

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

**TO: THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED**

The State Audit Office of the Kingdom of Thailand has reviewed the accompanying consolidated and separate statements of financial position as at June 30, 2019, the consolidated and the Company's statements of comprehensive income for the three-month and six - month periods ended June 30, 2019, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's statements of cash flows for the six-month period ended June 30, 2019, 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 State Audit Office of the Kingdom of Thailand is to express a conclusion on this interim financial information based on the review.

**Scope of the Review**

The State Audit Office of the Kingdom 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 State Audit Office of the Kingdom of Thailand to obtain assurance that the State Audit Office of the Kingdom of Thailand would become aware of all significant matters that might be identified in an audit. Accordingly, the Office of the State Audit Office of the Kingdom 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 State Audit Office of the Kingdom 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".

*State Audit Office of the Kingdom of Thailand*

### **Emphasis of a Matter**

The State Audit Office of the Kingdom of Thailand put the notice to the note to the interim financial statement as follows :

1. Note No. 5 “The adoption of the new Financial Reporting Standard”, Thai Airways International Public Company Limited and its subsidiaries has applied the Financial Reporting Standard No 15 “Revenue from Contracts with Customers” effective to the accounting periods beginning on or after January 1, 2019 onwards and chooses to recognize the effect to the beginning of accumulated earning in the current period.

2. Note No. 6 “The Corporate Transformation Plan”, which describes the operation strategies according to the Corporate transformation plan for the year 2019 of Thai Airways International Public Company Limited.

3. Note No.7.11 “ Liquidity Management”, which describes how the Company acquired fund and the forecast of cash flow in 2019.

4. Note No. 7.16 “ Transferred for compensating the deficit ” , which describes how the Company transferred the legal reserve and premium on share capital to debit the deficit.

However, the State Audit Office of the Kingdom of Thailand does not express the unqualified opinion.

(Signed) *Pattra Showsri*  
(Pattra Showsri)  
Deputy Auditor General

(Signed) *Balloon Sirisingsongchai*  
(Balloon Sirisingsongchai)  
Director of Financial and Procurement Audit Office No.11

*State Audit Office of the Kingdom of Thailand*

August 09, 2019

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

Unit : Baht

		CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
	Notes	June 30, 2019 (Unaudited but reviewed)	December 31, 2018 (Audited)	June 30, 2019 (Unaudited but reviewed)	December 31, 2018 (Audited)
ASSETS					
Current Assets					
Cash and cash equivalents	7.1	13,228,722,431	13,691,848,724	11,968,917,279	12,523,360,617
Temporary investments		38,264	38,264	-	-
Trade receivables	7.2	11,687,543,961	10,394,067,903	10,893,860,136	9,705,911,027
Prepaid expenses and deposits		6,796,323,012	7,321,908,745	7,002,788,949	7,529,150,681
Inventories and supplies		4,771,590,214	4,947,017,527	4,728,761,724	4,901,658,139
Other current assets	7.3	13,363,532,923	12,702,976,136	19,771,569,433	20,535,369,827
Non-current assets held for sale	7.4	733,242,459	490,157,613	733,242,459	490,157,613
Total Current Assets		50,580,993,264	49,548,014,912	55,099,139,980	55,685,607,904
Non-Current Assets					
Investments in associates	7.5.1	2,297,476,833	2,299,713,942	1,234,106,581	1,234,106,581
Investments in subsidiaries	7.5.1	-	-	1,810,209,913	1,810,209,913
Other long-term investments	7.5.2	66,051,944	69,002,222	63,066,844	66,017,122
Property, plant and equipment	7.7	173,079,656,765	179,598,685,050	173,042,000,255	179,558,497,148
Intangible assets	7.8	283,554,752	236,352,618	203,860,562	228,806,503
Deferred tax assets	7.9.1	10,262,982,344	10,650,722,771	10,244,057,663	10,632,997,811
Other non-current assets	7.10	25,415,430,072	26,318,704,847	25,291,391,538	26,185,205,174
Total Non-Current Assets		211,405,152,710	219,173,181,450	211,888,693,356	219,715,840,252
Total Assets		261,986,145,974	268,721,196,362	266,987,833,336	275,401,448,156

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

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

		<b>Unit : Baht</b>			
		<b>CONSOLIDATED FINANCIAL STATEMENTS</b>		<b>THE COMPANY'S FINANCIAL STATEMENTS</b>	
	<b>Notes</b>	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
		<b>(Unaudited but reviewed)</b>	<b>(Audited)</b>	<b>(Unaudited but reviewed)</b>	<b>(Audited)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Trade payables		5,961,034,194	5,167,608,841	5,719,879,936	4,946,272,359
Accrued expenses		18,943,198,001	18,130,323,417	17,400,642,278	17,973,191,375
Current portion of long-term liabilities					
Long-term loans from financial institutions		2,247,596,154	3,185,096,154	2,247,596,154	3,185,096,154
Long-term loans from related parties	7.6.1.2	1,471,758,328	1,448,088,914	1,471,758,328	1,448,088,914
Liabilities under finance leases		8,104,092,997	8,699,910,918	8,104,092,997	8,699,910,918
Debentures		7,230,000,000	9,530,000,000	7,230,000,000	9,530,000,000
Short-term loans from financial institutions		2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Short-term loans from related parties	7.6.1.1	3,000,000,000	1,000,000,000	3,000,000,000	1,000,000,000
Income tax payable		10,409,655	17,844,116	-	-
Other current liabilities					
Accrued dividends		109,540,009	54,556,981	54,308,244	54,403,981
Unearned transportation revenue		26,866,054,318	30,624,142,358	26,052,219,908	29,692,124,792
Others		11,215,281,446	9,050,865,454	12,194,541,289	10,283,990,506
<b>Total Current Liabilities</b>		<b>87,158,965,102</b>	<b>88,908,437,153</b>	<b>85,475,039,134</b>	<b>88,813,078,999</b>
<b>Non-Current Liabilities</b>					
Long-term liabilities					
Long-term loans from financial institutions		3,049,326,923	4,173,365,397	3,049,326,923	4,173,365,397
Long-term loans from related parties	7.6.1.2	14,072,904,783	15,638,001,158	14,072,904,783	15,638,001,158
Liabilities under finance leases		43,912,723,025	50,282,098,896	43,912,723,025	50,282,098,896
Debentures		61,820,000,000	55,320,000,000	61,820,000,000	55,320,000,000
Deferred tax liabilities	7.9.1	1,734,696,884	1,703,581,058	1,734,696,884	1,703,581,058
Staff pension fund	7.12	3,896,740,589	3,824,995,651	3,896,740,589	3,824,995,651
Employee benefit obligations	7.13	14,039,310,957	13,575,420,996	13,929,134,624	13,493,261,770
Long-term provisions	7.14	15,330,826,660	14,708,086,792	13,637,660,070	13,093,931,772
Other non-current liabilities		117,851,657	130,875,130	1,572,117,243	1,356,144,193
<b>Total Non-Current Liabilities</b>		<b>157,974,381,478</b>	<b>159,356,425,078</b>	<b>157,625,304,141</b>	<b>158,885,379,895</b>
<b>Total Liabilities</b>		<b>245,133,346,580</b>	<b>248,264,862,231</b>	<b>243,100,343,275</b>	<b>247,698,458,894</b>
<b>Shareholders' Equity</b>					
Share capital	7.15				
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	7.16	1,862,979,154	25,545,316,308	1,862,979,154	25,545,316,308
Retained earnings					
Appropriated					
Legal reserve	7.16	-	2,691,275,568	-	2,691,275,568
Unappropriated	5	(13,788,903,972)	(35,907,023,773)	(6,657,658,668)	(28,533,077,895)
Other components of equity		6,854,451,143	6,171,756,849	6,854,450,405	6,171,756,111
<b>Total Company Shareholders' Equity</b>		<b>16,756,245,495</b>	<b>20,329,044,122</b>	<b>23,887,490,061</b>	<b>27,702,989,262</b>
<b>Non-controlling interests</b>		<b>96,553,899</b>	<b>127,290,009</b>	<b>-</b>	<b>-</b>
<b>Total Shareholders' Equity</b>		<b>16,852,799,394</b>	<b>20,456,334,131</b>	<b>23,887,490,061</b>	<b>27,702,989,262</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>261,986,145,974</b>	<b>268,721,196,362</b>	<b>266,987,833,336</b>	<b>275,401,448,156</b>

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

( Mr. Sumeth Damrongchaitam )  
President

( Mr. Nattapong Samit-ampaipisarn )  
Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2019**

Unit : Baht

		CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
	Notes	2019	2018	2019	2018
Revenues					
Revenues from Sales or Services					
Passenger and excess baggage		34,598,097,764	36,845,303,631	33,143,091,431	34,725,622,527
Freight		4,280,195,020	5,266,427,653	4,280,386,751	5,267,038,957
Mail		134,050,693	170,711,788	134,050,693	170,711,788
Other activities		3,156,906,480	2,976,895,626	3,589,215,552	3,462,985,123
Total Revenues from Sales or Services		42,169,249,957	45,259,338,698	41,146,744,427	43,626,358,395
Other Income					
Interest income		49,293,613	52,713,720	49,469,003	50,655,848
Gain (Loss) on foreign currency exchange rates		522,345,094	(431,302,502)	560,879,019	(441,566,239)
Other income - Others	7.17	339,572,555	1,980,529,680	642,910,189	2,349,084,251
Total Other Income		911,211,262	1,601,940,898	1,253,258,211	1,958,173,860
Total Revenues		43,080,461,219	46,861,279,596	42,400,002,638	45,584,532,255
Expenses					
Aircraft fuel expenses		13,863,981,997	14,152,343,224	12,897,683,080	13,273,773,629
Employee benefits expenses	7.18	7,622,638,739	7,620,828,461	7,417,184,779	7,453,987,260
Flight service expenses		5,077,714,321	5,338,493,982	4,640,349,564	4,995,783,920
Crew expenses		1,538,690,888	1,395,299,942	1,407,301,635	1,274,299,799
Aircraft repair and maintenance costs		4,829,393,196	4,913,741,120	4,240,056,317	4,507,575,528
Depreciation and amortization expenses		4,199,198,324	3,971,179,790	4,190,678,866	3,965,272,421
Lease of aircraft and spare parts		3,804,202,802	3,695,538,468	5,909,097,391	3,565,927,454
Inventories and supplies expenses		2,208,595,479	2,124,681,663	2,063,119,285	1,990,773,551
Selling and advertising expenses		2,513,130,341	2,842,374,974	2,315,684,654	2,589,714,530
Insurance expenses		154,849,276	145,343,888	133,371,529	125,456,868
Impairment loss of assets		50,144,896	83,977,639	50,144,896	83,977,639
Impairment loss of aircraft		121,486,940	172,576,379	121,486,940	172,576,379
Other expenses	7.20	2,664,190,015	2,598,942,210	2,563,316,819	2,505,192,603
Finance costs		1,091,881,141	1,105,844,450	1,091,881,141	1,105,844,450
Share of the profit of associates		101,804,469	195,136,845	-	-
Total Expenses		49,841,902,824	50,356,303,035	49,041,356,896	47,610,156,031
Loss before Income Tax Expense		(6,761,441,605)	(3,495,023,439)	(6,641,354,258)	(2,025,623,776)
Income tax expense	7.9.2	(116,182,993)	408,565,176	(112,835,443)	415,434,260
Loss for the period		(6,877,624,598)	(3,086,458,263)	(6,754,189,701)	(1,610,189,516)
Other comprehensive income (loss)					
Items that might be reclassified to profit or loss in subsequent periods					
Effective portion of gain (loss) on changes in fair value of cash flow hedges		226,495,782	(397,639,120)	226,495,782	(397,639,120)
Income tax related to effective portion of gain (loss) on changes in fair value of cash flow hedges		(45,299,157)	79,527,824	(45,299,157)	79,527,824
Unrealized gain (loss) on remeasuring available-for-sale investments		-	609	-	-
Income tax related to unrealized gain (loss) on remeasuring available-for-sale investments		-	(122)	-	-
Items that will not be reclassified to profit or loss in subsequent periods					
Share of other comprehensive profit (loss) from joint ventures and associates		19,615,201	-	-	-
Other Comprehensive Income (loss) for the period - Net of Tax		200,811,826	(318,110,809)	181,196,625	(318,111,296)
Total Comprehensive loss for the period		(6,676,812,772)	(3,404,569,072)	(6,572,993,076)	(1,928,300,812)
Loss Attributable to					
Owners of the Parent		(6,883,814,415)	(3,098,555,896)	(6,754,189,701)	(1,610,189,516)
Non-controlling interests		6,189,817	12,097,633	-	-
		(6,877,624,598)	(3,086,458,263)	(6,754,189,701)	(1,610,189,516)
Total Comprehensive loss Attributable to					
Owners of the Parent		(6,683,002,589)	(3,416,666,705)	(6,572,993,076)	(1,928,300,812)
Non-controlling interests		6,189,817	12,097,633	-	-
		(6,676,812,772)	(3,404,569,072)	(6,572,993,076)	(1,928,300,812)
Loss per Share					
Basic loss per share	7.21	(3.15)	(1.42)	(3.09)	(0.74)

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

( Mr. Sumeth Damrongchaitham )  
President

( Mr. Nattapong Samit-ampaipisarn )  
Executive Vice President, Finance and Accounting

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS													Non-controlling Interests	Total Shareholders' Equity
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Owners of the parent							Total Owners of the Parent			
					Other Components of Equity										
			Appropriated Legal reserve	Unappropriated	Effective portion of gain (loss) on changes in fair value of cash flow hedges	Income tax related to effective portion of gain (loss) on changes in fair value of cash flow hedges	Revaluation surplus on assets	Income tax related to revaluation surplus on assets	Unrealized gain (loss) on remeasuring available-for-sale investment	Income tax related to unrealized gain (loss) on remeasuring available-for-sale investment	Total other components of equity				
Balance as at January 1, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(24,239,600,441)	(977,252,927)	195,450,586	8,585,218,762	(1,717,043,752)	521	(104)	6,086,373,086	31,911,083,691	101,714,295	32,012,797,986	
Changes in Shareholders' Equity															
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(30,375,000)	(30,375,000)	
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(45,565)	(45,565)	
Less Profit (loss) for the period	-	-	-	(381,631,448)	-	-	-	-	-	-	-	(381,631,448)	32,313,126	(349,318,322)	
Less Transfer revaluation surplus on disposed assets	-	-	-	171,460,599	-	-	(214,325,748)	42,865,149	-	-	(171,460,599)	-	-	-	
Add Other comprehensive income (loss) for the period	-	-	-	-	(389,663,607)	77,932,722	-	-	694	(139)	(311,730,330)	(311,730,330)	-	(311,730,330)	
Balance as at June 30, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(24,449,771,290)	(1,366,916,534)	273,383,308	8,370,893,014	(1,674,178,603)	1,215	(243)	5,603,182,157	31,217,721,913	103,606,856	31,321,328,769	
Balance as at January 1, 2019	21,827,719,170	25,545,316,308	2,691,275,568	(35,907,023,773)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	922	(184)	6,171,756,849	20,329,044,122	127,290,009	20,456,334,131	
Add Retrospective adjustments from changes in accounting policy	-	-	-	2,159,465,173	-	-	-	-	-	-	-	2,159,465,173	-	2,159,465,173	
Balance After adjustment	21,827,719,170	25,545,316,308	2,691,275,568	(33,747,558,600)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	922	(184)	6,171,756,849	22,488,509,295	127,290,009	22,615,799,304	
Changes in Shareholders' Equity															
Transfer of legal reserve and premium on ordinary shares to offset deficit	-	(23,682,337,154)	(2,691,275,568)	26,373,612,722	-	-	-	-	-	-	-	-	-	-	
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(47,250,006)	(47,250,006)	
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(45,565)	(45,565)	
Add Loss for the period	-	-	-	(6,438,371,152)	-	-	-	-	-	-	-	(6,438,371,152)	16,559,461	(6,421,811,691)	
Add Other comprehensive income for the period	-	-	-	23,413,058	853,367,868	(170,673,574)	-	-	-	-	682,694,294	706,107,352	-	706,107,352	
Balance as at June 30, 2019	21,827,719,170	1,862,979,154	-	(13,788,903,972)	197,169,991	(39,433,998)	8,370,893,014	(1,674,178,602)	922	(184)	6,854,451,143	16,756,245,495	96,553,899	16,852,799,394	

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

( Mr. Sumeth Damrongchaitam )

President

( Mr. Nattapong Samit-ampaipisarn )

Executive Vice President, Finance and Accounting

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

Unit : Baht

## THE COMPANY'S 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 (loss)					
					Effective portion of gain (loss) on changes in fair value of cash flow hedges	Income tax related to effective portion of gain (loss) on 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, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(20,426,549,388)	(977,252,927)	195,450,586	8,585,218,762	(1,717,043,752)	6,086,372,669	35,724,134,327
Changes in Shareholders' Equity										
Add Profit for the period	-	-	-	1,383,745,512	-	-	-	-	-	1,383,745,512
Less Transfer revaluation surplus on disposed assets	-	-	-	171,460,599	-	-	(214,325,748)	42,865,149	(171,460,599)	-
Add Other comprehensive income (loss) for the period	-	-	-	-	(389,663,607)	77,932,722	-	-	(311,730,885)	(311,730,885)
Balance as at June 30, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(18,871,343,277)	(1,366,916,534)	273,383,308	8,370,893,014	(1,674,178,603)	5,603,181,185	36,796,148,954
Balance as at January 1, 2019	21,827,719,170	25,545,316,308	2,691,275,568	(28,533,077,895)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	6,171,756,111	27,702,989,262
Add Retrospective adjustments from changes in accounting policy	-	-	-	2,159,465,173	-	-	-	-	-	2,159,465,173
Balance After adjustment	21,827,719,170	25,545,316,308	2,691,275,568	(26,373,612,722)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	6,171,756,111	29,862,454,435
Changes in Shareholders' Equity										
Transfer of legal reserve and premium on ordinary shares to offset deficit	-	(23,682,337,154)	(2,691,275,568)	26,373,612,722	-	-	-	-	-	-
Add Loss for the period	-	-	-	(6,657,658,668)	-	-	-	-	-	(6,657,658,668)
Add Other comprehensive income for the period	-	-	-	-	853,367,868	(170,673,574)	-	-	682,694,294	682,694,294
Balance as at June 30, 2019	21,827,719,170	1,862,979,154	-	(6,657,658,668)	197,169,991	(39,433,998)	8,370,893,014	(1,674,178,602)	6,854,450,405	23,887,490,061

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

( Mr. Sumeth Damrongchaitam )  
President

( Mr. Nattapong Samit-ampaipisarn )  
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, 2019

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS		
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>					
Profit (loss) before income tax expense		(6,163,074,409)	(1,548,923,609)	(6,408,276,267)	166,177,127
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :					
Depreciation and amortization expenses		8,427,276,559	7,912,453,295	8,415,801,698	7,901,677,742
Aircraft lease fee		267,908,477	229,857,517	267,908,477	229,857,517
Dividends received		(944,454)	(934,500)	(298,423,210)	(311,799,619)
Share profit (loss) of investments in associates by equity method		59,687,267	62,759,476	-	-
Gain on changes in ownership interest		(273,177,862)	-	-	-
Interest income		(88,929,432)	(92,653,704)	(86,784,608)	(88,818,869)
Interest expenses		2,195,457,869	2,300,236,770	2,195,457,869	2,300,236,770
Gain on disposal of assets		(5,972,288)	(621,447,633)	(5,972,779)	(621,447,633)
Loss (gain) on sales of aircraft		75,041,271	(10,161,857)	75,041,271	(10,161,857)
Loss (gain) on foreign currency exchange rates		(1,684,961,100)	95,719,826	(1,714,509,763)	101,604,001
Gain on sale of investment		-	(654,824,408)	-	(697,500,000)
Provision for employee benefit obligations		463,889,961	503,223,221	435,872,853	456,144,186
Provision for obsolete inventories and supplies		60,128,637	228,481,501	60,128,637	228,481,501
Doubtful accounts		40,855,640	98,699,440	41,128,640	98,491,555
Impairment loss of aircraft		315,052,460	2,621,961,603	315,052,460	2,621,961,603
Impairment loss of assets		69,787,079	107,093,818	69,787,079	107,093,818
Operating profits before changes in operating assets and liabilities		3,758,025,675	11,231,540,756	3,362,212,357	12,481,997,842
Decrease (increase) in operating assets :					
Trade receivables		(1,467,333,535)	94,265,492	(1,361,442,360)	763,224,554
Inventories and supplies		115,298,676	(251,113,458)	112,767,778	(256,113,124)
Prepaid expenses and deposits		201,328,489	(503,920,801)	202,104,489	(488,166,108)
Tax refund		-	(488,557)	-	(488,557)
Other current assets		(289,395,251)	20,960,140	1,117,662,792	(703,163,672)
Non-current assets held for sale		495,437,372	886,036,545	495,437,372	886,036,545
Maintenance reserves		(1,271,143,280)	(1,743,362,198)	(1,278,355,366)	(1,755,940,767)
Other assets		(42,737,662)	(341,202,932)	(39,768,453)	(338,292,067)
Deferred charges		5,214,442	(977,565,939)	-	(992,496,153)
Increase (decrease) in operating liabilities :					
Trade payables		(150,198,034)	(343,997,839)	(104,602,106)	(331,323,696)
Accrued expenses and other current liabilities		2,987,820,263	(81,398,821)	1,348,578,864	(671,179,770)
Staff pension fund		71,744,938	123,169,107	71,744,938	123,169,107
Unearned transportation revenues		(1,598,957,846)	663,400,487	(1,480,774,690)	695,709,692
Other non-current liabilities		1,217,871,437	2,439,928,102	1,367,853,775	2,364,778,803
<b>Proceeds from operations</b>		<b>4,032,975,684</b>	<b>11,216,250,084</b>	<b>3,813,419,390</b>	<b>11,777,752,629</b>
Cash paid for income tax		(317,100,719)	(252,658,975)	(281,221,750)	(240,104,502)
<b>Net Cash provided by Operating Activities</b>		<b>3,715,874,965</b>	<b>10,963,591,109</b>	<b>3,532,197,640</b>	<b>11,537,648,127</b>

The accompanying notes 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, 2019**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>THE COMPANY'S FINANCIAL STATEMENTS</u>	
<u>Notes</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Investing Activities</b>				
Cash paid for acquisition of fixed assets	(1,037,286,872)	(1,875,871,767)	(1,032,062,399)	(1,865,717,395)
Cash paid for intangible assets	(26,541,376)	(32,137,528)	(16,101,287)	(32,122,269)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment	-	202,163,729	-	202,163,729
Cash received from sales of assets	2,967,716	3,058,374	2,967,716	3,058,374
Interest income	69,451,529	76,718,987	67,164,913	72,770,328
Dividends received	240,085,216	274,674,619	269,548,210	311,799,619
Proceeds from sale of investment	-	922,500,000	-	922,500,000
Temporary investments decrease	-	130,000,000	-	-
<b>Net Cash used in Investing Activities</b>	<b>(751,323,787)</b>	<b>(298,893,586)</b>	<b>(708,482,847)</b>	<b>(385,547,614)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from debentures	10,000,000,000	6,000,000,000	10,000,000,000	6,000,000,000
Proceeds from short-term loans	14,000,000,000	4,000,000,000	14,000,000,000	4,000,000,000
Proceeds from long-term loans	-	2,000,000,000	-	2,000,000,000
Proceeds from liabilities under finance leases	-	1,621,900,832	-	1,621,900,832
Cash paid for repayment of short-term loans	(12,000,000,000)	(7,328,167,000)	(12,000,000,000)	(7,328,167,000)
Cash paid for repayment of debentures	(5,800,000,000)	(8,000,000,000)	(5,800,000,000)	(8,000,000,000)
Cash paid for repayment of long-term loans	(2,857,825,430)	(2,994,112,228)	(2,857,825,430)	(2,994,112,228)
Cash paid for liabilities under finance leases	(4,679,293,368)	(5,236,394,104)	(4,679,293,368)	(5,236,394,104)
Cash paid for borrowings interest	(1,971,506,523)	(1,949,474,611)	(1,971,506,523)	(1,949,474,611)
Dividends paid	(95,737)	(109,163)	(95,737)	(109,163)
Dividends paid to non-controlling interests	(21,091,800)	(30,405,600)	-	-
<b>Net Cash used in Financing Activities</b>	<b>(3,329,812,858)</b>	<b>(11,916,761,874)</b>	<b>(3,308,721,058)</b>	<b>(11,886,356,274)</b>
Net increase (decrease) in cash and cash equivalents	(365,261,680)	(1,252,064,351)	(485,006,264)	(734,255,761)
Cash and cash equivalents at the beginning of the period	13,691,848,724	15,229,686,324	12,523,360,616	14,022,787,581
	<b>13,326,587,044</b>	<b>13,977,621,973</b>	<b>12,038,354,352</b>	<b>13,288,531,820</b>
Effects of changes in foreign currency exchange rates on cash on hand and at banks increase (decrease)	(97,864,613)	123,547,546	(69,437,073)	124,097,426
<b>Cash and Cash Equivalents at the end of the period</b>	<b>13,228,722,431</b>	<b>14,101,169,519</b>	<b>11,968,917,279</b>	<b>13,412,629,246</b>

## Additional Information for Cash Flow

## Non-cash Transactions

Fixed assets unpaid	161,149,595	731,161,978	161,149,595	731,161,978
Assets under finance leases	-	6,044,372,506	-	6,044,372,506

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

( Mr. Sumeth Damrongchaitham )

President

( Mr. Nattapong Samit-ampaipisarn )

Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

Unit : Baht

		CONSOLIDATED FINANCIAL STATEMENTS	THE COMPANY'S FINANCIAL STATEMENT		
	Notes	2019	2018	2019	2018
Revenues					
Revenues from Sales or Services					
Passenger and excess baggage		75,621,874,833	80,960,028,232	71,191,960,531	76,223,185,073
Freight		8,804,001,576	10,422,168,166	8,805,492,356	10,422,864,536
Mail		258,467,110	351,216,155	258,467,110	351,216,155
Other activities		6,829,585,792	6,433,769,478	7,759,220,648	7,327,901,663
Total Revenues from Sales or Services		91,513,929,311	98,167,182,031	88,015,140,645	94,325,167,427
Other Income					
Interest income		88,929,432	92,653,704	86,784,608	88,818,869
Gain on foreign currency exchange rates		1,888,167,795	152,017,649	1,938,198,000	136,116,031
Other income - Others	7.17	785,849,028	2,538,587,199	1,095,781,056	2,925,767,583
Gain on changes in ownership interest		273,177,862	-	-	-
Total Other Income		3,036,124,117	2,783,258,552	3,120,763,664	3,150,702,483
Total Revenues		94,550,053,428	100,950,440,583	91,135,904,309	97,475,869,910
Expenses					
Aircraft fuel expenses		27,908,518,710	28,185,943,536	25,943,519,432	26,349,240,618
Employee benefits expenses	7.18	14,843,727,255	15,039,021,381	14,441,536,134	14,693,818,257
Flight service expenses		10,462,732,698	10,936,399,799	9,640,339,251	10,276,950,243
Crew expenses		3,163,945,119	2,807,940,084	2,890,985,238	2,566,577,131
Aircraft repair and maintenance costs		10,052,745,113	10,482,128,646	9,018,405,287	9,637,643,593
Depreciation and amortization expenses		8,427,276,559	7,912,453,295	8,415,801,698	7,901,677,742
Lease of aircraft and spare parts		7,868,909,861	7,129,840,080	10,378,566,147	6,936,817,317
Inventories and supplies expenses		4,590,556,838	4,434,067,354	4,293,193,996	4,173,169,363
Selling and advertising expenses		5,319,694,692	5,257,082,206	4,856,736,537	4,754,895,074
Insurance expenses		311,318,695	290,297,406	265,323,944	251,821,438
Impairment loss of assets		69,787,079	107,093,818	69,787,079	107,093,818
Impairment loss of aircraft	7.19	315,052,460	2,621,961,603	315,052,460	2,621,961,603
Other expenses	7.20	5,123,717,622	4,932,138,738	4,819,475,504	4,737,789,816
Finance costs		2,195,457,869	2,300,236,770	2,195,457,869	2,300,236,770
Share of the profit of associates		59,687,267	62,759,476	-	-
Total Expenses		100,713,127,837	102,499,364,192	97,544,180,576	97,309,692,783
Profit (loss) before Income Tax Expense		(6,163,074,409)	(1,548,923,609)	(6,408,276,267)	166,177,127
Income tax expense	7.9.2	(258,737,282)	1,199,605,287	(249,382,401)	1,217,568,385
Profit (loss) for the period		(6,421,811,691)	(349,318,322)	(6,657,658,668)	1,383,745,512
Other comprehensive income (loss)					
Items that might be reclassified to profit or loss in subsequent periods					
Effective portion of gain (loss) on changes in fair value of cash flow hedges		853,367,868	(389,663,607)	853,367,868	(389,663,607)
Income tax related to effective portion of gain (loss) on changes in fair value of cash flow hedges		(170,673,574)	77,932,722	(170,673,574)	77,932,722
Unrealized gain (loss) on remeasuring available-for-sale investments		-	694	-	-
Income tax related to unrealized gain (loss) on remeasuring available-for-sale investments		-	(139)	-	-
Items that will not be reclassified to profit or loss in subsequent periods					
Share of other comprehensive profit (loss) from joint ventures and associates		23,413,058	-	-	-
Other Comprehensive Income (loss) for the period - Net of Tax		706,107,352	(311,730,330)	682,694,294	(311,730,885)
Total Comprehensive Income (loss) for the period		(5,715,704,339)	(661,048,652)	(5,974,964,374)	1,072,014,627
Profit (loss) Attributable to					
Owners of the Parent		(6,438,371,152)	(381,631,448)	(6,657,658,668)	1,383,745,512
Non-controlling interests		16,559,461	32,313,126	-	-
		(6,421,811,691)	(349,318,322)	(6,657,658,668)	1,383,745,512
Total Comprehensive Income (loss) Attributable to					
Owners of the Parent		(5,732,263,800)	(693,361,778)	(5,974,964,374)	1,072,014,627
Non-controlling interests		16,559,461	32,313,126	-	-
		(5,715,704,339)	(661,048,652)	(5,974,964,374)	1,072,014,627
Profit (loss) per Share					
Basic profit (loss) per share	7.21	(2.95)	(0.17)	(3.05)	0.63

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

( Mr. Sumeth Damrongchaitham )  
President

( Mr. Nattapong Samit-ampaipisarn )  
Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**For the three and six-month periods ended June 30, 2019 (unaudited but reviewed)**

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX – MONTH PERIODS ENDED JUNE 30, 2019 (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, 2019, the Company had the routes network servicing to 60 destinations in 31 countries all over the world, whereas 3 destinations were domestic (excluding Bangkok).

**2. BASIS OF FINANCIAL STATEMENT PREPARATION**

The consolidated and the Company’s financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act B.E. 2543 (2000), including 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, which the subsidiaries are as follows:

Company's Name	Type of Business	Located Country	Percentage of Share Holding	
			2019	2018
<b>Held by the Company:</b>				
1. Thai-Amadeus Southeast Asia Company Limited	Information technology for travel services	Thailand	55%	55%
2. WingSpan Services Company Limited	Providing specialized personnel services to the Company	Thailand	49%	49%
3. Thai Flight Training Company Limited	Aviation training services	Thailand	49%	49%
4. Thai Smile Airways Company Limited	Air transportation services	Thailand	100%	100%
<b>Held by the Subsidiary of the Company</b>				
A subsidiary held by WingSpan Services Company Limited				
- Tour Eurng Luang Company Limited	Tourism Business	Thailand	49%	49%

Thai Smile Airways Co., Ltd. received the Airline Operator License (AOL), Airline Operator Certificate (AOC) as well as Airline Designator Code from IATA on January 10, March 31 and April 1, 2014, respectively. In addition, 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 2018) Interim Financial Reporting. The Company presents items in the statements of financial position, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows which complied with TAS No. 1 (revised 2018) Presentation of Financial Statements, which are effective on January 1, 2019 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, 2018. 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, 2018.

### **3. FINANCIAL REPORTING STANDARD BEING EFFECTIVE IN THE FUTURE**

The Financial Reporting Standard which will be effective for the fiscal years beginning on or after January 1, 2020 :

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRS 16	Leases
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The impact of these new Thai Financial Reporting Standards on the consolidated and the Company's financial statements in the period of initial application is being assessed by the management of the Company.

#### 4. 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, 2018.

#### 5. THE ADOPTION OF THE NEW THAI FINANCIAL REPORTING STANDARDS

According to the announcement of the Financial Reporting Standard No. 15, “Revenue from contracts with customers”, has been applied to accounting periods beginning on or after January 1, 2019 onwards. It affects to the revenue measurement and recognition of the possibility of unused ticket and accumulated mileage and the calculation of the fair value of accumulated mileage from the standalone selling price. Therefore those affect to the historical transactions that have been recorded in the past until December 31, 2018 that amount of transaction have to adjust unearned transportation revenue in current liabilities totaling amount THB 2,159.46 million against with the beginning of accumulated earning.

The company chooses to amend backward by recognizing the effect with beginning of accumulated earning in the current period, which affect to the related transaction as follow :

#### Consolidated Financial Statements As At January 1, 2019

Unit : Million Baht			
	As At December 31, 2018 based on the former Financial Report Standard	The effect on the adoption of the Financial Reporting Standard No.15	As at January 1, 2019 based on the new Financial Reporting Standard
<b>Current Liabilities</b>			
Unearned transportation revenue	30,624.14	(2,159.46)	28,464.68
<b>Shareholders' equity</b>			
Unappropriated retained earnings	(35,907.02)	2,159.46	(33,747.56)

#### The Company's Financial Statements As at January 1, 2019

Unit : Million Baht			
	As At December 31, 2018 based on the former Financial Report Standard	The effect on the adoption of the Financial Reporting Standard No.15	As at January 1, 2019 based on the new Financial Reporting Standard
<b>Current Liabilities</b>			
Unearned transportation revenue	29,692.12	(2,159.46)	27,532.66
<b>Shareholders' equity</b>			
Unappropriated retained earnings	(28,533.07)	2,159.46	(26,373.61)

Moreover, the Company has the effect on the adoption of the Financial Reporting Standard No. 15 in the current period as below :

The Company considers the expenses paid to the agents to encourage the ticket sale to the customer as the additional cost of contract obtaining. The Company has to record the expenses along the relevant period of the revenue recognition of the contracts.

The Company considers the giveaway mileage from first time of membership as the unconditioned of the passenger service. So the Company records the expense related to those giveaway mileage as the promotion expense.

For Freight carried by other air carriers, the Company recognizes the income by Gross method, since the Company acts as the representative of freight service and has the right to command or control other air carriers. So the Company has to recognize the money paid to other air carriers as the expenses.

### Consolidated Financial Statements As At June 30, 2019

Unit : Million Baht

	As At June 30, 2019 based on the former Financial Reporting Standard	The effect to the balance forward on the adoption of the Financial Reporting Standard No.15	Unappropriated retained earnings after debit the deficits	The effect to the current period on the adoption of the Financial Reporting Standard No.15	As at June 30, 2019 based on the new Financial Reporting Standard
<b>Current Liabilities</b>					
Unearned transportation revenue	30,420.44	(2,159.46)	-	(1,394.93)	26,866.05
<b>Shareholders' equity</b>					
Unappropriated retained earnings	(43,716.90)	2,159.46	(41,557.44)	-	-
Less Transfer of legal reserve and premium on ordinary shares (Note 7.16)	-	-	26,373.61	-	-
Unappropriated retained earnings after debit the deficits	-	-	(15,183.83)	1,394.93	(13,788.90)

### The Company's Financial Statements As at June 30, 2019

Unit : Million Baht

	As At June 30, 2019 based on the former Financial Reporting Standard	The effect to the balance forward on the adoption of the Financial Reporting Standard No.15	Unappropriated retained earnings after debit the deficits shares	The effect to the current period on the adoption of the Financial Reporting Standard No.15	As at June 30, 2019 based on the new Financial Reporting Standard
<b>Current Liabilities</b>					
Unearned transportation revenue	29,359.83	(2,159.46)	-	(1,148.15)	26,052.22
<b>Shareholders' equity</b>					
Unappropriated retained earnings	(36,338.88)	2,159.46	(34,179.42)	-	-
Less Transfer of legal reserve and premium on ordinary shares (Note 7.16)	-	-	26,373.61	-	-
Unappropriated retained earnings after debit the deficits	-	-	(7,805.81)	1,148.15	(6,657.66)

**Consolidated Statements of Comprehensive income for the three- month period ended June 30, 2019**

**Unit : Million Baht**

	<b>For the three- month period ended June 30, 2019 based on the former Financial Reporting Standard</b>	<b>The effect on the adoption of the Financial Reporting Standard No.15</b>	<b>For the three- month period ended June 30, 2019 based on the new Financial Reporting Standard</b>
Passenger and excess baggage revenue	33,251.79	1,346.31	34,598.10
Freight	4,252.21	27.99	4,280.20
Selling and advertising expenses	(2,272.22)	(240.91)	(2,513.13)
<b>Profit (loss) for the period</b>	<b>(8,011.01)</b>	<b>1,133.39</b>	<b>(6,877.62)</b>
<b>Basic (loss) earnings per share</b>	<b>(3.67)</b>	<b>0.52</b>	<b>(3.15)</b>

**The Company's Statements of Comprehensive income for the three- month period ended June 30, 2019**

**Unit : Million Baht**

	<b>For the three- month period ended June 30, 2019 based on the former Financial Reporting Standard</b>	<b>The effect on the adoption of the Financial Reporting Standard No.15</b>	<b>For the three- month period ended June 30, 2019 based on the new Financial Reporting Standard</b>
Passenger and excess baggage revenue	31,970.83	1,172.26	33,143.09
Freight	4,252.40	27.99	4,280.39
Selling and advertising expenses	(2,002.04)	(313.64)	(2,315.68)
<b>Profit (loss) for the period</b>	<b>(7,640.80)</b>	<b>886.61</b>	<b>(6,754.19)</b>
<b>Basic (loss) earnings per share</b>	<b>(3.50)</b>	<b>0.41</b>	<b>(3.09)</b>

**Consolidated Statements of Comprehensive income for the six- month period ended June 30, 2019**

**Unit : Million Baht**

	<b>For the six- month period ended June 30, 2019 based on the former Financial Reporting Standard</b>	<b>The effect on the adoption of the Financial Reporting Standard No.15</b>	<b>For the six- month period ended June 30, 2019 based on the new Financial Reporting Standard</b>
Passenger and excess baggage revenue	73,847.93	1,773.94	75,621.87
Freight	8,725.80	78.20	8,804.00
Selling and advertising expenses	(4,862.48)	(457.21)	(5,319.69)
<b>Profit (loss) for the period</b>	<b>(7,816.74)</b>	<b>1,394.93</b>	<b>(6,421.81)</b>
<b>Basic (loss) earnings per share</b>	<b>(3.59)</b>	<b>0.64</b>	<b>(2.95)</b>

**The Company's Statements of Comprehensive income for the six- month period ended June 30, 2019**

**Unit : Million Baht**

	<b>For the six- month period ended June 30, 2019 based on the former Financial Reporting Standard</b>	<b>The effect on the adoption of the Financial Reporting Standard No.15</b>	<b>For the six- month period ended June 30, 2019 based on the new Financial Reporting Standard</b>
Passenger and excess baggage revenue	69,592.07	1,599.89	71,191.96
Freight	8,727.29	78.20	8,805.49
Selling and advertising expenses	(4,326.80)	(529.94)	(4,856.74)
<b>Profit (loss) for the period</b>	<b>(7,805.81)</b>	<b>1,148.15</b>	<b>(6,657.66)</b>
<b>Basic (loss) earnings per share</b>	<b>(3.58)</b>	<b>0.53</b>	<b>(3.05)</b>



**6. CORPORATE TRANSFORMATION PLANS**

In 2019, the Company has implemented the transformation plan aiming at sustainable profit, efficiency and quality of services improvement and maintaining the international safety standards. There are 5 operating strategies as follows:

1. Aggressive Profit
2. Business / Assets Portfolio
3. Customer Experience
4. Digital Technology
5. Effective Human Capital Management

## 7. SUPPLEMENTARY INFORMATION

### 7.1 Cash and Cash Equivalents

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>Financial Statements</b>		<b>The Company's</b>	
	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>
Cash on hand - Domestic	16.34	14.54	13.75	12.03
Cash on hand - Abroad	14.39	28.55	14.39	28.55
Cash at banks - Domestic	8,153.09	6,727.22	6,895.88	5,561.25
Cash at banks - Abroad	<u>5,044.90</u>	<u>6,921.54</u>	<u>5,044.90</u>	<u>6,921.53</u>
<b>Total</b>	<b><u>13,228.72</u></b>	<b><u>13,691.85</u></b>	<b><u>11,968.92</u></b>	<b><u>12,523.36</u></b>

### 7.2 Trade Receivables

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>Financial Statements</b>		<b>The Company's</b>	
	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>
Aging Periods:				
Not over 6 months	11,240.86	10,017.29	10,668.69	9,333.51
Over 6 months to 1 year	358.41	340.47	136.87	340.47
Over 1 year to 2 years	416.40	193.37	416.39	188.35
Over 2 years	<u>933.66</u>	<u>1,063.83</u>	<u>903.76</u>	<u>1,034.25</u>
	12,949.33	11,614.96	12,125.71	10,896.58
<u>Less</u> Allowance for doubtful accounts	<u>(1,261.79)</u>	<u>(1,220.89)</u>	<u>(1,231.85)</u>	<u>(1,190.67)</u>
<b>Trade receivables</b>	<b><u>11,687.54</u></b>	<b><u>10,394.07</u></b>	<b><u>10,893.86</u></b>	<b><u>9,705.91</u></b>

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

### 7.3 Other Current Assets

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>Financial Statements</b>		<b>The Company's</b>	
	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>
Tax refund	1,717.91	1,436.69	1,717.91	1,436.69
Cash on hand and at banks of pension fund	4,024.83	3,970.42	4,024.83	3,970.42
Accrued income	630.34	1,139.30	1,635.48	2,061.75
Receivables from related parties	2,939.28	2,160.46	8,124.55	9,358.33
Others	<u>4,051.17</u>	<u>3,996.11</u>	<u>4,268.80</u>	<u>3,708.18</u>
<b>Total</b>	<b><u>13,363.53</u></b>	<b><u>12,702.98</u></b>	<b><u>19,771.57</u></b>	<b><u>20,535.37</u></b>

#### 7.4 Non-current assets held for sale

	Unit : Million Baht		
	Aircraft	Other assets	Total
As at January 1, 2019	490.16	-	490.16
- Additions	926.16	0.30	926.46
- Impairment	(116.00)	-	(116.00)
- Disposals	(567.08)	(0.30)	(567.38)
<b>As at June 30, 2019</b>	<b>733.24</b>	<b>-</b>	<b>733.24</b>

As at January 1, 2019, non-current assets held for sale consisted of one A330-300 and two B747-400 , totaling 3 aircraft in the amount of THB 490.16 million.

During the six-month period ended June 30, 2019, non-performing assets was reclassified to non-current assets held for sale in the amount of THB 926.46 million consisted of four A330-300 in the amount of THB 926.16 million and other assets in the amount of THB 0.30 million.

Moreover, the Company recognized the impairment losses of two B747-400 and one A330-300 in the amount of THB 116.00 million .

The Company had transferred the title of three A330-300 in the amount of THB 567.08 million and sold out other assets in the amount of THB 0.30 million ,which made a grand total of THB 567.38 million.

As at June 30, 2019, non-current assets held for sale consisted of two A330-300 and two B747-400, totaling 4 aircraft in the amount of THB 733.24 million.

## 7.5 Investments

### Consolidated Financial Statements

Unit : Million Baht

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
			Cost Method		Equity Method			
	Jun 30, 2019	Dec 31, 2018	Jun 30, 2019	Dec 31, 2018	Jun 30, 2019	Dec 31, 2018	Jun 30, 2019	Jun 30, 2018
<b>7.5.1 Investments in associates recorded by equity method</b>								
Royal Orchid Hotel (Thailand) Public Company Limited	-	24.00	-	225.00	-	265.54	-	15.65
Less Sale of total shares	-	(24.00)	-	(225.00)	-	(265.54)	-	-
Balance	-	-	-	-	-	-	-	15.65
(Fair value as at Apr 23, 2018 amount of THB 916.88 million and as at Dec 31, 2017 amount of THB 838.13 million)								
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	96.27	109.76	10.51	11.45
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at Jun 30, 2019 amount of THB 4,089.12 million and as at Dec 31, 2018 amount of THB 3,772.36 million)	22.59	22.59	115.19	115.19	1,211.01	1,250.82	124.32	136.93
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	227.24	269.16	9.08	20.94
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	299.92	283.42	16.50	19.10
Nok Airlines Public Company Limited and its subsidiaries (Fair value as at Jun 30, 2019 amount of THB 1,188.94 million and as at Dec 31, 2018 amount of THB 1,198.85 million)	15.94	21.80	735.59	735.59	463.04	386.55	76.49	(266.83)
<b>Total investments recorded by equity method</b>					<b>2,297.48</b>	<b>2,299.71</b>	<b>236.90</b>	<b>(62.76)</b>
<b>7.5.2 Other long-term investments recorded by cost method</b>								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934			-	-
Aeronautical Radio of Thailand Limited	1.36	1.36	8.95	8.95			-	-
SITA Investment Certificate	-	-	23.76	25.09			-	-
Trade Siam Company Limited (paid 25 percent of authorized share capital)	3.50	3.50	1.75	1.75			0.54	0.50
SITA Information Networking Computing	-	-	27.95	29.52			-	-
Other Shares	-	-	2.63	2.68			0.40	0.44
Investment in Vayupak Fund	-	-	1.00	1.00			-	-
<b>Total other long-term investments</b>			<b>66.05</b>	<b>69.00</b>			<b>0.94</b>	<b>0.94</b>

## The Company's Financial Statements

Unit : Million Baht

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	Jun 30, 2019	Dec 31, 2018	Jun 30, 2019	Dec 31, 2018	Jun 30, 2019	Jun 30, 2018
<b>7.5.1 Investments recorded by cost method</b>						
<b>Subsidiaries</b>						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	57.75	37.12
WingSpan Services Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Flight Training Company Limited	49.00	49.00	0.98	0.98	0.59	-
Thai Smile Airways Company Limited	100.00	100.00	<u>1,800.00</u>	<u>1,800.00</u>	<u>-</u>	<u>-</u>
<b>Total</b>			<b><u>1,810.21</u></b>	<b><u>1,810.21</u></b>	<b><u>58.34</u></b>	<b><u>37.12</u></b>
<b>Associates</b>						
Royal Orchid Hotel (Thailand) Public Company Limited	-	24.00	-	225.00	-	26.44
<u>Less</u> Sale of total shares	<u>-</u>	<u>(24.00)</u>	<u>-</u>	<u>(225.00)</u>	<u>-</u>	<u>-</u>
Balance	-	-	-	-	-	26.44
(Fair value as at Apr 23, 2018 amount of THB 916.88 million and as at Dec 31, 2017 amount of THB 838.13 million)						
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	22.59	22.59	115.19	115.19	164.14	148.30
(Fair value as at Jun 30, 2019 amount of THB 4,089.12 million and as at Dec 31, 2018 amount of THB 3,772.36 million)						
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	51.00	75.00
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited and its subsidiaries	15.94	21.80	<u>735.59</u>	<u>735.59</u>	<u>-</u>	<u>-</u>
(Fair value as at Jun 30, 2019 amount of THB 1,188.94 million and as at Dec 31, 2018 amount of THB 1,198.85 million)						
<b>Total</b>			<b><u>1,234.11</u></b>	<b><u>1,234.11</u></b>	<b><u>239.14</u></b>	<b><u>273.74</u></b>
			<b><u>3,044.32</u></b>	<b><u>3,044.32</u></b>	<b><u>297.48</u></b>	<b><u>310.86</u></b>

## The Company's Financial Statements

Unit : Million Baht

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	Jun 30, 2019	Dec 31, 2018	Jun 30, 2019	Dec 31, 2018	Jun 30, 2019	Jun 30, 2018
<b>7.5.2 Other long-term investments recorded by cost method</b>						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934	-	-
Aeronautical Radio of Thailand Limited	0.90	0.90	5.97	5.97	-	-
SITA Investment Certificate	-	-	23.76	25.09	-	-
Trade Siam Company Limited (paid 25 percent of authorized share capital)	3.50	3.50	1.75	1.75	0.54	0.50
SITA Information Networking Computing	-	-	27.95	29.52	-	-
Other Shares	-	-	2.63	2.68	0.40	0.44
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>	<u>-</u>	<u>-</u>
<b>Total other long-term investments</b>			<b>63.07</b>	<b>66.02</b>	<b>0.94</b>	<b>0.94</b>

### Control of the Subsidiaries

The Company holds more than 50 percent of total shares of the subsidiary or has power over the subsidiary. The Company is entitled to appoint board of directors who have voting rights and ability to direct the relevant activities of the subsidiary in accordance with the proportion of shareholding or the terms of shareholders' agreement. As a result, the Company holds the majority of voting rights in the board of directors' meeting.

### 7.5.3 Financial Information Summary of Subsidiaries and Associated

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<b><u>Subsidiary Companies</u></b>				
Thai-Amadeus Southeast Asia Company Limited	342.92	131.77	151.24	36.70
WingSpan Services Company Limited	525.01	447.85	601.39	(16.34)
Thai Flight Training Company Limited	84.33	14.85	28.32	5.01
Tour Eurng Luang Company Limited	5.65	0.25	1.60	0.79
Thai Smile Airways Company Limited	5,651.72	12,301.33	7,627.30	119.03

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<b><u>Associated Companies</u></b>				
Donmuang International Airport Hotel Company Limited	349.59	104.82	197.43	26.26
Bangkok Aviation Fuel Services Public Company Limited	16,789.51	9,133.11	1,980.24	550.35
Phuket Air Catering Company Limited	810.39	44.13	214.06	30.95
Suvarnabhumi Airport Hotel Company Limited	1,409.56	403.19	469.57	55.00
Nok Airlines Public Company Limited and its subsidiaries	14,624.51	16,316.66	10,249.38	(1,196.33)

Suvarnabhumi Airport Hotel Company Limited has a reporting period as at September 30, corresponds with a reporting period of Airport of Thailand Public Company Limited, a major shareholder of Suvarnabhumi Airport Hotel Company Limited.

## 7.6 Significant Transactions with Related Parties

### 7.6.1 Related Transactions with Major Shareholder

#### 7.6.1.1 Short-term loans from related party

Unit : Million Baht

	Jun 30, 2019	Dec 31, 2018
Loans via domestic Financial Institutions	<u>3,000.00</u>	<u>1,000.00</u>
<b>Total</b>	<b><u>3,000.00</u></b>	<b><u>1,000.00</u></b>

#### 7.6.1.2 Long-term loans from related party

Unit : Million Baht

	Jun 30, 2019	Dec 31, 2018
<b><u>Current maturities of long-term loans</u></b>		
Foreign loans via the Ministry of Finance	1,128.85	1,198.64
Loans via domestic Financial Institutions	<u>342.91</u>	<u>249.45</u>
<b>Total</b>	<b><u>1,471.76</u></b>	<b><u>1,448.09</u></b>
<b><u>Long-term loans</u></b>		
Foreign loans via the Ministry of Finance	11,842.08	13,173.54
Loans via domestic Financial Institutions	<u>2,230.82</u>	<u>2,464.46</u>
<b>Total</b>	<b><u>14,072.90</u></b>	<b><u>15,638.00</u></b>

Foreign loans via the Ministry of Finance mean the Ministry of Finance entered into loan agreements with foreign entities and lent to the Company in Euro currency.

### 7.6.2 Related Transactions with Subsidiary Companies

#### 7.6.2.1 Sales and Purchases

Unit : Million Baht

	Three-month period				Six-month period			
	Apr – Jun 2019		Apr – Jun 2018		Jan – Jun 2019		Jan – Jun 2018	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Thai-Amadeus Southeast Asia Company Limited	2.67	-	0.32	-	6.03	-	1.04	-
WingSpan Services Company Limited	0.28	271.57	1.33	296.39	2.62	550.30	3.02	557.87
Thai Flight Training Company Limited	2.05	-	6.90	-	4.49	-	16.36	-
Tour Eurng Luang Company Limited	9.42	0.07	11.79	0.02	30.01	0.07	24.58	0.04
Thai Smile Airways Company Limited	2,382.72	2,531.46	2,205.26	1,519.09	4,788.27	3,365.79	4,623.22	2,746.51

The related purchase transactions of Thai Smiles Airways Co., Ltd. presents the increasing purchase amount compare to the same period of last year, due to the coordination of the integration strategy to sell the passenger tickets more efficiency and concrete. The Company mainly control the direction and the passenger ticket selling's strategy under the concept called "Block space concept" for 90 percentage of total passenger seats per flight of every route of Thai Smile Airways Co., Ltd starting from March 2019. The Company recognizes the cost of passenger ticket at the agreed price for both sold and unsold tickets and presents the cost under Aircraft lease and spare part expenses in Statement of Profit or Loss and Other Comprehensive Income in the occurring period.

#### 7.6.2.2 Accounts Receivable and Accounts Payable

	Unit : Million Baht			
	Jun 30, 2019		Dec 31, 2018	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	1.37	-	5.96	-
WingSpan Services Company Limited	323.30	529.40	284.08	582.61
Thai Flight Training Company Limited	0.82	-	4.09	-
Tour Eurng Luang Company Limited	0.33	-	7.06	-
Thai Smile Airways Company Limited	8,228.65	1,443.53	9,465.45	1,837.38

As at June 30, 2019, related accounts receivable and accounts payable of WingSpan Service Co., Ltd. included prepaid and accrued expenses in the amount of THB 322.28 million and THB 529.01 million, respectively.

Related accounts receivable and accounts payable of Thai Smile Airways Co., Ltd. included accrued income and accrued expenses in the amount of THB 144.07 million and THB 1,380.82 million, respectively.

#### 7.6.2.3 Aircraft Lease

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. As at June 30, 2019, a total of such aircraft were 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 shall continue for the entire term of the main lease agreement.



### 7.6.3 Related Transactions with Associated Companies

#### 7.6.3.1 Sales and Purchases

Unit : Million Baht

	Three-month period				Six-month period			
	Apr – Jun 2019		Apr – Jun 2018		Jan – Jun 2019		Jan – Jun 2018	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Company Limited	-	-	-	0.17	-	-	-	0.33
Donmuang International Airport Hotel Company Limited	-	0.06	-	0.01	-	0.06	-	0.01
Bangkok Aviation Fuel Services Public Company Limited	-	63.62	-	117.52	-	178.38	-	213.39
Phuket Air Catering Company Limited	0.01	51.81	0.32	37.58	0.12	91.93	1.38	75.98
Suvarnabhumi Airport Hotel Company Limited	-	6.85	-	4.38	-	13.08	-	10.03
Nok Airlines Public Company Limited and its subsidiaries	42.84	0.18	47.14	2.04	108.67	1.12	115.37	2.04

#### 7.6.3.2 Account Receivables and Account Payables

Unit : Million Baht

	Jun 30, 2019		Dec 31, 2018	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	-	-	-
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	-	-	-
Phuket Air Catering Company Limited	0.01	-	0.04	2.34
Suvarnabhumi Airport Hotel Company Limited	-	-	-	1.62
Nok Airlines Public Company Limited and its subsidiaries	74.05	-	56.82	0.24

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

## 7.7 Property, Plant and Equipment

### Consolidated Financial Statements As at June 30, 2019

Unit : Million Baht

	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
<b>Cost</b>										
As at January 1, 2019	155,949.27	146,105.97	35,916.88	341.10	9,035.06	2,119.19	10,809.16	4,776.93	31,205.81	<b>396,259.37</b>
- Additions	307.05	291.10	710.15	368.75	-	6.07	-	49.46	236.36	<b>1,968.94</b>
- Adjust/Transfers	92.88	(1.67)	(75.95)	(202.70)	-	-	-	(52.11)	(58.89)	<b>(298.44)</b>
- Disposals/ Write off	(432.12)	(292.16)	(537.69)	(11.71)	-	-	-	(1.09)	(19.34)	<b>(1,294.11)</b>
As at June 30, 2019	<b>155,917.08</b>	<b>146,103.24</b>	<b>36,013.39</b>	<b>495.44</b>	<b>9,035.06</b>	<b>2,125.26</b>	<b>10,809.16</b>	<b>4,773.19</b>	<b>31,363.94</b>	<b>396,635.76</b>
<b>Accumulated depreciation and Allowance for impairment</b>										
As at January 1, 2019	110,002.96	40,505.97	24,208.41	-	-	2,086.43	6,709.58	4,633.82	28,513.51	<b>216,660.68</b>
- Depreciation	3,515.34	3,676.08	649.33	-	-	6.93	113.60	40.49	366.71	<b>8,368.48</b>
- Adjust/Transfers	-	-	(61.54)	-	-	-	-	(52.11)	(167.84)	<b>(281.49)</b>
- Disposals/ Write off	(432.12)	(292.16)	(395.29)	-	-	-	-	(1.09)	(19.33)	<b>(1,139.99)</b>
- Allowance for impairment	-	-	(51.58)	-	-	-	-	-	-	<b>(51.58)</b>
As at June 30, 2019	<b>113,086.18</b>	<b>43,889.89</b>	<b>24,349.33</b>	<b>-</b>	<b>-</b>	<b>2,093.36</b>	<b>6,823.18</b>	<b>4,621.11</b>	<b>28,693.05</b>	<b>223,556.10</b>
<b>Carrying amount</b>										
As at December 31, 2018	<b>45,946.31</b>	<b>105,600.00</b>	<b>11,708.47</b>	<b>341.10</b>	<b>9,035.06</b>	<b>32.76</b>	<b>4,099.58</b>	<b>143.11</b>	<b>2,692.30</b>	<b>179,598.69</b>
As at June 30, 2019	<b>42,830.90</b>	<b>102,213.35</b>	<b>11,664.06</b>	<b>495.44</b>	<b>9,035.06</b>	<b>31.90</b>	<b>3,985.98</b>	<b>152.08</b>	<b>2,670.89</b>	<b>173,079.66</b>

**The Company's Financial Statements  
As at June 30, 2019**

Unit : Million Baht

	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
<b>Cost</b>										
As at January 1, 2019	155,949.27	146,105.97	35,916.88	328.08	9,035.06	2,119.19	10,809.16	4,746.95	31,102.62	<b>396,113.18</b>
- Additions	307.05	291.10	710.15	364.42	-	6.07	-	37.84	235.38	<b>1,952.01</b>
- Adjust/Transfers	92.88	(1.67)	(75.95)	(202.70)	-	-	-	(52.11)	(124.65)	<b>(364.20)</b>
- Disposals/ Write off	(432.12)	(292.16)	(537.69)	-	-	-	-	(1.09)	(16.00)	<b>(1,279.06)</b>
As at June 30, 2019	<b>155,917.08</b>	<b>146,103.24</b>	<b>36,013.39</b>	<b>489.80</b>	<b>9,035.06</b>	<b>2,125.26</b>	<b>10,809.16</b>	<b>4,731.59</b>	<b>31,197.35</b>	<b>396,421.93</b>
<b>Accumulated depreciation and Allowance for impairment</b>										
As at January 1, 2019	110,002.96	40,505.97	24,208.41	-	-	2,086.43	6,709.58	4,611.07	28,430.26	<b>216,554.68</b>
- Depreciation	3,515.34	3,676.08	649.33	-	-	6.93	113.60	35.39	364.05	<b>8,360.72</b>
- Adjust/Transfers	-	-	(61.54)	-	-	-	-	(52.11)	(233.59)	<b>(347.24)</b>
- Disposals/ Write off	(432.12)	(292.16)	(395.29)	-	-	-	-	(1.09)	(15.99)	<b>(1,136.65)</b>
- Allowance for impairment	-	-	(51.58)	-	-	-	-	-	-	<b>(51.58)</b>
As at June 30, 2019	<b>113,086.18</b>	<b>43,889.89</b>	<b>24,349.33</b>	<b>-</b>	<b>-</b>	<b>2,093.36</b>	<b>6,823.18</b>	<b>4,593.26</b>	<b>28,544.73</b>	<b>223,379.93</b>
<b>Carrying amount</b>										
As at December 31, 2018	<b>45,946.31</b>	<b>105,600.00</b>	<b>11,708.47</b>	<b>328.08</b>	<b>9,035.06</b>	<b>32.76</b>	<b>4,099.58</b>	<b>135.88</b>	<b>2,672.36</b>	<b>179,558.50</b>
As at June 30, 2019	<b>42,830.90</b>	<b>102,213.35</b>	<b>11,664.06</b>	<b>489.80</b>	<b>9,035.06</b>	<b>31.90</b>	<b>3,985.98</b>	<b>138.33</b>	<b>2,652.62</b>	<b>173,042.00</b>

As at June 30, 2019, there were 103 aircraft represented in the Company's fleet, consisting of 32 own aircraft, 32 aircraft under finance leases and 39 aircraft under operating leases.

From the total of aircraft represented in the Company's fleet, there were 2 own aircraft pledged as collateral with the carrying amount of THB 4,705.62 million and 32 aircraft under finance lease with carrying amount of THB 102,213.35 million, totaling 34 aircraft were pledged as collateral for liabilities. The ownership of these aircraft under finance lease will be transferred to the Company when the conditions, terms and payments are paid and fulfilled by the end of lease term.

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

The Company uses buildings and equipment that are now fully depreciated with historical cost of THB 92,459.15 million including the leasehold buildings amount of THB 3,947.94 million.

Property, Plant and Equipment include the leasehold premises which 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 27, 2036 and at Donmuang Airport with a lease term of 3 years starting from September 28, 2015 to September 27, 2018. The ownership of the buildings and component parts will be passed to the Ministry of Finance at the end of the lease term.

The measurement of the Company's domestic and abroad land had been changed from historical cost of THB 899.86 million to revaluation model of THB 9,035.06 million, consisting of land in Bangkok, other provinces, and abroad in amount of THB 8,007.24 million, THB 301.66 million and THB 726.16 million, respectively, which excluded land classified as other non-current assets with the carrying amount of THB 242.83 million. The revaluation was done in September 2015 by the appraiser qualified by the Securities and Exchange Commission, Thailand (SEC.).

## 7.8 Intangible Assets

Unit : Million Baht

	Consolidated Financial Statements	The Company's Financial Statements
<b>Cost</b>		
As at January 1, 2019	3,537.94	3,498.15
- Additions	105.99	30.12
- Adjust/Transfers	(0.26)	(0.26)
- Disposals/ Write off	-	-
As at June 30, 2019	3,643.67	3,528.01
<b>Accumulated amortization</b>		
As at January 1, 2019	3,301.59	3,269.34
- Amortization	58.79	55.07
- Adjust/Transfers	(0.26)	(0.26)
- Disposals/ Write off	-	-
As at June 30, 2019	3,360.12	3,324.15
<b>Carrying amount</b>		
<b>As at December 31, 2018</b>	<b>236.35</b>	<b>228.81</b>
<b>As at June 30, 2019</b>	<b>283.55</b>	<b>203.86</b>

## 7.9 Deferred Income Tax and Income Tax

### 7.9.1 Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities arising from the temporary differences between the carrying amount and tax base of assets and liabilities in the statements of financial position as well as the tax loss carryforward measured by tax rate at 20 percent are as follows:

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>Financial Statements</b>		<b>The Company's</b>	
	<b>Jun 30, 2019</b>	<b>Dec 31, 2018</b>	<b>Jun 30, 2019</b>	<b>Dec 31, 2018</b>
Deferred Tax Assets	<u>10,262.98</u>	<u>10,650.72</u>	<u>10,244.06</u>	<u>10,632.99</u>
Deferred Tax Liabilities	<u>1,734.70</u>	<u>1,703.58</u>	<u>1,734.70</u>	<u>1,703.58</u>

Movement in deferred tax assets and liabilities during the year are as follows:

	<b>Unit : Million Baht</b>				
	<b>Consolidated Financial Statements</b>				
	<b>Balance as at January 1, 2019</b>	<b>Items recognized in Profit or Loss</b>	<b>Items recognized in Other Comprehensive Income</b>	<b>As at June 30, 2019</b>	
				<b>Deferred Tax Assets</b>	<b>Deferred Tax Liabilities</b>
Contribution to staff provident fund	38.88	(0.36)	-	38.52	-
Contribution to staff pension fund	167.44	8.80	-	176.24	-
Allowance for obsolete inventories	894.15	11.50	-	905.65	-
Allowance for doubtful accounts	297.39	1.31	-	298.70	-
Allowance for impairment of assets	2,679.36	(271.84)	-	2,407.52	-
Estimated accrual expenses	155.48	(39.46)	-	116.02	-
Intangible assets	6.16	(6.16)	-	-	-
Provisions for employee benefit obligations	1,942.46	39.71	-	1,982.17	-
Effective portion of changes in fair value of cash flow hedges	131.24	-	(131.24)	-	-
Tax losses carryforward	4,336.06	-	-	4,336.06	-
Others	<u>2.10</u>	<u>-</u>	<u>-</u>	<u>2.10</u>	<u>-</u>
	<b><u>10,650.72</u></b>	<b><u>(256.50)</u></b>	<b><u>(131.24)</u></b>	<b><u>10,262.98</u></b>	<b><u>-</u></b>
Intangible assets	29.40	(8.31)	-	-	21.09
Effective portion of changes in fair value of cash flow hedges	-	-	39.43	-	39.43
Revaluation surplus	<u>1,674.18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,674.18</u>
<b>Total</b>	<b><u>1,703.58</u></b>	<b><u>(8.31)</u></b>	<b><u>39.43</u></b>	<b><u>-</u></b>	<b><u>1,734.70</u></b>

Unit : Million Baht

	Consolidated Financial Statements				
	Balance as at January 1, 2018	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at June 30, 2018	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	41.95	(0.13)	-	41.82	-
Contribution to staff pension fund	173.20	20.55	-	193.75	-
Allowance for obsolete inventories	817.02	42.13	-	859.15	-
Allowance for doubtful accounts	268.23	18.18	-	286.41	-
Allowance for impairment of assets	4,607.25	504.59	-	5,111.84	-
Estimated accrual expenses	2,047.84	480.19	-	2,528.03	-
Intangible assets	7.70	(1.32)	-	6.38	-
Provisions for employee benefit obligations	2,518.88	91.88	-	2,610.76	-
Effective portion of changes in fair value of cash flow hedges	195.45	-	77.93	273.38	-
Others	<u>1.71</u>	<u>0.39</u>	<u>-</u>	<u>2.10</u>	<u>-</u>
	<b><u>10,679.23</u></b>	<b><u>1,156.46</u></b>	<b><u>77.93</u></b>	<b><u>11,913.62</u></b>	<b><u>-</u></b>
Intangible assets	74.30	(24.44)	-	-	49.86
Revaluation surplus	<u>1,717.05</u>	<u>(42.87)</u>	<u>-</u>	<u>-</u>	<u>1,674.18</u>
<b>Total</b>	<b><u>1,791.35</u></b>	<b><u>(67.31)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,724.04</u></b>

Unit : Million Baht

	The Company's Financial Statements				
	Balance as at January 1, 2019	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at June 30, 2019	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	38.88	(0.36)	-	38.52	-
Contribution to staff pension fund	167.44	8.80	-	176.24	-
Allowance for obsolete inventories	894.15	11.50	-	905.65	-
Allowance for doubtful accounts	293.12	1.32	-	294.44	-
Allowance for impairment of assets	2,679.36	(271.84)	-	2,407.52	-
Estimated accrual expenses	149.64	(39.46)	-	110.18	-
Intangible assets	6.16	(6.16)	-	-	-
Provisions for employee benefit obligations	1,936.94	38.51	-	1,975.45	-
Effective portion of changes in fair value of cash flow hedges	131.24	-	(131.24)	-	-
Tax losses carryforward	<u>4,336.06</u>	<u>-</u>	<u>-</u>	<u>4,336.06</u>	<u>-</u>
	<b><u>10,632.99</u></b>	<b><u>(257.69)</u></b>	<b><u>(131.24)</u></b>	<b><u>10,244.06</u></b>	<b><u>-</u></b>
Intangible assets	29.40	(8.31)	-	-	21.09
Effective portion of changes in fair value of cash flow hedges	-	-	39.43	-	39.43
Revaluation surplus	<u>1,674.18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,674.18</u>
<b>Total</b>	<b><u>1,703.58</u></b>	<b><u>(8.31)</u></b>	<b><u>39.43</u></b>	<b><u>-</u></b>	<b><u>1,734.70</u></b>

Unit : Million Baht

	The Company's Financial Statements				
	Balance as at January 1, 2018	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at June 30, 2018	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	41.95	(0.13)	-	41.82	-
Contribution to staff pension fund	173.20	20.55	-	193.75	-
Allowance for obsolete inventories	817.02	42.13	-	859.15	-
Allowance for doubtful accounts	264.01	18.13	-	282.14	-
Allowance for impairment of assets	4,607.25	504.59	-	5,111.84	-
Estimated accrual expenses	2,042.00	480.19	-	2,522.19	-
Intangible assets	7.70	(1.32)	-	6.38	-
Provisions for employee benefit Obligations	2,514.67	91.23	-	2,605.90	-
Effective portion of changes in fair value of cash flow hedges	195.45	-	77.93	273.38	-
	<b>10,663.25</b>	<b>1,155.37</b>	<b>77.93</b>	<b>11,896.55</b>	<b>-</b>
Intangible assets	74.30	(24.44)	-	-	49.86
Revaluation surplus	1,717.05	(42.87)	-	-	1,674.18
<b>Total</b>	<b>1,791.35</b>	<b>(67.31)</b>	<b>-</b>	<b>-</b>	<b>1,724.04</b>

**7.9.2 Income Tax Expense (Revenue)** for the three and six - month periods ended June 30, 2019 consisted of :

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2019	Apr-Jun, 2018	Jan-Jun, 2019	Jan-Jun, 2018
Income tax expense (revenue) from taxable profit for the period	4.18	10.16	10.55	24.16
Add (less): deferred tax assets/liabilities from temporary differences increase/decrease	112.00	(418.72)	248.19	(1,223.77)
<b>Total</b>	<b>116.18</b>	<b>(408.56)</b>	<b>258.74</b>	<b>(1,199.61)</b>

Unit : Million Baht

	The Company's Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2019	Apr-Jun, 2018	Jan-Jun, 2019	Jan-Jun, 2018
Income tax expense (revenue) from taxable profit for the period	-	2.58	-	5.10
Add (less): deferred tax assets/liabilities from temporary differences increase/decrease	112.84	(418.01)	249.38	(1,222.67)
<b>Total</b>	<b>112.84</b>	<b>(415.43)</b>	<b>249.38</b>	<b>(1,217.57)</b>



## 7.10 Other Non-Current Assets

	Unit : Million Baht			
	<u>Consolidated</u>		<u>The Company's</u>	
	<u>Financial Statements</u>	<u>Financial Statements</u>	<u>Financial Statements</u>	<u>Financial Statements</u>
	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>
Deferred charges	2,049.22	2,230.00	1,965.54	2,141.11
Deferred buyer furnished equipment for aircraft under operating lease	4,271.14	4,539.04	4,271.14	4,539.04
Maintenance reserve	14,165.91	13,538.58	14,186.57	13,552.03
Non-performing assets	3,766.80	4,891.45	3,766.80	4,891.45
Others	<u>1,162.36</u>	<u>1,119.63</u>	<u>1,101.34</u>	<u>1,061.57</u>
<b>Total</b>	<b><u>25,415.43</u></b>	<b><u>26,318.70</u></b>	<b><u>25,291.39</u></b>	<b><u>26,185.20</u></b>

Maintenance reserves is collected by lessor to accrue for the scheduled major maintenance events as specified by lease agreement.

Non-performing assets held for sale as of June 30, 2019 totaling amount of THB 3,766.80 million has the movement in the period as follows:

Unit : Million Baht					
	<b>Aircraft</b>	<b>Engines</b>	<b>Land Revalued in year 2015</b>	<b>Other assets</b>	<b>Total</b>
As at January 1, 2019	4,088.19	498.63	242.83	61.80	4,891.45
- Additions	-	-	-	0.86	0.86
- Impairment	(193.14)	(5.91)	-	-	(199.05)
- Adjust/ transfer	<u>(926.16)</u>	<u>-</u>	<u>-</u>	<u>(0.30)</u>	<u>(926.46)</u>
<b>As at June 30, 2019</b>	<b><u>2,968.89</u></b>	<b><u>492.72</u></b>	<b><u>242.83</u></b>	<b><u>62.36</u></b>	<b><u>3,766.80</u></b>

As at June 30, 2019, total non-performing assets in amount of THB 3,766.80 million consisted of 14 aircraft in amount of THB 2,968.89 million (one A300-600, three A340-500, six A340-600 and four B737-400), spare engines in amount of THB 492.72 million, the Company's domestic and abroad land which had been revalued in 2015 in amount of THB 242.83 million, and other assets in amount of THB 62.36 million which mostly were spare parts of decommissioned aircraft.

## 7.11 Liquidity Management

The Company has acquired short-term and long-term loans to be used for the six month period ended June 30, 2019, of operation as follows:

1. For the first quarter, short-term loans were acquired from financial institutions in a form of promissory notes in the amount of THB 9,000 million , and THB 5,000 million in the second quarter, totaling at THB 14,000 million for the first half of 2019. This was done to pay off short-term loans and debentures that were matured and due.

2. Issuance of debenture in the amount of THB 10,000 million in May 2019 to pay back other matured debentures the Company's loans with higher costs, to invest in assets, and partially to be used as the Company's cash flow.

From the Board meeting 6/2019 on June 25, 2019, it was approved that loan acquirement be increased according to the budget plan for the year 2019 from THB 12,000 million to THB 17,000 million. In keeping with the plan, the Company issued debenture in the amount of THB 10,000 million in May 2019 as mentioned in No.2, and acquired long-term loan in the amount of THB 3,000 million in July 2019. Less the issued debenture and the loan, the Company's budgeted loan acquirement plan for the year 2019 still have room to acquire more loan of THB 4,000 million. Furthermore, the Board also approved the pushing back of the committed revolving credit line in the amount of THB 4,500 million with local financial institutions to one year to be used as the Company's cash flow.

From the careful plan and execution of the above mentioned actions and cash flow budgeting plan for the year 2019, it is found that the Company's cash on hand is at the sufficient level for the Company to operate as normal, provided that the Company is not affected by outside uncontrollable factors.

## 7.12 Staff Pension Fund Consolidated and the Company's financial statements

The Company has established a staff pension fund, contributing to the fund on a monthly basis at a rate of 10% of employee salaries. 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, 2019</u>	<u>Dec 31, 2018</u>
Cash and cash equivalents	4,024.83	3,970.42
Others	<u>41.16</u>	<u>24.26</u>
<b>Total</b>	<b><u>4,065.99</u></b>	<b><u>3,994.68</u></b>
Other current liabilities	169.25	169.69
Pension fund	<u>3,896.74</u>	<u>3,824.99</u>
<b>Total</b>	<b><u>4,065.99</u></b>	<b><u>3,994.68</u></b>

As at June 30, 2019, the fund balance was THB 3,896.74 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 period was THB 76.81 million, which came from the Company's contributions to the fund in the amount of THB 76.82 million deducted by the surplus of available fund against its obligation in the amount of THB 0.01 million.)

### 7.13 Employee Benefits Obligation

Changes in present value of employee benefit obligations

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>Financial Statements</b>		<b>The Company's</b>	
	<b>Jun 30, 2019</b>	<b>Dec 31, 2018</b>	<b>Jun 30, 2019</b>	<b>Dec 31, 2018</b>
Beginning Balance - Employee benefit obligations	13,575.42	12,594.37	13,493.26	12,573.33
Employee benefit obligations adjustments	-	133.14	-	133.14
Current service cost	267.52	556.06	247.34	496.38
Interest cost	189.50	397.68	188.53	396.24
Past service cost	6.87	-	-	-
Benefits paid	-	(372.98)	-	(372.98)
Actuarial losses	-	267.15	-	267.15
<b>Ending Balance - Employee benefit obligations</b>	<b><u>14,039.31</u></b>	<b><u>13,575.42</u></b>	<b><u>13,929.13</u></b>	<b><u>13,493.26</u></b>

#### Principal actuarial assumptions :

	<b><u>Jun 30, 2019</u></b>	<b><u>Dec 31, 2018</u></b>
Discount rate	2.75% - 3.50%	2.75% - 3.50%
Price inflation	1.75%	1.75%
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	TMO17	TMO17

#### Sensitivity analysis :

The actuarial assumptions of the employee benefit obligations 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.

**The effect of changes in Principal actuarial assumptions to the Present Value of the Employee benefit obligations as at June 30, 2019 :**

	Unit : Million Baht	
	Changes in present value of employee benefits obligation	
	<u>Increase in assumption 1%</u>	<u>Decrease in assumption 1%</u>
Discount rate	(707.80)	868.60
Average salary increase rates	547.00	(478.91)
Medical cost inflation	407.49	(309.78)

**7.14 Long-Term Provision**

	<u>Consolidated Financial Statements</u>		Unit : Million Baht <u>The Company's Financial Statements</u>	
	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>
Long-term provision at the beginning balance	14,708.09	10,310.08	13,093.93	9,318.99
Movements during the period	<u>622.74</u>	<u>4,398.01</u>	<u>543.73</u>	<u>3,774.94</u>
Long-term provision at the ending balance	<u><b>15,330.83</b></u>	<u><b>14,708.09</b></u>	<u><b>13,637.66</b></u>	<u><b>13,093.93</b></u>

Long-term provision as at June 30, 2019 (The Company's financial statements) consisted of:

7.14.1 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 0.25 million. At present, the case is under the Supreme Court's consideration.

7.14.2 The Company recognized long term provision for future repair and maintenance cost of aircraft as of June 30, 2019 in the amount of THB 13,637.41 million. This represented the obligation under operating lease as to major maintenance cost 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 maintenance costs were recorded over the period that the aircraft have been used which comprised aircraft restoration costs (D-Check) and other major components restoration costs of THB 6,097.67 million, engine restoration costs of THB 7,382.18 million (engines under operating leases of THB 4,493.63 million and under finance leases of THB 2,888.55 million) and return conditions cost of THB 157.56 million.

**7.15 Share Capital**

As at June 30, 2019, the Company has authorized ordinary shares in 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 in amount of THB 21,827.72 million.

## 7.16 Transferred for compensating the deficit

On April 26, 2019, the 2019 Annual General Meeting of Shareholders had a resolution to approve transferring of legal reserve, amount of THB 2,691,275,568 and premium on ordinary shares, amount of THB 25,545,316,308 which calculated these items in the total amount of THB 28,236,591,876 for compensating the deficits.

As at December 31, 2018, THAI reported the deficits in the amount of THB 28,533,077,895; which the management utterly envisioned to transfer legal reserve and premium on ordinary shares for reimbursing in the first quarter of 2019 by stipulating that “To do so, it would lower the deficits and make the remaining deficits to THB 296,486,019.” Moreover, according to the adoption of Thai Financial Reporting Standard No.15, “Revenue from contracts with customer” which has been activated on January 1, 2019, it resulted in the deficits as at December 31, 2018, amount of THB 28,533,077,895, need to be adjusted which made the increase in deficits by THB 2,159,465,173. Finally, the transferable amount totaled THB 26,373,612,722 which consisted of THB 2,691,275,568 of legal reserve and THB 23,682,337,154 of premium on ordinary shares were able to transfer for compensating the deficits in the amount of THB 26,373,612,722. Such transfers occurred within the shareholders’ equity only with no any change in shareholders’ equity of THAI at all. Details as follows:

**Unit: Baht**

Item	As at December 31,2018 as per the former Financial Reporting Standard	Impact on using the Financial Reporting Standard No. 15	Balance as at January 1 ,2019 as per new Financial Reporting Standard	Transfer for compensation of deficits	Balance as at January 1, 2019
Legal reserve	2,691,275,568	-	2,691,275,568	(2,691,275,568)	-
Premium on share capital	25,545,316,308	-	25,545,316,308	(23,682,337,154)	1,862,979,154
Retained earnings (Deficits)	(28,533,077,895)	2,159,465,173	(26,373,612,722)	26,373,612,722	-

## 7.17 Other Income - Others

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun,2019	Apr-Jun,2018	Jan-Jun, 2019	Jan-Jun, 2018
Gains on sale of assets	(3.61)	631.61	-	631.61
Dividends from subsidiary, associated and other companies	0.93	0.94	0.94	0.94
Revenue from other services of Aircraft Maintenance Department	115.40	132.87	298.24	291.28
Compensation revenue from the delay delivery of aircraft	-	46.87	-	133.24
Other fine revenue	22.18	159.67	53.02	217.57
Revenue from Royal Orchid Lounge service	24.56	28.59	48.07	58.22
Revenue from management services at Suvarnabhumi Airport	17.50	19.10	43.30	36.25
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	23.20	30.58	54.21	66.37
Revenue from in- flight Internet service	1.71	4.66	7.04	10.11
Revenue from sale of investment	-	654.82	-	654.82
Insurance compensation from asset and personal claim	38.37	140.59	41.35	207.28
Others	<u>99.33</u>	<u>130.23</u>	<u>239.68</u>	<u>230.90</u>
<b>Total</b>	<b><u>339.57</u></b>	<b><u>1,980.53</u></b>	<b><u>785.85</u></b>	<b><u>2,538.59</u></b>

Unit : Million Baht

	The Company's Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2019	Apr-Jun, 2018	Jan-Jun, 2019	Jan-Jun, 2018
Gains on sale of assets	(3.61)	631.61	-	631.61
Dividends from subsidiary, associated and other companies	298.41	311.80	298.42	311.80
Revenue from other services of Aircraft Maintenance Department	115.40	132.87	298.24	291.28
Compensation revenue from the delay delivery of aircraft	-	46.87	-	133.24
Other fine revenue	22.18	159.67	53.02	217.57
Revenue from Royal Orchid Lounge service	24.56	28.59	48.07	58.22
Revenue from service to Thai Smile Airways	14.16	13.45	30.20	26.33
Revenue from management services at Suvarnabhumi Airport	17.50	19.10	43.30	36.25
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	23.20	30.58	54.21	66.37
Revenue from in- flight Internet service	1.71	4.66	7.04	10.11
Revenue from sale of investment	-	697.50	-	697.50
Insurance compensation from asset and personal claim	38.37	140.59	41.35	207.28
Others	<u>91.03</u>	<u>131.79</u>	<u>221.93</u>	<u>238.20</u>
<b>Total</b>	<b><u>642.91</u></b>	<b><u>2,349.08</u></b>	<b><u>1,095.78</u></b>	<b><u>2,925.76</u></b>

## 7.18 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2019	Apr-Jun, 2018	Jan-Jun, 2019	Jan-Jun, 2018
Personnel expenses	7,360.35	7,364.08	14,333.46	14,494.23
Employee benefits	239.43	235.04	463.89	503.22
Executive remuneration	18.44	16.74	37.14	32.21
Board of Directors remuneration	<u>4.42</u>	<u>4.97</u>	<u>9.24</u>	<u>9.36</u>
<b>Total</b>	<b><u>7,622.64</u></b>	<b><u>7,620.83</u></b>	<b><u>14,843.73</u></b>	<b><u>15,039.02</u></b>

Unit : Million Baht

	The Company's Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2019	Apr-Jun, 2018	Jan-Jun, 2019	Jan-Jun, 2018
Personnel expenses	7,178.64	7,207.04	13,964.43	14,201.42
Employee benefits	217.93	228.07	435.87	456.14
Executive remuneration	16.74	14.96	33.51	28.73
Board of Directors remuneration	<u>3.87</u>	<u>3.92</u>	<u>7.73</u>	<u>7.53</u>
<b>Total</b>	<b><u>7,417.18</u></b>	<b><u>7,453.99</u></b>	<b><u>14,441.54</u></b>	<b><u>14,693.82</u></b>

According to Securities and Exchange Mandate, executives refer to the Company's chief executive, persons in the next four executive levels below the chief executive, and in similar position, including accounting or finance department managers or above.

## 7.19 Impairment Loss of Aircraft

Unit : Million Baht

	June 30, 2019		June 30, 2018	
	Number	Amount	Number	Amount
Aircraft	11	309.14	17	2,548.69
Spare Engines	<u>1</u>	<u>5.91</u>	<u>8</u>	<u>73.27</u>
<b>Total</b>	<b><u>12</u></b>	<b><u>315.05</u></b>	<b><u>25</u></b>	<b><u>2,621.96</u></b>

The impairment losses of aircraft and spare engines presented in the statements of comprehensive income for the six month period ended June 30, 2019 in the amount of THB 315.05 million, which consist of four A330-300, two A340-500, two A340-600, one B737-400 and two B747-400, totaling 11 aircraft in an aggregate of THB 309.14 million as well as one PW4158 amounting to THB 5.91 million.

## 7.20 Other Expenses

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2019	Apr-Jun, 2018	Jan-Jun, 2019	Jan-Jun, 2018
Rentals and utilities	677.09	632.68	1,237.99	1,176.12
Office supplies	29.13	47.30	48.00	75.22
Repair of building and equipment	164.15	155.83	290.29	305.78
Outsource services	510.06	511.82	1,060.01	964.61
Consultant and service fees	174.17	149.65	303.68	298.02
Legal fee for Antitrust/ Competition Law	1.09	7.01	3.48	12.51
Computer service expenses	172.22	151.73	314.53	337.09
Rental of communication devices and office equipment	58.44	58.87	113.18	108.68
Travelling and transportation expenses	151.28	150.87	267.71	262.05
Concession fees	104.72	113.08	221.11	221.19
Passenger claim expenses	94.08	84.10	192.75	172.44
Obsolete inventories and supplies expenses	58.74	105.09	60.13	228.48
Service cargo expenses	48.56	40.63	110.29	117.18
Joint venture expenses in Star Alliance	16.13	14.73	31.46	32.71
Company business and municipal taxes	52.04	93.32	158.07	120.94
Bad debts and provision for bad debts	50.61	70.39	41.13	98.70
Service fee for IT Hosting system	26.33	13.66	50.97	35.68
Fine and interest expenses	5.89	5.07	51.58	19.97
Fund of Empowerment of person with disabilities	1.30	(0.13)	15.15	12.88
Ground, Sea and Air transportation expenses	40.64	46.27	70.59	70.67
Loss on sale of assets and aircraft	69.07	-	69.07	-
Others	<u>158.45</u>	<u>146.97</u>	<u>412.55</u>	<u>261.22</u>
<b>Total</b>	<b><u>2,664.19</u></b>	<b><u>2,598.94</u></b>	<b><u>5,123.72</u></b>	<b><u>4,932.14</u></b>



Unit : Million Baht

	The Company's Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2019	Apr-Jun, 2018	Jan-Jun, 2019	Jan-Jun, 2018
Rentals and utilities	677.09	632.68	1,237.99	1,176.12
Office supplies	29.13	47.30	48.00	75.22
Repair of building and equipment	164.15	155.83	290.29	305.78
Outsource services	510.06	511.82	1,060.01	964.61
Consultant and service fees	174.17	149.65	303.68	298.02
Legal fee for Antitrust/ Competition Law	1.09	7.01	3.48	12.51
Computer service expenses	172.22	151.73	314.53	337.09
Rental of communication devices and office equipment	58.44	58.87	113.18	108.68
Travelling and transportation expenses	151.28	150.87	267.71	262.05
Concession fees	104.72	113.08	221.11	221.19
Passenger claim expenses	94.08	84.10	192.75	172.44
Obsolete inventories and supplies expenses	58.74	105.09	60.13	228.48
Service cargo expenses	48.56	40.63	110.29	117.18
Joint venture expenses in Star Alliance	16.13	14.73	31.46	32.71
Company business and municipal taxes	52.04	93.32	158.07	120.94
Bad debts and provision for bad debts	50.61	70.39	41.13	98.49
Service fee for IT Hosting system	26.33	13.66	50.97	35.68
Fine and interest expenses	5.89	5.07	51.58	19.97
Fund of Empowerment of person with disabilities	1.30	(0.13)	15.15	12.88
Ground, Sea and Air transportation expenses	40.64	46.27	70.59	70.67
Loss on sale of assets and aircraft	69.07	-	69.07	-
Others	<u>57.58</u>	<u>53.22</u>	<u>108.31</u>	<u>67.08</u>
<b>Total</b>	<b><u>2,563.32</u></b>	<b><u>2,505.19</u></b>	<b><u>4,819.48</u></b>	<b><u>4,737.79</u></b>

## 7.21 Earnings (Loss) Per Share

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

### Consolidated Financial Statements For the three-month period ended June 30, 2019

	<u>Profit (loss)</u>		<u>Number of Shares</u>		<u>Earnings (loss) per Share</u>	
	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings (loss) per Share</b>						
Loss attributable to owners of the parent	(6,883.81)	(3,098.56)	2,182.77	2,182.77	(3.15)	(1.42)

### The Company's Financial Statements For the three-month period ended June 30, 2019

	<u>Profit (loss)</u>		<u>Number of Shares</u>		<u>Earnings (loss) per Share</u>	
	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings (loss) per Share</b>						
Loss attributable to owners of the parent	(6,754.19)	(1,610.19)	2,182.77	2,182.77	(3.09)	(0.74)

### Consolidated Financial Statements For the six-month period ended June 30, 2019

	<u>Profit (loss)</u>		<u>Number of Shares</u>		<u>Earnings (loss) per Share</u>	
	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings (loss) per Share</b>						
Loss attributable to owners of the parent	(6,438.37)	(381.63)	2,182.77	2,182.77	(2.95)	(0.17)

### The Company's Financial Statements For the six-month period ended June 30, 2019

	<u>Profit (loss)</u>		<u>Number of Shares</u>		<u>Earnings (loss) per Share</u>	
	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings (loss) per Share</b>						
Profits (loss) attributable to owners of the parent	(6,657.66)	1,383.75	2,182.77	2,182.77	(3.05)	0.63

## **7.22 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 the transaction of transferring inter-segment revenue 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 by segments was derived from revenue 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.

7.22.1 Financial Information by Segment Consolidated financial statements

**Statements of Profit or Loss**  
**For the three - month period ended June 30, 2019**

	<u><b>Air Transportation</b></u>		<u><b>Business Units</b></u>		<u><b>Other Activities</b></u>		<u><b>Total</b></u>	
	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>
External Revenue	39,012.34	42,282.44	2,626.96	2,670.16	529.95	306.74	42,169.25	45,259.34
Inter - segment revenue (expenses)	(3,597.51)	(3,570.70)	2,315.14	2,468.80	1,282.37	1,101.90	-	-
Interest income	49.47	50.65	-	-	(0.18)	2.06	49.29	52.71
Gain (loss) on foreign currency exchange	560.88	(441.56)	-	-	(38.53)	10.26	522.35	(431.30)
Other income	<u>302.78</u>	<u>1,968.79</u>	<u>14.09</u>	<u>24.91</u>	<u>22.70</u>	<u>(13.17)</u>	<u>339.57</u>	<u>1,980.53</u>
<b>Total Revenue</b>	<b><u>36,327.96</u></b>	<b><u>40,289.62</u></b>	<b><u>4,956.19</u></b>	<b><u>5,163.87</u></b>	<b><u>1,796.31</u></b>	<b><u>1,407.79</u></b>	<b><u>43,080.46</u></b>	<b><u>46,861.28</u></b>
Fuel expense	(12,897.68)	(13,273.77)	-	-	(966.30)	(878.57)	(13,863.98)	(14,152.34)
Employee benefits expenses	(4,003.36)	(4,206.88)	(1,963.41)	(1,951.83)	(1,655.87)	(1,462.12)	(7,622.64)	(7,620.83)
Flight service expenses	(4,629.65)	(4,984.48)	(10.70)	(11.31)	(437.36)	(342.71)	(5,077.71)	(5,338.50)
Depreciation and amortization expenses	(3,873.79)	(3,644.70)	(97.12)	(93.93)	(228.29)	(232.55)	(4,199.20)	(3,971.18)
Impairment loss of assets and aircraft	(171.63)	(256.55)	-	-	-	-	(171.63)	(256.55)
Other expenses	(14,054.72)	(14,442.67)	(1,831.02)	(1,888.84)	(1,827.32)	(1,384.41)	(17,713.06)	(17,715.92)
Finance costs	(1,091.88)	(1,105.84)	-	-	-	-	(1,091.88)	(1,105.84)
Share of loss on investment in associates	<u>(101.80)</u>	<u>(195.14)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101.80)</u>	<u>(195.14)</u>
<b>Total Expenses</b>	<b><u>(40,824.51)</u></b>	<b><u>(42,110.03)</u></b>	<b><u>(3,902.25)</u></b>	<b><u>(3,945.91)</u></b>	<b><u>(5,115.14)</u></b>	<b><u>(4,300.36)</u></b>	<b><u>(49,841.90)</u></b>	<b><u>(50,356.30)</u></b>
<b>Profit (loss) before Income Tax Expense</b>	<b><u>(4,496.55)</u></b>	<b><u>(1,820.41)</u></b>	<b><u>1,053.94</u></b>	<b><u>1,217.96</u></b>	<b><u>(3,318.83)</u></b>	<b><u>(2,892.57)</u></b>	<b><u>(6,761.44)</u></b>	<b><u>(3,495.02)</u></b>
Income tax revenue (expense)	<u>(112.83)</u>	<u>415.43</u>	<u>-</u>	<u>-</u>	<u>(3.35)</u>	<u>(6.87)</u>	<u>(116.18)</u>	<u>408.56</u>
<b>Gain (loss) by segments</b>	<b><u>(4,609.38)</u></b>	<b><u>(1,404.98)</u></b>	<b><u>1,053.94</u></b>	<b><u>1,217.96</u></b>	<b><u>(3,322.18)</u></b>	<b><u>(2,899.44)</u></b>	<b><u>(6,877.62)</u></b>	<b><u>(3,086.46)</u></b>

**Statements of Profit or Loss**  
**For the six - month period ended June 30, 2019**

	<b>Air Transportation</b>		<b>Business Units</b>		<b>Other Activities</b>		<b>Unit : Million Baht</b>	
	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>
External Revenue	84,684.34	91,733.41	5,607.09	5,428.76	1,222.50	1,005.01	91,513.93	98,167.18
Inter - segment revenue (expenses)	(7,336.73)	(7,188.91)	4,738.26	5,020.08	2,598.47	2,168.83	-	-
Interest income	86.79	88.82	-	-	2.14	3.83	88.93	92.65
Gain (loss) on foreign currency exchange	1,938.20	136.12	-	-	(50.03)	15.90	1,888.17	152.02
Other income	<u>980.72</u>	<u>2,519.89</u>	<u>34.56</u>	<u>47.84</u>	<u>43.75</u>	<u>(29.14)</u>	<u>1,059.03</u>	<u>2,538.59</u>
<b>Total Revenue</b>	<b><u>80,353.32</u></b>	<b><u>87,289.33</u></b>	<b><u>10,379.91</u></b>	<b><u>10,496.68</u></b>	<b><u>3,816.83</u></b>	<b><u>3,164.43</u></b>	<b><u>94,550.06</u></b>	<b><u>100,950.44</u></b>
Fuel expense	(25,943.52)	(26,349.24)	-	-	(1,965.00)	(1,836.70)	(27,908.52)	(28,185.94)
Employee benefits expenses	(8,029.64)	(8,503.37)	(3,689.25)	(3,697.53)	(3,124.84)	(2,838.12)	(14,843.73)	(15,039.02)
Flight service expenses	(9,618.90)	(10,254.13)	(21.44)	(22.82)	(822.39)	(659.45)	(10,462.73)	(10,936.40)
Depreciation and amortization expenses	(7,776.14)	(7,258.46)	(197.22)	(187.41)	(453.92)	(466.58)	(8,427.28)	(7,912.45)
Impairment loss of assets and aircraft	(384.84)	(2,729.06)	-	-	-	-	(384.84)	(2,729.06)
Other expenses	(28,968.21)	(28,916.35)	(3,740.25)	(3,704.63)	(3,722.42)	(2,712.52)	(36,430.88)	(35,333.50)
Finance costs	(2,195.46)	(2,300.24)	-	-	-	-	(2,195.46)	(2,300.24)
Share of loss on investment in associates	<u>(59.69)</u>	<u>(62.76)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59.69)</u>	<u>(62.76)</u>
<b>Total Expenses</b>	<b><u>(82,976.40)</u></b>	<b><u>(86,373.61)</u></b>	<b><u>(7,648.16)</u></b>	<b><u>(7,612.39)</u></b>	<b><u>(10,088.57)</u></b>	<b><u>(8,513.37)</u></b>	<b><u>(100,713.13)</u></b>	<b><u>(102,499.37)</u></b>
<b>Profit (loss) before Income Tax Expense</b>	<b><u>(2,623.08)</u></b>	<b><u>915.72</u></b>	<b><u>2,731.75</u></b>	<b><u>2,884.29</u></b>	<b><u>(6,271.74)</u></b>	<b><u>(5,348.94)</u></b>	<b><u>(6,163.07)</u></b>	<b><u>(1,548.93)</u></b>
Income tax revenue (expense)	<u>(249.38)</u>	<u>1,217.57</u>	<u>-</u>	<u>-</u>	<u>(9.36)</u>	<u>(17.96)</u>	<u>(258.74)</u>	<u>1,199.61</u>
<b>Gain (loss) by segments</b>	<b><u>(2,872.46)</u></b>	<b><u>2,133.29</u></b>	<b><u>2,731.75</u></b>	<b><u>2,884.29</u></b>	<b><u>(6,281.10)</u></b>	<b><u>(5,366.90)</u></b>	<b><u>(6,421.81)</u></b>	<b><u>(349.32)</u></b>

**Assets and Liabilities**  
**As at June 30, 2019**

	<b>Air Transportation</b>		<b>Business Units</b>		<b>Other Activities</b>		<b>Unit : Million Baht</b>	
	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Jun 30, 2019</u>	<u>Dec 31, 2018</u>
Current assets	39,553.20	37,573.83	662.27	715.55	4,974.61	5,318.76	45,190.08	43,608.14
Investments in associates and other long-term investment	2,359.52	2,364.71	-	-	4.01	4.01	2,363.53	2,368.72
Property, plant and equipment	165,217.54	171,791.37	5,315.63	5,225.78	2,546.49	2,581.53	173,079.66	179,598.68
Other non-current assets	34,280.91	35,816.83	0.01	0.01	1,681.05	1,388.94	35,961.97	37,205.78
Non-allocated assets	-	-	-	-	-	-	<u>5,390.91</u>	<u>5,939.88</u>
<b>Total assets</b>							<b><u>261,986.15</u></b>	<b><u>268,721.20</u></b>
Current liabilities	74,974.66	75,829.13	516.86	499.29	10,450.75	11,316.10	85,942.27	87,644.52
Non-current liabilities	155,240.16	157,210.15	-	-	2,734.22	2,146.28	157,974.38	159,356.43
Non-allocated liabilities	-	-	-	-	-	-	<u>1,216.70</u>	<u>1,263.91</u>
<b>Total Liabilities</b>							<b><u>245,133.35</u></b>	<b><u>248,264.86</u></b>

7.22.2 Geographical Segments

Consolidated Financial Statements

Unit : Million Baht

	Domestic Revenue			Foreign Revenue			Charter Revenue and Others	Other Income				Total
	Transportation	Business Unit	Others	Regional Asia	Europe	Australia & New Zealand		Interest Income	Gain (Loss) on Foreign Currency Exchange	Others Income	Gain on changes in ownership interest	
<b><u>For the three-month period</u></b>												
<b>Apr-Jun 2019</b>	2,268.51	2,626.96	529.95	21,728.23	11,710.58	3,275.15	29.87	49.29	522.35	339.57	-	<b>43,080.46</b>
<b>Apr-Jun 2018</b>	3,403.37	2,670.16	306.74	23,122.25	11,868.29	3,832.29	56.24	52.71	(431.30)	1,980.53	-	<b>46,861.28</b>
<b><u>For the six-month period</u></b>												
<b>Jan-Jun 2019</b>	5,878.94	5,607.09	1,222.50	46,545.02	25,331.55	6,815.10	113.73	88.93	1,888.17	785.85	273.18	<b>94,550.06</b>
<b>Jan-Jun 2018</b>	7,797.84	5,428.76	1,005.01	48,584.45	26,622.96	8,236.43	491.73	92.65	152.02	2,538.59	-	<b>100,950.44</b>

### **7.23 Staff Provident Fund**

The Company contributed to the provident fund at the rate of 9% of a salary for members having not more than 20 years of services and 10% of a salary for members having more than 20 years of services, representing in the amount of THB 611.77 million for this period.

The Company's provident fund is managed by Krungthai Asset Management Public Company Limited, One Asset Management Limited and Principal Asset Management Company Limited.

### **7.24 Contingent Liabilities**

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

- The Company has letters of guarantee issued by domestic and abroad banks in amount of THB 18.87 million and THB 636.33 million, respectively. If the Company defaults on an obligation to a beneficiary in letter of guarantee, bank agrees to pay a specific amount of money to that beneficiary and will claim from the Company later.

- The Company has been filed 10 labor cases in domestic and abroad with an approximate amount of THB 45.69 million and has been filed the complaints in domestic and abroad with an approximate amount of THB 471.72 million.

- The Company, entrepreneur in the duty free zone, received an official letter from the Customs Department No. Gor Kor 0503(4)/621 dated August 28, 2017, notifying the Company to clarify issues relating to the completeness of the certificate license of the importation of restricted food products. The customs official assessed additional taxed and duties based on 252 import declarations, consisting of price of products in amount of THB 492.73 million, import duty in amount of THB 244.36 million, excise tax in amount of THB 754.47 million, interior tax in amount of THB 75.45 million, value added tax in amount of THB 109.69 million, the subsidies for Thai Health Promotion Foundation in amount of THB 14.91 million, the subsidies for Thai Public Broadcasting Service in amount of THB 11.18 million. The Company has submitted the letter of clarification to the Customs Department and still under consideration of the Customs Department.

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

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

The Company had reached the settlement with respect to the case which a contribution claim had been filed against the Company and other airlines by British Airways, who is the defendant in the civil case in England. With respect to the case which a contribution claim had been filed against Thai Airways International Public Company Limited (the “Company”) and more than 20 airlines before the English court by British Airways, who is the main defendant in the civil case in England pursuant to Part 20 Proceedings, it arose from the case where a group of claimants have filed lawsuits against British Airways to claim for damages from fuel and security surcharges fixing in England. After that, the Court has ordered all the parties to settle the case by way of mediation. On December 20, 2018, all the parties had already entered into the settlement agreement without any admission of liability alleged by the claimants and British Airways. After the settlement, the claimants and British Airways will jointly inform the Court of the settlement and discontinuance of the claims.

Furthermore, all of the airlines that had been filed a contribution claim by British Airways similar to the Company have also entered into the settlement negotiation in the same manner.

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

The Company had 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, had 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 1999-2007. LG Group Companies had asserted the amount of claim at KRW 404,000,000 with interest or approximately THB 12 million and reserved their rights to amend the Complaint to increase the amount of claim if they can prove their claims to the court later on. The case is currently undergoing the court procedures.

3. Regarding the case where British Airways, Lufthansa and KLM-AF, who are the defendants in the Cargo Civil Class Action case in the Netherlands, requested that the court give them leave to implead the Company.

At the beginning of July 2015, the Company had 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 had submitted such writ of summons against the Company and more than 20 other airlines in the case where a group of plaintiffs had 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 had jointly acted to fix the price for various surcharges (Main Proceedings). Nonetheless, the Company had 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 were parties to the Contribution Claim Case, had 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 had received a writ of summons for contribution claim from British Airways, Lufthansa and KLM-AF. These airlines had submitted such writ of summons to the Company and more than 20 other airlines in the case where a new group of plaintiffs had 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 had not been sued as a defendant. At present, all the cases are under the court's consideration.

#### 7.24.3 Leasing Space Agreement and License to Operate Business Agreement at Don Mueang International Airport

Space rental agreement and license to operate business between Airports of Thailand Public Company Limited (AOT) and the Company Contract No. 3 -0 8 / 2 0 0 9 dated December 14, 2010 with the 3 years contract term from September 28, 2009 to September 27, 2012 which was beyond the permission period by AOT to permit the Company renting space and operating its related activities at Don Mueang International Airport. The company is under negotiation process with AOT regarding rules, conditions and rental rates, and concession fee from obtaining permission to operate business that will be identified in the new contract. Besides, the Company has continued to pay space rental and compensation based on the original contract. However, AOT reserves the rights to consider adjusting the minimum rental fee and the concession fee if the result of final consideration to increase in the minimum rental fees and concession fee are completed. It is possible that the rate would be higher than the original rate specified in the original contract or the notification letter of AOT announced the extension of the contract.

### **7.25 Interest rate risk**

For Interest Rate Risk Management policy, the Company applied a derivative financial instrument, Cross Currency Swap (CCS) and/ or Interest Rate Swap (IRS), to swap the floating interest rates, which show high tendency to increase, to fixed rate. As at June 30, 2019, the portion of the Company's debt after swap with floating to fixed interest rate was 36 : 64.

At present, the Company had no IRS transactions because the previous transactions were expired and no additional contract had been entered.

## **7.26 Foreign Currency Exchange Rate Risk**

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

As at June 30, 2019, the Company has 24 CCS transactions. These debt swaps are 5 transactions of THB currency to EUR currency with fixed interest rate, 9 transactions of THB currency to JPY currency with fixed interest rate, 3 transactions of THB currency to JPY currency with floating interest rate, 1 transaction of THB currency to GBP currency with fixed interest rate, 2 transactions of EUR currency to JPY currency with fixed interest rate, and 4 transactions of USD currency to CHF currency with fixed interest rate. The notional amount as at June,30 2019 is equivalent to THB 29,428.80 million of which payments, both principle and interest are done monthly, quarterly and every 6 months. These CCS transactions will terminate between the year 2020 and 2032.

## **7.27 Fuel Price Risk**

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

This was in accordance with the Company’s policy, specifying that fuel hedging be conducted on a regular basis at not lower than 20 percent and not more than 80 percent of annual fuel consumption. Whereby the tenor of each contract would be for a period of not more than 24 months. The Company selected a financial tool that was suitable for the market situation by establishing the lowest and highest prices of jet fuel, whereby the Company would incur the difference in USD currency, should the price of jet fuel falls below the lowest price. On the contrary, the Company would be compensated should the price of jet fuel rises higher than the highest price. For the six- month period ended June 30, 2019, the Company’s hedge portion account to 55 percent of its annual fuel consumption and the Company still has an obligation from fuel price hedging until June 30, 2020 in portion account to 33 percent of total fuel consumption.

## **7.28 Cash Flow Hedge**

For the three and six- month periods ended June 30, 2019, the Company recognized gain from application of hedge accounting to foreign currency borrowings and forecasted future foreign currency revenue (Revenue Hedging) in the amount of THB 11.24 million and THB 11.57 million, respectively.

## **7.29 Fair Value of Financial Instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

The following tables present the disclosure of financial instruments which are not presented in the consolidated and the Company's financial statement. The Company and its subsidiaries' financial assets and liabilities are measured at fair value using a fair value hierarchy as follows:

Unit : Million Baht				
Consolidated Financial Statement				
As at June 30, 2019	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	43,521.34	-	43,521.34
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	865.94	-	865.94
Fuel price swap agreements	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	41,999.66	-	41,999.66
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	874.48	-	874.48
Fuel price swap agreements	-	721.62	-	721.62

Unit : Million Baht				
Consolidated Financial Statement				
As at December 31, 2018	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	47,004.00	-	47,004.00
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1,398.66	-	1,398.66
Fuel price swap agreements	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	46,559.44	-	46,559.44
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1,410.40	-	1,410.40
Fuel price swap agreements	-	4,563.60	-	4,563.60

Unit : Million Baht				
The Company's Financial Statement				
As at June 30, 2019	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	43,521.34	-	43,521.34
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	865.94	-	865.94
Fuel price swap agreements	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	41,999.66	-	41,999.66
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	874.48	-	874.48
Fuel price swap agreements	-	618.54	-	618.54

Unit : Million Baht				
The Company's Financial Statement				
As at December 31, 2018	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	47,004.00	-	47,004.00
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1,398.66	-	1,398.66
Fuel price swap agreements	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	46,559.44	-	46,559.44
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1,410.40	-	1,410.40
Fuel price swap agreements	-	4,137.92	-	4,137.92

#### Fair value valuation techniques and inputs for Level 2 valuation

The fair values of debt securities and derivatives were determined based on discounted future cash flow and valuation model techniques, using an appropriate risk-adjusted discount rate. Most of the inputs used for the valuation are observable in the relevant markets such as spot rates, forward rates, interest rate yield curves, bonds yield curves, forward fuel price and fuel contractual price, etc.

During the periods, there was no transfer within the fair value hierarchy.

### **7.30 Contractual Obligations**

#### **Leases and Obligations of Aircraft**

As at June 30, 2019, the Company has obligations from entering into operating leases for 42 aircraft amount of USD 3,867.13 million or approximately to THB 119,553.00 million consisting of fifteen A320-200, eight A350-900, eleven B777-300ER, six B787-8, and two B787-9 aircraft. As at June 30, 2019, there were 39 aircraft which had been already taken the delivery and there are 3 aircraft which have not been taken deliver yet. Also, there are 42 aircraft which the lease will expire in the year 2024 – 2030.

Lease obligation for 42 aircraft operating leases can be classified as follows:

<b>Unit : Million Baht</b>			
<b>Obligation</b>	<b>Within 1 year</b>	<b>Over 1 year – 5 years</b>	<b>Over 5 years</b>
Rent	13,750.66	58,952.00	46,850.34

### **7.31 Events after the Reporting Period**

The Company has taken out a long-term loan from The Local Financial Institution in the amount of THB 3,000 million according to Board resolution at Board Meeting No.6/2019 held on June 25,2019. This loan has been received on July 10,2019.

### **7.32 Approval of Financial Statements**

These financial statements were approved by the Board of Directors of the Company on August 9, 2019.

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