

(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, 2014, the related consolidated and separate statements of comprehensive income for the three-month and nine-month period ended September 30, 2014, the consolidated and separate statements of changes in shareholders' equity and statements of cash flows for the nine-month period ended September 30, 2014 and condensed notes to interim financial statements of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of the Review

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

Conclusion

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

Emphasis of Matters

The Office of the Auditor General of Thailand would like to draw attention to Note 4 to financial statements regarding the going concern, which described the material uncertainties which may cast the significant doubt as to the ability of Thai Airways International Public Company Limited to continue as a going concern. The opinion of the Office of the Auditor General of Thailand is not qualified in respect of this matter.

(Signed)

Pisit Leelavachiropas
(Pisit Leelavachiropas)
Auditor General

(Signed)

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

Office of the Auditor General
November 12, 2014

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2014

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		September 30, 2014 (Unaudited but reviewed)	Dec 31, 2013	September 30, 2014 (Unaudited but reviewed)	Dec 31, 2013
ASSETS					
Current Assets					
Cash and cash equivalents	5.1	18,624,937,434	11,757,473,084	17,988,102,654	11,649,734,484
Temporary investments		135,000,000	100,000,000	-	-
Trade receivables	5.2	12,555,258,038	13,640,040,697	12,517,020,991	13,602,738,159
Prepaid expenses and deposits		8,682,912,641	8,759,218,393	8,940,024,271	9,117,676,555
Inventories and supplies		7,417,181,586	7,521,371,974	7,417,181,586	7,521,371,974
Other current assets	5.3	9,307,592,585	9,510,098,148	10,925,551,980	9,508,020,384
Non-current assets classified as held for sale	5.11	8,938,944,936	7,196,723,980	8,938,944,936	7,196,723,980
Total Current Assets		65,661,827,220	58,484,926,276	66,726,826,418	58,596,265,536
Non-Current Assets					
Investments in associates	5.4.1	4,699,225,414	4,982,298,757	1,083,520,500	1,083,520,500
Investments in subsidiaries	5.4.1	-	-	810,209,893	460,209,893
Other long-term investments	5.4.2	78,259,423	129,255,558	78,259,423	79,195,065
Property, plant and equipment	5.6	226,765,451,903	231,448,732,868	226,758,794,655	231,440,806,539
Intangible assets	5.7	1,230,448,366	861,265,669	1,221,975,135	856,777,952
Deferred tax assets	5.8	6,009,959,200	5,741,159,508	5,993,998,301	5,727,973,315
Other non-current assets	5.10	5,797,888,580	5,437,095,760	5,792,188,674	5,431,405,823
Total Non-Current Assets		244,581,232,886	248,599,808,120	241,738,946,581	245,079,889,087
Total Assets		310,243,060,106	307,084,734,396	308,465,772,999	303,676,154,623

Notes to interim financial statements are an integral part of these financial statements.

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2014

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>September 30, 2014</u> (Unaudited but reviewed)	<u>Dec 31, 2013</u>	<u>September 30, 2014</u> (Unaudited but reviewed)	<u>Dec 31, 2013</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables		5,521,584,447	6,186,377,742	5,512,029,753	6,179,081,198
Accrued expenses		17,426,186,412	20,395,460,571	19,645,137,271	20,653,985,311
Current portion of long-term liabilities					
Long-term borrowings from related parties	5.5.1.2	572,000,000	1,322,000,000	572,000,000	1,322,000,000
Long-term borrowings from other parties		6,957,970,108	9,445,117,378	6,957,970,108	9,445,117,378
Liabilities under finance leases		10,790,970,726	10,313,020,136	10,790,970,726	10,313,020,136
Debentures		6,000,000,000	3,720,000,000	6,000,000,000	3,720,000,000
Short-term borrowings from related parties	5.5.1.1	10,000,000,000	-	10,000,000,000	-
Short-term borrowings from other parties		9,000,000,000	-	9,000,000,000	-
Income tax payable		6,509,795	11,369,045	-	-
Other current liabilities					
Accrued dividends		54,916,558	55,099,476	54,847,959	55,007,676
Unearned transportation revenues		21,911,574,759	20,546,445,629	21,911,574,759	20,546,445,629
Others		8,841,755,500	10,373,688,613	8,824,066,706	10,920,292,838
Total Current Liabilities		97,083,468,305	82,368,578,590	99,268,597,282	83,154,950,166
Non-Current Liabilities					
Long-term liabilities					
Long-term borrowings from related parties	5.5.1.2	15,998,569,084	17,943,517,559	15,998,569,084	17,943,517,559
Long-term borrowings from other parties		30,728,541,892	32,887,321,733	30,728,541,892	32,887,321,733
Liabilities under finance leases		63,847,469,528	63,318,861,181	63,847,469,528	63,318,861,181
Debentures		37,600,000,000	37,400,000,000	37,600,000,000	37,400,000,000
Deferred tax liabilities	5.9	126,442,840	105,336,022	126,442,840	105,336,022
Staff pension fund	5.22	5,017,580,972	4,874,412,373	5,017,580,972	4,874,412,373
Employee benefit obligations	5.12	11,258,558,788	10,545,974,865	11,210,413,449	10,511,745,306
Long-term provisions		683,399,020	488,522,824	413,762,865	486,082,020
Other non-current liabilities		207,758,545	233,470,172	207,758,545	233,470,172
Total Non-Current Liabilities		165,468,320,669	167,797,416,729	165,150,539,175	167,760,746,366
Total Liabilities		262,551,788,974	250,165,995,319	264,419,136,457	250,915,696,532
Shareholders' Equity					
Share capital	5.13				
Authorized share capital					
2,698.90 million ordinary shares par value of Baht 10 each		26,989,009,500	26,989,009,500	26,989,009,500	26,989,009,500
Issued and paid-up share capital					
2,182.77 million ordinary shares par value of Baht 10 each		21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170
Premium on ordinary shares		25,545,316,308	25,548,223,951	25,545,316,308	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	5.31	(2,448,302,350)	6,762,425,524	(6,017,674,504)	2,693,239,402
Total Company Shareholders' Equity		47,616,008,696	56,829,644,213	44,046,636,542	52,760,458,091
Non-controlling Interests		75,262,436	89,094,864	-	-
Total Shareholders' Equity		47,691,271,132	56,918,739,077	44,046,636,542	52,760,458,091
Total Liabilities and Shareholders' Equity		310,243,060,106	307,084,734,396	308,465,772,999	303,676,154,623

Notes to interim financial statements are an integral part of these financial statements.

(Signed) *ACM Siwakiat Jayema*
(Siwakiat Jayema)
Board of Director
Acting President

(Signed) *Charita Leelayudth*
(Charita Leelayudth)
Vice President, Investor Relations Management Department
Acting 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, 2014

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014	2013	2014	2013
Revenues					
Revenues from Sales or Revenues from Services					
Passenger and excess baggage		37,903,006,347	42,454,936,583	37,903,006,347	42,454,936,583
Freight		5,246,768,174	5,652,135,282	5,246,768,174	5,652,135,282
Mail		192,975,258	226,215,309	192,975,258	226,215,309
Other activities		2,483,093,545	2,346,113,449	2,578,362,494	2,247,659,791
Total Revenues from Sales or Revenues from Services		45,825,843,324	50,679,400,623	45,921,112,273	50,580,946,965
Other Income					
Interest income		69,166,229	170,838,994	67,244,891	170,230,043
Gain(loss) on foreign currency exchange		7,379,563,474	(2,889,866,581)	7,385,858,462	(2,890,413,705)
Other income - Others	5.15	544,518,274	501,348,683	594,909,076	664,010,354
Total Other Income		7,993,247,977	(2,217,678,904)	8,048,012,429	(2,056,173,308)
Total Revenues		53,819,091,301	48,461,721,719	53,969,124,702	48,524,773,657
Expenses					
Fuel and oil		19,479,099,776	20,130,499,913	19,122,166,232	20,130,499,913
Employee benefit expenses	5.14	7,278,569,961	8,560,171,664	7,258,551,808	8,615,801,263
Flight service expenses		5,038,383,707	5,451,113,337	4,880,956,311	5,451,113,337
Crew expenses		1,468,834,389	1,500,327,060	1,448,035,522	1,500,327,060
Aircraft maintenance and overhaul costs		3,174,183,624	3,520,286,031	2,944,101,177	3,520,286,031
Depreciation and amortisation expenses		5,146,036,738	5,039,960,929	5,145,106,847	5,038,587,154
Lease of aircraft and spare parts		1,657,958,560	1,158,539,717	2,603,651,223	1,158,539,717
Inventories and supplies		1,969,758,520	2,437,914,383	1,933,091,619	2,437,914,383
Selling and advertising expenses		2,285,558,530	2,444,772,802	2,257,033,946	2,414,453,981
Insurance expenses		112,514,751	183,877,669	112,514,751	183,877,669
Impairment loss of assets		89,506,243	87,380,263	89,506,243	87,380,263
Impairment loss of aircraft	5.17	1,131,079,434	-	1,131,079,434	-
Other expenses	5.16	2,488,762,285	2,592,429,515	2,457,938,518	2,569,255,488
Finance costs		1,472,353,029	1,660,696,053	1,472,353,029	1,660,696,053
Share of (profit) loss of associates		104,918,213	(178,610,160)	-	-
Total Expenses		52,897,517,760	54,589,359,176	52,856,086,660	54,768,732,312
Profit (Loss) before Income Tax Expense		921,573,541	(6,127,637,457)	1,113,038,042	(6,243,958,655)
Income tax expense (income)	5.18	(174,960,589)	54,067,751	(187,572,830)	31,246,213
Profit (Loss) for the Period		1,096,534,130	(6,181,705,208)	1,300,610,872	(6,275,204,868)
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income (expense) for the Period		1,096,534,130	(6,181,705,208)	1,300,610,872	(6,275,204,868)
Profit (Loss) Attributable to:					
Owners of the Parent		1,085,733,639	(6,194,663,371)	1,300,610,872	(6,275,204,868)
Non-controlling interests		10,800,491	12,958,163	-	-
		1,096,534,130	(6,181,705,208)	1,300,610,872	(6,275,204,868)
Total Comprehensive Income (expense) Attributable to:					
Owners of the Parent		1,085,733,639	(6,194,663,371)	1,300,610,872	(6,275,204,868)
Non-controlling interests		10,800,491	12,958,163	-	-
		1,096,534,130	(6,181,705,208)	1,300,610,872	(6,275,204,868)
Eaening (Loss) per Share	5.19				
Basic earnings (loss) per share		0.50	(2.84)	0.60	(2.87)

Notes to interim financial statements are an integral part of these financial statements.

(Signed) ACM Siwakiat Jayema
(Siwakiat Jayema)
Board of Director
Acting President

(Signed) Charita Leelayudh
(Charita Leelayudh)
Vice President, Investor Relations Management Department
Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2014

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014	2013	2014	2013
Revenues					
Revenues from Sales or Revenues from Services					
Passenger and excess baggage		113,484,917,808	128,799,152,373	113,484,917,808	128,799,152,373
Freight		16,927,253,157	17,146,798,652	16,927,253,157	17,146,798,652
Mail		595,718,203	705,403,539	595,718,203	705,403,539
Other activities		7,117,879,805	7,133,496,291	7,166,475,881	6,854,821,744
Total Revenues from Sales or Revenues from Services		138,125,768,973	153,784,850,855	138,174,365,049	153,506,176,308
Other Income					
Interest income		202,477,355	428,315,667	194,971,828	424,276,366
Gain (loss) on foreign currency exchange		9,378,034,665	(963,158,969)	9,383,827,274	(963,063,089)
Other income - Others	5.15	1,518,732,190	1,666,096,354	1,881,484,145	2,212,308,516
Gain on deemed disposal		-	722,299,368	-	-
Gain on disposal of the controlling interest		-	298,158,621	-	-
Total Other Income		11,099,244,210	2,151,711,041	11,460,283,247	1,673,521,793
Total Revenues		149,225,013,183	155,936,561,896	149,634,648,296	155,179,698,101
Expenses					
Fuel and oil		58,938,449,183	58,896,597,579	58,280,696,216	58,896,597,579
Employee benefit expenses	5.14	22,721,931,797	25,683,378,193	22,636,725,037	25,728,346,530
Flight service expenses		15,839,929,888	15,940,559,781	15,549,500,600	15,940,559,781
Crew expenses		4,395,859,347	4,417,382,885	4,352,098,262	4,417,382,885
Aircraft maintenance and overhaul costs		9,586,726,132	10,011,764,707	9,193,958,838	10,011,764,707
Depreciation and amortisation expenses		15,403,171,486	14,805,790,692	15,400,215,562	14,801,488,730
Lease of aircraft and spare parts		4,578,235,055	3,391,588,758	6,235,064,582	3,391,588,758
Inventories and supplies		6,066,688,369	7,105,329,292	6,014,081,975	7,105,329,292
Selling and advertising expenses		6,215,941,510	6,884,092,171	6,142,512,184	6,821,193,809
Insurance expenses		350,589,477	476,612,349	350,589,477	476,612,349
Impairment loss of assets		225,372,412	267,646,244	225,372,412	267,646,244
Impairment loss of aircraft	5.17	2,293,900,483	3,592,578,829	2,293,900,483	3,592,578,829
Other expenses	5.16	7,430,788,228	7,542,428,224	7,342,914,981	7,479,819,778
Finance costs		4,547,629,778	4,592,761,863	4,547,629,778	4,592,758,522
Share of profits of associates		(5,359,428)	(693,602,118)	-	-
Total Expenses		158,589,853,717	162,914,909,449	158,565,260,387	163,523,667,793
Loss before Income Tax Expense		(9,364,840,534)	(6,978,347,553)	(8,930,612,091)	(8,343,969,692)
Income tax expense (income)	5.18	(187,598,837)	(665,530,730)	(219,698,185)	(712,475,540)
Loss for the Period		(9,177,241,697)	(6,312,816,823)	(8,710,913,906)	(7,631,494,152)
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income (expense) for the Period		(9,177,241,697)	(6,312,816,823)	(8,710,913,906)	(7,631,494,152)
Profit (Loss) Attributable to:					
Owners of the Parent		(9,210,727,874)	(6,350,640,368)	(8,710,913,906)	(7,631,494,152)
Non-controlling interests		33,486,177	37,823,545	-	-
		(9,177,241,697)	(6,312,816,823)	(8,710,913,906)	(7,631,494,152)
Total Comprehensive Income (expense) Attributable to:					
Owners of the Parent		(9,210,727,874)	(6,350,640,368)	(8,710,913,906)	(7,631,494,152)
Non-controlling interests		33,486,177	37,823,545	-	-
		(9,177,241,697)	(6,312,816,823)	(8,710,913,906)	(7,631,494,152)
Loss per Share	5.19				
Basic loss per share		(4.22)	(2.91)	(3.99)	(3.50)

Notes to interim financial statements are an integral part of these financial statements.

(Signed) *ACM Siwakiat Jayema*
(Siwakiat Jayema)
Board of Director
Acting President

(Signed) *Charita Leelayudth*
(Charita Leelayudth)
Vice President, Investor Relations Management Department
Acting 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 PERIOD ENDED SEPTEMBER 30, 2014

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS

	Notes	Owners of the parent						Total Owners of the Parent	Non-controlling Interests	Total Shareholders' Equity
		Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings	Other Components of Equity					
					Other Comprehensive Income					
					Actuarial Gains on Employee Benefit Obligations	Income Tax Relating to Components of Other Comprehensive Income	Total Other Components of Equity			
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
Add The effect from loss of control in subsidiary		-	-	-	-	-	-	-	(720,965,280)	(720,965,280)
Add 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										
Less Dividend payment		-	-	(1,091,385,959)	-	-	-	(1,091,385,959)	(135,000,005)	(1,226,385,964)
Add Dividend return		-	-	49,578	-	-	-	49,578	-	49,578
Less Dividends paid to cumulative preferred shares		-	-	-	-	-	-	-	(68,683)	(68,683)
Add Total comprehensive income 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
Balance as at January 1, 2014		21,827,719,170	25,548,223,951	8,408,289,694	1,306,764,248	(261,352,850)	1,045,411,398	56,829,644,213	89,094,864	56,918,739,077
Reclassification	5.31									
Actuarial gains on employee benefit and income tax		-	-	1,045,411,398	(1,306,764,248)	261,352,850	(1,045,411,398)	-	-	-
Changes in Shareholders' Equity										
Less Dividend payment		-	-	-	-	-	-	-	(47,250,005)	(47,250,005)
Less Dividends paid to cumulative preference shares		-	-	-	-	-	-	-	(68,600)	(68,600)
Less Adjustment of share offering expense		-	(2,907,643)	-	-	-	-	(2,907,643)	-	(2,907,643)
Add Total comprehensive income for the period		-	-	(9,210,727,874)	-	-	-	(9,210,727,874)	33,486,177	(9,177,241,697)
Balance as at September 30, 2014		21,827,719,170	25,545,316,308	242,973,218	-	-	-	47,616,008,696	75,262,436	47,691,271,132

Notes to interim financial statements are an integral part of these financial statements.

(Signed) ACM Siwakiat Jayema
(Siwakiat Jayema)
Board of Director
Acting President

(Signed) Charita Leelayudth
(Charita Leelayudth)
Vice President, Investor Relations Management Department
Acting 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 PERIOD ENDED SEPTEMBER 30, 2014

Unit : Baht

SEPARATE FINANCIAL STATEMENTS

	Notes	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings	Other Components of Equity			Total Shareholders' Equity
					Other Comprehensive Income			
					Actuarial Gains on Employee Benefit Obligations	Income Tax Relating to Components of Other Comprehensive Income	Total Other Components of Equity	
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				-				
Less Dividend payment		-	-	(1,091,385,959)	-	-	-	(1,091,385,959)
Add Dividend return		-	-	49,578	-	-	-	49,578
Less Total comprehensive income 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
Balance as at January 1, 2014		21,827,719,170	25,548,223,951	4,338,174,443	1,307,925,659	(261,585,132)	1,046,340,527	52,760,458,091
Reclassification	5.31							
Actuarial gains on employee benefit and income tax		-	-	1,046,340,527	(1,307,925,659)	261,585,132	(1,046,340,527)	-
Changes in Shareholders' Equity								
Less Adjustment of share offering expense		-	(2,907,643)	-	-	-	-	(2,907,643)
Less Total comprehensive income for the period		-	-	(8,710,913,906)	-	-	-	(8,710,913,906)
Balance as at September 30, 2014		21,827,719,170	25,545,316,308	(3,326,398,936)	-	-	-	44,046,636,542

Notes to interim financial statements are an integral part of these financial statements.

(Signed) ACM Siwakiat Jayema
(Siwakiat Jayema)
Board of Director
Acting President

(Signed) Charita Leelayudth
(Charita Leelayudth)
Vice President, Investor Relations Management Department
Acting 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, 2014

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities				
Loss before income tax expenses	(9,364,840,534)	(6,978,347,553)	(8,930,612,091)	(8,343,969,692)
Adjustment to reconcile loss before income tax expense to cash received (paid) from operating activities :				
Depreciation and amortisation expenses	15,403,171,486	14,805,790,692	15,400,215,562	14,801,488,730
Aircraft lease fee	108,042,790	57,715,129	108,042,790	57,715,129
Dividends received	(576,100)	(423,150)	(346,817,666)	(552,583,011)
Share of profits of investments by equity method	(5,359,428)	(693,602,118)	-	-
Gain on disposal of the controlling interest	-	(298,158,621)	-	-
Gain on deemed disposal	-	(722,299,368)	-	-
Interest income	(202,477,355)	(428,315,667)	(194,971,828)	(424,276,366)
Interest expenses	4,547,629,778	4,592,761,863	4,547,629,778	4,592,758,522
Gains on sales of assets	(15,318,401)	(29,911,015)	(14,925,842)	(30,096,126)
Loss on sales of aircraft	82,151,560	-	82,151,560	-
Loss (gain) on foreign currency exchange	(8,001,050,531)	3,535,052,134	(8,006,676,385)	3,535,023,905
Employee benefit obligations	712,583,923	689,777,262	698,668,143	681,121,435
Provision for obsolete inventories and supplies	584,079,888	517,701,905	584,079,888	517,701,905
Doubtful accounts	151,427,452	3,774,349	151,170,935	2,051,874
Impairment loss of aircraft	2,293,900,483	3,592,578,829	2,293,900,483	3,592,578,829
Impairment loss of assets	225,372,412	267,646,244	225,372,412	267,646,244
Operating profits before changes in operating assets and liabilities	6,518,737,423	18,911,740,915	6,597,227,739	18,697,161,378
Decrease (increase) in operating assets :				
Trade receivables	645,102,338	(1,325,002,782)	646,555,385	(1,311,691,822)
Inventories and supplies	(479,889,501)	(602,400,687)	(479,889,501)	(602,400,687)
Prepaid expenses and deposits	(59,464,547)	82,074,207	41,881,985	(114,271,022)
Tax refund	(6,757,317)	223,591,214	(6,757,317)	223,591,214
Other current assets	392,031,183	1,013,858,521	(1,231,349,094)	1,028,099,315
Assets for sales	(2,296,569,969)	(34,009,057)	(2,296,569,969)	(34,009,057)
Other assets	263,564,732	(80,143,426)	263,574,702	(80,129,277)
Deferred charges	(1,147,983,779)	(1,144,033,607)	(1,147,983,779)	(1,144,033,607)
Increase (decrease) in operating liabilities :				
Trade payables	(525,414,278)	(309,724,464)	(522,397,909)	(305,159,467)
Accrued expenses and other current liabilities	(4,218,168,754)	1,412,759,003	(2,821,949,645)	1,655,115,565
Staff pension fund	143,168,599	351,100,145	143,168,599	351,100,145
Unearned transportation revenues	1,350,048,901	(533,868,229)	1,350,048,901	(533,868,229)
Other non-current liabilities	173,367,578	34,301,446	(93,827,772)	34,264,317
Proceeds from operations	751,772,609	18,000,243,199	441,732,325	17,863,768,766
Payment of income tax	(221,841,129)	(235,829,936)	(178,900,892)	(184,344,855)
Net Cash provided by Operating Activities	529,931,480	17,764,413,263	262,831,433	17,679,423,911

Notes to interim financial statements 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 PERIOD ENDED SEPTEMBER 30, 2014

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash Flows from Investing Activities				
Cash paid for acquisition of fixed assets	(6,862,260,937)	(10,790,482,903)	(6,861,277,230)	(10,789,199,944)
Cash paid for intangible assets	(437,462,993)	(180,931,757)	(432,772,043)	(180,657,656)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment	907,868,686	1,226,032,229	907,868,686	1,226,032,229
Proceeds from sales of assets	122,178,219	553,704,620	121,783,360	553,704,620
Interest income	218,005,982	336,752,709	210,579,451	332,254,517
Dividend received	289,008,870	255,224,216	346,817,666	420,283,011
Investment decrease (increase)	50,000,000	1,854,731	(350,000,000)	1,854,731
Temporary investment decrease (increase)	(35,000,000)	250,000,000	-	-
Cash decreased from loss of control	-	(246,456,042)	-	-
Net Cash used in Investing Activities	(5,747,662,173)	(8,594,302,197)	(6,057,000,110)	(8,435,728,492)
Cash Flows from Financing Activities				
Proceeds from debentures	3,200,000,000	9,000,000,000	3,200,000,000	9,000,000,000
Proceeds from short-term borrowings	39,623,830,000	-	39,623,830,000	-
Proceeds from long-term borrowings	10,019,917,087	22,762,434,571	10,019,917,087	22,762,434,571
Cash paid for repayment of short-term borrowings	(20,623,830,000)	-	(20,623,830,000)	-
Cash paid for repayment of debentures	(720,000,000)	-	(720,000,000)	-
Cash paid for repayment of long-term borrowings	(14,837,398,749)	(21,290,109,414)	(14,837,398,749)	(21,290,109,414)
Cash paid for borrowings interest	(4,100,859,816)	(2,974,106,945)	(4,100,859,816)	(2,974,103,604)
Dividends paid	(220,917)	(1,087,820,879)	(159,717)	(1,087,820,679)
Dividends paid to non-controlling interests	(47,280,604)	(135,101,497)	-	-
Net Cash provided by Financing Activities	12,514,157,001	6,275,295,836	12,561,498,805	6,410,400,874
Net increase in cash and cash equivalents	7,296,426,308	15,445,406,902	6,767,330,128	15,654,096,293
Effect from changing in exchange rate on cash and cash equivalents decreased	(428,961,958)	(171,939,256)	(428,961,958)	(171,939,256)
Cash and cash equivalents at the beginning of the period	11,757,473,084	20,048,374,724	11,649,734,484	19,741,670,550
Cash and Cash Equivalents at the End of the Period	18,624,937,434	35,321,842,370	17,988,102,654	35,223,827,587
Additional Information for Cash Flow				
Non-cash Transactions				
Fixed assets unpaid	2,193,210,640	209,967,956	2,193,210,640	209,967,956
Assets under finance leases	5,997,822,178	9,285,229,781	5,997,822,178	9,285,229,781

Notes to interim financial statements are an integral part of these financial statements.

(Signed) *ACM Siwakiat Jayema*
(Siwakiat Jayema)
Board of Director
Acting President

(Signed) *Charita Leelayudth*
(Charita Leelayudth)
Vice President, Investor Relations Management Department
Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONDENSED NOTES TO INTERIM FINANCIAL STATEMENTS
For the three-month and nine-month period ended September 30, 2014 (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 Unit which concern directly with transportation.

As at September 30, 2014, the Company has the routes servicing to 68 destinations in 34 countries all over the world, whereas 5 routes are domestic (excluding Bangkok).

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

The consolidated and the separate financial statements have been prepared in accordance with Thai 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 (“the Company”) 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	
			<u>2014</u>	<u>2013</u>
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. Thai Smile Airways Company Limited	Air transportation services	Thailand	100%	100%
Held by the Subsidiary of the Company				
A subsidiary held by WingSpan Services Company Limited				
- Tour Eurng Luang Company Limited	Tourism Business	Thailand	49%	49%

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

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

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

Interim Financial Statements Preparation

The interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting (revised 2012). 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 2012) Presentation of Financial Statements, which are effective on January 1, 2014 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, 2013. 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, 2013.

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, 2016 :

TFRS No. 4

Insurance Contracts

For adopting of Financial Reporting Standard, the management of the Company has assessed that the above standard has no significant impact to the consolidated and the separate financial statements.

4. GOING CONCERN

Due to the weak operating results has impacted on the material decrease in cash flow from operating activities. As a result, liquidity ratio is equal to 0.87 (exclude unearned revenue) and interest bearing debt to equity ratio is equal to 4.02 for the nine-month period ended September 30, 2014. Thus, the Company has to partially draw down committed revolving credit lines to sustain liquidity and to maintain adequate level of required cash flow for working capital, to meet its investment program. A new strategic plan is currently being drafted to ensure improved financial performance. Moreover, the Company acquires a long-term financing to take a delivery of aircraft. The Company has estimated its cash flow for the year 2014 and 2015 in related to the Company's business revival plan and already acquired additional fund for the year 2014. Also, has a financial plan for the year 2015 in order to continuity operate its business.

The Company developed a business turnaround plan which was approved in principle by the Board of Directors on August 5, 2014. The urgent plan focuses on increasing revenue, reducing costs to improve operating results in 2014 and ensuring sufficient liquidity and financing for investments and support its operations, also the Company is under the discussion and consideration of the Company's Business Plan Screening Working Group, which the meeting held on August 8, 2014. The Company participated in the meeting with representatives of the Ministry of Finance, which comprised of the officers of State Enterprise Policy Office and the Public Debt Management Office, to resolve its liquidity problems on August 7, 2014. On September 9, 2014, the Board of Directors appointed a strategy and reform committee made up of relevant Board of Directors and external experts to closely supervise and review the strategic and reorganization plan to ensure a competitive organization that is able to generate appropriate returns on a sustainable basis which would be implemented as a roadmap to generate the action plan of 2015 and the medium-term plan.

On August 20, 2014, the Company sent a letter to the Public Debt Management Office (PDMO) to ask for revision of funding requirement in foreign currency for Aircraft procurement for the budget year 2015 in order to obtain funding approval under the Public Debt in accordance with the ECP Program policy. On September 2, 2014, the Company sent another letter to ask for on-lending support from the PDMO under the ECP Program for the purpose of bridge financing before acquiring or securing long-term loan for Aircraft procurement.

On September 2, 2014, The National Council for Peace and Order (NCPO) approved the Public Debt for the budget year 2015 as proposed by Finance Minister, Chairman of the Public Debt Policy and Supervision Committee which the Company plans to secure foreign currency funding for the eight (8) aircraft to be delivered in year 2015. The Aircraft procurement plan forms part of the country's strategy to enhance Air Transport Infrastructure (phase I). The total amount of THB 23,540.47 million (equivalent to USD 759.37 million) with the condition that the Company may use on-lending loan approved under the ECP program for the purpose of bridge financing before securing Long-term loan to finance aircraft acquisition.

5. SUPPLEMENTARY INFORMATION

5.1 Cash and Cash Equivalents

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	Unit : Million Baht			
	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>
Cash - Domestic	20.25	13.99	20.25	13.99
Cash - Abroad	30.80	65.57	30.80	65.57
Cash at Banks - Domestic	6,784.76	898.84	6,147.92	791.10
Cash at Banks - Abroad	<u>11,789.13</u>	<u>10,779.07</u>	<u>11,789.13</u>	<u>10,779.07</u>
Total	<u>18,624.94</u>	<u>11,757.47</u>	<u>17,988.10</u>	<u>11,649.73</u>

5.2 Trade Receivables aging analysis are as follow:

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	Unit : Million Baht			
	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>
Aging Periods :				
Not over 6 months	12,322.03	13,512.16	12,285.44	13,476.30
Over 6 months to 1 year	329.29	357.67	327.45	354.75
Over 1 year to 2 years	292.47	350.20	292.47	350.20
Over 2 years	<u>882.12</u>	<u>1,309.26</u>	<u>856.23</u>	<u>1,284.91</u>
	13,825.91	15,529.29	13,761.59	15,466.16
Less Allowance for doubtful accounts	<u>(1,270.65)</u>	<u>(1,889.25)</u>	<u>(1,244.57)</u>	<u>(1,863.42)</u>
Trade receivables - net	<u>12,555.26</u>	<u>13,640.04</u>	<u>12,517.02</u>	<u>13,602.74</u>

5.3 Other Current Assets

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	Unit : Million Baht			
	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>
Tax refund	602.12	441.69	602.12	441.69
Cash and bank deposits of pension fund	5,081.32	4,796.92	5,081.32	4,796.92
Others	<u>3,624.15</u>	<u>4,271.49</u>	<u>5,242.11</u>	<u>4,269.41</u>
Total	<u>9,307.59</u>	<u>9,510.10</u>	<u>10,925.55</u>	<u>9,508.02</u>

5.4 Investments

Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
	Sep 30, 2014	Dec 31, 2013	Cost Method		Equity Method		Sep 30, 2014	Dec 31, 2013
			Sep 30, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2013		
5.4.1 Investments in associated companies recorded by equity method								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at September 30, 2014 amount of THB 579.38 million and as at December 31, 2013 amount of THB 427.50 million)	24.00	24.00	225.00	225.00	234.42	286.73	(38.81)	26.19
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	109.33	102.88	18.45	8.13
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at September 30, 2014 amount of THB 4,319.49 million and as at December 31, 2013 amount of THB 3,167.63 million)	22.59	22.59	115.19	115.19	900.39	878.05	135.23	163.00
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	271.19	246.13	55.06	61.14
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	150.82	130.51	20.30	2.99
Nok Airlines Public Company Limited (Fair value as at September 30, 2014 amount of THB 3,871.00 million and as at December 31, 2013 amount of THB 4,655.00 million)	39.20	39.20	360.00	360.00	<u>3,033.07</u>	<u>3,338.00</u>	<u>(184.87)</u>	<u>432.15</u>
Total investments					<u>4,699.22</u>	<u>4,982.30</u>	<u>5.36</u>	<u>693.60</u>
5.4.2 Other long-term investments recorded by cost method								
Fuel Pipeline Transportation Limited	0.00048	0.00048	0.00067	0.00067			-	-
Aeronautical Radio of Thailand Limited	1.90	1.90	12.56	12.56			-	-
SITA Investment Certificate	-	-	30.70	31.12			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			0.33	0.13
SITA Information Networking Computing	-	-	29.47	29.88			-	-
Other Shares	-	-	2.78	2.89			0.25	0.29
Investment in Debentures	-	-	-	50.06			-	-
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>			-	-
Total other long-term investments			<u>78.26</u>	<u>129.26</u>			<u>0.58</u>	<u>0.42</u>

Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	Sep 30, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2013
5.4.1 Investments recorded by cost method						
Subsidiary Companies						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	57.75	165.00
WingSpan 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	-	-
Thai Smile Airways Company Limited	100.00	100.00	800.00	450.00	-	-
Total			810.21	460.21	57.81	165.06
Associated Companies						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at September 30, 2014 amount of THB 579.38 million and as at December 31, 2013 amount of THB 427.50 million)	24.00	24.00	225.00	225.00	13.50	13.50
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	12.00	12.00
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at September 30, 2014 amount of THB 4,319.49 million and as at December 31, 2013 amount of THB 3,167.63 million)	22.59	22.59	115.19	115.19	112.88	93.30
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	30.00	13.50
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited (Fair value as at September 30, 2014 amount of THB 3,871.00 million and as at December 31, 2013 amount of THB 4,655.00 million)	39.20	39.20	360.00	360.00	120.05	254.80
Total			1,083.52	1,083.52	288.43	387.10
Total investments			1,893.73	1,543.73	346.24	552.16
5.4.2 Other long-term investments recorded by cost method						
Fuel Pipeline Transportation Limited	0.00048	0.00048	0.00067	0.00067	-	-
Aeronautical Radio of Thailand Limited	1.90	1.90	12.56	12.56	-	-
SITA Investment Certificate	-	-	30.70	31.12	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	0.33	0.13
SITA Information Networking Computing	-	-	29.47	29.88	-	-
Other Shares	-	-	2.78	2.89	0.25	0.29
Investment in Vayupak Fund	-	-	1.00	1.00	-	-
Total other long-term investments			78.26	79.20	0.58	0.42

5.4.3 Financial Data Summary of Subsidiaries

Unit : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Subsidiary Companies</u>				
Thai-Amadeus Southeast Asia Company Limited	245.10	81.27	261.19	74.25
WingSpan Services Company Limited	665.13	534.45	811.82	52.35
Thai Flight Training Company Limited	19.44	13.66	31.56	7.16
Tour Eurng Luang Company Limited	3.95	1.27	1.24	0.16
Thai Smile Airways Company Limited	2,969.40	2,431.83	2,072.52	(259.29)

The Company used the financial statements of subsidiary and associated companies, some of financial statements of associated companies are unreviewed by the CPA, as at September 30, 2014 to record the investments by equity method in the consolidated financial statements and by cost method in the separate financial statements.

5.5 Significant Transactions with Related Parties

5.5.1 Related Transactions with Major Shareholders

5.5.1.1 Short-term borrowings from related parties

Unit : Million Baht		
	Sep 30, 2014	Dec 31, 2013
Government Saving Bank	7,000.00	-
Islamic Bank of Thailand	<u>3,000.00</u>	-
Total	<u>10,000.00</u>	<u>-</u>

5.5.1.2 Long-term borrowings from related parties

Unit : Million Baht		
	Sep 30, 2014	Dec 31, 2013
Foreign borrowings via the Ministry of Finance	15,859.57	17,375.52
Government Saving Bank	<u>711.00</u>	<u>1,890.00</u>
Total	<u>16,570.57</u>	<u>19,265.52</u>

5.5.2 Related Transactions with Subsidiary Companies

5.5.2.1 Loans to Subsidiary

Unit : Million Baht		
	Sep 30, 2014	Dec 31, 2013
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 Purchases

Unit : Million Baht

	Three-month period				Nine-month period			
	Jul – Sep 2014		Jul – Sep 2013		Jan – Sep 2014		Jan – Sep 2013	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Thai-Amadeus Southeast Asia Company Limited	0.71	-	0.61	-	1.99	0.03	1.91	-
WingSpan Services Company Limited	1.14	226.37	0.61	222.35	5.18	665.85	4.14	640.21
Thai Flight Training Company Limited	2.66	0.03	1.96	-	15.69	0.12	4.80	-
Tour Eurng Luang Company Limited	8.12	6.38	-	-	36.11	21.65	-	-
Thai Smile Airways Company Limited	1,020.24	1,249.13	5.52	2.51	1,662.04	2,211.22	38.02	3.86

5.5.2.3 Account Receivables and Account Payables

Unit : Million Baht

	Sep 30, 2014		Dec 31, 2013	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	0.19	0.16	0.42	0.13
WingSpan Services Company Limited	355.81	413.59	404.04	423.08
Thai Flight Training Company Limited	4.15	-	2.23	-
Tour Eurng Luang Company Limited	1.29	-	2.37	-
Thai Smile Airways Company Limited	1,715.67	2,211.22	-	449.99

Related transactions of account receivables and account payables of WingSpan Service Co., Ltd. have already included the prepaid and accrued expenses amount of THB 355.16 million and THB 406.89 million, respectively.

Related account payables transactions of Thai Smile Airways Co., Ltd. are accrued expenses at the entire amount.

5.5.3 Related Transactions with Associated Companies

5.5.3.1 Sales and Purchases

Unit : Million Baht

	Three-month period				Nine-month period			
	Jul - Sep 2014		Jul - Sep 2013		Jan - Sep 2014		Jan - Sep 2013	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.29	-	0.80	-	2.03	-	4.14
Donmuang International Airport Hotel Company Limited	-	0.01	-	0.01	-	0.02	-	0.12
Bangkok Aviation Fuel Services Public Company Limited	0.01	91.86	0.01	84.76	0.02	222.97	0.02	293.99
Phuket Air Catering Company Limited	0.33	5.49	0.24	1.11	1.04	20.82	2.94	4.97
Suvarnabhumi Airport Hotel Company Limited	-	6.91	-	3.62	-	16.74	-	14.60
Nok Airlines Public Company Limited	24.82	2.46	25.17	2.37	58.22	10.33	217.69	4.29

5.5.3.2 Account Receivables and Account Payables

Unit : Million Baht

	Sep 30, 2014		Dec 31, 2013	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.10	-	0.36
Donmuang International Airport Hotel Company Limited	-	-	-	0.01
Bangkok Aviation Fuel Services Public Company Limited	-	24.25	0.01	33.48
Phuket Air Catering Company Limited	0.11	0.05	0.24	2.74
Suvarnabhumi Airport Hotel Company Limited	-	0.60	-	1.04
Nok Airlines Public Company Limited	47.11	0.05	49.44	0.03

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

5.5.4 Key Executives Separate financial statements

Unit : Million Baht

	Three-month period		Nine-month period	
	Jul - Sep 2014	Jul - Sep 2013	Jan - Sep 2014	Jan - Sep 2013
Remuneration for Management Executives	13.44	18.50	44.64	56.86
Remuneration for Board of Directors	<u>3.50</u>	<u>4.28</u>	<u>11.05</u>	<u>19.07</u>
Total	<u>16.94</u>	<u>22.78</u>	<u>55.69</u>	<u>75.93</u>

The Company's Executives are the same criteria as Note No. 5.14, Employee Benefit Expenses.

5.6 Property, Plant and Equipment

Consolidated Financial Statements As at September 30, 2014

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, 2014	17,986.26	157,455.89	169,334.64	34,878.89	1,112.72	935.74	2,513.10	10,791.51	4,663.51	30,657.47	430,329.73
- Adjust/Transfers	(7,125.55)	(16,101.10)	2,209.83	295.87	-	0.56	1.42	-	66.66	1.82	(20,650.49)
- Additions	2,909.16	456.75	14,277.01	1,234.08	(193.91)	-	-	-	139.78	884.30	19,707.17
- Disposals /Amortized	-	(646.77)	(119.76)	(342.78)	-	-	-	-	(88.89)	(713.95)	(1,912.15)
As at September 30, 2014	13,769.87	141,164.77	185,701.72	36,066.06	918.81	936.30	2,514.52	10,791.51	4,781.06	30,829.64	427,474.26
Accumulated depreciation											
As at January 1, 2014	-	93,365.17	45,243.35	22,375.17	-	-	2,368.20	5,553.95	4,270.26	25,704.90	198,881.00
- Depreciation	-	5,724.37	6,546.36	1,493.08	-	-	30.74	172.15	110.20	1,026.50	15,103.40
- Adjust/Transfers	-	(11,500.75)	-	(4.20)	-	-	1.42	-	66.51	3.62	(11,433.40)
- Disposals /Amortized	-	(632.62)	(119.76)	(309.14)	-	-	-	-	(88.73)	(691.94)	(1,842.19)
As at September 30, 2014	-	86,956.17	51,669.95	23,554.91	-	-	2,400.36	5,726.10	4,358.24	26,043.08	200,708.81
Net book value											
As at December 31, 2013	17,986.26	64,090.72	124,091.29	12,503.72	1,112.72	935.74	144.90	5,237.56	393.25	4,952.57	231,448.73
As at September 30, 2014	13,769.87	54,208.60	134,031.77	12,511.15	918.81	936.30	114.16	5,065.41	422.82	4,786.56	226,765.45

**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 decrease 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/ Amortized	-	(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
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
- Amortization 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 / Amortized	-	(1,040.00)	(234.47)	(141.65)	-	-	(0.27)	-	(6.53)	(418.01)	(1,840.93)
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

**Separate Financial Statements
As at September 30, 2014**

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, 2014	17,986.26	157,455.89	169,334.64	34,878.89	1,112.72	935.74	2,513.10	10,791.51	4,663.51	30,467.53	430,139.79
- Adjust/Transfers	(7,125.55)	(16,101.10)	2,209.83	295.87	-	0.56	1.42	-	66.66	1.82	(20,650.49)
- Additions	2,909.16	456.75	14,277.01	1,234.08	(193.91)	-	-	-	139.78	883.20	19,706.07
- Disposals /Amortized	-	(646.77)	(119.76)	(342.78)	-	-	-	-	(88.89)	(619.51)	(1,817.71)
As at September 30, 2014	13,769.87	141,164.77	185,701.72	36,066.06	918.81	936.30	2,514.52	10,791.51	4,781.06	30,733.04	427,377.66
Accumulated depreciation											
As at January 1, 2014	-	93,365.17	45,243.35	22,375.17	-	-	2,368.20	5,553.95	4,270.26	25,522.88	198,698.98
- Depreciation	-	5,724.37	6,546.36	1,493.08	-	-	30.74	172.15	110.20	1,024.14	15,101.04
- Adjust/Transfers	-	(11,500.75)	-	(4.20)	-	-	1.42	-	66.51	3.62	(11,433.40)
- Disposals /Amortized	-	(632.62)	(119.76)	(309.14)	-	-	-	-	(88.73)	(597.50)	(1,747.75)
As at September 30, 2014	-	86,956.17	51,669.95	23,554.91	-	-	2,400.36	5,726.10	4,358.24	25,953.14	200,618.87
Net book value											
As at December 31, 2013	17,986.26	64,090.72	124,091.29	12,503.72	1,112.72	935.74	144.90	5,237.56	393.25	4,944.65	231,440.81
As at June 30, 2014	13,769.87	54,208.60	134,031.77	12,511.15	918.81	936.30	114.16	5,065.41	422.82	4,779.90	226,758.79

**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 /Amortized	-	(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
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 /Amortized	-	(1,040.00)	(234.47)	(141.65)	-	-	(0.27)	-	(6.53)	(418.01)	(1,840.93)
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

In this period, there are 104 aircraft represented in the Company's fleet consisting of 36 own aircraft, 36 aircraft under finance leases, and 32 aircraft under operating leases which excluded 23 aircraft for sales with a carrying amount of THB 8,935.14 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 60,321.42 million including the leasehold buildings amount of THB 3,924.94 million.

Leasehold buildings are leased from Airports of Thailand Public Company Limited at Suvarnabhumi Airport with a lease term of 30 years starting from September 28, 2006 to September 29, 2036 and at Donmuang Airport with a lease term of 3 years starting from September 27, 2009 to September 28, 2012. The title of the buildings and elements will be passed to the Ministry of Finance at the end of the lease term. On August 10, 2012, the Company 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. In this regard, Airports of Thailand Public Company Limited collects a mentioned rental at the same rate of previous agreement.

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 4,215.33 million consisting of land in Bangkok amount of THB 3,981.09 million and land in provinces amount of THB 234.24 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

	Unit : Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
Cost		
As at January 1, 2014	2,589.20	2,577.44
- Additions	618.94	614.25
As at September 30, 2014	3,208.14	3,191.69
Accumulated amortization		
As at January 1, 2014	1,727.94	1,720.66
- Amortization	249.75	249.05
As at September 30, 2014	1,977.69	1,969.71
Net book value		
As at December 31, 2013	861.26	856.78
As at September 30, 2014	1,230.45	1,221.98

5.8 Deferred Tax Assets

Deferred tax assets arising from the temporary differences between the book values and tax base of assets and liabilities in statement of financial position are as follows:

	Unit : Million Baht			
	<u>Consolidated</u> <u>Financial Statements</u>		<u>Separate</u> <u>Financial Statements</u>	
	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>
Contribution to staff provident fund	73.58	74.16	73.58	74.16
Contribution to staff pension fund	488.08	479.63	488.08	479.63
Allowance for obsolete inventories	575.00	473.00	575.00	473.00
Allowance for doubtful accounts	302.15	431.12	297.91	426.88
Allowance for impairment in value of assets	1,863.50	1,590.39	1,863.50	1,590.39
Estimated accrual expenses	388.05	498.89	387.56	498.40
Intangible assets	66.29	83.17	66.29	83.17
Employee benefits obligation	2,251.70	2,109.18	2,242.08	2,102.34
Others	<u>1.61</u>	<u>1.62</u>	<u>-</u>	<u>-</u>
Total	<u>6,009.96</u>	<u>5,741.16</u>	<u>5,994.00</u>	<u>5,727.97</u>

5.9 Deferred Tax Liabilities

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>
Intangible assets	126.44	105.34	126.44	105.34

Tax rates used for measuring asset value and deferred tax income are 20%.

5.10 Other Non-Current Assets

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>
Deferred charges	5,054.03	4,429.67	5,054.03	4,429.67
Others	<u>743.86</u>	<u>1,007.43</u>	<u>738.16</u>	<u>1,001.74</u>
Total	<u>5,797.89</u>	<u>5,437.10</u>	<u>5,792.19</u>	<u>5,431.41</u>

Deferred charges consisted of aircraft overhaul costs (D-check) for aircraft under operating lease, which are amortized as expenses over an estimated useful life of 4-7 years but not over the lease term. Predelivery for aircraft under operating leases are amortized as expenses over the lease term. Also, loans guarantee premiums for purchasing of aircraft are amortized 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

As at January 1, 2014, non-current assets classified as held for sale composed of 4 A300-600, 4 A340-500, 4 B737-400, 4 B747-400, and 2 ATR72, totaling 18 aircraft in an aggregate of THB 7,195.59 million, as well as other fixed assets amount of THB 1.13 million, which made a grand total of THB 7,196.72 million. During the nine - month period ended September 30, 2014, non-current assets classified as held for sale increased by THB 2,306.45 million, which consisted of 3 A330-300 and 4 A300-600, as well as by THB 2.67 million from other fixed assets, the total increase in this period is THB 2,309.12 million. Moreover, non-current assets classified as held for sale decreased by THB 566.90 million in this period, which consisted of 1 A330-300 and 1 A300-600. The grand total of Non-current assets classified as held for sale increased by THB 1,742.22 million.

As at September 30, 2014, non-current assets classified as held for sale composed of 7 A300-600, 4 A340-500, 4 B737-400, 4 B747-400, 2 ATR72, and 2 A330-300 aircraft, totaling 23 aircraft in an aggregate of THB 8,935.14 million, as well as other fixed assets amount of THB 3.80 million, which made a grand total of THB 8,938.94 million.

During this period, the Company has sold 10 aircraft consisted of 4 Boeing 747-400, 4 A300-600, and 2 ATR72 aircraft. The Company has already received the proceed from selling of 1 A300-600 and transferred the title of such aircraft to the buyer on September 12, 2014.

5.12 Employee Benefit Obligations

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>
Beginning balance - Employee benefit obligations	10,545.97	11,082.18	10,511.75	10,970.90
Adjustment of employee benefit obligations for subsidiaries	-	(91.21)	-	-
Employee benefits for the period	712.58	922.01	698.66	908.16
Benefits paid during the period	-	(61.20)	-	(59.38)
Actuarial loss	-	(1,305.81)	-	(1,307.93)
Ending Balance - Employee Benefit Obligations	<u>11,258.55</u>	<u>10,545.97</u>	<u>11,210.41</u>	<u>10,511.75</u>

5.13 Share Capital

As at September 30, 2014, 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.

5.14 Employee Benefit Expenses

	Unit : Million Baht			
	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul - Sep 2014	Jul - Sep 2013	Jan - Sep 2014	Jan - Sep 2013
Personnel expenses	7,022.25	8,305.98	21,947.16	24,913.75
Employee benefits	237.53	230.14	712.58	689.78
Executive remuneration	14.84	19.56	49.00	59.55
Board of Directors remuneration	3.95	4.49	13.19	20.30
Total	<u>7,278.57</u>	<u>8,560.17</u>	<u>22,721.93</u>	<u>25,683.38</u>

	Unit : Million Baht			
	Separate Financial Statements			
	Three-month Period		Nine-month Period	
	Jul - Sep 2014	Jul - Sep 2013	Jan - Sep 2014	Jan - Sep 2013
Personnel expenses	7,008.72	8,365.98	21,882.38	24,971.30
Employee benefits	232.89	227.04	698.66	681.12
Executive remuneration	13.44	18.50	44.64	56.86
Board of Directors remuneration	3.50	4.28	11.05	19.07
Total	<u>7,258.55</u>	<u>8,615.80</u>	<u>22,636.73</u>	<u>25,728.35</u>

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, including accounting or finance department managers or above according to the Securities and Exchange Mandate.

Moreover, the Directors of the Company obtain the ticket benefits. For the nine - month period ended September 30, 2014 and 2013, they issued the tickets for themselves and their related parties amount of 153 and 232 tickets with the value of THB 13.41 million and THB 23.04 million, respectively, calculating from the full fare tickets in those traveling classes.

5.15 Other Income - Others

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2014	Jul-Sep, 2013	Jan-Sep, 2014	Jan-Sep, 2013
Gains on sales of assets	5.98	10.42	14.93	30.10
Revenue from other services of Aircraft Maintenance Department	131.42	131.86	505.00	451.29
Revenue from airport fees collected from passengers	-	157.72	-	473.16
Compensation revenue from the delay delivery of aircraft	6.36	-	6.36	205.98
Other fine revenues	33.52	21.34	86.81	54.78
Insurance compensation from the flood disaster	0.47	17.42	57.71	24.45
Revenue from Royal Orchid Lounge service	31.00	17.91	74.66	55.00
Others	335.77	144.68	773.26	371.34
Total	544.52	501.35	1,518.73	1,666.10

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2014	Jul-Sep, 2013	Jan-Sep, 2014	Jan-Sep, 2013
Gains on sales of assets	5.98	10.42	14.93	30.10
Dividends from associated and subsidiary companies	39.75	166.86	346.24	552.16
Revenue from other services of Aircraft Maintenance Department	131.42	131.86	505.00	451.29
Revenue from airport fees collected from passengers	-	157.72	-	473.16
Compensation revenue from the delay delivery of aircraft	6.36	-	6.36	205.98
Other fine revenues	33.52	21.34	86.81	54.78
Insurance compensation from the flood disaster	0.47	17.42	57.71	24.45
Revenue from Royal Orchid Lounge service	31.00	17.91	74.66	55.00
Others	346.41	140.48	789.77	365.39
Total	594.91	664.01	1,881.48	2,212.31

5.16 Other Expenses

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2014	Jul-Sep, 2013	Jan-Sep, 2014	Jan-Sep, 2013
Rentals and utilities	702.45	697.35	2,129.60	2,044.09
Office supplies	35.47	48.26	132.56	170.18
Repair of building and equipment	158.28	212.54	491.32	639.05
Outsource services	303.49	329.20	940.26	1,073.09
Consultant and service fees	97.05	170.26	426.98	449.25
Legal fee for Antitrust/ Competition Law	8.29	4.79	49.00	25.91
Computer service expenses	158.25	116.50	340.84	368.05
Rental of communication devices and office equipment	82.40	81.92	284.14	240.05
Travelling and transportation expenses	138.36	133.80	434.86	415.11
Concession fees	73.27	182.56	282.14	373.74
Passenger claim expenses	54.75	69.49	161.49	222.00
Damages from flood disaster	0.47	17.42	57.71	24.45
Provision for disposal and unused spare parts	210.46	193.05	584.07	521.88
Service cargo expenses	33.66	49.62	106.78	127.32
Joint venture expenses in STAR Alliance	22.45	50.56	67.76	57.47
Company business and municipal taxes	31.61	52.70	135.54	172.99
Bad debts and provision for bad debts	45.96	14.49	151.17	29.87
Others	332.09	167.92	654.57	587.93
Total	2,488.76	2,592.43	7,430.79	7,542.43

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2014	Jul-Sep, 2013	Jan-Sep, 2014	Jan-Sep, 2013
Rentals and utilities	702.45	697.35	2,129.60	2,044.09
Office supplies	35.47	48.26	132.56	170.18
Repair of building and equipment	158.28	212.54	491.32	639.05
Outsource services	303.49	329.20	940.26	1,073.09
Consultant and service fees	97.05	170.26	426.98	449.25
Legal fee for Antitrust/ Competition Law	8.29	4.79	49.00	25.91
Computer service expenses	158.25	116.50	340.84	368.05
Rental of communication devices and office equipment	82.40	81.92	284.14	240.05
Travelling and transportation expenses	138.36	133.80	434.86	415.11
Concession fees	73.27	182.56	282.14	373.74
Passenger claim expenses	54.75	69.49	161.49	222.00
Damages from flood disaster	0.47	17.42	57.71	24.45
Provision for disposal and unused spare parts	210.46	193.05	584.07	521.88
Service cargo expenses	33.66	49.62	106.78	127.32
Joint venture expenses in STAR Alliance	22.45	50.56	67.76	57.47
Company business and municipal taxes	31.61	52.70	135.54	172.99
Bad debts and provision for bad debts	45.96	14.49	151.17	29.87
Others	301.27	144.75	566.69	525.32
Total	2,457.94	2,569.26	7,342.91	7,479.82

5.17 Impairment Loss of Aircraft Separate Financial Statements

As the Company has phased out 23 aircraft held for sale from the fleet (Notes 5.11), when comparing the net book value with the fair value less selling cost, it appears that the fair value less selling cost of 5 A300-600 aircraft is lower than the net book value amount of THB 2,293.90 million, therefore the Company recognized the impairment loss of such aircraft in the statement of comprehensive income for the nine-month period ended September 30, 2014.

5.18 Income Tax Expenses (Income)

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2014	Jul-Sep, 2013	Jan-Sep, 2014	Jan-Sep, 2013
Tax expense (income) from taxable profit for the period	21.80	31.54	60.09	73.89
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(196.76)	22.53	(247.69)	(739.42)
Net tax income	(174.96)	54.07	(187.60)	(665.53)

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2014	Jul-Sep, 2013	Jan-Sep, 2014	Jan-Sep, 2013
Tax expense (income) from taxable profit for the period	8.27	8.66	25.22	25.79
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(195.84)	22.59	(244.92)	(738.27)
Net tax income	(187.57)	31.25	(219.70)	(712.48)

5.19 Earnings (Loss) per Share

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

Consolidated Financial Statements For the three-month period ended September 30, 2014

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Profit (Loss) per Share</u>	
	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic earnings (loss) per Share						
Profit (loss) attributable to owners of the parent	1,085.73	(6,194.66)	2,182.77	2,182.77	0.50	(2.84)

Separate Financial Statements For the three-month period ended September 30, 2014

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Profit (Loss) per Share</u>	
	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic earnings (loss) per Share						
Profit (loss) attributable to owners of the parent	1,300.61	(6,275.20)	2,182.77	2,182.77	0.60	(2.87)

Consolidated Financial Statements
For the nine-month period ended September 30, 2014

	<u>Loss</u>		<u>Number of Shares</u>		<u>Loss per Share</u>	
	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Loss per Share						
Loss attributable to owners of the parent	(9,210.73)	(6,350.64)	2,182.77	2,182.77	(4.22)	(2.91)

Separate Financial Statements
For the nine-month period ended September 30, 2014

	<u>Loss</u>		<u>Number of Shares</u>		<u>Loss per Share</u>	
	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Loss per Share						
Loss attributable to owners of the parent	(8,710.91)	(7,631.49)	2,182.77	2,182.77	(3.99)	(3.50)

5.20 Investment Promotion

On February 19, 2014, Thailand Board of Investment approved the investment promotion to Thai Smile Airways Company Limited in order that the Company can transfer 6 projects of investment promotion privilege for 20 A320-200 aircraft to Thai Smile Airways Company Limited, which consisted of the investment promotion certificates No. 2006(2)/2555 dated July 31, 2012, 1222(2)/2556 dated February 13, 2013, 2355(2)/2556 September 27, 2013, 2356(2)/2556 date September 27, 2013, 2359(2)/2556 dated September 27, 2013 and 2361(2)/2556 dated September 27, 2013. On April 9, 2014, Thai Smile Airways Co., Ltd received the rest of investment promotion certificates, which are 1465(2)/AOR/2557, 1466(2)/AOR/2557, 1467(2)/AOR/2557, 1468(2)/AOR/2557, 1469(2)/AOR/2557, and 1470(2)/AOR/2557.

5.21 Financial Information by Segment Consolidated financial statements

5.21.1 Business Segments

Statements of Income For the three-month period ended September 30, 2014

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>
External Revenues	43,342.75	48,333.28	1,838.41	1,775.54	644.68	570.58	45,825.84	50,679.40
Inter - segment revenues	-	-	1,882.61	2,595.48	1,287.89	1,485.64	3,170.50	4,081.12
Interest income	67.24	170.23	-	-	1.92	0.61	69.16	170.84
Finance costs	(1,472.35)	(1,660.70)	-	-	-	-	(1,472.35)	(1,660.70)
Finance costs - net	(1,405.11)	(1,490.47)	-	-	1.92	0.61	(1,403.19)	(1,489.86)
Depreciation and amortization expenses	(4,744.89)	(4,647.47)	(193.73)	(193.67)	(207.42)	(198.82)	(5,146.04)	(5,039.96)
Fuel and oil	(19,122.16)	(20,130.50)	-	-	(356.94)	-	(19,479.10)	(20,130.50)
Employee benefit expenses	(4,267.62)	(4,969.29)	(1,814.64)	(2,124.94)	(1,196.31)	(1,465.94)	(7,278.57)	(8,560.17)
Tax income (expenses)	187.57	(31.25)	-	-	(12.61)	(22.82)	174.96	(54.07)
Profit on investment in associates	(104.92)	178.61	-	-	-	-	(104.92)	178.61
Gain (loss) on foreign currency exchange	7,385.86	(2,890.41)	-	-	(6.30)	0.54	7,379.56	(2,889.87)
Impairment loss of aircraft	(1,220.59)	(87.38)	-	-	-	-	(1,220.59)	(87.38)
Gain (loss) by segments	356.70	(6,573.75)	160.91	389.36	403.96	56.75	921.57	(6,127.64)

Statements of Income For the nine-month period ended September 30, 2014

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>	<u>Sep 30, 2014</u>	<u>Sep 30, 2013</u>
External Revenues	131,007.89	146,651.35	5,560.23	5,351.72	1,557.65	1,781.78	138,125.77	153,784.85
Inter - segment revenues	-	-	6,345.79	7,692.04	3,976.50	4,546.53	10,322.29	12,238.57
Interest income	194.97	424.28	-	-	7.51	4.04	202.48	428.32
Finance costs	(4,547.63)	(4,592.76)	-	-	-	-	(4,547.63)	(4,592.76)
Finance costs - net	(4,352.66)	(4,168.48)	-	-	7.51	4.04	(4,345.15)	(4,164.44)
Depreciation and amortization expenses	(14,238.78)	(13,642.07)	(570.46)	(599.55)	(593.93)	(564.17)	(15,403.17)	(14,805.79)
Fuel and oil	(58,280.69)	(58,896.60)	-	-	(657.76)	-	(58,938.45)	(58,896.60)
Employee benefit expenses	(13,321.31)	(14,737.90)	(5,623.40)	(6,257.76)	(3,777.22)	(4,687.72)	(22,721.93)	(25,683.38)
Tax income (expenses)	219.70	712.47	-	-	(32.10)	(46.94)	187.60	665.53
Profit on investment in associates	5.36	693.60	-	-	-	-	5.36	693.60
Gain (loss) on foreign currency exchange	9,383.83	(963.07)	-	-	(5.80)	(0.09)	9,378.03	(963.16)
Impairment loss of aircraft	(2,519.27)	(3,860.23)	-	-	-	-	(2,519.27)	(3,860.23)
Gain on disposal of the controlling interest	-	298.16	-	-	-	-	-	298.16
Gain on deemed disposal	-	722.30	-	-	-	-	-	722.30
Gain (loss) by segments	(11,026.61)	(8,506.29)	996.14	1,391.76	665.63	136.18	(9,364.84)	(6,978.35)

**Assets and Liabilities
As at September 30, 2014**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>
Current assets	57,578.56	53,927.76	603.12	756.56	3,904.45	1,266.18	62,086.13	55,950.50
Investments	4,776.46	5,060.47	-	-	1.02	51.08	4,777.48	5,111.55
Property, plant and equipment	218,324.47	222,732.50	4,818.43	5,268.08	3,622.55	3,448.15	226,765.45	231,448.73
Other non-current assets	12,995.06	11,997.27	1.93	3.31	41.31	38.94	13,038.30	12,039.52
Non-allocated assets	-	-	-	-	-	-	<u>3,575.70</u>	<u>2,534.43</u>
Total Assets							<u>310,243.06</u>	<u>307,084.73</u>
Current liabilities	92,290.70	79,589.35	437.26	860.61	2,812.58	637.70	95,540.54	81,087.66
Non-current liabilities	165,150.53	167,740.77	-	11.66	317.80	44.99	165,468.32	167,797.42
Non-allocated liabilities	-	-	-	-	-	-	<u>1,542.93</u>	<u>1,280.92</u>
Total Liabilities							<u>262,551.79</u>	<u>250,166.00</u>

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

Total gain (loss) before income tax of each segment was derived from total revenues net of costs and operating 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 Segment Revenues as follows:

Unit : Million Baht															
	Domestic Revenues			Foreign Revenues					Charter Revenues and Others	Other Income				Gain (loss) on Foreign Currency Exchange	Total
	Transportation	Business Unit	Others	Regional Asia	Europe	North Pacific	Australia & New Zealand	Africa		Interest Income	Other Income	Gain on Deemed Disposal	Gain on Disposal of the Controlling Interest		
<u>For the the three-month period</u>															
Jul-Sep 2014	1,715.29	1,838.41	644.69	22,116.59	13,674.16	696.37	4,404.15	272.89	463.29	69.17	544.52	-	-	7,379.56	53,819.09
Jul-Sep 2013	3,452.97	1,775.54	570.58	24,110.88	13,857.21	874.13	5,116.03	357.59	564.47	170.84	501.35	-	-	(2,889.87)	48,461.72
<u>For the the nine-month period</u>															
Jan-Sep 2014	7,326.86	5,560.23	1,557.65	65,111.01	41,427.67	2,109.04	12,752.78	858.67	1,421.86	202.48	1,518.73	-	-	9,378.03	149,225.01
Jan-Sep 2013	11,155.99	5,351.72	1,781.78	73,399.54	41,696.99	2,617.50	15,309.41	1,056.08	1,415.84	428.31	1,666.10	722.30	298.16	(963.16)	155,936.56

Revenues from fuel and insurance surcharge are included in the geographical segment revenues and also reclassified such items in the three – month and nine - month period of the year 2013 for comparative purpose.

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 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, 2014</u>	<u>Dec 31, 2013</u>
Current assets	5,081.32	4,844.51
Others	<u>40.06</u>	<u>75.19</u>
Total	<u>5,121.38</u>	<u>4,919.70</u>
Other current liabilities	103.80	45.29
Pension fund	<u>5,017.58</u>	<u>4,874.41</u>
Total	<u>5,121.38</u>	<u>4,919.70</u>

As at September 30, 2014, the fund balance was THB 5,017.58 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 77.93 million, which comes from contributions at a rate equivalent to 10% of employee salaries in the amount of THB 165.46 million less the amount to match the Company's obligation of THB 87.53 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 948.71 million for this fiscal year.

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 The Progress of 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.

On June 12, 2014, Southern Air Inc.,(SAI) filed civil law suit case against the Company claiming damages for the breach of the Block Space Agreement. SKADDEN, ARPS, SLATE, MEAGHER & FLOM, the law firm representing the Company has filed a motion to dismiss the case on September 12, 2014. The case is now under the process of the court.

5.25 The Progress of 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) and Asia Fleet Services(s) Pte., Ltd. has already files their defence and counter claim. The case is currently undergoing the court's consideration. The court is hearing date on January 26 to February 13, 2015.

5.26 Contingent Liabilities

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

	Unit : Million Baht	
	<u>Sep 30, 2014</u>	<u>Dec 31, 2013</u>
Letters of guarantee issued by banks - Domestic	36.79	231.09
Letters of guarantee issued by banks - Abroad	365.74	457.22
The Company as defendant in		
Labor dispute cases	1,300.06	1,299.87
Damage claims cases	<u>2,259.83</u>	<u>2,588.15</u>
Total	<u>3,962.42</u>	<u>4,576.33</u>

5.26.2 The progress of antitrust cases is detailed as follows:

1. The investigations conducted by the United States' Department of Justice (DOJ) could be divided into the following 2 cases:

1.1 Cargo US DOJ Investigation: The Company was unofficially informed that DOJ has already terminated the investigation.

1.2 Passenger US DOJ Investigation: At present, the Company has not been contacted by DOJ and therefore it is assumed that DOJ has terminated any proceedings against the Company.

2. With respect to the investigation by the Australian Competition and Consumer Commission (ACCC), on October 28, 2009, the ACCC had filed a lawsuit against the Company for violating the Trade Practices Act 1974. Nonetheless, the amount of fines and expenses had not yet been specified by the ACCC in the lawsuit.

At present, the Company has already entered into a settlement with the ACCC in order to pay a fine in the amount of AUD 7,500,000 together with the legal fees of the ACCC in the amount of AUD 500,000, totaling AUD 8,000,000. On December 14, 2012, the court rendered a judgment as per the settlement agreed between the Company and the ACCC whereby the Company can pay the fine in 7 installments within a 3 year-period.

In this regard, the Company has already paid the fine in respect of the first to forth installments as per the settlement agreement.

3. On the subject of an investigation by the Korean Fair Trade Commission (KFTC), the Company received an official decision of the KFTC on November 30, 2010 imposing a fine in the total amount of KRW 2,877,000,000 yet dropping the criminal charges against the Company and the relevant staff. The Company had therefore appealed the KFTC Commissioners' decision to the competent court. Nonetheless, the court dismissed the appeal of the Company for both ex Korea route and ex Hong Kong to Korea route. The Company had appealed to the Supreme Court in this respect.

At present, the Supreme Court of the Republic of Korea has upheld the decision of the Seoul High Court with regard to both the ex Korea and ex Hong Kong to Korea route. As a result, the Company shall pay a fine in the amount of KRW 2,198,000,000 for ex Korea route and KRW 679,000,000 for ex Hong Kong to Korea route. And to pay litigation expenses in the court of appeal and the supreme court procedures to KFTC in the amount of KRW 36,611,290 or around THB 1.13 million of which the Company has recognized as expenses in quarter 3 of year 2014 already. Nonetheless, the Company has already paid the fine for both routes pursuant to the decision of KFTC when appealing to the court.

4. With regard to the case filed by the New Zealand Commerce Commission (NZCC) against the Company and other 13 airlines at the Auckland High Court, the Company together with other 13 airlines was alleged to have jointly fixed the fuel surcharge and security surcharge, and thus constituting a violation against the Commerce Act of New Zealand. The NZCC requested the court to impose a fine and expenses to the Company according to the law. However, the fine and expenses remained unspecified at the time of the lawsuit being filed.

At present, the Company has already entered into a settlement with the NZCC. On April 22, 2013, the New Zealand court rendered a judgment as per the settlement agreed between the Company and the NZCC whereby the Company was allowed by the court to pay the fine in the amount of NZD 2,700,000 and the legal fees of the NZCC in the amount of NZD 259,079.18, totaling NZD 2,959,079.18, in 4 installments within an 18 month-period.

In this regard, the Company has already paid the fine in respect of the first to the third installments as per the settlement agreement.

5. In relation to the lawsuits filed against the Company at the Superior Court of Los Angeles and the San Francisco County Superior Court where the Company was alleged of violating the antitrust law of the United States by committing fares and surcharges fixing conspiracy. The Judicial Panel on Multi-district Litigation had subsequently ordered to combine the cases to be considered by the San Francisco court as a single case. However, the disputed amount of claims was not yet to be determined until the court rendered a final decision that the Company was guilty.

At present, the Company has agreed to settle with the plaintiffs in the amount of USD 9.7 million including the expenses for delivery of notice to class action members and legal fees of the plaintiffs' lawyers. The Company can pay the settlement amount in 2 installments. However, the settlement agreement has to be approved by the Federal Court of San Francisco, California, the United States before the settlement can be legally enforced. With respect to the payment of the settlement amount according to the settlement agreement, the payment shall be made into an escrow account in which an escrow agent will transfer the settlement amount to the plaintiffs once the Court renders a judgment as per the settlement agreement. In the case that the Court does not do so, the settlement amount shall be transferred back to the Company.

In this regard, the Company has already paid the first and second installment of the settlement amount into the escrow account as per the settlement agreement.

6. The case where the respondents in Cargo Civil Class Action Case in Australia filed a cross claim application against the Company:

British Airways, Singapore Airlines (together with Singapore Airlines Cargo), Cathay Pacific Airways and Lufthansa Cargo had filed an application to the court in order to bring the Company into the Class Action as a cross-respondent. On September 18, 2013, the court made the order granting those respondents to file a cross claim application against the Company and other airlines for proportional contribution in the event that damages are awarded by the court against the respondents.

Presently, the Company has already agreed to settle with the applicant group members and the respondents in the amount of AUD 500,000. The court has also approved the settlement agreement between the applicant group members, respondents and cross-respondents (including the Company). The case is currently pending the preparation of the written order of the court approving the settlement.

7. 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:

On February 4, 2014, the Company has received a notice from an English lawyer representing British Airways informed that British Airways, who is the defendant in the Cargo Civil Class Action Case in the UK and being claimed for damages arisen from fuel and security surcharges fixing during 1999-2007 under such case, has issued a cross claim against 18 airlines, including the Company on November 28, 2013. The Company is not the main party to the proceedings. The case is currently undergoing the court procedures.

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

The Company has been informed by the branch office in the Republic of Korea on January 22, 2014 that LG Group Companies, including LG Chemical, LG Electronics, LG Display and LG Life Science, have filed a civil lawsuit against 12 airlines, including the Company, on November 27, 2013 in order to claim damages arisen from the conduct of conspiracy to fix fuel and security surcharges during 2003-2007. LG Group Companies have asserted the amount of claim at KRW 404,000,000 with interest or approximately THB 12.28 million and reserved their rights to amend the Plaint 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.

In this regard, at the Company's Board of Directors Meeting No.10/2554 dated August 19, 2011, the meeting resolved to apply the local currency of each foreign country which the Company has the obligation to pay in the future for the accounting record instead of applying the Baht currency.

Correspondingly, the 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, although 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 fact due to the following factors:

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. In the case that such an allegation has been made, the locations at which the alleged action has been committed would be specified. Therefore, the amount of the turnover of the Company in such locations which shall be used as an evidence for the calculation of fines or damages cannot be identified.

4.2 The determination of fines and damages is dependent on the discretion of the deciding body where other facts of the cases may also be taken into consideration.

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 5 A320-200, 4 A350-900XWB, and 3 B777-300ER aircraft amount of THB 35,429.45 million, expected to take delivery during the year 2014-2018 which consisted of:

Obligation	Unit : Million Baht	
	Within 1 year	Over 1 year – 5 years
Purchase of aircraft	14,041.26	21,388.19

5.27.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 46 aircraft amount of USD 4,657.06 million or approximately to THB 151,429.42 million consisting of 15 A320-200, 2 A330-300, 8 A350-900, 3 B737-400, 2 B777-200, 8 B777-300ER, 6 B787-8, and 2 B787-9 aircraft.

There are 32 of 46 aircraft which have been already taken the delivery at the end of September 30, 2014, including the delivered of 3 aircraft in the third quarter 2014 consisting of 1 A320-200 and 2 B787-8. In addition, there are the 14 aircraft which have not been taken deliver yet. The last aircraft is scheduled for delivery in 2030.

There are 2 B737-400 which the lease term ended in 2014. Also, there are 14 and 30 aircraft which the lease term will expire in 2015 – 2020 and 2021 – 2030, respectively.

Lease obligations according to aircraft lease for 46 aircraft can be classified as follows:

Obligations	Unit : Million Baht		
	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	7,872.83	45,370.75	98,185.84

5.28 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 recorded the damages from flood disaster, which consisted of 2 Airbus A300-600 aircraft, consumable parts and supplies of Technical Department, tool repairment of Technical Department and raw material of Catering. As at September 30, 2014, the Company received the insurance compensation amount of THB 1,759.02 million. The Company recognized the insurance compensation from the flood disaster as an income amount of THB 1,652.04 million. Such compensation has been recognized in the statements of comprehensive income for the year 2011, 2012, 2013 and for the nine-month period September 30, 2014 at the amount of THB 175 million, THB 284.23 million, THB 1,135.09 million and THB 57.72 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 TG679

On September 8, 2013, Flight TG697 (Aircraft Type Airbus A330-300/Registration HS-TEF) skidded off run-way after landing at Suvarnabhumi International Airport. 80 passengers were reported injury and there was no fatality in this incident. Aircraft sustained severe damage. The aircraft is insured with the Agreed Value of USD 32.45 million or approximately to THB 1,014.01 million.

In this cases, 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 18, 2013, the Company received the first interim payment from Insurers in the amount of USD 250,000 or approximately to THB 7.92 million.

At the present, the Company and Insurers' Loss Adjusters work together on the assessment for costs and expenses related to the repair of the aircraft. The manufacturer of the aircraft, Airbus Industries, is also engaged for "Full Repair Assessment" and it comes to the conclusion that the repair costs and expenses is higher than the insured value of the aircraft. Therefore, this case is considered to be "Constructive Total Loss (CTL)" under terms and conditions of the Company's aviation insurance policy. As the consequence of the above, the Company already received USD 29.25 million or approximately THB 942.55 million as insurance compensation from insurers, USD 23.04 million or approximately THB 740.79 million paid in September and another USD 6.21 million or approximately THB 201.76 million paid in October 2014.

Till date, the Company has received more than 30 claims from Thai and Chinese passengers including claims from Airport Authority of Thailand. All claims are being handled by the Company with close coordination with the lawyers appointed by aviation insurers. Costs and expenses in this respect will be absorbed by aviation insurers.

5.30 Events after the Reporting Period

5.30.1 One A320-200 aircraft is delivered on October 16, 2014. Such aircraft is under finance lease with the lease term of 12 years.

5.30.2 One B787-8 aircraft is delivered on October 29, 2014. Such aircraft is under operating lease with the lease term of 12 years.

5.30.3 On November 3, 2014, There was an incident with TG047 routing Khon Kaen - Bangkok, operated by A330-300 when the front wheel skipped off the runway at Khon Kaen airport. The Company's insurer has appointed their law advisor to advice the Company in related to insurance compensation.

5.31 Reclassification

The Company has reclassified unrealized actuarial gain which was previously presented under other components of equity to be presented under unappropriated retained earnings for appropriate presentation according to Thai Accounting standard No. 19 (revised 2009), Employee Benefits. The reclassification has not been made in the consolidate and separate financial statements as at December 31, 2013 because the impact is not material.

5.32 Approval of Financial Statements

These financial statements were approved by the Company's Board of Directors, on November 12, 2014.
