)

The Company used the financial statements of subsidiary and associated companies, some of which are unreviewed by the CPA, as at June 30, 2017 to record the investment by equity method in the consolidated financial statement and by cost method in the separate financial statement.

6.5 Significant Transactions with Related Parties

6.5.1 Related Transactions with Major Shareholders

6.5.1.1 Short-term borrowings from related parties

Unit : Million Baht		
	Jun 30, 2017	Dec 31, 2016
Foreign borrowings via the Ministry of Finance	<u>5,122.25</u>	<u>5,400.38</u>
Total	<u>5,122.25</u>	<u>5,400.38</u>

6.5.1.2 Long-term borrowings from related parties

Unit : Million Baht

	Jun 30, 2017	Dec 31, 2016
Foreign borrowings via the Ministry of Finance	<u>15,033.24</u>	<u>14,620.53</u>
Total	<u>15,033.24</u>	<u>14,620.53</u>

6.5.2 Related Transactions with Subsidiary Companies

6.5.2.1 Sales and Purchases

Unit : Million Baht

	Three-month period				Six-month period			
	Apr – Jun 2017		Apr – Jun 2016		Jan – Jun 2017		Jan – Jun 2016	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Thai-Amadeus Southeast Asia Company Limited	0.23	-	0.26	-	0.61	-	0.66	-
WingSpan Services Company Limited	1.56	238.34	0.86	237.76	2.32	502.33	1.64	462.76
Thai Flight Training Company Limited	3.22	0.58	4.98	-	6.19	0.64	7.05	-
Tour Eurng Luang Company Limited	22.53	0.04	4.78	0.008	41.42	0.06	12.01	0.02
Thai Smile Airways Company Limited	2,154.08	533.09	1,670.51	8.31	4,261.58	634.52	3,580.63	50.66

6.5.2.2 Account Receivables and Account Payables

Unit : Million Baht

	Jun 30, 2017		Dec 31, 2016	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	0.12	0.16	0.15	0.16
WingSpan Services Company Limited	366.11	346.96	250.62	277.68
Thai Flight Training Company Limited	1.40	-	1.17	-
Tour Eurng Luang Company Limited	1.01	-	1.16	-
Thai Smile Airways Company Limited	7,088.97	1,802.12	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 363.98 million and THB 346.63 million.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. have included accrued income amount of THB 148.33 million and accrued expenses amount of THB 1,097.50 million.

6.5.2.3 Aircraft Lease Between Related Parties

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. As at June 30, 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.

6.5.3 Related Transactions with Associated Companies

6.5.3.1 Sales and Purchases

Unit : Million Baht

	Three-month period				Six-month period			
	Apr – Jun 2017		Apr – Jun 2016		Jan – Jun 2017		Jan – Jun 2016	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.24	-	0.35	-	1.07	-	0.69
Donmuang International Airport Hotel Company Limited	-	-	-	-	-	-	-	0.03
Bangkok Aviation Fuel Services Public Company Limited	-	56.99	0.02	125.17	0.02	161.84	0.02	196.96
Phuket Air Catering Company Limited	0.12	31.75	0.06	2.90	0.24	43.77	0.09	6.34
Suvarnabhumi Airport Hotel Company Limited	-	5.35	0.02	2.76	-	11.38	0.02	6.04
Nok Airlines Public Company Limited	25.56	0.04	-	-	41.60	0.05	11.30	0.08
NokScoot Airlines Public Company Limited	11.11	-	20.75	-	22.76	-	36.68	-

6.5.3.2 Account Receivables and Account Payables

Unit : Million Baht

	Jun 30, 2017		Dec 31, 2016	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.02	-	0.003
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	-	-	43.45
Phuket Air Catering Company Limited	0.03	6.41	0.02	5.05
Suvarnabhumi Airport Hotel Company Limited	-	0.53	-	0.80
Nok Airlines Public Company Limited	52.57	0.05	40.54	-
NokScoot Airlines Public Company Limited	2.27	-	60.01	-

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

6.6 Property, Plant and Equipment

Consolidated Financial Statements As at June 30, 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
Cost											
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	384,160.74
- Adjust/Transfers	(4,317.84)	12.40	(191.65)	(50.21)	(978.47)	(28.30)	(2.99)	-	(47.30)	(149.41)	(5,753.77)
- Additions	1,755.02	408.80	10,995.41	589.02	862.00	-	-	-	25.21	171.85	14,807.31
- Disposals/Amortized	-	(512.07)	-	(594.65)	-	-	(2.06)	-	(13.79)	(8.00)	(1,130.57)
As at June 30, 2017	7,084.13	126,244.02	167,197.05	33,235.98	254.74	9,035.07	2,119.19	10,805.23	4,758.15	31,350.15	392,083.71
Accumulated depreciation											
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	189,269.39
- Depreciation	-	2,890.29	3,970.67	744.54	-	-	6.90	114.36	53.41	477.48	8,257.65
- Adjust/Transfers	-	25.58	-	(80.77)	-	-	(2.99)	-	(47.30)	(145.31)	(250.79)
- Disposals/Amortized	-	(494.31)	-	(325.94)	-	-	(2.06)	-	(13.79)	(7.84)	(843.94)
- Allowance for impairment	-	67.27	-	-	-	-	-	-	-	-	67.27
As at June 30, 2017	-	84,137.80	47,447.30	23,401.72	-	-	2,065.51	6,359.52	4,598.10	28,489.63	196,499.58
Net book value											
As at December 31, 2016	9,646.95	44,685.92	112,916.66	10,227.93	371.21	9,063.37	60.58	4,560.07	188.25	3,170.41	194,891.35
As at June 30, 2017	7,084.13	42,106.22	119,749.75	9,834.26	254.74	9,035.07	53.68	4,445.71	160.05	2,860.52	195,584.13

**Separate Financial Statements
As at June 30, 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
Cost											
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	384,024.58
- Adjust/Transfers	(4,317.84)	12.40	(191.65)	(50.21)	(978.47)	(28.30)	(2.99)	-	(47.30)	(149.41)	(5,753.77)
- Additions	1,755.02	408.80	10,995.41	589.02	862.00	-	-	-	24.52	168.66	14,803.43
- Disposals/Amortized	-	(512.07)	-	(594.65)	-	-	(2.06)	-	(13.79)	(8.00)	(1,130.57)
As at June 30, 2017	7,084.13	126,244.02	167,197.05	33,235.98	254.74	9,035.07	2,119.19	10,805.23	4,732.25	31,236.01	391,943.67
Accumulated depreciation											
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	189,160.79
- Depreciation	-	2,890.29	3,970.67	744.54	-	-	6.90	114.36	48.96	476.92	8,252.64
- Adjust/Transfers	-	25.58	-	(80.77)	-	-	(2.99)	-	(47.30)	(145.31)	(250.79)
- Disposals/Amortized	-	(494.31)	-	(325.94)	-	-	(2.06)	-	(13.79)	(7.84)	(843.94)
- Allowance for impairment	-	67.27	-	-	-	-	-	-	-	-	67.27
As at June 30, 2017	-	84,137.80	47,447.30	23,401.72	-	-	2,065.51	6,359.52	4,584.25	28,389.87	196,385.97
Net book value											
As at December 31, 2016	9,646.95	44,685.92	112,916.66	10,227.93	371.21	9,063.37	60.58	4,560.07	172.44	3,158.66	194,863.79
As at June 30, 2017	7,084.13	42,106.22	119,749.75	9,834.26	254.74	9,035.07	53.68	4,445.71	148.00	2,846.14	195,557.70

As at June 30, 2017, there are 97 aircraft represented in the Company's fleet consisting of 28 own aircraft, 36 aircraft under finance leases, and 33 aircraft under operating leases which excluded 22 aircraft for sales with a carrying amount of THB 9,246.91 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 74,880.09 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 899.85 million to revaluation model amount of THB 9,035.07 million, consisting of land in Bangkok, provinces and abroad amount of THB 8,007.24 million, THB 301.66 million and THB 726.17 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.

6.7 Intangible Assets

	Unit : Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
Cost		
As at January 1, 2017	3,556.61	3,493.26
- Adjust/Transfers	0.03	0.03
- Additions	9.62	9.61
- Disposals/Amortized	(13.49)	(13.49)
As at June 30, 2017	3,552.77	3,489.41
Accumulated amortization		
As at January 1, 2017	2,846.75	2,820.18
- Amortization	154.60	148.22
- Adjust/Transfers	0.03	0.03
- Disposals/Amortized	(13.49)	(13.49)
As at June 30, 2017	2,987.89	2,954.94
Net book value		
As at December 31, 2016	709.86	673.08
As at June 30, 2017	564.88	534.47

6.8 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 six-month period ended June 30, 2017, the total increase of non-current assets held for sale of THB 142.73 million comprised 1 aircraft of THB 110.82 million, and other fixed assets of THB 31.91 million which consist of land revaluation in year 2015 of THB 28.30 million and other assets of THB 3.61 million.

Moreover, the Company has transferred the title of 3 aircraft of THB 558.48 million to the buyer, as well as sold out spare engines of THB 235.12 million ; other fixed assets of THB 54.19 million consisting of land revaluation in year 2015 THB 51.89 million and other assets THB 2.30 million, which made a grand total of THB 847.79 million. In addition, One aircraft has been returned to service of THB 35.13 million. In this period, the Company recognized impairment of aircraft amount THB 995.28 million and spare engines amount THB 207.32 million.

As at June 30, 2017, the total increase of non-current assets classified as held for sale is THB 10,379.10 million which consist of 1 A300-600, 3 A340-500, 6 A340-600, 4 B737-400, 2 B747-400 and 6 A330-300 aircraft, totaling 22 aircraft in an aggregate of THB 9,246.91 million, spare engines of THB 584.58 million , as well as other fixed assets of THB 547.61 million which consist of land revaluation in year 2015 of THB 482.54 million and other assets of THB 65.07 million.

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			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>
Contribution to staff provident fund	44.50	44.71	44.50	44.71
Contribution to staff pension fund	185.27	167.98	185.27	167.98
Allowance for obsolete inventories	790.88	751.49	790.88	751.49
Allowance for doubtful accounts	266.20	279.21	261.97	274.98
Allowance for impairment in value of assets	4,298.04	4,316.20	4,298.04	4,316.20
Estimated accrual expenses	1,996.23	1,723.87	1,990.39	1,718.03
Intangible assets	12.37	19.92	12.37	19.92
Employee benefits obligation	2,473.92	2,384.01	2,470.21	2,380.77
Effective portion of changes in fair value of cash flow hedges	318.15	325.97	318.15	325.97
Others	<u>1.52</u>	<u>1.59</u>	<u>-</u>	<u>-</u>
Total	<u>10,387.08</u>	<u>10,014.95</u>	<u>10,371.78</u>	<u>10,000.05</u>

6.9.2 Deferred Tax Liabilities

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>
Intangible assets	101.51	127.23	101.51	127.23
Revaluation surplus	<u>1,717.04</u>	<u>1,727.01</u>	<u>1,717.04</u>	<u>1,727.01</u>
Total	<u>1,818.55</u>	<u>1,854.24</u>	<u>1,818.55</u>	<u>1,854.24</u>

Tax rates used for measuring asset value and deferred tax are 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>Jun 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>
Deferred charges	5,773.83	5,153.88	5,630.17	4,998.58
Maintenance Reserve	9,316.36	8,244.32	8,763.12	7,912.57
Others	<u>861.87</u>	<u>766.51</u>	<u>824.35</u>	<u>738.42</u>
Total	<u>15,952.06</u>	<u>14,164.71</u>	<u>15,217.64</u>	<u>13,649.57</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.

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>Jun 30, 2017</u>	<u>Dec 31, 2016</u>
Current assets	3,976.82	3,908.30
Others	<u>34.78</u>	<u>22.08</u>
Total	<u>4,011.60</u>	<u>3,930.38</u>
Other current liabilities	180.48	220.30
Pension fund	<u>3,831.12</u>	<u>3,710.08</u>
Total	<u>4,011.60</u>	<u>3,930.38</u>

As at June 30, 2017, the fund balance was THB 3,831.12 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 104.76 million, consisting of contributions at a rate equivalent to 10% of employee salaries in the amount of THB 79.69 million and the amounts to match the Company's obligation of THB 25.07 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>Jun 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>
Beginning Balance – Employee Benefits Obligation	11,920.07	11,645.23	11,903.86	11,568.26
Current service cost	260.02	543.27	257.88	527.45
Interest cost	189.53	362.60	189.33	359.91
Benefits paid	-	(552.98)	-	(551.77)
Actuarial losses (gains)	-	(78.05)	-	-
Ending Balance - Employee Benefits Obligation	<u>12,369.62</u>	<u>11,920.07</u>	<u>12,351.07</u>	<u>11,903.85</u>

Principal actuarial assumptions :

	June 30, 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	
	<u>Increase in</u> <u>assumption 1%</u>	<u>Decrease in</u> <u>assumption 1%</u>
Discount rate	(750.58)	930.64
Average salary increase rates	485.88	(428.06)
Medical cost inflation	396.91	(303.10)

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>Jun 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Jun 30, 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>2,499.52</u>	<u>6,746.52</u>	<u>2,278.03</u>	<u>6,414.77</u>
Long-term provision at the ending balance	<u>9,865.35</u>	<u>7,365.83</u>	<u>9,312.11</u>	<u>7,034.08</u>

Long-term provision as at June 30, 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 0.06 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 102.44 million and Retrofit Koito Seat fee in the amount of USD 2.54 million or approximately THB 86.67 million totaling THB 189.11 million.

6.13.4 The Company recognized long term provision for future repair and maintenance of aircraft as of June 30, 2017 amounting to THB 9,108.32 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 4,096.09 million, engine restoration costs of THB 3,776.70 million (engines under operating leases of THB 3,324.24 million and under finance leases of THB 452.46 million) and return conditions cost of THB 1,235.53 million.

6.14 Share Capital

As at June 30, 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			
	Three-month Period		Six-month Period	
	Apr-Jun, 2017	Apr-Jun, 2016	Jan-Jun, 2017	Jan-Jun, 2016
Gains on sales of assets	-	30.21	-	35.27
Dividends from associated and subsidiary Companies	1.34	0.31	1.34	0.31
Revenue from other services of Aircraft Maintenance Department	165.86	142.67	374.78	339.97
Compensation revenue from the delay delivery of aircraft	354.66	-	354.66	-
Other fine revenues	24.27	141.80	79.64	234.83
Insurance compensation from the flood disaster	2.63	-	101.56	-
Revenue from Royal Orchid Lounge service	26.88	37.03	51.52	65.37
Revenue from management services at Suvarnabhumi Airport	20.54	16.72	37.02	31.62
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	19.26	18.04	38.60	41.62
Others	84.02	114.48	175.01	195.37
Total	699.46	501.26	1,214.13	944.36

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2017	Apr-Jun, 2016	Jan-Jun, 2017	Jan-Jun, 2016
Gains on sales of assets	-	30.21	-	35.27
Dividends from associated and subsidiary Companies	269.82	188.17	269.82	224.16
Revenue from other services of Aircraft Maintenance Department	165.86	142.67	374.78	339.97
Compensation revenue from the delay delivery of aircraft	354.66	-	354.66	-
Other fine revenues	24.27	141.80	79.64	234.83
Insurance compensation from the flood disaster	2.63	-	101.56	-
Revenue from Royal Orchid Lounge service	26.88	37.03	51.52	65.37
Revenue from service to Thai Smile Airways passenger	17.36	14.44	34.88	51.78
Revenue from management services at Suvarnabhumi Airport	20.54	16.72	37.02	31.62
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	19.26	18.04	38.61	41.62
Others	69.11	99.77	146.21	164.62
Total	970.39	688.85	1,488.70	1,189.24

6.16 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2017	Apr-Jun, 2016	Jan-Jun, 2017	Jan-Jun, 2016
Personnel expenses	7,597.50	6,891.33	14,907.52	14,033.23
Employee benefits	224.77	211.16	449.54	434.50
Executive remuneration	17.85	16.60	35.72	33.69
Board of Directors remuneration	5.01	5.95	10.36	10.98
Total	7,845.13	7,125.04	15,403.14	14,512.40

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2017	Apr-Jun, 2016	Jan-Jun, 2017	Jan-Jun, 2016
Personnel expenses	7,455.31	6,767.13	14,634.86	13,799.83
Employee benefits	223.61	207.36	447.22	425.76
Executive remuneration	16.17	15.00	32.58	30.63
Board of Directors remuneration	3.96	5.15	8.69	9.42
Total	7,699.05	6,994.64	15,123.35	14,265.64

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 six month period amount of THB 1,202.60 million, which consist of 3 A340-500, 6 A340-600, 1 B737-400 and 4 B747-400, totaling 14 aircraft of THB 995.29 million and 5 TRENT spare engines of THB 207.31 million.

6.18 Other Expenses

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2017	Apr-Jun, 2016	Jan-Jun, 2017	Jan-Jun, 2016
Rentals and utilities	667.04	667.37	1,285.68	1,292.02
Office supplies	44.26	57.82	86.86	96.54
Repair of building and equipment	154.18	159.98	317.90	284.41
Outsource services	530.03	383.87	987.34	764.90
Consultant and service fees	172.84	118.11	238.74	236.08
Legal fee for Antitrust/ Competition Law	3.63	10.55	9.34	16.54
Computer service expenses	130.64	134.32	251.60	284.44
Rental of communication devices and office equipment	52.47	56.48	100.83	116.06
Travelling and transportation expenses	125.63	137.55	248.15	270.97
Concession fees	91.30	94.11	190.83	201.22
Passenger claim expenses	91.52	48.34	173.40	100.40
Provision for disposal and unused spare parts	93.19	81.26	196.93	162.01
Service cargo expenses	34.77	16.89	65.60	32.94
Joint venture expenses in STAR Alliance	10.10	38.92	12.00	40.80
Company business and municipal taxes	92.92	6.19	131.57	46.76
Bad debts and provision for bad debts	4.51	(19.35)	(12.69)	(2.98)
Service fee for IT HOSTING system	16.07	35.18	38.50	36.73
Fine and interest expenses	(0.92)	14.89	(0.93)	14.44
Others	264.99	131.65	469.26	263.51
Total	2,579.17	2,174.13	4,790.91	4,257.79

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2017	Apr-Jun, 2016	Jan-Jun, 2017	Jan-Jun, 2016
Rentals and utilities	667.04	667.37	1,285.68	1,292.02
Office supplies	44.26	57.82	86.86	96.54
Repair of building and equipment	154.18	159.98	317.89	284.41
Outsource services	530.03	383.87	987.34	764.90
Consultant and service fees	172.84	118.11	238.74	236.08
Legal fee for Antitrust/ Competition Law	3.63	10.55	9.34	16.54
Computer service expenses	130.64	134.32	251.60	284.44
Rental of communication devices and office equipment	52.47	56.48	100.84	116.06
Travelling and transportation expenses	125.63	137.55	248.15	270.97
Concession fees	91.30	94.11	190.83	201.22
Passenger claim expenses	91.52	48.34	173.40	100.40
Provision for disposal and unused spare parts	93.19	81.26	196.93	162.01
Service cargo expenses	34.77	16.89	65.60	32.94
Joint venture expenses in STAR Alliance	10.10	38.92	12.00	40.80
Company business and municipal taxes	92.92	6.19	131.57	46.76
Bad debts and provision for bad debts	4.51	(19.35)	(12.69)	(2.93)
Service fee for IT HOSTING system	16.07	35.18	38.50	36.73
Fine and interest expenses	(0.92)	14.89	(0.93)	14.44
Others	387.38	61.89	483.37	117.24
Total	2,701.56	2,104.37	4,805.02	4,111.57

6.19 Income Tax Expense (Income)

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2017	Apr-Jun, 2016	Jan-Jun, 2017	Jan-Jun, 2016
Tax expense (income) from taxable profit for the period	4.90	8.11	16.24	19.45
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(162.59)	(580.16)	(415.70)	(1,430.29)
Tax expenses (income)	(157.69)	(572.05)	(399.46)	(1,410.84)

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2017	Apr-Jun, 2016	Jan-Jun, 2017	Jan-Jun, 2016
Tax expense (income) from taxable profit for the period	2.42	4.41	4.85	9.17
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(162.36)	(579.40)	(415.24)	(1,428.55)
Tax expenses (income)	(159.94)	(574.99)	(410.39)	(1,419.38)

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 June 30, 2017

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Earnings (Loss) per Share</u>	
	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (loss) per Share						
Profits (loss) attributable to owners of the parent	(5,211.20)	(2,921.08)	2,182.77	2,182.77	(2.39)	(1.34)

Separate Financial Statements For the three-month period ended June 30, 2017

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Earnings (Loss) per Share</u>	
	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (loss) per Share						
Profits (loss) attributable to owners of the parent	(3,781.62)	(2,181.44)	2,182.77	2,182.77	(1.73)	(1.00)

Consolidated Financial Statements For the six-month period ended June 30, 2017

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Earnings (Loss) per Share</u>	
	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (loss) per Share						
Profits (loss) attributable to owners of the parent	(2,054.01)	3,078.10	2,182.77	2,182.77	(0.94)	1.41

Separate Financial Statements For the six-month period ended June 30, 2017

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Earnings (Loss) per Share</u>	
	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (loss) per Share						
Profits (loss) attributable to owners of the parent	(347.91)	3,729.19	2,182.77	2,182.77	(0.16)	1.71

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 June 30, 2017

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>
External Revenues	41,372.75	37,900.16	2,369.76	2,320.40	739.66	521.03	44,482.17	40,741.59
Inter - segment revenues								
(expenses)	(3,595.82)	(3,333.82)	2,384.98	2,133.03	1,210.84	1,200.79	-	-
Interest income	39.94	52.37	-	-	4.35	10.73	44.29	63.10
Gain (loss) on foreign currency								
exchange	(2,394.48)	596.62	-	-	(36.03)	(1.74)	(2,430.51)	594.88
Other income	690.79	489.41	9.89	8.72	(1.22)	3.12	699.46	501.25
Total Revenue	<u>36,113.18</u>	<u>35,704.74</u>	<u>4,764.63</u>	<u>4,462.15</u>	<u>1,917.60</u>	<u>1,733.93</u>	<u>42,795.41</u>	<u>41,900.82</u>
Fuel and oil	(11,589.38)	(11,357.42)	-	-	(689.76)	(393.53)	(12,279.14)	(11,750.95)
Employee benefits expenses	(4,540.32)	(4,387.63)	(1,884.44)	(1,824.86)	(1,420.36)	(1,339.68)	(7,845.12)	(7,552.17)
Flight service expenses	(5,004.13)	(4,573.30)	(12.22)	(12.59)	(238.87)	(117.97)	(5,255.22)	(4,703.86)
Depreciation and amortization								
expense	(3,877.50)	(4,076.64)	(107.36)	(196.62)	(237.15)	(255.30)	(4,222.01)	(4,528.56)
Impairment loss of assets								
and aircraft	(389.66)	(1,872.49)	-	-	-	-	(389.66)	(1,872.49)
Other expenses	(13,939.57)	(10,767.67)	(1,751.00)	(1,527.02)	(1,193.83)	(1,143.76)	(16,884.40)	(13,438.45)
Finance costs	(1,105.71)	(1,343.43)	-	-	-	-	(1,105.71)	(1,343.43)
Share of profit (loss) on								
investment in associates	(179.76)	(198.16)	-	-	-	-	(179.76)	(198.16)
Total Expenses	<u>(40,626.03)</u>	<u>(38,576.74)</u>	<u>(3,755.02)</u>	<u>(3,561.09)</u>	<u>(3,779.97)</u>	<u>(3,250.24)</u>	<u>(48,161.02)</u>	<u>(45,388.07)</u>
Profit (Loss) before								
income tax expense	(4,512.85)	(2,872.00)	1,009.61	901.06	(1,862.37)	(1,516.31)	(5,365.61)	(3,487.25)
Tax Income (expense)	159.94	574.99	-	-	(2.25)	(2.93)	157.69	572.06
Gain (loss) by segments	<u>(4,352.91)</u>	<u>(2,297.01)</u>	<u>1,009.61</u>	<u>901.06</u>	<u>(1,864.62)</u>	<u>(1,519.24)</u>	<u>(5,207.92)</u>	<u>(2,915.19)</u>

Statements of Income
For the six-month period ended June 30, 2017

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2016</u>
External Revenues	87,692.85	84,357.43	4,912.82	4,838.33	1,165.72	1,285.70	93,771.39	90,481.46
Inter - segment revenues								
(expenses)	(7,250.54)	(6,632.71)	4,886.38	4,469.35	2,364.16	2,163.36	-	-
Interest income	68.03	106.07	-	-	5.75	12.10	73.78	118.17
Gain (loss) on foreign currency								
exchange	(813.66)	(84.91)	-	-	(56.79)	(0.92)	(870.45)	(85.83)
Other income	1,198.99	940.44	18.12	18.34	(2.98)	(14.42)	1,214.13	944.36
Total Revenue	<u>80,895.67</u>	<u>78,686.32</u>	<u>9,817.32</u>	<u>9,326.02</u>	<u>3,475.86</u>	<u>3,445.82</u>	<u>94,188.85</u>	<u>91,458.16</u>
Fuel and oil	(23,678.60)	(21,820.83)	-	-	(1,445.25)	(772.65)	(25,123.85)	(22,593.48)
Employee benefits expenses	(9,143.25)	(8,829.82)	(3,566.01)	(3,514.94)	(2,693.88)	(2,594.76)	(15,403.14)	(14,939.52)
Flight service expenses	(10,399.85)	(9,748.58)	(25.54)	(22.21)	(432.49)	(175.55)	(10,857.88)	(9,946.34)
Depreciation and amortization								
expense	(7,711.20)	(8,233.22)	(242.04)	(394.98)	(475.66)	(528.09)	(8,428.90)	(9,156.29)
Impairment loss of assets								
and aircraft	(1,406.68)	(2,046.48)	-	-	-	-	(1,406.68)	(2,046.48)
Other expenses	(26,934.65)	(22,898.51)	(3,543.78)	(3,077.04)	(2,410.59)	(2,257.70)	(32,889.02)	(28,233.25)
Finance costs	(2,364.95)	(2,737.62)	-	-	-	-	(2,364.95)	(2,737.62)
Share of profit (loss) on								
investment in associates	(152.64)	(120.55)	-	-	-	-	(152.64)	(120.55)
Total Expenses	<u>(81,791.82)</u>	<u>(76,435.61)</u>	<u>(7,377.37)</u>	<u>(7,009.17)</u>	<u>(7,457.87)</u>	<u>(6,328.75)</u>	<u>(96,627.06)</u>	<u>(89,773.53)</u>
Profit (Loss) before								
income tax expense	(896.15)	2,250.71	2,439.95	2,316.85	(3,982.01)	(2,882.93)	(2,438.21)	1,684.63
Tax Income (expense)	410.39	1,419.38	-	-	(10.93)	(8.54)	399.46	1,410.84
Gain (loss) by segments	<u>(485.76)</u>	<u>3,670.09</u>	<u>2,439.95</u>	<u>2,316.85</u>	<u>(3,992.94)</u>	<u>(2,891.47)</u>	<u>(2,038.75)</u>	<u>3,095.47</u>

**Assets and Liabilities
As at June 30, 2017**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>
Current assets	44,360.14	48,594.54	624.58	668.73	5,323.48	4,764.94	50,308.20	54,028.21
Investments	3,136.91	3,964.51	-	-	4.02	4.02	3,140.93	3,968.53
Property, plant and equipment	187,627.22	186,605.78	5,234.93	5,410.34	2,721.98	2,875.23	195,584.13	194,891.35
Other non-current assets	36,500.35	24,318.95	0.03	0.07	782.75	570.50	37,283.13	24,889.52
Non-allocated assets	-	-	-	-	-	-	<u>5,483.47</u>	<u>5,346.26</u>
Total assets							<u>291,799.86</u>	<u>283,123.87</u>
Current liabilities	84,402.10	78,489.43	488.34	327.72	8,940.59	7,512.99	93,831.03	86,330.14
Non-current liabilities	164,529.34	161,666.66	-	-	572.16	348.25	165,101.50	162,014.91
Non-allocated liabilities	-	-	-	-	-	-	<u>1,306.58</u>	<u>1,190.62</u>
Total Liabilities							<u>260,239.11</u>	<u>249,535.67</u>

6.21.2 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 2017	3,351.62	2,369.76	739.66	22,760.83	11,334.56	-	3,876.32	-	49.42	44.29	699.46	(2,430.51)	42,795.41
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
For the six-month period													
Jan-Jun 2017	7,621.53	4,912.82	1,165.72	46,974.95	24,862.97	-	8,136.23	-	97.18	73.77	1,214.13	(870.45)	94,188.85
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

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 586.03 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:

	Unit : Million Baht	
	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>
Letters of guarantee issued by banks - Domestic	15.09	49.96
Letters of guarantee issued by banks - Abroad	491.34	451.70
The Company as defendant in		
Labor dispute cases	212.82	1,399.91
Damage claims cases	<u>1,007.02</u>	<u>460.30</u>
Total	<u>1,726.27</u>	<u>2,361.87</u>

Due to difference in interpretations of tax law, the Cambodia branch was assessed four types of tax, Minimum Tax, Tax on Profit, Specific Tax and Withholding tax, six years retroactively from October 2007 to September 2013 and is currently undergoing tax inspections of period October 2013 to September 2015. The total tax assessed is USD 15.16 million or approximately THB 517.52 million. The branch has hired a tax consultant to protest the 6ax assessment. Now in the process of tax disputation.

The Philippine branch was assessed on taxation for the tax year 2008-2010, Value Added Tax, Percentage Tax and Expanded Withholding Tax, due to unclear tax laws. It is currently in the court process, the total tax amount included penalty is PHP 14.59 million or approximately THB 10 million.

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 million and reserved their rights to amend the Plaintiff to increase the amount of claim if they can prove their claims to the court later on. The case is currently undergoing the court procedures.

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 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 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 June 30, 2017, the Company's outstanding long-term foreign currency borrowings post CCS were 3% in USD, 36% 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 and six-month periods ended June 30, 2017, the Company recognized loss from application of hedge accounting to foreign currency borrowings and forecasted future revenue (Revenue Hedging) amount THB 40.43 million and THB 75.84 million, respectively.

6.26 Contractual Obligations

6.26.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase 2 A350 - 900XWB aircraft amount of THB 6,707.71 million, expected to take delivery during the year 2018 which consisted of:

Obligation	Unit : Million Baht
	Within 1 year
Purchase of aircraft	6,707.71

6.26.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 41 aircraft amount of USD 4,030.64 million or approximately to THB 137,639.36 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 June 30, 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	13,263.04	56,113.40	68,262.92

6.27 Events during the Reporting Period

6.27.1 In May, 2017, Nok Airlines Public Company Limited offered for sale of 625 million ordinary shares with a par value of THB 1 at the price of THB 2.40 per share. Nok Airlines Public Company Limited has already received net proceeds amount of THB 1,224.63 million and has registered the increase in paid-up capital on May 31, 2017. The company did not subscribe the Right Offering for new shares which caused the decrease of the Company's share portion from 39.20 to 21.57 percent.

6.27.2 Loss from change in ownership interest amount of THB 428.11 million is from the recognition of investment portion in Nok Airlines Public Company Limited from selling of newly issued ordinary shares on the Company's portion of 21.57 percent or amount THB 264.15 million, plus the difference from changing in share portion of Nok Airlines Public Company Limited, which decreased from 39.20 to 21.57 percent, amount of THB 692.26 million.

6.28 Events after the Reporting Period

6.28.1 The Company will take delivery of 3 A350-900 aircraft under operating leases in the third quarter of 2017, and also will return to the lessor 2 expired operating leases by the same period.

6.28.2 On July 4, 2017, the Company received tax refund for accounting period January 1, 2015 – December 31, 2015 amount of THB 254.75 million.

6.29 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on August 9, 2017.
