

**(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, 2017, the related consolidated and separate statements of income and other comprehensive income for the three-month and nine-month periods ended September 30, 2017, the consolidated and separate statements of changes in shareholders' equity and the consolidated and separate statements of cash flows for the nine-month periods then ended, 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 of Thailand*

### **Emphasis of Matters**

The Office of the Auditor General of Thailand draws attention to the condensed notes to interim financial statements No.5 regarding the Corporate Transformation Plans, which describes strategy for transformation plans of Thai Airways International Public Company Limited. The Office of the Auditor General of Thailand's conclusion is not qualified in respect of this matter.

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

*(Signed)* *Balloon Sirisingsongchai*  
(Balloon Sirisingsongchai)  
Director of Audit Office No.4

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2017**

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		September 30, 2017 (Unaudited but reviewed)	December 31, 2016 (Audited)	September 30, 2017 (Unaudited but reviewed)	December 31, 2016 (Audited)
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	6.1	18,625,096,049	13,389,710,774	17,562,651,944	11,925,036,967
Temporary investments		160,837,429	130,419,289	-	-
Trade receivables	6.2	12,638,835,510	10,358,261,388	12,406,277,939	10,444,175,323
Prepaid expenses and deposits		7,733,970,852	7,979,056,576	8,016,124,967	8,217,149,112
Inventories and supplies		4,919,480,943	4,986,775,103	4,892,413,586	4,961,626,437
Other current assets	6.3	11,305,355,142	10,208,355,227	17,387,570,356	14,987,088,746
<b>Total Current Assets</b>		<b>55,383,575,925</b>	<b>47,052,578,357</b>	<b>60,265,038,792</b>	<b>50,535,076,585</b>
<b>Non-Current Assets</b>					
Investments in associates	6.4.1	2,982,085,580	3,890,765,534	1,083,520,500	1,083,520,500
Investments in subsidiaries	6.4.1	-	-	1,810,209,893	1,810,209,893
Other long-term investments	6.4.2	73,403,391	77,763,005	70,291,291	74,767,805
Property, plant and equipment	6.6	192,203,099,305	194,891,347,457	192,178,032,847	194,863,785,314
Intangible assets	6.7	499,942,071	709,855,682	472,385,269	673,082,159
Non-current assets held for sale	6.8	8,970,545,743	12,321,891,869	8,970,545,743	12,321,891,869
Deferred tax assets	6.9.1	10,650,440,968	10,014,948,163	10,634,741,989	10,000,049,684
Other non-current assets	6.10	17,126,300,085	14,164,714,939	16,293,273,348	13,649,568,370
<b>Total Non-Current Assets</b>		<b>232,505,817,143</b>	<b>236,071,286,649</b>	<b>231,513,000,880</b>	<b>234,476,875,594</b>
<b>Total Assets</b>		<b>287,889,393,068</b>	<b>283,123,865,006</b>	<b>291,778,039,672</b>	<b>285,011,952,179</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 SEPTEMBER 30, 2017**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>September 30, 2017</u> (Unaudited but reviewed)	<u>December 31, 2016</u> (Audited)	<u>September 30, 2017</u> (Unaudited but reviewed)	<u>December 31, 2016</u> (Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Trade payables		5,277,444,779	4,951,411,552	5,151,505,414	4,746,744,517
Accrued expenses		16,184,415,013	16,846,320,892	17,113,900,593	16,910,539,096
Current portion of long-term liabilities					
Long-term borrowings from financial institutions		7,090,497,560	8,305,108,457	7,090,497,560	8,305,108,458
Liabilities under finance leases		9,994,368,723	9,461,231,562	9,994,368,723	9,461,231,562
Debentures		14,250,000,000	5,200,000,000	14,250,000,000	5,200,000,000
Short-term borrowings from financial institutions		-	2,000,000,000	-	2,000,000,000
Short-term borrowings from related parties	6.5.1.1	4,359,212,000	5,400,375,000	4,359,212,000	5,400,375,000
Income tax payable		7,470,087	11,280,480	-	-
Other current liabilities					
Accrued dividends		54,777,494	54,836,876	54,586,411	54,653,276
Unearned transportation revenues		33,499,761,714	27,111,129,396	32,719,492,328	26,624,698,720
Others		7,586,083,766	8,179,071,068	8,944,143,161	9,768,399,457
<b>Total Current Liabilities</b>		<b>98,304,031,136</b>	<b>87,520,765,283</b>	<b>99,677,706,190</b>	<b>88,471,750,086</b>
<b>Non-Current Liabilities</b>					
Long-term liabilities					
Long-term borrowings from financial institutions		8,473,771,682	13,006,551,881	8,473,771,682	13,006,551,881
Long-term borrowings from related parties	6.5.1.2	15,210,933,906	14,620,533,660	15,210,933,906	14,620,533,660
Liabilities under finance leases		55,880,013,848	55,289,234,923	55,880,013,848	55,289,234,923
Debentures		51,850,000,000	54,100,000,000	51,850,000,000	54,100,000,000
Deferred tax liabilities	6.9.2	1,804,272,672	1,854,236,084	1,804,272,672	1,854,236,084
Staff pension fund	6.12	3,896,162,093	3,710,083,100	3,896,162,093	3,710,083,100
Employee benefit obligations	6.13	12,594,387,697	11,920,072,997	12,574,678,517	11,903,855,344
Long-term provisions	6.14	9,799,331,759	7,365,831,672	8,975,095,975	7,034,078,456
Other non-current liabilities		148,090,018	148,363,624	147,415,448	148,080,624
<b>Total Non-Current Liabilities</b>		<b>159,656,963,675</b>	<b>162,014,907,941</b>	<b>158,812,344,141</b>	<b>161,666,654,072</b>
<b>Total Liabilities</b>		<b>257,960,994,811</b>	<b>249,535,673,224</b>	<b>258,490,050,331</b>	<b>250,138,404,158</b>
<b>Shareholders' Equity</b>					
Share capital	6.15				
Authorized share capital					
2,698.90 million ordinary shares par value of Baht 10 each		26,989,009,500	26,989,009,500	26,989,009,500	26,989,009,500
Issued and paid-up share capital					
2,182.77 million ordinary shares par value of Baht 10 each		21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170
Premium on ordinary shares		25,545,316,308	25,545,316,308	25,545,316,308	25,545,316,308
Retained earnings					
Appropriated					
Legal reserve		2,691,275,568	2,691,275,568	2,691,275,568	2,691,275,568
Unappropriated		(26,006,201,292)	(22,167,172,423)	(22,554,212,787)	(20,794,927,497)
Other components of equity		5,777,898,635	5,604,235,654	5,777,891,082	5,604,164,472
<b>Total Company Shareholders' Equity</b>		<b>29,836,008,389</b>	<b>33,501,374,277</b>	<b>33,287,989,341</b>	<b>34,873,548,021</b>
<b>Non-controlling interests</b>		<b>92,389,868</b>	<b>86,817,505</b>	<b>-</b>	<b>-</b>
<b>Total Shareholders' Equity</b>		<b>29,928,398,257</b>	<b>33,588,191,782</b>	<b>33,287,989,341</b>	<b>34,873,548,021</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>287,889,393,068</b>	<b>283,123,865,006</b>	<b>291,778,039,672</b>	<b>285,011,952,179</b>

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

Flt. Lt.

( Kanok Thongpurk )

Executive Vice President, Legal Management.

Acting Executive Vice President, Corporate Strategy and Sustainable Development.

Acting President.

( Piyanee Sungtong )

Vice President Management Accounting and MIS Department.

Acting Executive Vice President, Finance and Accounting.

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	Notes	2017	2016	2017	2016
<b>Revenues</b>					
<b>Revenues from Sales or Revenues from Services</b>					
Passenger and excess baggage		38,190,328,298	35,720,541,163	35,989,878,394	33,869,222,452
Freight		4,954,306,409	4,419,265,055	4,955,156,412	4,424,137,892
Mail		182,452,558	140,664,407	182,452,558	140,664,407
Other activities		2,935,461,540	2,989,693,065	3,360,965,703	3,003,033,160
<b>Total Revenues from Sales or Revenues from Services</b>		<u>46,262,548,805</u>	<u>43,270,163,690</u>	<u>44,488,453,067</u>	<u>41,437,057,911</u>
<b>Other Income</b>					
Interest income		52,536,217	36,919,217	50,798,837	35,470,015
Gain ( loss ) on foreign currency exchange		(829,094,200)	119,894,085	(772,899,131)	122,938,646
Other income - Others	6.16	665,110,903	856,419,401	534,578,763	887,723,857
<b>Total Other Income</b>		<u>(111,447,080)</u>	<u>1,013,232,703</u>	<u>(187,521,531)</u>	<u>1,046,132,518</u>
<b>Total Revenues</b>		<u>46,151,101,725</u>	<u>44,283,396,393</u>	<u>44,300,931,536</u>	<u>42,483,190,429</u>
<b>Expenses</b>					
Fuel and oil		11,891,980,533	10,860,034,123	11,149,565,893	10,348,346,611
Employee benefit expenses	6.17	7,446,877,345	7,222,131,087	7,297,160,057	7,091,248,800
Flight service expenses		5,673,343,953	5,419,687,847	5,407,037,705	5,231,859,160
Crew expenses		1,409,843,729	1,328,891,296	1,313,995,779	1,260,648,185
Aircraft maintenance and overhaul costs		4,351,348,186	4,359,343,864	4,132,931,978	3,547,884,443
Depreciation and amortisation expenses		4,399,340,558	4,479,546,845	4,393,310,309	4,475,013,335
Lease of aircraft and spare parts		2,764,301,541	2,602,525,086	2,614,085,648	2,094,289,645
Inventories and supplies		2,182,470,366	2,126,984,368	2,062,189,778	2,016,446,422
Selling and advertising expenses		2,798,032,878	2,437,997,076	2,629,609,994	2,299,162,748
Insurance expenses		129,527,049	136,397,155	114,502,117	125,251,099
Impairment loss of assets		97,416,933	173,024,281	97,416,933	173,024,281
Impairment loss of aircraft	6.18	1,405,457,841	450,939,459	1,405,457,841	450,939,459
Other expenses	6.19	2,448,593,805	2,414,300,975	2,225,925,650	2,340,569,998
Loss from change in ownership interest	6.28.2	4,583,296			
Finance costs		1,229,269,900	1,325,934,343	1,229,269,900	1,325,934,343
Share of ( profit ) loss of associates		47,877,855	286,141,286	-	-
<b>Total Expenses</b>		<u>48,280,265,768</u>	<u>45,623,879,091</u>	<u>46,072,459,582</u>	<u>42,780,618,529</u>
<b>Profit (loss) before Income Tax Expense</b>		<u>(2,129,164,043)</u>	<u>(1,340,482,698)</u>	<u>(1,771,528,046)</u>	<u>(297,428,100)</u>
Tax income	6.20	(314,987,376)	250,655,744	(320,294,640)	243,376,598
<b>Profit (loss) for the Period</b>		<u>(1,814,176,667)</u>	<u>(1,591,138,442)</u>	<u>(1,451,233,406)</u>	<u>(540,804,698)</u>
<b>Other Comprehensive Income (loss)</b>					
Items that will not be reclassified to profit or loss in subsequent periods					
Share of other comprehensive income from joint ventures and associates		(157,675)	-	-	-
Items that will be reclassified to profit or loss in subsequent periods					
Effective portion of changes in fair value of cash flow hedges		227,894,328	121,075,370	227,894,329	121,075,370
Income tax related to Effective portion of changes in fair value of cash flow hedges		(45,578,866)	(24,215,074)	(45,578,866)	(24,215,074)
Unrealized gain on available for sale investments		(382,638)	270,060	-	-
Income tax related to unrealized gain on available for sale investments		76,528	(54,012)	-	-
<b>Total Comprehensive Income (loss) for the Period - Net of Tax</b>		<u>181,851,677</u>	<u>97,076,344</u>	<u>182,315,463</u>	<u>96,860,296</u>
<b>Total Comprehensive Income (loss) for the Period</b>		<u>(1,632,324,990)</u>	<u>(1,494,062,098)</u>	<u>(1,268,917,943)</u>	<u>(443,944,402)</u>
<b>Profit (Loss) Attributable to</b>					
<b>Owners of the Parent</b>					
Non-controlling interests		(1,824,808,215)	(1,601,417,777)	(1,451,233,406)	(540,804,698)
Non-controlling interests		10,631,548	10,279,335	-	-
		<u>(1,814,176,667)</u>	<u>(1,591,138,442)</u>	<u>(1,451,233,406)</u>	<u>(540,804,698)</u>
<b>Total Comprehensive Income (loss) Attributable to</b>					
<b>Owners of the Parent</b>					
Non-controlling interests		(1,642,956,516)	(1,504,341,448)	(1,268,917,943)	(443,944,402)
Non-controlling interests		10,631,526	10,279,350	-	-
		<u>(1,632,324,990)</u>	<u>(1,494,062,098)</u>	<u>(1,268,917,943)</u>	<u>(443,944,402)</u>
<b>Loss per Share</b>	6.21				
Basic loss per share		(0.84)	(0.73)	(0.66)	(0.25)

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

Flt. Lt.

( Kanok Thongpurk )

Executive Vice President, Legal Management.

Acting Executive Vice President , Corporate Strategy and Sustainable Development.

Acting President.

( Piyanee Sungtong )

Vice President Management Accounting and MIS Department.

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>					
<b>Revenues from Sales or Revenues from Services</b>					
Passenger and excess baggage		116,254,191,736	111,273,638,909	109,820,076,451	106,079,166,408
Freight		14,241,587,815	12,948,364,815	14,244,281,058	12,941,804,440
Mail		524,164,603	415,892,463	524,164,603	415,892,463
Other activities		9,013,996,915	9,113,731,134	10,240,738,717	9,671,531,068
<b>Total Revenues from Sales or Revenues from Services</b>		<b>140,033,941,069</b>	<b>133,751,627,321</b>	<b>134,829,260,829</b>	<b>129,108,394,379</b>
<b>Other Income</b>					
Interest income		126,310,597	155,093,011	118,822,706	141,543,333
Gain ( loss ) on foreign currency exchange		(1,699,546,007)	34,062,574	(1,586,562,577)	38,029,174
Other income - Others	6.16	1,879,242,129	1,800,778,133	2,023,278,131	2,076,966,805
<b>Total Other Income</b>		<b>306,006,719</b>	<b>1,989,933,718</b>	<b>555,538,260</b>	<b>2,256,539,312</b>
<b>Total Revenues</b>		<b>140,339,947,788</b>	<b>135,741,561,039</b>	<b>135,384,799,089</b>	<b>131,364,933,691</b>
<b>Expenses</b>					
Fuel and oil		37,015,834,877	33,453,515,843	34,828,170,387	32,169,172,658
Employee benefit expenses	6.17	22,850,015,239	21,734,534,707	22,420,510,269	21,356,886,036
Flight service expenses		16,531,226,637	15,366,028,620	15,832,426,142	15,002,648,427
Crew expenses		4,189,708,199	3,985,232,557	3,918,650,419	3,800,092,346
Aircraft maintenance and overhaul costs		13,659,420,274	12,112,188,956	12,526,722,229	10,911,009,574
Depreciation and amortisation expenses		12,828,243,252	13,635,838,457	12,809,600,750	13,621,482,468
Lease of aircraft and spare parts		8,140,562,872	7,585,727,222	7,548,564,284	6,243,224,725
Inventories and supplies		6,665,838,214	5,996,157,865	6,349,703,945	5,758,476,160
Selling and advertising expenses		8,274,146,160	6,859,217,005	7,813,821,934	6,491,049,110
Insurance expenses		375,851,718	429,060,027	331,747,114	385,241,438
Impairment loss of assets		301,499,661	381,970,118	301,499,661	381,970,118
Impairment loss of aircraft	6.18	2,608,055,397	2,288,472,437	2,608,055,397	2,288,472,437
Other expenses	6.19	7,239,503,393	6,672,092,581	7,030,942,408	6,452,138,165
Loss from change in ownership interest	6.28.2	432,692,045	-	-	-
Finance costs		3,594,216,498	4,063,558,644	3,594,216,498	4,063,558,644
Share of ( profit ) loss of associates		200,515,564	406,690,326	-	-
<b>Total Expenses</b>		<b>144,907,330,000</b>	<b>135,397,407,710</b>	<b>137,914,631,437</b>	<b>129,352,544,651</b>
<b>Profit (loss) before Income Tax Expense</b>		<b>(4,567,382,212)</b>	<b>344,153,329</b>	<b>(2,529,832,348)</b>	<b>2,012,389,040</b>
Tax income	6.20	(714,450,325)	(1,160,179,333)	(730,690,058)	(1,175,998,936)
<b>Profit (loss) for the Period</b>		<b>(3,852,931,887)</b>	<b>1,504,332,662</b>	<b>(1,799,142,290)</b>	<b>3,188,387,976</b>
<b>Other Comprehensive Income (loss)</b>					
Items that will not be reclassified to profit or loss in subsequent periods					
Share of other comprehensive income from joint ventures and associates		(62,932)	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		266,979,512	(1,172,602,383)	266,979,512	(1,172,602,383)
Income tax related to Effective portion of changes in fair value of cash flow hedges		(53,395,902)	234,520,476	(53,395,902)	234,520,476
Unrealized gain on available for sale investments		(79,541)	270,060	-	-
Income tax related to unrealized gain on available for sale investments		15,908	(54,012)	-	-
<b>Other Comprehensive Income (loss) for the Period - Net of Tax</b>		<b>213,457,045</b>	<b>(936,141,466)</b>	<b>213,583,610</b>	<b>(938,081,907)</b>
<b>Total Comprehensive Income (loss) for the Period</b>		<b>(3,639,474,842)</b>	<b>568,191,196</b>	<b>(1,585,558,680)</b>	<b>2,250,306,069</b>
<b>Profit (Loss) Attributable to</b>					
<b>Owners of the Parent</b>					
Non-controlling interests		(3,878,822,937)	1,476,682,007	(1,799,142,290)	3,188,387,976
		25,891,050	27,650,655	-	-
		<b>(3,852,931,887)</b>	<b>1,504,332,662</b>	<b>(1,799,142,290)</b>	<b>3,188,387,976</b>
<b>Total Comprehensive Income (loss) Attributable to</b>					
<b>Owners of the Parent</b>					
Non-controlling interests		(3,665,365,888)	540,540,526	(1,585,558,680)	2,250,306,069
		25,891,046	27,650,670	-	-
		<b>(3,639,474,842)</b>	<b>568,191,196</b>	<b>(1,585,558,680)</b>	<b>2,250,306,069</b>
<b>Profit (loss) per Share</b>	6.21				
Basic profit (loss) per share		(1.78)	0.68	(0.82)	1.46

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

Flt. Lt.

( Kanok Thongpurk )

( Piyancee Sungtong )

Executive Vice President, Legal Management.

Vice President Management Accounting and MIS Department.

Acting Executive Vice President , Corporate Strategy and Sustainable Development.

Acting Executive Vice President, Finance and Accounting.

Acting President.

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

Unit : Baht

## CONSOLIDATED FINANCIAL STATEMENTS

	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						Total Owners of the Parent			
			Appropriated Legal reserve	Unappropriated	Other Comprehensive Income		Revaluation surplus on assets	Income tax related to Revaluation surplus on assets	Unrealized gain on available for sale investment	Income tax related to unrealized gain on available for sale investment				Total Other Components of Equity
				Effective portion of changes in fair value of cash flow hedges	Income tax related to Effective portion of changes in fair value of cash flow hedges									
<b>Balance as at January 1, 2016</b>	21,827,719,176	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>														
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(15,525,000)	(15,525,000)
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(68,682)	(68,682)
Add Profit for the period	-	-	-	1,476,682,007	-	-	-	-	-	-	-	1,476,682,007	27,650,655	1,504,332,662
Add Total Other comprehensive income (loss) for the period	-	-	-	1,724,393	(1,172,602,383)	234,520,476	-	-	270,060	(54,012)	(937,865,859)	(936,141,466)	15	(936,141,451)
<b>Balance as at September 30, 2016</b>	21,827,719,176	25,545,316,308	2,691,275,568	(20,769,398,009)	(3,520,652,603)	704,130,526	8,647,351,381	(1,729,470,276)	270,060	(54,012)	4,101,575,076	33,396,488,107	81,800,246	33,478,288,353
<b>Balance as at January 1, 2017</b>	21,827,719,176	25,545,316,308	2,691,275,568	(22,167,172,423)	(1,629,834,423)	325,966,885	8,635,040,012	(1,727,008,002)	88,977	(17,793)	5,604,235,654	33,501,374,277	86,817,503	33,588,191,782
<b>Changes in Shareholders' Equity</b>														
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(20,250,000)	(20,250,000)
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(68,683)	(68,683)
Add Profit (Loss) for the period	-	-	-	(3,878,822,937)	-	-	-	-	-	-	-	(3,878,822,937)	25,891,056	(3,852,931,887)
Less Transfer of revaluation surplus on disposed assets	-	-	-	39,857,000	-	-	(49,821,250)	9,964,250	-	-	(39,857,000)	-	-	-
Add Total Other comprehensive income (loss) for the period	-	-	-	(62,932)	266,979,512	(53,395,902)	-	-	(79,536)	15,907	213,519,981	213,457,045	(4)	213,457,045
<b>Balance as at September 30, 2017</b>	21,827,719,176	25,545,316,308	2,691,275,568	(26,006,201,292)	(1,362,854,911)	272,570,983	8,585,218,762	(1,717,043,752)	9,441	(1,888)	5,777,898,635	29,836,008,385	92,389,863	29,928,398,257

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

Ft. Lt.

( Kanok Thongpurk )

Executive Vice President, Legal Management  
Acting Executive Vice President, Corporate Strategy and Sustainable Development.  
Acting President.

( Piyanee Sungtong )

Vice President Management Accounting and MIS Department  
Acting Executive Vice President, Finance and Accounting.

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017**

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 of changes in fair value of cash flow hedges	Income Tax related to Effective portion of changes in fair value of cash flow hedges	Revaluation Surplus on assets	Income tax related to Revaluation Surplus on assets	Total Other Components of Equity	
<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	-	-	-	3,188,387,976	-	-	-	-	-	3,188,387,976
<u>Add</u> Total Other comprehensive income (loss) for the period	-	-	-	-	(1,172,602,383)	234,520,476	-	-	(938,081,907)	(938,081,907)
<b>Balance as at September 30, 2016</b>	21,827,719,170	25,545,316,308	2,691,275,568	(20,497,969,397)	(3,520,652,603)	704,130,520	8,647,351,381	(1,729,470,276)	4,101,359,022	33,667,700,671
<b>Balance as at January 1, 2017</b>	21,827,719,170	25,545,316,308	2,691,275,568	(20,794,927,497)	(1,629,834,423)	325,966,885	8,635,040,012	(1,727,008,002)	5,604,164,472	34,873,548,021
<b>Changes in Shareholders' Equity</b>										
<u>Add</u> Loss for the period	-	-	-	(1,799,142,290)	-	-	-	-	-	(1,799,142,290)
<u>Less</u> Transfer of revaluation surplus on disposed assets	-	-	-	39,857,000	-	-	(49,821,250)	9,964,250	(39,857,000)	-
<u>Add</u> Total Other comprehensive income (loss) for the period	-	-	-	-	266,979,512	(53,395,902)	-	-	213,583,610	213,583,610
<b>Balance as at September 30, 2017</b>	21,827,719,170	25,545,316,308	2,691,275,568	(22,554,212,787)	(1,362,854,911)	272,570,983	8,585,218,762	(1,717,043,752)	5,777,891,082	33,287,989,341

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

Flt. Lt.

( Kanok Thongpurk )

Executive Vice President, Legal Management.

Acting Executive Vice President , Corporate Strategy and Sustainable Development.

Acting President.

( Piyanee Sungtong )

Vice President Management Accounting and MIS 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, 2017

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>					
Profit (loss) before income tax expenses		(4,567,382,212)	344,153,329	(2,529,832,348)	2,012,389,040
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :					
Depreciation and amortisation expenses		12,828,243,252	13,635,838,457	12,809,600,750	13,621,482,468
Aircraft lease fee		179,467,561	143,305,299	179,467,561	143,305,299
Dividends received		(1,334,937)	(308,866)	(301,494,350)	(260,161,085)
Share profit of investments in associates by equity method		200,515,564	406,690,326	-	-
Loss from change in ownership interest		432,692,045	-	-	-
Interest income		(126,310,597)	(155,093,011)	(118,822,706)	(141,543,333)
Interest expenses		3,594,216,498	4,063,558,644	3,594,216,498	4,063,558,644
Loss (Gain) on sales of assets		(66,274,501)	(102,680,351)	(66,274,543)	(102,680,351)
Loss on sales of aircraft		49,819,600	64,120,765	49,819,600	64,120,765
Loss (Gain) on foreign currency exchange		1,377,800,225	(427,760,517)	1,360,301,831	(430,520,647)
Gain on investment valuation		(497,682)	-	-	-
Employee benefit obligations		674,314,700	(607,690,286)	670,823,173	(621,363,501)
Provision for obsolete inventories and supplies		279,833,051	181,269,147	279,833,051	181,269,147
Doubtful accounts		(14,123,524)	94,724,944	(14,086,388)	94,803,824
Impairment loss of aircraft		2,608,055,397	2,288,472,437	2,608,055,397	2,288,472,437
Impairment loss of assets		301,499,661	381,970,118	301,499,661	381,970,118
Operating profits before changes in operating assets and liabilities		17,750,534,101	20,310,570,435	18,823,107,187	21,295,102,825
Decrease (increase) in operating assets :					
Trade receivables		(2,403,944,111)	768,082,973	(2,085,228,067)	(6,908,714)
Inventories and supplies		(212,538,892)	657,144,592	(210,620,200)	664,495,542
Prepaid expenses and deposits		(190,559,695)	(99,507,896)	(234,621,274)	(101,729,352)
Tax refund		253,663,119	102,810,706	253,663,119	102,810,706
Other current assets		(742,273,596)	(1,139,294,167)	(2,068,734,357)	2,231,279,428
Assets held for sales		756,473,199	(1,271,337,929)	756,473,199	(1,271,337,929)
Maintenance Reserve		(2,161,361,773)	(4,112,603,876)	(1,833,272,573)	(4,112,603,876)
Other assets		(98,908,310)	(209,821,183)	(83,166,998)	(189,248,184)
Deferred charges		(1,883,722,677)	(247,271,303)	(1,909,854,068)	(267,738,617)
Increase (decrease) in operating liabilities :					
Trade payables		(790,240,903)	709,409,168	(711,768,737)	765,140,163
Accrued expenses and other current liabilities		(1,469,149,142)	(3,769,002,372)	(835,466,903)	(7,510,634,120)
Staff pension fund		170,882,549	(46,291,344)	170,882,549	(46,291,344)
Unearned transportation revenues		6,406,082,422	1,989,578,728	6,112,243,712	1,802,436,908
Other non-current liabilities		2,910,684,950	4,802,869,557	2,418,124,382	4,802,827,557
<b>Proceeds from operations</b>		18,295,621,241	18,445,336,089	18,561,760,971	18,157,600,993
Payment of income tax		(378,743,738)	(417,258,208)	(335,974,932)	(383,513,178)
<b>Net Cash provided by Operating Activities</b>		17,916,877,503	18,028,077,881	18,225,786,039	17,774,087,815

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 THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Investing Activities</b>					
Cash paid for acquisition of fixed assets		(3,009,249,329)	(4,601,336,545)	(3,002,339,092)	(4,593,287,900)
Cash paid for intangible assets		(21,085,823)	(6,035,344)	(21,065,923)	(4,601,170)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment		208,513,123	-	208,513,123	-
Proceeds from sales of assets		258,264,254	1,063,019,004	258,264,254	1,063,019,004
Interest income		114,408,265	197,694,059	108,148,971	183,352,046
Dividends received		276,744,350	241,247,285	301,494,350	260,161,085
Investment increase		85,500	(3,681,475)	202,400	(1,003,821,475)
Temporary investment decrease (increase)		(30,000,000)	(105,000,000)	-	-
<b>Net Cash used in Investing Activities</b>		<b>(2,202,319,660)</b>	<b>(3,214,093,016)</b>	<b>(2,146,781,917)</b>	<b>(4,095,178,410)</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds from debentures		8,000,000,000	-	8,000,000,000	-
Proceeds from short-term borrowings		10,594,262,000	30,218,480,000	10,594,262,000	30,218,480,000
Proceeds from long-term borrowings		1,981,651,804	-	1,981,651,804	-
Cash paid for repayment of short-term borrowings		(13,484,245,000)	(32,679,085,000)	(13,484,245,000)	(32,679,085,000)
Cash paid for repayment of debentures		(1,200,000,000)	(2,300,000,000)	(1,200,000,000)	(2,300,000,000)
Cash paid for repayment of long-term borrowings		(13,479,792,713)	(13,476,608,927)	(13,479,792,713)	(13,476,608,927)
Cash paid for borrowings interest		(2,828,683,426)	(3,655,146,671)	(2,828,683,426)	(3,655,146,671)
Dividends paid		(66,865)	(50,008)	(66,865)	(50,008)
Dividends paid to non-controlling interests		(20,311,200)	(15,647,400)	-	-
<b>Net Cash used in Financing Activities</b>		<b>(10,437,185,400)</b>	<b>(21,908,058,006)</b>	<b>(10,416,874,200)</b>	<b>(21,892,410,606)</b>
Net increase in cash and cash equivalents		5,277,372,443	(7,094,073,141)	5,662,129,922	(8,213,501,201)
Cash and cash equivalents at the beginning of the year		13,389,710,774	20,781,350,721	11,925,036,967	18,875,817,868
		18,667,083,217	13,687,277,580	17,587,166,889	10,662,316,667
Effect from changing in exchange rate on cash and cash at banks increase (decrease)		(41,987,168)	7,690,017	(24,514,945)	7,690,017
<b>Cash and Cash Equivalents at the End of the year</b>		<b>18,625,096,049</b>	<b>13,694,967,597</b>	<b>17,562,651,944</b>	<b>10,670,006,684</b>
Additional Information for Cash Flow					
Non-cash Transactions					
Fixed assets unpaid		131,367,027	431,721,222	131,367,027	431,721,222
Assets under finance leases		6,242,821,028	-	6,242,821,028	-

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

Flt. Lt.

( Kanok Thongpurk )

Executive Vice President, Legal Management.

Acting Executive vice President , Corporate Strategy and Sustainable Development.

Acting President.

( Piyance Sungtong )

Vice President Management Accounting and MIS Department.

Acting Executive Vice President, Finance and Accounting.

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**For the three-month and nine-month periods ended September 30, 2017 (unaudited but reviewed)**

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**For the three-month and nine-month periods ended September 30, 2017 (unaudited but reviewed)**

**1. GENERAL INFORMATION**

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

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

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

As at September 30, 2017, the Company has the routes network servicing to 61 destinations in 32 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	
			2017	2016
<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 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.

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 2016) Interim Financial Reporting. The Company presents items in the statements of financial position, statements of income and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows which complied with TAS No. 1 (revised 2016) Presentation of Financial Statements, which are effective on January 1, 2017 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, 2016. 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, 2016.

### **3. THAI ACCOUNTING STANDARDS (TASs), THAI FINANCIAL REPORTING STANDARDS (TFRSs), THAI ACCOUNTING STANDARD INTERPRETATIONS AND THAI FINANCIAL REPORTING STANDARD INTERPRETATIONS WHICH ARE NOT CURRENTLY EFFECTIVE ARE AS FOLLOWS:**

The Financial Reporting Standard which will be effective for the fiscal years beginning on or after January 1, 2018 :

TAS No. 1 (Revised 2017)	Presentation of Financial Statements
TAS No. 2 (Revised 2017)	Inventories
TAS No. 7 (Revised 2017)	Statement of Cash Flows
TAS No. 8 (Revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS No. 10 (Revised 2017)	Events After the Reporting Period
TAS No. 11 (Revised 2017)	Construction Contracts
TAS No. 12 (Revised 2017)	Income Taxes
TAS No. 16 (Revised 2017)	Property, Plant and Equipment
TAS No. 17 (Revised 2017)	Leases
TAS No. 18 (Revised 2017)	Revenue
TAS No. 19 (Revised 2017)	Employee Benefits

TAS No. 20 (Revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS No. 21 (Revised 2017)	The Effects of Changes in Foreign Exchange Rate
TAS No. 23 (Revised 2017)	Borrowing Costs
TAS No. 24 (Revised 2017)	Related Party Disclosures
TAS No. 26 (Revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS No. 27 (Revised 2017)	Separate Financial Statements
TAS No. 28 (Revised 2017)	Investments in Associates and Joint Venture
TAS No. 29 (Revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS No. 33 (Revised 2017)	Earnings per Share
TAS No. 34 (Revised 2017)	Interim Financial Reporting
TAS No. 36 (Revised 2017)	Impairment of Assets
TAS No. 37 (Revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS No. 38 (Revised 2017)	Intangible Assets
TAS No. 40 (Revised 2017)	Investment Property
TAS No. 41 (Revised 2017)	Agriculture
TFRS No. 2 (Revised 2017)	Share-Based Payments
TFRS No. 3 (Revised 2017)	Business Combinations
TFRS No. 4 (Revised 2017)	Insurance Contracts
TFRS No. 5 (Revised 2017)	Non - current Assets Held for Sale and Discontinued Operations
TFRS No. 6 (Revised 2017)	Exploration for and Evaluation of Mineral Resources
TFRS No. 8 (Revised 2017)	Operating Segments
TFRS No. 10 (Revised 2017)	Consolidated Financial Statements
TFRS No. 11 (Revised 2017)	Joint Arrangements
TFRS No. 12 (Revised 2017)	Disclosure of Interests in Other Entities
TFRS No. 13 (Revised 2017)	Fair Value Measurement
TSIC No. 10 (Revised 2017)	Government Assistance – No Specific Relation to Operating Activities
TSIC No. 15 (Revised 2017)	Operating Leases - Incentives
TSIC No. 25 (Revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC No. 27 (Revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC No. 29 (Revised 2017)	Service Concession Arrangements : Disclosures
TSIC No. 31 (Revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TSIC No. 32 (Revised 2017)	Intangible Assets – Web site Costs
TFRIC No. 1 (Revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC No. 4 (Revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC No. 5 (Revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC No. 7 (Revised 2017)	Applying the Restatement Approach under TAS 29 (Revised 2017) <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC No. 10 (Revised 2017)	Interim Financial Reporting and Impairment
TFRIC No. 12 (Revised 2017)	Service Concession Arrangements
TFRIC No. 13 (Revised 2017)	Customer Loyalty Programmes
TFRIC No. 14 (Revised 2017)	TAS 19 (Revised 2017) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC No. 15 (Revised 2017)	Agreements for the Construction of Real Estate
TFRIC No. 17 (Revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC No. 18 (Revised 2017)	Transfers of Assets from Customers
TFRIC No. 20 (Revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC No. 21 (Revised 2017)	Levies

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

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

The Accounting Policies applied in these interim financial statements are consistent with those applied in the financial statements for the year ended December 31, 2016.

#### **5. CORPORATE TRANSFORMATION PLANS**

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.

For the year 2016, the Company has proceeded the transformation plan, dated February 4, 2016, in the second phase "Competitiveness Strength Building" comprising 4 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. The Company has already implemented transformation plan such as Network Management System, Revenue Management System, Upgrading of Business Class meals and services, and Improving work process for better efficiency.

In 2017, the Company continues to implement its third phase of the transformation plan “Sustainable Growth” dealing with 6 strategies which are about development of competitive profitable network and aircraft type simplification, improvement of competitiveness capability and of revenue generating, creating of an excellence in Service Ring, competitive cost and efficient operation, development of corporate culture which support sustainability and also an excellence in human resource development, managing Company’s portfolio and dealing with new business development for sustainability perspective.

## 6. SUPPLEMENTARY INFORMATION

### 6.1 Cash and Cash Equivalents

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>
Cash - Domestic	13.47	10.61	12.81	9.97
Cash - Abroad	22.05	26.27	22.05	26.27
Cash at Banks - Domestic	7,648.78	6,770.25	6,587.98	5,374.54
Cash at Banks - Abroad	<u>10,940.80</u>	<u>6,582.58</u>	<u>10,939.81</u>	<u>6,514.26</u>
<b>Total</b>	<b><u>18,625.10</u></b>	<b><u>13,389.71</u></b>	<b><u>17,562.65</u></b>	<b><u>11,925.04</u></b>

### 6.2 Trade Receivables

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>
Aging Periods:				
Not over 6 months	12,344.41	9,922.07	12,112.35	10,007.96
Over 6 months to 1 year	51.94	175.24	51.94	175.22
Over 1 year to 2 years	148.03	98.48	148.03	98.45
Over 2 years	<u>1,057.29</u>	<u>1,096.24</u>	<u>1,026.79</u>	<u>1,065.99</u>
	13,601.67	11,292.03	13,339.11	11,347.62
<u>Less</u> Allowance for doubtful accounts	<u>(962.83)</u>	<u>(933.77)</u>	<u>(932.83)</u>	<u>(903.44)</u>
<b>Trade receivables - net</b>	<b><u>12,638.84</u></b>	<b><u>10,358.26</u></b>	<b><u>12,406.28</u></b>	<b><u>10,444.18</u></b>

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

### 6.3 Other Current Assets

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>
Tax refund	851.19	762.13	851.19	762.13
Cash and cash at bank of pension fund	4,050.00	3,908.30	4,050.00	3,908.30
Others	<u>6,404.17</u>	<u>5,537.93</u>	<u>12,486.38</u>	<u>10,316.66</u>
<b>Total</b>	<b><u>11,305.36</u></b>	<b><u>10,208.36</u></b>	<b><u>17,387.57</u></b>	<b><u>14,987.09</u></b>

## 6.4 Investments

### Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
			Cost Method		Equity Method		Sep. 30. 2017	Sep. 30. 2016
	Sep. 30. 2017	Dec. 31. 2016	Sep. 30. 2017	Dec. 31. 2016	Sep. 30. 2017	Dec. 31. 2016		
<b>6.4.1 Investments in associated companies recorded by equity method</b>								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at September 30, 2017 amount of THB 810.00 million and as at December 31, 2016 amount of THB 703.13 million)	24.00	24.00	225.00	225.00	267.62	268.53	19.34	22.88
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	99.48	120.62	2.86	25.88
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at September 30, 2017 amount of THB 5,557.75 million and as at December 31, 2016 amount of THB 4,175.51 million)	22.59	22.59	115.19	115.19	1,148.62	1,126.71	197.57	288.48
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	313.68	316.70	52.48	47.62
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	232.34	201.09	31.25	16.97
Nok Airlines Public Company Limited and subsidiaries (Fair value as at September 30, 2017 amount of THB 886.90 million and as at December 31, 2016 amount of THB 1,813.00 million)	21.57	39.20	360.00	360.00	<u>920.35</u>	<u>1,857.12</u>	<u>(936.77)</u>	<u>(808.52)</u>
<b>Total investments recorded by equity method</b>					<b><u>2,982.09</u></b>	<b><u>3,890.77</u></b>	<b><u>(633.27)</u></b>	<b><u>(406.69)</u></b>
<b>6.4.2 Other long-term investments recorded by cost method</b>								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934			0.00004	0.0002
Aeronautical Radio of Thailand Limited	0.97	1.01	9.54	9.63			-	-
SITA Investment Certificate	-	-	28.00	30.07			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			0.42	0.26
SITA Information Networking Computing	-	-	30.36	32.60			-	-
Other Shares	-	-	2.74	2.70			0.91	0.05
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>			-	-
<b>Total other long-term investments</b>			<b><u>73.40</u></b>	<b><u>77.76</u></b>			<b><u>1.33</u></b>	<b><u>0.31</u></b>

Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
	Sep 30, 2017	Dec 31, 2016	Cost Method		Sep 30, 2017	Sep 30, 2016
			Sep 30, 2017	Dec 31, 2016		
<b>6.4.1 Investments recorded by cost method</b>						
<b>Subsidiary Companies</b>						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	24.75	18.98
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>1,800.00</u>	-	-
<b>Total</b>			<b><u>1,810.21</u></b>	<b><u>1,810.21</u></b>	<b><u>24.75</u></b>	<b><u>18.98</u></b>
<b>Associated Companies</b>						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at September 30, 2017 amount of THB 810.00 million and as at December 31, 2016 amount of THB 703.13 million)	24.00	24.00	225.00	225.00	20.25	-
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	24.00	24.00
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at September 30, 2017 amount of THB 5,557.75 million and as at December 31, 2016 amount of THB 4,175.51 million)	22.59	22.59	115.19	115.19	175.66	194.37
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	55.50	22.50
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited and subsidiaries (Fair value as at September 30, 2017 amount of THB 886.90 million and as at December 31, 2016 amount of THB 1,813.00 million)	21.57	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>275.41</u></b>	<b><u>240.87</u></b>
<b>Total investments recorded by cost method</b>			<b><u>2,893.73</u></b>	<b><u>2,893.73</u></b>	<b><u>300.16</u></b>	<b><u>259.85</u></b>
<b>6.4.2 Other long-term investments recorded by cost method</b>						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934	0.00004	0.0002
Aeronautical Radio of Thailand Limited	0.97	1.01	6.43	6.64	-	-
SITA Investment Certificate	-	-	28.00	30.07	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	0.42	0.26
SITA Information Networking Computing	-	-	30.36	32.60	-	-
Other Shares	-	-	2.74	2.70	0.91	0.05
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>	-	-
<b>Total other long-term investments</b>			<b><u>70.29</u></b>	<b><u>74.77</u></b>	<b><u>1.33</u></b>	<b><u>0.31</u></b>

## Controlling of Subsidiaries

The Company has a proportion of shareholding more than 50% or invests in a portion to get the power over the subsidiary. The Company is entitled to appoint Board representative to vote and direct the relevant activities of the subsidiary through voting rights, or as stipulated in the Shareholders' Agreement giving the Company majority vote in the Board of Directors.

### 6.4.3 Financial Information Summary of Subsidiaries and Associated

Unit : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<b><u>Subsidiary Companies</u></b>				
Thai-Amadeus Southeast Asia Company Limited	297.61	95.73	219.53	57.38
WingSpan Services Company Limited	615.27	423.26	829.61	3.17
Thai Flight Training Company Limited	50.95	5.03	32.26	10.73
Tour Eurng Luang Company Limited	13.33	9.26	2.50	1.04
Thai Smile Airways Company Limited	4,985.82	8,876.23	7,423.11	(1,175.98)
<b><u>Associated Companies</u></b>				
Royal Orchid Hotel (Thailand) Public Company Limited	1,098.89	235.97	641.29	80.59
Donmuang International Airport Hotel Company Limited	378.86	94.45	291.71	7.26
Bangkok Aviation Fuel Services Public Company Limited	11,963.47	4,539.05	2,715.91	861.92
Phuket Air Catering Company Limited	1,090.77	45.83	529.50	178.00
Suvarnabhumi Airport Hotel Company Limited	1,360.88	579.51	686.69	104.10
Nok Airlines Public Company Limited and subsidiaries	5,661.09	6,465.97	14,728.00	(1,691.56)

The Company used the financial statements of subsidiary and associated companies, some of which are unreviewed by the CPA, as at September 30, 2017 to record the investment by equity method in the consolidated financial statement and by cost method in the separate financial statement.

## 6.5 Significant Transactions with Related Parties

### 6.5.1 Related Transactions with Major Shareholders

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

Unit : Million Baht		
	Sep 30, 2017	Dec 31, 2016
Foreign borrowings via the Ministry of Finance	<u>4,359.21</u>	<u>5,400.38</u>
<b>Total</b>	<b><u>4,359.21</u></b>	<b><u>5,400.38</u></b>

### 6.5.1.2 Long-term borrowings from related parties

Unit : Million Baht

	Sep 30, 2017	Dec 31, 2016
Foreign borrowings via the Ministry of Finance	<u>15,210.93</u>	<u>14,620.53</u>
<b>Total</b>	<b><u>15,210.93</u></b>	<b><u>14,620.53</u></b>

## 6.5.2 Related Transactions with Subsidiary Companies

### 6.5.2.1 Sales and Purchases

Unit : Million Baht

	Three-month period				Nine-month period			
	Jul – Sep 2017		Jul – Sep 2016		Jan – Sep 2017		Jan – Sep 2016	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Thai-Amadeus Southeast Asia Company Limited	(0.08)	-	0.31	-	0.54	-	0.97	-
WingSpan Services Company Limited	1.20	151.83	0.32	243.25	3.52	654.16	1.96	706.01
Thai Flight Training Company Limited	3.64	0.18	3.21	-	9.84	0.82	10.26	-
Tour Eurng Luang Company Limited	8.12	0.02	4.43	0.01	49.54	0.08	16.44	0.03
Thai Smile Airways Company Limited	2,458.55	301.65	2,172.13	27.98	6,720.13	936.17	5,752.76	78.64

### 6.5.2.2 Account Receivables and Account Payables

Unit : Million Baht

	Sep 30, 2017		Dec 31, 2016	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	0.003	0.16	0.15	0.16
WingSpan Services Company Limited	376.15	394.15	250.62	277.68
Thai Flight Training Company Limited	0.001	0.18	1.17	-
Tour Eurng Luang Company Limited	0.46	0.004	1.16	-
Thai Smile Airways Company Limited	7,447.04	1,273.09	6,060.39	1,363.65

Related account receivables and account payables of WingSpan Service Co., Ltd. have included prepaid and accrued expenses amount of THB 373.39 million and THB 393.86 million.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. have included accrued income amount of THB 186.92 million and accrued expenses amount of THB 1,253.75 million.

### 6.5.2.3 Aircraft Lease Between Related Parties

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. As at September 30, 2017, a total of such aircraft are 20 aircraft consisting of 15 aircraft under operating lease agreement with monthly lease payment and 5 aircraft under finance lease agreement with quarterly lease payment. The sublease term is equal to lease term that the Company signed agreement with the lessor.

## 6.5.3 Related Transactions with Associated Companies

### 6.5.3.1 Sales and Purchases

**Unit : Million Baht**

	Three-month period				Nine-month period			
	Jul – Sep 2017		Jul – Sep 2016		Jan – Sep 2017		Jan – Sep 2016	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Company Limited	0.13	0.12	-	1.30	0.13	1.20	-	1.99
Donmuang International Airport Hotel Company Limited	-	-	-	-	-	-	-	0.03
Bangkok Aviation Fuel Services Public Company Limited	-	116.91	-	85.40	0.02	278.75	0.02	282.36
Phuket Air Catering Company Limited	0.09	14.57	0.08	2.40	0.32	58.35	0.17	8.74
Suvarnabhumi Airport Hotel Company Limited	-	8.62	-	3.89	-	20.00	0.02	9.93
Nok Airlines Public Company Limited and subsidiaries	47.38	0.001	124.62	0.01	111.74	0.06	172.60	0.09

### 6.5.3.2 Account Receivables and Account Payables

**Unit : Million Baht**

	Sep 30, 2017		Dec 31, 2016	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	0.14	0.04	-	0.003
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	30.20	-	43.45
Phuket Air Catering Company Limited	0.005	4.11	0.02	5.05
Suvarnabhumi Airport Hotel Company Limited	-	1.44	-	0.80
Nok Airlines Public Company Limited and subsidiaries	63.26	-	51.89	-

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

## 6.6 Property, Plant and Equipment

### Consolidated Financial Statements As at September 30, 2017

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, 2017	9,646.95	126,334.89	156,393.29	33,291.82	371.21	9,063.37	2,124.24	10,805.23	4,794.03	31,335.71	<b>384,160.74</b>
- Adjust/Transfers	(4,317.84)	12.41	(191.65)	(72.54)	(1,310.83)	(28.31)	(2.99)	-	(48.07)	(536.53)	<b>(6,496.35)</b>
- Additions	1,778.88	737.91	10,995.00	939.26	1,412.02	-	-	-	44.15	391.24	<b>16,298.46</b>
- Disposals/Amortized	-	(825.50)	-	(962.30)	-	-	(2.06)	-	(17.97)	(10.73)	<b>(1,818.56)</b>
As at September 30, 2017	<b>7,107.99</b>	<b>126,259.71</b>	<b>167,196.64</b>	<b>33,196.24</b>	<b>472.40</b>	<b>9,035.06</b>	<b>2,119.19</b>	<b>10,805.23</b>	<b>4,772.14</b>	<b>31,179.69</b>	<b>392,144.29</b>
<b>Accumulated depreciation</b>											
As at January 1, 2017	-	81,648.97	43,476.63	23,063.89	-	-	2,063.66	6,245.16	4,605.78	28,165.30	<b>189,269.39</b>
- Depreciation	-	4,312.29	6,097.61	1,101.96	-	-	10.40	172.49	75.30	699.72	<b>12,469.77</b>
- Adjust/Transfers	-	25.58	-	(8.72)	-	-	(2.99)	-	(48.08)	(531.63)	<b>(565.84)</b>
- Disposals/Amortized	-	(786.54)	-	(482.26)	-	-	(2.06)	-	(17.97)	(10.57)	<b>(1,299.40)</b>
- Allowance for impairment	-	67.27	-	-	-	-	-	-	-	-	<b>67.27</b>
As at September 30, 2017	-	<b>85,267.57</b>	<b>49,574.24</b>	<b>23,674.87</b>	-	-	<b>2,069.01</b>	<b>6,417.65</b>	<b>4,615.03</b>	<b>28,322.82</b>	<b>199,941.19</b>
<b>Net book value</b>											
As at December 31, 2016	<b>9,646.95</b>	<b>44,685.92</b>	<b>112,916.66</b>	<b>10,227.93</b>	<b>371.21</b>	<b>9,063.37</b>	<b>60.58</b>	<b>4,560.07</b>	<b>188.25</b>	<b>3,170.41</b>	<b>194,891.35</b>
As at September 30, 2017	<b>7,107.99</b>	<b>40,992.14</b>	<b>117,622.40</b>	<b>9,521.37</b>	<b>472.40</b>	<b>9,035.06</b>	<b>50.18</b>	<b>4,387.58</b>	<b>157.11</b>	<b>2,856.87</b>	<b>192,203.10</b>

**Separate Financial Statements  
As at September 30, 2017**

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, 2017	9,646.95	126,334.89	156,393.29	33,291.82	371.21	9,063.37	2,124.24	10,805.23	4,768.82	31,224.76	<b>384,024.58</b>
- Adjust/Transfers	(4,317.84)	12.41	(191.65)	(72.54)	(1,310.83)	(28.31)	(2.99)	-	(48.08)	(536.52)	<b>(6,496.35)</b>
- Additions	1,778.88	737.91	10,995.00	939.26	1,412.02	-	-	-	42.87	386.81	<b>16,292.75</b>
- Disposals/Amortized	-	(825.50)	-	(962.30)	-	-	(2.06)	-	(17.95)	(10.73)	<b>(1,818.54)</b>
As at September 30, 2017	<b>7,107.99</b>	<b>126,259.71</b>	<b>167,196.64</b>	<b>33,196.24</b>	<b>472.40</b>	<b>9,035.06</b>	<b>2,119.19</b>	<b>10,805.23</b>	<b>4,745.66</b>	<b>31,064.32</b>	<b>392,002.44</b>
<b>Accumulated depreciation</b>											
As at January 1, 2017	-	81,648.97	43,476.63	23,063.89	-	-	2,063.66	6,245.16	4,596.38	28,066.10	<b>189,160.79</b>
- Depreciation	-	4,312.29	6,097.61	1,101.96	-	-	10.40	172.49	68.98	697.86	<b>12,461.59</b>
- Adjust/Transfers	-	25.58	-	(8.72)	-	-	(2.99)	-	(48.08)	(531.63)	<b>(565.84)</b>
- Disposals/Amortized	-	(786.54)	-	(482.26)	-	-	(2.06)	-	(17.97)	(10.57)	<b>(1,299.40)</b>
- Allowance for impairment	-	67.27	-	-	-	-	-	-	-	-	<b>67.27</b>
As at September 30, 2017	-	<b>85,267.57</b>	<b>49,574.24</b>	<b>23,674.87</b>	-	-	<b>2,069.01</b>	<b>6,417.65</b>	<b>4,599.31</b>	<b>28,221.76</b>	<b>199,824.41</b>
<b>Net book value</b>											
As at December 31, 2016	<b>9,646.95</b>	<b>44,685.92</b>	<b>112,916.66</b>	<b>10,227.93</b>	<b>371.21</b>	<b>9,063.37</b>	<b>60.58</b>	<b>4,560.07</b>	<b>172.44</b>	<b>3,158.66</b>	<b>194,863.79</b>
As at September 30, 2017	<b>7,107.99</b>	<b>40,992.14</b>	<b>117,622.40</b>	<b>9,521.37</b>	<b>472.40</b>	<b>9,035.06</b>	<b>50.18</b>	<b>4,387.58</b>	<b>146.35</b>	<b>2,842.56</b>	<b>192,178.03</b>

As at September 30, 2017, there are 100 aircraft represented in the Company's fleet consisting of 28 own aircraft, 36 aircraft under finance leases, and 36 aircraft under operating leases. Moreover, the Company has 22 aircraft for sales with net book value THB 7,841.46 million.

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

The measurement of the Company's domestic and abroad land have been changed from historical cost model of THB 899.86 million to revaluation model of THB 9,035.06 million, consisting of land in Bangkok, provinces and abroad of THB 8,007.24 million, THB 301.66 million and THB 726.16 million, respectively. The revaluation has been done in September 2015 using the professional appraisal qualified by the Securities and Exchange Commission, Thailand (SEC.), which excluded land held-for-sale with net book value THB 482.55 million.

Property, Plant and Equipment include the leasehold premises which are leased from Airports of Thailand Public Company Limited at Suvarnabhumi Airport with a lease term of 30 years starting from September 28, 2006 to September 29, 2036 and at Donmuang Airport with a lease term of 3 years starting from September 28, 2015 to September 27, 2018. The title of the buildings and elements will be passed to the Ministry of Finance at the end of the lease term.

## 6.7 Intangible Assets

	<b>Unit : Million Baht</b>	
	<b>Consolidated Financial Statements</b>	<b>Separate Financial Statements</b>
<b>Cost</b>		
As at January 1, 2017	3,556.61	3,493.26
- Adjust/Transfers	(0.55)	(0.55)
- Additions	19.98	19.97
- Disposals/Amortized	(13.34)	(13.34)
As at September 30, 2017	3,562.70	3,499.34
<b>Accumulated amortization</b>		
As at January 1, 2017	2,846.75	2,820.18
- Amortization	229.90	220.66
- Adjust/Transfers	(0.55)	(0.55)
- Disposals/Amortized	(13.34)	(13.34)
As at September 30, 2017	3,062.76	3,026.95
<b>Net book value</b>		
As at December 31, 2016	<b>709.86</b>	<b>673.08</b>
As at September 30, 2017	<b>499.94</b>	<b>472.39</b>

**6.8 Non-current assets held for sale** Separate financial statements

Unit : Million Baht

	Aircraft	Engines	Other fixed assets			Total
			Land Revalued in year 2015	Other assets	Total	
As at January 1, 2017	10,724.98	1,027.02	506.13	63.76	569.89	12,321.89
- Additions	110.82	-	28.31	4.39	32.70	143.52
- Impairment	(2,400.74)	(207.32)	-	-	-	(2,608.06)
- Disposals	(558.48)	(235.12)	(51.89)	(6.18)	(58.07)	(851.67)
- Adjust/Transfers	<u>(35.13)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35.13)</u>
As at September 30, 2017	<b><u>7,841.45</u></b>	<b><u>584.58</u></b>	<b><u>482.55</u></b>	<b><u>61.97</u></b>	<b><u>544.52</u></b>	<b><u>8,970.55</u></b>

**6.9 Deferred Tax Assets , Deferred Tax Liabilities**

6.9.1 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:

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>Financial Statements</b>		<b>Separate</b>	
	<b>Sep 30, 2017</b>	<b>Dec 31, 2016</b>	<b>Sep 30, 2017</b>	<b>Dec 31, 2016</b>
Contribution to staff provident fund	44.44	44.71	44.44	44.71
Contribution to staff pension fund	196.26	167.98	196.26	167.98
Allowance for obsolete inventories	807.46	751.49	807.46	751.49
Allowance for doubtful accounts	265.91	279.21	261.69	274.98
Allowance for impairment in value of assets	4,589.15	4,316.20	4,589.15	4,316.20
Estimated accrual expenses	1,945.31	1,723.87	1,939.47	1,718.03
Intangible assets	8.76	19.92	8.76	19.92
Employee benefits obligation	2,518.88	2,384.01	2,514.94	2,380.77
Effective portion of changes in fair value of cash flow hedges	272.57	325.97	272.57	325.97
Others	<u>1.70</u>	<u>1.59</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>10,650.44</u></b>	<b><u>10,014.95</u></b>	<b><u>10,634.74</u></b>	<b><u>10,000.05</u></b>

### 6.9.2 Deferred Tax Liabilities

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>
Intangible assets	87.23	127.23	87.23	127.23
Revaluation surplus	<u>1,717.04</u>	<u>1,727.01</u>	<u>1,717.04</u>	<u>1,727.01</u>
<b>Total</b>	<b><u>1,804.27</u></b>	<b><u>1,854.24</u></b>	<b><u>1,804.27</u></b>	<b><u>1,854.24</u></b>

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

### 6.10 Other Non-Current Assets

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>
Deferred charges	6,460.32	5,153.88	6,331.14	4,998.58
Maintenance Reserve	9,800.38	8,244.32	9,140.54	7,912.57
Others	<u>865.60</u>	<u>766.51</u>	<u>821.59</u>	<u>738.42</u>
<b>Total</b>	<b><u>17,126.30</u></b>	<b><u>14,164.71</u></b>	<b><u>16,293.27</u></b>	<b><u>13,649.57</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, loans guarantee premiums for purchasing of aircraft are amortized as expenses over the period of due payment loans in each accounting period, and Buyer Furnished Equipment for aircraft under operating lease are amortized over the lease term.

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

### 6.11 Liquidity management

The Company's loan from the Ministry of Finance continues in the form of Euro Commercial Paper (ECP) was already due in June, July, and August of this year in the total amount of USD 150 million of which USD 20 million had been paid during the period while the remaining USD 130 million have been requested by the Company for a rollover for another approximately 180 days to be due in 2018.

Furthermore, the Company has made an agreement with a local commercial bank to extend an expiring credit line of which THB 1,000 million are short-term and THB 3,000 million are long-term.

From the careful plan and execution of the above mentioned actions and cash flow budgeting plan for the year 2017, it is found that the Company's cash on hand is at the sufficient level for the Company to operate as normal, provided that the Company is not affected by outside uncontrollable factors.

### 6.12 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:

	<b>Unit : Million Baht</b>	
	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>
Current assets	4,050.00	3,908.30
Others	<u>11.40</u>	<u>22.08</u>
<b>Total</b>	<b><u>4,061.40</u></b>	<b><u>3,930.38</u></b>
Other current liabilities	165.24	220.30
Pension fund	<u>3,896.16</u>	<u>3,710.08</u>
<b>Total</b>	<b><u>4,061.40</u></b>	<b><u>3,930.38</u></b>

As at September 30, 2017, the fund balance was THB 3,896.16 million and was equal to the Company's obligation to its staff under the fund. The total Company contribution to the staff pension fund in this accounting periods was THB 172.54 million, consisting of contributions at a rate equivalent to 10% of employee salaries in the amount of THB 120.62 million and the amounts to match the Company's obligation of THB 51.92 million.

### 6.13 Employee Benefits Obligation

#### Changes in Present Value of the Employee Benefits Obligation

	<b>Unit : Million Baht</b>			
	<b><u>Consolidated</u></b>		<b><u>Separate</u></b>	
	<b><u>Financial Statements</u></b>		<b><u>Financial Statements</u></b>	
	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>
Beginning Balance – Employee Benefits Obligation	11,920.07	11,645.23	11,903.86	11,568.26
Current service cost	390.03	543.27	386.82	527.45
Interest cost	284.29	362.60	284.00	359.91
Benefits paid	-	(552.98)	-	(551.77)
Actuarial losses (gains)	<u>-</u>	<u>(78.05)</u>	<u>-</u>	<u>-</u>
<b>Ending Balance - Employee Benefits Obligation</b>	<b><u>12,594.39</u></b>	<b><u>11,920.07</u></b>	<b><u>12,574.68</u></b>	<b><u>11,903.85</u></b>

**Principal actuarial assumptions :**

	September 30, 2017	December 31, 2016
Discount rate	3.2%	3.2%
Price inflation	3.0%	3.0%
Average salary increase rates	3.0% - 7.0%	3.0% - 7.0%
Staff turnover rate	0.0% - 9.0%	0.0% - 9.0%
Medical cost inflation	6.0%	6.0%
Mortality rate	TMO08	TMO08

**Sensitivity analysis :**

The actuarial assumptions of employee benefits obligation is sensitive to the possible change on assumptions used for calculation such as economic and demographic assumptions under the defined benefit plan. The change in each assumption occurs separately.

Changes in Present Value of the Employee Benefits Obligation increase (decrease) as at Sep 30, 2017

	Unit : Million Baht	
	<u>Increase in assumption 1%</u>	<u>Decrease in assumption 1%</u>
Discount rate	(1,125.88)	1,395.96
Average salary increase rates	728.83	(642.09)
Medical cost inflation	595.37	(454.65)

**6.14 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>Sep 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>
Long-term provision at the beginning balance	7,365.83	619.31	7,034.08	619.31
Long-term provision for the period	<u>2,433.50</u>	<u>6,746.52</u>	<u>1,941.01</u>	<u>6,414.77</u>
Long-term provision at the ending balance	<b><u>9,799.33</u></b>	<b><u>7,365.83</u></b>	<b><u>8,975.09</u></b>	<b><u>7,034.08</u></b>

Long-term provision as at September 30, 2017 (Separate financial statements) consist of:

6.14.1 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 0.06 million. At present, the case is under the Supreme Court's consideration.

6.14.2 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 14.62 million. At present, the case is under the Supreme Court's consideration.

6.14.3 The Company recognized long term provision for future repair and maintenance of aircraft as of September 30, 2017 amounting to THB 8,960.41 million. This represented the obligation under operating lease as to major overhaul of aircrafts, engines, and other major components over the leasing periods and the obligation to restore aircraft conditions at the end of the lease period. The measurement of the provision based on the assumptions of flight hours, flight cycles, maintenance schedules and period of operating lease. The estimated overhaul costs were recorded over the period that the aircrafts have been used which comprised aircraft restoration costs (D-Check) and other major components restoration costs of THB 4,318.66 million, engine restoration costs of THB 4,151.63 million (engines under operating leases of THB 3,485.19 million and under finance leases of THB 666.44 million) and return conditions cost of THB 490.12 million.

### 6.15 Share Capital

As at September 30, 2017, the Company has authorized ordinary shares amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.00 million, issued and paid-up ordinary shares amount of THB 21,827.72 million.

### 6.16 Other Income - Others

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2017	Jul-Sep, 2016	Jan-Sep, 2017	Jan-Sep, 2016
Dividends from associated and subsidiary Companies	-	-	1.33	0.31
Revenue from other services of Aircraft Maintenance Department	164.47	144.41	539.26	484.37
Compensation revenue from the delay delivery of aircraft	91.90	3.03	446.56	3.03
Other fine revenues	61.66	95.85	141.30	330.69
Insurance compensation from the flood disaster	-	-	101.56	-
Insurance compensation from other cases	-	327.84	-	353.95
Revenue from Royal Orchid Lounge service	26.63	25.12	78.14	90.49
Revenue from management services at Suvarnabhumi Airport	38.84	0.08	75.86	31.70
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	19.59	18.95	58.20	60.57
Others	262.02	241.14	437.03	445.67
<b>Total</b>	<b>665.11</b>	<b>856.42</b>	<b>1,879.24</b>	<b>1,800.78</b>

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2017	Jul-Sep, 2016	Jan-Sep, 2017	Jan-Sep, 2016
Dividends from associated and subsidiary Companies	31.68	36.00	301.49	260.16
Revenue from other services of Aircraft Maintenance Department	164.47	144.41	539.26	484.37
Compensation revenue from the delay delivery of aircraft	91.90	3.03	446.56	3.03
Other fine revenues	61.66	95.85	141.30	330.69
Insurance compensation from the flood disaster	-	327.84	101.56	353.95
Revenue from Royal Orchid Lounge service	26.63	25.12	78.14	90.49
Revenue from service to Thai Smile Airways passenger	17.03	12.63	51.91	64.41
Revenue from management services at Suvarnabhumi Airport	38.84	0.08	75.86	31.70
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	19.59	18.95	58.20	60.57
Others	82.78	223.81	229.00	397.60
<b>Total</b>	<b>534.58</b>	<b>887.72</b>	<b>2,023.28</b>	<b>2,076.97</b>

### 6.17 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2017	Jul-Sep, 2016	Jan-Sep, 2017	Jan-Sep, 2016
Personnel expenses	7,198.31	6,974.20	22,105.84	21,007.43
Employee benefits	224.77	226.78	674.31	661.28
Executive remuneration	19.21	17.13	54.92	50.82
Board of Directors remuneration	4.59	4.02	14.95	15.00
<b>Total</b>	<b>7,446.88</b>	<b>7,222.13</b>	<b>22,850.02</b>	<b>21,734.53</b>

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2017	Jul-Sep, 2016	Jan-Sep, 2017	Jan-Sep, 2016
Personnel expenses	7,052.18	6,850.48	21,687.04	20,650.31
Employee benefits	223.61	221.84	670.82	647.60
Executive remuneration	17.51	15.53	50.09	46.16
Board of Directors remuneration	3.86	3.40	12.56	12.82
<b>Total</b>	<b>7,297.16</b>	<b>7,091.25</b>	<b>22,420.51</b>	<b>21,356.89</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.

### 6.18 Impairment Loss of Aircraft Separate Financial Statements

The Company has compared the net carrying value of decommissioned aircraft with the fair value less cost to sell, it appears that the fair value less cost to sell is lower than the net carrying value. Therefore, the Company recognized the impairment losses of aircraft in the statements of income and other comprehensive income for the nine month period ended September 30, 2017 of THB 2,608.06 million, which consist of 2 A330-300, 3 A340-500, 6 A340-600, 1 B737-400 and 4 B747-400, totaling 16 aircraft in an aggregate of THB 2,400.74 million and five TRENT 500 spare engines of THB 207.32 million.

### 6.19 Other Expenses

	Unit : Million Baht			
	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2017	Jul-Sep, 2016	Jan-Sep, 2017	Jan-Sep, 2016
Rentals and utilities	673.99	633.82	1,959.68	1,925.85
Office supplies	36.18	32.50	123.03	129.04
Repair of building and equipment	139.69	150.90	457.59	435.30
Outsource services	412.94	435.92	1,400.28	1,200.82
Consultant and service fees	119.38	94.75	358.12	330.83
Legal fee for Antitrust/ Competition Law	9.32	4.93	18.66	21.47
Computer service expenses	197.50	166.04	449.10	450.48
Rental of communication devices and office equipment	57.70	54.60	158.53	170.65
Travelling and transportation expenses	159.52	142.93	407.67	413.90
Concession fees	92.42	103.90	283.24	305.12
Passenger claim expenses	104.00	57.43	277.40	157.83
Provision for disposal and unused spare parts	82.90	19.26	279.83	181.26
Service cargo expenses	77.46	31.27	143.06	64.21
Joint venture expenses in STAR Alliance	2.02	20.37	14.02	61.17
Company business and municipal taxes	138.33	28.35	269.90	75.10
Bad debts and provision for bad debts	(1.40)	97.65	(14.09)	94.73
Service fee for IT HOSTING system	23.30	18.14	61.80	54.87
Fine and interest expenses	(99.51)	4.79	(100.44)	19.24
Others	222.85	316.75	692.12	580.22
<b>Total</b>	<b>2,448.59</b>	<b>2,414.30</b>	<b>7,239.50</b>	<b>6,672.09</b>

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2017	Jul-Sep, 2016	Jan-Sep, 2017	Jan-Sep, 2016
Rentals and utilities	673.99	633.82	1,959.68	1,925.85
Office supplies	36.18	32.50	123.03	129.04
Repair of building and equipment	139.69	150.90	457.59	435.30
Outsource services	412.94	435.92	1,400.28	1,200.82
Consultant and service fees	119.38	94.75	358.12	330.83
Legal fee for Antitrust/ Competition Law	9.32	4.90	18.66	21.47
Computer service expenses	197.50	166.04	449.10	450.48
Rental of communication devices and office equipment	57.70	54.60	158.53	170.65
Travelling and transportation expenses	159.52	142.93	407.67	413.90
Concession fees	92.42	103.90	283.24	305.12
Passenger claim expenses	104.00	57.43	277.40	157.83
Provision for disposal and unused spare parts	82.90	19.26	279.83	181.27
Service cargo expenses	77.46	31.27	143.06	64.21
Joint venture expenses in STAR Alliance	2.02	20.37	14.02	61.17
Company business and municipal taxes	138.33	28.35	269.90	75.10
Bad debts and provision for bad debts	(1.40)	97.73	(14.09)	94.80
Service fee for IT HOSTING system	23.30	18.14	61.80	54.87
Fine and interest expenses	(99.51)	4.80	(100.44)	19.23
Others	0.18	242.96	483.56	360.20
<b>Total</b>	<b>2,225.92</b>	<b>2,340.57</b>	<b>7,030.94</b>	<b>6,452.14</b>

## 6.20 Income Tax Expense (Income)

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2017	Jul-Sep, 2016	Jan-Sep, 2017	Jan-Sep, 2016
Tax expense (income) from taxable profit for the period	8.14	11.74	24.39	31.19
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(323.13)	238.92	(738.84)	(1,191.37)
<b>Tax expenses (income)</b>	<b>(314.99)</b>	<b>250.66</b>	<b>(714.45)</b>	<b>(1,160.18)</b>

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Nine-month Period	
	Jul-Sep, 2017	Jul-Sep, 2016	Jan-Sep, 2017	Jan-Sep, 2016
Tax expense (income) from taxable profit for the period	2.52	3.48	7.36	12.66
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(322.81)	239.90	(738.05)	(1,188.66)
<b>Tax expenses (income)</b>	<b>(320.29)</b>	<b>243.38</b>	<b>(730.69)</b>	<b>(1,176.00)</b>

## 6.21 Earnings (Loss) Per Share

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

### Consolidated Financial Statements For the three-month period ended September 30, 2017

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Earnings (Loss) per Share</u>	
	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings (loss) per Share</b>						
Profits (loss) attributable to owners of the parent	(1,824.81)	(1,601.42)	2,182.77	2,182.77	(0.84)	(0.73)

### Separate Financial Statements For the three-month period ended September 30, 2017

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Earnings (Loss) per Share</u>	
	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings (loss) per Share</b>						
Profits (loss) attributable to owners of the parent	(1,451.23)	(540.80)	2,182.77	2,182.77	(0.66)	(0.25)

### Consolidated Financial Statements For the nine-month period ended September 30, 2017

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Earnings (Loss) per Share</u>	
	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings (loss) per Share</b>						
Profits (loss) attributable to owners of the parent	(3,878.82)	1,476.68	2,182.77	2,182.77	(1.78)	0.68

**Separate Financial Statements**  
**For the nine-month period ended September 30, 2017**

	<u>Profit (Loss)</u>		<u>Number of Shares</u>		<u>Earnings (Loss) per Share</u>	
	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings (loss) per Share</b>						
Profits (loss) attributable to owners of the parent	(1,799.14)	3,188.39	2,182.77	2,182.77	(0.82)	1.46

## 6.22 Operating Segments

### Segments Information

The Company determines reportable segments based on the nature of the products and services provided, which the management has considered the organization structure in relation to commercial airline operation.

The Company has 3 reportable segments, consisting of air transportation activities segment, business units segment, and other activities segment. Air transportation activities segment composed of passenger, freight, and mail services. The business units segments related directly to transportation activities, which include cargo and mail commercial, ground customer services, ground support equipment services, and catering services. Other activities segment are transportation supporting activities, which include dispatch services, sales on board, THAI shop, technical services and operation of subsidiaries.

### Measurement Criteria

The Company records 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 recorded at budget cost. Those transferred transaction will be eliminated in consolidated financial statements.

Total gain (loss) before income tax expense by segments was derived from revenues net of costs and operating expenses.

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

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

6.22.1 Financial Information by Segment Consolidated financial statements

**Statements of Income**  
**For the three – month period ended September 30, 2017**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>
External Revenues	43,327.09	40,280.47	2,370.45	2,340.04	565.01	649.65	46,262.55	43,270.16
Inter - segment revenues								
(expenses)	(3,550.70)	(3,547.01)	2,392.21	2,182.34	1,158.49	1,364.67	-	-
Interest income	50.80	35.47	-	-	1.74	1.45	52.54	36.92
Gain (loss) on foreign currency								
exchange	(772.90)	122.94	-	-	(56.20)	(3.04)	(829.10)	119.90
Other income	492.75	862.68	8.53	5.89	163.83	(12.15)	665.11	856.42
<b>Total Revenue</b>	<b><u>39,547.04</u></b>	<b><u>37,754.55</u></b>	<b><u>4,771.19</u></b>	<b><u>4,528.27</u></b>	<b><u>1,832.87</u></b>	<b><u>2,000.58</u></b>	<b><u>46,151.10</u></b>	<b><u>44,283.40</u></b>
Fuel and oil	(11,149.57)	(10,348.35)	-	-	(742.41)	(511.69)	(11,891.98)	(10,860.04)
Employee benefits expenses	(4,316.30)	(3,985.60)	(1,723.49)	(1,843.88)	(1,407.09)	(1,392.65)	(7,446.88)	(7,222.13)
Flight service expenses	(5,394.55)	(5,219.68)	(12.48)	(12.18)	(266.31)	(187.83)	(5,673.34)	(5,419.69)
Depreciation and amortization								
expense	(4,053.93)	(4,028.51)	(101.67)	(195.92)	(243.74)	(255.12)	(4,399.34)	(4,479.55)
Impairment loss of assets								
and aircraft	(1,502.87)	(623.96)	-	-	-	-	(1,502.87)	(623.96)
Other expenses	(13,170.48)	(11,820.22)	(1,718.40)	(1,653.19)	(1,199.82)	(1,933.03)	(16,088.70)	(15,406.44)
Finance costs	(1,229.27)	(1,325.93)	-	-	-	-	(1,229.27)	(1,325.93)
Share of loss on								
investment in associates	(47.88)	(286.14)	-	-	-	-	(47.88)	(286.14)
<b>Total Expenses</b>	<b><u>(40,864.85)</u></b>	<b><u>(37,638.39)</u></b>	<b><u>(3,556.04)</u></b>	<b><u>(3,705.17)</u></b>	<b><u>(3,859.37)</u></b>	<b><u>(4,280.32)</u></b>	<b><u>(48,280.26)</u></b>	<b><u>(45,623.88)</u></b>
<b>Profit (Loss) before</b>								
<b>income tax expense</b>	<b>(1,317.81)</b>	<b>116.16</b>	<b>1,215.15</b>	<b>823.10</b>	<b>(2,026.50)</b>	<b>(2,279.74)</b>	<b>(2,129.16)</b>	<b>(1,340.48)</b>
Tax Income (expense)	320.29	(243.38)	-	-	(5.31)	(7.28)	314.98	(250.66)
<b>Gain (loss) by segments</b>	<b><u>(997.52)</u></b>	<b><u>(127.22)</u></b>	<b><u>1,215.15</u></b>	<b><u>823.10</u></b>	<b><u>(2,031.81)</u></b>	<b><u>(2,287.02)</u></b>	<b><u>(1,814.18)</u></b>	<b><u>(1,591.14)</u></b>

**Statements of Income**  
**For the nine-month period ended September 30, 2017**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>	<u>Sep 30, 2017</u>	<u>Sep 30, 2016</u>
External Revenues	131,019.95	124,637.90	7,283.26	7,178.37	1,730.73	1,935.36	140,033.94	133,751.63
Inter - segment revenues								
(expenses)	(10,801.25)	(10,179.72)	7,278.59	6,651.69	3,522.66	3,528.03	-	-
Interest income	118.82	141.54	-	-	7.49	13.55	126.31	155.09
Gain (loss) on foreign currency								
exchange	(1,586.56)	38.03	-	-	(112.98)	(3.97)	(1,699.54)	34.06
Other income	1,691.74	1,803.12	26.65	24.23	160.85	(26.57)	1,879.24	1,800.78
<b>Total Revenue</b>	<b><u>120,442.70</u></b>	<b><u>116,440.87</u></b>	<b><u>14,588.50</u></b>	<b><u>13,854.29</u></b>	<b><u>5,308.75</u></b>	<b><u>5,446.40</u></b>	<b><u>140,339.95</u></b>	<b><u>135,741.56</u></b>
Fuel and oil	(34,828.17)	(32,169.17)	-	-	(2,187.66)	(1,284.34)	(37,015.83)	(33,453.51)
Employee benefits expenses	(13,459.54)	(12,815.43)	(5,289.50)	(5,358.82)	(4,100.97)	(3,987.41)	(22,850.01)	(22,161.66)
Flight service expenses	(15,794.39)	(14,968.26)	(38.03)	(34.39)	(698.81)	(363.38)	(16,531.23)	(15,366.03)
Depreciation and amortization								
expense	(11,765.13)	(12,261.73)	(343.71)	(590.90)	(719.40)	(783.21)	(12,828.24)	(13,635.84)
Impairment loss of assets								
and aircraft	(2,909.56)	(2,670.44)	-	-	-	-	(2,909.56)	(2,670.44)
Other expenses	(40,105.13)	(34,718.72)	(5,262.18)	(4,730.23)	(3,610.41)	(4,190.73)	(48,977.72)	(43,639.68)
Finance costs	(3,594.22)	(4,063.56)	-	-	-	-	(3,594.22)	(4,063.56)
Share of loss on								
investment in associates	(200.52)	(406.69)	-	-	-	-	(200.52)	(406.69)
<b>Total Expenses</b>	<b><u>(122,656.66)</u></b>	<b><u>(114,074.00)</u></b>	<b><u>(10,933.42)</u></b>	<b><u>(10,714.34)</u></b>	<b><u>(11,317.25)</u></b>	<b><u>(10,609.07)</u></b>	<b><u>(144,907.33)</u></b>	<b><u>(135,397.41)</u></b>
<b>Profit (Loss) before</b>								
<b>income tax expense</b>	<b>(2,213.96)</b>	<b>2,366.87</b>	<b>3,655.08</b>	<b>3,139.95</b>	<b>(6,008.50)</b>	<b>(5,162.67)</b>	<b>(4,567.38)</b>	<b>344.15</b>
Tax Income (expense)	730.69	1,176.00	-	-	(16.24)	(15.82)	714.45	1,160.18
<b>Gain (loss) by segments</b>	<b><u>(1,483.27)</u></b>	<b><u>3,542.87</u></b>	<b><u>3,655.08</u></b>	<b><u>3,139.95</u></b>	<b><u>(6,024.74)</u></b>	<b><u>(5,178.49)</u></b>	<b><u>(3,852.93)</u></b>	<b><u>1,504.33</u></b>

**Assets and Liabilities  
As at September 30, 2017**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>	<u>Sep 30, 2017</u>	<u>Dec 31, 2016</u>
Current assets	43,455.79	48,594.54	643.59	668.73	5,137.55	4,764.94	49,236.93	54,028.21
Investments	3,051.36	3,964.51	-	-	4.13	4.02	3,055.49	3,968.53
Property, plant and equipment	184,269.32	186,605.78	5,246.55	5,410.34	2,687.23	2,875.23	192,203.10	194,891.35
Other non-current assets	36,367.64	24,318.95	0.03	0.07	879.55	570.50	37,247.22	24,889.52
Non-allocated assets	-	-	-	-	-	-	<u>6,146.65</u>	<u>5,346.26</u>
<b>Total assets</b>							<b><u>287,889.39</u></b>	<b><u>283,123.87</u></b>
Current liabilities	87,147.11	78,489.43	570.71	327.72	8,837.28	7,512.99	96,555.10	86,330.14
Non-current liabilities	158,812.33	161,666.66	-	-	844.63	348.25	159,656.96	162,014.91
Non-allocated liabilities	-	-	-	-	-	-	<u>1,748.93</u>	<u>1,190.62</u>
<b>Total Liabilities</b>							<b><u>257,960.99</u></b>	<b><u>249,535.67</u></b>

6.22.2 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	Other Income	Gain (loss) on Foreign Currency Exchange	
<b>For the three-month period</b>													
<b>Jul-Sep 2017</b>	3,518.80	2,370.45	565.01	22,793.28	12,842.67	-	4,156.53	-	15.80	52.54	665.11	(829.09)	<b>46,151.10</b>
<b>Jul-Sep 2016</b>	3,262.50	2,340.04	649.65	21,357.73	11,431.54	(0.75)	4,024.28	-	205.18	36.92	856.42	119.89	<b>44,283.40</b>
<b>For the nine-month period</b>													
<b>Jan-Sep 2017</b>	11,140.33	7,283.27	1,730.73	69,768.23	37,705.65	-	12,292.76	-	112.98	126.31	1,879.24	(1,699.55)	<b>140,339.95</b>
<b>Jan-Sep 2016</b>	10,144.77	7,178.38	1,935.36	67,057.32	35,100.64	0.27	12,002.76	0.16	331.97	155.09	1,800.78	34.06	<b>135,741.56</b>

## **6.23 Staff Provident Fund**

In this period, 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 895.26 million.

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).

## **6.24 Contingent Liabilities**

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

The Company has letters of guarantee issued by domestic and abroad banks THB 15.04 and THB 488.83 million, respectively. If the Company defaults on an obligation to a beneficiary in letter of guarantee, bank agrees to pay a specific amount of money to that beneficiary and will claim from the Company later.

The Company has been filed 28 labor cases with an approximate of THB 236.41 million and has been filed the complaints for the compensation totaling 55 cases with an approximate of THB 977.33 million.

Due to difference in interpretations of tax law, the Cambodia branch was assessed four types of tax, Minimum Tax, Tax on Profit, Specific Tax and Withholding tax, six years retroactively from October 2007 to September 2013 and is currently undergoing tax inspections of period October 2013 to September 2015. The total tax assessed is USD 15.16 million or approximately THB 508.18 million. The branch has hired a tax consultant to protest the tax assessment. Now in the process of tax disputation.

The Philippine branch was assessed on taxation for the tax year 2008-2010, Income tax, Value Added Tax, Percentage Tax and Expanded Withholding Tax, due to unclear tax laws. It is currently in the court process, the total tax amount included penalty is PHP 14.59 million or approximately THB 9.75 million. The branch has hired a tax consultant to protest the tax assessment. The case is currently undergoing the court procedures.

The company, entrepreneur in the duty free zone, has received a letter from the Customs Department No. Gor Kor 0503(4)/621 dated August 28, 2017 to declare the fact on issues relating to the completeness of the food import permit. The customs officer assessed the tax due on the 252 import bills and found, the Price of goods THB 492.73 million, Import Duty THB 244.36 million, Excise Tax THB 754.47 million, Interior Tax THB 75.45 million, Value Added Tax THB 109.69 million, the subsidies for Office of Health Promotion Fund THB 14.91 million and the subsidies for Thai Public Broadcasting Service THB 11.18 million. Currently, the company is on the process of clarification of details to customs Department.

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

1. The case where British Airways, which is a defendant in Cargo Civil 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 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 million and reserved their rights to amend the Plaintiff 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 Case in the Netherlands, requested that the court give them leave to implead the Company.

At the beginning of July 2015, the Company has received a writ of summons for contribution claim from British Airways, Deutsche Lufthansa and Lufthansa Cargo A.G. (collectively "Lufthansa"), and Koninklijke Luchtvaart Maatschappij N.V., Martin Air Holland N.V., Societe Air France S.A. (collectively "KLM-AF"). These airlines have submitted such writ of summons against the Company and more than 20 other airlines in the case where a group of plaintiffs have filed a lawsuit against British Airways, Lufthansa, KLM-AF and Singapore Airlines and Singapore Airlines Cargo (collectively "Singapore Airlines") as defendants since December 24, 2013 by alleging that these airlines have jointly acted to fix the price for various surcharges (Main Proceedings). Nonetheless, the Company has not been sued as a defendant in the Main Proceedings. Subsequently, British Airways, Lufthansa and Swiss International, KLM-AF, Korean Airlines and Qantas Airways, who are parties to the Contribution Claim Case, have submitted a writ of summons to exercise the contribution claim in addition to the Contribution Claim Case above (known as sub contribution claim), and the Company then submitted a writ of summons to exercise the contribution claim in the form of this sub contribution claim against all airlines as well in order to reserve the Company's right. The initiation of such proceedings in the form of contribution claim and sub contribution claim is merely for the purpose of reserving the right in the event that the court orders that each airline pay for the damages exceeding its market share. This is not a lawsuit to demand for additional damages.

Moreover, in December 2016 to January 2017, the Company has received a writ of summons for contribution claim from British Airways, Lufthansa and KLM-AF. These airlines have submitted such writ of summons to the Company and more than 20 other airlines in the case where a new group of plaintiffs has filed a lawsuit against British Airways, Lufthansa, KLM-AF and Singapore Airlines as defendants on November 6, 2015. The allegation is of similar type as that in the first Main Proceedings in which the Company has not been sued as a defendant. At present, all the cases are under the court's consideration."

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

Due to the fact that the Company's earnings are in more than 50 different currencies, accounting for 63% 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 debts 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 September 30, 2017, the Company's outstanding long-term foreign currency borrowings post CCS were 2% in USD, 37% in EUR, 21% in JPY, 7% in CHF and 33% in THB (excluding operating aircraft lease liabilities).

## **6.26 Cash Flow Hedge**

For the three-month and nine-month periods ended September 30, 2017, the Company recognized loss from application of hedge accounting to foreign currency borrowings and forecasted future revenue (Revenue Hedging) amount THB 40.37 million and THB 116.21 million, respectively.

## **6.27 Contractual Obligations**

### **6.27.1 Obligation to Purchase Aircraft**

The Company has a payment obligation to purchase 2 A350 - 900XWB aircraft amount of THB 6,501.88 million, expected to take delivery during the year 2018 which consisted of:

<b>Obligation</b>	<b>Unit : Million Baht</b>
	<b>Within 1 year</b>
Purchase of aircraft	6,501.88

## 6.27.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 40 aircraft amount of USD 3,901.17 million or approximately to THB 130,815.47 million consisting of 15 A320-200, 1 A330-300, 8 A350-900, 8 B777-300ER, 6 B787-8, and 2 B787-9 aircraft. As at September 30, 2017, there are 36 aircraft which have been already taken the delivery. In addition, there are the 4 aircraft which have not been taken deliver yet. Also, there are 1, 9 and 30 aircraft which the lease will expire in 2017, 2018 - 2021 and 2022 - 2030, respectively.

Lease obligation for 40 aircraft operating leases can be classified as follows:

Obligation	Unit : Million Baht		
	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	13,710.70	54,359.62	62,745.15

## 6.28 Events during the Reporting Period

6.28.1 In May, 2017, Nok Airlines Public Company Limited offered for sale of 625 million newly-issued ordinary shares with a par value of THB 1 at the offering price THB 2.40 per share. Nok Airlines Public Company Limited received net proceeds amount of THB 1,224.63 million, and registered the increase in paid-up capital on May 31, 2017. The company did not subscribe the Right Offering for new shares which caused the decrease of the Company's share portion from 39.20 to 21.57 percent.

6.28.2 Loss from change in ownership interest amount of THB 432.69 million is from the recognition of investment portion in Nok Airlines Public Company Limited from selling of newly issued ordinary shares on the Company's portion of 21.57 percent or amount THB 264.15 million, plus the difference from changing in share portion of Nok Airlines Public Company Limited, which decreased from 39.20 to 21.57 percent, amount of THB 696.84 million.

## 6.29 Events after the Reporting Period

6.29.1 The Company will take delivery of 1 B787-9 aircraft under operating leases in October 2017, and also will return to the lessor 1 expired operating leases by the same period.

6.29.2 The Company plans to gradually employ such financial tools as Cross Currency Swap (CCS) for THB debenture whenever the financial market becomes favorable.

6.29.3 In October, 2017, Nok Airlines Public Company Limited offered for sale of 1,136 million newly-issued ordinary shares to the existing shareholders with the allocation ratio of 1 existing share to 1 newly-issued ordinary share at the offering price THB 1.50 per share. The Company has subscribed the Right Offering for 250,390,721 shares amounting to THB 375,586,081.50, which caused the increase of the Company's share portion from 21.57 to 21.80 percent.

**6.30 Approval of Financial Statements**

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on November 10, 2017.

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