

(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 June 30, 2018, the consolidated and separate statements of profit or loss and other comprehensive income for the three-month and six - month periods ended June 30, 2018, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the six-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 six-month period ended June 30, 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 and Procurement Audit Office No.11

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2018

Unit : Baht

	<u>Notes</u>	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
		<u>June 30, 2018</u> (Unaudited but reviewed)	<u>December 31, 2017</u> (Audited)	<u>June 30, 2018</u> (Unaudited but reviewed)	<u>December 31, 2017</u> (Audited)
ASSETS					
Current Assets					
Cash and cash equivalents	6.1	14,101,169,519	15,229,686,324	13,412,629,246	14,022,787,581
Temporary investments		30,038,558	160,037,864	-	-
Trade receivables	6.2	11,552,226,279	11,704,953,905	10,764,637,377	11,560,770,758
Prepaid expenses and deposits		8,093,809,279	7,490,102,653	8,349,186,291	7,761,325,199
Inventories and supplies		5,022,479,357	4,999,847,400	4,995,797,302	4,968,165,680
Other current assets	6.3	11,997,169,370	11,730,122,163	19,445,922,943	18,450,827,464
Non-current assets held for sale	6.4	-	200,807,000	-	200,807,000
Total Current Assets		50,796,892,362	51,515,557,309	56,968,173,159	56,964,683,682
Non-Current Assets					
Investments in associates	6.5.1	2,790,770,050	3,394,945,236	1,234,106,581	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	71,821,223	70,988,078	68,709,123	67,875,978
Property, plant and equipment	6.7	189,271,895,826	188,102,612,250	189,233,309,743	188,067,083,674
Intangible assets	6.8	341,569,416	432,497,804	331,408,564	418,673,523
Deferred tax assets	6.9.1	11,913,622,614	10,679,231,900	11,896,553,667	10,663,254,345
Other non-current assets	6.10	26,769,475,773	26,578,712,721	26,617,700,145	26,402,333,280
Total Non-Current Assets		231,159,154,902	229,258,987,989	231,191,997,716	228,888,537,274
Total Assets		281,956,047,264	280,774,545,298	288,160,170,875	285,853,220,956

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2018

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>June 30, 2018</u> <u>(Unaudited</u> <u>but reviewed)</u>	<u>December 31, 2017</u> <u>(Audited)</u>	<u>June 30, 2018</u> <u>(Unaudited</u> <u>but reviewed)</u>	<u>December 31, 2017</u> <u>(Audited)</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables		5,895,821,917	5,042,628,631	5,694,783,642	4,823,318,835
Accrued expenses		15,213,083,567	16,613,129,758	16,563,819,113	17,849,085,739
Current portion of long-term liabilities					
Long-term loans from financial institutions		3,815,717,967	4,813,179,873	3,815,717,967	4,813,179,873
Long-term loans from related parties	6.6.1.2	876,129,985	-	876,129,985	-
Liabilities under finance leases		9,589,987,681	9,762,005,635	9,589,987,681	9,762,005,635
Debentures		8,050,000,000	10,250,000,000	8,050,000,000	10,250,000,000
Short-term loans from financial institutions		1,000,000,000	3,000,000,000	1,000,000,000	3,000,000,000
Short-term loans from related parties	6.6.1.1	3,000,000,000	4,270,136,000	3,000,000,000	4,270,136,000
Income tax payable		21,643,299	15,143,142	-	-
Other current liabilities					
Accrued dividends		54,570,738	54,664,936	54,463,973	54,573,136
Unearned transportation revenue		32,034,078,154	31,409,888,882	31,175,937,822	30,481,532,187
Others		9,190,511,774	7,625,258,914	10,017,700,846	9,165,007,131
Total Current Liabilities		<u>88,741,547,082</u>	<u>92,856,035,771</u>	<u>89,838,541,029</u>	<u>94,468,838,536</u>
Non-Current Liabilities					
Long-term liabilities					
Long-term loans from financial institutions		4,796,923,077	7,564,356,800	4,796,923,077	7,564,356,800
Long-term loans from related parties	6.6.1.2	16,874,868,850	15,102,668,302	16,874,868,850	15,102,668,302
Liabilities under finance leases		56,220,976,597	52,754,724,555	56,220,976,597	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	1,724,039,185	1,791,346,286	1,724,039,185	1,791,346,286
Staff pension fund	6.12	3,924,190,600	3,791,098,462	3,924,190,600	3,791,098,462
Employee benefit obligations	6.13	13,097,594,394	12,594,371,173	13,029,478,466	12,573,334,280
Long-term provisions	6.14	13,066,163,164	10,310,083,902	11,902,985,736	9,318,993,931
Other non-current liabilities		138,415,546	147,062,061	1,002,018,381	913,725,477
Total Non-Current Liabilities		<u>161,893,171,413</u>	<u>155,905,711,541</u>	<u>161,525,480,892</u>	<u>155,660,248,093</u>
Total Liabilities		<u>250,634,718,495</u>	<u>248,761,747,312</u>	<u>251,364,021,921</u>	<u>250,129,086,629</u>
Shareholders' Equity					
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		(24,449,771,290)	(24,239,600,441)	(18,871,343,277)	(20,426,549,388)
Other components of equity		5,603,182,157	6,086,373,086	5,603,181,185	6,086,372,669
Total Company Shareholders' Equity		<u>31,217,721,913</u>	<u>31,911,083,691</u>	<u>36,796,148,954</u>	<u>35,724,134,327</u>
Non-controlling interests		<u>103,606,856</u>	<u>101,714,295</u>	<u>-</u>	<u>-</u>
Total Shareholders' Equity		<u>31,321,328,769</u>	<u>32,012,797,986</u>	<u>36,796,148,954</u>	<u>35,724,134,327</u>
Total Liabilities and Shareholders' Equity		<u>281,956,047,264</u>	<u>280,774,545,298</u>	<u>288,160,170,875</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 JUNE 30, 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>
Revenue					
Revenue from Sales or Services					
Passenger and excess baggage		36,845,303,631	36,600,957,086	34,725,622,527	34,672,830,698
Freight		5,266,427,653	4,598,952,126	5,267,038,957	4,599,553,739
Mail		170,711,788	172,843,024	170,711,788	172,843,024
Other activities		2,976,895,626	3,109,415,433	3,462,985,123	3,471,004,500
Total Revenue from Sales or Services		45,259,338,698	44,482,167,669	43,626,358,395	42,916,231,961
Other Income					
Interest income		52,713,720	44,291,857	50,655,848	39,937,981
Loss on foreign currency exchange rates		(431,302,502)	(2,430,507,424)	(441,566,239)	(2,394,479,103)
Other income - Others	6.16	1,980,529,680	699,462,460	2,349,084,251	970,391,400
Total Other Income		1,601,940,898	(1,686,753,107)	1,958,173,860	(1,384,149,722)
Total Revenue		46,861,279,596	42,795,414,562	45,584,532,255	41,532,082,239
Expenses					
Fuel Expense		14,152,343,224	12,279,138,787	13,273,773,629	11,589,375,333
Employee benefits expense	6.17	7,620,828,461	7,845,129,185	7,453,987,260	7,699,052,393
Flight service expenses		5,338,493,982	5,255,224,496	4,995,783,920	5,016,350,107
Crew expenses		1,395,299,942	1,377,123,288	1,274,299,799	1,292,474,481
Aircraft repair and maintenance costs		4,913,741,120	4,818,706,037	4,507,575,528	4,171,686,179
Depreciation and amortization expenses		3,971,179,790	4,222,007,519	3,965,272,421	4,215,784,418
Lease of aircraft and spare parts		3,695,538,468	2,672,974,711	3,565,927,454	2,563,301,816
Inventories and supplies		2,124,681,663	2,171,995,628	1,990,773,551	2,078,226,728
Selling and advertising expenses		2,842,374,974	2,711,941,074	2,589,714,530	2,540,614,371
Insurance expenses		145,343,888	124,375,901	125,456,868	109,836,006
Impairment loss of assets		83,977,639	46,787,763	83,977,639	46,787,763
Impairment loss of aircraft		172,576,379	342,870,441	172,576,379	342,870,441
Other expenses	6.19	2,598,942,210	2,579,170,103	2,505,192,603	2,701,563,854
Loss on changes in ownership interest		-	428,108,749	-	-
Finance costs		1,105,844,450	1,105,711,397	1,105,844,450	1,105,711,397
Share of the loss of associates		195,136,845	179,758,505	-	-
Total Expenses		50,356,303,035	48,161,023,584	47,610,156,031	45,473,635,287
Loss before Income Tax Expense		(3,495,023,439)	(5,365,609,022)	(2,025,623,776)	(3,941,553,048)
Income tax revenue	6.20	408,565,176	157,687,402	415,434,260	159,936,262
Loss for the period		(3,086,458,263)	(5,207,921,620)	(1,610,189,516)	(3,781,616,786)
Other Comprehensive Income (Loss)					
Items that might be reclassified to profit or loss in subsequent periods					
Effective portion of loss on changes in fair value of cash flow hedges		(397,639,120)	(288,169,071)	(397,639,120)	(288,169,071)
Income tax related to Effective portion of loss on changes in fair value of cash flow hedges		79,527,824	57,633,814	79,527,824	57,633,814
Unrealized gain on remeasuring available-for-sale investments		609	198,314	-	-
Income tax related to unrealized gain on remeasuring available-for-sale investments		(122)	(39,663)	-	-
Other Comprehensive Loss for the period - Net of Tax		(318,110,809)	(230,376,606)	(318,111,296)	(230,535,257)
Total Comprehensive Loss for the period		(3,404,569,072)	(5,438,298,226)	(1,928,300,812)	(4,012,152,043)
Loss Attributable to					
Owners of the Parent		(3,098,555,896)	(5,211,204,267)	(1,610,189,516)	(3,781,616,786)
Non-controlling interests		12,097,633	3,282,647	-	-
		(3,086,458,263)	(5,207,921,620)	(1,610,189,516)	(3,781,616,786)
Total Comprehensive loss Attributable to					
Owners of the Parent		(3,416,666,705)	(5,441,580,884)	(1,928,300,812)	(4,012,152,043)
Non-controlling interests		12,097,633	3,282,658	-	-
		(3,404,569,072)	(5,438,298,226)	(1,928,300,812)	(4,012,152,043)
Loss per Share					
Basic Loss per share	6.21	(1.42)	(2.39)	(0.74)	(1.73)

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

(Usanee Sangsingkeo)

(Naronchai Wongthanavimok)

Executive Vice President, Corporate Strategy and Sustainable Development
Acting President

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 SIX-MONTH PERIOD ENDED JUNE 30, 2018

	<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>
Unit : Baht					
Revenue					
Revenue from Sales or Services					
Passenger and excess baggage		80,960,028,232	78,063,863,439	76,223,185,073	73,830,198,058
Freight		10,422,168,166	9,287,281,406	10,422,864,536	9,289,124,646
Mail		351,216,155	341,712,045	351,216,155	341,712,045
Other activities		6,433,769,478	6,078,535,375	7,327,901,663	6,879,773,013
Total Revenue from Sales or Services		<u>98,167,182,031</u>	<u>93,771,392,265</u>	<u>94,325,167,427</u>	<u>90,340,807,762</u>
Other Income					
Interest income		92,653,704	73,774,379	88,818,869	68,023,869
Loss on foreign currency exchange rates		152,017,649	(870,451,807)	136,116,031	(813,663,446)
Other income - Others	6.16	2,538,587,199	1,214,131,226	2,925,767,583	1,488,699,368
Total Other Income		<u>2,783,258,552</u>	<u>417,453,798</u>	<u>3,150,702,483</u>	<u>743,059,791</u>
Total Revenue		<u>100,950,440,583</u>	<u>94,188,846,063</u>	<u>97,475,869,910</u>	<u>91,083,867,553</u>
Expenses					
Fuel Expense		28,185,943,536	25,123,854,344	26,349,240,618	23,678,604,494
Employee benefits expense	6.17	15,039,021,381	15,403,137,893	14,693,818,257	15,123,350,212
Flight service expenses		10,936,399,799	10,857,882,685	10,276,950,243	10,425,388,436
Crew expenses		2,807,940,084	2,779,864,469	2,566,577,131	2,604,654,640
Aircraft repair and maintenance costs		10,482,128,646	9,308,072,088	9,637,643,593	8,393,790,251
Depreciation and amortization expenses		7,912,453,295	8,428,902,695	7,901,677,742	8,416,290,441
Lease of aircraft and spare parts		7,129,840,080	5,376,261,331	6,936,817,317	4,934,478,636
Inventories and supplies		4,434,067,354	4,483,367,848	4,173,169,363	4,287,514,167
Selling and advertising expenses		5,257,082,206	5,476,113,281	4,754,895,074	5,184,211,940
Insurance expenses		290,297,406	246,324,669	251,821,438	217,244,997
Impairment loss of assets		107,093,818	204,082,728	107,093,818	204,082,728
Impairment loss of aircraft	6.18	2,621,961,603	1,202,597,556	2,621,961,603	1,202,597,556
Other expenses	6.19	4,932,138,738	4,790,909,588	4,737,789,816	4,805,016,758
Loss on changes in ownership interest		-	428,108,749	-	-
Finance costs		2,300,236,770	2,364,946,599	2,300,236,770	2,364,946,599
Share of the loss of associates		62,759,476	152,637,709	-	-
Total Expenses		<u>102,499,364,192</u>	<u>96,627,064,232</u>	<u>97,309,692,783</u>	<u>91,842,171,855</u>
Profit (loss) before Income Tax Expense		<u>(1,548,923,609)</u>	<u>(2,438,218,169)</u>	<u>166,177,127</u>	<u>(758,304,302)</u>
Income tax revenue	6.20	1,199,605,287	399,462,949	1,217,568,385	410,395,418
Profit (loss) for the period		<u>(349,318,322)</u>	<u>(2,038,755,220)</u>	<u>1,383,745,512</u>	<u>(347,908,884)</u>
Other comprehensive income (loss)					
Items that might be reclassified to profit or loss in subsequent periods					
Effective portion of gain (loss) on changes in fair value of cash flow hedges		(389,663,607)	39,085,184	(389,663,607)	39,085,184
Income tax related to Effective portion of gain (loss) on changes in fair value of cash flow hedges		77,932,722	(7,817,037)	77,932,722	(7,817,037)
Unrealized gain on remeasuring available-for-sale investments		694	303,097	-	-
Income tax related to unrealized gain on remeasuring available-for-sale investments		(139)	(60,620)	-	-
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	-	-
Other Comprehensive Profit (loss) for the period - Net of Tax		<u>(311,730,330)</u>	<u>31,605,368</u>	<u>(311,730,885)</u>	<u>31,268,147</u>
Total Comprehensive Profit (loss) for the period		<u>(661,048,652)</u>	<u>(2,007,149,852)</u>	<u>1,072,014,627</u>	<u>(316,640,737)</u>
Profit (loss) Attributable to					
Owners of the Parent		<u>(381,631,448)</u>	<u>(2,054,014,724)</u>	<u>1,383,745,512</u>	<u>(347,908,884)</u>
Non-controlling interests		<u>32,313,126</u>	<u>15,259,504</u>	<u>-</u>	<u>-</u>
		<u>(349,318,322)</u>	<u>(2,038,755,220)</u>	<u>1,383,745,512</u>	<u>(347,908,884)</u>
Total Comprehensive Income (loss) Attributable to					
Owners of the Parent		<u>(693,361,778)</u>	<u>(2,022,409,373)</u>	<u>1,072,014,627</u>	<u>(316,640,737)</u>
Non-controlling interests		<u>32,313,126</u>	<u>15,259,521</u>	<u>-</u>	<u>-</u>
		<u>(661,048,652)</u>	<u>(2,007,149,852)</u>	<u>1,072,014,627</u>	<u>(316,640,737)</u>
Loss per Share	6.21				
Basic profit per share		(0.17)	(0.94)	0.63	(0.16)

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

(Usanee Sangsingkeo)

(Narongchai Wongthanavimok)

Executive Vice President, Corporate Strategy and Sustainable Development
Acting President

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 SIX-MONTH PERIOD ENDED JUNE 30, 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	Other Comprehensive Income		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				
				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									
Balance as at January 1, 2017	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
Changes in Shareholders' Equity														
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(20,250,000)	(20,250,000)
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(45,565)	(45,565)
Less Profit (loss) for the period	-	-	-	(2,054,014,724)	-	-	-	-	-	-	-	(2,054,014,724)	15,259,504	(2,038,755,220)
Less Transfer revaluation surplus on disposed assets	-	-	-	39,857,000	-	-	(49,821,250)	9,964,250	-	-	(39,857,000)	-	-	-
Add Other comprehensive income (loss) for the period	-	-	-	94,744	39,085,184	(7,817,037)	-	-	303,075	(60,615)	31,510,607	31,605,351	17	31,605,368
Balance as at June 30, 2017	21,827,719,170	25,545,316,308	2,691,275,568	(24,181,235,403)	(1,590,749,239)	318,149,848	8,585,218,762	(1,717,043,752)	392,052	(78,410)	5,595,889,261	31,478,964,904	81,781,461	31,560,746,365
Balance as at January 1, 2018	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
Changes in Shareholders' Equity														
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(30,375,000)	(30,375,000)
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(45,565)	(45,565)
Less Profit (loss) for the period	-	-	-	(381,631,448)	-	-	-	-	-	-	-	(381,631,448)	32,313,126	(349,318,322)
Less Transfer revaluation surplus on disposed assets	-	-	-	171,460,599	-	-	(214,325,748)	42,865,150	-	-	(171,460,599)	-	-	-
Add Other comprehensive income (loss) for the period	-	-	-	-	(389,663,607)	77,932,722	-	-	694	(139)	(311,730,330)	(311,730,330)	-	(311,730,330)
Balance as at June 30, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(24,449,771,290)	(1,366,916,534)	273,383,308	8,370,893,014	(1,674,178,602)	1,215	(243)	5,603,182,157	31,217,721,913	103,606,856	31,321,328,769

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

(TRANSLATION)

-6-

Unaudited

but reviewed

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR SIX-MONTH PERIOD ENDED JUNE 30, 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	
Balance as at January 1, 2017	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
Changes in Shareholders' Equity										
Less Loss for the period	-	-	-	(347,908,884)	-	-	-	-	-	(347,908,884)
Less Transfer revaluation surplus on disposed assets	-	-	-	39,857,000	-	-	(49,821,250)	9,964,250	(39,857,000)	-
Add Other comprehensive income (loss) for the period	-	-	-	-	39,085,184	(7,817,037)	-	-	31,268,147	31,268,147
Balance as at June 30, 2017	21,827,719,170	25,545,316,308	2,691,275,568	(21,102,979,381)	(1,590,749,239)	318,149,848	8,585,218,762	(1,717,043,752)	5,595,575,619	34,556,907,284
Balance as at January 1, 2018	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
Changes in Shareholders' Equity										
Add Profit for the period	-	-	-	1,383,745,512	-	-	-	-	-	1,383,745,512
Less Transfer revaluation surplus on disposed assets	-	-	-	171,460,599	-	-	(214,325,748)	42,865,149	(171,460,599)	-
Add Other comprehensive income (loss) for the period	-	-	-	-	(389,663,607)	77,932,722	-	-	(311,730,885)	(311,730,885)
Balance as at June 30, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(18,871,343,277)	(1,366,916,534)	273,383,308	8,370,893,014	(1,674,178,603)	5,603,181,185	36,796,148,954

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 SIX-MONTH PERIOD ENDED JUNE 30, 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>
Cash Flows from Operating Activities					
Profit (loss) before income tax expenses		(1,548,923,609)	(2,438,218,169)	166,177,127	(758,304,302)
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :					
Depreciation and amortization expenses		7,912,453,295	8,428,902,695	7,901,677,742	8,416,290,441
Aircraft lease fee		229,857,517	112,896,589	229,857,517	112,896,589
Dividends received		(934,500)	(1,334,937)	(311,799,619)	(269,818,062)
Share loss of investments in associates by equity method		62,759,476	152,637,709	-	-
Loss on changes in ownership interest		-	428,108,749	-	-
Interest income		(92,653,704)	(73,774,379)	(88,818,869)	(68,023,869)
Interest expenses		2,300,236,770	2,364,946,599	2,300,236,770	2,364,946,599
Loss (Gain) on disposal of assets		(621,447,633)	19,911,947	(621,447,633)	19,911,905
Loss (Gain) on sales of aircraft		(10,161,857)	49,819,600	(10,161,857)	49,819,600
Loss on foreign currency exchange rates		95,719,826	485,733,504	101,604,001	471,063,496
Gain on sales of investment		(654,824,408)	-	(697,500,000)	-
Provision for employee benefits obligation		503,223,221	449,543,051	456,144,186	447,215,448
Provision for obsolete inventories and supplies		228,481,501	196,931,214	228,481,501	196,931,214
Doubtful accounts		98,699,440	(12,977,582)	98,491,555	(12,688,628)
Impairment loss of aircraft		2,621,961,603	1,202,597,556	2,621,961,603	1,202,597,556
Impairment loss of assets		107,093,818	204,082,728	107,093,818	204,082,728
Operating profits before changes in operating assets and liabilities		11,231,540,756	11,569,806,874	12,481,997,842	12,376,920,715
Decrease (increase) in operating assets :					
Trade receivables		94,265,492	(219,065,559)	763,224,554	140,595,448
Inventories and supplies		(251,113,458)	(173,730,812)	(256,113,124)	(166,650,036)
Prepaid expenses and deposits		(503,920,801)	46,600,376	(488,166,108)	3,102,483
Tax refund		(488,557)	(1,090,387)	(488,557)	(1,090,387)
Other current assets		20,960,140	(26,212,872)	(703,163,672)	(1,295,611,353)
Non-current assets held for sale		886,036,545	756,473,204	886,036,545	756,473,204
Maintenance Reserve		(1,743,362,198)	(1,516,799,726)	(1,755,940,767)	(1,295,314,816)
Other assets		(341,202,932)	(95,360,545)	(338,292,067)	(85,928,150)
Deferred charges		(977,565,939)	(938,448,869)	(992,496,153)	(950,096,073)
Increase (decrease) in operating liabilities :					
Trade payables		(343,997,839)	(568,797,101)	(331,323,696)	(478,869,438)
Accrued expenses and other current liabilities		(81,398,821)	(1,561,895,377)	(671,179,770)	(850,196,945)
Staff pension fund		123,169,107	105,843,462	123,169,107	105,843,462
Unearned transportation revenues		663,400,487	4,906,625,548	695,709,692	4,668,347,046
Other non-current liabilities		2,439,928,102	2,855,178,659	2,364,778,803	2,633,603,749
Proceeds from operations		11,216,250,084	15,139,126,875	11,777,752,629	15,561,128,909
Payment of income tax		(252,658,975)	(251,937,107)	(240,104,502)	(224,268,482)
Net Cash provided by Operating Activities		10,963,591,109	14,887,189,768	11,537,648,127	15,336,860,427

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 SIX-MONTH PERIOD ENDED JUNE 30, 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>
Cash Flows from Investing Activities					
Cash paid for acquisition of fixed assets		(1,875,871,767)	(2,441,046,624)	(1,865,717,395)	(2,435,922,841)
Cash paid for intangible assets		(32,137,528)	(9,289,674)	(32,122,269)	(9,289,674)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment		202,163,729	208,513,123	202,163,729	208,513,123
Cash received from sales of assets		3,058,374	84,915,667	3,058,374	84,915,667
Interest income		76,718,987	61,095,751	72,770,328	55,069,179
Dividends received		274,674,619	245,097,461	311,799,619	269,818,062
Proceeds from sale of investment		922,500,000	-	922,500,000	-
Temporary investment decrease (increase)		130,000,000	(80,000,000)	-	-
Net Cash used in Investing Activities		(298,893,586)	(1,930,714,296)	(385,547,614)	(1,826,896,484)
Cash Flows from Financing Activities					
Proceeds from debentures		6,000,000,000	8,000,000,000	6,000,000,000	8,000,000,000
Proceeds from short-term loans		4,000,000,000	6,266,095,000	4,000,000,000	6,266,095,000
Proceeds from long-term loans		2,000,000,000	-	2,000,000,000	-
Proceeds from liabilities under finance leases		1,621,900,832	1,981,651,804	1,621,900,832	1,981,651,804
Cash paid for repayment of short-term loans		(7,328,167,000)	(8,218,150,000)	(7,328,167,000)	(8,218,150,000)
Cash paid for repayment of debentures		(8,000,000,000)	(1,200,000,000)	(8,000,000,000)	(1,200,000,000)
Cash paid for repayment of long-term loans		(2,994,112,228)	(4,244,112,228)	(2,994,112,228)	(4,244,112,228)
Cash paid for liabilities under finance leases		(5,236,394,104)	(4,982,498,451)	(5,236,394,104)	(4,982,498,451)
Cash paid for borrowings interest		(1,949,474,611)	(2,080,771,592)	(1,949,476,611)	(2,080,771,592)
Dividends paid		(109,163)	(39,593)	(109,163)	(39,593)
Dividends paid to non-controlling interests		(30,405,600)	(20,250,000)	-	-
Net Cash used in Financing Activities		(11,916,761,874)	(4,498,075,060)	(11,886,358,274)	(4,477,825,060)
Net increase (decrease) in cash and cash equivalents		(1,252,064,351)	8,458,400,412	(734,255,761)	9,032,138,883
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
		13,977,621,973	21,848,111,186	13,288,531,820	20,957,175,850
Effects of changes in foreign currency exchange rates on cash on hand and at banks increase (decrease)		123,547,546	(49,400,913)	124,097,426	(34,807,028)
Cash and Cash Equivalents at the End of the period		14,101,169,519	21,798,710,273	13,412,629,246	20,922,368,822
Additional Information for Cash Flow					
Non-cash Transactions					
Fixed assets unpaid		731,161,978	118,685,365	731,161,978	118,685,365
Assets under finance leases		6,044,372,506	6,242,821,028	6,044,372,506	6,242,821,028

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

(Usanee Sangsinkeo)

(Narongchai Wongthanavimok)

Executive Vice President, Corporate Strategy and Sustainable Development
Acting President

Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
THE NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three and six - month periods ended June 30, 2018 (unaudited but reviewed)

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
THE NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX – MONTH PERIODS ENDED JUNE 30, 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 June 30, 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
Held by the Company:				
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%
Held by the Subsidiary of the Company				
A subsidiary held by WingSpan Services Company Limited				
- Tour Eurng Luang Company Limited	Tourism Business	Thailand	49%	49%

Thai Smile Airways Co., Ltd. received the Airline Operator License (AOL), Airline Operator Certificate (AOC) as well as Airline Designator Code from IATA on January 10, March 31 and April 1, 2014, respectively. 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, increasing efficiencies and quality of services and strictly followed international safety standards. 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

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>
Cash on hand - Domestic	15.33	12.68	13.08	12.04
Cash on hand - Abroad	18.04	24.74	18.04	24.74
Cash at banks - Domestic	4,889.41	4,561.61	4,203.12	3,357.48
Cash at banks - Abroad	<u>9,178.39</u>	<u>10,630.66</u>	<u>9,178.39</u>	<u>10,628.53</u>
Total	<u>14,101.17</u>	<u>15,229.69</u>	<u>13,412.63</u>	<u>14,022.79</u>

6.2 Trade Receivables

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>
Aging Periods:				
Not over 6 months	11,259.99	11,493.11	10,472.00	11,349.57
Over 6 months to 1 year	232.25	101.57	232.25	101.57
Over 1 year to 2 years	102.16	138.17	101.94	138.03
Over 2 years	<u>1,055.28</u>	<u>965.57</u>	<u>1,025.68</u>	<u>935.05</u>
	12,649.68	12,698.42	11,831.87	12,524.22
<u>Less</u> Allowance for doubtful accounts	<u>(1,097.45)</u>	<u>(993.47)</u>	<u>(1,067.23)</u>	<u>(963.45)</u>
Trade receivables - net	<u>11,552.23</u>	<u>11,704.95</u>	<u>10,764.64</u>	<u>11,560.77</u>

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>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>
Tax refund	1,197.90	952.98	1,197.90	952.98
Cash on hand and at banks of pension fund	4,018.25	3,942.10	4,018.25	3,942.10
Others	<u>6,781.02</u>	<u>6,835.04</u>	<u>14,229.77</u>	<u>13,555.75</u>
Total	<u>11,997.17</u>	<u>11,730.12</u>	<u>19,445.92</u>	<u>18,450.83</u>

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	0.81	42.72
- Disposals	(3.00)	-	(239.72)	(0.81)	(243.53)
As at June 30, 2018	-	-	-	-	-

As at January 1, 2018, non-current assets held for sale comprised the Company's domestic and abroad land which had been revalued in 2015 in amount of THB 200.81 million.

During the six-month period ended June 30, 2018, non-performing assets was reclassified to non-current assets held for sale in the amount of THB 42.72 million comprised the Company's abroad land of THB 38.91 million, 1 B737-400 of THB 3 million and other fixed assets of THB 0.81 million.

Moreover, the Company has transferred the title of 1 B737-400 aircraft of THB 3 million, the Company's domestic and abroad land which had been revalued in 2015 of THB 239.72 million to the buyer as well as sold out other fixed assets of THB 0.81 million, which made a grand total of THB 243.53 million.

6.5 Investments

Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
	Jun 30, 2018	Dec 31, 2017	Cost Method		Equity Method		Jun 30, 2018	Jun 30, 2017
			Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Dec 31, 2017		
6.5.1 Investments in associated companies recorded by equity method								
Royal Orchid Hotel (Thailand) Public Company Limited	24.00	24.00	225.00	225.00	267.67	278.46	15.65	14.89
Less Sale of total shares	<u>(24.00)</u>	-	<u>(225.00)</u>	-	<u>(267.67)</u>	-	-	-
Balance (Fair value as at Apr 23, 2018 amount of THB 916.88 million and as at December 31, 2017 amount of THB 838.13 million)	-	24.00	-	225.00	-	278.46	15.65	14.89
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	97.01	109.56	11.45	12.37
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at June 30, 2018 amount of THB 3,628.37 million and as at December 31, 2017 amount of THB 5,384.97 million)	22.59	22.59	115.19	115.19	1,170.07	1,181.45	136.93	132.77
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	271.07	325.13	20.94	44.67
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	265.12	246.02	19.10	19.17
Nok Airlines Public Company Limited and its subsidiaries (Fair value as at June 30, 2018 amount of THB 1,337.55 million and as at December 31, 2017 amount of THB 1,684.33 million)	21.80	21.80	735.59	735.59	<u>987.50</u>	<u>1,254.33</u>	<u>(266.83)</u>	<u>(804.52)</u>
Total investments recorded by equity method					<u>2,790.77</u>	<u>3,394.95</u>	<u>(62.76)</u>	<u>(580.65)</u>
6.5.2 Other long-term investments recorded by cost method								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934			-	0.00004
Aeronautical Radio of Thailand Limited	1.45	1.45	9.54	9.54			-	-
SITA Investment Certificate	-	-	26.62	26.22			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			0.50	0.42
SITA Information Networking Computing	-	-	30.18	29.73			-	-
Other Shares	-	-	2.72	2.74			0.44	0.91
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>			-	-
Total other long-term investments			<u>71.82</u>	<u>70.99</u>			<u>0.94</u>	<u>1.33</u>

The Board of Directors meeting no. 1/2018 dated January 24, 2018 approved the Company to sell 22.50 million shares 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.

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Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Jun 30, 2017
6.5.1 Investments recorded by cost method						
Subsidiary Companies						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	37.12	24.75
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>	<u>-</u>	<u>-</u>
Total			<u>1,810.21</u>	<u>1,810.21</u>	<u>37.12</u>	<u>24.75</u>
Associated Companies						
Royal Orchid Hotel (Thailand) Public Company Limited	24.00	24.00	225.00	225.00	26.44	20.25
<u>Less</u> Sale of total shares	<u>(24.00)</u>	<u>-</u>	<u>(225.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance	-	24.00	-	225.00	26.44	20.25
(Fair value as at Apr 23, 2018 amount of THB 916.88 million and as at December 31, 2017 amount of THB 838.13 million)						
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	22.59	22.59	115.19	115.19	148.30	143.98
(Fair value as at June 30, 2018 amount of THB 3,628.37 million and as at December 31, 2017 amount of THB 5,384.97 million)						
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	75.00	55.50
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited and its subsidiaries	21.80	21.80	<u>735.59</u>	<u>735.59</u>	<u>-</u>	<u>-</u>
(Fair value as at June 30, 2018 amount of THB 1,337.55 million and as at December 31, 2017 amount of THB 1,684.33 million)						
Total			<u>1,234.11</u>	<u>1,459.11</u>	<u>273.74</u>	<u>243.73</u>
Total investments recorded by cost method			<u>3,044.32</u>	<u>3,269.32</u>	<u>310.86</u>	<u>268.48</u>

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Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Jun 30, 2017
6.5.2 Other long-term investments recorded by cost method						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934	-	0.00004
Aeronautical Radio of Thailand Limited	0.97	0.97	6.43	6.43	-	-
SITA Investment Certificate	-	-	26.62	26.22	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	0.50	0.42
SITA Information Networking Computing	-	-	30.18	29.73	-	-
Other Shares	-	-	2.72	2.74	0.44	0.91
Investment in Vayupak Fund	-	-	1.00	1.00	-	-
Total other long-term investments			<u>68.71</u>	<u>67.88</u>	<u>0.94</u>	<u>1.33</u>

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)
<u>Subsidiary Companies</u>				
Thai-Amadeus Southeast Asia Company Limited	338.35	111.54	177.44	71.71
WingSpan Services Company Limited	627.33	490.98	545.17	(54.87)
Thai Flight Training Company Limited	73.46	11.23	36.36	10.44
Tour Eurng Luang Company Limited	8.16	3.74	0.91	0.21
Thai Smile Airways Company Limited	5,148.89	10,798.58	5,435.59	(1,308.51)

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Associated Companies</u>				
Royal Orchid Hotel (Thailand) Public Company Limited	1,190.38	230.35	269.47	51.95
Donmuang International Airport Hotel Company Limited	356.76	113.88	201.91	30.30
Bangkok Aviation Fuel Services Public Company Limited	14,260.57	6,754.93	1,903.11	605.68
Phuket Air Catering Company Limited	950.03	46.99	298.49	69.79
Suvarnabhumi Airport Hotel Company Limited	1,361.61	471.26	470.31	65.93
Nok Airlines Public Company Limited and its subsidiaries	6,236.87	6,769.84	10,919.00	(1,223.97)

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.

Royal Orchid Hotel (Thailand) Public Company Limited ; Asset and Liability are the data as at March 31, 2018 but Income and Gains are the data of the three-month period ended March 31, 2018.

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

	Jun 30, 2018	Dec 31, 2017
Foreign loans via the Ministry of Finance	-	4,270.14
Loans via domestic Financial Institutions	<u>3,000.00</u>	-
Total	<u>3,000.00</u>	<u>4,270.14</u>

6.6.1.2 Long-term loans from related party

Unit : Million Baht

	Jun 30, 2018	Dec 31, 2017
<u>Current maturities of long-term debt</u>		
Foreign loans via the Ministry of Finance	621.06	-
Loans via domestic Financial Institutions	<u>255.07</u>	-
Total	<u>876.13</u>	<u>-</u>
<u>Long-term loans</u>		
Foreign loans via the Ministry of Finance	14,272.40	15,102.67
Loans via domestic bank	<u>2,602.47</u>	-
Total	<u>16,874.87</u>	<u>15,102.67</u>

Foreign loans via the Ministry of Finance mean the Ministry of Finance entered into loan agreements with foreign entities and lent to the Company in Euro currency.

6.6.2 Related Transactions with Subsidiary Companies

6.6.2.1 Loans to Subsidiary

Unit : Million Baht

	Jun 30, 2018	Dec 31, 2017
WingSpan Services Company Limited	<u>40.00</u>	<u>45.00</u>
Total	<u>40.00</u>	<u>45.00</u>

6.6.2.2 Sales and Purchases

Unit : Million Baht

	Three-month period				Six-month period			
	Apr – Jun 2018		Apr – Jun 2017		Jan – Jun 2018		Jan – Jun 2017	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Thai-Amadeus Southeast Asia Company Limited	0.32	-	0.23	-	1.04	-	0.61	
WingSpan Services Company Limited	1.33	296.39	1.56	238.34	3.02	557.87	2.32	502.33
Thai Flight Training Company Limited	6.90	-	3.22	0.58	16.36	-	6.19	0.64
Tour Eurng Luang Company Limited	11.79	0.02	22.53	0.04	24.58	0.04	41.42	0.06
Thai Smile Airways Company Limited	2,205.26	1,519.09	2,154.08	533.09	4,623.22	2,746.51	4,261.58	634.52

6.6.2.3 Account Receivables and Account Payables

Unit : Million Baht

	Jun 30, 2018		Dec 31, 2017	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	13.49	0.16	0.01	0.16
WingSpan Services Company Limited	374.52	613.00	393.18	427.69
Thai Flight Training Company Limited	7.64	0.18	0.10	0.18
Tour Eurng Luang Company Limited	0.45	0.004	0.45	0.004
Thai Smile Airways Company Limited	8,555.63	2,191.68	7,951.12	2,106.47

As at June 30, 2018, Related account receivables and account payables of WingSpan Service Co., Ltd. included prepaid expenses in the amount of THB 372.03 million and accrued expenses in the amount of THB 609.70 million, but excluded Loans to Subsidiary.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. included accrued income and accrued expenses in the amount of THB 175.42 million and THB 1,955.60 million, respectively.

6.6.2.4 Aircraft Lease

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. As at June 30, 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

Unit : Million Baht

	Three-month period				Six-month period			
	Apr – Jun 2018		Apr – Jun 2017		Jan – Jun 2018		Jan – Jun 2017	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.17	-	0.24	-	0.33	-	1.07
Donmuang International Airport Hotel Company Limited	-	0.01	-	-	-	0.01	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	117.52	-	56.99	-	213.39	0.02	161.84
Phuket Air Catering Company Limited	0.32	37.58	0.12	31.75	1.38	75.98	0.24	43.77
Suvarnabhumi Airport Hotel Company Limited	-	4.38	-	5.35	-	10.03	-	11.38
Nok Airlines Public Company Limited and its subsidiaries	47.14	2.04	36.67	0.04	115.37	2.04	64.36	0.05

6.6.3.2 Account Receivables and Account Payables

Unit : Million Baht

	Jun 30, 2018		Dec 31, 2017	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	-	-	0.04
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	27.49	0.06	-
Phuket Air Catering Company Limited	0.004	2.71	0.03	7.95
Suvarnabhumi Airport Hotel Company Limited	-	0.77	-	0.30
Nok Airlines Public Company Limited and its subsidiaries	71.94	2.13	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 June 30, 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
Cost											
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	391,374.44
Less Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	(900.66)
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	390,473.78
- Additions	597.67	124.91	6,492.76	1,367.02	669.08	-	-	-	41.47	312.85	9,605.76
- Adjust/Transfers	(5,625.66)	4,374.98	(633.11)	1,001.68	(548.36)	-	-	-	(48.61)	(205.05)	(1,684.13)
- Disposals/ Write off	-	(129.97)	(162.50)	(692.79)	-	-	-	-	-	(15.83)	(1,001.09)
As at June 30, 2018	1,095.74	134,951.43	167,716.43	34,897.95	719.81	9,035.06	2,119.19	10,809.16	4,761.97	31,287.58	397,394.32
Accumulated depreciation											
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	203,271.83
Less Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	(900.66)
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	202,371.17
- Depreciation	-	2,644.93	3,945.22	626.05	-	-	6.90	114.04	41.26	409.32	7,787.72
- Adjust/Transfers	-	1,933.55	(2,834.21)	(148.25)	-	-	-	-	(48.61)	(204.89)	(1,302.41)
- Disposals/ Write off	-	(129.97)	(162.50)	(426.39)	-	-	-	-	-	(15.20)	(734.06)
As at June 30, 2018	-	92,844.48	49,747.95	23,681.45	-	-	2,079.42	6,593.64	4,618.38	28,557.10	208,122.42
Carrying amount											
As at December 31, 2017	6,123.73	42,185.54	113,219.84	9,592.00	599.09	9,035.06	46.67	4,329.56	143.38	2,827.74	188,102.61
As at June 30, 2018	1,095.74	42,106.95	117,968.48	11,216.50	719.81	9,035.06	39.77	4,215.52	143.59	2,730.48	189,271.90

**Separate Financial Statements
As at June 30, 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
Cost											
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	391,241.28
Less Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	(900.66)
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	390,340.62
- Additions	597.67	124.91	6,492.76	1,367.02	661.08	-	-	-	40.00	312.17	9,595.61
- Adjust/Transfers	(5,625.66)	4,374.98	(633.11)	1,001.68	(548.36)	-	-	-	(48.61)	(205.05)	(1,684.13)
- Disposals/ Write off	-	(129.97)	(162.50)	(692.79)	-	-	-	-	-	(15.83)	(1,001.09)
As at June 30, 2018	1,095.74	134,951.43	167,716.43	34,897.95	700.19	9,035.06	2,119.19	10,809.16	4,734.28	31,191.58	397,251.01
Accumulated depreciation											
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	203,174.20
Less Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	(900.66)
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	202,273.54
- Depreciation	-	2,644.93	3,945.22	626.05	-	-	6.90	114.04	37.89	405.60	7,780.63
- Adjust/Transfers	-	1,933.55	(2,834.21)	(148.25)	-	-	-	-	(48.61)	(204.89)	(1,302.41)
- Disposals/ Write off	-	(129.97)	(162.50)	(426.39)	-	-	-	-	-	(15.20)	(734.06)
As at June 30, 2018	-	92,844.48	49,747.95	23,681.45	-	-	2,079.42	6,593.64	4,598.09	28,472.67	208,017.70
Carrying amount											
As at December 31, 2017	6,123.73	42,185.54	113,219.84	9,592.00	587.47	9,035.06	46.67	4,329.56	134.08	2,813.13	188,067.08
As at June 30, 2018	1,095.74	42,106.95	117,968.48	11,216.50	700.19	9,035.06	39.77	4,215.52	136.19	2,718.91	189,233.31

As at June 30, 2018, there were 105 aircraft represented in the Company's fleet, consisting of 30 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 4,549.49 million and 36 aircraft under finance lease with carrying amount of THB 117,968.49 million, totaling 38 aircraft were pledged as collateral for liabilities (Asset-based Financing). 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.

During the period, the Company took delivery of 5 aircraft comprised 2 A350-900 aircraft under finance leases and 3 A350-900 aircraft under operating leases.

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 83,976.61 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 899.86 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 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
Cost		
As at January 1, 2018	3,544.95	3,506.27
- Adjust/Transfers	(1.65)	(1.65)
- Additions	33.81	33.79
- Disposals/ Write off	(3.07)	(3.07)
As at June 30, 2018	3,574.04	3,535.34
Accumulated amortization		
As at January 1, 2018	3,112.45	3,087.60
- Amortization	124.74	121.05
- Adjust/Transfers	(1.65)	(1.65)
- Disposals/ Write off	(3.07)	(3.07)
As at June 30, 2018	3,232.47	3,203.93
Carrying amount		
As at December 31, 2017	432.50	418.67
As at June 30, 2018	341.57	331.41

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

	Consolidated		Unit : Million Baht	
	Financial Statements		Separate	
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Dec 31, 2017
Contribution to staff provident fund	41.82	41.95	41.82	41.95
Contribution to staff pension fund	193.75	173.20	193.75	173.20
Allowance for obsolete inventories	859.15	817.02	859.15	817.02
Allowance for doubtful accounts	286.41	268.23	282.14	264.01
Allowance for impairment of assets	5,111.84	4,607.25	5,111.84	4,607.25
Estimated accrual expenses	2,528.03	2,047.84	2,522.19	2,042.00
Intangible assets	6.38	7.70	6.38	7.70
Provisions for employee benefits	2,610.76	2,518.88	2,605.90	2,514.67
Effective portion of changes in fair value of cash flow hedges	273.38	195.45	273.38	195.45
Others	2.10	1.71	-	-
Total	<u>11,913.62</u>	<u>10,679.23</u>	<u>11,896.55</u>	<u>10,663.25</u>

6.9.2 Deferred Tax Liabilities

	Consolidated		Unit : Million Baht	
	Financial Statements		Separate	
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Dec 31, 2017
Intangible assets	49.86	74.30	49.86	74.30
Revaluation surplus	<u>1,674.18</u>	<u>1,717.05</u>	<u>1,674.18</u>	<u>1,717.05</u>
Total	<u>1,724.04</u>	<u>1,791.35</u>	<u>1,724.04</u>	<u>1,791.35</u>

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>Jun 30, 2018</u>	<u>Dec 31, 2017</u>	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>
Deferred charges	2,437.80	2,569.35	2,334.39	2,451.01
Deferred buyer furnished equipment for aircraft under operating lease	4,824.40	4,140.17	4,824.40	4,140.17
Maintenance reserve	12,349.57	10,388.15	12,347.85	10,373.86
Non-performing assets	5,961.51	8,626.03	5,961.51	8,626.03
Others	<u>1,196.20</u>	<u>855.01</u>	<u>1,149.55</u>	<u>811.26</u>
Total	<u>26,769.48</u>	<u>26,578.71</u>	<u>26,617.70</u>	<u>26,402.33</u>

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	-	-	-	0.16	0.16
- Impairment	(2,548.69)	(73.27)	-	-	(2,621.96)
- Disposals	(3.00)	-	(38.91)	(0.81)	(42.72)
As at June 30, 2018	5,146.17	511.31	242.83	61.20	5,961.51

As at June 30, 2018, total non-performing assets in amount of THB 5,961.51 million consisted of 1 A300-600, 3 A340-500, 6 A340-600, 2 B737-400, 2 B747-400 and 6 A330-300, totaling 20 aircraft in amount of THB 5,146.17 million, spare engines in amount of THB 511.31 million, the Company's domestic and abroad land which had been revalued in 2015 in amount of THB 242.83 million, and other assets in amount of THB 61.20 million which mostly were spare parts of decommissioned aircraft.

6.11 Liquidity Management

In the second quarter, the Company sought its long-term financing through financial lease by using its aircraft as collateral so as to pay for 1 aircraft and drawdown short-term loan from the Export-Import Bank of Thailand and Land and House Bank Public Company Limited in order to service short-term loan and the matured debenture. According to the Board of director meeting on June 20, 2018 No.9/2018, the second issuance of debenture not exceed THB 7,000 million has been approved and will be offered in August 2018. In addition, a financial institution has extended the expiring Committed Credit Line in the amount of THB 1,000 million.

From the execution of the above mentioned actions and cash flow plan for the year 2018, 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 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:

	Unit : Million Baht	
	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>
Current assets	4,018.25	3,942.10
Others	<u>37.57</u>	<u>22.70</u>
Total	<u>4,055.82</u>	<u>3,964.80</u>
Other current liabilities	131.63	173.70
Pension fund	<u>3,924.19</u>	<u>3,791.10</u>
Total	<u>4,055.82</u>	<u>3,964.80</u>

As at June 30, 2018, the fund balance was THB 3,924.19 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 116.60 million, consisting of contribution at a rate equivalent to 10% of employee salaries in the amount of THB 79.31 million and the shortfall of available fund against its obligation in the amount of THB 37.29 million.)

6.13 Employee Benefits Obligation Separate financial statements

Changes in present value of employee benefits obligation

	Unit : Million Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>	<u>Jun 30, 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	304.34	520.04	258.02	515.76
Interest cost	198.88	379.05	198.12	378.66
Benefits paid	-	(224.95)	-	(224.95)
Actuarial losses	-	0.16	-	-
Ending Balance - Employee benefits obligation	<u>13,097.59</u>	<u>12,594.37</u>	<u>13,029.47</u>	<u>12,573.33</u>

Principal actuarial assumptions :

	<u>Jun 30, 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 June 30, 2018 :

	Unit : Million Baht	
	Changes in present value of	
	employee benefits obligation	
	<u>Increase in</u>	<u>Decrease in</u>
	<u>assumption 1%</u>	<u>assumption 1%</u>
Discount rate	(784.50)	973.57
Average salary increase rates	502.51	(442.72)
Medical cost inflation	420.61	(321.19)

6.14 Long-Term Provision

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>	<u>Jun 30, 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>2,756.08</u>	<u>2,944.25</u>	<u>2,584.00</u>	<u>2,284.91</u>
Long-term provision at the ending balance	<u>13,066.16</u>	<u>10,310.08</u>	<u>11,902.99</u>	<u>9,318.99</u>

Long-term provision as at June 30, 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 June 30, 2018 in the amount of THB 11,899.80 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 5,228.42 million, engine restoration costs of THB 6,545.55 million (engines under operating leases of THB 4,950.87 million and under finance leases of THB 1,594.68 million) and return conditions cost of THB 125.83 million.

6.15 Share Capital

As at June 30, 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			
	Three-month Period		Six-month Period	
	Apr-Jun, 2018	Apr-Jun, 2017	Jan-Jun, 2018	Jan-Jun, 2017
Gains on sales of assets	631.61	-	631.61	-
Dividends from associated and subsidiary Companies	0.94	1.34	0.94	1.34
Revenue from other services of Aircraft				
Maintenance Department	132.87	165.86	291.28	374.78
Compensation revenue from the delay delivery of aircraft	46.87	354.66	133.24	354.66
Other fine revenues	159.67	24.27	217.57	79.64
Insurance compensation from the flood disaster	-	2.63	-	101.56
Revenue from Royal Orchid Lounge service	28.59	26.88	58.22	51.52
Revenue from management services				
at Suvarnabhumi Airport	19.10	20.54	36.25	37.02
Revenue from services to Other Air Carriers				
passenger at Suvarnabhumi Airport	30.58	19.26	66.37	38.61
Revenue from in- flight Internet service	4.66	-	10.11	-
Gain on sale of investment	654.82	-	654.82	-
Others	270.82	84.02	438.18	175.00
Total	1,980.53	699.46	2,538.59	1,214.13

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2018	Apr-Jun, 2017	Jan-Jun, 2018	Jan-Jun, 2017
Gains on sales of assets	631.61	-	631.61	-
Dividends from associated and subsidiary Companies	311.80	269.82	311.80	269.82
Revenue from other services of Aircraft				
Maintenance Department	132.87	165.86	291.28	374.78
Compensation revenue from the delay delivery of aircraft	46.87	354.66	133.24	354.66
Other fine revenues	159.67	24.27	217.57	79.64
Insurance compensation from the flood disaster	-	2.63	-	101.56
Revenue from Royal Orchid Lounge service	28.59	26.88	58.22	51.52
Revenue from service to Thai Smile Airways	13.45	17.36	26.33	34.88
Revenue from management services				
at Suvarnabhumi Airport	19.10	20.54	36.25	37.02
Revenue from services to Other Air Carriers				
passenger at Suvarnabhumi Airport	30.58	19.26	66.37	38.61
Revenue from in- flight Internet service	4.66	-	10.11	-
Gain on sale of investment	697.50	-	697.50	-
Others	272.38	69.11	445.48	146.21
Total	2,349.08	970.39	2,925.76	1,488.70

6.17 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2018	Apr-Jun, 2017	Jan-Jun, 2018	Jan-Jun, 2017
Personnel expenses	7,364.08	7,597.50	14,494.23	14,907.52
Employee benefits	235.04	224.77	503.22	449.54
Executive remuneration	16.74	17.85	32.21	35.72
Board of Directors remuneration	4.97	5.01	9.36	10.36
Total	7,620.83	7,845.13	15,039.02	15,403.14

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2018	Apr-Jun, 2017	Jan-Jun, 2018	Jan-Jun, 2017
Personnel expenses	7,207.04	7,455.31	14,201.42	14,634.86
Employee benefits	228.07	223.61	456.14	447.22
Executive remuneration	14.96	16.17	28.73	32.58
Board of Directors remuneration	3.92	3.96	7.53	8.69
Total	7,453.99	7,699.05	14,693.82	15,123.35

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 aircraft and spare engines in the statement of profit or loss and other comprehensive income for the six month period ended June 30, 2018 amounting to THB 2,621.96 million, which consist of 1 A300-600, 3 A330-300, 3 A340-500, 6 A340-600, 2 B737-400 and 2 B747-400, totaling 17 aircraft of THB 2,548.69 million and 2 TRENT 556, 2 CFM56-3C1, 4 PW4158, totaling 8 spare engines of THB 73.27 million.

6.19 Other Expenses

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2018	Apr-Jun, 2017	Jan-Jun, 2018	Jan-Jun, 2017
Rentals and utilities	632.68	667.04	1,176.12	1,285.68
Office supplies	47.30	44.26	75.22	86.86
Repair of building and equipment	155.83	154.18	305.78	317.90
Outsource services	511.82	530.03	964.61	987.34
Consultant and service fees	149.65	172.84	298.02	238.74
Legal fee for Antitrust/ Competition Law	7.01	3.63	12.51	9.34
Computer service expenses	151.73	130.64	337.09	251.60
Rental of communication devices and office equipment	58.87	52.47	108.68	100.83
Travelling and transportation expenses	150.87	125.63	262.05	248.15
Concession fees	113.08	91.30	221.19	190.83
Passenger claim expenses	84.10	91.52	172.44	173.40
Provision for disposal and unused spare parts	105.09	93.19	228.48	196.93
Service cargo expenses	40.63	34.77	117.18	65.60
Joint venture expenses in STAR Alliance	14.73	10.10	32.71	12.00
Company business and municipal taxes	93.32	92.92	120.94	131.57
Bad debts and provision for bad debts	70.39	4.51	98.70	(12.69)
Service fee for IT HOSTING system	13.66	16.07	35.68	38.50
Fine and interest expenses	5.07	(0.92)	19.97	(0.93)
Fund of Empowerment of person with disabilities	(0.13)	-	12.88	-
Others	193.24	264.99	331.89	469.26
Total	2,598.94	2,579.17	4,932.14	4,790.91

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2018	Apr-Jun, 2017	Jan-Jun, 2018	Jan-Jun, 2017
Rentals and utilities	632.68	667.04	1,176.12	1,285.68
Office supplies	47.30	44.26	75.22	86.86
Repair of building and equipment	155.83	154.18	305.78	317.90
Outsource services	511.82	530.03	964.61	987.34
Consultant and service fees	149.65	172.84	298.02	238.74
Legal fee for Antitrust/ Competition Law	7.01	3.63	12.51	9.34
Computer service expenses	151.73	130.64	337.09	251.60
Rental of communication devices and office equipment	58.87	52.47	108.68	100.83
Travelling and transportation expenses	150.87	125.63	262.05	248.15
Concession fees	113.08	91.30	221.19	190.83
Passenger claim expenses	84.10	91.52	172.44	173.40
Provision for disposal and unused spare parts	105.09	93.19	228.48	196.93
Service cargo expenses	40.63	34.77	117.18	65.60
Joint venture expenses in STAR Alliance	14.73	10.10	32.71	12.00
Company business and municipal taxes	93.32	92.92	120.94	131.57
Bad debts and provision for bad debts	70.39	4.51	98.49	(12.69)
Service fee for IT HOSTING system	13.66	16.07	35.68	38.50
Fine and interest expenses	5.07	(0.92)	19.97	(0.93)
Fund of Empowerment of person with disabilities	(0.13)	-	12.88	-
Others	99.49	387.38	137.75	483.37
Total	2,505.19	2,701.56	4,737.79	4,805.02

6.20 Income Tax Revenue

Unit : Million Baht

	Consolidated Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2018	Apr-Jun, 2017	Jan-Jun, 2018	Jan-Jun, 2017
Tax expense (income) from taxable profit for the period	10.16	4.90	24.16	16.24
<u>Add(less):</u> deferred tax asset/ liability from temporary different increase/ decrease	(418.72)	(162.59)	(1,223.77)	(415.70)
Tax expenses (income)	(408.56)	(157.69)	(1,199.61)	(399.46)

Unit : Million Baht

	Separate Financial Statements			
	Three-month Period		Six-month Period	
	Apr-Jun, 2018	Apr-Jun, 2017	Jan-Jun, 2018	Jan-Jun, 2017
Tax expense (income) from taxable profit for the period	2.58	2.42	5.10	4.85
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(418.01)	(162.36)	(1,222.67)	(415.24)
Tax expenses (income)	(415.43)	(159.94)	(1,217.57)	(410.39)

6.21 Earnings (Loss) Per Share

Basic earnings (loss) 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 June 30, 2018

	Loss		Number of Shares		Loss per Share	
	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Loss per Share						
Loss attributable to owners of the parent	(3,098.56)	(5,211.20)	2,182.77	2,182.77	(1.42)	(2.39)

Separate Financial Statements For the three-month period ended June 30, 2018

	Loss		Number of Shares		Loss per share	
	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Loss per Share						
Loss attributable to owners of the parent	(1,610.19)	(3,781.62)	2,182.77	2,182.77	(0.74)	(1.73)

Consolidated Financial Statements For the six-month period ended June 30, 2018

	Loss		Number of Shares		Loss per Share	
	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Loss per Share						
Loss attributable to owners of the parent	(381.63)	(2,054.01)	2,182.77	2,182.77	(0.17)	(0.94)

Separate Financial Statements
For the six-month period ended June 30, 2018

	Profit (Loss)		Number of Shares		Earnings (Loss) per share	
	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings (Loss) per Share						
Profits (loss) attributable to owners of the parent	1,383.75	(347.91)	2,182.77	2,182.77	0.63	(0.16)

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 June 30, 2018**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Jun 30, 2018</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2017</u>
External Revenue	42,282.44	41,372.75	2,670.16	2,369.76	306.74	739.66	45,259.34	44,482.17
Inter - segment revenue (expenses)	(3,570.70)	(3,595.82)	2,468.80	2,384.98	1,101.90	1,210.84	-	-
Interest income	50.65	39.94	-	-	2.06	4.35	52.71	44.29
Gain (loss) on foreign currency exchange	(441.56)	(2,394.48)	-	-	10.26	(36.03)	(431.30)	(2,430.51)
Other income	<u>1,968.79</u>	<u>690.79</u>	<u>24.91</u>	<u>9.89</u>	<u>(13.17)</u>	<u>(1.22)</u>	<u>1,980.53</u>	<u>699.46</u>
Total Revenue	<u>40,289.62</u>	<u>36,113.18</u>	<u>5,163.87</u>	<u>4,764.63</u>	<u>1,407.79</u>	<u>1,917.60</u>	<u>46,861.28</u>	<u>42,795.41</u>
Fuel expense	(13,273.77)	(11,589.38)	-	-	(878.57)	(689.76)	(14,152.34)	(12,279.14)
Employee benefits expenses	(4,206.88)	(4,540.32)	(1,951.83)	(1,884.44)	(1,462.12)	(1,420.36)	(7,620.83)	(7,845.12)
Flight service expenses	(4,984.48)	(5,004.13)	(11.31)	(12.22)	(342.71)	(238.87)	(5,338.50)	(5,255.22)
Depreciation and amortization expenses	(3,644.70)	(3,877.50)	(93.93)	(107.36)	(232.55)	(237.15)	(3,971.18)	(4,222.01)
Impairment loss of assets and aircraft	(256.55)	(389.66)	-	-	-	-	(256.55)	(389.66)
Other expenses	(14,442.67)	(13,939.57)	(1,888.84)	(1,751.00)	(1,384.41)	(1,193.83)	(17,715.92)	(16,884.40)
Finance costs	(1,105.84)	(1,105.71)	-	-	-	-	(1,105.84)	(1,105.71)
Share of loss on investment in associates	<u>(195.14)</u>	<u>(179.76)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(195.14)</u>	<u>(179.76)</u>
Total Expenses	<u>(42,110.03)</u>	<u>(40,626.03)</u>	<u>(3,945.91)</u>	<u>(3,755.02)</u>	<u>(4,300.36)</u>	<u>(3,779.97)</u>	<u>(50,356.30)</u>	<u>(48,161.02)</u>
Profit (loss) before Income Tax Expense	<u>(1,820.41)</u>	<u>(4,512.85)</u>	<u>1,217.96</u>	<u>1,009.61</u>	<u>(2,892.57)</u>	<u>(1,862.37)</u>	<u>(3,495.02)</u>	<u>(5,365.61)</u>
Income tax revenue (expense)	<u>415.43</u>	<u>159.94</u>	<u>-</u>	<u>-</u>	<u>(6.87)</u>	<u>(2.25)</u>	<u>408.56</u>	<u>157.69</u>
Gain (loss) by segments	<u>(1,404.98)</u>	<u>(4,352.91)</u>	<u>1,217.96</u>	<u>1,009.61</u>	<u>(2,899.44)</u>	<u>(1,864.62)</u>	<u>(3,086.46)</u>	<u>(5,207.92)</u>

**Statements of Profit or Loss
For the six - month period ended June 30, 2018**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Jun 30, 2018</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2017</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2017</u>
External Revenue	91,733.41	87,692.85	5,428.76	4,912.82	1,005.01	1,165.72	98,167.18	93,771.39
Inter - segment revenue (expenses)	(7,188.91)	(7,250.54)	5,020.08	4,886.38	2,168.83	2,364.16	-	-
Interest income	88.82	68.03	-	-	3.83	5.75	92.65	73.78
Gain (loss) on foreign currency exchange	136.12	(813.66)	-	-	15.90	(56.79)	152.02	(870.45)
Other income	<u>2,519.89</u>	<u>1,198.99</u>	<u>47.84</u>	<u>18.12</u>	<u>(29.14)</u>	<u>(2.98)</u>	<u>2,538.59</u>	<u>1,214.13</u>
Total Revenue	<u>87,289.33</u>	<u>80,895.67</u>	<u>10,496.68</u>	<u>9,817.32</u>	<u>3,164.43</u>	<u>3,475.86</u>	<u>100,950.44</u>	<u>94,188.85</u>
Fuel expense	(26,349.24)	(23,678.60)	-	-	(1,836.70)	(1,445.25)	(28,185.94)	(25,123.85)
Employee benefits expenses	(8,503.37)	(9,143.25)	(3,697.53)	(3,566.01)	(2,838.12)	(2,693.88)	(15,039.02)	(15,403.14)
Flight service expenses	(10,254.13)	(10,399.85)	(22.82)	(25.54)	(659.45)	(432.49)	(10,936.40)	(10,857.88)
Depreciation and amortization expenses	(7,258.46)	(7,711.20)	(187.41)	(242.04)	(466.58)	(475.66)	(7,912.45)	(8,428.90)
Impairment loss of assets and aircraft	(2,729.06)	(1,406.68)	-	-	-	-	(2,729.06)	(1,406.68)
Other expenses	(28,916.35)	(26,934.65)	(3,704.63)	(3,543.78)	(2,712.52)	(2,410.59)	(35,333.50)	(32,889.02)
Finance costs	(2,300.24)	(2,364.95)	-	-	-	-	(2,300.24)	(2,364.95)
Share of loss on investment in associates	<u>(62.76)</u>	<u>(152.64)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62.76)</u>	<u>(152.64)</u>
Total Expenses	<u>(86,373.61)</u>	<u>(81,791.82)</u>	<u>(7,612.39)</u>	<u>(7,377.37)</u>	<u>(8,513.37)</u>	<u>(7,457.87)</u>	<u>(102,499.37)</u>	<u>(96,627.06)</u>
Profit (loss) before Income Tax Expense	915.72	(896.15)	2,884.29	2,439.95	(5,348.94)	(3,982.01)	(1,548.93)	(2,438.21)
Income tax revenue (expense)	<u>1,217.57</u>	<u>410.39</u>	<u>-</u>	<u>-</u>	<u>(17.96)</u>	<u>(10.93)</u>	<u>1,199.61</u>	<u>399.46</u>
Gain (loss) by segments	<u>2,133.29</u>	<u>(485.76)</u>	<u>2,884.29</u>	<u>2,439.95</u>	<u>(5,366.90)</u>	<u>(3,992.94)</u>	<u>(349.32)</u>	<u>(2,038.75)</u>

**Assets and Liabilities
As at June 30, 2018**

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>
Current assets	38,664.68	38,549.58	715.23	673.70	5,164.23	5,837.54	44,544.14	45,060.82
Investments in associates and Other long-term investment	2,858.46	3,461.80	-	-	4.13	4.13	2,862.59	3,465.93
Property, plant and equipment	181,476.90	179,986.65	5,175.84	5,302.29	2,619.16	2,813.67	189,271.90	188,102.61
Other non-current assets	37,976.21	36,713.37	0.01	0.05	1,048.45	977.03	39,024.67	37,690.45
Non-allocated assets	-	-	-	-	-	-	<u>6,252.75</u>	<u>6,454.74</u>
Total assets							<u>281,956.05</u>	<u>280,774.55</u>
Current liabilities	76,756.87	81,456.09	573.86	734.53	10,182.71	9,813.55	87,513.44	92,004.17
Non-current liabilities	160,392.60	154,805.02	-	-	1,500.57	1,100.69	161,893.17	155,905.71
Non-allocated liabilities	-	-	-	-	-	-	<u>1,228.11</u>	<u>851.87</u>
Total Liabilities							<u>250,634.72</u>	<u>248,761.75</u>

6.22.2 Geographical Segments

Consolidated Financial Statements

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 (Loss) on Foreign Currency Exchange	Others Income	
<u>For the three-month period</u>											
Apr-Jun 2018	3,403.37	2,670.16	306.74	23,122.25	11,868.29	3,832.29	56.24	52.71	(431.30)	1,980.53	46,861.28
Apr-Jun 2017	3,351.62	2,369.76	739.66	22,760.83	11,334.56	3,876.32	49.42	44.29	(2,430.51)	699.46	42,795.41
<u>For the six-month period</u>											
Jan-Jun 2018	7,797.84	5,428.76	1,005.01	48,584.45	26,622.96	8,236.43	491.73	92.65	152.02	2,538.59	100,950.44
Jan-Jun 2017	7,621.53	4,912.82	1,165.72	46,974.95	24,862.97	8,136.23	97.18	73.77	(870.45)	1,214.13	94,188.85

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 606.74 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 15.03 million and THB 729.46 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 21 labor cases with an approximate amount of THB 123.09 million and has been filed the complaints for the compensation totaling 43 cases with an approximate amount of THB 425.01 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 June 30, 2018 is USD 7.28 million or approximately THB 242.81 million. The petition for reassessment of taxes was sent to the Revenue Department by the Company's tax consultant and still under consideration of the Cambodia Revenue Department.

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. During the second quarter, the Company has submitted the letter of clarification No. Gor Bor 01/399 dated May 16, 2018 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 12.00 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 June 30, 2018, the Company has 25 CCS transactions. These debt swaps are 4 transactions of THB currency to EUR currency with fixed interest rate, 10 transactions of THB currency to JPY currency with fixed interest rate, 4 transactions of THB currency to JPY currency with floating interest rate, 1 transactions of THB currency to GBP currency with fixed 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 5% EUR 34% JPY 22% GBP 1% CHF 7% THB 31%. The notional amount as at June 30, 2018 is equivalent to THB 33,411.29 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 and six month period ended June 30, 2018, the Company recognized loss from application of hedge accounting to foreign currency borrowings and forecasted future foreign currency revenue in the amount of THB 14.87 million and THB 38.34 million, respectively.

6.27 Contractual Obligations

6.27.1 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 39 aircraft amount of USD 3,770.27 million or approximately to THB 125,654.81 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	14,968.85	56,098.69	54,587.27

6.28 Events after the Reporting Period

6.28.1 The Company will issue and offer the Debenture No. 2/2018 worth THB 7,000 million to major investors and financial institutions by Private Placement/PP in August 2018.

6.28.2 The Company has planned to use a financial instrument; Cross Currency Swap (CCS) to manage THB Debenture in suitable portions in accordance with the financial market condition.

6.29 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on August 9, 2018.
