

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

TO: THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has reviewed the accompanying consolidated and separate statements of financial position as at September 30, 2013, the related consolidated and separate statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the nine-month periods ended September 30, 2013 and condensed notes to interim financial statements of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of the Review

The Office of the Auditor General of Thailand conducted the review in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable the Office of the Auditor General of Thailand to obtain assurance that the Office of the Auditor General of Thailand would become aware of all significant matters that might be identified in an audit. Accordingly, the Office of the Auditor General of Thailand does not express an audit opinion.

Conclusion

Based on the review, nothing has come to the attention that causes the Office of the Auditor General of Thailand to believe that the interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

(Signed)

Poungchomnad Jariyajinda
(Poungchomnad Jariyajinda)
Inspector General

(Signed)

Roongnapa Charoenkunwiwat
(Roongnapa Charoenkunwiwat)
Director of Financial Audit Office No.4

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2013

Unit : Baht

	Notes	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
		<u>Sep 30, 2013</u> (Unaudited but reviewed)	<u>Dec 31, 2012</u>	<u>Sep 30, 2013</u> (Unaudited but reviewed)	<u>Dec 31, 2012</u>
ASSETS					
Current Assets					
Cash and cash equivalents	5.1	35,321,842,370	20,048,374,724	35,223,827,587	19,741,670,550
Temporary investments		50,000,000	1,709,730,474	-	-
Trade accounts receivable	5.2	17,373,025,603	15,738,200,618	17,330,717,925	15,679,356,299
Prepaid expenses and deposits		9,117,053,620	8,951,772,089	9,453,715,785	9,012,036,532
Inventories and supplies		7,864,898,511	7,783,943,974	7,864,898,511	7,780,199,730
Other current assets	5.3	8,745,522,325	9,948,745,997	8,732,970,755	9,713,193,240
Non-current assets classified as held for sale	5.11	7,836,228,811	7,430,210,409	7,836,228,811	7,430,210,409
Total Current Assets		<u>86,308,571,240</u>	<u>71,610,978,285</u>	<u>86,442,359,374</u>	<u>69,356,666,760</u>
Non-Current Assets					
Investment in associates	5.4.1	4,839,811,308	1,429,610,889	1,083,520,500	723,520,500
Investment in subsidiaries	5.4.1	-	-	10,209,900	370,209,900
Other long-term investments	5.4.2	125,546,430	130,160,178	75,425,506	74,585,128
Property, plant and equipment	5.6	221,167,873,630	218,567,945,045	221,160,237,420	218,477,941,563
Goodwill		-	1,390,549,247	-	-
Intangible assets	5.7	859,658,489	1,337,499,242	855,241,262	772,954,356
Deferred tax assets	5.8	5,730,339,961	4,966,453,549	5,718,244,739	4,939,492,971
Other non-current assets	5.10	5,485,904,665	4,662,685,173	5,480,218,901	4,640,196,663
Total Non-Current Assets		<u>238,209,134,483</u>	<u>232,484,903,323</u>	<u>234,383,098,228</u>	<u>229,998,901,081</u>
Total Assets		<u>324,517,705,723</u>	<u>304,095,881,608</u>	<u>320,825,457,602</u>	<u>299,355,567,841</u>

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2013

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		Sep 30, 2013 (Unaudited but reviewed)	Dec 31, 2012	Sep 30, 2013 (Unaudited but reviewed)	Dec 31, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade accounts payable		5,996,792,816	4,621,570,981	5,992,699,303	4,287,281,811
Accrued expenses		19,248,555,083	18,726,829,882	19,549,579,922	18,497,737,175
Current portion of long-term liabilities					
Long-term loans from related parties	5.5.1.1	1,697,000,000	3,297,264,000	1,697,000,000	3,297,264,000
Long-term loans from other parties		8,963,126,417	8,151,368,421	8,963,126,417	8,151,368,421
Liabilities under finance leases		13,583,390,874	9,938,493,819	13,583,390,874	9,938,493,819
Debentures		3,276,790,000	2,556,790,000	3,276,790,000	2,556,790,000
Current income tax payable		12,813,634	16,956,305	-	-
Other current liabilities					
Accrued dividends		55,277,356	51,794,664	55,208,673	51,692,971
Unearned transportation revenues		22,808,098,227	23,789,156,859	22,808,098,227	23,380,604,242
Others		13,480,938,493	11,532,444,154	13,576,433,832	11,470,031,663
Total Current Liabilities		89,122,782,900	82,682,669,085	89,502,327,248	81,631,264,102
Non-Current Liabilities					
Long-term liabilities					
Long-term loans from related parties	5.5.1.1	17,067,808,772	1,890,000,000	17,067,808,772	1,890,000,000
Long-term loans from other parties		35,430,760,588	39,120,631,579	35,430,760,588	39,120,631,579
Liabilities under finance leases		63,070,120,873	61,610,827,672	63,070,120,873	61,610,827,672
Debentures		40,400,000,000	32,120,000,000	40,400,000,000	32,120,000,000
Deferred tax liabilities	5.9	98,067,264	83,351,796	98,067,264	83,351,796
Staff pension fund	5.22	5,021,204,552	4,670,104,407	5,021,204,552	4,670,104,407
Employee benefits obligation	5.12	11,680,742,491	11,082,178,755	11,652,016,462	10,970,895,026
Long-term provisions		779,565,726	831,594,427	777,124,922	829,190,752
Other non - current liabilities		285,411,459	186,085,924	285,411,459	185,856,512
Total Non-Current Liabilities		173,833,681,725	151,594,774,560	173,802,514,892	151,480,857,744
Total Liabilities		262,956,464,625	234,277,443,645	263,304,842,140	233,112,121,846
Shareholders' Equity					
Share capital	5.14				
Authorized share capital					
2,698.90 million ordinary shares par value of Baht 10 each		26,989,009,500	26,989,009,500	26,989,009,500	26,989,009,500
Issued and paid-up share capital					
2,182.77 million ordinary shares par value of Baht 10 each		21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170
Share premium account - Ordinary shares		25,548,223,951	25,548,223,951	25,548,223,951	25,548,223,951
Retained earnings					
Appropriated					
Legal reserve		2,691,275,568	2,691,275,568	2,691,275,568	2,691,275,568
Unappropriated		11,413,747,782	18,852,734,438	7,453,396,773	16,176,227,306
Total Company Shareholders' Equity		61,480,966,471	68,919,953,127	57,520,615,462	66,243,445,995
Non-controlling Interests		80,274,627	898,484,836	-	-
Total Shareholders' Equity		61,561,241,098	69,818,437,963	57,520,615,462	66,243,445,995
Total Liabilities and Shareholders' Equity		324,517,705,723	304,095,881,608	320,825,457,602	299,355,567,841

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

(Signed) *Sorajak Kasemstuvan*
(Sorajak Kasemstuvan)
President

(Signed) *Wasukarn Visansawatdi*
(Wasukarn Visansawatdi)
Executive Vice President
Finance and Accounting

(Unaudited
but reviewed)

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2013

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2013	2012 (Restated)	2013	2012 (Restated)
Revenues					
Revenues from Sales or Revenues from Services					
Passenger and excess baggage		42,454,936,583	43,091,968,989	42,454,936,583	41,064,633,848
Freight		5,652,135,282	6,330,515,611	5,652,135,282	6,325,301,560
Mail		226,215,309	203,794,699	226,215,309	203,794,699
Other activities		2,346,113,449	2,087,447,171	2,247,659,791	2,035,537,160
Total Revenues from Sales or Revenues from Services		50,679,400,623	51,713,726,470	50,580,946,965	49,629,267,267
Other Income					
Interest income		170,838,994	128,386,549	170,230,043	115,618,060
Other income - Others	5.16	501,348,683	588,722,050	664,010,354	607,967,320
Total Other Income		672,187,677	717,108,599	834,240,397	723,585,380
Total Revenues		51,351,588,300	52,430,835,069	51,415,187,362	50,352,852,647
Expenses					
Fuel and oil		20,130,499,913	19,138,997,043	20,130,499,913	18,513,866,313
Employee benefits expenses	5.15	8,560,171,664	7,504,625,254	8,615,801,263	7,408,757,091
Flight service expenses		5,451,113,337	5,342,547,780	5,451,113,337	5,196,458,085
Crew expenses		1,500,327,060	1,442,929,124	1,500,327,060	1,404,829,464
Aircraft maintenance and overhaul costs		3,520,286,031	3,185,596,959	3,520,286,031	2,845,400,828
Depreciation and amortisation expenses		5,039,960,929	4,974,054,005	5,038,587,154	4,948,824,421
Lease of aircraft and spare parts		1,158,539,717	1,158,131,844	1,158,539,717	915,324,288
Inventories and supplies		2,437,914,383	2,471,840,293	2,437,914,383	2,436,557,695
Selling and advertising expenses		2,444,772,802	1,665,664,325	2,414,453,981	1,583,909,076
Insurance expenses		183,877,669	195,755,092	183,877,669	161,698,347
Impairment loss of assets		87,380,263	352,729,888	87,380,263	352,729,888
Other expenses	5.17	2,592,429,515	1,765,130,185	2,569,255,488	1,608,230,549
Loss on foreign currency exchange		2,889,866,581	120,364,107	2,890,413,705	117,475,727
Finance costs		1,660,696,053	1,422,916,915	1,660,696,053	1,423,552,093
Share of profits of associates		(178,610,160)	(211,696,782)	-	-
Total Expenses		57,479,225,757	50,529,586,032	57,659,146,017	48,917,613,865
Profit (loss) before Income Tax Expense		(6,127,637,457)	1,901,249,037	(6,243,958,655)	1,435,238,782
Net tax expense	5.19	54,067,751	43,894,666	31,246,213	26,242,565
Profit (loss) for the period		(6,181,705,208)	1,857,354,371	(6,275,204,868)	1,408,996,217
Other comprehensive income (loss)		-	-	-	-
Net comprehensive loss for the period		(6,181,705,208)	1,857,354,371	(6,275,204,868)	1,408,996,217
Profit (loss) Attributable to:					
Owners of the parent		(6,194,663,371)	1,744,663,074	(6,275,204,868)	1,408,996,217
Non-controlling interests		12,958,163	112,691,297	-	-
		(6,181,705,208)	1,857,354,371	(6,275,204,868)	1,408,996,217
Total Comprehensive Income (loss) Attributable to:					
Owners of the parent		(6,194,663,371)	1,744,663,074	(6,275,204,868)	1,408,996,217
Non-controlling interests		12,958,163	112,691,297	-	-
		(6,181,705,208)	1,857,354,371	(6,275,204,868)	1,408,996,217
Earning (loss) per Share					
Basic earning (loss) per share	5.20	(2.84)	0.80	(2.87)	0.65

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

(Signed) *Sorajak Kasemsuvan*
(Sorajak Kasemsuvan)
President

(Signed) *Wasukarn Visansawatdi*
(Wasukarn Visansawatdi)
Executive Vice President
Finance and Accounting

(Unaudited
but reviewed)

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2013	2012 (Restated)	2013	2012 (Restated)
Revenues					
Revenues from Sales or Revenues from Services					
Passenger and excess baggage		128,799,152,373	127,195,224,923	128,799,152,373	121,527,323,483
Freight		17,146,798,652	19,308,787,279	17,146,798,652	19,297,250,473
Mail		705,403,539	636,203,624	705,403,539	636,203,624
Other activities		7,133,496,291	6,504,385,189	6,854,821,744	6,497,079,644
Total Revenues from Sales or Revenues from Services		153,784,850,855	153,644,601,015	153,506,176,308	147,957,857,224
Other Income					
Interest income		428,315,667	362,110,149	424,276,366	323,174,033
Other income - Others	5.16	1,666,096,354	1,435,079,780	2,212,308,516	1,724,016,476
Gain on deemed disposal		722,299,368	-	-	-
Profitability on business acquisition		-	1,584,397,482	-	-
Gain on reclassified investment		298,158,621	-	-	-
Total Other Income		3,114,870,010	3,381,587,411	2,636,584,882	2,047,190,509
Total Revenues		156,899,720,865	157,026,188,426	156,142,761,190	150,005,047,733
Expenses					
Fuel and oil		58,896,597,579	59,143,971,196	58,896,597,579	57,168,237,817
Employee benefits expenses	5.15	25,683,378,193	22,386,313,013	25,728,346,530	22,042,769,416
Flight service expenses		15,940,559,781	15,451,798,380	15,940,559,781	14,993,324,881
Crew expenses		4,417,382,885	4,220,849,738	4,417,382,885	4,111,730,862
Aircraft maintenance and overhaul costs		10,011,764,707	9,475,039,134	10,011,764,707	8,590,307,662
Depreciation and amortisation expenses		14,805,790,692	15,188,300,824	14,801,488,730	15,113,772,450
Lease of aircraft and spare parts		3,391,588,758	3,263,227,160	3,391,588,758	2,644,292,054
Inventories and supplies		7,105,329,292	7,061,272,956	7,105,329,292	6,985,114,510
Selling and advertising expenses		6,884,092,171	4,850,957,883	6,821,193,809	4,624,649,401
Insurance expenses		476,612,349	676,144,458	476,612,349	577,752,042
Impairment loss of assets		267,646,244	484,963,412	267,646,244	484,963,412
Impairment loss of aircraft	5.18	3,592,578,829	181,143,438	3,592,578,829	181,143,438
Other expenses	5.17	7,542,428,224	6,423,997,392	7,479,819,778	6,027,656,916
Gain (loss) on foreign currency exchange		963,158,969	(1,722,813,993)	963,063,089	(1,721,871,723)
Finance costs		4,592,761,863	4,340,575,253	4,592,758,522	4,342,468,980
Share of profits of associates		(693,602,118)	(319,696,215)	-	-
Total Expenses		163,878,068,418	151,106,044,029	164,486,730,882	146,166,312,118
Profit (loss) before Income Tax Expense		(6,978,347,553)	5,920,144,397	(8,343,969,692)	3,838,735,615
Net tax expense (income)	5.19	(665,530,730)	291,151,700	(712,475,540)	236,572,662
Profit (loss) for the period		(6,312,816,823)	5,628,992,697	(7,631,494,152)	3,602,162,953
Other comprehensive income (loss)		-	-	-	-
Net comprehensive profit (loss) for the period		(6,312,816,823)	5,628,992,697	(7,631,494,152)	3,602,162,953
Profit (loss) Attributable to:					
Owners of the parent		(6,350,640,368)	5,436,204,709	(7,631,494,152)	3,602,162,953
Non-controlling interests		37,823,545	192,787,988	-	-
		(6,312,816,823)	5,628,992,697	(7,631,494,152)	3,602,162,953
Total Comprehensive Income (loss) Attributable to:					
Owners of the parent		(6,350,640,368)	5,436,204,709	(7,631,494,152)	3,602,162,953
Non-controlling interests		37,823,545	192,787,988	-	-
		(6,312,816,823)	5,628,992,697	(7,631,494,152)	3,602,162,953
Earnings (loss) per Share					
Basic earnings (loss) per share	5.20	(2.91)	2.49	(3.50)	1.65

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

(Signed) *Sorajak Kasemsuvan*
(Sorajak Kasemsuvan)
President(Signed) *Wasukarn Visansawatdi*
(Wasukarn Visansawatdi)
Executive Vice President
Finance and Accounting

(Unaudited
but reviewed)

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS

	Owners of the parent				Non-controlling Interests	Total Shareholders' Equity
	Issued and Paid-up Share Capital	Share Premium Account Ordinary Shares	Retained Earnings	Total Owners of the parent		
Balance as at January 1, 2012 before Adjustment	21,827,719,170	25,548,223,951	15,793,000,243	63,168,943,364	266,273,256	63,435,216,620
<u>Add</u> The effect of business acquisition	-	-	-	-	683,605,026	683,605,026
<u>Less</u> Accumulation from accounting error correction	-	-	(488,299,324)	(488,299,324)	-	(488,299,324)
<u>Add</u> The effect of changes in accounting policy	-	-	10,336,364	10,336,364	13,586,573	23,922,937
Balance after Adjustment	21,827,719,170	25,548,223,951	15,315,037,283	62,690,980,404	963,464,855	63,654,445,259
Changes in Shareholders' Equity						
<u>Less</u> Dividend paid to cumulative preference shares	-	-	-	-	(68,720)	(68,720)
<u>Less</u> Dividend payment	-	-	-	-	(193,140,004)	(193,140,004)
<u>Add</u> Comprehensive income for the period	-	-	5,436,204,709	5,436,204,709	192,787,988	5,628,992,697
Balance as at September 30, 2012	21,827,719,170	25,548,223,951	20,751,241,992	68,127,185,113	963,044,119	69,090,229,232
Balance as at January 1, 2013 before Adjustment	21,827,719,170	25,548,223,951	21,544,010,006	68,919,953,127	898,484,836	69,818,437,963
<u>Less</u> The effect from loss of control in subsidiary	-	-	-	-	(720,965,280)	(720,965,280)
<u>Add</u> The effect of changes in accounting policy	-	-	2,990,093	2,990,093	214	2,990,307
Balance after Adjustment	21,827,719,170	25,548,223,951	21,547,000,099	68,922,943,220	177,519,770	69,100,462,990
Changes in Shareholders' Equity						
<u>Less</u> Dividend payment	-	-	(1,091,385,959)	(1,091,385,959)	(135,000,005)	(1,226,385,964)
<u>Add</u> Dividend return	-	-	49,578	49,578	-	49,578
<u>Less</u> Dividend paid to cumulative preference shares	-	-	-	-	(68,683)	(68,683)
<u>Add</u> Comprehensive income (loss) for the period	-	-	(6,350,640,368)	(6,350,640,368)	37,823,545	(6,312,816,823)
Balance as at September 30, 2013	21,827,719,170	25,548,223,951	14,105,023,350	61,480,966,471	80,274,627	61,561,241,098

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

(Signed) *Sorajak Kasemsuvan*
(Sorajak Kasemsuvan)
President

(Signed) *Wasukarn Visansawatdi*
(Wasukarn Visansawatdi)
Executive Vice President
Finance and Accounting

(Unaudited
but reviewed)

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013

Unit : Baht

SEPARATE FINANCIAL STATEMENTS

<i>Notes</i>	Issued and Paid-up Share Capital	Share Premium Account - Ordinary Shares	Retained Earnings	Total
Balance as at January 1, 2012 before Adjustment	21,827,719,170	25,548,223,951	14,926,148,121	62,302,091,242
<u>Less</u> Accumulation from accounting error correction	-	-	(488,299,324)	(488,299,324)
Balance after Adjustment	21,827,719,170	25,548,223,951	14,437,848,797	61,813,791,918
Changes in Shareholders' Equity				
<u>Add</u> Comprehensive income for the period	-	-	3,602,162,953	3,602,162,953
Balance as at September 30, 2012	21,827,719,170	25,548,223,951	18,040,011,750	65,415,954,871
Balance as at January 1, 2013	21,827,719,170	25,548,223,951	18,867,502,874	66,243,445,995
Changes in Shareholders' Equity				
<u>Less</u> Dividend payment	-	-	(1,091,385,959)	(1,091,385,959)
<u>Add</u> Dividend return	-	-	49,578	49,578
<u>Less</u> Comprehensive loss for the period	-	-	(7,631,494,152)	(7,631,494,152)
Balance as at September 30, 2013	21,827,719,170	25,548,223,951	10,144,672,341	57,520,615,462

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

(Signed) *Sorajak Kasemsuvan*
(Sorajak Kasemsuvan)
President

(Signed) *Wasukarn Visansawatdi*
(Wasukarn Visansawatdi)
Executive Vice President
Finance and Accounting

(Unaudited
but reviewed)

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities				
Profits (losses) before income tax expenses	(6,978,347,553)	5,920,144,397	(8,343,969,692)	3,838,735,615
Adjustment to reconcile profit before tax to cash provided by (paid from) operating activities :				
Depreciation and amortisation expenses	14,805,790,692	15,188,300,824	14,801,488,730	15,113,772,450
Aircraft lease fees	57,715,129	2,691,882	57,715,129	2,691,882
Dividends received	(423,150)	(288,750)	(552,583,011)	(319,382,501)
Share of profits of investments by equity method	(693,602,118)	(319,696,215)	-	-
Profitability on business acquisition	-	(1,584,397,482)	-	-
Gain on reclassified investment	(298,158,621)	-	-	-
Gain on deemed disposal	(722,299,368)	-	-	-
Interest income	(428,315,667)	(362,110,149)	(424,276,366)	(323,174,033)
Interest expenses	4,592,761,863	4,340,575,253	4,592,758,522	4,342,468,980
Gains on sales of assets	(29,911,015)	(35,754,513)	(30,096,126)	(36,507,934)
Loss (gain) on foreign currency exchange	3,535,052,134	(1,533,100,401)	3,535,023,905	(1,536,751,348)
Employee benefits obligation	689,777,262	683,519,318	681,121,435	668,401,092
Provision for obsolete inventories and supplies	517,701,905	288,744,170	517,701,905	288,744,170
Doubtful accounts	3,774,349	94,193,678	2,051,874	94,027,586
Impairment loss of aircrafts	3,592,578,829	181,143,438	3,592,578,829	181,143,438
Impairment loss of assets	267,646,244	484,963,412	267,646,244	484,963,412
Operating profits before changes in operating assets and liabilities	18,911,740,915	23,348,928,862	18,697,161,378	22,799,132,809
Decrease (increase) in operating assets :				
Trade accounts receivable	(1,325,002,782)	(1,417,331,804)	(1,311,691,822)	(1,402,227,151)
Inventories and supplies	(602,400,687)	(616,413,139)	(602,400,687)	(617,440,844)
Prepaid expenses and deposits	82,074,207	(51,292,119)	(114,271,022)	(122,626,645)
Tax refund	223,591,214	(3,539,622)	223,591,214	(3,539,622)
Other current assets	1,013,858,521	(3,038,803,776)	1,028,099,315	(3,040,691,265)
Assets for sales	(34,009,057)	(296,361,911)	(34,009,057)	(296,361,911)
Other assets	(80,143,426)	47,595,208	(80,129,277)	48,232,004
Deferred charges	(1,144,033,607)	(1,138,451,990)	(1,144,033,607)	(1,138,451,990)
Increase (decrease) in operating liabilities :				
Trade accounts payable	(309,724,464)	(2,679,513,572)	(305,159,467)	(2,608,147,108)
Accrued expenses and other current liabilities	1,412,759,003	4,896,069,067	1,655,115,565	4,917,323,305
Staff pension fund	351,100,145	213,635,839	351,100,145	213,635,839
Unearned transportation revenues	(533,868,229)	2,359,028,975	(533,868,229)	2,239,696,588
Other non-current liabilities	34,301,446	(635,555,571)	34,264,317	(635,559,315)
Cash received from operations	18,000,243,199	20,987,994,447	17,863,768,766	20,352,974,694
Payment of income tax	(235,829,936)	(270,195,590)	(184,344,855)	(190,100,578)
Net Cash from Operating Activities	17,764,413,263	20,717,798,857	17,679,423,911	20,162,874,116

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

(Unaudited
but reviewed)

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u>
Cash Flows from Investing Activities				
Cash paid for acquisition of fixed assets	(10,790,482,903)	(12,231,839,820)	(10,789,199,944)	(12,187,404,946)
Cash paid for intangible assets	(180,931,757)	(30,232,796)	(180,657,656)	(23,419,923)
Cash received from transferring the rights for advance payment of aircraft and aircraft equipment	1,226,032,229	1,262,171,144	1,226,032,229	1,262,171,144
Cash received from sales of assets	553,704,620	82,371,383	553,704,620	81,822,895
Interest income	336,752,709	392,746,986	332,254,517	364,091,664
Dividend received	255,224,216	98,244,359	420,283,011	319,137,501
Investment decrease	1,854,731	98,994,478	1,854,731	-
Temporary investment decrease	250,000,000	(68,906,111)	-	-
Cash decreased from loss of control	(246,456,042)	-	-	-
Cash received from investment in subsidiaries	-	197,098,688	-	-
Net Cash used in Investing Activities	(8,594,302,197)	(10,199,351,689)	(8,435,728,492)	(10,183,601,665)
Cash Flows from Financing Activities				
Cash received from debentures	9,000,000,000	4,500,000,000	9,000,000,000	4,500,000,000
Cash received from long-term loans	22,762,434,571	965,011,937	22,762,434,571	965,011,937
Cash paid for repayment of debentures	-	(170,000,000)	-	(170,000,000)
Cash paid for repayment of long-term loans	(21,290,109,414)	(10,090,570,704)	(21,290,109,414)	(10,090,570,704)
Cash paid for loan interest	(2,974,106,945)	(3,905,081,649)	(2,974,103,604)	(3,906,338,198)
Dividends paid	(1,087,820,879)	(225,555)	(1,087,820,679)	(225,555)
Dividends paid for non-controlling interests	(135,101,497)	(193,226,858)	-	-
Net Cash received from (used in) Financing Activities	6,275,295,836	(8,894,092,829)	6,410,400,874	(8,702,122,520)
Net increase in cash and cash equivalents	15,445,406,902	1,624,354,339	15,654,096,293	1,277,149,931
Effect from changing in exchange rate on cash and cash at bank decrease	(171,939,256)	(53,229,376)	(171,939,256)	(52,453,029)
Cash and cash equivalents at the beginning of the periods	20,048,374,724	16,666,025,016	19,741,670,550	16,629,940,922
Cash and Cash Equivalents at the End of the Periods	35,321,842,370	18,237,149,979	35,223,827,587	17,854,637,824
Additional information for cash flow				
Non-cash transactions				
Fixed assets unpaid	209,967,956	717,841,826	209,967,956	717,841,826
Assets under finance leases	9,285,229,781	9,416,232,136	9,285,229,781	9,416,232,136

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

(Signed) Sorajak Kasemsuvan
(Sorajak Kasemsuvan)
President

(Signed) Wasukarn Visansawatdi
(Wasukarn Visansawatdi)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the three-month and nine-month periods ended September 30, 2013 (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, 2013, the Company has the routes servicing to 75 destinations in 34 countries all over the world, whereas 10 routes are domestic (excluding Bangkok).

2. BASIS OF FINANCIAL STATEMENT PREPARATION

Consolidated and separate financial statements

The consolidated and the separate financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act B.E. 2543 (2000) being those Thai Accounting Standards which issued by the Accounting Profession Act B.E. 2547 (2004) and the Financial Reporting Requirements of the Securities and Exchange Commission, Thailand under the Securities and Exchange Act B.E. 2535 (1992).

The Company’s financial statements consist of Thai Airways International Public Company Limited and the Company’s staff pension fund.

The consolidated financial statements consist of the Company and its subsidiaries as follows:

Company’s Name	Type of Business	Located Country	Percentage of Share Holding	
			Sep 30, 2013	Dec 31, 2012
Held by the Company:				
1. Thai-Amadeus Southeast Asia Company Limited	Information technology Company for travel services	Thailand	55%	55%
2. WingSpan Services Company Limited	Providing special personnel services to the Company	Thailand	49%	49%
3. Thai Flight Training Company Limited	Aviation training services	Thailand	49%	49%
4. Nok Airlines Public Company Limited (Notes 5.30)	Passenger transportation services	Thailand	-	49%
Held by a subsidiary of the Company				
A subsidiary held by WingSpan Services Company Limited - Tour Eurng Luang Company Limited	Tourism Business	Thailand	49%	49%

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 prepared 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.

Interim Financial Statement Preparation

The interim financial statements are prepared in accordance with Thai Accounting Standard No.34 Interim Financial Statements (revised in 2009). 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 1 (revised 2009) Presentation of Financial Statements, which is effective on January 1, 2011 onwards, and discloses only significant additional information in the note to financial statements.

The preparation of these interim financial statements are intended to provide additional information to that included in the latest annual financial statements for the year ended December 31, 2012. 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, 2012.

3. Accounting Standards, Financial Reporting Standards, and Accounting Standard Interpretation which are not currently effective are as follows:

- effective for fiscal years beginning on or after January 1, 2014.

Thai Accounting Standard No. 12 (Revised 2012)	Income taxes
Thai Financial Reporting Interpretations Committee No. 1	Changes in existing decommissioning, restoration and similar liabilities
Thai Financial Reporting Interpretations Committee No. 4	Determining whether an Arrangement contains a Lease
Thai Financial Reporting Interpretations Committee No. 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
Thai Financial Reporting Interpretations Committee No. 7	Applying the restatement approach under TAS 29 Financial reporting in hyper-inflationary economies
Thai Financial Reporting Interpretations Committee No. 10	Interim financial reporting and impairment
Thai Financial Reporting Interpretations Committee No. 12	Service Concession Arrangements
Thai Financial Reporting Interpretations Committee No. 13	Customer Loyalty Programmes
Thai Financial Reporting Interpretations Committee No. 17	Distributions of Non-cash Assets to Owners
Thai Financial Reporting Interpretations Committee No. 18	Transfers of Assets from Customers
Thai Standing Interpretations Committee No. 15	Operating Leases - Incentives
Thai Standing Interpretations Committee No. 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Thai Standing Interpretations Committee No. 29	Disclosure of Service Concession Arrangements
Thai Standing Interpretations Committee No. 32	Intangible Assets - Web Site Costs

- effective for fiscal years beginning on or after January 1, 2016.

Thai Financial Reporting Standard No. 4	Insurance Contracts
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For Financial Reporting Standards and Financial Reporting Standard Interpretation which will be effective for fiscal years beginning on or after January 1, 2014, The management of the Company has assessed that the above standards have no significant impact to the consolidated and the separate financial statements.

4. Effects from Accounting Estimation Changes

The Company has reviewed the aircraft and engine's useful life estimation policy, by considering the time to phase out the Company's old aircraft, which is normally over 20 years, together with new technology that will cause the aircraft capacity to last for 20-23 years. Moreover, the aircraft manufacturer also confirmed that the capacity of aircraft remains at 20-30 years under consistent maintenance of such aircraft and engines. On November 13, 2012, the Company's Board of Directors approved to change the useful life of aircraft and engines from 15 years to 20 years with salvage value of 10% of its cost. Such changes are effective on January 1, 2013, when comparing with the depreciation calculated from its old useful life, the depreciation for the nine-month periods will be decreased approximately by THB 2,037.23 million.

5. Supplementary Information

5.1 Cash and Cash Equivalents

	Units : Million Baht			
	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>
Cash - Domestic	18.05	22.29	18.05	22.29
Cash - Abroad	64.17	30.63	64.17	30.63
Bank Deposits - Domestic	4,171.81	4,024.28	4,073.80	3,717.58
Bank Deposits - Abroad	<u>31,067.81</u>	<u>15,971.17</u>	<u>31,067.81</u>	<u>15,971.17</u>
Total	<u>35,321.84</u>	<u>20,048.37</u>	<u>35,223.83</u>	<u>19,741.67</u>

5.2 Trade Accounts Receivable

	Units : Million Baht			
	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>
Accounts Receivable Aging				
Not over 6 months	17,258.40	15,525.06	17,216.09	15,466.22
Over 6 months to 1 year	189.56	397.86	189.56	397.86
Over 1 year to 2 years	370.58	156.67	370.58	156.66
Over 2 years	<u>1,301.03</u>	<u>1,451.27</u>	<u>1,279.81</u>	<u>1,426.04</u>
	19,119.57	17,530.86	19,056.04	17,446.78
Less Allowance for doubtful accounts	<u>(1,746.54)</u>	<u>(1,792.66)</u>	<u>(1,725.32)</u>	<u>(1,767.42)</u>
Trade accounts receivable - net	<u>17,373.03</u>	<u>15,738.20</u>	<u>17,330.72</u>	<u>15,679.36</u>

5.3 Other Current Assets

	Units : Million Baht			
	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>
Tax refund	383.93	474.73	383.93	474.73
Cash and bank deposits of pension fund	4,924.55	4,648.65	4,924.55	4,648.65
Others	<u>3,437.04</u>	<u>4,825.36</u>	<u>3,424.49</u>	<u>4,589.81</u>
Total	<u>8,745.52</u>	<u>9,948.74</u>	<u>8,732.97</u>	<u>9,713.19</u>

5.4 Investments

Consolidated Financial Statements

Units : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on investments	
	Sep 30, 2013	Dec 31, 2012	Cost method		Equity method		Sep 30, 2013	Sep 30, 2012
			Sep 30, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2012		
5.4.1 Investments using the equity method								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at September 30, 2013 amount of THB 526.50 million and as at December 31, 2012 amount of THB 416.25 million)	24.00	24.00	225.00	225.00	274.90	262.21	26.19	146.86
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	89.27	93.14	8.13	(0.73)
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at September 30, 2013 amount of THB 2,845.11 million and as at December 31, 2012 amount of THB 2,372.91 million)	22.59	22.59	115.19	115.19	852.15	782.45	163.00	134.77
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	222.76	175.12	61.14	41.42
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	119.68	116.69	2.99	(2.62)
Nok Airlines Public Company Limited (Notes 5.30)	39.20	-	360.00	-	<u>3,281.05</u>	<u>-</u>	<u>432.15</u>	<u>-</u>
Total investments using the equity Method					<u>4,839.81</u>	<u>1,429.61</u>	<u>693.60</u>	<u>319.70</u>
5.4.2 Other long-term investments stated at cost								
Fuel Pipeline Transportation Limited*	0.00048	8.40	0.00067	133.00			-	-
Aeronautical Radio of Thailand Limited	1.90	2.00	12.56	13.19			-	-
SITA Investment Certificate	-	-	28.57	29.00			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			0.13	-
SITA Information Networking Computing	-	-	29.73	27.87			-	-
Other Shares	-	-	2.82	2.78			0.29	0.04
Investment in Debentures	-	-	50.12	50.29			-	-
Other long-term Investment	-	-	-	5.28			-	-
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Ltd.			<u>-</u>	<u>(133.00)</u>			<u>-</u>	<u>-</u>
Total other long-term investments			<u>125.55</u>	<u>130.16</u>			<u>0.42</u>	<u>0.04</u>

* As at September 30, 2013, the proportion of the investment is 0.00048%, 133 shares of THB 665.

Separate Financial Statements

Units : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost method			
	Sep 30, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2012	Sep 30, 2013	Sep 30, 2012
5.4.1 Investments using the cost method						
Subsidiary Companies						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	165.00	165.00
Wing Span Services Company Limited	49.00	49.00	0.98	0.98	0.06	0.06
Thai Flight Training Company Limited	49.00	49.00	0.98	0.98	-	-
Nok Airlines Public Company Limited (Notes 5.30)	-	49.00	-	<u>360.00</u>	-	<u>55.86</u>
Total			<u>10.21</u>	<u>370.21</u>	<u>165.06</u>	<u>220.92</u>
Associated Companies						
Royal Orchid Hotel (Thailand) Public Company Limited (Market value as at September 30, 2013 amount of THB 526.50 million and as at December 31, 2012 amount of THB 416.25 million)	24.00	24.00	225.00	225.00	13.50	-
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	12.00	-
Bangkok Aviation Fuel Services Public Company Limited (Market value as at September 30, 2013 amount of THB 2,845.11 million and as at December 31, 2012 amount of THB 2,372.91 million)	22.59	22.59	115.19	115.19	93.30	77.17
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	13.50	21.00
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited	39.20	-	<u>360.00</u>	-	<u>254.80</u>	-
Total			<u>1,083.52</u>	<u>723.52</u>	<u>387.10</u>	<u>98.17</u>
Total investments using the cost method			<u>1,093.73</u>	<u>1,093.73</u>	<u>552.16</u>	<u>319.09</u>
5.4.2 Other long-term investments stated at cost						
Fuel Pipeline Transportation Limited*	0.00048	8.40	0.00067	133.00	-	-
Aeronautical Radio of Thailand Limited	1.90	2.00	12.56	13.19	-	-
SITA Investment Certificate	-	-	28.57	29.00	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	0.13	-
SITA Information Networking Computing	-	-	29.73	27.87	-	-
Other Shares	-	-	2.82	2.78	0.29	0.04
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Limited			-	<u>(133.00)</u>	-	-
Total other long-term investments			<u>75.43</u>	<u>74.59</u>	<u>0.42</u>	<u>0.04</u>

* As at September 30, 2013, the proportion of the investment is 0.00048%, 133 shares of THB 665.

5.4.3 Financial Data Summary of Subsidiary

Units : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Subsidiary Companies</u>				
Thai-Amadeus Southeast Asia Company Limited	255.72	80.75	271.86	83.89
WingSpan Services Company Limited	537.04	420.70	640.59	71.64
Thai Flight Training Company Limited	17.61	14.88	24.51	0.54
Tour Eurng Luang Company Limited	5.32	3.31	1.78	0.78

The Company used the financial statements of subsidiary and associated companies, some of which are unviewed by the CPA, as at September 30, 2013 to record the investment by equity method in the consolidated financial statement and by cost method in the separate financial statement.

5.5 Related Parties

5.5.1 Major Shareholders

5.5.1.1 Long-term loans from related parties

Units : Million Baht		
	Sep 30, 2013	Dec 31, 2012
Foreign loans via the Ministry of Finance	16,356.81	1,225.26
Government Saving Bank	2,283.00	3,462.00
Islamic Bank of Thailand	<u>125.00</u>	<u>500.00</u>
Total	<u>18,764.81</u>	<u>5,187.26</u>

On June 28, 2013, the Company received the foreign loan via Ministry of Finance amount of USD 500 million or approximately THB 15,633.75 million, to pay for 2 Airbus A380-800 aircraft which are scheduled to deliver in October and November 2013.

5.5.2 Subsidiary Company

5.5.2.1 Loans to Subsidiary

Units : Million Baht		
	Sep 30, 2013	Dec 31, 2012
WingSpan Services Company Limited	<u>20.00</u>	<u>20.00</u>
Total	<u>20.00</u>	<u>20.00</u>

5.5.2.2 Sales and Purchase

Units : Million Baht

	Three-month periods				Nine-month periods			
	Jul - Sep 2013		Jul - Sep 2012		Jan - Sep 2013		Jan - Sep 2012	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Thai-Amadeus Southeast Asia Company Limited	0.61	-	0.73	-	1.91	-	1.94	-
WingSpan Services Company Limited	0.61	222.35	0.11	180.65	4.14	640.21	0.32	353.06
Thai Flight Training Company Limited	1.96	-	5.47	-	4.80	-	10.67	-
Nok Airlines Public Company Limited	-	-	97.72	1.08	-	-	476.28	6.61
Tour Eurng Luang Company Limited	5.52	2.51	0.96	-	38.02	3.86	0.96	-

5.5.2.3 Account Receivables and Account Payables

Units : Million Baht

	September 30, 2013		Dec 31, 2012	
	Account Receivables	Account Payables	Account Receivables	Account Payables
	Thai-Amadeus Southeast Asia Company Limited	0.24	0.13	0.37
WingSpan Services Company Limited	22.13	395.52	169.13	0.01
Thai Flight Training Company Limited	5.26	-	6.48	-
Nok Airlines Public Company Limited	-	-	75.05	0.57
Tour Eurng Luang Company Limited	0.62	-	0.96	-

5.5.3 Associated Companies

5.5.3.1 Sales and Purchase

Units : Million Baht

	Three-month periods				Nine-month periods			
	Jul - Sep 2013		Jul - Sep 2012		Jan - Sep 2013		Jan - Sep 2012	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.80	0.10	0.53	-	4.14	0.15	2.03
Donmuang International Airport Hotel Company Limited	-	0.01	-	-	-	0.12	-	-
Bangkok Aviation Fuel Services Public Company Limited	0.01	84.76	0.03	57.18	0.02	293.99	0.04	231.81
Phuket Air Catering Company Limited	0.24	1.11	0.82	4.31	2.94	4.97	3.44	11.59
Suvarnabhumi Airport Hotel Company Limited	-	3.62	0.02	10.02	-	14.60	0.02	16.37
Nok Airlines Public Company Limited	25.17	2.37	-	-	217.69	4.29	-	-

5.5.3.2 Account Receivables and Account Payables

Units : Million Baht

	Sep 30, 2013		Dec 31, 2012	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.13	-	-
Donmuang International Airport Hotel Company Limited	-	0.01	-	-
Bangkok Aviation Fuel Services Public Company Limited	0.01	27.79	0.04	-
Phuket Air Catering Company Limited	0.03	0.27	0.01	-
Suvarnabhumi Airport Hotel Company Limited	-	0.10	-	0.11
Nok Airlines Public Company Limited	67.37	0.08	-	-

The Company purchases goods and services at a market price from related parties on normal commercial term as unrelated parties.

On June 21, 2011, The Strategy Steering Committee approved to waive the wages for the 4 employees who perform secondment duty at WingSpan Services Company Limited for 2 years since the year 2011 – 2012.

5.6 Property, Plant and Equipment

Consolidated Financial Statements As at September 30, 2013

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under finance leases	Aircraft spare parts	Work In Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other plant and equipment	Total
Cost											
As at January 1, 2013	17,617.01	157,199.58	166,578.72	33,043.68	2,488.24	935.74	2,513.10	10,788.91	4,550.17	29,784.42	425,499.57
- Assets decreased from loss of control	-	-	-	-	-	-	-	-	-	(268.74)	(268.74)
- Adjust/Transfers	(14,656.09)	(9,155.21)	(14,176.35)	(743.43)	-	0.30	0.27	-	(2.60)	(117.60)	(38,850.71)
- Additions	16,389.75	707.25	17,189.16	2,332.58	(677.63)	-	-	2.60	78.34	1,267.51	37,289.56
- Disposals/Amortised	-	(1,040.00)	(257.80)	(310.43)	-	(0.30)	(0.27)	-	(6.61)	(426.56)	(2,041.97)
As at September 30, 2013	19,350.67	147,711.62	169,333.73	34,322.40	1,810.61	935.74	2,513.10	10,791.51	4,619.30	30,239.03	421,627.71
Impairment Allowance	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation											
As at January 1, 2013	-	105,538.72	43,872.20	20,537.53	-	-	2,324.00	5,323.81	4,120.17	25,215.20	206,931.63
- Disposal from loss of control	-	-	-	-	-	-	-	-	-	(188.05)	(188.05)
- Depreciation	-	5,345.60	6,385.15	1,518.09	-	-	33.73	172.13	120.53	994.17	14,569.40
- Adjust/Transfers	-	(11,877.22)	(6,896.73)	(102.43)	-	-	0.27	-	(2.64)	(133.47)	(19,012.22)
- Disposals/Amortised	-	(1,040.00)	(234.47)	(141.65)	-	-	(0.27)	-	(6.53)	(418.01)	(1,840.93)
Provision for flood damages	-	-	-	-	-	-	-	-	-	-	-
As at September 30, 2013	-	97,967.10	43,126.15	21,811.54	-	-	2,357.73	5,495.94	4,231.53	25,469.84	200,459.83
Net book value											
As at December 31, 2012	17,617.01	51,660.86	122,706.52	12,506.15	2,488.24	935.74	189.10	5,465.10	430.00	4,569.22	218,567.94
As at September 30, 2013	19,350.67	49,744.52	126,207.58	12,510.86	1,810.61	935.74	155.37	5,295.57	387.77	4,769.19	221,167.88

**Consolidated Financial Statements
As at September 30, 2012**

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under finance leases	Aircraft spare parts	Work In Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other plant and equipment	Total
Cost											
As at January 1, 2012	21,278.98	143,581.91	165,320.53	29,096.59	2,838.21	938.41	2,524.30	10,793.20	4,639.84	29,502.55	410,514.52
- Business Acquisition	-	-	-	-	-	-	-	-	-	221.66	221.66
- Adjust/Transfers	(1,352.67)	(978.41)	(19,238.76)	18.87	-	(2.67)	(11.20)	(4.19)	(70.20)	209.53	(21,429.70)
- Additions	2,647.29	3,152.26	13,772.32	3,566.33	1,060.83	-	-	-	21.38	339.70	24,560.11
- Disposals/Amortised	-	(1,460.54)	(266.81)	(841.72)	-	-	-	(0.10)	(40.19)	(585.87)	(3,195.23)
As at September 30, 2012	22,573.60	144,295.22	159,587.28	31,840.07	3,899.04	935.74	2,513.10	10,788.91	4,550.83	29,687.57	410,671.36
Impairment Allowance	-	950.40	3,475.19	-	-	-	-	-	-	-	4,425.59
Accumulated depreciation											
As at January 1, 2012	-	96,527.20	49,794.73	18,730.03	-	-	2,266.38	5,098.03	4,067.88	24,610.01	201,094.26
- Business Acquisition	-	-	-	-	-	-	-	-	-	151.08	151.08
- Depreciation	-	5,007.91	7,008.20	1,418.43	-	-	50.51	172.24	132.31	1,035.98	14,825.58
- Adjust/Transfers	-	(2,762.47)	(11,580.49)	464.05	-	-	(9.74)	(4.19)	(71.62)	(189.93)	(14,154.39)
- Disposals/Amortised	-	(1,454.70)	(262.79)	(555.09)	-	-	-	(0.10)	(38.87)	(573.19)	(2,884.74)
Provision for flood damages	-	-	-	-	-	-	-	-	-	30.70	30.70
As at September 30, 2012	-	98,268.34	48,434.84	20,057.42	-	-	2,307.15	5,265.98	4,089.70	25,064.65	203,488.08
Net book value											
As at December 31, 2011	21,278.98	46,104.31	112,050.61	10,366.56	2,838.21	938.41	257.92	5,695.17	571.96	4,892.54	204,994.67
As at September 30, 2012	22,573.60	46,026.88	111,152.44	11,782.65	3,899.04	935.74	205.95	5,522.93	461.13	4,622.92	207,183.28

**Separate Financial Statements
As at September 30, 2013**

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under finance leases	Aircraft spare parts	Work In Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other plant and equipment	Total
Cost											
As at January 1, 2013	17,617.01	157,199.58	166,578.72	33,043.68	2,488.24	935.74	2,513.10	10,788.91	4,550.17	29,328.29	425,043.44
- Adjust/Transfers	(14,656.09)	(9,155.21)	(14,176.35)	(743.43)	-	0.30	0.27	-	(2.60)	(117.60)	(38,850.71)
- Additions	16,389.75	707.25	17,189.16	2,332.58	(677.63)	-	-	2.60	78.34	1,266.24	37,288.29
- Disposals/Amortised	-	(1,040.00)	(257.80)	(310.43)	-	(0.30)	(0.27)	-	(6.61)	(426.56)	(2,041.97)
As at September 30, 2013	19,350.67	147,711.62	169,333.73	34,322.40	1,810.61	935.74	2,513.10	10,791.51	4,619.30	30,050.37	421,439.05
Impairment Allowance	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation											
As at January 1, 2013	-	105,538.72	43,872.20	20,537.53	-	-	2,324.00	5,323.81	4,120.17	24,849.07	206,565.50
- Depreciation	-	5,345.60	6,385.15	1,518.09	-	-	33.73	172.13	120.53	991.23	14,566.46
- Adjust/Transfers	-	(11,877.22)	(6,896.73)	(102.43)	-	-	0.27	-	(2.64)	(133.47)	(19,012.22)
- Disposals/Amortised	-	(1,040.00)	(234.47)	(141.65)	-	-	(0.27)	-	(6.53)	(418.01)	(1,840.93)
Provision for flood damages	-	-	-	-	-	-	-	-	-	-	-
As at September 30, 2013	-	97,967.10	43,126.15	21,811.54	-	-	2,357.73	5,495.94	4,231.53	25,288.82	200,278.81
Net book value											
As at December 31, 2012	17,617.01	51,660.86	122,706.52	12,506.15	2,488.24	935.74	189.10	5,465.10	430.00	4,479.22	218,477.94
As at September 30, 2013	19,350.67	49,744.52	126,207.58	12,510.86	1,810.61	935.74	155.37	5,295.57	387.77	4,761.55	221,160.24

**Separate Financial Statements
As at September 30, 2012**

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under finance leases	Aircraft spare parts	Work In Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other plant and equipment	Total
Cost											
As at January 1, 2012	21,278.98	143,581.91	165,320.53	29,096.59	2,838.21	938.41	2,524.30	10,793.20	4,639.84	29,284.28	410,296.25
- Adjust/Transfers	(1,352.67)	(978.41)	(19,238.76)	18.87	-	(2.67)	(11.20)	(4.19)	(70.20)	108.83	(21,530.40)
- Additions	2,647.29	3,152.26	13,772.32	3,566.33	1,060.83	-	-	-	21.38	294.27	24,514.68
- Disposals/Amortised	-	(1,460.54)	(266.81)	(841.72)	-	-	-	(0.10)	(40.19)	(582.31)	(3,191.67)
As at September 30, 2012	22,573.60	144,295.22	159,587.28	31,840.07	3,899.04	935.74	2,513.10	10,788.91	4,550.83	29,105.07	410,088.86
Impairment Allowance	-	950.40	3,475.19	-	-	-	-	-	-	-	4,425.59
Accumulated depreciation											
As at January 1, 2012	-	96,527.20	49,794.73	18,730.03	-	-	2,266.38	5,098.03	4,067.88	24,399.10	200,883.35
- Depreciation	-	5,007.91	7,008.20	1,418.43	-	-	50.51	172.24	132.31	1,005.19	14,794.79
- Adjust/Transfers	-	(2,762.47)	(11,580.49)	464.05	-	-	(9.74)	(4.19)	(71.62)	(189.93)	(14,154.39)
- Disposals/Amortised	-	(1,454.70)	(262.79)	(555.09)	-	-	-	(0.10)	(38.87)	(571.83)	(2,883.38)
Provision for flood damages	-	-	-	-	-	-	-	-	-	30.70	30.70
As at September 30, 2012	-	98,268.34	48,434.84	20,057.42	-	-	2,307.15	5,265.98	4,089.70	24,673.23	203,096.66
Net book value											
As at December 31, 2011	21,278.98	46,104.31	112,050.61	10,366.56	2,838.21	938.41	257.92	5,695.17	571.96	4,885.18	204,987.31
As at September 30, 2012	22,573.60	46,026.88	111,152.44	11,782.65	3,899.04	935.74	205.95	5,522.93	461.13	4,431.84	206,992.20

In this period, there are 97 aircraft represented in the Company's fleet consisting of 43 own aircraft, 33 aircraft under finance leases, and 21 aircraft under operating leases which excluded 16 aircraft for sales with a carrying amount of THB 7,831.22 million and the CF6-80C2 engine for sales with a carrying amount of THB 3.75 million.

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

The Company uses buildings and equipment that are now fully depreciated with historical cost of THB 62,480.63 million including the leasehold buildings amount of THB 3,924.94 million.

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

The Company has provided a land located in Bangkok for security meanwhile the Company is now in the procedure of appealing against the judgement of the court of first instance who has made a decision that compelled the Company to provide compensation in the amount of THB 27.63 million with interest due to ceasing of wine purchase.

At present, the official appraisal value of the Company's domestic land is THB 4,199.13 million consisting of land in Bangkok amount of THB 3,981.10 million and land in provinces amount of THB 218.03 million.

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

5.7 Intangible Assets-net

	Units : Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
Cost		
As at January 1, 2013	2,939.40	2,249.02
- Assets decreased from loss of control	(679.37)	-
- Additions	255.00	254.73
As at September 30, 2013	2,515.03	2,503.75
Accumulated amortisation		
As at January 1, 2013	1,601.90	1,476.07
- Disposal from loss of control	(120.30)	-
- Amortisation	173.77	172.44
As at September 30, 2013	1,655.37	1,648.51
Net book value		
As at December 31, 2012	1,337.50	772.95
As at September 30, 2013	859.66	855.24

5.8 Deferred Income Tax Assets

The deferred income tax asset is calculated from temporary differences between the carrying amount and its tax base of assets and liabilities in the statement of financial position.

	Units : Million Baht			
	<u>Consolidated</u> <u>Financial Statements</u>		<u>Separate</u> <u>Financial Statements</u>	
	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>
Contribution to staff provident fund	79.47	79.92	79.47	79.92
Contribution to staff pension fund	515.76	466.18	515.76	466.18
Allowance for obsolete inventories	433.23	373.36	433.23	373.36
Allowance for doubtful accounts	403.20	409.23	398.95	404.18
Allowance for impairment in value of assets	1,334.92	808.89	1,334.92	808.89
Estimated accrual expenses	536.07	509.03	535.59	502.33
Intangible assets	88.88	102.78	88.88	102.78
Employee benefits obligation	2,336.15	2,207.18	2,330.40	2,194.18
Others	<u>2.66</u>	<u>9.88</u>	<u>1.04</u>	<u>7.67</u>
Total	<u>5,730.34</u>	<u>4,966.45</u>	<u>5,718.24</u>	<u>4,939.49</u>

5.9 Deferred Income Tax Liabilities

	<u>Consolidated</u>		<u>Units : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>
Intangible assets	98.07	83.35	98.07	83.35

Tax rates used for measuring asset value and deferred tax income are 23% for the year 2012 and 20% for the year 2013.

5.10 Other Non-Current Assets

	<u>Consolidated</u>		<u>Units : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>
Deferred charges	4,533.08	3,771.50	4,533.08	3,771.50
Others	<u>952.83</u>	<u>891.19</u>	<u>947.14</u>	<u>868.70</u>
Total	<u>5,485.91</u>	<u>4,662.69</u>	<u>5,480.22</u>	<u>4,640.20</u>

Deferred charges consisted of aircraft overhaul costs (D-check) for aircraft under operating lease, which are amortised as expenses over an estimated useful life of 4-7 years but not over the lease term, and loan guarantee premiums for purchasing of aircraft are amortised as expenses over the period of due payment loans in each accounting period.

5.11 Non-Current Assets Classified as Held for Sale Separate financial statements

Non-current assets classified as held for sale composed of 4 A300-600, 4 A340-500, 4 B737-400, 2 B747-400, and 2 ATR 72 aircraft totaling of THB 7,831.22 million, and 1 spare engine totaling of THB 3.75 million as well as other fixed assets totaling of THB 1.26 million, which made grand total of THB 7,836.23 million.

At present, the Company is under the negotiation process for sales A340-500 aircraft with many offering purchasers. On June 12, 2013, the Company received the aircraft deposit amount of USD 2.5 million from one of the offering purchasers. After that, the negotiation did not achieve for the suitable selling price as well as the Company's Board of Directors did not approve to sell of the aircraft. Therefore, the Company had already notified and returned the whole amount of the deposit to such offering purchaser on October 25, 2013.

5.12 Employee Benefits Obligation

	Consolidated Financial Statements		Units : Million Baht Separate Financial Statements	
	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>
	Beginning Balance – Employee Benefits Obligation	11,082.18	10,631.62	10,970.90
Adjustment of Employee Benefits Obligation for associated companies	(90.57)	73.69	-	-
Employee benefits for the period	689.78	913.97	681.12	891.20
Benefits paid during the period	(0.65)	(264.31)	-	(260.62)
Actuarial loss	-	(272.79)	-	(286.83)
Ending Balance – Employee Benefits Obligation	<u>11,680.74</u>	<u>11,082.18</u>	<u>11,652.02</u>	<u>10,970.90</u>

5.13 Dividend Payment Separate financial statements

The resolution of the 2013 Annual General Shareholders' Meeting held on April 24, 2013 approved a dividend payment from the Company's operation for the year 2012 to the shareholders representing 2,182.77 million shares at THB 0.50 per share, totaling to THB 1,091.39 million. But the Company paid the dividend amount of THB 1,091.34 million because there are 99,155 nominee shares having no rights to receive the dividend amount of THB 0.05 million.

5.14 Share Capital

As at September 30, 2013, the Company has authorized ordinary shares amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.01 million, issued and paid-up ordinary shares amount of THB 21,827.72 million.

5.15 Employee Benefit Expenses

	Units : Million Baht Consolidated Financial Statements			
	Three-month Periods		Nine-month Periods	
	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Personnel Expenses	8,305.98	7,258.41	24,913.75	21,638.44
Employee Benefit Expenses	230.14	226.33	689.78	683.52
Executive benefit expenses	19.56	13.93	59.55	47.82
Board of Directors benefit expenses	4.49	5.96	20.30	16.53
Total	8,560.17	7,504.63	25,683.38	22,386.31

	Units : Million Baht Separate Financial Statements			
	Three-month Periods		Nine-month Periods	
	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Personnel Expenses	8,365.98	7,167.85	24,971.30	21,316.75
Employee Benefit Expenses	227.04	222.80	681.12	668.40
Executive benefit expenses	18.50	13.07	56.86	44.88
Board of Directors benefit expenses	4.28	5.04	19.07	12.74
Total	8,615.80	7,408.76	25,728.35	22,042.77

Managements refer to the Company's Board of directors, chief executive, persons in the next four executive levels below the chief executive, and in similar position, and accounting or finance department managers or above according to the regulation of the Stock Exchange of Thailand.

Moreover, the Directors of the Company obtain the ticket benefits. For the nine-month periods ended September 30, 2013 and 2012, they issued the tickets for themselves and their related parties amount of 232 and 204 tickets with the value of THB 23.04 million and THB 21.82 million, respectively, calculating from the full fare tickets in those traveling classes.

5.16 Other Incomes

Units : Million Baht

	Consolidated Financial Statements			
	Three-month Periods		Nine-month Periods	
	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Gains on sales of assets	10.42	2.45	30.10	36.51
Revenue from other services of Aircraft Maintenance Department	131.86	42.77	451.29	274.28
Revenue from airport fees collected from passengers	157.72	78.32	473.16	234.95
Compensation revenue from the delay delivery of aircraft	-	218.13	205.98	218.13
Other fine revenues	21.34	7.46	54.78	24.22
Insurance compensation from the flood disaster	17.42	98.04	24.45	265.71
Revenue from Royal Orchid Lounge service	17.91	40.26	55.00	80.92
Others	144.68	101.29	371.34	300.36
Total	501.35	588.72	1,666.10	1,435.08

Units : Million Baht

	Separate Financial Statements			
	Three-month Periods		Nine-month Periods	
	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Gains on sales of assets	10.42	2.45	30.10	36.51
Dividend from associated companies and subsidiary companies	166.86	31.10	552.16	319.09
Revenue from other services of Aircraft Maintenance Department	131.86	42.77	451.29	274.28
Revenue from airport fees collected from passengers	157.72	78.32	473.16	234.95
Compensation revenue from the delay delivery of aircraft	-	218.13	205.98	218.13
Other fine revenues	21.34	7.46	54.78	24.22
Insurance compensation from the flood disaster	17.42	98.04	24.45	265.71
Revenue from Royal Orchid Lounge service	17.91	40.26	55.00	80.92
Others	140.48	89.44	365.39	270.21
Total	664.01	607.97	2,212.31	1,724.02

5.17 Other Expenses

	Units : Million Baht			
	Consolidated Financial Statements			
	Three-month Periods		Nine-month Periods	
	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Rentals and utilities	697.35	676.06	2,044.09	2,020.28
Office supplies	48.26	44.82	170.18	166.19
Repair of building and equipment	212.54	141.01	639.05	424.70
Outsource services	329.20	270.42	1,073.09	756.69
Consultant and service fees	170.26	111.01	449.25	361.64
Legal fee for Antitrust/ Competition Law	4.79	(554.03)	25.91	(444.66)
Computer service expenses	116.50	126.26	368.05	317.59
Rental of communication devices and office equipment	81.92	26.57	240.05	149.01
Travelling and transportation expenses	133.80	166.54	415.11	466.47
Concession fees	182.56	87.23	373.74	254.15
Passenger claim expenses	69.49	69.63	222.00	194.82
Damages from flood disaster	17.42	98.04	24.45	265.71
Provision for disposal and unused spare parts	193.05	96.02	521.88	291.78
Service cargo expenses	49.62	61.69	127.32	177.75
Others	285.67	343.86	848.26	1,021.88
Total	2,592.43	1,765.13	7,542.43	6,424.00

	Units : Million Baht			
	Separate Financial Statements			
	Three-month Periods		Nine-month Periods	
	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Rentals and utilities	697.35	676.06	2,044.09	2,020.28
Office supplies	48.26	44.82	170.18	166.19
Repair of building and equipment	212.54	141.01	639.05	424.70
Outsource services	329.20	270.42	1,073.09	756.69
Consultant and service fees	170.26	111.01	449.25	361.64
Legal fee for Antitrust/ Competition Law	4.79	(554.03)	25.91	(444.66)
Computer service expenses	116.50	126.26	368.05	317.59
Rental of communication devices and office equipment	81.92	26.57	240.05	149.01
Travelling and transportation expenses	133.80	166.54	415.11	466.47
Concession fees	182.56	87.23	373.74	254.15
Passenger claim expenses	69.49	69.63	222.00	194.82
Damages from flood disaster	17.42	98.04	24.45	265.71
Provision for disposal and unused spare parts	193.05	96.02	521.88	291.78
Service cargo expenses	49.62	61.69	127.32	177.75
Others	262.50	186.96	785.65	625.54
Total	2,569.26	1,608.23	7,479.82	6,027.66

5.18 Impairment Loss of Aircraft Separate Financial Statement

As the Company has phased out 16 aircraft from the fleet and are under the selling process (Notes 5.11), when comparing the net book value with the fair value less cost to sell, it appears that the fair value less cost to sell is lower than the net book value of 3 A300-600 and 4 A340-500 aircraft, therefore the Company recognized the impairment loss of such aircraft for the nine-month periods ended September 30, 2013, amount of THB 3,592.58 million.

5.19 Net Tax Expenses (Income)

Units : Million Baht

	Consolidated Financial Statements			
	Three-month Periods		Nine-month Periods	
	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Tax expense from taxable profit for the period	31.54	10.52	73.89	76.53
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	22.53	33.37	(739.42)	214.62
Net tax expenses (income)	54.07	43.89	(665.53)	291.15

Units : Million Baht

	Separate Financial Statements			
	Three-month Periods		Nine-month Periods	
	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012
Tax expense from taxable profit for the period	8.66	10.28	25.79	30.85
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	22.59	15.96	(738.27)	205.72
Net tax expenses (income)	31.25	26.24	(712.48)	236.57

5.20 Earnings (Loss) per Share

Basic earnings per share is calculated by dividing net profit for the period by the weighted average number of ordinary shares outstanding during the period.

Consolidated Financial Statements For the three-month periods ended September 30, 2013 and 2012

	Profit		Number of Shares		Earnings Per Share	
	Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012	Sep 30, 2013	Sep 30, 2012
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
Basic earnings (loss) per share						
Net profit (loss) attributable to owners of the parent	(6,194.66)	1,744.66	2,182.77	2,182.77	(2.84)	0.80

Separate Financial Statements
For the three-month periods ended September 30, 2013 and 2012

	<u>Profit</u>		<u>Number of Shares</u>		<u>Earnings Per Share</u>	
	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic earnings (loss) per share						
Net profit (loss) attributable to owners of the parent	(6,275.20)	1,409.00	2,182.77	2,182.77	(2.87)	0.65

Consolidated Financial Statements
For the nine-month periods ended September 30, 2013 and 2012

	<u>Profit</u>		<u>Number of Shares</u>		<u>Earnings Per Share</u>	
	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
Basic earnings (loss) per share						
Net profit (loss) attributable to owners of the parent	(6,350.64)	5,436.20	2,182.77	2,182.77	(2.91)	2.49

Separate Financial Statements
For the nine-month periods ended September 30, 2013 and 2012

	<u>Profit</u>		<u>Number of Shares</u>		<u>Earnings Per Share</u>	
	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
Basic earnings (loss) per share						
Net profit (loss) attributable to owners of the parent	(7,631.49)	3,602.16	2,182.77	2,182.77	(3.50)	1.65

5.21 Financial Information by Segment Consolidated

5.21.1 Business Segments

Statements of Income For the three-month periods ended September 30, 2013 and 2012

	Units : Million Baht							
	<u>Air transportation</u>		<u>Business Units</u>		<u>Other activities</u>		<u>Total</u>	
	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>
External Revenues	48,333.28	49,626.28	1,775.54	1,568.21	570.58	519.24	50,679.40	51,713.73
Inter - segment revenues	-	-	2,595.48	2,400.48	1,485.64	1,423.96	4,081.12	3,824.44
Interest income	170.23	125.89	-	-	0.61	2.50	170.84	128.39
Finance costs	(1,660.70)	(1,423.55)	-	-	-	0.63	(1,660.70)	(1,422.92)
Finance costs - net	(1,490.47)	(1,297.66)	-	-	0.61	3.13	(1,489.86)	(1,294.53)
Depreciation and amortization expenses	(4,647.47)	(4,596.26)	(193.67)	(217.42)	(198.82)	(160.37)	(5,039.96)	(4,974.05)
Fuel and oil	(20,130.50)	(19,139.00)	-	-	-	-	(20,130.50)	(19,139.00)
Employee benefits expenses	(4,969.29)	(4,312.34)	(2,124.94)	(1,786.35)	(1,465.94)	(1,405.94)	(8,560.17)	(7,504.63)
Tax expenses	(31.25)	(23.11)	-	-	(22.82)	(20.78)	(54.07)	(43.89)
Profit on investment in associates	178.61	211.70	-	-	-	-	178.61	211.70
Gain (loss) on foreign currency exchange	(2,890.41)	(121.61)	-	-	0.54	1.25	(2,889.87)	(120.36)
Impairment loss of aircraft	(87.38)	(352.73)	-	-	-	-	(87.38)	(352.73)
Gain (loss) by segments	(5,091.66)	3,110.29	389.36	51.64	56.75	(49.46)	(4,645.55)	3,112.47

Statements of Income
For the nine-month periods ended September 30, 2013 and 2012

	Units : Million Baht							
	<u>Air transportation</u>		<u>Business Units</u>		<u>Other activities</u>		<u>Total</u>	
	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>
External Revenues	146,651.35	147,140.22	5,351.72	5,064.87	1,781.78	1,439.51	153,784.85	153,644.60
Inter - segment revenues	-	-	7,692.04	7,440.18	4,546.53	4,037.65	12,238.57	11,477.83
Interest income	424.28	351.28	-	-	4.04	10.83	428.32	362.11
Finance costs	(4,592.76)	(4,342.47)	-	-	-	1.89	(4,592.76)	(4,340.58)
Finance costs - net	(4,168.48)	(3,991.19)	-	-	4.04	12.72	(4,164.44)	(3,978.47)
Depreciation and amortization expenses	(13,642.07)	(13,957.26)	(599.55)	(703.06)	(564.17)	(527.98)	(14,805.79)	(15,188.30)
Fuel and oil	(58,896.60)	(59,143.97)	-	-	-	-	(58,896.60)	(59,143.97)
Employee benefits expenses	(14,737.90)	(13,228.86)	(6,257.76)	(5,133.45)	(4,687.72)	(4,024.00)	(25,683.38)	(22,386.31)
Tax income (expenses)	712.47	(245.41)	-	-	(46.94)	(45.74)	665.53	(291.15)
Profit on investment in associates	693.60	319.70	-	-	-	-	693.60	319.70
Gain (loss) on foreign currency exchange	(963.07)	1,720.21	-	-	(0.09)	2.60	(963.16)	1,722.81
Impairment loss of aircraft	(3,860.23)	(666.11)	-	-	-	-	(3,860.23)	(666.11)
Profitability on business acquisition	-	1,584.40	-	-	-	-	-	1,584.40
Gain on reclassified investment	298.16	-	-	-	-	-	298.16	-
Gain on deemed disposal	722.30	-	-	-	-	-	722.30	-
Gain (loss) by segments	(4,607.14)	9,541.89	1,391.77	984.36	136.18	(585.23)	(3,079.19)	9,941.02

Assets and Liabilities
As at September 30, 2013 and 2012

	Units : Million Baht							
	<u>Air transportation</u>		<u>Business Units</u>		<u>Other activities</u>		<u>Total</u>	
	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>
Segment Assets	311,787.57	287,451.51	6,178.45	6,675.18	4,193.21	6,153.78	322,159.23	300,280.47
Non-allocated assets	-	-	-	-	-	-	<u>2,358.48</u>	<u>3,815.41</u>
Total assets							<u>324,517.71</u>	<u>304,095.88</u>
Segment Liabilities	260,175.92	230,317.02	840.89	610.60	641.77	1,713.00	261,658.58	232,640.62
Non-allocated liabilities	-	-	-	-	-	-	<u>1,297.88</u>	<u>1,636.82</u>
Total Liabilities							<u>262,956.46</u>	<u>234,277.44</u>

The Company has 3 reported segments, consisting of air transportation activities segment, business units segment, and other activities segment. Air transportation activities segment composed of passenger, freight, and mail services. The business units 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.

Gain (loss) by segments was derived from revenues net of costs and operating expenses, which exclude profit on investment in associated companies, finance costs, and tax expenses.

The Company records inter-segment revenue transfers at market price charged to its unaffiliated customer net of discount, for ground customer services segment recorded at cost net of discount, and for other activities segment and technical services recorded at budget cost. Those transferred transaction will be eliminated in consolidated financial statements.

Segment assets are the assets used for the operation or related to such activity.

Segment liabilities are the liabilities used for the operation or related to such activity.

5.21.2 Geographical Segments

Units : Million Baht

	Domestic Revenues			Foreign Revenues					Other Service Revenues			Other income			Total		
	Transportation	Business units	Others	Regional Asia	Europe	North Pacific	Australia & New Zealand	Africa	Charter revenues and others	Insurance surcharge from passengers	Fuel surcharge from passengers	Interest income	Other income	Gain on deemed disposal		Gain on business acquisition	Gain on reclassified investment
<u>Three-month Periods</u>																	
Jul-Sep 2013	3,400.31	1,775.54	570.58	18,275.58	9,707.56	662.07	4,668.57	231.21	2,287.92	475.26	8,624.80	170.84	501.35	-	-	-	51,351.59
Jul-Sep 2012	5,575.14	1,568.21	519.24	18,823.48	9,538.44	607.16	4,801.90	276.34	2,534.04	403.41	7,066.37	128.39	588.72	-	-	-	52,430.84
<u>Nine-month Periods</u>																	
Jan-Sep 2013	11,007.62	5,351.72	1,781.78	56,395.14	29,648.23	1,970.20	14,005.63	713.30	6,681.28	1,388.09	24,841.85	428.32	1,666.10	722.30	-	298.16	156,899.72
Jan-Sep 2012	13,266.68	5,064.88	5,086.39	55,360.36	28,916.56	2,018.53	13,479.97	799.47	7,252.45	1,219.79	21,179.52	362.11	1,435.08	-	1,584.40	-	157,026.19

5.22 Staff Pension Fund Consolidated and Separate Financial Statements

The Company has established a staff pension fund, contributing 10% of employee salaries to the fund each month. The fund's assets, liabilities and balance are presented in the Company's balance sheet. Interest and expenses arising from fund operations are recognised as income and expenses of the Company. The details are as follows:

	Units : Million Baht	
	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>
Current assets	5,046.37	4,652.26
Others	<u>41.54</u>	<u>69.24</u>
Total	<u>5,087.91</u>	<u>4,721.50</u>
Other current liabilities	66.70	51.39
Pension fund	<u>5,021.21</u>	<u>4,670.11</u>
Total	<u>5,087.91</u>	<u>4,721.50</u>

As at September 30, 2013, the fund balance was THB 5,021.21 million, equal to the Company's obligation to its staff under the fund. (The total Company contribution to the fund in this accounting periods was THB 283.58 million, which comes from contributions at a rate equivalent to 10% of employee salaries in the amount of THB 165.36 million plus the amount to match the Company's obligation of THB 118.22 million.)

5.23 Staff Provident Fund

The Company contributes to the provident fund at the rate of 9% for members having not more than 20 years of services and 10% for members having more than 20 years of services, representing amount of THB 927.72 million for this period.

The Company's provident fund is managed by Kasikorn Asset Management Company Limited, Krungthai Asset Management Public Company Limited, and MFC Asset Management Public Company Limited, which are permitted by the Securities and Exchange Commission, Thailand (SEC).

5.24 Actions Taken in Relation to Entering to Block Space Agreement With Southern Air Inc. (SAI)

Since Southern Air Inc. (SAI) has files an application for the rehabilitation (Chapter 11) with the bankruptcy court in Delaware, the United States of America, on November 28, 2012, the Company filed a debt repayment application in the case where Southern Air Inc. (SAI) requested for the rehabilitation by assigning SKADDEN, ARPS, SLATE, MEAGHER & FLOM to be a local lawyer of the Company. The case is currently undergoing the court's consideration.

5.25 Actions Taken in Relation to Claiming for Damages Arising from the Delay of KOITO Economy Class Seats Delivery

On December 9, 2011, Macfarlanes LLP, the Company's lawyer, filed a lawsuit against Koito Industries Limited and Asia Fleet Services(s) Pte., Ltd. at the court in England for breaching of general terms agreements (economy class seats) for Airbus A330-300 and A380-800 and Boeing 777-300 aircraft. At present, Koito Industries Limited (KI Holding Limited) has already files its defence and counter claim. The case is currently undergoing the court's consideration.

5.26 Contingent Liabilities

5.26.1 The Company has contingent liabilities and not presented in the financial statement as follows:

	Units : Million Baht	
	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>
Guarantee by banks (in Thailand)	85.13	220.85
Guarantee by banks (foreign countries)	267.06	399.09
The following lawsuits filed against the Company:		
Labour cases	1,299.01	1,410.71
Damage cases	<u>2,604.42</u>	<u>2,537.81</u>
Total	<u>4,255.62</u>	<u>4,568.46</u>

5.26.2 The Company had estimated damages and fines for the contravention of antitrust laws and had acknowledged such damages and fines in the financial statement of 2008 in the amount of THB 4,290.17 million. The Company had decreased an amount of the reserve with respect to damages and fines to THB 1,783.19 million, THB 1,042.05 million and THB 695.76 million in the financial statement of 2010, 2011 and 2012, respectively. For the nine-month periods ended September 30, 2013 the Company has decreased an amount of the reserve for damages and fines totaling THB 61.06 million. Therefore, the estimated amount of such reserve will be THB 708.11 million Baht. The progress of Antitrust/Competition cases has details as follows:

1. Regarding Passenger US DOJ Investigation conducted by the United States' Department of Justice (DOJ). DOJ had started to investigate the Company by sending summon for documents to the Company. It is now in the process of investigation. Correspondingly, the Company has already hired a local attorney to correspond with the DOJ. However, it is still uncertain as to whether an allegation is being sought and when it will occur.

2. On the subject of an investigation by the Korean Fair Trade Commission (KFTC)

On November 30, 2010 which imposed a fine totaling an amount of KRW 2,877 million but dropped the criminal charges against the Company and the relevant staff. The Company has appealed the KFTC Commissioners' decision to the competent court. Then, the appeal of the Company for both ex Korea route and ex Hong Kong route was dismissed i.e. the Company shall pay for the fine totaling an amount of KRW 2,198 million for ex Korea route and an amount of KRW 679 million for ex Hong Kong route. The Company has already appealed to the Supreme Court and the case is currently undergoing the Supreme Court procedures.

3. For the case where lawsuits were filed against the Company at the Superior Court of Los Angeles and the San Francisco County Superior Court alleging that the Company had violated the Antitrust law of the United States by committing fares and surcharges fixing conspiracy. Presently, the Judicial Panel on Multi-district Litigation has ordered to combine the cases to be considered by the court at San Francisco as a single case, however, the disputed amount of claims has not yet been determined until the court makes a final decision that the Company is guilty. The case is currently undergoing the court procedures.

According to the Board of Directors Meeting No. 10/2554 (2011) held on August 19, 2011 and No.13/2555 (2012) held on September 14, 2012, the meeting has resolved as follows:

1. To apply the local currency of each foreign country which the Company has the obligation to pay in the future for the reserve instead of applying the Thai currency.

2. To decrease an amount of the reserve of the antitrust case, which the outstanding balance is USD 20 million or approximately to THB 630.66 million, in the United States of America and Korea since the Company has already made a payment for the fine totaling an amount of KRW 2,877 million or approximately THB 77.45 million according to the Korean Fair Trade Commission (KFTC) official decision.

Correspondingly, the Company's Department of Legal Affairs and Business Administration has modified the estimation guidelines as follows:

1. The above estimated damages and fines are based on the progress and direction of the cases which have become more apparent and the Company also considers the possibility that the Company may be alleged by each authority of the country that conducted investigation against the Company and the lowest fine rates that may be used in case the courts rule or sentence that the Company has committed guiltiness as alleged or claimed. In addition, the Company adjusted the foreign currency exchange rate to be in line with the current rates.

2. The above estimated fine amounts are made in respect of the investigations made by the competent authority in each country including the initial estimate of the compensation in the Civil Class Action cases in the United States of America, though the disputed amount of claims has not yet been set and the plaintiffs still have to prove the damages.

3. The sentence or decision on the cases might be given separately in the next forth coming different fiscal years.

4. The above provision may be substantially deviate from the truth due to:

4.1 In the countries where investigations are initiated and no allegation is filed yet, there is no clear fact as to whether an allegation will be filed against the Company. And if such an allegation is filed against the Company, in which locations that such allegation may cover. The turnover amount of such locations which shall be based for calculation of fine or damages is therefore unaware.

4.2 The determination of fines and damages is dependent on the discretion of the deciding body. Other facts of the cases may need to be considered by such deciding body.

4.3 Before the decision is made, there may be a compromise or settlement of fines or damages amount, depending on the policy of each country and the case aspects.

5.27 Contractual Obligations

5.27.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase 2 A380-800, 5 A320-200, 4 A350-900XWB, and 6 B777-300ER aircraft amount of THB 61,164.38 million, expected to take delivery during the year 2013-2018 which consisted of:

Obligation	Unit : Million Baht	
	Within 1 year	Over 1 year – 5 years
Purchase of aircraft	21,933.49	39,230.89

5.27.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 47 aircraft amount of USD 4,861.61 million or approximately to THB 153,301.23 million consisting of 15 A320-200, 2 A330-300, 8 A350-900, 3 B737-400, 2 B777-200, 9 B777-300ER, 6 B787-8, and 2 B787-9 aircraft.

There are 26 aircraft which have not been scheduled delivery yet. The Company entered into the operating lease of 1 Boeing 777-300ER with the BOC Aviation Pte. Ltd. (BOCA) according to the Predelivery Commitment Agreement and Aircraft Lease Agreement dated October 22, 2010. Such aircraft is scheduled delivery on October 22, 2013. The commitment fee will be recognized in the Company's statement of income with a straight-line basis over the lease term. The operating leases of those 47 aircraft will be expired during 2013-2029.

Lease obligation and commitment fee can be classified as follows:

Obligation	Unit : Million Baht		
	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	5,563.41	40,215.46	107,522.36
Commitment Fee	-	-	-
Total	5,563.41	40,215.46	107,522.36

5.28 Estimated Damages from the Flood Disaster

On October 26, 2011, the flood reached Don Muang Airport causing the damages to the Company's assets which the insurance will cover for such damages.

The Company has primarily recorded the damages from flood disaster, which consisted of two Airbus A300-600 aircraft phased out from the fleet as aircraft for sales, consumable parts and supplies of Technical Department, tool repairment of Technical Department and raw material of Catering. As at September 30, 2013, the Company received THB 1,139.52 million, as the insurance compensation from the insurance company. The Company recognized the insurance compensation from the flood disaster as an income amount of THB 483.68 million. Such compensation has been recognized in the statements of comprehensive income for the year 2011 and 2012, and for the nine-month periods ended September 30, 2013 at the amount of THB 175 million, THB 284.23 million, and THB 24.45 million, respectively. However, all the damaged assets which are covered by the insurance policy are under claiming process with the insurance company.

5.29 Damages from the Aircraft Flights

5.29.1 On August 30, 2013, Flight TG 600 (Aircraft Type Airbus A380-800/Registration HS-TUA) encountered clear air turbulence while approaching Hong Kong International Airport. More than 40 passengers were reported injury and found minor damage in Passenger Cabin. Negotiation with passengers for their claims is still under process. Aircraft was found damage in the Passenger Cabin but the degree of damage was minor. The aircraft now returns to services.

5.29.2 On September 28, 2013, Flight TG 697 (Aircraft Type Airbus A330-300/Registration HS-TEF) skidded off run-way after landing at Suwannabhum International Airport. 80 passengers were reported injury and there was no fatality in this incident. Aircraft sustained severe damage and still in the custody and control of Thai's Department of Civil Aviation and National Air Accident Investigation Committee. The Aircraft must be officially returned from Thai's Department of Aviation so that THAI can perform damage assessment in this respect. The aircraft is insured with the Agreed Value of USD 32.45 million or approximately to THB 1,014.01 million.

The cases under 5.29.1 and 5.29.2, the Company's Aviation Insurers are fully aware of the matter and already appointed Lawyers and Loss Adjusters to coordinate and work with THAI in respect of claims, litigation and settlement for passengers. The Team appointed by Insurers shall also make assessment for the damage of the aircraft under these cases.

On September 3 and 18, 2013, the Company received an interim payment from Insurers in the amount of USD 75,000 or approximately to THB 2.40 million for the case of TG 600 and USD 250,000 or approximately to THB 7.92 million for the case of TG 679.

5.30 Events during the Reporting Period

On January 18, 2013 Nok Airlines Company Limited has registered to be the Public Company limited and appointed 12 Board of Directors instead of 9 previously. Thus, the Company holds 49% interest in Nok Airlines Public Company Limited and has 5 Directors out of 12 on Nok Airlines Public Company Limited. As a result, the Company lost its control over Nok Airlines Public Company Limited according to TAS 27, Consolidated and Separate Financial Statements. Hence, The Company did not console Nok Airlines Public Company Limited's financial statements to the Company's since then.

On June 20, 2013, Nok Airlines Public Company Limited offered the increase of 125 million ordinary shares at THB 1 par value with the offering price of THB 26 each. Nok Airlines Public Company Limited has already received an aggregate amount of THB 3,250 million, which caused the decrease of the Company's share portion from 49 to 39.2 percent.

Gain on deemed disposal amount of THB 722.30 million was the recognition of investment portion in Nok Airlines Public Company Limited amount of THB 1,241.65 million or the Company's portion of 39.2 percent, net of the difference from changing in share portion of Nok Airlines Public Company Limited, which decreased from 49 to 39.2 percent, amount of THB 519.35 million.

5.31 Events after the Reporting Period

5.31.1 The Company has repaid all its outstanding loans amount of EUR 90.75 million or approximately to THB 3,871.86 million in order to release its obligation according to the finance lease for Airbus A340 - 500 No. 1-3 on October 7, 29 and 25, 2013, respectively.

5.31.2 The Company took the delivery of Airbus A380-800 No. 5 (MSN 125) on October 29, 2013. Such aircraft was paid by the loan borrowed via the Ministry of Finance amount of USD 500 million which the Company has already withdrawn on June 28, 2013.

5.31.3 The Company took the delivery of 3 aircraft under operating leases, that is, 1 Boeing 777-300ER on October 22, 2013 and 2 Airbus A320-200 on October 23 and 29, 2013.

5.31.4 On October 17, 2013, the Company has registered to establish the Thai Smile Airline Co., Ltd. according to the Civil and Commercial Code with the registered share capital of THB 1,800 million. The Company holds 100% of shareholder proportion.

5.31.5 On September 19, 2013, the Company's Board of Directors approved the Company entering into short-term promissory note, Committed Credit Line, amount THB 3,000 million. The Company signed the agreement with Krung Thai Bank Public Company Limited on October 24, 2013.

5.32 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on November 11, 2013.
