

**(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 March 31, 2016, the related consolidated and separate statements of comprehensive income for the three-month period ended March 31, 2016, the consolidated and separate statements of changes in shareholders' equity and statements of cash flows for the three-month period ended March 31, 2016, and condensed notes to interim financial statements of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

**Scope of the Review**

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

**Conclusion**

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

*Office of the Auditor General*

**Emphasis of Matters**

The Office of the Auditor General of Thailand would like to draw attention to Note 5 to the financial statements regarding the going concern, which described the fund requirement plan and liquidity management plan of Thai Airways International Public Company Limited. The opinion of the Office of the Auditor General of Thailand is not qualified in respect of this matter.

*(Signed)* *Poungchomnad Jariyajinda*  
(Poungchomnad Jariyajinda)  
Deputy Auditor General

*(Signed)* *Nipaporn Panyanon*  
(Nipaporn Panyanon)  
Director of Audit Office No.4

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2016**

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		March 31, 2016 (Unaudited but reviewed)	December 31, 2015 (Audited)	March 31, 2016 (Unaudited but reviewed)	December 31, 2015 (Audited)
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	7.1	22,922,192,246	20,781,350,721	20,257,600,321	18,875,817,868
Temporary investments		60,000,000	85,000,000	-	-
Trade receivables	7.2	12,123,282,686	11,695,702,825	12,034,800,912	10,906,776,494
Prepaid expenses and deposits		9,016,636,688	8,904,945,334	9,090,742,780	9,060,545,326
Inventories and supplies		5,270,514,295	5,920,786,454	5,255,636,119	5,902,724,322
Other current assets	7.3	7,830,848,312	7,989,028,240	11,988,927,218	16,176,770,720
Non-current assets held for sale	7.4	15,015,937,546	15,099,392,637	15,015,937,546	15,099,392,637
<b>Total Current Assets</b>		<b>72,239,411,773</b>	<b>70,476,206,211</b>	<b>73,643,644,896</b>	<b>76,022,027,367</b>
<b>Non-Current Assets</b>					
Investments in associates	7.5.1	4,782,716,197	4,739,377,563	1,083,520,500	1,083,520,500
Investments in subsidiaries	7.5.1	-	-	1,810,209,893	810,209,893
Other long-term investments	7.5.2	74,066,138	75,575,920	70,930,938	72,440,719
Property, plant and equipment	7.7	204,789,629,260	208,285,363,102	204,768,396,441	208,262,819,695
Intangible assets	7.8	935,418,740	1,031,333,707	899,124,463	993,493,107
Deferred tax assets	7.9.1	9,647,651,081	8,680,325,679	9,619,588,823	8,653,240,176
Other non-current assets	7.10	11,292,194,209	9,182,875,582	11,291,466,626	9,179,744,325
<b>Total Non-Current Assets</b>		<b>231,521,675,625</b>	<b>231,994,851,553</b>	<b>229,543,237,684</b>	<b>229,055,468,415</b>
<b>Total Assets</b>		<b>303,761,087,398</b>	<b>302,471,057,764</b>	<b>303,186,882,580</b>	<b>305,077,495,782</b>

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 MARCH 31, 2016**

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Unit : Baht</b>					
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Trade payables		3,969,720,604	4,242,439,990	3,907,884,373	4,095,515,853
Accrued expenses		17,375,933,117	21,386,197,260	17,526,346,137	21,577,714,868
Current portion of long-term liabilities					
Long-term borrowings from financial institutions		8,088,517,754	8,240,705,325	8,088,517,754	8,240,705,325
Liabilities under finance leases		10,040,132,960	9,889,586,330	10,040,132,960	9,889,586,330
Debentures		4,000,000,000	4,300,000,000	4,000,000,000	4,300,000,000
Short-term borrowings from financial institutions		3,710,000,000	4,000,000,000	3,710,000,000	4,000,000,000
Short-term borrowings from related parties	7.6.1.1	12,311,110,000	10,625,380,000	12,311,110,000	10,625,380,000
Income tax payable		6,655,562	87,452	-	-
Other current liabilities					
Accrued dividends		54,827,112	54,881,143	54,712,613	54,728,143
Unearned transportation revenues		23,990,339,958	24,868,518,712	23,564,035,453	24,632,513,208
Others		7,547,619,153	8,415,014,030	9,010,924,165	12,799,438,374
<b>Total Current Liabilities</b>		<b>91,094,856,220</b>	<b>96,022,810,242</b>	<b>92,213,663,455</b>	<b>100,215,582,101</b>
<b>Non-Current Liabilities</b>					
Long-term liabilities					
Long-term borrowings from financial institutions		18,616,408,199	20,127,865,886	18,616,408,199	20,127,865,886
Long-term borrowings from related parties	7.6.1.2	15,433,944,180	15,258,204,263	15,433,944,180	15,258,204,263
Liabilities under finance leases		65,794,128,380	67,660,868,659	65,794,128,380	67,660,868,659
Debentures		52,300,000,000	52,300,000,000	52,300,000,000	52,300,000,000
Deferred tax liabilities	7.9.2	1,866,081,407	1,866,882,144	1,866,081,407	1,866,882,144
Staff pension fund	7.11	3,869,700,529	3,880,258,506	3,869,700,529	3,880,258,506
Employee benefit obligations	7.12	11,868,568,019	11,645,226,358	11,786,664,196	11,568,261,769
Long-term provisions	7.13	4,287,581,873	619,309,937	4,287,581,873	619,309,937
Other non-current liabilities		163,783,953	163,940,945	162,695,923	162,867,915
<b>Total Non-Current Liabilities</b>		<b>174,200,196,540</b>	<b>173,522,556,698</b>	<b>174,117,204,687</b>	<b>173,444,519,079</b>
<b>Total Liabilities</b>		<b>265,295,052,760</b>	<b>269,545,366,940</b>	<b>266,330,868,142</b>	<b>273,660,101,180</b>
<b>Shareholders' Equity</b>					
Share capital	7.14				
Authorized share capital					
2,698.90 million ordinary shares par value of Baht 10 each		26,989,009,500	26,989,009,500	26,989,009,500	26,989,009,500
Issued and paid-up share capital					
2,182.77 million ordinary shares par value of Baht 10 each		21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170
Premium on ordinary shares		25,545,316,308	25,545,316,308	25,545,316,308	25,545,316,308
Proceeds from ESOP offering					
Retained earnings					
Appropriated					
Legal reserve		2,691,275,568	2,691,275,568	2,691,275,568	2,691,275,568
Unappropriated		(16,246,900,276)	(22,247,804,409)	(17,775,719,780)	(23,686,357,373)
Other components of equity		4,567,423,172	5,039,440,929	4,567,423,172	5,039,440,929
<b>Total Company Shareholders' Equity</b>		<b>38,384,833,942</b>	<b>32,855,947,566</b>	<b>36,856,014,438</b>	<b>31,417,394,602</b>
Non-controlling interests		81,200,696	69,743,258	-	-
<b>Total Shareholders' Equity</b>		<b>38,466,034,638</b>	<b>32,925,690,824</b>	<b>36,856,014,438</b>	<b>31,417,394,602</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>303,761,087,398</b>	<b>302,471,057,764</b>	<b>303,186,882,580</b>	<b>305,077,495,782</b>

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

(Signed)  
 (Charamporn Jotikasthira)  
 President

(Signed)  
 (Narongchai Wongthanavimok)  
 Executive Vice President Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR MARCH 31, 2016**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>					
<b>Revenues from Sales or Revenues from Services</b>					
Passenger and excess baggage		42,045,275,123	43,522,610,241	40,235,131,859	42,422,788,006
Freight		4,270,158,516	4,752,445,735	4,258,468,212	4,752,445,735
Mail		141,833,793	152,483,087	141,833,793	152,483,087
Other activities		3,282,607,579	2,788,139,071	3,553,694,738	2,955,559,843
<b>Total Revenues from Sales or Revenues from Services</b>		<b>49,739,875,011</b>	<b>51,215,678,134</b>	<b>48,189,128,602</b>	<b>50,283,276,671</b>
<b>Other Income</b>					
Interest income		55,075,880	82,099,189	53,705,948	80,105,022
Gains on foreign currency exchange		(680,710,930)	9,653,911,637	(681,528,337)	9,641,122,423
Other income - Others	7.15	443,101,987	351,129,957	500,391,178	416,098,236
<b>Total Other Income</b>		<b>(182,533,063)</b>	<b>10,087,140,783</b>	<b>(127,431,211)</b>	<b>10,137,325,681</b>
<b>Total Revenues</b>		<b>49,557,341,948</b>	<b>61,302,818,917</b>	<b>48,061,697,391</b>	<b>60,420,602,352</b>
<b>Expenses</b>					
Fuel and oil		10,842,536,054	14,479,644,923	10,463,410,005	14,153,012,813
Employee benefit expenses	7.16	7,387,359,640	7,502,326,487	7,270,993,361	7,443,283,372
Flight service expenses		5,242,481,605	5,333,277,505	5,184,896,685	5,196,274,364
Crew expenses		1,345,552,432	1,381,787,533	1,287,791,327	1,340,241,141
Aircraft maintenance and overhaul costs		4,482,900,649	3,351,807,200	4,296,119,012	3,171,734,216
Depreciation and amortisation expenses		4,627,726,326	5,092,297,184	4,622,580,651	5,091,013,333
Lease of aircraft and spare parts		2,476,994,798	2,040,058,188	2,076,577,828	1,733,789,615
Inventories and supplies		1,997,533,096	2,233,709,837	1,942,114,899	2,187,076,652
Selling and advertising expenses		2,262,049,485	2,301,910,174	2,144,901,745	2,274,148,233
Insurance expenses		146,099,501	146,926,185	130,686,290	141,392,366
Impairment loss of assets		91,309,384	-	91,309,384	-
Impairment loss of aircraft		82,675,861	11,804,161,695	82,675,861	11,804,161,695
Other expenses	7.17	2,083,657,128	2,096,824,856	2,007,193,657	2,018,016,492
Finance costs		1,394,196,221	1,409,110,700	1,394,196,221	1,409,110,700
Share of profit of associates		(77,610,021)	(136,219,885)	-	-
<b>Total Expenses</b>		<b>44,385,462,159</b>	<b>59,037,622,582</b>	<b>42,995,446,926</b>	<b>57,963,254,992</b>
<b>Profit before Income Tax Expense</b>		<b>5,171,879,789</b>	<b>2,265,196,335</b>	<b>5,066,250,465</b>	<b>2,457,347,360</b>
Income tax	7.18	(838,780,088)	(2,283,686,717)	(844,387,128)	(2,292,027,297)
<b>Profit for the Period</b>		<b>6,010,659,877</b>	<b>4,548,883,052</b>	<b>5,910,637,593</b>	<b>4,749,374,657</b>
<b>Other Comprehensive Income</b>					
Items that will not be reclassified to profit or loss in subsequent periods					
Share of other comprehensive income from joint ventures and associates		1,724,393	-	-	-
Items that will be reclassified to profit or loss in subsequent periods					
Effective portion of changes in fair value of cash flow hedges		(590,022,196)	-	(590,022,196)	-
Income tax related to Effective portion of changes in fair value of cash flow hedge		118,004,439	-	118,004,439	-
<b>Other Comprehensive Income for the Period - Net of Tax</b>		<b>(470,293,364)</b>	<b>-</b>	<b>(472,017,757)</b>	<b>-</b>
<b>Total Comprehensive Income for the Period</b>		<b>5,540,366,513</b>	<b>4,548,883,052</b>	<b>5,438,619,836</b>	<b>4,749,374,657</b>
<b>Profit (Loss) Attributable to</b>					
<b>Owners of the Parent</b>		<b>5,999,179,740</b>	<b>4,541,131,635</b>	<b>5,910,637,593</b>	<b>4,749,374,657</b>
Non-controlling interests		11,480,137	7,751,417	-	-
		<b>6,010,659,877</b>	<b>4,548,883,052</b>	<b>5,910,637,593</b>	<b>4,749,374,657</b>
<b>Total Comprehensive Income Attributable to</b>					
<b>Owners of the Parent</b>		<b>5,528,886,376</b>	<b>4,541,131,635</b>	<b>5,438,619,836</b>	<b>4,749,374,657</b>
Non-controlling interests		11,480,137	7,751,417	-	-
		<b>5,540,366,513</b>	<b>4,548,883,052</b>	<b>5,438,619,836</b>	<b>4,749,374,657</b>
<b>Profit per Share</b>					
Basic profit per share	7.19	2.75	2.08	2.71	2.18

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

(Signed)

(Charamporn Jotikasthira)  
President

(Signed)

(Narongchai Wongthanavimok)  
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR MARCH 31, 2016

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS										Non-controlling Interests	Total Shareholders' Equity
	Owners of the parent											
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Other Components of Equity					Total Owners of the Parent		
			Appropriated Legal reserve	Unappropriated	Other Comprehensive Income							
				Effective portion	Income tax	Revaluation	Income tax	Total Other				
<b>Balance as at January 1, 2015</b>	21,827,719,170	25,545,316,308	2,691,275,568	(8,849,195,269)	-	-	-	-	-	41,215,115,777	80,816,601	41,295,932,378
<b>Reclassification</b>												
<b>Changes in Shareholders' Equity</b>												
<u>Less</u> Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	(22,698)	(22,698)
<u>Add</u> Total comprehensive income for the period	-	-	-	4,541,131,635	-	-	-	-	-	4,541,131,635	7,751,417	4,548,883,052
<b>Balance as at March 31, 2015</b>	21,827,719,170	25,545,316,308	2,691,275,568	(4,308,063,634)	-	-	-	-	-	45,756,247,412	88,545,320	45,844,792,732
<b>Balance as at January 1, 2016</b>	21,827,719,170	25,545,316,308	2,691,275,568	(22,247,804,409)	(2,348,050,220)	469,610,044	8,647,351,381	(1,729,470,276)	5,039,440,929	32,855,947,566	69,743,258	32,925,690,824
<b>Changes in Shareholders' Equity</b>												
<u>Less</u> Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	(22,699)	(22,699)
<u>Add</u> Profit for period	-	-	-	5,999,179,740	-	-	-	-	-	5,999,179,740	11,480,137	6,010,659,877
<u>Add</u> Total Other comprehensive income ( loss ) for the period	-	-	-	1,724,393	(590,022,196)	118,004,439	-	-	(472,017,757)	(470,293,364)	-	(470,293,364)
<b>Balance as at March 31, 2016</b>	21,827,719,170	25,545,316,308	2,691,275,568	(16,246,900,276)	(2,938,072,416)	587,614,483	8,647,351,381	(1,729,470,276)	4,567,423,172	38,384,833,942	81,200,696	38,466,034,638

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

(Signed)

(Charaporn Jotikasthira)  
President

(Signed)

( Narongchai Wongthanavimok )  
Executive Vice President Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR MARCH 31, 2016**

Unit : Baht

## SEPARATE FINANCIAL STATEMENTS

	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Other Components of Equity					Total Shareholders' Equity
			Appropriated Legal reserve	Unappropriated	Other Comprehensive Income					
					Effective portion	Income Tax	Revaluation Surplus on assets	Income tax related to Revaluation Surplus on assets	Total Other	
<b>Balance as at January 1, 2015</b>	21,827,719,170	25,545,316,308	2,691,275,568	(12,202,761,783)	-	-	-	-	-	37,861,549,263
<b>Changes in Shareholders' Equity</b>										
<u>Add</u> Total comprehensive income for the period	-	-	-	4,749,374,657	-	-	-	-	-	4,749,374,657
<b>Balance as at March 31, 2015</b>	21,827,719,170	25,545,316,308	2,691,275,568	(7,453,387,126)	-	-	-	-	-	42,610,923,920
<b>Balance as at January 1, 2016</b>	21,827,719,170	25,545,316,308	2,691,275,568	(23,686,357,373)	(2,348,050,220)	469,610,044	8,647,351,381	(1,729,470,276)	5,039,440,929	31,417,394,602
<b>Changes in Shareholders' Equity</b>										
<u>Add</u> Profit for the period	-	-	-	5,910,637,593	-	-	-	-	-	5,910,637,593
<u>Add</u> Total Other comprehensive income ( loss ) for the period	-	-	-	-	(590,022,196)	118,004,439	-	-	(472,017,757)	(472,017,757)
<b>Balance as at March 31, 2016</b>	21,827,719,170	25,545,316,308	2,691,275,568	(17,775,719,780)	(2,938,072,416)	587,614,483	8,647,351,381	(1,729,470,276)	4,567,423,172	36,856,014,438

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

(Signed)  
 (Charaporn Jotikasthira)  
 President

(Signed)  
 (Narongchai Wongthanavimok)  
 Executive Vice President Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR MARCH 31, 2016**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities</b>				
Profit before income tax expenses	5,171,879,789	2,265,196,335	5,066,250,465	2,457,347,360
Adjustment to reconcile loss before income tax expense to cash received (paid) from operating activities :				
Depreciation and amortisation expenses	4,627,726,326	5,092,297,184	4,622,580,651	5,091,013,333
Aircraft lease fee	46,669,809	42,604,030	46,669,809	42,604,030
Dividends received	-	-	(35,995,781)	-
Share of profits of investments by equity method	(77,610,021)	(136,219,885)	-	-
Interest income	(55,075,880)	(82,099,189)	(53,705,948)	(80,105,022)
Interest expenses	1,394,196,221	1,409,110,700	1,394,196,221	1,409,110,700
Gains on sales of assets	(5,059,004)	(2,078,541)	(5,059,004)	(2,078,541)
Loss on sales of aircraft	-	2,492,736	-	2,492,736
Gains on reversal of current liabilities in prior period	-	(585,350)	-	-
Gains on foreign currency exchange	406,929,057	(9,899,634,927)	405,055,800	(9,886,364,938)
Employee benefit obligations	(648,467,259)	243,127,668	(653,406,493)	237,513,342
Provision for obsolete inventories and supplies	80,747,172	145,148,360	80,747,172	145,148,360
Doubtful accounts	16,371,728	(219,507,696)	16,427,189	(219,845,864)
Impairment loss of aircraft	82,675,861	11,804,161,695	82,675,861	11,804,161,695
Impairment loss of assets	91,309,384	-	91,309,384	-
Operating profits before changes in operating assets and liabilities	<u>11,132,293,183</u>	<u>10,664,013,120</u>	<u>11,057,745,326</u>	<u>11,000,997,191</u>
Decrease (increase) in operating assets :				
Trade receivables	(509,375,889)	(1,011,656,750)	(1,181,588,910)	(1,034,701,130)
Inventories and supplies	569,524,988	214,012,029	566,341,032	217,980,189
Prepaid expenses and deposits	(320,702,004)	(125,441,091)	(242,466,935)	(74,134,844)
Tax refund	252,103,642	-	252,103,642	-
Other current assets	86,563,763	(74,378,260)	4,146,476,898	(1,310,815,029)
Assets for sales	779,230	(60,433,241)	779,230	(60,433,241)
Other assets	(2,129,775,124)	46,063,040	(2,132,178,799)	45,313,408
Deferred charges	(134,995,304)	(423,256,753)	(134,995,304)	(423,256,753)
Increase (decrease) in operating liabilities :				
Trade payables	(419,394,637)	(117,617,810)	(355,199,685)	(176,211,869)
Accrued expenses and other current liabilities	(4,008,085,256)	(3,782,442,171)	(7,010,601,373)	(2,993,717,138)
Staff pension fund	(10,557,977)	6,884,809	(10,557,977)	6,884,809
Unearned transportation revenues	(880,188,521)	(1,480,817,887)	(1,070,487,522)	(1,480,817,887)
Other non-current liabilities	3,676,683,577	(81,137,163)	3,676,668,577	(33,206,381)
<b>Proceeds from operations</b>	<u>7,304,873,671</u>	<u>3,773,791,872</u>	<u>7,562,038,200</u>	<u>3,683,881,325</u>
Payment of income tax	(195,243,960)	(57,689,386)	(186,978,592)	(52,678,383)
<b>Net Cash provided by Operating Activities</b>	<u>7,109,629,711</u>	<u>3,716,102,486</u>	<u>7,375,059,608</u>	<u>3,631,202,942</u>

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



**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR MARCH 31, 2016**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Investing Activities</b>				
Cash paid for acquisition of fixed assets	(955,981,799)	(802,406,025)	(954,707,808)	(802,395,165)
Cash paid for intangible assets	(3,585,443)	(39,023,449)	(2,570,670)	(29,738,279)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment	-	480,436,801	-	480,436,801
Proceeds from sales of assets	6,311,251	335,752,960	6,311,251	335,752,960
Interest income	49,724,178	64,617,062	47,885,245	63,285,321
Dividends received	35,995,781	-	35,995,781	-
Investment increase	-	(627)	(1,000,000,000)	(627)
Temporary investment decrease (increase)	25,000,000	(40,000,000)	-	-
<b>Net Cash provided by ( used in) Investing Activities</b>	<b>(842,536,032)</b>	<b>(623,278)</b>	<b>(1,867,086,201)</b>	<b>47,341,011</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from short-term borrowings	11,400,330,000	4,700,000,000	11,400,330,000	4,700,000,000
Proceeds from long-term borrowings	-	1,826,941,316	-	1,826,941,316
Cash paid for repayment of short-term borrowings	(9,768,755,000)	(11,000,000,000)	(9,768,755,000)	(11,000,000,000)
Cash paid for repayment of debentures	(300,000,000)	-	(300,000,000)	-
Cash paid for repayment of long-term borrowings	(4,289,465,868)	(4,663,653,183)	(4,289,465,868)	(4,663,653,183)
Cash paid for borrowings interest	(1,175,053,340)	(1,216,987,126)	(1,175,053,340)	(1,216,987,126)
Dividends paid	(15,530)	(9,912)	(15,530)	(9,912)
Dividends paid to non-controlling interests	(61,200)	-	-	-
<b>Net Cash provided by (used in) Financing Activities</b>	<b>(4,133,020,938)</b>	<b>(10,353,708,905)</b>	<b>(4,132,959,738)</b>	<b>(10,353,708,905)</b>
Net increase (decrease) in cash and cash equivalents	2,134,072,741	(6,638,229,697)	1,375,013,669	(6,675,164,952)
Cash and cash equivalents at the beginning of the year	20,781,350,721	23,346,551,299	18,875,817,868	22,605,700,442
	22,915,423,462	16,708,321,602	20,250,831,537	15,930,535,490
Effect from changing in exchange rate on cash and cash at banks increase (decrease)	6,768,784	391,290,570	6,768,784	391,290,570
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>22,922,192,246</b>	<b>17,099,612,172</b>	<b>20,257,600,321</b>	<b>16,321,826,060</b>

## Additional Information for Cash Flow

## Non-cash Transactions

Fixed assets unpaid	26,533,192	111,232,834	26,533,192	111,232,834
Assets under finance leases	-	3,962,792,236	-	3,962,792,236

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

(Signed)

(Charnporn Jotikasthira)  
President

(Signed)

(Narongchai Wongthanavimok)  
Executive Vice President Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE – MONTH PERIOD ENDED MARCH 31, 2016 (unaudited but reviewed)**

**1. GENERAL INFORMATION**

Thai Airways International Public Company Limited (“the Company”) is incorporated as a public limited company in Thailand and is listed on the Stock Exchange of Thailand. The address of its incorporated and registered office is as follow:

The head office of the Company is located at 89 Vibhavadee Rungsit Road, Chom Phon, Chatuchak, Bangkok, Thailand.

The Company’s principal activity is the operation of airline business and business units which concern directly with transportation.

As at March 31, 2016, the Company has the routes network servicing to 61 destinations in 30 countries all over the world, whereas 4 routes are domestic (excluding Bangkok).

**2. BASIS OF FINANCIAL STATEMENTS PREPARATION**

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

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

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

Company’s Name	Type of Business	Located Country	Percentage of Share Holding	
			2016	2015
<b>Held by the Company:</b>				
1. Thai-Amadeus Southeast Asia Company Limited	Information technology for travel services	Thailand	55%	55%
2. WingSpan Services Company Limited	Providing 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%
<b>Held by the Subsidiary of the Company</b>				
A subsidiary held by WingSpan Services Company Limited				
- Tour Eung Luang Company Limited	Tourism Business	Thailand	49%	49%

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

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

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

These financial statements are prepared by the historical cost basis to measure the component of financial statements except for the other disclosures in the accounting policies.

### **Interim Financial Statements Preparation**

The interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) Interim Financial Reporting. The Company presents items in the statements of financial position, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows which complied with TAS No. 1 (revised 2015) Presentation of Financial Statements, which are effective on January 1, 2016 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, 2015. 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, 2015.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Accounting Policies applied in these interim financial statements are consistent with those applied in the financial statements for the year ended December 31, 2015 except that the Company has adopted all the new and revised TFRS that are effective for the fiscal years beginning on or after January 1, 2016. The adoption of these new and revised TFRS did not have any material effect on the accounting policies and operating result or financial position of the Company.

### **4. 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, 2017 onwards, are during revision and not yet effective.

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.

## 5. GOING CONCERN

The Company took immediate steps to improve financial performance upon posting a loss in 2013 and the turnaround plan received approval from the Company's Board of Directors on August 5, 2014. At the core was the immediate push to enhance sales revenue and reduce costs to improve financial performance for the year 2014. Funding was also sought to ensure sufficient liquidity to support its ongoing operations. The ongoing transformation plan being implemented for the period 2015-2016 was approved by the Company's Board of Directors on December 22, 2014 and by the State Enterprise Policy Commission on January 26, 2015.

The launch of the 6 Transformation Plans began the first quarter of 2015 and activities undertaken as part of the transformation plan during the year 2015 include network rationalization by suspending service to weak markets and/or loss making routes; aircraft rationalization by reducing aircraft type to lower maintenance cost; enhancing commercial sales via strategic campaigns and diversifying channel of distribution while enhancing operational efficiency and lowering costs through launching of Mutual Separation Plan and Golden Handshake Program and reducing non-fuel cash cost; organization restructuring was also undertaken to enhance decision making process and establishing a more comprehensive approach to manage its business units. An assessment system has also been put in place to track progress of the transformation plan.

Despite the transformation plan, external factors including the weak global economy, the weak Thai economy and stiff competition especially on regional routes heavily served by low cost carriers with high frequency and the most recent unfortunate bombing that occurred downtown Bangkok, Ratchaprasong, has caused travel traffic on key routes including China, Japan, Hong Kong, South Korea and Singapore to drop by approximately 15-20%. Cost was kept in check and in-line with expectations, but was not significantly been decreased. Quick win initiatives have been initiated to further reduce costs, increase revenue and a more robust tracking program for senior management to achieve goals to ensure that the Company's financial performance is more in-line with the established target.

Since the beginning of the year, the Company has proceeded the second phase reform "Competitiveness Strength Building" comprising strategies including proactive revenue boost, effective cost reduction, capability enhancement and service excellence provision. The strategies are supported by 20 implementation plans with clear scope, objective, responsible party and execution plan under the closely monitoring process.

Liquidity management for the first quarter of 2016 was administered by way of Roll Over of the loan obtained from the Ministry of Finance in the form of European Commercial Paper (ECP) by pushing back the maturity date of January and February 2016 for another 180 days to accommodate the ongoing sale of 6 Airbus 340-600 aircraft. Furthermore, on March 29, 2016, the Company drew down the Revolving Credit Line of THB 2,000 million from domestic banks in the form of Promissory Note with 78 day to maturity to be used for Promissory Note payment that matured in April 2016. The Company also paid off the matured Bill of Exchange in March 2016 for THB 2,290 million.

From the financial administration explained above and cash flow projection for the year 2016 has been conservative with financing plan, the Company is confident that the operation result will provide sufficient cash on hand for its normal operation, provided that there will be no uncontrollable circumstances.

**6. POTENTIAL IMPACT FROM THE CIVIL AVIATION AUTHORITY OF THAILAND NOT PASSING ICAO'S SAFETY STANDARDS**

On June 18, 2015, the Civil Aviation Organization, ICAO, reported on its WEB site about Significant Safety Concerns, SSC, for the Thai Department of Civil Aviation, DCA. The report said about the overall general safety concern under DCA supervision and did not impact to the Company's operation. Afterwards, US Federal Aviation Administration, FAA, had conducted International Aviation Safety Assessments (IASA) on the DCA and found deviation from the Convention on the International Civil Aviation. As a result, the FAA have downgraded Thailand's aviation safety rating from Category 1 to Category 2 disallowing Thai Carrier to increase its flight frequency on existing routes or prohibiting an establishment of new routes to the United State of America.

On December 10, 2015, the European Commission has updated the EU Air Safety List, the list of airlines that are subject to an operating ban or operational restrictions within the European Union. The update stated that "No air carriers from Thailand were added to the Air Safety List at this time", and also the Commission and the European Aviation Safety Agency (EASA) are willing to continue to work with the Thai authorities to enhance aviation safety in the country, and will closely monitor future developments. As a result, Thai carriers and Thai carriers with code share operations have been able to operating flights to 28 countries in the European Union. The Company would continue flying to European Countries as usual.

The Company has passed the European Aviation Safety Agency (EASA) Third Country Operator (TCO) Audit and received authorization for flight operations to countries in the European Union. The authorization has effective since December 15, 2015 onward. This is the first time for the European Union to grant TCO authorization to airlines outside of the European Union. TCO authorization is one of the requirements for Air Carriers outside the European Union needed to obtain the traffic rights or permit to fly to destinations in the EU from November 2016 onwards.

In addition, the Company has initiated and run a safety assurance project "Beyond Compliance Project" which will be completed within the next 2 months. This project will ensure EU's confidence to THAI Safety & Quality Standard especially for the next Air Safety Committee meeting held in the next 3 months.

7. SUPPLEMENTARY INFORMATION

7.1 Cash and Cash Equivalents

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>
Cash - Domestic	17.59	10.32	16.95	9.51
Cash - Abroad	27.41	24.95	27.41	24.95
Cash at Banks - Domestic	7,607.24	8,587.59	5,001.86	6,716.47
Cash at Banks - Abroad	15,269.95	12,158.49	15,211.38	12,124.89
<b>Total</b>	<b><u>22,922.19</u></b>	<b><u>20,781.35</u></b>	<b><u>20,257.60</u></b>	<b><u>18,875.82</u></b>

7.2 Trade Receivables aging analysis is as follows:

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>
Aging Periods:				
Not over 6 months	11,916.59	11,429.69	11,828.50	10,641.45
Over 6 months to 1 year	164.30	160.60	164.11	160.58
Over 1 year to 2 years	202.08	319.46	198.99	313.47
Over 2 years	<u>1,005.32</u>	<u>941.13</u>	<u>978.21</u>	<u>916.40</u>
	13,288.29	12,850.88	13,169.81	12,031.90
<u>Less</u> Allowance for doubtful accounts	<u>(1,165.01)</u>	<u>(1,155.18)</u>	<u>(1,135.01)</u>	<u>(1,125.12)</u>
<b>Trade receivables - net</b>	<b><u>12,123.28</u></b>	<b><u>11,695.70</u></b>	<b><u>12,034.80</u></b>	<b><u>10,906.78</u></b>

7.3 Other Current Assets

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>
Tax refund	287.68	357.56	287.68	357.56
Cash and cash at bank of pension fund	4,067.16	4,278.64	4,067.16	4,278.64
Others	<u>3,476.01</u>	<u>3,352.83</u>	<u>7,634.09</u>	<u>11,540.57</u>
<b>Total</b>	<b><u>7,830.85</u></b>	<b><u>7,989.03</u></b>	<b><u>11,988.93</u></b>	<b><u>16,176.77</u></b>

#### **7.4 Non-current assets held for sale** Separate financial statements

As at January 1, 2016, non-current assets held for sale composed of 1 A300-600, 4 A340-500, 6 A340-600, 4 B737-400, 4 B747-400, 2 ATR 72 and 9 A330-300 aircraft, totaling of 30 aircraft amount of THB 14,904.65 million. As well as other fixed assets, amount of THB 194.74 million, which made a grand total of THB 15,099.39 million.

During the three-month period ended Mar 31, 2016, the Company recognized the additional aircraft impairment of THB 82.67 million and recognized loss from asset sold of THB 0.78 million. Number of decommissioned aircrafts, 30, is the same as December 31, 2015. There is no additional decommissioned aircraft during the three-month period ended March 31, 2016.

As at March 31, 2016, non-current assets classified as held for sale composed of 1 A300-600, 4 A340-500, 6 A340-600, 4 B737-400, 4 B747-400, 2 ATR72, and 9 A330-300 aircraft, totaling of 30 aircraft in an aggregate of THB 14,821.98 million, as well as other fixed assets amount of THB 193.96 million, which made a grand total of THB 15,015.94 million.

## 7.5 Investments

### Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
	Mar 31, 2016	Dec 31, 2015	Cost Method		Equity Method		Mar 31, 2016	Mar 31, 2015
			Mar 31, 2016	Dec 31, 2015	Mar 31, 2016	Dec 31, 2015		
<b>7.5.1 Investments in associated companies recorded by equity method</b>								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at March 31, 2016 amount of THB 686.25 million and as at December 31, 2015 amount of THB 720.00 million)	24.00	24.00	225.00	225.00	248.68	238.07	10.61	1.27
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	125.17	111.87	13.30	6.18
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at March 31, 2016 amount of THB 3,743.56 million and as at December 31, 2015 amount of THB 3,369.21 million)	22.59	22.59	115.19	115.19	1,147.32	1,001.51	181.81	68.79
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	325.41	298.80	26.61	32.78
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	185.38	174.72	10.65	5.42
Nok Airlines Public Company Limited (Fair value as at March 31, 2016 amount of THB 1,862.00 million and as at December 31, 2015 amount of THB 1,666.00 million)	39.20	39.20	360.00	360.00	<u>2,750.76</u>	<u>2,914.41</u>	<u>(165.37)</u>	<u>21.78</u>
<b>Total investments recorded by equity method</b>					<b><u>4,782.72</u></b>	<b><u>4,739.38</u></b>	<b><u>77.61</u></b>	<b><u>136.22</u></b>
<b>7.5.2 Other long-term investments recorded by cost method</b>								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00067	0.00067			-	-
Aeronautical Radio of Thailand Limited	0.43	0.43	5.96	5.96			-	-
<b>SITA Investment Certificate</b>	-	-	30.54	31.28			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			-	-
SITA Information Networking Computing	-	-	32.07	32.85			-	-
Other Shares	-	-	2.75	2.74			-	-
Investment in Debentures	-	-	-	-			-	-
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>			-	-
<b>Total other long-term investments</b>			<b><u>74.07</u></b>	<b><u>75.58</u></b>			<b><u>-</u></b>	<b><u>-</u></b>



Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2016	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015
<b>7.5.1 Investments recorded by cost method</b>						
<b>Subsidiary Companies</b>						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	-	-
Wing Span Services Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Flight Training Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Smile Airways Company Limited	100.00	100.00	<u>1,800.00</u>	<u>800.00</u>	-	-
<b>Total</b>			<b><u>1,810.21</u></b>	<b><u>810.21</u></b>	<b>-</b>	<b>-</b>
<b>Associated Companies</b>						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at March 31, 2016 amount of THB 686.25 million and as at December 31, 2015 amount of THB 720.00 million)	24.00	24.00	225.00	225.00	-	-
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	-	-
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at March 31, 2016 amount of THB 3,743.56 million and as at December 31, 2015 amount of THB 3,369.21 million)	22.59	22.59	115.19	115.19	36.00	-
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	-	-
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited (Fair value as at March 31, 2016 amount of THB 1,862.00 million and as at December 31, 2015 amount of THB 1,666.00 million)	39.20	39.20	<u>360.00</u>	<u>360.00</u>	-	-
<b>Total</b>			<b><u>1,083.52</u></b>	<b><u>1,083.52</u></b>	<b><u>36.00</u></b>	<b>-</b>
<b>Total investments recorded by cost method</b>			<b><u>2,893.73</u></b>	<b><u>1,893.73</u></b>	<b><u>36.00</u></b>	<b>-</b>
<b>7.5.2 Other long-term investments recorded by cost method</b>						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00067	0.00067	-	-
Aeronautical Radio of Thailand Limited	0.43	0.43	2.82	2.82	-	-
<b>SITA Investment Certificate</b>	-	-	30.54	31.28	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	-	-
SITA Information Networking Computing	-	-	32.07	32.85	-	-
Other Shares	-	-	2.75	2.74	-	-
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>	-	-
<b>Total other long-term investments</b>			<b><u>70.93</u></b>	<b><u>72.44</u></b>	<b>-</b>	<b>-</b>

### 7.5.3 Financial Information Summary of Subsidiaries

Unit : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<b>Subsidiary Companies</b>				
Thai-Amadeus Southeast Asia Company Limited	250.55	73.52	75.86	25.46
WingSpan Services Company Limited	439.91	328.60	273.82	1.15
Thai Flight Training Company Limited	31.50	2.87	11.81	4.97
Tour Eurng Luang Company Limited	4.69	2.19	0.31	0.01
Thai Smile Airways Company Limited	4,941.77	5,538.80	1,886.21	36.36

The Company used the financial statements of subsidiary and associated companies, some of which are unaudited by the CPA, as at March 31, 2016 to record the investment by equity method in the consolidated financial statement and by cost method in the separate financial statement.

## 7.6 Significant Transactions with Related Parties

### 7.6.1 Related Transactions with Major Shareholders

#### 7.6.1.1 Short-term borrowings from related parties

Unit : Million Baht		
	Mar 31, 2016	Dec 31, 2015
Foreign borrowings via the Ministry of Finance	5,311.11	3,625.38
Government Saving Bank	<u>7,000.00</u>	<u>7,000.00</u>
<b>Total</b>	<b><u>12,311.11</u></b>	<b><u>10,625.38</u></b>

#### 7.6.1.2 Long-term borrowings from related parties

Unit : Million Baht		
	Mar 31, 2016	Dec 31, 2015
Foreign borrowings via the Ministry of Finance	15,433.94	15,258.20
<b>Total</b>	<b><u>15,433.94</u></b>	<b><u>15,258.20</u></b>

## 7.6.2 Related Transactions with Subsidiary Companies

### 7.6.2.1 Sales and Purchases

	Unit : Million Baht			
	Mar 31, 2016		Mar 31, 2015	
	Sales	Purchases	Sales	Purchases
Thai-Amadeus Southeast Asia Company Limited	0.40	-	0.44	-
WingSpan Services Company Limited	0.78	225.00	0.86	165.98
Thai Flight Training Company Limited	2.07	-	2.08	-
Tour Eurng Luang Company Limited	7.23	0.01	18.47	-
Thai Smile Airways Company Limited	1,910.12	42.35	1,211.62	7.10

### 7.6.2.2 Account Receivables and Account Payables

	Unit : Million Baht			
	Mar 31, 2016		Dec 31, 2015	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	0.26	0.16	0.11	0.16
WingSpan Services Company Limited	186.68	278.79	211.46	286.36
Thai Flight Training Company Limited	0.20	-	0.71	-
Tour Eurng Luang Company Limited	4.73	-	8.08	-
Thai Smile Airways Company Limited	4,486.58	1,300.94	8,104.09	5,015.93

Related account receivables and account payables of WingSpan Service Co., Ltd. have included prepaid and accrued expenses amount of THB 184.20 million and THB 278.79 million.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. have included accrued income amount of THB 200.34 million and accrued expenses amount of THB 1,300.94 million.

### 7.6.2.3 Aircraft Lease Between Related Parties

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. for a period of 3 years for which such contracts can be extended for another 3 years. As at March 31, 2016, a total of such aircraft are 16 aircraft consisting of 11 of the A320-200 aircraft which were back to back operating leases while 5 were aircraft for which the Company acquired under finance leases and were quarterly subleased to Thai Smile Airways Co., Ltd..

### 7.6.3 Related Transactions with Associated Companies

#### 7.6.3.1 Sales and Purchases

	Unit : Million Baht			
	Mar 31, 2016		Mar 31, 2015	
	Sales	Purchases	Sales	Purchases
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.34	-	0.34
Donmuang International Airport Hotel Company Limited	-	0.03	-	0.05
Bangkok Aviation Fuel Services Public Company Limited	-	71.79	0.01	76.24
Phuket Air Catering Company Limited	0.03	3.44	0.52	8.68
Suvarnabhumi Airport Hotel Company Limited	-	3.28	-	4.97
Nok Airlines Public Company Limited	11.30	0.08	37.83	0.09

#### 7.6.3.2 Account Receivables and Account Payables

	Unit : Million Baht			
	Mar 31, 2016		Dec 31, 2015	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.09	-	0.02
Donmuang International Airport Hotel Company Limited	-	0.03	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	-	-	36.15
Phuket Air Catering Company Limited	0.003	-	0.004	-
Suvarnabhumi Airport Hotel Company Limited	-	0.57	-	0.34
Nok Airlines Public Company Limited	41.45	-	73.22	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.

### 7.6.4 Key Executives Separate financial statements

	Unit : Million Baht	
	Mar 31, 2016	Mar 31, 2015
Remuneration for Management Executives	15.63	19.48
Remuneration for Board of Directors	<u>4.27</u>	<u>4.23</u>
<b>Total</b>	<b><u>19.90</u></b>	<b><u>23.71</u></b>

The Company's Executives are the same criteria as Note No. 7.15, employee benefits expenses.

**7.7 Property, Plant and Equipment**

**Consolidated Financial Statements  
As at March 31, 2016**

*Unit : Million Baht*

	<b>Prepaid Aircraft and Spare Engines</b>	<b>Aircraft</b>	<b>Aircraft under Finance Leases</b>	<b>Aircraft Spare Parts</b>	<b>Work in Progress</b>	<b>Land</b>	<b>Buildings</b>	<b>Leasehold Buildings</b>	<b>Building Improvement</b>	<b>Other Plant and Equipment</b>	<b>Total</b>
<b>Cost</b>											
As at January 1, 2016	5,491.24	117,546.25	165,110.74	36,440.79	61.20	9,583.65	2,514.52	10,805.23	4,792.85	31,724.07	<b>384,070.54</b>
- Adjust/Transfers	-	-	-	(9.21)	-	-	-	-	4.67	(61.51)	<b>(66.05)</b>
- Additions	831.90	88.70	127.61	80.20	(23.04)	-	-	-	5.74	60.99	<b>1,172.10</b>
- Disposals/Amortized	-	(69.64)	(170.29)	(9.28)	-	-	-	-	(15.78)	(73.53)	<b>(338.52)</b>
As at March 31, 2016	<b>6,323.14</b>	<b>117,565.31</b>	<b>165,068.06</b>	<b>36,502.50</b>	<b>38.16</b>	<b>9,583.65</b>	<b>2,514.52</b>	<b>10,805.23</b>	<b>4,787.48</b>	<b>31,650.02</b>	<b>384,838.07</b>
<b>Accumulated depreciation</b>											
As at January 1, 2016	-	72,566.93	38,859.37	23,975.65	-	-	2,439.82	6,014.55	4,510.15	27,418.71	<b>175,785.18</b>
- Depreciation	-	1,502.78	2,132.12	420.68	-	-	3.53	57.34	36.07	363.70	<b>4,516.22</b>
- Adjust/Transfers	-	-	-	88.34	-	-	-	-	11.53	(57.94)	<b>41.93</b>
- Disposals/Amortized	-	(67.17)	(133.19)	(8.10)	-	-	-	-	(14.23)	(72.20)	<b>(294.89)</b>
As at March 31, 2016	-	<b>74,002.54</b>	<b>40,858.30</b>	<b>24,476.57</b>	-	-	<b>2,443.35</b>	<b>6,071.89</b>	<b>4,543.52</b>	<b>27,652.27</b>	<b>180,048.44</b>
<b>Net book value</b>											
As at December 31, 2015	<b>5,491.24</b>	<b>44,979.32</b>	<b>126,251.37</b>	<b>12,465.14</b>	<b>61.20</b>	<b>9,583.65</b>	<b>74.70</b>	<b>4,790.68</b>	<b>282.70</b>	<b>4,305.36</b>	<b>208,285.36</b>
As at March 31, 2016	<b>6,323.14</b>	<b>43,562.77</b>	<b>124,209.76</b>	<b>12,025.93</b>	<b>38.16</b>	<b>9,583.65</b>	<b>71.17</b>	<b>4,733.34</b>	<b>243.96</b>	<b>3,997.75</b>	<b>204,789.63</b>

Consolidated Financial Statements  
As at March 31, 2015

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
<b>Cost</b>											
As at January 1, 2015	12,367.65	136,691.33	188,545.91	36,754.25	1,273.70	936.30	2,514.52	10,791.51	4,801.44	31,143.56	<b>425,820.17</b>
- Adjust/Transfers	(3,786.29)	(19,013.23)	(29,864.80)	848.66	-	-	-	-	0.23	34.90	<b>(51,780.53)</b>
- Additions	319.75	42.47	4,374.05	151.72	(796.71)	-	-	-	9.05	705.48	<b>4,805.81</b>
- Disposals/Amortized	-	(44.30)	(72.43)	(230.39)	-	-	-	-	(1.80)	(127.67)	<b>(476.59)</b>
As at March 31, 2015	<b>8,901.11</b>	<b>117,676.27</b>	<b>162,982.73</b>	<b>37,524.24</b>	<b>476.99</b>	<b>936.30</b>	<b>2,514.52</b>	<b>10,791.51</b>	<b>4,808.92</b>	<b>31,756.27</b>	<b>378,368.86</b>
<b>Accumulated Depreciation</b>											
As at January 1, 2015	-	85,369.19	53,935.09	23,563.13	-	-	2,410.50	5,784.11	4,398.91	26,337.79	<b>201,798.72</b>
- Depreciation	-	1,620.15	2,378.41	492.09	-	-	9.92	56.75	39.52	356.98	<b>4,953.82</b>
- Adjust/Transfers	-	(14,828.10)	(16,334.19)	(37.70)	-	-	-	-	0.23	34.73	<b>(31,165.03)</b>
- Disposals/Amortized	-	(44.30)	(72.42)	(164.16)	-	-	-	-	(1.58)	(125.84)	<b>(408.30)</b>
As at March 31, 2015	-	<b>72,116.94</b>	<b>39,906.89</b>	<b>23,853.36</b>	-	-	<b>2,420.42</b>	<b>5,840.86</b>	<b>4,437.08</b>	<b>26,603.66</b>	<b>175,179.21</b>
<b>Net book value</b>											
As at December 31, 2014	<b>12,367.65</b>	<b>51,322.14</b>	<b>134,610.82</b>	<b>13,191.12</b>	<b>1,273.70</b>	<b>936.30</b>	<b>104.02</b>	<b>5,007.40</b>	<b>402.53</b>	<b>4,805.77</b>	<b>224,021.45</b>
As at March 31, 2015	<b>8,901.11</b>	<b>45,559.33</b>	<b>123,075.84</b>	<b>13,670.88</b>	<b>476.99</b>	<b>936.30</b>	<b>94.10</b>	<b>4,950.65</b>	<b>371.84</b>	<b>5,152.61</b>	<b>203,189.65</b>

**Separate Financial Statements  
As at March 31, 2016**

Unit : Million Baht

	<b>Prepaid Aircraft and Spare Engines</b>	<b>Aircraft</b>	<b>Aircraft under Finance Leases</b>	<b>Aircraft Spare Parts</b>	<b>Work in Progress</b>	<b>Land</b>	<b>Buildings</b>	<b>Leasehold Buildings</b>	<b>Building Improvement</b>	<b>Other Plant and Equipment</b>	<b>Total</b>
<b>Cost</b>											
As at January 1, 2016	5,491.24	117,546.25	165,110.74	36,440.79	61.20	9,583.65	2,514.52	10,805.23	4,779.18	31,617.83	<b>383,950.63</b>
- Adjust/Transfers	-	-	-	(9.21)	-	-	-	-	4.67	(61.51)	<b>(66.05)</b>
- Additions	831.90	88.70	127.61	80.20	(23.04)	-	-	-	4.60	60.86	<b>1,170.83</b>
- Disposals/Amortized	-	(69.64)	(170.29)	(9.28)	-	-	-	-	(15.78)	(73.53)	<b>(338.52)</b>
As at March 31, 2016	<b>6,323.14</b>	<b>117,565.31</b>	<b>165,068.06</b>	<b>36,502.50</b>	<b>38.16</b>	<b>9,583.65</b>	<b>2,514.52</b>	<b>10,805.23</b>	<b>4,772.67</b>	<b>31,543.65</b>	<b>384,716.89</b>
<b>Accumulated depreciation</b>											
As at January 1, 2016	-	72,566.93	38,859.37	23,975.65	-	-	2,439.82	6,014.55	4,506.23	27,325.26	<b>175,687.81</b>
- Depreciation	-	1,502.78	2,132.12	420.68	-	-	3.53	57.34	34.98	362.21	<b>4,513.64</b>
- Adjust/Transfers	-	-	-	88.34	-	-	-	-	11.53	(57.94)	<b>41.93</b>
- Disposals/Amortized	-	(67.17)	(133.19)	(8.10)	-	-	-	-	(14.23)	(72.20)	<b>(294.89)</b>
As at March 31, 2016	-	<b>74,002.54</b>	<b>40,858.30</b>	<b>24,476.57</b>	-	-	<b>2,443.35</b>	<b>6,071.89</b>	<b>4,538.51</b>	<b>27,557.33</b>	<b>179,948.49</b>
<b>Net book value</b>											
As at December 31, 2015	<b>5,491.24</b>	<b>44,979.32</b>	<b>126,251.37</b>	<b>12,465.14</b>	<b>61.20</b>	<b>9,583.65</b>	<b>74.70</b>	<b>4,790.68</b>	<b>272.95</b>	<b>4,292.57</b>	<b>208,262.82</b>
As at March 31, 2016	<b>6,323.14</b>	<b>43,562.77</b>	<b>124,209.76</b>	<b>12,025.93</b>	<b>38.16</b>	<b>9,583.65</b>	<b>71.17</b>	<b>4,733.34</b>	<b>234.16</b>	<b>3,986.32</b>	<b>204,768.40</b>

**Separate Financial Statements  
As at March 31, 2015**

Unit : Million Baht

	<b>Prepaid Aircraft and Spare Engines</b>	<b>Aircraft</b>	<b>Aircraft under Finance Leases</b>	<b>Aircraft Spare Parts</b>	<b>Work in Progress</b>	<b>Land</b>	<b>Buildings</b>	<b>Leasehold Buildings</b>	<b>Building Improvement</b>	<b>Other Plant and Equipment</b>	<b>Total</b>
<b>Cost</b>											
As at January 1, 2015	12,367.65	136,691.33	188,545.91	36,754.25	1,273.70	936.30	2,514.52	10,791.51	4,801.44	31,045.29	<b>425,721.90</b>
- Adjust/Transfers	(3,786.29)	(19,013.23)	(29,864.80)	848.66	-	-	-	-	0.23	34.90	<b>(51,780.53)</b>
- Additions	319.75	42.47	4,374.05	151.72	(796.71)	-	-	-	9.05	704.38	<b>4,804.71</b>
- Disposals/Amortized	-	(44.30)	(72.43)	(230.39)	-	-	-	-	(1.80)	(126.24)	<b>(475.16)</b>
As at March 31, 2015	<b>8,901.11</b>	<b>117,676.27</b>	<b>162,982.73</b>	<b>37,524.24</b>	<b>476.99</b>	<b>936.30</b>	<b>2,514.52</b>	<b>10,791.51</b>	<b>4,808.92</b>	<b>31,658.33</b>	<b>378,270.92</b>
<b>Accumulated depreciation</b>											
As at January 1, 2015	-	85,369.19	53,935.09	23,563.13	-	-	2,410.50	5,784.11	4,398.91	26,247.28	<b>201,708.21</b>
- Depreciation	-	1,620.15	2,378.41	492.09	-	-	9.92	56.75	39.52	356.26	<b>4,953.10</b>
- Adjust/Transfers	-	(14,828.10)	(16,334.19)	(37.70)	-	-	-	-	0.23	34.73	<b>(31,165.03)</b>
- Disposals/Amortized	-	(44.30)	(72.42)	(164.16)	-	-	-	-	(1.58)	(125.84)	<b>(408.30)</b>
As at March 31, 2015	-	<b>72,116.94</b>	<b>39,906.89</b>	<b>23,853.36</b>	-	-	<b>2,420.42</b>	<b>5,840.86</b>	<b>4,437.08</b>	<b>26,512.43</b>	<b>175,087.98</b>
<b>Net book value</b>											
As at December 31, 2014	<b>12,367.65</b>	<b>51,322.14</b>	<b>134,610.82</b>	<b>13,191.12</b>	<b>1,273.70</b>	<b>936.30</b>	<b>104.02</b>	<b>5,007.40</b>	<b>402.53</b>	<b>4,798.01</b>	<b>224,013.69</b>
As at March 31, 2015	<b>8,901.11</b>	<b>45,559.33</b>	<b>123,075.84</b>	<b>13,670.88</b>	<b>476.99</b>	<b>936.30</b>	<b>94.10</b>	<b>4,950.65</b>	<b>371.84</b>	<b>5,145.90</b>	<b>203,182.94</b>



In this period, there are 95 aircraft represented in the Company's fleet consisting of 26 own aircraft, 36 aircraft under finance leases, and 33 aircraft under operating leases which excluded 30 aircraft for sales with a carrying amount of THB 14,821.98 million.

The Company repaid the entire borrowings and terminated the finance leases for A340-600 No. 1-6 on June 29, July 27, July 6, August 28, September 9, and July 29, 2015, respectively.

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 57,299.09 million including the leasehold buildings amount of THB 3,924.94 million.

Leasehold buildings are leased from Airports of Thailand Public Company Limited at Suvarnabhumi Airport with a lease term of 30 years starting from September 28, 2006 to September 29, 2036 and at Donmuang Airport with a lease term of 3 years starting from September 27, 2009 to September 28, 2012. The title of the buildings and elements will be passed to the Ministry of Finance at the end of the lease term. On August 31, 2015, the Company has issued the letter of intent to Airports of Thailand Public Company Limited for such leasehold buildings at Donmuang Airport with a lease term of 3 years starting from September 28, 2015 to September 27, 2018, and the proposal is under the negotiation. In this regard, Airports of Thailand Public Company Limited has collected aforementioned rental at the same rate of previous agreement.

The 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 measurement of the Company's domestic and abroad land have been changed from cost model amount of THB 936.30 million to revaluation model amount of THB 9,583.65 million, consisting of land in Bangkok, provinces and abroad amount of THB 8,007.24 million, THB 394.89 million and THB 1,181.52 million, respectively. The revaluation has been done in September 2015 using the professional appraisal qualified by the Securities and Exchange Commission, Thailand (SEC.).

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

## 7.8 Intangible Assets

	Unit : Million Baht	
	<b>Consolidated Financial Statements</b>	<b>Separate Financial Statements</b>
<b>Cost</b>		
As at January 1, 2016	3,516.43	3,462.71
- Additions	3.18	2.17
As at March 31, 2016	3,519.61	3,464.88
<b>Accumulated amortization</b>		
As at January 1, 2016	2,485.10	2,469.22
- Amortization	99.09	96.54
As at March 31, 2016	2,584.19	2,565.76
<b>Net book value</b>		
As at December 31, 2015	<b>1,031.33</b>	<b>993.49</b>
As at March 31, 2016	<b>935.42</b>	<b>899.12</b>

## 7.9 Deferred Tax Assets , Deferred Tax Liabilities

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

	Unit : Million Baht			
	<b>Consolidated Financial Statements</b>		<b>Separate Financial Statements</b>	
	<u>Mar 31,2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>
Contribution to staff provident fund	49.64	52.16	49.64	52.16
Contribution to staff pension fund	227.06	232.98	227.06	232.98
Allowance for obsolete inventories	706.26	690.15	706.26	690.15
Allowance for doubtful accounts	297.86	295.88	293.63	291.64
Allowance for impairment in value of assets	3,993.38	3,970.13	3,993.38	3,970.13
Estimated accrual expenses	1,377.60	600.57	1,371.76	594.73
Intangible assets	32.92	38.19	32.92	38.19
Employee benefits obligation	2,373.71	2,329.05	2,357.33	2,313.65
Effective portion of changes in fair value of cash flow hedges	587.61	469.61	587.61	469.61
Others	<u>1.61</u>	<u>1.61</u>	<u>-</u>	<u>-</u>
Total	<b><u>9,647.65</u></b>	<b><u>8,680.33</u></b>	<b><u>9,619.59</u></b>	<b><u>8,653.24</u></b>

7.9.2 Deferred Tax Liabilities

Unit : Million Baht

	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Mar 31,2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31,2016</u>	<u>Dec 31, 2015</u>
Intangible assets	136.61	137.41	136.61	137.41
Revaluation surplus	<u>1,729.47</u>	<u>1,729.47</u>	<u>1,729.47</u>	<u>1,729.47</u>
<b>Total</b>	<b><u>1,866.08</u></b>	<b><u>1,866.88</u></b>	<b><u>1,866.08</u></b>	<b><u>1,866.88</u></b>

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

7.10 Other Non-Current Assets

Unit : Million Baht

	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Mar 31,2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31,2016</u>	<u>Dec 31, 2015</u>
Deferred charges	5,285.65	5,306.10	5,285.65	5,306.10
Maintenance Reserve	5,548.63	3,331.30	5,548.63	3,331.30
Others	<u>457.91</u>	<u>545.47</u>	<u>457.19</u>	<u>542.34</u>
<b>Total</b>	<b><u>11,292.19</u></b>	<b><u>9,182.87</u></b>	<b><u>11,291.47</u></b>	<b><u>9,179.74</u></b>

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

Maintenance reserves deposit is placed to lessor by lessee to ensure lessor the aircraft maintenance requirement as specified by lease agreement.

7.11 Staff Pension Fund Consolidated and Separate Financial Statements

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

	Unit : Million Baht	
	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>
Current assets	4,067.16	4,278.64
Others	<u>49.20</u>	<u>55.14</u>
<b>Total</b>	<b><u>4,116.36</u></b>	<b><u>4,333.78</u></b>
Other current liabilities	246.66	453.52
Pension fund	<u>3,869.70</u>	<u>3,880.26</u>
<b>Total</b>	<b><u>4,116.36</u></b>	<b><u>4,333.78</u></b>

As at March 31, 2016, the fund balance was THB 3,869.70 million and was equal to the Company's obligation to its staff under the fund. (The total Company contribution to the fund in this accounting periods was THB 28.27 million, which came from contributions at a rate equivalent to 10% of employee salaries in the amount of THB 41.87 million less the amount to match the Company's obligation of THB 13.60 million.)

## 7.12 Employee Benefits Obligation

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>
Beginning Balance – Employee Benefits Obligation	11,645.23	11,508.91	11,568.26	11,456.35
Current service cost	132.65	502.38	128.42	479.94
Interest cost	90.69	472.08	89.98	470.11
Benefits paid	-	(1,238.82)	-	(1,238.82)
Actuarial loss	-	400.68	-	400.68
Ending Balance - Employee Benefits Obligation	<b><u>11,868.57</u></b>	<b><u>11,645.23</u></b>	<b><u>11,786.66</u></b>	<b><u>11,568.26</u></b>

## 7.13 Long-Term Provision

Changes in the present value of long-term provision

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>
Long-term provision at the beginning balance	619.31	412.96	619.31	410.52
Long-term provision for the period	3,668.27	206.35	3,668.27	208.79
Long-term provision at the ending balance	<b><u>4,287.58</u></b>	<b><u>619.31</u></b>	<b><u>4,287.58</u></b>	<b><u>619.31</u></b>

Long-term provision as at March 31, 2016 (Separate financial statements) consist of:

7.13.1 The Case which the court has rendered a judgment ordering the Company to pay for severance pay to its employees in the amount of THB 10.52 million. At present, the case is under the Supreme Court's consideration.

7.13.2 The Court of First Instance and the Court of Appeal has rendered a judgment ordering the Company to pay for damages, return cash guarantee or fines in the amount of THB 22.99 million. At present, the case is under the Supreme Court's consideration.

7.13.3 The Company had estimated damages and fines and had acknowledged such damages and fines in the financial statement of 2015 in the amount of THB 351.66 million. As at March 31, 2016 the Company had decreased an amount of the reserve with respect to damages and fines amount of THB 8.21 million, leaving the balance of THB 343.45 million.

7.13.4 The Board of Directors meeting no. 11/2558 dated November 11, 2015 has resolved the Company to reserve money as a compensation in respect of the 1 year early termination of Aircraft operating Lease Agreements for 2 A330-300 (TEJ, TEL) to AerCap at the begin of 2017. This payment is for the early termination fee in the amount of USD 3 million or approximately THB 106.22 million and Retrofit Koito Seat fee in the amount of USD 2.54 million or approximately THB 89.87 million totaling THB 196.09 million.

7.13.5 Long-term provision as at March 31, 2016, of THB 3,714.53 are the estimation of aircraft maintenance under operating lease agreement corresponding to actual aircraft utilization and to aircraft maintenance condition. Once after the Company will perform the maintenance according to criteria under lease agreement, the Company can reimburse from lessors the maintenance reserves deposit as presented by Note No. 7.10.

#### 7.14 Share Capital

As at March 31, 2016, 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.

#### 7.15 Other Income - Others

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016	Mar 31, 2015
Gains on sales of assets	5.06	2.08	5.06	2.08
Dividends from associated and subsidiary companies	-	-	36.00	-
Revenue from other services of Aircraft Maintenance Department	197.29	148.78	197.29	148.78
Other fine revenues	54.51	33.41	54.51	33.41
Revenue from Royal Orchid Lounge service	30.07	29.31	30.07	29.31
Revenue from service to Thai Smile Airways passenger	35.61	53.79	35.61	53.79
Others	120.56	83.76	141.85	148.73
<b>Total</b>	<b>443.10</b>	<b>351.13</b>	<b>500.39</b>	<b>416.10</b>

## 7.16 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016	Mar 31, 2015
Personnel expenses	7,141.90	7,233.82	7,032.69	7,182.06
Employee benefits	223.34	243.13	218.40	237.51
Executive remuneration	17.09	20.66	15.63	19.48
Board of directors remuneration	5.03	4.72	4.27	4.23
<b>Total</b>	<b>7,387.36</b>	<b>7,502.33</b>	<b>7,270.99</b>	<b>7,443.28</b>

Managements refer to the Company's Board of Directors, Chief Executives, persons in the next four executive levels below the chief executives, and in similar position, including accounting or finance department managers or above according to Securities and Exchange Mandate.

The Annual General Meeting of Shareholders for the year 2015 on April 24, 2015 approved the Resolution of the Nomination and Remuneration Committees' meeting no.2/2258 to cancel air ticket benefits for members of the Board of Directors.

## 7.17 Other Expenses

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016	Mar 31, 2015
Rentals and utilities	624.65	640.10	624.65	640.10
Office supplies	38.72	28.18	38.72	28.18
Repair of building and equipment	124.43	119.51	124.43	119.51
Outsource services	381.03	386.46	381.03	386.46
Consultant and service fees	117.97	177.63	117.97	177.63
Legal fee for Antitrust/ Competition Law	6.00	4.96	6.00	4.96
Computer service expenses	150.12	145.75	150.12	145.75
Rental of communication devices and office equipment	59.58	64.46	59.58	64.46
Travelling and transportation expenses	133.42	126.35	133.42	126.35
Concession fees	107.11	106.17	107.11	106.17
Passenger claim expenses	52.06	62.25	52.06	62.25
Obsolete inventories and supplies expenses	80.48	137.17	80.48	137.17
Service cargo expenses	16.04	29.96	16.04	29.96
Joint venture expenses in STAR Alliance	1.88	2.64	1.88	2.64
Company business and municipal taxes	40.56	35.97	40.56	35.97
Bad debts and provision for bad debts	16.37	(219.51)	16.43	(219.84)
Service fee for IT HOSTING system	1.55	16.18	1.55	16.18
Fine and interest expenses	(0.46)	0.16	(0.46)	0.16
Others	132.15	232.43	55.62	153.96
<b>Total</b>	<b>2,083.66</b>	<b>2,096.82</b>	<b>2,007.19</b>	<b>2,018.02</b>

## 7.18 Income Tax Expense (Income)

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	Mar 31, 2016	Mar 31, 2015	Mar 31, 2016	Mar 31, 2015
Tax expense from taxable profit for the period	11.34	16.91	4.76	7.44
Add (less): deferred tax asset/ liability from temporary different increase/ decrease	(850.12)	(2,300.60)	(849.15)	(2,299.47)
<b>Net tax expenses (income)</b>	<b>(838.78)</b>	<b>(2,283.69)</b>	<b>(844.39)</b>	<b>(2,292.03)</b>

## 7.19 Earnings Per Share

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

### Consolidated Financial Statements For the three-month period ended March 31, 2016

	<u>Profit</u>		<u>Number of Shares</u>		<u>Earnings per Share</u>	
	<u>Mar 31, 2016</u>	<u>Mar 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2015</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings per Share</b>						
Profits attributable to owners of the parent	5,999.18	4,541.13	2,182.77	2,182.77	2.75	2.08

### Separate Financial Statements For the three-month period ended March 31, 2016

	<u>Profit</u>		<u>Number of Shares</u>		<u>Earnings per Share</u>	
	<u>Mar 31, 2016</u>	<u>Mar 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2015</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings per Share</b>						
Profits attributable to owners of the parent	5,910.64	4,749.37	2,182.77	2,182.77	2.71	2.18



## 7.20 Financial Information by Segment Consolidated financial statements

### 7.20.1 Business segments

#### Statements of Income For the three – month period ended March 31, 2016

Unit : Million Baht

	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Mar 31, 2016</u>	<u>Mar 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Mar 31, 2015</u>
External Revenues	46,457.27	48,427.54	2,517.93	2,316.98	764.68	471.16	49,739.88	51,215.68
Inter - segment revenues	-	-	2,336.32	2,326.18	962.57	1,204.23	3,298.89	3,530.41
Interest income	53.71	80.11	-	-	1.37	1.99	55.08	82.10
Finance costs	<u>(1,394.20)</u>	<u>(1,409.11)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,394.20)</u>	<u>(1,409.11)</u>
Finance costs - net	<u>(1,340.49)</u>	<u>(1,329.00)</u>	<u>-</u>	<u>-</u>	<u>1.37</u>	<u>1.99</u>	<u>(1,339.12)</u>	<u>(1,327.01)</u>
Depreciation and amortization expenses	(4,156.58)	(4,625.63)	(198.36)	(193.04)	(272.79)	(273.63)	(4,627.73)	(5,092.30)
Fuel and oil	(10,463.41)	(14,153.01)	-	-	(379.13)	(326.63)	(10,842.54)	(14,479.64)
Employee benefits expenses	(4,442.19)	(4,313.32)	(1,690.08)	(1,824.36)	(1,255.09)	(1,364.64)	(7,387.36)	(7,502.32)
Tax income (expenses)	844.39	2,292.03	-	-	(5.61)	(8.34)	838.78	2,283.69
Profit on investment in associates	77.61	136.22	-	-	-	-	77.61	136.22
Gain (loss) on foreign currency exchange	(681.53)	9,641.12	-	-	0.82	12.79	(680.71)	9,653.91
Impairment loss of aircraft	(173.99)	(11,804.16)	-	-	-	-	(173.99)	(11,804.16)
Gain (loss) by segments	5,122.71	2,597.13	1,415.80	1,021.83	(1,366.63)	(1,353.76)	5,171.88	2,265.20

#### Assets and Liabilities As at March 31, 2016

Unit : Million Baht

	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>
Current assets	61,334.11	56,563.55	646.57	638.56	5,632.44	8,571.54	67,613.12	65,773.65
Investments	4,852.62	4,810.79	-	-	4.16	4.16	4,856.78	4,814.95
Property, plant and equipment	195,697.13	198,914.36	5,920.25	6,081.91	3,172.25	3,289.09	204,789.63	208,285.36
Other non-current assets	21,803.22	18,818.36	0.30	0.41	71.75	75.77	21,875.27	18,894.54
Non-allocated assets	-	-	-	-	-	-	<u>4,626.29</u>	<u>4,702.56</u>
<b>Total assets</b>							<b><u>303,761.09</u></b>	<b><u>302,471.06</u></b>
Current liabilities	83,877.64	85,001.33	258.87	238.80	5,875.13	9,884.47	90,011.64	95,124.60
Non-current liabilities	174,117.20	173,444.52	-	-	82.99	78.04	174,200.19	173,522.56
Non-allocated liabilities	-	-	-	-	-	-	<u>1,083.22</u>	<u>898.21</u>
<b>Total Liabilities</b>							<b><u>265,295.05</u></b>	<b><u>269,545.37</u></b>

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

7.20.2 Geographical Segments

	Domestic Revenues			Foreign Revenues					Charter Revenues and Others	Other Income			Total
	Transportation	Business Unit	Others	Regional Asia	Europe	North Pacific	Australia & New Zealand	Africa		Interest Income	Others Income	Gain (loss) on Foreign Currency Exchange	
<b>For the Three-month Periods</b>													
<b>Jan-Mar 2016</b>	3,998.45	2,517.93	764.68	24,205.93	13,857.14	0.31	4,321.55	0.16	73.73	55.07	443.10	(680.71)	<b>49,557.34</b>
<b>Jan-Mar 2015</b>	3,450.59	2,316.98	471.16	24,988.37	14,514.84	721.92	4,267.16	56.00	428.66	82.10	351.13	9,653.91	<b>61,302.82</b>

## 7.21 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 286.91 million for this fiscal year.

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

## 7.22 Contingent Liabilities

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

	<b>Unit : Million Baht</b>	
	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>
Letters of guarantee issued by banks - Domestic	29.94	30.36
Letters of guarantee issued by banks - Abroad	271.52	314.58
The Company as defendant in		
Labor dispute cases	1,359.27	1,356.00
Damage claims cases	<u>749.31</u>	<u>512.64</u>
<b>Total</b>	<b><u>2,410.04</u></b>	<b><u>2,213.58</u></b>

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

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

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.

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

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

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

In the early July 2015, the Company received the writs of summons from British Airways, Lufthansa and KLM-AF. Moreover, British Airways, Lufthansa and KLM-AF have served the writs of summons to the Company and more than other 20 airlines for the case where the plaintiff filed a lawsuit against Koninklijke Luchtvaart Maatschappij N.V., Martin Air Holland N.V., Société Air France S.A. (collectively referred to as "KLM-AF"), Deutsche Lufthansa and Lufthansa Cargo A.G. (collectively referred to as "Lufthansa"), Singapore Airlines and Singapore Airlines Cargo (collectively referred to as "Singapore Airlines") and British Airways as defendants since December 24, 2013 alleging surcharges fixing among such airlines. On June 25, 2014, such airlines requested that the court give them leave to implead other airlines involving in surcharges fixing arrangement. After that, on March 25, 2015, the court granted permission according to such airlines' request. However, the Company was not filed a lawsuit against as the defendant in the main case and currently the Company is preparing to attend the first hearing.

### **7.23 Fluctuations in Foreign Currency Exchange Rates**

Due to the fact that the Company's earnings are in more than 50 different currencies, accounting for 68% of total revenues, the Company has adopted the practice of Natural Hedging to reduce the risk of foreign currency exchange rate fluctuation by ensuring that as many cash expenses are paid for in the same currencies as revenues as practically possible. The net cash flow is then managed to better match its major expenses such as fuel payment, aircraft operating lease payment, and employee salaries. Borrowings are then made in the currencies with the highest net operating cash flow. To ensure that the Company does not incur too much foreign currency debt, it also took on Thai Baht to mitigate the foreign currency gain/loss impact on the Company's profit and loss statement. In addition, the Company has a policy to enter into Cross Currency Swap (CCS) whenever it is suitable to do so and also to use forward instruments as a way to manage fund to pay for the Company's expenses and debt obligation.

As at March 31, 2016, the Company's outstanding long-term foreign currency borrowings post CCS were 7% in USD, 44% in EUR, 14% in JPY and 35% in THB (excluding operating aircraft lease liabilities).

## 7.24 Cash Flow Hedge

For the three month periods ended Mar 31, 2016, the Company recognized in profit and loss THB 61.87 million from application of hedge accounting to foreign currency borrowings and forecasted future revenue (Revenue Hedging).

## 7.25 Contractual Obligations

### 7.25.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase 4 A350 - 900XWB aircraft amount of THB 16,878.56 million, expected to take delivery during the year 2017-2018 which consisted of:

Obligation	Unit : Million Baht	
	Over 1 year – 5 years	
Purchase of aircraft	16,878.56	

### 7.25.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 43 aircraft amount of USD 4,312.05 million or approximately to THB 152,678.39 million consisting of 15 A320-200, 2 A330-300, 8 A350-900, 2 B777-200, 8 B777-300ER, 6 B787-8, and 2 B787-9 aircraft. As at March 31, 2016, there are 33 aircraft which have been already taken the delivery. In addition, there are the 10 aircraft which have not been taken deliver yet. Also, there are 2, 11 and 30 aircraft which the lease will expire in 2016, 2017 - 2020 and 2021 - 2030, respectively.

Lease obligation for 43 aircraft operating leases can be classified as follows:

Obligation	Unit : Million Baht		
	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	10,133.79	55,968.56	86,576.04

## **7.26 Damages from the Flood Disaster**

On October 26, 2011, the flood reached Don Muang Airport and Head Quarter 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 two Airbus A300-600 aircraft, consumable parts and supplies of Technical Department, tool repairment of Technical Department and raw material of Catering. As at March 31, 2016, the Company received the insurance compensation amount of THB 1,967.07 million. The Company recognized the insurance compensation from the flood disaster as an income amount of THB 1,967.07 million. Such compensation has been recognized in the statements of comprehensive income for the year 2011, 2012, 2013, 2014 and 2015 at the amount of THB 175 million, THB 284.23 million, THB 1,135.09 million THB 164.70 million and THB 208.05 million, respectively. However, all the damaged assets which are covered by the insurance policy are under claiming process with the insurance company.

## **7.27 Damages from the Aircraft Flights TG679**

On September 8, 2013, Flight TG679 (Aircraft Type Airbus A330-300/Registration HS-TEF) skidded off run-way after landing at Suvarnabhumi International Airport. Eighty 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 an insurance compensation in related to the damage of the aircraft from Insurers in the total amount of USD 33.54 million or approximately THB 1,087.28 million consisting of the full insured value of the aircraft agreed under the Insurance Policy at USD 32.45 million plus additional costs of working and inflight entertainment in the total amount of USD 1.09 million.

Till date, the Company has received more than 30 claims from Thai and Chinese passengers including claims from Airport Authority of Thailand Public Company Limited. 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.

## **7.28 Events after the Reporting Period**

7.28.1 The Company has planned to enter into Cross Currency Swap (CCS) and/or Interest Rate Swap (IRS) of Bangkok Bank (Public) Company Limited's loan. The swaps, not to exceed THB 6,244 million in total, are expected to be carried out during the third and fourth quarters of 2016 according to the approval of the Company Board of Directors on August 14, 2014. In order to coincide with the accounting policy that is currently being fine-tuned, the Company has requested to push back the swap transactions until no later than December 2016. The executions of swap will, however, depend on the financial market's condition at the time.

7.28.2 At the Company's Board of Director meeting no. 4/2559 dated April 20, 2016 approved the Mutual Separation Plan for the year 2016 with approximately of budget framework THB 2,200 million. The Program is planned with completion date by July 2016.

## **7.29 Approval of Financial Statements**

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on May 16, 2016.

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