

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

**TO: THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED**

The Office of the Auditor General of Thailand has reviewed the accompanying consolidated and separate statements of financial position as at March 31, 2018, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the three-month period 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 Business Transformation Plans, which describes strategy for transformation plans for the year 2018 of Thai Airways International Public Company Limited and the condensed notes to interim financial statements No.6.11 regarding Liquidity Management, which describes fund and cash flow management for the three-month period ended March 31, 2018. 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 Financial Audit Office No.4

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2018**

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2018 (Unaudited but reviewed)	2017 (Audited)	2018 (Unaudited but reviewed)	2017 (Audited)
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	6.1	16,971,700,378	15,229,686,324	15,657,076,176	14,022,787,581
Temporary investments		160,037,949	160,037,864	-	-
Trade receivables	6.2	13,687,250,090	11,704,953,905	12,980,499,042	11,560,770,758
Prepaid expenses and deposits		7,817,911,716	7,490,102,653	7,995,122,852	7,761,325,199
Inventories and supplies		4,770,933,870	4,999,847,400	4,747,013,023	4,968,165,680
Other current assets	6.3	12,530,715,115	11,730,122,163	19,936,317,246	18,450,827,464
Non-current assets held for sale	6.4	239,719,680	200,807,000	239,719,680	200,807,000
<b>Total Current Assets</b>		<b>56,178,268,798</b>	<b>51,515,557,309</b>	<b>61,555,748,019</b>	<b>56,964,683,682</b>
<b>Non-Current Assets</b>					
Investments in associates	6.5.1	3,527,322,606	3,394,945,236	1,459,106,581	1,459,106,581
Investments in subsidiaries	6.5.1	-	-	1,810,209,893	1,810,209,893
Other long-term investments	6.5.2	68,465,302	70,988,078	65,353,202	67,875,978
Property, plant and equipment	6.7	188,988,092,109	188,102,612,250	188,947,988,412	188,067,083,674
Intangible assets	6.8	398,254,423	432,497,804	386,248,158	418,673,523
Deferred tax assets	6.9.1	11,469,178,155	10,679,231,900	11,452,822,786	10,663,254,345
Other non-current assets	6.10	25,539,682,038	26,578,712,721	25,383,931,885	26,402,333,280
<b>Total Non-Current Assets</b>		<b>229,990,994,633</b>	<b>229,258,987,989</b>	<b>229,505,660,917</b>	<b>228,888,537,274</b>
<b>Total Assets</b>		<b>286,169,263,431</b>	<b>280,774,545,298</b>	<b>291,061,408,936</b>	<b>285,853,220,956</b>

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

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2018**

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2018</u> (Unaudited but reviewed)	<u>2017</u> (Audited)	<u>2018</u> (Unaudited but reviewed)	<u>2017</u> (Audited)
<b>Unit : Baht</b>					
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Trade payables		5,838,050,482	5,042,628,631	5,641,921,976	4,823,318,835
Accrued expenses		15,258,450,589	16,613,129,758	16,846,650,774	17,849,085,739
Current portion of long-term liabilities					
Long-term loans from financial institutions		3,584,393,241	4,813,179,873	3,584,393,241	4,813,179,873
Long-term loans from related parties	6.6.1.2	870,605,559	-	870,605,559	-
Liabilities under finance leases		9,497,733,911	9,762,005,635	9,497,733,911	9,762,005,635
Debentures		16,050,000,000	10,250,000,000	16,050,000,000	10,250,000,000
Short-term loans from financial institutions		2,000,000,000	3,000,000,000	2,000,000,000	3,000,000,000
Short-term loans from related parties	6.6.1.1	-	4,270,136,000	-	4,270,136,000
Income tax payable		26,654,884	15,143,142	-	-
Other current liabilities					
Accrued dividends		54,661,035	54,664,936	54,546,536	54,573,136
Unearned transportation revenue		29,330,817,366	31,409,888,882	28,391,483,792	30,481,532,187
Others		8,934,700,238	7,625,258,914	9,831,332,677	9,165,007,131
<b>Total Current Liabilities</b>		<u>91,446,067,305</u>	<u>92,856,035,771</u>	<u>92,768,668,466</u>	<u>94,468,838,536</u>
<b>Non-Current Liabilities</b>					
Long-term liabilities					
Long-term loans from financial institutions		6,756,427,968	7,564,356,800	6,756,427,968	7,564,356,800
Long-term loans from related parties	6.6.1.2	16,983,260,650	15,102,668,302	16,983,260,650	15,102,668,302
Liabilities under finance leases		53,696,786,323	52,754,724,555	53,696,786,323	52,754,724,555
Debentures		52,050,000,000	51,850,000,000	52,050,000,000	51,850,000,000
Deferred tax liabilities	6.9.2	1,777,846,502	1,791,346,286	1,777,846,502	1,791,346,286
Staff pension fund	6.12	3,869,389,381	3,791,098,462	3,869,389,381	3,791,098,462
Employee benefit obligations	6.13	12,862,559,102	12,594,371,173	12,801,406,373	12,573,334,280
Long-term provisions	6.14	11,861,882,182	10,310,083,902	10,696,935,795	9,318,993,931
Other non-current liabilities		108,748,311	147,062,061	936,237,712	913,725,477
<b>Total Non-Current Liabilities</b>		<u>159,966,900,419</u>	<u>155,905,711,541</u>	<u>159,568,290,704</u>	<u>155,660,248,093</u>
<b>Total Liabilities</b>		<u>251,412,967,724</u>	<u>248,761,747,312</u>	<u>252,336,959,170</u>	<u>250,129,086,629</u>
<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		(21,522,675,992)	(24,239,600,441)	(17,432,614,359)	(20,426,549,388)
Other components of equity		6,092,753,564	6,086,373,086	6,092,753,079	6,086,372,669
<b>Total Company Shareholders' Equity</b>		<u>34,634,388,618</u>	<u>31,911,083,691</u>	<u>38,724,449,766</u>	<u>35,724,134,327</u>
<b>Non-controlling interests</b>		<u>121,907,089</u>	<u>101,714,295</u>	<u>-</u>	<u>-</u>
<b>Total Shareholders' Equity</b>		<u>34,756,295,707</u>	<u>32,012,797,986</u>	<u>38,724,449,766</u>	<u>35,724,134,327</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>286,169,263,431</u>	<u>280,774,545,298</u>	<u>291,061,408,936</u>	<u>285,853,220,956</u>

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

( Usanee Sangsingkeo )

Executive Vice President, Corporate Strategy and Sustainable Development  
Acting President

( Narongchai Wongthanavimok )

Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THREE-MONTH PERIOD ENDED MARCH 31, 2018**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenue</b>					
<b>Revenue from Sales or Services</b>					
Passenger and excess baggage		44,114,724,601	41,462,906,353	41,497,562,547	39,157,367,360
Freight		5,155,740,514	4,688,329,280	5,155,825,579	4,689,570,906
Mail		180,504,367	168,869,021	180,504,367	168,869,021
Other activities		3,456,873,852	2,969,119,942	3,864,916,541	3,408,768,514
<b>Total Revenue from Sales or Services</b>		<u>52,907,843,334</u>	<u>49,289,224,596</u>	<u>50,698,809,034</u>	<u>47,424,575,801</u>
<b>Other Income</b>					
Interest income		39,939,985	29,482,523	38,163,020	28,085,888
Gain on foreign currency exchange rates		583,320,152	1,560,055,617	577,682,270	1,580,815,657
Other income - Others	6.16	558,057,520	514,668,766	576,683,332	518,307,967
<b>Total Other Income</b>		<u>1,181,317,657</u>	<u>2,104,206,906</u>	<u>1,192,528,622</u>	<u>2,127,209,512</u>
<b>Total Revenue</b>		<u>54,089,160,991</u>	<u>51,393,431,502</u>	<u>51,891,337,656</u>	<u>49,551,785,313</u>
<b>Expenses</b>					
Fuel Expense		14,033,600,312	12,844,715,557	13,075,466,989	12,089,229,161
Employee benefits expense	6.17	7,418,192,920	7,558,008,709	7,239,830,997	7,424,297,819
Flight service expenses		5,597,905,817	5,602,658,189	5,281,166,323	5,409,038,329
Crew expenses		1,412,640,142	1,402,741,181	1,292,277,332	1,312,180,159
Aircraft repair and maintenance costs		5,568,387,525	4,489,366,051	5,130,068,065	4,222,104,072
Depreciation and amortization expenses		3,941,273,506	4,206,895,175	3,936,405,322	4,200,506,023
Lease of aircraft and spare parts		3,434,301,612	2,703,286,620	3,370,889,863	2,371,176,820
Inventories and supplies		2,309,385,691	2,311,372,220	2,182,395,812	2,209,287,439
Selling and advertising expenses		2,414,707,233	2,764,172,207	2,165,180,544	2,643,597,569
Insurance expenses		144,953,519	121,948,768	126,364,570	107,408,991
Impairment loss of assets		23,116,179	157,294,964	23,116,179	157,294,964
Impairment loss of aircraft	6.18	2,449,385,224	859,727,115	2,449,385,224	859,727,115
Other expenses	6.19	2,333,196,528	2,211,739,486	2,232,597,212	2,103,452,903
Finance costs		1,194,392,320	1,259,235,202	1,194,392,320	1,259,235,202
Share of the loss of associates		(132,377,369)	(27,120,796)	-	-
<b>Total Expenses</b>		<u>52,143,061,159</u>	<u>48,466,040,648</u>	<u>49,699,536,752</u>	<u>46,368,536,566</u>
<b>Profit before Income Tax Expense</b>		<u>1,946,099,832</u>	<u>2,927,390,854</u>	<u>2,191,800,904</u>	<u>3,183,248,747</u>
Income tax revenue	6.20	791,040,110	241,775,547	802,134,125	250,459,155
<b>Profit for the period</b>		<u>2,737,139,942</u>	<u>3,169,166,401</u>	<u>2,993,935,029</u>	<u>3,433,707,902</u>
<b>Other comprehensive income</b>					
Items that might be reclassified to profit or loss in subsequent periods					
Effective portion of gain on changes in fair value of cash flow hedges		7,975,513	327,254,255	7,975,513	327,254,255
Income tax related to Effective portion of gain on changes in fair value of cash flow hedges		(1,595,103)	(65,450,851)	(1,595,103)	(65,450,851)
Unrealized gain on remeasuring available-for-sale investments		85	104,783	-	-
Income tax related to unrealized gain on remeasuring available-for-sale investments		(17)	(20,956)	-	-
Items that will not be reclassified to profit or loss in subsequent periods					
Share of other comprehensive income from joint ventures and associates		-	94,744	-	-
<b>Other Comprehensive Income for the period - Net of Tax</b>		<u>6,380,478</u>	<u>261,981,975</u>	<u>6,380,410</u>	<u>261,803,404</u>
<b>Total Comprehensive Income for the period</b>		<u>2,743,520,420</u>	<u>3,431,148,376</u>	<u>3,000,315,439</u>	<u>3,695,511,306</u>
<b>Profit Attributable to</b>					
<b>Owners of the Parent</b>					
Non-controlling interests		2,716,924,449	3,157,189,544	2,993,935,029	3,433,707,902
		20,215,493	11,976,857	-	-
<b>Total Comprehensive Income Attributable to Owners of the Parent</b>		<u>2,737,139,942</u>	<u>3,169,166,401</u>	<u>2,993,935,029</u>	<u>3,433,707,902</u>
<b>Non-controlling interests</b>					
		2,723,304,927	3,419,171,512	3,000,315,439	3,695,511,306
		20,215,493	11,976,864	-	-
<b>Total Comprehensive Income Attributable to Non-controlling interests</b>		<u>2,743,520,420</u>	<u>3,431,148,376</u>	<u>3,000,315,439</u>	<u>3,695,511,306</u>
<b>Profit per Share</b>					
Basic profit per share	6.21	1.24	1.45	1.37	1.57

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

( Usanee Sangsingkeo )

Executive Vice President, Corporate Strategy and Sustainable Development  
Acting President

( Narongchai Wongthanavimok )

Executive Vice President, Finance and Accounting

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THREE-MONTH PERIOD ENDED MARCH 31, 2018

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS												Non-controlling Interests	Total Shareholders' Equity
	Owners of the parent													
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Other Components of Equity									
Appropriated Legal reserve			Unappropriated	Effective portion of gain (loss) on changes in fair value of cash flow hedges	Income tax related to Effective portion of gain (loss) on changes in fair value of cash flow hedges	Revaluation surplus on assets	Income tax related to Revaluation surplus on assets	Unrealized gain on remeasuring available-for-sale investment	Income tax related to unrealized gain on remeasuring available-for-sale investment	Total Other Components of Equity				
<b>Balance as at January 1, 2017</b>	21,827,719,170	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	(17,795)	5,604,235,654	33,501,374,277	86,817,505	33,588,191,782
<b>Changes in Shareholders' Equity</b>														
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(22,699)	(22,699)
Add Profit for the period	-	-	-	3,157,189,544	-	-	-	-	-	-	-	3,157,189,544	11,976,857	3,169,166,401
Less Transfer revaluation surplus on disposed assets	-	-	-	39,857,000	-	-	(49,821,250)	9,964,250	-	-	(39,857,000)	-	-	-
Add Other comprehensive income for the period	-	-	-	94,744	327,254,255	(65,450,851)	-	-	104,776	(20,956)	261,887,224	261,981,968	7	261,981,975
<b>Balance as at March 31, 2017</b>	21,827,719,170	25,545,316,308	2,691,275,568	(18,970,031,135)	(1,302,580,168)	260,516,034	8,585,218,762	(1,717,043,752)	193,753	(38,751)	5,826,265,878	36,920,545,789	98,771,670	37,019,317,459
<b>Balance as at January 1, 2018</b>	21,827,719,170	25,545,316,308	2,691,275,568	(24,239,600,441)	(977,252,927)	195,450,586	8,585,218,762	(1,717,043,752)	521	(104)	6,086,373,086	31,911,083,691	101,714,295	32,012,797,986
<b>Changes in Shareholders' Equity</b>														
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(22,699)	(22,699)
Add Profit for the period	-	-	-	2,716,924,449	-	-	-	-	-	-	-	2,716,924,449	20,215,493	2,737,139,942
Less Transfer revaluation surplus on disposed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add Other comprehensive income for the period	-	-	-	-	7,975,513	(1,595,103)	-	-	85	(17)	6,380,478	6,380,478	-	6,380,478
<b>Balance as at March 31, 2018</b>	21,827,719,170	25,545,316,308	2,691,275,568	(21,522,675,992)	(969,277,414)	193,855,483	8,585,218,762	(1,717,043,752)	606	(121)	6,092,753,564	34,634,388,618	121,907,089	34,756,295,707

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

( Usanee Sangsingkeo )

Executive Vice President, Corporate Strategy and Sustainable Development  
Acting President

( Narongchai Wongthanavimok )

Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THREE-MONTH PERIOD ENDED MARCH 31, 2018**

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 gain (loss) on changes in fair value of cash flow hedges	Income tax related to Effective portion of gain (loss) on changes in fair value of cash flow hedges	Revaluation Surplus on assets	Income tax related to Revaluation Surplus on assets	Total Other Components of Equity	
<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> Profit for the period	-	-	-	3,433,707,902	-	-	-	-	-	3,433,707,902
<u>Less</u> Transfer revaluation surplus on disposed assets	-	-	-	39,857,000	-	-	(49,821,250)	9,964,250	(39,857,000)	-
<u>Add</u> Other comprehensive income for the period	-	-	-	-	327,254,255	(65,450,851)	-	-	261,803,404	261,803,404
<b>Balance as at March 31, 2017</b>	21,827,719,170	25,545,316,308	2,691,275,568	(17,321,362,595)	(1,302,580,168)	260,516,034	8,585,218,762	(1,717,043,752)	5,826,110,876	38,569,059,327
<b>Balance as at January 1, 2018</b>	21,827,719,170	25,545,316,308	2,691,275,568	(20,426,549,388)	(977,252,927)	195,450,586	8,585,218,762	(1,717,043,752)	6,086,372,669	35,724,134,327
<b>Changes in Shareholders' Equity</b>										
<u>Add</u> Profit for the period	-	-	-	2,993,935,029	-	-	-	-	-	2,993,935,029
<u>Less</u> Transfer revaluation surplus on disposed assets	-	-	-	-	-	-	-	-	-	-
<u>Add</u> Other comprehensive income for the period	-	-	-	-	7,975,513	(1,595,103)	-	-	6,380,410	6,380,410
<b>Balance as at March 31, 2018</b>	21,827,719,170	25,545,316,308	2,691,275,568	(17,432,614,359)	(969,277,414)	193,855,483	8,585,218,762	(1,717,043,752)	6,092,753,079	38,724,449,766

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

( Usanee Sangsingkeo )

Executive Vice President, Corporate Strategy and Sustainable Development  
Acting President

( Narongchai Wongthanavimok )

Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THREE-MONTH PERIOD ENDED MARCH 31, 2018**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>					
Profit before income tax expenses		1,946,099,832	2,927,390,854	2,191,800,904	3,183,248,747
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :					
Depreciation and amortization expenses		3,941,273,506	4,206,895,175	3,936,405,322	4,200,506,023
Aircraft lease fee		109,190,276	56,447,669	109,190,276	56,447,669
Share profit of investments in associates by equity method		(132,377,369)	(27,120,796)	-	-
Interest income		(39,939,985)	(29,482,523)	(38,163,020)	(28,085,888)
Interest expenses		1,194,392,320	1,259,235,202	1,194,392,320	1,259,235,202
Loss (Gain) on disposal of assets		(1,425,166)	19,044,494	(1,425,166)	19,044,452
Loss (Gain) on sales of aircraft		(10,161,857)	6,907,470	(10,161,857)	6,907,470
Gain on foreign currency exchange rates		(611,221,870)	(1,773,181,098)	(605,903,730)	(1,787,752,044)
Provision for employee benefits obligation		268,187,929	224,771,527	228,072,093	223,607,724
Provision for obsolete inventories and supplies		123,389,994	103,740,056	123,389,994	103,740,056
Doubtful accounts		28,310,833	(17,476,916)	28,100,600	(17,199,744)
Impairment loss of aircraft		2,449,385,224	859,727,115	2,449,385,224	859,727,115
Impairment loss of assets		23,116,179	157,294,964	23,116,179	157,294,964
Operating profits before changes in operating assets and liabilities		9,288,219,846	7,974,193,193	9,628,199,139	8,236,721,746
Decrease (increase) in operating assets :					
Trade receivables		(2,152,823,772)	(2,719,641,157)	(1,519,477,936)	(2,279,739,180)
Inventories and supplies		105,523,536	(233,307,875)	97,762,663	(233,046,496)
Prepaid expenses and deposits		(609,154,398)	(182,543,466)	(515,203,721)	(238,353,942)
Other current assets		(702,347,199)	6,145,286	(1,374,839,035)	(394,414,749)
Non-current assets held for sale		13,165,988	495,323,223	13,165,988	495,323,223
Maintenance Reserve		(825,762,178)	(807,724,946)	(837,056,194)	(681,192,346)
Other assets		(525,204,102)	(230,964,343)	(524,625,088)	(225,413,181)
Deferred charges		(787,037,348)	(661,593,440)	(797,019,988)	(665,104,006)
Increase (decrease) in operating liabilities :					
Trade payables		246,667,508	288,058,324	266,908,471	367,303,809
Accrued expenses and other current liabilities		(127,890,866)	1,494,165,457	(502,941,316)	1,550,780,846
Staff pension fund		78,290,919	33,961,888	78,290,919	33,961,888
Unearned transportation revenues		(2,079,396,633)	124,139,890	(2,090,373,512)	26,257,904
Other non-current liabilities		1,920,820,703	1,764,570,415	1,807,789,010	1,588,315,228
<b>Proceeds from operations</b>		3,843,072,004	7,344,782,449	3,730,579,400	7,581,400,744
Payment of income tax		(105,136,961)	(123,631,102)	(105,124,614)	(115,173,935)
<b>Net Cash provided by Operating Activities</b>		3,737,935,043	7,221,151,347	3,625,454,786	7,466,226,809

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



**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THREE-MONTH PERIOD ENDED MARCH 31, 2018**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Investing Activities</b>					
Cash paid for acquisition of fixed assets		(1,216,560,541)	(862,297,725)	(1,208,950,512)	(859,727,203)
Cash paid for intangible assets		(28,885,528)	(3,332,230)	(28,870,269)	(3,332,230)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment		100,407,530	-	100,407,530	-
Cash received from sales of assets		2,779,807	89,544,764	2,779,807	89,544,764
Interest income		19,885,619	19,130,355	20,042,339	17,541,000
Temporary investment increase		-	(10,000,000)	-	-
<b>Net Cash used in Investing Activities</b>		<b>(1,122,373,113)</b>	<b>(766,954,836)</b>	<b>(1,114,591,105)</b>	<b>(755,973,669)</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds from debentures		6,000,000,000	-	6,000,000,000	-
Proceeds from short-term loans		-	6,266,095,000	-	6,266,095,000
Proceeds from long-term loans		2,000,000,000	-	2,000,000,000	-
Proceeds from liabilities under finance leases		1,063,841,727	-	1,063,841,727	-
Cash paid for repayment of short-term loans		(5,328,167,000)	(7,218,150,000)	(5,328,167,000)	(7,218,150,000)
Cash paid for repayment of long-term loans		(1,097,056,114)	(1,622,056,114)	(1,097,056,114)	(1,622,056,114)
Cash paid for liabilities under finance leases		(2,644,435,538)	(2,512,321,479)	(2,644,435,538)	(2,512,321,479)
Cash paid for borrowings interest		(876,505,386)	(964,782,431)	(876,505,386)	(964,782,431)
Dividends paid		(26,600)	(19,384)	(26,600)	(19,384)
<b>Net Cash used in Financing Activities</b>		<b>(882,348,911)</b>	<b>(6,051,234,408)</b>	<b>(882,348,911)</b>	<b>(6,051,234,408)</b>
Net increase (decrease) in cash and cash equivalents		1,733,213,019	402,962,103	1,628,514,770	659,018,732
Cash and cash equivalents at the beginning of the period		15,229,686,324	13,389,710,774	14,022,787,581	11,925,036,967
		16,962,899,343	13,792,672,877	15,651,302,351	12,584,055,699
Effects of changes in foreign currency exchange rates on cash on hand and at banks increase (decrease)		8,801,035	(179,827,247)	5,773,825	(165,560,238)
<b>Cash and Cash Equivalents at the End of the period</b>		<b>16,971,700,378</b>	<b>13,612,845,630</b>	<b>15,657,076,176</b>	<b>12,418,495,461</b>
<b>Additional Information for Cash Flow</b>					
<b>Non-cash Transactions</b>					
Fixed assets unpaid		192,470,927	87,864,283	192,470,927	87,864,283
Assets under finance leases		3,010,343,699	-	3,010,343,699	-

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

( Usanee Sangsinkeo )

Executive Vice President, Corporate Strategy and Sustainable Development  
Acting President

( Narongchai Wongthanavimok )

Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**For the three-month period ended March 31, 2018 (unaudited but reviewed)**

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE – MONTH PERIOD ENDED MARCH 31, 2018 (unaudited but reviewed)**

**1. GENERAL INFORMATION**

Thai Airways International Public Company Limited (“the Company”) is incorporated as a public limited company in Thailand and is listed on the Stock Exchange of Thailand.

The address of its incorporated and registered office is as follow:

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

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

As at March 31, 2018, the Company had the routes network servicing to 61 destinations in 32 countries all over the world, whereas 4 destinations were domestic (excluding Bangkok).

**2. BASIS OF FINANCIAL STATEMENT 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), including Thai Accounting Standards which issued by the Accounting Profession Act B.E. 2547 (2004) and the Financial Reporting Requirements of the Securities and Exchange Commission, Thailand under the Securities and Exchange Act B.E. 2535 (1992).

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

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

Company’s Name	Type of Business	Located Country	Percentage of Share Holding	
			2018	2017
<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 specialized personnel services to the Company	Thailand	49%	49%
3. Thai Flight Training Company Limited	Aviation training services	Thailand	49%	49%
4. Thai Smile Airways Company Limited	Air transportation services	Thailand	100%	100%
<b>Held by the Subsidiary of the Company</b>				
A subsidiary held by WingSpan Services Company Limited				
- Tour Eung Luang Company Limited	Tourism Business	Thailand	49%	49%

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

The subsidiaries are controlled by the Company, the control occur when the Company has power over the subsidiaries ; exposure, or rights, to variable returns from its involvement with the subsidiaries ; ability to use its power over the subsidiaries to affect the amount of the Company's returns. 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 2017) Interim Financial Reporting. The Company presents items in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows which complied with TAS No. 1 (revised 2017) Presentation of Financial Statements, which are effective on January 1, 2018 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, 2017. 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, 2017.

### **3. FINANCIAL REPORTING STANDARD BEING EFFECTIVE IN THE FUTURE**

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

TFRS No. 15 (Revised 2018)

Revenue from contracts with customers

**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, 2017.

**5. BUSINESS TRANSFORMATION PLAN**

In 2018, the Company has implemented the transformation plan aiming at sustainable profit and increasing efficiencies and quality of services to the world top standard. There are 5 operating strategies as follows:

1. Aggressive profit – making from proactive marketing and competitive costs as well as apply the business model of low cost airline.
2. Development of business unit capability and opportunity to be profit center and improve asset management (Asset Lite).
3. Strategies for creating good customer experience – to create impressive and seamless service at each customer contact point to meet the needs of different group of customers.
4. Strategies for operating with innovation and digital application to increase operational efficiency and enhance business competitive advantage.
5. Strategies for Effective Human Capital Management – to improve the organizational structure and culture, leadership and human resources development to excellence.

**6. SUPPLEMENTARY INFORMATION**

**6.1 Cash and Cash Equivalents**

	<b>Unit : Million Baht</b>			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
Cash on hand - Domestic	16.33	12.68	15.48	12.04
Cash on hand - Abroad	18.70	24.74	18.70	24.74
Cash at banks - Domestic	9,727.94	4,561.61	8,414.09	3,357.48
Cash at banks - Abroad	<u>7,208.73</u>	<u>10,630.66</u>	<u>7,208.81</u>	<u>10,628.53</u>
<b>Total</b>	<b><u>16,971.70</u></b>	<b><u>15,229.69</u></b>	<b><u>15,657.08</u></b>	<b><u>14,022.79</u></b>

## 6.2 Trade Receivables

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
Aging Periods:				
Not over 6 months	13,437.13	11,493.11	12,729.46	11,349.57
Over 6 months to 1 year	167.46	101.57	167.45	101.57
Over 1 year to 2 years	78.81	138.17	78.65	138.03
Over 2 years	<u>1,028.48</u>	<u>965.57</u>	<u>999.35</u>	<u>935.05</u>
	14,711.88	12,698.42	13,974.91	12,524.22
<u>Less</u> Allowance for doubtful accounts	<u>(1,024.63)</u>	<u>(993.47)</u>	<u>(994.41)</u>	<u>(963.45)</u>
<b>Trade receivables - net</b>	<b><u>13,687.25</u></b>	<b><u>11,704.95</u></b>	<b><u>12,980.50</u></b>	<b><u>11,560.77</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

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
Tax refund	1,055.57	952.98	1,055.57	952.98
Cash on hand and at banks of pension fund	3,982.89	3,942.10	3,982.89	3,942.10
Others	<u>7,492.25</u>	<u>6,835.04</u>	<u>14,897.86</u>	<u>13,555.75</u>
<b>Total</b>	<b><u>12,530.71</u></b>	<b><u>11,730.12</u></b>	<b><u>19,936.32</u></b>	<b><u>18,450.83</u></b>

## 6.4 Non-current assets held for sale

	Unit : Million Baht				
	Aircraft	Engines	Land Revalued in year 2015	Other assets	Total
As at January 1, 2018	-	-	200.81	-	200.81
- Additions	3.00	-	38.91	0.01	41.92
- Disposals	(3.00)	-	-	(0.01)	(3.01)
<b>As at March 31, 2018</b>	-	-	<b>239.72</b>	-	<b>239.72</b>

## 6.5 Investments

### Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
			Cost Method		Equity Method		Mar 31, 2018	Mar 31, 2017
	Mar 31, 2018	Dec 31, 2017	Mar 31, 2018	Dec 31, 2017	Mar 31, 2018	Dec 31, 2017		
<b>6.5.1 Investments in associated companies recorded by equity method</b>								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at March 31, 2018 amount of THB 911.25 million and as at December 31, 2017 amount of THB 838.13 million)	24.00	24.00	225.00	225.00	290.93	278.46	12.47	11.13
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	116.09	109.56	6.52	7.11
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at March 31, 2018 amount of THB 4,146.71 million and as at December 31, 2017 amount of THB 5,384.97 million)	22.59	22.59	115.19	115.19	1,259.59	1,181.45	78.15	76.76
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	346.65	325.13	21.53	33.53
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	259.99	246.02	13.97	13.81
Nok Airlines Public Company Limited and its subsidiaries (Fair value as at March 31, 2018 amount of THB 1,525.80 million and as at December 31, 2017 amount of THB 1,684.33 million)	21.80	21.80	735.59	735.59	<u>1,254.07</u>	<u>1,254.33</u>	<u>(0.26)</u>	<u>(115.12)</u>
<b>Total investments recorded by equity method</b>					<b><u>3,527.32</u></b>	<b><u>3,394.95</u></b>	<b><u>132.38</u></b>	<b><u>27.22</u></b>
<b>6.5.2 Other long-term investments recorded by cost method</b>								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934			-	-
Aeronautical Radio of Thailand Limited	1.45	1.45	9.54	9.54			-	-
SITA Investment Certificate	-	-	25.05	26.22			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			-	-
SITA Information Networking Computing	-	-	28.40	29.73			-	-
Other Shares	-	-	2.72	2.74			-	-
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>			-	-
<b>Total other long-term investments</b>			<b><u>68.47</u></b>	<b><u>70.99</u></b>			<b><u>-</u></b>	<b><u>-</u></b>

Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
	Mar 31, 2018	Dec 31, 2017	Cost Method		Mar 31, 2018	Mar 31, 2017
			Mar 31, 2018	Dec 31, 2017		
<b>6.5.1 Investments recorded by cost method</b>						
<b>Subsidiary Companies</b>						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	-	-
WingSpan Services Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Flight Training Company Limited	49.00	49.00	0.98	0.98	-	-
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>-</b>	<b>-</b>
<b>Associated Companies</b>						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value as at March 31, 2018 amount of THB 911.25 million and as at December 31, 2017 amount of THB 838.13 million)	24.00	24.00	225.00	225.00	-	-
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	-	-
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at March 31, 2018 amount of THB 4,146.71 million and as at December 31, 2017 amount of THB 5,384.97 million)	22.59	22.59	115.19	115.19	-	-
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	-	-
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited and its subsidiaries (Fair value as at March 31, 2018 amount of THB 1,525.80 million and as at December 31, 2017 amount of THB 1,684.33 million)	21.80	21.80	<u>735.59</u>	<u>735.59</u>	-	-
<b>Total</b>			<b><u>1,459.11</u></b>	<b><u>1,459.11</u></b>	<b>-</b>	<b>-</b>
<b>Total investments recorded by cost method</b>			<b><u>3,269.32</u></b>	<b><u>3,269.32</u></b>	<b>-</b>	<b>-</b>
<b>6.5.2 Other long-term investments recorded by cost method</b>						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934	-	-
Aeronautical Radio of Thailand Limited	0.97	0.97	6.43	6.43	-	-
SITA Investment Certificate	-	-	25.05	26.22	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	-	-
SITA Information Networking Computing	-	-	28.40	29.73	-	-
Other Shares	-	-	2.72	2.74	-	-
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>	-	-
<b>Total other long-term investments</b>			<b><u>65.35</u></b>	<b><u>67.88</u></b>	<b>-</b>	<b>-</b>



## Control of the Subsidiaries

The Company holds more than 50 percent of total shares of the subsidiary or has power over the subsidiary. The Company is entitled to appoint board of directors who have voting rights and ability to direct the relevant activities of the subsidiary in accordance with the proportion of shareholding or the terms of shareholders' agreement. As a result, the Company holds the majority of voting rights in the board of directors' meeting.

### 6.5.3 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	378.25	110.78	97.40	44.88
WingSpan Services Company Limited	587.17	417.13	266.92	(21.20)
Thai Flight Training Company Limited	72.83	14.93	20.52	6.08
Tour Eurng Luang Company Limited	15.73	11.33	0.52	0.14
Thai Smile Airways Company Limited	6,340.16	11,064.72	3,004.18	(383.38)

Unit : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<b><u>Associated Companies</u></b>				
Royal Orchid Hotel (Thailand) Public Company Limited	1,190.38	230.35	269.47	51.95
Donmuang International Airport Hotel Company Limited	393.30	102.74	106.67	17.98
Bangkok Aviation Fuel Services Public Company Limited	13,621.29	5,724.78	977.58	345.93
Phuket Air Catering Company Limited	1,233.55	75.03	207.32	71.76
Suvarnabhumi Airport Hotel Company Limited	1,391.75	518.48	262.12	46.56
Nok Airlines Public Company Limited and its subsidiaries	7,244.86	6,555.03	6,083.13	(1.18)

Suvarnabhumi Airport Hotel Company Limited has a reporting period as at September 30, corresponds with a reporting period of Airport of Thailand Public Company Limited, a major shareholder of Suvarnabhumi Airport Hotel Company Limited.

## 6.6 Significant Transactions with Related Parties

### 6.6.1 Related Transactions with Major Shareholder

#### 6.6.1.1 Short-term loans from related party

Unit : Million Baht		
	Mar 31, 2018	Dec 31, 2017
Foreign loans via the Ministry of Finance	-	<u>4,270.14</u>
<b>Total</b>	<u>-</u>	<u><b>4,270.14</b></u>

6.6.1.2 Long-term loans from related party

<b>Unit : Million Baht</b>		
	<b>Mar 31, 2018</b>	<b>Dec 31, 2017</b>
Foreign loans via the Ministry of Finance	16,983.26	15,102.67
Loans via domestic banks	<u>870.61</u>	<u>-</u>
<b>Total</b>	<b><u>17,853.87</u></b>	<b><u>15,102.67</u></b>

**6.6.2 Related Transactions with Subsidiary Companies**

6.6.2.1 Loans to Subsidiary

<b>Unit : Million Baht</b>		
	<b>Mar 31, 2018</b>	<b>Dec 31, 2017</b>
WingSpan Services Company Limited	<u>45.00</u>	<u>45.00</u>
<b>Total</b>	<b><u>45.00</u></b>	<b><u>45.00</u></b>

6.6.2.2 Sales and Purchases

<b>Unit : Million Baht</b>				
	<b>Mar 31, 2018</b>		<b>Mar 31, 2017</b>	
	<b>Sales</b>	<b>Purchases</b>	<b>Sales</b>	<b>Purchases</b>
Thai-Amadeus Southeast Asia Company Limited	0.72	-	0.38	-
WingSpan Services Company Limited	1.69	261.47	0.76	263.99
Thai Flight Training Company Limited	9.46	-	2.97	0.06
Tour Eurng Luang Company Limited	12.79	0.02	18.89	0.02
Thai Smile Airways Company Limited	2,417.97	1,227.42	2,107.50	101.43

6.6.2.3 Account Receivables and Account Payables

<b>Unit : Million Baht</b>				
	<b>Mar 31, 2018</b>		<b>Dec 31, 2017</b>	
	<b>Account Receivables</b>	<b>Account Payables</b>	<b>Account Receivables</b>	<b>Account Payables</b>
Thai-Amadeus Southeast Asia Company Limited	10.72	0.16	0.01	0.16
WingSpan Services Company Limited	345.65	394.03	393.18	427.69
Thai Flight Training Company Limited	5.97	0.18	0.10	0.18
Tour Eurng Luang Company Limited	0.79	0.004	0.45	0.004
Thai Smile Airways Company Limited	8,649.18	2,070.74	7,951.12	2,106.47

Related account receivables and account payables of WingSpan Service Co., Ltd. included prepaid and accrued expenses in the amount of THB 297.79 million and THB 388.71 million, respectively.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. included accrued income and accrued expenses in the amount of THB 152.73 million and THB 2,069.96 million, respectively.

#### 6.6.2.4 Aircraft Lease

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. As at March 31, 2018, a total of such aircraft were 20 aircraft consisting of 15 aircraft under operating lease agreement with monthly lease payment and 5 aircraft under finance lease agreement with quarterly lease payment. The sublease term shall continue for the entire term of the main lease agreement.

### 6.6.3 Related Transactions with Associated Companies

#### 6.6.3.1 Sales and Purchases

	<b>Unit : Million Baht</b>			
	<b>Mar 31, 2018</b>		<b>Mar 31, 2017</b>	
	<b>Sales</b>	<b>Purchases</b>	<b>Sales</b>	<b>Purchases</b>
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.16	-	0.83
Donmuang International Airport Hotel Company Limited	-	0.003	-	-
Bangkok Aviation Fuel Services Public Company Limited	(0.003)	95.87	0.02	104.85
Phuket Air Catering Company Limited	1.06	38.41	0.12	12.02
Suvarnabhumi Airport Hotel Company Limited	-	5.65	-	6.03
Nok Airlines Public Company Limited and its subsidiaries	68.23	-	27.69	0.01

#### 6.6.3.2 Account Receivables and Account Payables

	<b>Unit : Million Baht</b>			
	<b>Mar 31, 2018</b>		<b>Dec 31, 2017</b>	
	<b>Account Receivables</b>	<b>Account Payables</b>	<b>Account Receivables</b>	<b>Account Payables</b>
Royal Orchid Hotel (Thailand) Public Company Limited	-	-	-	0.04
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	0.06	-	0.06	-
Phuket Air Catering Company Limited	0.72	18.27	0.03	7.95
Suvarnabhumi Airport Hotel Company Limited	-	1.05	-	0.30
Nok Airlines Public Company Limited and its subsidiaries	70.29	-	53.14	-

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

## 6.7 Property, Plant and Equipment

### Consolidated Financial Statements As at March 31, 2018

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, 2018, as previous period	6,123.73	131,482.17	162,019.28	33,222.04	599.09	9,035.06	2,119.19	10,809.16	4,769.11	31,195.61	<b>391,374.44</b>
Less Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	<b>(900.66)</b>
As at January 1, 2018 - after adjustment	6,123.73	130,581.51	162,019.28	33,222.04	599.09	9,035.06	2,119.19	10,809.16	4,769.11	31,195.61	<b>390,473.78</b>
- Additions	58.16	36.59	3,252.55	2,178.24	613.87	-	-	-	17.04	172.42	<b>6,328.87</b>
- Adjust/Transfers	(3,326.92)	-	2,322.01	-	(526.59)	-	-	-	(7.28)	(58.77)	<b>(1,597.55)</b>
- Disposals/ Write off	-	(31.28)	(81.25)	(161.53)	-	-	-	-	-	(15.81)	<b>(289.87)</b>
As at March 31, 2018	<b>2,854.97</b>	<b>130,586.82</b>	<b>167,512.59</b>	<b>35,238.75</b>	<b>686.37</b>	<b>9,035.06</b>	<b>2,119.19</b>	<b>10,809.16</b>	<b>4,778.87</b>	<b>31,293.45</b>	<b>394,915.23</b>
<b>Accumulated depreciation</b>											
As at January 1, 2018, as previous period	-	89,296.63	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,625.73	28,367.87	<b>203,271.83</b>
Less Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	<b>(900.66)</b>
As at January 1, 2018 - after adjustment	-	88,395.97	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,625.73	28,367.87	<b>202,371.17</b>
- Depreciation	-	1,316.85	1,959.40	310.87	-	-	3.43	56.71	20.47	209.60	<b>3,877.33</b>
- Adjust/Transfers	-	-	-	(13.55)	-	-	-	-	(7.28)	(58.76)	<b>(79.59)</b>
- Disposals/ Write off	-	(31.28)	(81.25)	(114.05)	-	-	-	-	-	(15.19)	<b>(241.77)</b>
As at March 31, 2018	-	<b>89,681.54</b>	<b>50,677.59</b>	<b>23,813.31</b>	-	-	<b>2,075.95</b>	<b>6,536.31</b>	<b>4,638.92</b>	<b>28,503.52</b>	<b>205,927.14</b>
<b>Carrying amount</b>											
As at December 31, 2017	<b>6,123.73</b>	<b>42,185.54</b>	<b>113,219.84</b>	<b>9,592.00</b>	<b>599.09</b>	<b>9,035.06</b>	<b>46.67</b>	<b>4,329.56</b>	<b>143.38</b>	<b>2,827.74</b>	<b>188,102.61</b>
As at March 31, 2018	<b>2,854.97</b>	<b>40,905.28</b>	<b>116,835.00</b>	<b>11,425.44</b>	<b>686.37</b>	<b>9,035.06</b>	<b>43.24</b>	<b>4,272.85</b>	<b>139.95</b>	<b>2,789.93</b>	<b>188,988.09</b>

**Separate Financial Statements  
As at March 31, 2018**

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, 2018, as previous period	6,123.73	131,482.17	162,019.28	33,222.04	587.47	9,035.06	2,119.19	10,809.16	4,742.89	31,100.29	<b>391,241.28</b>
Less Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	<b>(900.66)</b>
As at January 1, 2018 - after adjustment	6,123.73	130,581.51	162,019.28	33,222.04	587.47	9,035.06	2,119.19	10,809.16	4,742.89	31,100.29	<b>390,340.62</b>
- Adjust/Transfers	58.16	36.59	3,252.55	2,178.24	606.67	-	-	-	16.99	172.07	<b>6,321.27</b>
- Additions	(3,326.92)	-	2,322.01	-	(526.59)	-	-	-	(7.28)	(58.77)	<b>(1,597.55)</b>
- Disposals/ Write off	-	(31.28)	(81.25)	(161.53)	-	-	-	-	-	(15.81)	<b>(289.87)</b>
As at March 31, 2018	<b>2,854.97</b>	<b>130,586.82</b>	<b>167,512.59</b>	<b>35,238.75</b>	<b>667.55</b>	<b>9,035.06</b>	<b>2,119.19</b>	<b>10,809.16</b>	<b>4,752.60</b>	<b>31,197.78</b>	<b>394,774.47</b>
<b>Accumulated depreciation</b>											
As at January 1, 2018, as previous period	-	89,296.63	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,608.81	28,287.16	<b>203,174.20</b>
Less Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	<b>(900.66)</b>
As at January 1, 2018 - after adjustment	-	88,395.97	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,608.81	28,287.16	<b>202,273.54</b>
- Depreciation	-	1,316.85	1,959.40	310.87	-	-	3.43	56.71	18.44	208.60	<b>3,874.30</b>
- Adjust/Transfers	-	-	-	(13.55)	-	-	-	-	(7.28)	(58.76)	<b>(79.59)</b>
- Disposals/ Write off	-	(31.28)	(81.25)	(114.05)	-	-	-	-	-	(15.19)	<b>(241.77)</b>
As at March 31, 2018	-	<b>89,681.54</b>	<b>50,677.59</b>	<b>23,813.31</b>	-	-	<b>2,075.95</b>	<b>6,536.31</b>	<b>4,619.97</b>	<b>28,421.81</b>	<b>205,826.48</b>
<b>Carrying amount</b>											
As at December 31, 2017	<b>6,123.73</b>	<b>42,185.54</b>	<b>113,219.84</b>	<b>9,592.00</b>	<b>587.47</b>	<b>9,035.06</b>	<b>46.67</b>	<b>4,329.56</b>	<b>134.08</b>	<b>2,813.13</b>	<b>188,067.08</b>
As at March 31, 2018	<b>2,854.97</b>	<b>40,905.28</b>	<b>116,835.00</b>	<b>11,425.44</b>	<b>667.55</b>	<b>9,035.06</b>	<b>43.24</b>	<b>4,272.85</b>	<b>132.63</b>	<b>2,775.97</b>	<b>188,947.99</b>

As at March 31, 2018, there were 104 aircraft represented in the Company's fleet, consisting of 29 own aircraft, 36 aircraft under finance leases and 39 aircraft under operating leases.

From the total of aircraft represented in the Company's fleet, there were 2 own aircraft pledged as collateral with the carrying amount of THB 4,640.76 million and 36 aircraft under finance lease with carrying amount of THB 116,835.01 million, totaling 38 aircraft were pledged as collateral for liabilities. The ownership of these aircraft under finance lease will be transferred to the Company when the conditions, terms and payments are paid and fulfilled by the end of lease term.

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

The Company uses buildings and equipment that are now fully depreciated with historical cost of THB 84,945.29 million including the leasehold buildings amount of THB 3,935.16 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 ownership of the buildings and component parts will be passed to the Ministry of Finance at the end of the lease term.

The measurement of the Company's domestic and abroad land had been changed from historical cost model of THB 899.85 million to revaluation model of THB 9,035.06 million, consisting of land in Bangkok, other provinces and abroad in amount of THB 8,007.24 million, THB 301.66 million and THB 726.16 million, respectively, which excluded land classified as non-current assets held for sale with the carrying amount of THB 239.72 million and land presented in other non-current assets with the carrying amount of THB 242.83 million. The revaluation was done in September 2015 by the appraiser qualified by the Securities and Exchange Commission, Thailand (SEC.).

## 6.8 Intangible Assets

Unit : Million Baht

	Consolidated Financial Statements	Separate Financial Statements
<b>Cost</b>		
As at January 1, 2018	3,544.95	3,506.27
- Adjust/Transfers	(0.75)	(0.75)
- Additions	29.70	29.68
- Disposals/ Write off	(0.07)	(0.07)
As at March 31, 2018	3,573.83	3,535.13
<b>Accumulated amortization</b>		
As at January 1, 2018	3,112.45	3,087.60
- Amortization	63.95	62.10
- Adjust/Transfers	(0.75)	(0.75)
- Disposals/ Write off	(0.07)	(0.07)
As at March 31, 2018	3,175.58	3,148.88
<b>Carrying amount</b>		
As at December 31, 2017	<b>432.50</b>	<b>418.67</b>
As at March 31, 2018	<b>398.25</b>	<b>386.25</b>

## 6.9 Deferred Tax Assets , Deferred Tax Liabilities

Deferred tax assets and Deferred tax liabilities arising from the temporary differences between the carrying amount and tax base of assets and liabilities in the statements of financial position were as follows:

### 6.9.1 Deferred Tax Assets

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>Financial Statements</b>		<b>Separate</b>	
	<b>Mar 31, 2018</b>	<b>Dec 31, 2017</b>	<b>Mar 31, 2018</b>	<b>Dec 31, 2017</b>
Contribution to staff provident fund	41.91	41.95	41.91	41.95
Contribution to staff pension fund	186.84	173.20	186.84	173.20
Allowance for obsolete inventories	838.19	817.02	838.19	817.02
Allowance for doubtful accounts	272.98	268.23	268.72	264.01
Allowance for impairment of assets	5,072.62	4,607.25	5,072.62	4,607.25
Estimated accrual expenses	2,289.34	2,047.84	2,283.49	2,042.00
Intangible assets	6.91	7.70	6.91	7.70
Provisions for employee benefits	2,564.81	2,518.88	2,560.28	2,514.67
Effective portion of changes in fair value of cash flow hedges	193.86	195.45	193.86	195.45
Others	1.72	1.71	-	-
<b>Total</b>	<b><u>11,469.18</u></b>	<b><u>10,679.23</u></b>	<b><u>11,452.82</u></b>	<b><u>10,663.25</u></b>

### 6.9.2 Deferred Tax Liabilities

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>Financial Statements</b>		<b>Separate</b>	
	<b>Mar 31, 2018</b>	<b>Dec 31, 2017</b>	<b>Mar 31, 2018</b>	<b>Dec 31, 2017</b>
Intangible assets	60.80	74.30	60.80	74.30
Revaluation surplus	<u>1,717.05</u>	<u>1,717.05</u>	<u>1,717.05</u>	<u>1,717.05</u>
<b>Total</b>	<b><u>1,777.85</u></b>	<b><u>1,791.35</u></b>	<b><u>1,777.85</u></b>	<b><u>1,791.35</u></b>

Tax rate used for measuring deferred tax assets and liabilities was 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>Mar 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
Deferred charges	2,508.59	2,569.35	2,400.23	2,451.01
Deferred buyer furnished equipment for aircraft under operating lease	4,782.19	4,140.17	4,782.19	4,140.17
Maintenance reserve	10,733.87	10,388.15	10,730.87	10,373.86
Non-performing assets	6,134.75	8,626.03	6,134.75	8,626.03
Others	<u>1,380.28</u>	<u>855.01</u>	<u>1,335.89</u>	<u>811.26</u>
<b>Total</b>	<b><u>25,539.68</u></b>	<b><u>26,578.71</u></b>	<b><u>25,383.93</u></b>	<b><u>26,402.33</u></b>

Maintenance reserves is collected by lessor to accrue for the scheduled major maintenance events as specified by lease agreement.

Non-performing assets consisted of :

Unit : Million Baht					
	Aircraft	Engines	Land Revalued in year 2015	Other assets	Total
As at January 1, 2018	7,697.86	584.58	281.74	61.85	8,626.03
- Additions	-	-	-	0.03	0.03
- Impairment	(2,449.39)	-	-	-	(2,449.39)
- Disposals	(3.00)	-	(38.91)	(0.01)	(41.92)
<b>As at March 31, 2018</b>	<b>5,245.47</b>	<b>584.58</b>	<b>242.83</b>	<b>61.87</b>	<b>6,134.75</b>

## 6.11 Liquidity Management

In the first quarter of 2018, the Company acquired financing through long-term loans as follows:

1. Acquired long-term financing from related businesses to be used for spare parts and engines purchases for aircraft according to investment plan.
2. Acquired aircraft financing through asset based financing.
3. Issued THB 6,000 million debentures in February 2018, for redemption the debentures at maturity.

Furthermore, one of the related business has approved the extension of the expiring credit line of THB 7,000 million for the Company.

The Company's net cash used in financing activities amounted to THB 882.35 million due to short-term and long-term loans repayments with interest, net cash used in investing activities amounted to THB 1,114.59 million due to investment in property, plant and equipment as well as net cash provided by operating activities amounted to THB 3,625.46 million. As a result, cash and cash equivalents as at March 31, 2018 increased by THB 1,628.52 million from December 31, 2017.

## 6.12 Staff Pension Fund Consolidated and Separate financial statements

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

	<b>Unit : Million Baht</b>	
	<b><u>Mar 31, 2018</u></b>	<b><u>Dec 31, 2017</u></b>
Current assets	3,982.89	3,942.10
Others	<u>26.45</u>	<u>22.70</u>
<b>Total</b>	<b><u>4,009.34</u></b>	<b><u>3,964.80</u></b>
Other current liabilities	139.95	173.70
Pension fund	<u>3,869.39</u>	<u>3,791.10</u>
<b>Total</b>	<b><u>4,009.34</u></b>	<b><u>3,964.80</u></b>

As at March 31, 2018, the fund balance was THB 3,869.39 million and was equal to the Company's obligation to its staff under the fund. (The total Company's contribution to the staff pension fund in this period was THB 75.21 million, consisting of contribution at a rate equivalent to 10% of employee salaries in the amount of THB 39.39 million and the shortfall of available fund against its obligation in the amount of THB 35.82 million.)

### 6.13 Employee Benefits Obligation Separate financial statements

Changes in present value of employee benefits obligation

	Unit : Million Baht			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>Financial Statements</b>		<b>Financial Statements</b>	
	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
Beginning Balance - Employee benefits obligation	12,594.37	11,920.07	12,573.33	11,903.86
Current service cost	169.00	520.04	129.01	515.76
Interest cost	99.19	379.05	99.06	378.66
Benefits paid	-	(224.95)	-	(224.95)
Actuarial losses	-	0.16	-	-
<b>Ending Balance - Employee benefits obligation</b>	<b><u>12,862.56</u></b>	<b><u>12,594.37</u></b>	<b><u>12,801.40</u></b>	<b><u>12,573.33</u></b>

#### Principal actuarial assumptions :

	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
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	TMO17	TMO17

#### Sensitivity analysis :

The actuarial assumptions of the 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.

The effect of changes in Principal actuarial assumptions to the Present Value of the Employee benefits obligation as at March 31, 2018 :

	Unit : Million Baht	
	<b>Changes in present value of</b>	
	<b>employee benefits obligation</b>	
	<u>Increase in</u>	<u>Decrease in</u>
	<u>assumption 1%</u>	<u>assumption 1%</u>
Discount rate	(392.25)	486.79
Average salary increase rates	251.26	(221.36)
Medical cost inflation	210.30	(160.60)

## 6.14 Long-Term Provision

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
Long-term provision at the beginning balance	10,310.08	7,365.83	9,318.99	7,034.08
Movements during the period	<u>1,551.80</u>	<u>2,944.25</u>	<u>1,377.94</u>	<u>2,284.91</u>
Long-term provision at the ending balance	<b><u>11,861.88</u></b>	<b><u>10,310.08</u></b>	<b><u>10,696.93</u></b>	<b><u>9,318.99</u></b>

Long-term provision as at March 31, 2018 (Separate financial statements) consisted of:

6.14.1 The Court of First Instance and the Court of Appeal has rendered a judgment ordering the Company to pay for damages, return cash guarantee or fines in the amount of THB 3.19 million. At present, the case is under the Supreme Court's consideration.

6.14.2 The Company recognized long term provision for future repair and maintenance cost of aircraft as of March 31, 2018 in the amount of THB 10,693.74 million. This represented the obligation under operating lease as to major maintenance cost of aircrafts, engines, and other major components over the leasing periods and the obligation to restore aircraft conditions at the end of the lease period. The measurement of the provision based on the assumptions of flight hours, flight cycles, maintenance schedules and period of operating lease. The estimated maintenance costs were recorded over the period that the aircraft have been used which comprised aircraft restoration costs (D-Check) and other major components restoration costs of THB 4,666.61 million, engine restoration costs of THB 5,909.24 million (engines under operating leases of THB 4,741.75 million and under finance leases of THB 1,167.49 million) and return conditions cost of THB 117.89 million.

## 6.15 Share Capital

As at March 31, 2018, the Company has authorized ordinary shares in amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.00 million, issued and paid-up ordinary shares in amount of THB 21,827.72 million.

### 6.16 Other Income - Others

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017
Revenue from other services of Aircraft Maintenance Department	158.42	208.92	158.42	208.92
Compensation revenue from the delay delivery of aircraft	86.37	-	86.37	-
Other fine revenue	57.90	55.38	57.90	55.38
Insurance compensation from the flood disaster	-	98.93	-	98.93
Revenue from Royal Orchid Lounge service	29.63	24.63	29.63	24.63
Revenue from service to Thai Smile Airways	-	-	12.88	17.52
Revenue from management services at Suvarnabhumi Airport	17.15	16.48	17.15	16.48
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	35.79	19.35	35.79	19.35
Revenue from in- flight Internet service	5.45	-	5.45	-
Others	167.35	90.98	173.09	77.10
<b>Total</b>	<b>558.06</b>	<b>514.67</b>	<b>576.68</b>	<b>518.31</b>

### 6.17 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017
Personnel expenses	7,130.14	7,310.02	6,994.38	7,179.55
Employee benefits	268.19	224.77	228.07	223.61
Executive remuneration	15.46	17.86	13.77	16.40
Board of directors remuneration	4.40	5.36	3.61	4.74
<b>Total</b>	<b>7,418.19</b>	<b>7,558.01</b>	<b>7,239.83</b>	<b>7,424.30</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 had compared the carrying amount of decommissioned aircraft with the recoverable amount, it appeared that the recoverable amount was lower than the carrying amount. Therefore, the Company recognized the impairment losses of 15 aircraft in the statement of profit or loss and other comprehensive income for the three month period ended March 31, 2018 amounting to THB 2,449.39 million, which consist of 3 A330-300, 3 A340-500, 6 A340-600 and 1 B737-400 and 2 B747-400, this impairment loss is mainly due to the current market value of a specific aircraft published by world fleet which the Company uses as a reference to determine aircraft recoverable amount as of March 31, 2018 declined by 2.08 – 60.40% from December 31, 2017.

## 6.19 Other Expenses

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017
Rentals and utilities	543.44	618.64	543.44	618.64
Office supplies	27.92	42.59	27.92	42.59
Repair of building and equipment	149.95	163.72	149.95	163.72
Outsource services	452.79	457.31	452.79	457.31
Consultant and service fees	148.37	65.90	148.37	65.90
Legal fee for Antitrust/ Competition Law	5.50	5.70	5.50	5.70
Computer service expenses	185.36	120.96	185.36	120.96
Rental of communication devices and office equipment	49.81	48.37	49.81	48.37
Travelling and transportation expenses	111.18	122.53	111.18	122.53
Concession fees	108.10	99.53	108.10	99.53
Passenger claim expenses	88.34	81.89	88.34	81.89
Obsolete inventories and supplies expenses	123.39	103.74	123.39	103.74
Service cargo expenses	76.55	30.83	76.55	30.83
Joint venture expenses in Star Alliance	17.99	1.89	17.99	1.89
Company business and municipal taxes	27.62	38.65	27.62	38.65
Bad debts and provision for bad debts	28.31	(17.20)	28.10	(17.20)
Service fee for IT Hosting system	22.02	22.43	22.02	22.43
Fine and interest expenses	14.90	-	14.90	-
Fund of Empowerment of person with disabilities	13.01	-	13.01	-
Others	138.65	204.26	38.26	95.97
<b>Total</b>	<b>2,333.20</b>	<b>2,211.74</b>	<b>2,232.60</b>	<b>2,103.45</b>

## 6.20 Income Tax Revenue

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017
Tax expense from taxable profit for the period	14.00	11.34	2.53	2.43
<u>Add</u> (less): deferred tax asset/ liability from temporary different increase/ decrease	(805.04)	(253.12)	(804.66)	(252.89)
<b>Net Income Tax Revenue</b>	<b>(791.04)</b>	<b>(241.78)</b>	<b>(802.13)</b>	<b>(250.46)</b>

## 6.21 Earnings Per Share

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

### Consolidated Financial Statements For the three-month period ended March 31, 2018

	<u>Profit</u>		<u>Number of Shares</u>		<u>Earnings per Share</u>	
	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings per Share</b>						
Profits attributable to owners of the parent	2,716.92	3,157.19	2,182.77	2,182.77	1.24	1.45

### Separate Financial Statements For the three-month period ended March 31, 2018

	<u>Profit</u>		<u>Number of Shares</u>		<u>Earnings per share</u>	
	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
<b>Basic Earnings per Share</b>						
Profits attributable to owners of the parent	2,993.94	3,433.71	2,182.77	2,182.77	1.37	1.57

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

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

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

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

### 6.22.1 Financial Information by Segment Consolidated financial statements

#### Statements of Profit or Loss For the three - month period ended March 31, 2018

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>
External Revenue	49,450.97	46,320.10	2,758.59	2,543.06	698.28	426.06	52,907.84	49,289.22
Inter - segment revenue (expenses)	(3,618.21)	(3,654.71)	2,551.29	2,501.39	1,066.92	1,153.32	-	-
Interest income	38.16	28.08	-	-	1.78	1.40	39.94	29.48
Gain (loss) on foreign currency exchange	577.68	1,580.82	-	-	5.64	(20.76)	583.32	1,560.06
Other income	<u>551.09</u>	<u>508.20</u>	<u>22.94</u>	<u>8.23</u>	<u>(15.97)</u>	<u>(1.76)</u>	<u>558.06</u>	<u>514.67</u>
<b>Total Revenue</b>	<b><u>46,999.69</u></b>	<b><u>44,782.49</u></b>	<b><u>5,332.82</u></b>	<b><u>5,052.68</u></b>	<b><u>1,756.65</u></b>	<b><u>1,558.26</u></b>	<b><u>54,089.16</u></b>	<b><u>51,393.43</u></b>
Fuel expense	(13,075.47)	(12,089.23)	-	-	(958.13)	(755.49)	(14,033.60)	(12,844.72)
Employee benefits expenses	(4,296.49)	(4,602.92)	(1,745.71)	(1,681.56)	(1,375.99)	(1,273.52)	(7,418.19)	(7,558.00)
Flight service expenses	(5,269.65)	(5,395.72)	(11.52)	(13.32)	(316.74)	(193.62)	(5,597.91)	(5,602.66)
Depreciation and amortization expenses	(3,613.76)	(3,833.70)	(93.48)	(134.68)	(234.03)	(238.51)	(3,941.27)	(4,206.89)
Impairment loss of assets and aircraft	(2,472.50)	(1,017.02)	-	-	-	-	(2,472.50)	(1,017.02)
Other expenses	(14,473.68)	(12,995.08)	(1,815.79)	(1,792.79)	(1,328.11)	(1,216.76)	(17,617.58)	(16,004.63)
Finance costs	(1,194.39)	(1,259.24)	-	-	-	-	(1,194.39)	(1,259.24)
Share of profit on investment in associates	<u>132.38</u>	<u>27.12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132.38</u>	<u>27.12</u>
<b>Total Expenses</b>	<b><u>(44,263.56)</u></b>	<b><u>(41,165.79)</u></b>	<b><u>(3,666.50)</u></b>	<b><u>(3,622.35)</u></b>	<b><u>(4,213.00)</u></b>	<b><u>(3,677.90)</u></b>	<b><u>(52,143.06)</u></b>	<b><u>(48,466.04)</u></b>
<b>Profit (loss) before Income Tax Expense</b>	<b><u>2,736.13</u></b>	<b><u>3,616.70</u></b>	<b><u>1,666.32</u></b>	<b><u>1,430.33</u></b>	<b><u>(2,456.35)</u></b>	<b><u>(2,119.64)</u></b>	<b><u>1,946.10</u></b>	<b><u>2,927.39</u></b>
Income tax revenue (expense)	<u>802.13</u>	<u>250.46</u>	<u>-</u>	<u>-</u>	<u>(11.09)</u>	<u>(8.68)</u>	<u>791.04</u>	<u>241.78</u>
<b>Gain (loss) by segments</b>	<b><u>3,538.26</u></b>	<b><u>3,867.16</u></b>	<b><u>1,666.32</u></b>	<b><u>1,430.33</u></b>	<b><u>(2,467.44)</u></b>	<b><u>(2,128.32)</u></b>	<b><u>2,737.14</u></b>	<b><u>3,169.17</u></b>

**Assets and Liabilities  
As at March 31, 2018**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
Current assets	42,011.86	38,549.58	671.95	673.70	6,395.07	5,837.54	49,078.88	45,060.82
Investments	3,591.66	3,461.80	-	-	4.13	4.13	3,595.79	3,465.93
Property, plant and equipment	181,102.10	179,986.65	5,203.81	5,302.29	2,682.18	2,813.67	188,988.09	188,102.61
Other non-current assets	36,389.12	36,713.37	0.02	0.05	1,017.97	977.03	37,407.11	37,690.45
Non-allocated assets	-	-	-	-	-	-	<u>7,099.39</u>	<u>6,454.74</u>
<b>Total assets</b>							<b><u>286,169.26</u></b>	<b><u>280,774.55</u></b>
Current liabilities	78,917.02	81,456.09	697.21	734.53	10,543.71	9,813.55	90,157.94	92,004.17
Non-current liabilities	158,616.07	154,805.02	-	-	1,350.83	1,100.69	159,966.90	155,905.71
Non-allocated liabilities	-	-	-	-	-	-	<u>1,288.13</u>	<u>851.87</u>
<b>Total Liabilities</b>							<b><u>251,412.97</u></b>	<b><u>248,761.75</u></b>

6.22.2 Geographical Segments

Unit : Million Baht

	Domestic Revenue			Foreign Revenue			Charter Revenue and Others	Other Income			Total
	Transportation	Business Unit	Others	Regional Asia	Europe	Australia & New Zealand		Interest Income	Gain on Foreign Currency Exchange	Others Income	
<b><u>For the Three-month Period</u></b>											
<b>Jan-Mar 2018</b>	4,394.47	2,758.60	698.27	25,462.20	14,754.67	4,404.14	435.49	39.94	583.32	558.06	<b>54,089.16</b>
<b>Jan-Mar 2017</b>	4,269.91	2,543.06	426.06	24,214.12	13,528.41	4,259.90	47.76	29.48	1,560.06	514.67	<b>51,393.43</b>

### **6.23 Staff Provident Fund**

The Company contributed to the provident fund at the rate of 9% of a salary for members having not more than 20 years of services and 10% of a salary for members having more than 20 years of services, representing in the amount of THB 299.49 million for this period.

The Company's provident fund is managed by Krungthai Asset Management Public Company Limited, One Asset Management Limited and CIMB - Principal Asset Management Company Limited.

### **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 in amount of THB 14.90 million and THB 1,055.91 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 23 labor cases with an approximate amount of THB 164.06 million and has been filed the complaints for the compensation totaling 38 cases with an approximate amount of THB 542.65 million.

The Cambodia branch has been assessed additional taxes including penalty and interest, from October 2012 to September 2015 due to the difference in interpretations of tax law (i.e. tax on profit, specific tax, and withholding tax), the amount as at March 31, 2018 is USD 7.28 million or approximately THB 228.81 million. The petition for reassessment of taxes was sent to the Revenue Department by the Company's tax consultant.

The Company, entrepreneur in the duty free zone, received an official letter from the Customs Department No. Gor Kor 0503(4)/621 dated August 28, 2017, notifying the Company to clarify issues relating to the completeness of the certificate license of the importation of restricted food products. The customs official assessed additional taxes and duties based on 252 import declarations, consisting of price of products in amount of THB 492.73 million, import duty in amount of THB 244.36 million, excise tax in amount of THB 754.47 million, interior tax in amount of THB 75.45 million, value added tax in amount of THB 109.69 million, the subsidies for Thai Health Promotion Foundation in amount of THB 14.91 million, the subsidies for Thai Public Broadcasting Service in amount of THB 11.18 million. Nowadays, the Company is on the process of clarification about these issues to the 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 Class Action Case in the UK, issued a cross claim against the Company:

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

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

The Company has been informed by the branch office in the Republic of Korea on January 22, 2014 that LG Group Companies, including LG Chemical, LG Electronics, LG Display and LG Life Science, have filed a civil lawsuit against 12 airlines, including the Company, on November 27, 2013 in order to claim damages arisen from the conduct of conspiracy to fix fuel and security surcharges during 2003-2007. LG Group Companies have asserted the amount of claim at KRW 404,000,000 with interest or approximately THB 11.92 million and reserved their rights to amend the Plaint to increase the amount of claim if they can prove their claims to the court later on. The case is currently undergoing the court procedures.

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

At the beginning of July 2015, the Company 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.

#### 6.24.3 Leasing Space Agreement and License to Operate Business Agreement at the airport

Some Leasing Space Agreements and License to Operate Business Agreements between Airports of Thailand Public Company Limited and Thai Airways International Public Company Limited have expired according to the leasing space and license to operate business permission from Airports of Thailand Public Company Limited. Currently, negotiation between Airports of Thailand Public Company Limited and Thai Airways International Public Company Limited regarding the regulation, condition, rental fee and benefits from being permitted to operate business has not been finished. Thai Airways International Public Company Limited has made the payment for rental fee and other benefits from being permitted to operate business according to the terms and conditions of original agreement or letter of agreement extension from Airports of Thailand Public Company Limited. However, Airports of Thailand Public Company Limited reserves the right to increase the minimum of space rental rate and benefits if the consideration of increasing of the minimum of space rental rate and benefits has been finished and such rate is higher than the rate specified in the original agreement or the letter of agreement extension from Airports of Thailand Public Company Limited.

## 6.25 Fluctuations in Foreign Currency Exchange Rate Risk

The Company generates revenue in THB and more than 50 currencies, mainly in USD, THB, EUR and JPY while incurring liabilities mainly in 4 major currencies: USD, EUR, THB and JPY as well as expenses mainly in USD and THB. Fluctuations in exchange rates affect on long-term liabilities and operating expenses denominated in foreign currencies. Therefore, the Company has adopted “Natural Hedging” strategy to manage this risk by increasing the matching of currency between the revenue and expenses and to arrange for loan and restructure loan to coincide with net operating cash flow, and at the same time, to decrease foreign currency debt risk partially by relying on Thai baht loan in order to decrease the fluctuation of gain or loss from foreign exchange in the financial statements. In addition, the Company has a policy to enter into Cross Currency Swap (CCS) when the financial market benefits to the Company. Gradually, the Company also used hedging strategy named Forward Contracts, by providing various degrees of participation in favorable currency exchange rate movement to hedge the future obligation that has underlying exposures.

As at March 31, 2018, the Company has 28 CCS transactions. These debt swaps are 5 transactions of THB currency to EUR currency with fixed interest rate, 13 transactions of THB currency to JPY currency with fixed interest rate, 4 transactions of THB currency to JPY currency with floating interest rate, 2 transactions of EUR currency to JPY currency with fixed interest rate, and 4 transactions of USD currency to CHF currency, the proportion of the Company’s debts after swap in each currency i.e. USD 4% EUR 35% JPY 21% CHF 6% THB 34%. The notional amount as at March,31 2018 is equivalent to THB 36,909.77 million of which payments, both principle and interest are done monthly, quarterly and every 6 months. These CCS transactions will terminate between the year 2018 and 2032.

## 6.26 Cash Flow Hedge

For the three month period ended March 31, 2018, the Company recognized loss THB 23.47 million from application of hedge accounting to foreign currency borrowings and forecasted future foreign currency revenue.

## 6.27 Contractual Obligations

### 6.27.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase 1 A350 - 900XWB aircraft in the amount of THB 2,914.80 million, expected to take delivery during the year 2018 which consisted of:

Obligation	Unit : Million Baht
	Within 1 year
Purchase of aircraft	2,914.80

## 6.27.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 39 aircraft amount of USD 3,876.10 million or approximately to THB 121,733.83 million consisting of 15 A320-200, 8 A350-900, 8 B777-300ER, 6 B787-8, and 2 B787-9 aircraft. Also, there are 9 and 30 aircraft which the lease will expire in 2019 - 2022 and 2023 - 2030, respectively.

Lease obligation for 39 aircraft operating leases can be classified as follows:

Obligation	Unit : Million Baht		
	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	14,059.80	53,038.66	54,635.37

## 6.28 Events after the Reporting Period

6.28.1 The Company has a plan to take delivery of 1 A350-900 aircraft under finance leases within the second quarter of 2018.

6.28.2 The Board of Directors meeting no. 1/2018 dated January 24, 2018 approved the Company to sell 22.50 million shares or equivalent to 24 percent of registered capital of Royal Orchid Hotel (Thailand) Public Company Limited., at THB 41.00 per share, totaling to THB 922.50 million. The ROH's share had been completely transferred to Grande Asset Hotels and Property Public company limited since April 23, 2018.

6.28.3 The 2018 Annual General Shareholders' Meeting on April 26, 2018 approved the new financial scheme for issuing and/ or offering the debt securities in the amount not exceeding THB 80,000 million, within 5 years commencing from the date the meeting has approved.

6.28.4 According to the Resolution of the 2018 Annual General Shareholders' Meeting on April 26, 2018 approved the Company to abstain from dividend payment for 2017 operating result.

## 6.29 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on May 14, 2018.

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