

(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 September 30, 2019, the consolidated and the Company's statements of comprehensive income for the three-month and nine - month periods ended September 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 nine-month period ended September 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. 4 “Fixing of insignificant errors of previous periods” which clarified the correction of such errors and the recognition in the current financial statements.

2. Note No. 6 “The Adoption of the new Thai financial reporting standards” Thai Airways International Public Company Limited and its subsidiaries (The Group) have adopted Thai Financial Reporting Standard No. 15- revenue from contracts with customers effective beginning on January 1, 2019 onward. It has been adopted by the Group to apply the retroactive effect by adjusting to the beginning retained earnings of the current period.

3. Note No. 7 “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.

4. Note No. 8.11 “ Liquidity Management”, which describes how the Company acquired fund for the nine-month period ended September 30, 2019 ,and the forecast of cash flow in 2019.

5. Note No. 8.16 “ 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

November 14, 2019

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

Unit : Baht

		CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
	Notes	September 30, 2019 (Unaudited but reviewed)	December 31, 2018 (Audited)	September 30, 2019 (Unaudited but reviewed)	December 31, 2018 (Audited)
ASSETS					
Current Assets					
Cash and cash equivalents	8.1	13,981,445,743	13,691,848,724	12,778,687,331	12,523,360,617
Temporary investments		38,264	38,264	-	-
Trade receivables	8.2	11,083,768,292	10,394,067,903	10,330,034,494	9,705,911,027
Prepaid expenses and deposits		6,747,673,557	7,321,908,745	6,942,408,356	7,529,150,681
Inventories and supplies		4,602,552,061	4,947,017,527	4,559,669,706	4,901,658,139
Other current assets	8.3	13,096,334,161	12,702,976,136	19,081,718,136	20,535,369,827
Non-current assets held for sale	8.4	503,073,394	490,157,613	503,073,394	490,157,613
Total Current Assets		50,014,885,472	49,548,014,912	54,195,591,417	55,685,607,904
Non-Current Assets					
Investments in associates	8.5.1	2,167,811,760	2,299,713,942	1,234,106,581	1,234,106,581
Investments in subsidiaries	8.5.1	-	-	1,810,209,913	1,810,209,913
Other long-term investments	8.5.2	65,776,500	69,002,222	62,541,700	66,017,122
Property, plant and equipment	8.7	169,568,747,850	179,598,685,050	169,533,287,359	179,558,497,148
Intangible assets	8.8	302,936,758	236,352,618	228,042,023	228,806,503
Deferred tax assets	8.9.1	10,378,319,157	10,650,722,771	10,359,279,527	10,632,997,811
Other non-current assets	8.10	25,695,805,601	26,318,704,847	25,541,773,294	26,185,205,174
Total Non-Current Assets		208,179,397,626	219,173,181,450	208,769,240,397	219,715,840,252
Total Assets		258,194,283,098	268,721,196,362	262,964,831,814	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 SEPTEMBER 30, 2019

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
		September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables		6,940,677,119	5,167,608,841	6,630,189,626	4,946,272,359
Accrued expenses		17,654,937,616	18,130,323,417	15,574,308,287	17,973,191,375
Current portion of long-term liabilities					
Long-term loans from financial institutions		2,848,076,923	3,185,096,154	2,848,076,923	3,185,096,154
Long-term loans from related parties	8.6.1.2	1,521,723,291	1,448,088,914	1,521,723,291	1,448,088,914
Liabilities under finance leases		7,589,612,795	8,699,910,918	7,589,612,795	8,699,910,918
Debentures		10,280,000,000	9,530,000,000	10,280,000,000	9,530,000,000
Short-term loans from financial institutions		-	2,000,000,000	-	2,000,000,000
Short-term loans from related parties	8.6.1.1	4,000,000,000	1,000,000,000	4,000,000,000	1,000,000,000
Income tax payable		544,062	17,844,116	-	-
Other current liabilities					
Accrued dividends		106,900,241	54,556,981	54,270,358	54,403,981
Unearned transportation revenue		29,887,441,063	30,624,142,358	29,152,306,487	29,692,124,792
Others		8,957,475,311	9,050,865,454	10,273,530,639	10,283,990,506
Total Current Liabilities		89,787,388,421	88,908,437,153	87,924,018,406	88,813,078,999
Non-Current Liabilities					
Long-term liabilities					
Long-term loans from financial institutions		5,087,307,692	4,173,365,397	5,087,307,692	4,173,365,397
Long-term loans from related parties	8.6.1.2	12,862,015,533	15,638,001,158	12,862,015,533	15,638,001,158
Liabilities under finance leases		41,176,879,986	50,282,098,896	41,176,879,986	50,282,098,896
Debentures		58,270,000,000	55,320,000,000	58,270,000,000	55,320,000,000
Deferred tax liabilities	8.9.1	1,808,819,088	1,703,581,058	1,808,819,088	1,703,581,058
Staff pension fund	8.12	3,904,820,638	3,824,995,651	3,904,820,638	3,824,995,651
Employee benefit obligations	8.13	16,954,561,936	13,575,420,996	16,836,198,995	13,493,261,770
Long-term provisions	8.14	15,724,060,349	14,708,086,792	13,893,163,236	13,093,931,772
Other non-current liabilities		143,653,439	130,875,130	1,714,725,950	1,356,144,193
Total Non-Current Liabilities		155,932,118,661	159,356,425,078	155,553,931,118	158,885,379,895
Total Liabilities		245,719,507,082	248,264,862,231	243,477,949,524	247,698,458,894
Shareholders' Equity					
Share capital	8.15				
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	8.16	1,862,979,154	25,545,316,308	1,862,979,154	25,545,316,308
Retained earnings					
Appropriated					
Legal reserve	8.16	-	2,691,275,568	-	2,691,275,568
Unappropriated	6	(18,470,405,065)	(35,907,023,773)	(11,360,063,816)	(28,533,077,895)
Other components of equity		7,156,248,520	6,171,756,849	7,156,247,782	6,171,756,111
Total Company Shareholders' Equity		12,376,541,779	20,329,044,122	19,486,882,290	27,702,989,262
Non-controlling interests		98,234,237	127,290,009	-	-
Total Shareholders' Equity		12,474,776,016	20,456,334,131	19,486,882,290	27,702,989,262
Total Liabilities and Shareholders' Equity		258,194,283,098	268,721,196,362	262,964,831,814	275,401,448,156

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 THREE-MONTH PERIOD ENDED SEPTEMBER 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	35,338,834,891	38,493,981,053	33,724,431,293	36,277,028,121	
Freight	4,118,449,522	5,520,561,947	4,118,449,522	5,524,062,520	
Mail	129,402,664	177,567,364	129,402,664	177,567,364	
Other activities	3,055,987,620	3,295,846,803	3,475,032,386	3,769,990,465	
Total Revenues from Sales or Services	42,642,674,697	47,487,957,167	41,447,315,865	45,748,648,470	
Other Income					
Interest income	47,196,760	39,497,784	44,044,910	38,126,550	
Gain (Loss) on foreign currency exchange rates	919,412,907	299,360,333	975,642,380	299,231,153	
Other income - Others	8.17 2,373,211,763	464,942,681	2,414,300,405	500,768,325	
Total Other Income	3,339,821,430	803,800,798	3,433,987,695	838,126,028	
Total Revenues	45,982,496,127	48,291,757,965	44,881,303,560	46,586,774,498	
Expenses					
Aircraft fuel expenses	13,283,927,708	15,390,604,611	12,349,206,611	14,446,377,404	
Employee benefits expenses	8.18 8,890,997,492	7,513,096,131	8,695,363,712	7,314,097,595	
Flight service expenses	5,317,527,933	5,686,849,915	4,976,299,957	5,342,549,840	
Crew expenses	1,528,133,303	1,424,425,480	1,400,569,092	1,305,614,584	
Aircraft repair and maintenance costs	5,049,910,069	4,954,512,239	4,492,081,038	4,611,309,964	
Depreciation and amortization expenses	4,188,927,921	4,016,530,733	4,181,386,771	4,012,429,728	
Lease of aircraft and spare parts	3,674,638,871	3,881,031,091	5,276,530,107	3,733,584,526	
Inventories and supplies expenses	2,242,698,251	2,332,646,181	2,107,523,343	2,199,547,818	
Selling and advertising expenses	2,643,972,888	2,781,305,293	2,463,922,735	2,523,480,630	
Insurance expenses	156,913,021	147,488,428	135,199,255	127,931,582	
Impairment loss of assets	94,823,539	212,584,480	94,823,539	212,584,480	
Impairment loss of aircraft	86,612,276	158,083,823	86,612,276	158,083,823	
Other expenses	8.20 2,405,506,904	2,531,986,866	2,326,123,901	2,431,603,664	
Finance costs	1,114,615,376	1,114,776,637	1,114,615,376	1,114,776,637	
Share loss (profit) of associates	96,548,954	151,714,208	-	-	
Total Expenses	50,297,754,506	52,297,636,116	49,700,257,713	49,533,972,275	
Loss before Income Tax Expense	(4,793,258,379)	(4,005,878,151)	(4,818,954,153)	(2,947,197,777)	
Income tax expense	8.9.2 113,460,741	319,430,448	116,549,005	327,125,103	
Loss for the period	(4,679,797,638)	(3,686,447,703)	(4,702,405,148)	(2,620,072,674)	
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	377,246,722	940,850,314	377,246,722	940,850,314	
Income tax related to effective portion of gain (loss) on changes in fair value of cash flow hedges	(75,449,344)	(188,170,063)	(75,449,344)	(188,170,063)	
Unrealized gain (loss) on remeasuring available-for-sale investments	-	(513)	-	-	
Income tax related to unrealized gain (loss) on remeasuring available-for-sale investments	-	103	-	-	
Items that will not be reclassified to profit or loss in subsequent periods					
Share of other comprehensive profit (loss) from joint ventures and associates	-	-	-	-	
Other Comprehensive Income (loss) for the period - Net of Tax	301,797,378	752,679,841	301,797,378	752,680,251	
Total Comprehensive loss for the period	(4,378,000,260)	(2,933,767,862)	(4,400,607,770)	(1,867,392,423)	
Loss Attributable to					
Owners of the Parent	(4,681,501,094)	(3,700,596,723)	(4,702,405,148)	(2,620,072,674)	
Non-controlling interests	1,703,456	14,149,020	-	-	
	(4,679,797,638)	(3,686,447,703)	(4,702,405,148)	(2,620,072,674)	
Total Comprehensive loss Attributable to					
Owners of the Parent	(4,379,703,716)	(2,947,916,882)	(4,400,607,770)	(1,867,392,423)	
Non-controlling interests	1,703,456	14,149,020	-	-	
	(4,378,000,260)	(2,933,767,862)	(4,400,607,770)	(1,867,392,423)	
Loss per Share					
8.21 Basic loss per share	(2.14)	(1.70)	(2.15)	(1.20)	

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

(TRANSLATION)

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Unaudited
but reviewed

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

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENT	
		2019	2018	2019	2018
Revenues					
Revenues from Sales or Services					
Passenger and excess baggage		110,960,709,724	119,454,009,285	104,916,391,824	112,500,213,194
Freight		12,922,451,098	15,942,730,113	12,923,941,878	15,946,927,056
Mail		387,869,774	528,783,519	387,869,774	528,783,519
Other activities		9,885,573,412	9,729,616,281	11,234,253,034	11,097,892,129
Total Revenues from Sales or Services		134,156,604,008	145,655,139,198	129,462,456,510	140,073,815,898
Other Income					
Interest income		136,126,192	132,151,488	130,829,519	126,945,418
Gain on foreign currency exchange rates		2,807,580,701	451,377,982	2,913,840,381	435,347,184
Other income - Others	8.17	3,159,060,792	3,003,529,880	3,510,081,461	3,426,535,907
Gain on changes in ownership interest		273,177,862	-	-	-
Total Other Income		6,375,945,547	3,587,059,350	6,554,751,361	3,988,828,509
Total Revenues		140,532,549,555	149,242,198,548	136,017,207,871	144,062,644,407
Expenses					
Aircraft fuel expenses		41,192,446,417	43,576,548,147	38,292,726,043	40,795,618,021
Employee benefits expenses	8.18	23,734,724,747	22,552,117,511	23,136,899,845	22,007,915,851
Flight service expenses		15,780,260,630	16,623,249,714	14,616,639,208	15,619,500,083
Crew expenses		4,692,078,422	4,232,365,565	4,291,554,330	3,872,191,715
Aircraft repair and maintenance costs		15,102,655,183	15,436,640,884	13,510,486,325	14,248,953,557
Depreciation and amortization expenses		12,616,204,479	11,928,984,028	12,597,188,469	11,914,107,471
Lease of aircraft and spare parts		11,543,548,732	11,010,871,171	15,655,096,255	10,670,401,843
Inventories and supplies expenses		6,833,255,089	6,766,713,534	6,400,717,339	6,372,717,180
Selling and advertising expenses		7,963,667,581	8,038,387,499	7,320,659,273	7,278,375,704
Insurance expenses		468,231,716	437,785,834	400,523,199	379,753,021
Impairment loss of assets		164,610,618	319,678,298	164,610,618	319,678,298
Impairment loss of aircraft	8.19	401,664,736	2,780,045,426	401,664,736	2,780,045,426
Other expenses	8.20	7,529,224,527	7,464,125,605	7,145,599,406	7,169,393,480
Finance costs		3,310,073,245	3,415,013,407	3,310,073,245	3,415,013,407
Share of the profit of associates		156,236,221	214,473,684	-	-
Total Expenses		151,488,882,343	154,797,000,307	147,244,438,291	146,843,665,057
Profit (loss) before Income Tax Expense		(10,956,332,788)	(5,554,801,759)	(11,227,230,420)	(2,781,020,650)
Income tax expense	8.9.2	(145,276,540)	1,519,035,734	(132,833,396)	1,544,693,489
Profit (loss) for the period		(11,101,609,328)	(4,035,766,025)	(11,360,063,816)	(1,236,327,161)
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		1,230,614,589	551,186,707	1,230,614,589	551,186,707
Income tax related to effective portion of gain (loss) on changes in fair value of cash flow hedges		(246,122,918)	(110,237,342)	(246,122,918)	(110,237,342)
Unrealized gain (loss) on remeasuring available-for-sale investments		-	182	-	-
Income tax related to unrealized gain (loss) on remeasuring available-for-sale investments		-	(36)	-	-
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		1,007,904,729	440,949,511	984,491,671	440,949,365
Total Comprehensive Income (loss) for the period		(10,093,704,599)	(3,594,816,514)	(10,375,572,145)	(795,377,796)
Loss Attributable to					
Owners of the Parent		(11,119,872,245)	(4,082,228,171)	(11,360,063,816)	(1,236,327,161)
Non-controlling interests		18,262,917	46,462,146	-	-
		(11,101,609,328)	(4,035,766,025)	(11,360,063,816)	(1,236,327,161)
Total Comprehensive loss Attributable to					
Owners of the Parent		(10,111,967,516)	(3,641,278,660)	(10,375,572,145)	(795,377,796)
Non-controlling interests		18,262,917	46,462,146	-	-
		(10,093,704,599)	(3,594,816,514)	(10,375,572,145)	(795,377,796)
Loss per Share	8.21				
Basic loss per share		(5.09)	(1.87)	(5.20)	(0.57)

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

(TRANSLATION)

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Unaudited
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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 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	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	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	-	-	-	-	-	-	-	-	-	-	-	-	(30,375,030)	(30,375,030)	
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(68,683)	(68,683)	
Less Profit (loss) for the period	-	-	-	(4,082,228,171)	-	-	-	-	-	-	-	(4,082,228,171)	46,462,146	(4,035,766,025)	
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	-	-	-	-	551,186,707	(110,237,342)	-	-	182	(36)	440,949,511	440,949,511	-	440,949,511	
Balance as at September 30, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(28,150,368,013)	(426,066,220)	85,213,244	8,370,893,014	(1,674,178,603)	703	(140)	6,355,861,998	28,269,805,031	117,732,728	28,387,537,759	
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	-	-	-	-	-	-	-	-	-	-	-	-	(68,683)	(68,683)	
Less Loss for the period	-	-	-	(11,119,872,245)	-	-	-	-	-	-	-	(11,119,872,245)	18,262,917	(11,101,609,328)	
Add Other comprehensive income for the period	-	-	-	23,413,058	1,230,614,589	(246,122,918)	-	-	-	-	984,491,671	1,007,904,729	-	1,007,904,729	
Balance as at September 30, 2019	21,827,719,170	1,862,979,154	-	(18,470,405,065)	574,416,712	(114,883,342)	8,370,893,014	(1,674,178,602)	922	(184)	7,156,248,520	12,376,541,779	98,234,237	12,474,776,016	

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

(TRANSLATION)

Unaudited
but reviewed

- 6 -

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 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
					Other Comprehensive Income (loss)					
			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	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										
Less Loss for the period	-	-	-	(1,236,327,161)	-	-	-	-	-	(1,236,327,161)
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	-	-	-	-	551,186,707	(110,237,342)	-	-	440,949,365	440,949,365
Balance as at September 30, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(21,491,415,950)	(426,066,220)	85,213,244	8,370,893,014	(1,674,178,603)	6,355,861,435	34,928,756,531
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	-	-	-	-	-	-
Less Loss for the period	-	-	-	(11,360,063,816)	-	-	-	-	-	(11,360,063,816)
Add Other comprehensive income for the period	-	-	-	-	1,230,614,589	(246,122,918)	-	-	984,491,671	984,491,671
Balance as at September 30, 2019	21,827,719,170	1,862,979,154	-	(11,360,063,816)	574,416,712	(114,883,342)	8,370,893,014	(1,674,178,602)	7,156,247,782	19,486,882,290

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Cash Flows from Operating Activities				
Loss before income tax expense	(10,956,332,788)	(5,554,801,759)	(11,227,230,420)	(2,781,020,650)
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :				
Depreciation and amortization expenses	12,616,204,479	11,928,984,028	12,597,188,469	11,914,107,471
Aircraft lease fee	404,142,617	365,343,084	404,142,617	365,343,084
Dividends received	(947,677)	(940,446)	(331,542,551)	(345,901,644)
Share loss of investments in associates by equity method	156,236,221	214,473,684	-	-
Gain on changes in ownership interest	(273,177,862)	-	-	-
Interest income	(136,126,192)	(132,151,488)	(130,829,519)	(126,945,418)
Interest expenses	3,310,073,245	3,415,013,407	3,310,073,245	3,415,013,407
Loss (gain) on disposal of assets	14,515,537	(625,930,923)	14,513,434	(625,911,088)
Loss (gain) on sales of aircraft	52,214,387	(54,906,952)	52,214,387	(54,906,952)
Gain on foreign currency exchange rates	(2,435,043,526)	(378,233,215)	(2,475,338,992)	(391,525,835)
Gain on sale of investment	-	(656,955,062)	-	(697,500,000)
Provision for employee benefit obligations	3,379,140,940	738,316,939	3,342,937,225	684,216,278
Provision for obsolete inventories and supplies	112,425,428	337,512,682	112,425,428	337,512,682
(Reversed) Doubtful accounts and bad debt	(23,809,661)	173,821,183	(23,578,520)	173,613,299
Impairment loss of aircraft	401,664,736	2,780,045,426	401,664,736	2,780,045,426
Impairment loss of assets	164,610,618	319,678,298	164,610,618	319,678,298
Operating profits before changes in operating assets and liabilities	6,785,790,502	12,869,268,886	6,211,250,157	14,965,818,358
Decrease (increase) in operating assets :				
Trade receivables	(765,097,790)	(414,969,936)	(699,006,578)	186,399,159
Inventories and supplies	232,040,038	(260,995,236)	229,563,005	(261,034,297)
Prepaid expenses and deposits	217,594,108	80,315,477	230,101,244	125,018,946
Tax refund	531,529,340	(488,557)	531,529,340	(488,557)
Other current assets	(431,125,732)	(832,555,429)	1,384,619,516	(2,354,529,478)
Non-current assets held for sale	730,377,611	1,136,122,596	730,377,611	1,136,122,596
Maintenance reserves	(1,835,524,518)	(2,825,135,432)	(1,810,618,809)	(2,847,262,218)
Other assets	(81,161,088)	(310,356,252)	(77,555,915)	(308,344,350)
Deferred charges	7,971,325	(971,416,274)	-	(990,670,517)
Increase (decrease) in operating liabilities :				
Trade payables	710,687,125	(347,714,195)	683,762,296	(321,813,274)
Accrued expenses and other current liabilities	(646,736,689)	(474,139,139)	(2,487,233,665)	(1,247,953,317)
Staff pension fund	79,824,987	150,594,711	79,824,987	150,594,711
Unearned transportation revenues	1,422,805,119	1,578,640,309	1,619,688,108	1,603,871,011
Other non-current liabilities	1,612,728,345	3,885,171,913	1,741,787,374	3,782,529,829
Proceeds from operations	8,571,702,683	13,262,343,442	8,368,088,671	13,618,258,602
Cash paid for income tax	(463,755,646)	(365,905,516)	(400,984,463)	(335,431,653)
Net Cash provided by Operating Activities	8,107,947,037	12,896,437,926	7,967,104,208	13,282,826,949

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>THE COMPANY'S FINANCIAL STATEMENTS</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash Flows from Investing Activities				
Cash paid for acquisition of fixed assets	(1,686,876,066)	(2,547,743,123)	(1,681,104,305)	(2,534,229,588)
Cash paid for intangible assets	(89,425,765)	(43,335,489)	(75,806,447)	(42,285,268)
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	3,834,882	2,967,716	3,811,518
Interest income	131,913,106	128,763,619	127,531,097	125,184,877
Dividends received	273,204,551	307,796,684	302,667,551	345,901,644
Investment decrease (increase)	(26,800)	598,000	222,900	471,000
Proceeds from sale of investment	-	922,500,000	-	922,500,000
Temporary investments decrease	-	130,000,000	-	-
Net Cash used in Investing Activities	(1,368,243,258)	(895,421,698)	(1,323,521,488)	(976,482,088)
Cash Flows from Financing Activities				
Proceeds from debentures	10,000,000,000	13,000,000,000	10,000,000,000	13,000,000,000
Proceeds from short-term loans	18,000,000,000	4,000,000,000	18,000,000,000	4,000,000,000
Proceeds from long-term loans	3,000,000,000	2,500,000,000	3,000,000,000	2,500,000,000
Proceeds from liabilities under finance leases	-	1,621,900,832	-	1,621,900,832
Cash paid for repayment of short-term loans	(17,000,000,000)	(11,328,167,000)	(17,000,000,000)	(11,328,167,000)
Cash paid for repayment of debentures	(6,300,000,000)	(9,250,000,000)	(6,300,000,000)	(9,250,000,000)
Cash paid for repayment of long-term loans	(3,944,386,520)	(4,014,569,139)	(3,944,386,520)	(4,014,569,139)
Cash paid for liabilities under finance leases	(7,078,009,560)	(7,937,998,942)	(7,078,009,560)	(7,937,998,942)
Cash paid for borrowings interest	(2,938,142,887)	(2,751,624,868)	(2,938,142,887)	(2,751,624,868)
Dividends paid	(133,622)	(143,330)	(133,622)	(143,330)
Dividends paid to non-controlling interests	(23,709,108)	(30,397,938)	-	-
Net Cash used in Financing Activities	(6,284,381,697)	(14,191,000,385)	(6,260,672,589)	(14,160,602,447)
Net increase (decrease) in cash and cash equivalents	455,322,082	(2,189,984,157)	382,910,131	(1,854,257,586)
Cash and cash equivalents at the beginning of the period	13,691,848,724	15,229,686,324	12,523,360,617	14,022,787,581
	14,147,170,806	13,039,702,167	12,906,270,748	12,168,529,995
Effects of changes in foreign currency exchange rates on cash on hand and at banks increase (decrease)	(165,725,063)	(12,765,285)	(127,583,417)	(244,759)
Cash and Cash Equivalents at the end of the period	13,981,445,743	13,026,936,882	12,778,687,331	12,168,285,236
Additional Information for Cash Flow				
Non-cash Transactions				
Fixed assets unpaid	164,472,718	795,663,022	164,472,718	795,663,022
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 Damrongchaitam)
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 nine-month periods ended September 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 NINE – MONTH PERIODS ENDED SEPTEMBER 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 September 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
Held by the Company:				
1. Thai-Amadeus Southeast Asia Company Limited	Information technology for travel services	Thailand	55%	55%
2. WingSpan Services Company Limited	Providing 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%
Held by the Subsidiary of the Company				
A subsidiary held by WingSpan Services Company Limited				
- Tour Eurng Luang Company Limited	Tourism Business	Thailand	49%	49%

Thai Smile Airways Co., Ltd. received the Airline Operator License (AOL), Airline Operator Certificate (AOC) as well as Airline Designator Code from IATA on January 10, March 31 and April 1, 2014, respectively. 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 1	Presentation of Financial Statements
TAS 2	Inventories
TAS 7	Statement of Cash Flows
TAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	Events after the Reporting Period
TAS 16	Property, Plant and Equipment
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	The Effects of Changes in Foreign Exchange Rates
TAS 24	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans

TAS 27	Separate Financial Statements
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 32	Financial Instruments : Presentation
TAS 33	Earnings per Share
TAS 34	Interim Financial Reporting
TAS 36	Impairment of Assets
TAS 37	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	Intangible Assets
TAS 40	Investment Property
TAS 41	Agriculture
TFRS 2	Share-Based Payments
TFRS 4	Insurance Contracts
TFRS 5	Non - current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRS 7	Financial Instruments : Disclosures
TFRS 8	Operating Segments
TFRS 9	Financial Instruments
TFRS 10	Consolidated Financial Statements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TFRS 16	Leases
TSIC 10	Government Assistance – No Specific Relation to Operating Activities
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 29	Service Concession Arrangements : Disclosures
TSIC 32	Intangible Assets – Web Site Costs
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 (Revised 2018)
	<i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 14	TAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies
TFRIC 22	Foreign Currency Transactions and Advance Consideration

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. Fixing the insignificant errors of previous periods

4.1 During this accounting period, the company revised the airport fee liability, which is a part of the ticket price collected from passengers before 2016, Those are recognized as other income totaling THB 1,976.56 million since no obligation for refunding to the airports in each country based on assumptions from past data that have not been charged for more than 3 years. Since the date of debt acknowledgement.

4.2 During this accounting period, the company adjusted the vacation compensation expense (annual vacation, which is not used within 3 years as stipulated by the company regulations) together with accrued expenses in the financial year 2015-2018, THB 1,261.53 million, because in the payment of compensation must be complied by the Company's regulation according to the time specified in the order of the company. The Company found that no prerogative was requested within the specified time, therefore there is no obligation to recognize in the financial statements.

5. 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.

6. 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
Current Liabilities			
Unearned transportation revenue	30,624.14	(2,159.46)	28,464.68
Shareholders' equity			
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
Current Liabilities			
Unearned transportation revenue	29,692.12	(2,159.46)	27,532.66
Shareholders' equity			
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 September 30, 2019

Unit : Million Baht

	As At September 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 September 30, 2019 based on the new Financial Reporting Standard
Current Liabilities					
Unearned transportation revenue	34,072.25	(2,159.46)	-	(2,025.35)	29,887.44
Shareholders' equity					
Unappropriated retained earnings	(49,028.83)	2,159.46	(46,869.37)	-	-
<u>Less</u> Transfer of legal reserve and premium on ordinary shares (Note 8.16)	-	-	26,373.61	-	-
Unappropriated retained earnings after debit the deficits	-	-	(20,495.76)	2,025.35	(18,470.41)

The Company's Financial Statements As at September 30, 2019

Unit : Million Baht

	As At September 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 September 30, 2019 based on the new Financial Reporting Standard
Current Liabilities					
Unearned transportation revenue	33,057.92	(2,159.46)	-	(1,746.15)	29,152.31
Shareholders' equity					
Unappropriated retained earnings	(41,639.28)	2,159.46	(39,479.82)	-	-
<u>Less</u> Transfer of legal reserve and premium on ordinary shares (Note 8.16)	-	-	26,373.61	-	-
Unappropriated retained earnings after debit the deficits	-	-	(13,106.21)	1,746.15	(11,360.06)

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

Unit : Million Baht

	For the three- month period ended September 30, 2019 based on the former Financial Reporting Standard	The effect on the adoption of the Financial Reporting Standard No.15	For the three- month period ended September 30, 2019 based on the new Financial Reporting Standard
Passenger and excess baggage revenue	34,586.48	752.35	35,338.83
Freight	4,080.72	37.73	4,118.45
Selling and advertising expenses	(2,484.32)	(159.65)	(2,643.97)
Profit (loss) for the period	(5,310.23)	630.43	(4,679.80)
Basic (loss) earnings per share	(2.43)	0.29	(2.14)

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

Unit : Million Baht

	For the three- month period ended September 30, 2019 based on the former Financial Reporting Standard	The effect on the adoption of the Financial Reporting Standard No.15	For the three- month period ended September 30, 2019 based on the new Financial Reporting Standard
Passenger and excess baggage revenue	32,966.04	758.39	33,724.43
Freight	4,080.72	37.73	4,118.45
Selling and advertising expenses	(2,265.80)	(198.12)	(2,463.92)
Profit (loss) for the period	(5,300.41)	598.00	(4,702.41)
Basic (loss) earnings per share	(2.42)	0.27	(2.15)

Consolidated Statements of Comprehensive income for the nine- month period ended September 30, 2019

Unit : Million Baht

	For the nine- month period ended September 30, 2019 based on the former Financial Reporting Standard	The effect on the adoption of the Financial Reporting Standard No.15	For the nine- month period ended September 30, 2019 based on the new Financial Reporting Standard
Passenger and excess baggage revenue	108,434.43	2,526.28	110,960.71
Freight	12,806.52	115.93	12,922.45
Selling and advertising expenses	(7,346.81)	(616.86)	(7,963.67)
Profit (loss) for the period	(13,126.96)	2,025.35	(11,101.61)
Basic (loss) earnings per share	(6.02)	0.93	(5.09)

The Company's Statements of Comprehensive income for the nine- month period ended September 30, 2019

Unit : Million Baht

	For the nine- month period ended September 30, 2019 based on the former Financial Reporting Standard	The effect on the adoption of the Financial Reporting Standard No.15	For the nine- month period ended September 30, 2019 based on the new Financial Reporting Standard
Passenger and excess baggage revenue	102,558.11	2,358.28	104,916.39
Freight	12,808.01	115.93	12,923.94
Selling and advertising expenses	(6,592.60)	(728.06)	(7,320.66)
Profit (loss) for the period	(13,106.21)	1,746.15	(11,360.06)
Basic (loss) earnings per share	(6.00)	0.80	(5.20)

7. CORPORATE TRANSFORMATION PLANS

In 2019, the Company continues to follow the Corporate Transformation Plan with the goal to achieve profitable business performance and to improve efficiency and service quality while maintaining persistently the international safety and service standards. The Plan comprises 5 strategies and following plans:

1. Aggressive Profit Strategy

Five implementation plans include

- 1.1 Financial Structure Management Project
 - 1.2 Ancillary & e-Commerce Revenue Boost Project
 - 1.3 OEM Catering Business Project
 - 1.4 Plan Buy Fly Sell Project
 - 1.5 THAI MRO Master Plan Project
2. Business/Assets Portfolio Strategy includes CAAT and AOT Cooperation Enhancement Project
 3. Customer Experiences Strategy includes Customer Centric Building & Integrated Service Ring Project
 4. Digital Technology Strategy includes Sales and Distribution Optimization - Web Sales Project
 5. Effective Human Capital Management Strategy includes Organization Structure Development Project

8. SUPPLEMENTARY INFORMATION

8.1 Cash and Cash Equivalents

	Consolidated		Unit : Million Baht	
	<u>Financial Statements</u>		<u>The Company's</u>	
	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>
Cash on hand - Domestic	16.43	14.54	13.94	12.03
Cash on hand - Abroad	13.36	28.55	12.66	28.55
Cash at banks - Domestic	6,808.28	6,727.22	5,842.12	5,561.25
Cash at banks - Abroad	<u>7,143.38</u>	<u>6,921.54</u>	<u>6,909.97</u>	<u>6,921.53</u>
Total	<u>13,981.45</u>	<u>13,691.85</u>	<u>12,778.69</u>	<u>12,523.36</u>

8.2 Trade Receivables

	Consolidated		Unit : Million Baht	
	<u>Financial Statements</u>		<u>The Company's</u>	
	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>
Aging Periods:				
Not over 6 months	10,654.07	10,017.29	10,117.97	9,333.51
Over 6 months to 1 year	378.15	340.47	160.05	340.47
Over 1 year to 2 years	313.57	193.37	313.57	188.35
Over 2 years	<u>928.97</u>	<u>1,063.83</u>	<u>899.44</u>	<u>1,034.25</u>
	12,274.76	11,614.96	11,491.03	10,896.58
<u>Less</u> Allowance for doubtful accounts	<u>(1,190.99)</u>	<u>(1,220.89)</u>	<u>(1,161.00)</u>	<u>(1,190.67)</u>
Trade receivables	<u>11,083.77</u>	<u>10,394.07</u>	<u>10,330.03</u>	<u>9,705.91</u>

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

8.3 Other Current Assets

	Consolidated		Unit : Million Baht	
	<u>Financial Statements</u>		<u>The Company's</u>	
	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>
Tax refund	1,309.72	1,436.69	1,306.15	1,436.69
Cash at banks of pension fund	4,086.26	3,970.42	4,086.26	3,970.42
Accrued income	724.76	1,139.30	1,511.07	2,061.75
Receivables from related parties	3,167.42	2,160.46	7,835.14	9,358.33
Others	<u>3,808.17</u>	<u>3,996.11</u>	<u>4,343.10</u>	<u>3,708.18</u>
Total	<u>13,096.33</u>	<u>12,702.98</u>	<u>19,081.72</u>	<u>20,535.37</u>

8.4 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	0.64	926.80
- Impairment	(135.55)	-	(135.55)
- Disposals	(777.70)	(0.64)	(778.34)
As at September 30, 2019	503.07	-	503.07

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 nine-month period ended September 30, 2019, non-performing assets was reclassified to non-current assets held for sale in the amount of THB 926.80 million consisted of four A330-300 in the amount of THB 926.16 million and other assets in the amount of THB 0.64 million.

Moreover, the Company recognized the impairment losses of two B747-400 and one A330-300 in the amount of THB 135.55 million .

The Company had transferred the title of four A330-300 in the amount of THB 777.70 million and sold out other assets in the amount of THB 0.64 million ,which made a grand total of THB 778.34 million.

As at September 30, 2019, non-current assets held for sale consisted of one A330-300 and two B747-400, totaling 3 aircraft in the amount of THB 503.07 million.

8.5 Investments

Consolidated Financial Statements

Unit : Million Baht

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
			Cost Method		Equity Method			
	Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Sep 30, 2018
8.5.1 Investments in associates recorded by equity method								
Royal Orchid Hotel (Thailand) Public Company Limited	-	24.00	-	225.00	-	265.54	-	13.52
<u>Less</u> Sale of total shares	<u>-</u>	<u>(24.00)</u>	<u>-</u>	<u>(225.00)</u>	<u>-</u>	<u>(265.54)</u>	<u>-</u>	<u>-</u>
Balance	-	-	-	-	-	-	-	13.52
(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	97.04	109.76	11.28	11.45
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at Sep 30, 2019 amount of THB 3,801.15 million and as at Dec 31, 2018 amount of THB 3,772.36 million)	22.59	22.59	115.19	115.19	1,235.97	1,250.82	182.40	209.47
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	229.16	269.16	11.00	16.29
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	309.42	283.42	25.99	46.32
Nok Airlines Public Company Limited and its subsidiaries (Fair value as at Sep 30, 2019 amount of THB 1,050.23 million and as at Dec 31, 2018 amount of THB 1,198.85 million)	15.94	21.80	735.59	735.59	<u>296.22</u>	<u>386.55</u>	<u>(90.32)</u>	<u>(511.52)</u>
Total investments recorded by equity method					<u>2,167.81</u>	<u>2,299.71</u>	<u>140.35</u>	<u>(214.47)</u>
8.5.2 Other long-term investments recorded by cost method								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934			-	-
Aeronautical Radio of Thailand Limited	1.36	1.36	8.98	8.95			-	-
SITA Investment Certificate	-	-	23.64	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	-	-	27.81	29.52			-	-
Other Shares	-	-	2.59	2.68			0.40	0.44
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>			<u>0.006</u>	<u>0.006</u>
Total other long-term investments			<u>65.78</u>	<u>69.00</u>			<u>0.95</u>	<u>0.95</u>

Unit : Million Baht

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Sep 30, 2018
8.5.1 Investments recorded by cost method						
Subsidiaries						
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	0.98
Thai Smile Airways Company Limited	100.00	100.00	<u>1,800.00</u>	<u>1,800.00</u>	<u>-</u>	<u>-</u>
Total			<u>1,810.21</u>	<u>1,810.21</u>	<u>58.34</u>	<u>38.10</u>
Associates						
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	197.26	181.42
(Fair value as at Sep 30, 2019 amount of THB 3,801.15 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 Sep 30, 2019 amount of THB 1,050.23 million and as at Dec 31, 2018 amount of THB 1,198.85 million)						
Total			<u>1,234.11</u>	<u>1,234.11</u>	<u>272.26</u>	<u>306.86</u>
			<u>3,044.32</u>	<u>3,044.32</u>	<u>330.60</u>	<u>344.96</u>

The Company's Financial Statements

Unit : Million Baht

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Sep 30, 2018
8.5.2 Other long-term investments recorded by cost method						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934	-	-
Aeronautical Radio of Thailand Limited	0.87	0.90	5.74	5.97	-	-
SITA Investment Certificate	-	-	23.64	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	-	-	27.81	29.52	-	-
Other Shares	-	-	2.59	2.68	0.40	0.44
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>	<u>0.0006</u>	<u>0.0006</u>
Total other long-term investments			62.54	66.02	0.95	0.95

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.

8.5.3 Financial Information Summary of Subsidiaries and Associated

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Subsidiary Companies</u>				
Thai-Amadeus Southeast Asia Company Limited	328.74	113.86	218.14	40.43
WingSpan Services Company Limited	482.79	393.18	910.24	(3.86)
Thai Flight Training Company Limited	84.91	8.62	45.78	11.84
Tour Eurng Luang Company Limited	12.00	6.58	2.11	0.81
Thai Smile Airways Company Limited	5,848.92	12,369.32	11,230.11	248.24

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Associated Companies</u>				
Donmuang International Airport Hotel Company Limited	341.85	95.15	296.07	28.19
Bangkok Aviation Fuel Services Public Company Limited	17,093.52	9,337.18	2,937.35	807.44
Phuket Air Catering Company Limited	799.75	39.58	264.25	24.55
Suvarnabhumi Airport Hotel Company Limited	1,424.96	386.93	928.14	122.18
Nok Airlines Public Company Limited and its subsidiaries	14,900.76	17,639.44	14,639.14	(2,242.86)

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.

8.6 Significant Transactions with Related Parties

8.6.1 Related Transactions with Major Shareholder

8.6.1.1 Short-term loans from related party

Unit : Million Baht

	Sep 30, 2019	Dec 31, 2018
Loans via domestic Financial Institutions	<u>4,000.00</u>	<u>1,000.00</u>
Total	<u>4,000.00</u>	<u>1,000.00</u>

8.6.1.2 Long-term loans from related party

Unit : Million Baht

	Sep 30, 2019	Dec 31, 2018
<u>Current maturities of long-term loans</u>		
Foreign loans via the Ministry of Finance	1,080.40	1,198.64
Loans via domestic Financial Institutions	<u>441.32</u>	<u>249.45</u>
Total	<u>1,521.72</u>	<u>1,448.09</u>
<u>Long-term loans</u>		
Foreign loans via the Ministry of Finance	10,793.68	13,173.54
Loans via domestic Financial Institutions	<u>2,068.33</u>	<u>2,464.46</u>
Total	<u>12,862.01</u>	<u>15,638.00</u>

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.

8.6.2 Related Transactions with Subsidiary Companies

8.6.2.1 Sales and Purchases

Unit : Million Baht

	Three-month period				Nine-month period			
	Jul – Sep 2019		Jul – Sep 2018		Jan – Sep 2019		Jan – Sep 2018	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Thai-Amadeus Southeast Asia Company Limited	2.93	-	0.28	1.68	8.96	-	1.33	1.68
WingSpan Services Company Limited	0.97	305.84	0.70	277.32	3.59	856.14	3.72	835.19
Thai Flight Training Company Limited	6.83	-	6.56	-	11.32	-	22.92	-
Tour Eurng Luang Company Limited	2.94	0.01	5.09	0.01	32.95	0.08	29.67	0.04
Thai Smile Airways Company Limited	2,364.19	2,010.36	2,484.74	735.13	7,173.81	5,376.15	7,107.96	3,481.65

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.

8.6.2.2 Accounts Receivable and Accounts Payable

	Unit : Million Baht			
	Sep 30, 2019		Dec 31, 2018	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	1.42	-	5.96	-
WingSpan Services Company Limited	281.59	428.21	284.08	582.61
Thai Flight Training Company Limited	0.77	-	4.09	-
Tour Eurng Luang Company Limited	(0.03)	-	7.06	-
Thai Smile Airways Company Limited	7,792.06	1,742.31	9,465.45	1,837.38

As at September 30, 2019, related accounts receivable and accounts payable of WingSpan Service Co., Ltd. included prepaid and accrued expenses in the amount of THB 280.47 million and THB 428.21 million, respectively.

Related accounts payable of Thai Smile Airways Co., Ltd. included accrued expenses in the amount of THB 991.50 million.

8.6.2.3 Aircraft Lease

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

8.6.3 Related Transactions with Associated Companies

8.6.3.1 Sales and Purchases

Unit : Million Baht

	Three-month period				Nine-month period			
	Jul – Sep 2019		Jul – Sep 2018		Jan – Sep 2019		Jan – Sep 2018	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Company Limited	-	-	-	-	-	-	-	0.33
Donmuang International Airport Hotel Company Limited	-	-	-	0.01	-	0.06	-	0.02
Bangkok Aviation Fuel Services Public Company Limited	-	88.62	-	87.09	-	267.00	-	300.48
Phuket Air Catering Company Limited	0.11	18.62	0.07	21.77	0.22	110.55	1.45	97.75
Suvarnabhumi Airport Hotel Company Limited	-	8.41	-	4.02	-	21.49	-	14.05
Nok Airlines Public Company Limited and its subsidiaries	37.74	0.04	38.30	0.91	146.41	1.16	153.67	2.94

8.6.3.2 Account Receivables and Account Payables

Unit : Million Baht

	Sep 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	0.003	-	0.04	2.34
Suvarnabhumi Airport Hotel Company Limited	-	-	-	1.62
Nok Airlines Public Company Limited and its subsidiaries	66.61	-	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.

8.7 Property, Plant and Equipment

Consolidated Financial Statements As at September 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
Cost										
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	396,259.37
- Additions	391.41	472.20	1,197.73	292.48	-	6.07	-	65.73	441.32	2,866.94
- Adjust/Transfers	92.88	(2.70)	(203.60)	(227.98)	-	-	-	(69.78)	(359.77)	(770.95)
- Disposals/ Write off	(507.27)	(551.51)	(597.53)	-	-	-	-	(11.85)	(20.20)	(1,688.36)
As at September 30, 2019	155,926.29	146,023.96	36,313.48	405.60	9,035.06	2,125.26	10,809.16	4,761.03	31,267.16	396,667.00
Accumulated depreciation and Allowance for impairment										
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	216,660.68
- Depreciation	5,235.67	5,526.54	980.61	-	-	9.45	171.25	58.55	548.59	12,530.66
- Adjust/Transfers	-	-	(61.54)	-	-	-	-	(69.38)	(482.27)	(613.19)
- Disposals/ Write off	(507.27)	(551.51)	(432.32)	-	-	-	-	(11.86)	(20.18)	(1,523.14)
- Allowance for impairment	-	-	43.24	-	-	-	-	-	-	43.24
As at September 30, 2019	114,731.36	45,481.00	24,738.40	-	-	2,095.88	6,880.83	4,611.13	28,559.65	227,098.25
Carrying amount										
As at December 31, 2018	45,946.31	105,600.00	11,708.47	341.10	9,035.06	32.76	4,099.58	143.11	2,692.30	179,598.69
As at September 30, 2019	41,194.93	100,542.96	11,575.08	405.60	9,035.06	29.38	3,928.33	149.90	2,707.51	169,568.75

**The Company's Financial Statements
As at September 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
Cost										
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	396,113.18
- Additions	391.41	472.20	1,197.73	288.14	-	6.07	-	54.11	439.81	2,849.47
- Adjust/Transfers	92.88	(2.70)	(203.60)	(216.27)	-	-	-	(69.78)	(359.77)	(759.24)
- Disposals/ Write off	(507.27)	(551.51)	(597.53)	-	-	-	-	(11.85)	(16.86)	(1,685.02)
As at September 30, 2019	155,926.29	146,023.96	36,313.48	399.95	9,035.06	2,125.26	10,809.16	4,719.43	31,165.80	396,518.39
Accumulated depreciation and Allowance for impairment										
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	216,554.68
- Depreciation	5,235.67	5,526.54	980.61	-	-	9.45	171.25	52.02	544.63	12,520.17
- Adjust/Transfers	-	-	(61.54)	-	-	-	-	(69.38)	(482.27)	(613.19)
- Disposals/ Write off	(507.27)	(551.51)	(432.32)	-	-	-	-	(11.86)	(16.84)	(1,519.80)
- Allowance for impairment	-	-	43.24	-	-	-	-	-	-	43.24
As at September 30, 2019	114,731.36	45,481.00	24,738.40	-	-	2,095.88	6,880.83	4,581.85	28,475.78	226,985.10
Carrying amount										
As at December 31, 2018	45,946.31	105,600.00	11,708.47	328.08	9,035.06	32.76	4,099.58	135.88	2,672.36	179,558.50
As at September 30, 2019	41,194.93	100,542.96	11,575.08	399.95	9,035.06	29.38	3,928.33	137.58	2,690.02	169,533.29

As at September 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 4,571.10 million and 32 aircraft under finance lease with carrying amount of THB 100,542.96 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 95,000.33 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.).

8.8 Intangible Assets

Unit : Million Baht

	Consolidated Financial Statements	The Company's Financial Statements
Cost		
As at January 1, 2019	3,537.94	3,498.15
- Additions	152.13	76.25
- Adjust/Transfers	(0.94)	(0.94)
- Disposals/ Write off	(0.27)	(0.27)
As at September 30, 2019	3,688.86	3,573.19
Accumulated amortization		
As at January 1, 2019	3,301.59	3,269.34
- Amortization	85.54	77.02
- Adjust/Transfers	(0.94)	(0.94)
- Disposals/ Write off	(0.27)	(0.27)
As at September 30, 2019	3,385.92	3,345.15
Carrying amount		
As at December 31, 2018	236.35	228.81
As at September 30, 2019	302.94	228.04

8.9 Deferred Income Tax and Income Tax

8.9.1 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:

	Consolidated Financial Statements		Unit : Million Baht The Company's Financial Statements	
	Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Dec 31, 2018
Deferred Tax Assets	<u>10,378.32</u>	<u>10,650.72</u>	<u>10,359.28</u>	<u>10,632.99</u>
Deferred Tax Liabilities	<u>1,808.82</u>	<u>1,703.58</u>	<u>1,808.82</u>	<u>1,703.58</u>

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

	Unit : Million Baht Consolidated Financial Statements				
	Balance as at January 1, 2019	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at September 30, 2019	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	38.88	(0.48)	-	38.40	-
Contribution to staff pension fund	167.44	7.33	-	174.77	-
Allowance for obsolete inventories	894.15	21.96	-	916.11	-
Allowance for doubtful accounts	297.39	(13.09)	-	284.30	-
Allowance for impairment of assets	2,679.36	(412.82)	-	2,266.54	-
Estimated accrual expenses	155.48	(34.52)	-	120.96	-
Intangible assets	6.16	(6.16)	-	-	-
Provisions for employee benefit obligations	1,942.46	296.62	-	2,239.08	-
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>
	<u>10,650.72</u>	<u>(141.16)</u>	<u>(131.24)</u>	<u>10,378.32</u>	<u>-</u>
Intangible assets	29.40	(9.64)	-	-	19.76
Effective portion of changes in fair value of cash flow hedges	-	-	114.88	-	114.88
Revaluation surplus	<u>1,674.18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,674.18</u>
Total	<u>1,703.58</u>	<u>(9.64)</u>	<u>114.88</u>	<u>-</u>	<u>1,808.82</u>

	Consolidated Financial Statements				
	Balance as at January 1, 2018	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at September 30, 2018	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	41.95	(0.26)	-	41.69	-
Contribution to staff pension fund	173.20	23.89	-	197.09	-
Allowance for obsolete inventories	817.02	63.94	-	880.96	-
Allowance for doubtful accounts	268.23	30.21	-	298.44	-
Allowance for impairment of assets	4,607.25	563.66	-	5,170.91	-
Estimated accrual expenses	2,047.84	657.70	-	2,705.54	-
Intangible assets	7.70	(1.55)	-	6.15	-
Provisions for employee benefit obligations	2,518.88	137.83	-	2,656.71	-
Effective portion of changes in fair value of cash flow hedges	195.45	-	(110.24)	85.21	-
Others	<u>1.71</u>	<u>0.39</u>	<u>-</u>	<u>2.10</u>	<u>-</u>
	<u>10,679.23</u>	<u>1,475.81</u>	<u>(110.24)</u>	<u>12,044.80</u>	<u>-</u>
Intangible assets	74.30	(35.23)	-	-	39.07
Revaluation surplus	<u>1,717.05</u>	<u>(42.87)</u>	<u>-</u>	<u>-</u>	<u>1,674.18</u>
Total	<u>1,791.35</u>	<u>(78.10)</u>	<u>-</u>	<u>-</u>	<u>1,713.25</u>

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 September 30, 2019	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	38.88	(0.48)	-	38.40	-
Contribution to staff pension fund	167.44	7.33	-	174.77	-
Allowance for obsolete inventories	894.15	21.96	-	916.11	-
Allowance for doubtful accounts	293.12	(13.09)	-	280.03	-
Allowance for impairment of assets	2,679.36	(412.82)	-	2,266.54	-
Estimated accrual expenses	149.64	(34.52)	-	115.12	-
Intangible assets	6.16	(6.16)	-	-	-
Provisions for employee benefit obligations	1,936.94	295.31	-	2,232.25	-
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>
	<u>10,632.99</u>	<u>(142.47)</u>	<u>(131.24)</u>	<u>10,359.28</u>	<u>-</u>
Intangible assets	29.40	(9.64)	-	-	19.76
Effective portion of changes in fair value of cash flow hedges	-	-	114.88	-	114.88
Revaluation surplus	<u>1,674.18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,674.18</u>
Total	<u>1,703.58</u>	<u>(9.64)</u>	<u>114.88</u>	<u>-</u>	<u>1,808.82</u>

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Unit : Million Baht

	The Company's Financial Statements
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	Balance as at January 1, 2018	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at September 30, 2018	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	41.95	(0.26)	-	41.69	-
Contribution to staff pension fund	173.20	23.89	-	197.09	-
Allowance for obsolete inventories	817.02	63.94	-	880.96	-
Allowance for doubtful accounts	264.01	30.16	-	294.17	-
Allowance for impairment of assets	4,607.25	563.66	-	5,170.91	-
Estimated accrual expenses	2,042.00	657.71	-	2,699.71	-
Intangible assets	7.70	(1.55)	-	6.15	-
Provisions for employee benefit Obligations	2,514.67	136.84	-	2,651.51	-
Effective portion of changes in fair value of cash flow hedges	<u>195.45</u>	<u>-</u>	<u>(110.24)</u>	<u>85.21</u>	<u>-</u>
	<u>10,663.25</u>	<u>1,474.39</u>	<u>(110.24)</u>	<u>12,027.40</u>	<u>-</u>
Intangible assets	74.30	(35.23)	-	-	39.07
Revaluation surplus	<u>1,717.05</u>	<u>(42.87)</u>	<u>-</u>	<u>-</u>	<u>1,674.18</u>
Total	<u>1,791.35</u>	<u>(78.10)</u>	<u>-</u>	<u>-</u>	<u>1,713.25</u>

8.9.2 Income Tax Expense (Revenue) for the three and nine - month periods ended September 30, 2019 consisted of :

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2019	Jul-Sep, 2018	Jan-Sep, 2019	Jan-Sep, 2018
Income tax expense (revenue) from taxable profit for the period	3.20	10.71	13.76	34.87
Add (less): deferred tax assets/liabilities from temporary differences increase/decrease	<u>(116.66)</u>	<u>(330.14)</u>	<u>131.52</u>	<u>(1,553.91)</u>
Total	<u>(113.46)</u>	<u>(319.43)</u>	<u>145.28</u>	<u>(1,519.04)</u>

Unit : Million Baht

	The Company's Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2019	Jul-Sep, 2018	Jan-Sep, 2019	Jan-Sep, 2018
Income tax expense (revenue) from taxable profit for the period	-	2.69	-	7.80
Add (less): deferred tax assets/liabilities from temporary differences increase/decrease	<u>(116.55)</u>	<u>(329.81)</u>	<u>132.83</u>	<u>(1,552.49)</u>
Total	<u>(116.55)</u>	<u>(327.12)</u>	<u>132.83</u>	<u>(1,544.69)</u>

8.10 Other Non-Current Assets

Unit : Million Baht

Consolidated
Financial Statements

The Company's
Financial Statements

	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>
Deferred charges	1,957.32	2,230.00	1,876.39	2,141.11
Deferred buyer furnished equipment for aircraft under operating lease	4,134.90	4,539.04	4,134.90	4,539.04
Maintenance reserve	14,703.00	13,538.58	14,691.54	13,552.03
Non-performing assets	3,699.81	4,891.45	3,699.81	4,891.45
Others	<u>1,200.78</u>	<u>1,119.63</u>	<u>1,139.13</u>	<u>1,061.57</u>
Total	<u>25,695.81</u>	<u>26,318.70</u>	<u>25,541.77</u>	<u>26,185.20</u>

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 September 30, 2019 totaling amount of THB 3,699.81 million has the movement in the period as follows:

Unit : Million Baht					
	Aircraft	Engines	Land Revalued in year 2015	Other assets	Total
As at January 1, 2019	4,088.19	498.63	242.83	61.80	4,891.45
- Additions	-	-	-	1.27	1.27
- Impairment	(207.46)	(58.65)	-	-	(266.11)
- Adjust/ transfer	<u>(926.16)</u>	<u>-</u>	<u>-</u>	<u>(0.64)</u>	<u>(926.80)</u>
As at September 30, 2019	<u>2,954.57</u>	<u>439.98</u>	<u>242.83</u>	<u>62.43</u>	<u>3,699.81</u>

As at September 30, 2019, total non-performing assets in amount of THB 3,699.81 million consisted of 14 aircraft in amount of THB 2,954.57 million (one A300-600, three A340-500, six A340-600 and four B737-400), spare engines in amount of THB 439.98 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 62.43 million which mostly were spare parts of decommissioned aircraft.

8.11 Liquidity Management

The Company has acquired both short-term and long-term loans to be used for operation for the nine-month period ending on September 30, 2019 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, THB 5,000 million in the second quarter, and THB 4,000 million for the third quarter, totaling at THB 18,000 million. 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 and long-term loan of THB 3,000 million from local financial institutions to pay back other matured debentures the Company's loans and loans with higher costs, to invest in assets, and partially to be used as the Company's cash flow.

From the special Board meeting 11/2019 on September 10, 2019, it was approved that loan acquirement be increased according to the budget plan for the year 2019 from THB 17,000 million to THB 25,000 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 from local financial institution in the amount of THB2,000 million in October 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 10,000 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.

8.12 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>Sep 30, 2019</u>	<u>Dec 31, 2018</u>
Cash at banks	4,086.26	3,970.42
Others	<u>13.91</u>	<u>24.26</u>
Total	<u>4,100.17</u>	<u>3,994.68</u>
Other current liabilities	195.35	169.69
Pension fund	<u>3,904.82</u>	<u>3,824.99</u>
Total	<u>4,100.17</u>	<u>3,994.68</u>

As at September 30, 2019, the fund balance was THB 3,904.82 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 92.88 million, which came from the Company's contributions to the fund in the amount of THB 114.95 million deducted by the surplus of available fund against its obligation in the amount of THB 22.07 million.)

8.13 Employee Benefits Obligation

Changes in present value of employee benefit obligations

	Consolidated		Unit : Million Baht	
	Financial Statements		The Company's	
	Sep 30, 2019	Dec 31, 2018	Sep 30, 2019	Dec 31, 2018
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	400.08	556.06	371.02	496.38
Interest cost	284.20	397.68	282.79	396.24
Past service cost	2,696.00	-	2,689.13	-
Benefits paid	(1.14)	(372.98)	-	(372.98)
Actuarial losses	-	267.15	-	267.15
Ending Balance - Employee benefit obligations	<u>16,954.56</u>	<u>13,575.42</u>	<u>16,836.20</u>	<u>13,493.26</u>

Principal actuarial assumptions :

	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>
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.

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

Unit : Million Baht	
Changes in present value of employee benefits obligation	
<u>Increase in</u>	<u>Decrease in</u>

	<u>assumption 1%</u>	<u>assumption 1%</u>
Discount rate	(1,061.69)	1,302.91
Average salary increase rates	820.50	(718.36)
Medical cost inflation	611.24	(464.67)

State Enterprise Labor Relations Committee announcement regarding minimum standards of employment conditions in a state enterprise (No.4) announced in the Royal Thai Government Gazette on September 26, 2019. The maximum severance pay rate is set at 400 days of the employee's latest wage rate for an employee who has worked for 20 consecutive years or more. The employee is entitled to receive compensation of not less than 400 days at the employee's last wage rate and effective on September 30, 2019. This change is considered a post-employment benefits plan amendment, and results in an increase of THB 2,689 million in employee benefits. The Company has recorded the effect by recognizing as expenses in the statement of comprehensive income.

On 5 April 2019, the Labour Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law has been effective from 5 May 2019. The subsidiary has reflected the effect of the change by recognizing past service costs as

8.14 Long-Term Provision

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>The Company's</u>	
	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Sep 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>1,015.97</u>	<u>4,398.01</u>	<u>799.23</u>	<u>3,774.94</u>
Long-term provision at the ending balance	<u>15,724.06</u>	<u>14,708.09</u>	<u>13,893.16</u>	<u>13,093.93</u>

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

8.14.1 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.

8.14.2 The Company recognized long term provision for future repair and maintenance cost of aircraft as at September 30, 2019 in the amount of THB 13,892.91 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 6,399.88 million, engine restoration costs of THB 7,327.53 million (engines under operating leases of THB 3,932.13 million and under finance leases of THB 3,395.40 million) and return conditions cost of THB 165.50 million.

8.15 Share Capital

As at September 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.

8.16 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	-

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8.17 Other Income - Others

	Unit : Million Baht			
	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2019	Jul-Sep, 2018	Jan-Sep, 2019	Jan-Sep, 2018
Gains on sale of assets	-	49.23	-	680.84
Dividends from subsidiary, associated and other companies	-	0.01	0.95	0.95
Revenue from other services of Aircraft Maintenance Department	126.22	134.64	424.46	425.92

Compensation revenue from the delay delivery of aircraft	-	-	-	133.24
Other fine revenue	57.36	119.99	110.38	337.56
Revenue from Royal Orchid Lounge service	22.96	28.01	71.03	86.23
Revenue from management services at Suvarnabhumi Airport	16.25	15.89	59.55	52.14
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	15.56	22.38	69.76	88.75
Revenue from in- flight Internet service	12.09	3.61	19.14	13.72
Revenue from sale of investment	-	2.13	-	656.96
Insurance compensation from asset and personal claim	7.32	-	48.67	-
Revenue from airport fees is collected from passengers	1,976.56	-	1,976.56	-
Others	<u>138.89</u>	<u>89.05</u>	<u>378.56</u>	<u>527.22</u>
Total	<u>2,373.21</u>	<u>464.94</u>	<u>3,159.06</u>	<u>3,003.53</u>

Unit : Million Baht

	The Company's Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2019	Jul-Sep, 2018	Jan-Sep, 2019	Jan-Sep, 2018
Gains on sale of assets	-	49.21	-	680.82
Dividends from subsidiary, associated and other companies	33.12	34.11	331.54	345.91
Revenue from other services of Aircraft Maintenance Department	126.22	134.64	424.46	425.92
Compensation revenue from the delay delivery of aircraft	-	-	-	133.24
Other fine revenue	57.36	119.99	110.38	337.56
Revenue from Royal Orchid Lounge service	22.96	28.01	71.03	86.23
Revenue from service to Thai Smile Airways	14.26	12.88	44.45	39.21
Revenue from management services at Suvarnabhumi Airport	16.25	15.89	59.55	52.14
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	15.56	22.38	69.76	88.75
Revenue from in- flight Internet service	12.09	3.61	19.14	13.72
Revenue from sale of investment	-	-	-	697.50
Insurance compensation from asset and personal claim	7.32	-	48.67	-
Revenue from airport fees is collected from passengers	1,976.56	-	1,976.56	-
Others	<u>132.60</u>	<u>80.05</u>	<u>354.54</u>	<u>525.54</u>
Total	<u>2,414.30</u>	<u>500.77</u>	<u>3,510.08</u>	<u>3,426.54</u>

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During this accounting period, the company adjusted airport fees liabilities to be recognized as other income in the amount of THB 1,976.56 million, which is not a significant matter in the previous period as clarified in Note 4.1 to the financial statements

8.18 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements	
	Three-month Period	Nine-month Period

	Jul-Sep, 2019	Jul-Sep, 2018	Jan-Sep, 2019	Jan-Sep, 2018
Personnel expenses	5,953.93	7,254.80	20,287.39	21,749.03
Employee benefits	2,915.25	235.09	3,379.14	738.32
Executive remuneration	17.73	18.57	54.87	50.77
Board of Directors remuneration	<u>4.09</u>	<u>4.64</u>	<u>13.33</u>	<u>14.00</u>
Total	<u>8,891.00</u>	<u>7,513.10</u>	<u>23,734.73</u>	<u>22,552.12</u>

Unit : Million Baht

	The Company's Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2019	Jul-Sep, 2018	Jan-Sep, 2019	Jan-Sep, 2018
Personnel expenses	5,768.41	7,065.07	19,732.84	21,266.48
Employee benefits	2,907.07	228.07	3,342.94	684.22
Executive remuneration	16.45	16.99	49.96	45.71
Board of Directors remuneration	<u>3.43</u>	<u>3.97</u>	<u>11.16</u>	<u>11.51</u>
Total	<u>8,695.36</u>	<u>7,314.10</u>	<u>23,136.90</u>	<u>22,007.92</u>

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.

In this accounting period, the Company adjusted vacation compensation expense recognized as employee benefits in the previous financial statements in the amount of THB 1,261.53 million, which was not critical error as described in Note 4.2 to the financial statements.

According to the announcement of the State Enterprise Labor Relations Committee regarding the Minimum standard of employment conditions in state enterprises (No. 4), the Company recorded, employee benefits for the three-month and nine-month periods ended 30 September 2019 and past service costs, in the amount of THB 2,689.13 million as explained in Note 8.13 to the financial statements.

8.19 Impairment Loss of Aircraft

Unit : Million Baht

	September 30, 2019		September 30, 2018	
	Number	Amount	Number	Amount
Aircraft	15	343.01	19	2,694.10
Spare Engines	<u>6</u>	<u>58.65</u>	<u>10</u>	<u>85.95</u>
Total	<u>21</u>	<u>401.66</u>	<u>29</u>	<u>2,780.05</u>

The impairment losses of aircraft and spare engines presented in the statements of comprehensive income for the nine month period ended September 30, 2019 in the amount of THB 401.66 million, which consist of one A300-600, four A330-300, three A340-500, two A340-600, three B737-400 and two B747-400, totaling 15 aircraft in an aggregate of THB 343.01 million as well as one PW4158, one TRENT553, two TRENT556, two CFM56-3C1, totaling 6 spare engines amounting to THB 58.65 million.

8.20 Other Expenses

	Unit : Million Baht			
	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2019	Jul-Sep, 2018	Jan-Sep, 2019	Jan-Sep, 2018
Rentals and utilities	658.34	648.78	1,896.33	1,824.90
Office supplies	41.37	45.10	89.38	120.32
Repair of building and equipment	151.37	181.71	441.66	487.49
Outsource services	549.05	530.79	1,609.06	1,495.40
Consultant and service fees	143.10	108.20	446.78	406.22
Legal fee for Antitrust/ Competition Law	0.16	16.21	3.64	28.72
Computer service expenses	157.96	188.05	472.49	525.14
Rental of communication devices and office equipment	59.28	59.48	172.45	168.16
Travelling and transportation expenses	158.26	152.59	425.97	414.64
Concession fees	93.05	98.50	314.16	319.69
Passenger claim expenses	70.79	72.74	263.54	245.18
Obsolete inventories and supplies expenses	52.30	109.03	112.43	337.51
Service cargo expenses	46.86	45.11	157.15	162.30
Joint venture expenses in Star Alliance	11.23	3.54	42.69	36.25
Company business and municipal taxes	37.45	52.55	195.52	173.48
Bad debts and provision for bad debts	(64.66)	75.12	(23.81)	173.82
Service fee for IT Hosting system	17.89	16.89	68.86	52.57
Fine and interest expenses	55.35	12.66	106.94	32.63
Fund of Empowerment of person with disabilities	3.88	6.51	19.03	19.39
Ground, Sea and Air transportation expenses	26.86	25.91	97.44	96.59
Loss (Gain) on sale of assets and aircraft	(2.34)	-	66.73	-
Others	137.96	82.52	550.78	343.73
Total	<u>2,405.51</u>	<u>2,531.99</u>	<u>7,529.22</u>	<u>7,464.13</u>

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	Unit : Million Baht			
	The Company's Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2019	Jul-Sep, 2018	Jan-Sep, 2019	Jan-Sep, 2018
Rentals and utilities	658.34	648.78	1,896.33	1,824.90
Office supplies	41.37	45.10	89.38	120.32
Repair of building and equipment	151.37	181.71	441.66	487.49
Outsource services	549.05	530.79	1,609.06	1,495.40
Consultant and service fees	143.10	108.20	446.78	406.22

Legal fee for Antitrust/ Competition Law	0.16	16.21	3.64	28.72
Computer service expenses	157.96	188.05	472.49	525.14
Rental of communication devices and office equipment	59.28	59.48	172.45	168.16
Travelling and transportation expenses	158.26	152.59	425.97	414.64
Concession fees	93.05	98.50	314.16	319.69
Passenger claim expenses	70.79	72.74	263.54	245.18
Obsolete inventories and supplies expenses	52.30	109.03	112.43	337.51
Service cargo expenses	46.86	45.11	157.15	162.30
Joint venture expenses in Star Alliance	11.23	3.54	42.69	36.25
Company business and municipal taxes	37.45	52.55	195.52	173.48
Bad debts and provision for bad debts	(64.71)	75.12	(23.58)	173.61
Service fee for IT Hosting system	17.89	16.89	68.86	52.57
Fine and interest expenses	55.35	12.66	106.94	32.63
Fund of Empowerment of person with disabilities	3.88	6.51	19.03	19.39
Ground, Sea and Air transportation expenses	26.86	25.91	97.44	96.59
Loss (Gain) on sale of assets and aircraft	(2.34)	-	66.73	-
Others	<u>58.62</u>	<u>(17.87)</u>	<u>166.93</u>	<u>49.20</u>
Total	<u>2,326.12</u>	<u>2,431.60</u>	<u>7,145.60</u>	<u>7,169.39</u>

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8.21 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 September 30, 2019

<u>Profit (loss)</u>	<u>Number of Shares</u>	<u>Earnings (loss) per Share</u>
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	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (loss) per Share						
Loss attributable to owners of the parent	(4,681.50)	(3,700.60)	2,182.77	2,182.77	(2.14)	(1.70)

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

	<u>Profit (loss)</u>		<u>Number of Shares</u>		<u>Earnings (loss) per Share</u>	
	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (loss) per Share						
Loss attributable to owners of the parent	(4,702.41)	(2,620.07)	2,182.77	2,182.77	(2.15)	(1.20)

Consolidated Financial Statements
For the nine-month period ended September 30, 2019

	<u>Profit (loss)</u>		<u>Number of Shares</u>		<u>Earnings (loss) per Share</u>	
	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (loss) per Share						
Loss attributable to owners of the parent	(11,119.87)	(4,082.23)	2,182.77	2,182.77	(5.09)	(1.87)

The Company's Financial Statements
For the nine-month period ended September 30, 2019

	<u>Profit (loss)</u>		<u>Number of Shares</u>		<u>Earnings (loss) per Share</u>	
	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (loss) per Share						
Loss attributable to owners of the parent	(11,360.06)	(1,236.33)	2,182.77	2,182.77	(5.20)	(0.57)

8.22 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.

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8.22.1 Financial Information by Segment Consolidated financial statements

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

	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>
External Revenue	39,586.69	44,192.11	2,584.80	2,587.82	471.19	708.03	42,642.68	47,487.96
Inter - segment revenue (expenses)	(3,641.59)	(3,585.48)	2,449.20	2,470.48	1,192.39	1,115.00	-	-

Unit : Million Baht

Interest income	44.05	38.13	-	-	3.15	1.37	47.20	39.50
Gain (loss) on foreign currency exchange	975.64	299.23	-	-	(56.23)	0.13	919.41	299.36
Other income	<u>2,319.39</u>	<u>422.64</u>	<u>30.66</u>	<u>44.76</u>	<u>23.16</u>	<u>(2.46)</u>	<u>2,373.21</u>	<u>464.94</u>
Total Revenue	<u>39,284.18</u>	<u>41,366.63</u>	<u>5,064.66</u>	<u>5,103.06</u>	<u>1,633.66</u>	<u>1,822.07</u>	<u>45,982.50</u>	<u>48,291.76</u>
Fuel expense	(12,349.21)	(14,446.38)	-	-	(934.72)	(944.23)	(13,283.93)	(15,390.61)
Employee benefits expenses	(5,473.97)	(4,294.28)	(1,793.77)	(1,770.62)	(1,623.26)	(1,448.20)	(8,891.00)	(7,513.10)
Flight service expenses	(4,966.11)	(5,331.75)	(10.19)	(10.80)	(341.23)	(344.30)	(5,317.53)	(5,686.85)
Depreciation and amortization expenses	(3,865.65)	(3,690.29)	(95.82)	(95.45)	(227.45)	(230.79)	(4,188.92)	(4,016.53)
Impairment loss of assets and aircraft	(181.44)	(370.67)	-	-	-	-	(181.44)	(370.67)
Other expenses	(14,080.99)	(14,822.78)	(1,837.15)	(1,865.42)	(1,782.63)	(1,365.19)	(17,701.77)	(18,053.39)
Finance costs	(1,114.62)	(1,114.78)	-	-	-	-	(1,114.62)	(1,114.78)
Share of loss on investment in associates	<u>(96.55)</u>	<u>(151.71)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96.55)</u>	<u>(151.71)</u>
Total Expenses	<u>(42,128.54)</u>	<u>(44,222.64)</u>	<u>(3,736.93)</u>	<u>(3,742.29)</u>	<u>(4,910.29)</u>	<u>(4,332.71)</u>	<u>(50,775.76)</u>	<u>(52,297.64)</u>
Profit (loss) before Income Tax Expense	<u>(2,884.36)</u>	<u>(2,856.01)</u>	<u>1,327.73</u>	<u>1,360.77</u>	<u>(3,276.63)</u>	<u>(2,510.64)</u>	<u>(4,793.26)</u>	<u>(4,005.88)</u>
Income tax revenue (expense)	<u>116.55</u>	<u>327.13</u>	<u>-</u>	<u>-</u>	<u>(3.09)</u>	<u>(7.70)</u>	<u>113.46</u>	<u>319.43</u>
Gain (loss) by segments	<u>(2,727.81)</u>	<u>(2,528.88)</u>	<u>1,327.73</u>	<u>1,360.77</u>	<u>(3,279.72)</u>	<u>(2,518.34)</u>	<u>(4,679.80)</u>	<u>(3,686.45)</u>

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Statements of Profit or Loss For the nine - month period ended September 30, 2019

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>	<u>Sep 30, 2019</u>	<u>Sep 30, 2018</u>
External Revenue	124,271.03	135,925.52	8,191.88	8,016.58	1,693.69	1,713.04	134,156.60	145,655.14
Inter - segment revenue (expenses)	(10,978.32)	(10,774.39)	7,187.46	7,490.56	3,790.86	3,283.83	-	-
Interest income	130.83	126.94	-	-	5.30	5.21	136.13	132.15
Gain (loss) on foreign currency exchange	2,913.84	435.35	-	-	(106.26)	16.03	2,807.58	451.38
Other income	<u>3,300.11</u>	<u>2,942.53</u>	<u>65.22</u>	<u>92.60</u>	<u>66.91</u>	<u>(31.60)</u>	<u>3,432.24</u>	<u>3,003.53</u>
Total Revenue	<u>119,637.49</u>	<u>128,655.95</u>	<u>15,444.56</u>	<u>15,599.74</u>	<u>5,450.50</u>	<u>4,986.51</u>	<u>140,532.55</u>	<u>149,242.20</u>

Fuel expense	(38,292.73)	(40,795.62)	-	-	(2,899.72)	(2,780.93)	(41,192.45)	(43,576.55)
Employee benefits expenses	(13,503.61)	(12,797.65)	(5,483.01)	(5,468.15)	(4,748.10)	(4,286.32)	(23,734.72)	(22,552.12)
Flight service expenses	(14,585.00)	(15,585.88)	(31.64)	(33.62)	(1,163.62)	(1,003.75)	(15,780.26)	(16,623.25)
Depreciation and amortization expenses	(11,641.79)	(10,948.74)	(293.04)	(282.87)	(681.37)	(697.38)	(12,616.20)	(11,928.99)
Impairment loss of assets and aircraft	(566.28)	(3,099.72)	-	-	-	-	(566.28)	(3,099.72)
Other expenses	(43,049.22)	(43,739.13)	(5,577.40)	(5,570.05)	(5,506.04)	(4,077.71)	(54,132.66)	(53,386.89)
Finance costs	(3,310.07)	(3,415.01)	-	-	-	-	(3,310.07)	(3,415.01)
Share of loss on investment in associates	<u>(156.24)</u>	<u>(214.47)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(156.24)</u>	<u>(214.47)</u>
Total Expenses	<u>(125,104.94)</u>	<u>(130,596.22)</u>	<u>(11,385.09)</u>	<u>(11,354.69)</u>	<u>(14,998.85)</u>	<u>(12,846.09)</u>	<u>(151,488.88)</u>	<u>(154,797.00)</u>
Profit (loss) before Income Tax Expense	(5,467.45)	(1,940.27)	4,059.47	4,245.05	(9,548.35)	(7,859.58)	(10,956.33)	(5,554.80)
Income tax revenue (expense)	<u>(132.83)</u>	<u>1,544.69</u>	<u>-</u>	<u>-</u>	<u>(12.45)</u>	<u>(25.66)</u>	<u>(145.28)</u>	<u>1,519.03</u>
Gain (loss) by segments	<u>(5,600.28)</u>	<u>(395.58)</u>	<u>4,059.47</u>	<u>4,245.05</u>	<u>(9,560.80)</u>	<u>(7,885.24)</u>	<u>(11,101.61)</u>	<u>(4,035.77)</u>

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

	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		Unit : Million Baht <u>Total</u>	
	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>	<u>Sep 30, 2019</u>	<u>Dec 31, 2018</u>
Current assets	39,099.67	37,573.83	645.14	715.55	4,970.60	5,318.76	44,715.41	43,608.14
Investments in associates and other long-term investment	2,229.33	2,364.71	-	-	4.25	4.01	2,233.58	2,368.72
Property, plant and equipment	161,788.07	171,791.37	5,293.28	5,225.78	2,487.40	2,581.53	169,568.75	179,598.68
Other non-current assets	34,552.78	35,816.83	0.07	0.01	1,824.21	1,388.94	36,377.06	37,205.78
Non-allocated assets	-	-	-	-	-	-	<u>5,299.48</u>	<u>5,939.88</u>
Total assets							<u>258,194.28</u>	<u>268,721.20</u>
Current liabilities	77,902.05	75,829.13	480.34	499.29	10,042.78	11,316.10	88,425.17	87,644.52
Non-current liabilities	152,810.16	157,210.15	-	-	3,121.96	2,146.28	155,932.12	159,356.43
Non-allocated liabilities	-	-	-	-	-	-	<u>1,362.22</u>	<u>1,263.91</u>
Total Liabilities							<u>245,719.51</u>	<u>248,264.86</u>

8.22.2 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	
<u>For the three-month period</u>												
Jul-Sep 2019	2,393.30	2,584.80	471.19	21,247.97	12,219.36	3,483.72	242.34	47.20	919.41	2,373.21	-	45,982.50
Jul-Sep 2018	3,583.30	2,587.82	708.03	22,852.80	13,468.97	4,161.54	125.50	39.50	299.36	464.94	-	48,291.76
<u>For the nine-month period</u>												
Jan-Sep 2019	8,272.23	8,191.88	1,693.69	67,792.99	37,550.92	10,298.82	356.07	136.13	2,807.58	3,159.06	273.18	140,532.55
Jan-Sep 2018	11,381.15	8,016.58	1,713.04	71,437.24	40,091.93	12,397.97	617.23	132.15	451.38	3,003.53	-	149,242.20

8.23 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 917.03 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.

8.24 Contingent Liabilities

8.24.1 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 18.86 million and THB 622.19 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 12 labor cases in domestic and abroad with an approximate amount of THB 61.73 million and has been filed the complaints in domestic and abroad with an approximate amount of THB 428.20 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.

8.24.2 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.

8.24.3 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. 3-08 / 2009 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.

8.25 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 September 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.

8.26 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 September 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 September 30, 2019 is equivalent to THB 29,021.08 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.

8.27 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 nine - month period ended September 30, 2019, the Company's hedge portion account to 56 percent of its annual fuel consumption and the Company still has an obligation from fuel price hedging until December 31, 2020 in portion account to 42 percent of total fuel consumption.

8.28 Cash Flow Hedge

For the three and nine- month periods ended September 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 21.84 million and THB 33.41 million, respectively.

8.29 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 September 30, 2019	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	43,297.20	-	43,297.20
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	503.99	-	503.99
Fuel price swap agreements	-	-	-	-
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	40,571.97	-	40,571.97
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	513.11	-	513.11
Fuel price swap agreements	-	1,053.01	-	1,053.01

Unit : Million Baht				
Consolidated Financial Statement				
As at December 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
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	-	-	-	-
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	46,559.44	-	46,599.44
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 September 30, 2019	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	43,297.20	-	43,297.20
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	503.99	-	503.99
Fuel price swap agreements	-	-	-	-
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	40,571.97	-	40,571.97
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	513.11	-	513.11
Fuel price swap agreements	-	973.97	-	973.97

Unit : Million Baht				
The Company's Financial Statement				
As at December 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
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	-	-	-	-
Financial liabilities measured at fair value				
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.

8.30 Contractual Obligations

Leases and Obligations of Aircraft

As at September 30, 2019, the Company has obligations from entering into operating leases for 42 aircraft amount of USD 3,723.57 million or approximately to THB 114,559.64 million consisting of fifteen A320-200, eight A350-900, eleven B777-300ER, six B787-8, and two B787-9 aircraft. As at September 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 2020 – 2030.

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

Unit : Million Baht			
Obligation	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	13,529.85	58,310.45	42,719.34

8.31 Events after the Reporting Period

8.31.1 The Company has taken out a long-term loan from The Local Financial Institution in the amount of THB 2,000 million according to Board resolution at the special Board Meeting No.11/2019 held on September 10,2019. This loan has been received on October 8,2019.

8.31.2 The Company will issue and offer the Debenture No. 2/2019 worth THB 10,000 million to major investors and financial institutions by Private Placement/PP in November 2019.

8.32 Approval of Financial Statements

These financial statements were approved by the Board of Directors of the Company on November 14, 2019.
