

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

TO: THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

The State Audit Office of the Kingdom of Thailand has reviewed the accompanying consolidated and separate statements of financial position as at March 31, 2019, the consolidated and the Company's statements of comprehensive income, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's statements of cash flows for the three-month period ended March 31, 2019, 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 State Audit Office of the Kingdom of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of the Review

The State Audit Office of the Kingdom 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 State Audit Office of the Kingdom of Thailand to obtain assurance that the State Audit Office of the Kingdom of Thailand would become aware of all significant matters that might be identified in an audit. Accordingly, the Office of the State Audit Office of the Kingdom 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 State Audit Office of the Kingdom 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".

State Audit Office of the Kingdom of Thailand

Emphasis of a Matter

The State Audit Office of the Kingdom of Thailand put the notice to the note to the interim financial statement as follows :

1. Note No. 5 “The adoption of the new Financial Reporting Standard”, Thai Airways International Public Company Limited has applied the Financial Reporting Standard No 15 “Revenue from Contracts with Customers” effective to the accounting periods beginning on or after January 1, 2019 onwards and chooses to recognize the effect to the beginning of accumulated earning in the current period.

2. Note No. 6 “The Corporate Transformation Plan”, which describes the operation strategies according to the Corporate transformation plan for the year 2019 of Thai Airways International Public Company Limited.

3. Note No.7.11 “ Liquidity Management”, which describes how the Company acquired fund and the forecast of cash flow for the three- month period ended March 31, 2019.

4. Note No. 7.31.3 “Event after the Reporting Period”, which describes, the 2019 Annual General Meeting of Shareholders, as at date April 26, 2019, had a resolution to approve transferring of legal reserve and premium on ordinary shares, for compensating the deficits. Management prepares and presents revised interim financial statement version which stated transferring of legal reserve and premium on ordinary shares, for compensating the deficits according to shareholders’s meeting approved.

However, the State Audit Office of the Kingdom of Thailand does not express the unqualified opinion.

(Signed) *Pattra Showsri*
(Pattra Showsri)
Deputy Auditor General

(Signed) *Balloon Sirisingsongchai*
(Balloon Sirisingsongchai)
Director of Financial and Procurement Audit Office No.11

State Audit Office of the Kingdom of Thailand

May 15, 2019

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2019

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
		March 31, 2019 (Unaudited but reviewed)	December 31, 2018 (Audited)	March 31, 2019 (Unaudited but reviewed)	December 31, 2018 (Audited)
ASSETS					
Current Assets					
Cash and cash equivalents	7.1	13,685,857,917	13,691,848,724	12,390,150,301	12,523,360,617
Temporary investments		38,264	38,264	-	-
Trade receivables	7.2	12,024,591,977	10,394,067,903	11,103,842,848	9,705,911,027
Prepaid expenses and deposits		7,287,623,738	7,321,908,745	7,461,763,012	7,529,150,681
Inventories and supplies		4,798,509,904	4,947,017,527	4,751,733,983	4,901,658,139
Other current assets	7.3	12,894,592,240	12,702,976,136	20,643,304,001	20,535,369,827
Non-current assets held for sale	7.4	1,371,079,741	490,157,613	1,371,079,741	490,157,613
Total Current Assets		52,062,293,781	49,548,014,912	57,721,873,886	55,685,607,904
Non-Current Assets					
Investments in associates	7.5.1	2,618,806,865	2,299,713,942	1,234,106,581	1,234,106,581
Investments in subsidiaries	7.5.1	-	-	1,810,209,913	1,810,209,913
Other long-term investments	7.5.2	67,884,363	69,002,222	64,899,263	66,017,122
Property, plant and equipment	7.7	176,198,013,444	179,598,685,050	176,158,135,465	179,558,497,148
Intangible assets	7.8	221,197,002	236,352,618	210,584,672	228,806,503
Deferred tax assets	7.9.1	10,383,358,881	10,650,722,771	10,365,268,247	10,632,997,811
Other non-current assets	7.10	25,725,594,881	26,318,704,847	25,672,142,860	26,185,205,174
Total Non-Current Assets		215,214,855,436	219,173,181,450	215,515,347,001	219,715,840,252
Total Assets		267,277,149,217	268,721,196,362	273,237,220,887	275,401,448,156

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

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2019

		CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
	Notes	March 31, 2019 (Unaudited but reviewed)	December 31, 2018 (Audited)	March 31, 2019 (Unaudited but reviewed)	December 31, 2018 (Audited)
Unit : Baht					
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables		6,072,803,569	5,167,608,841	5,892,009,407	4,946,272,359
Accrued expenses		18,325,798,181	18,130,323,417	18,003,042,474	17,973,191,375
Current portion of long-term liabilities					
Long-term loans from financial institutions		3,216,346,154	3,185,096,154	3,216,346,154	3,185,096,154
Long-term loans from related parties	7.6.1.2	1,397,249,756	1,448,088,914	1,397,249,756	1,448,088,914
Liabilities under finance leases		8,431,784,284	8,699,910,918	8,431,784,284	8,699,910,918
Debentures		3,730,000,000	9,530,000,000	3,730,000,000	9,530,000,000
Short-term loans from financial institutions		3,000,000,000	2,000,000,000	3,000,000,000	2,000,000,000
Short-term loans from related parties	7.6.1.1	7,000,000,000	1,000,000,000	7,000,000,000	1,000,000,000
Income tax payable		24,003,999	17,844,116	-	-
Other current liabilities					
Accrued dividends		54,510,061	54,556,981	54,334,363	54,403,981
Unearned transportation revenue		26,598,591,709	30,624,142,358	25,740,497,261	29,692,124,792
Others		10,496,419,463	9,050,865,454	11,476,124,504	10,283,990,506
Total Current Liabilities		88,347,507,176	88,908,437,153	87,941,388,203	88,813,078,999
Non-Current Liabilities					
Long-term liabilities					
Long-term loans from financial institutions		4,111,346,154	4,173,365,397	4,111,346,154	4,173,365,397
Long-term loans from related parties	7.6.1.2	14,489,674,526	15,638,001,158	14,489,674,526	15,638,001,158
Liabilities under finance leases		46,745,454,197	50,282,098,896	46,745,454,197	50,282,098,896
Debentures		55,320,000,000	55,320,000,000	55,320,000,000	55,320,000,000
Deferred tax liabilities	7.9.1	1,697,772,869	1,703,581,058	1,697,772,869	1,703,581,058
Staff pension fund	7.12	3,841,266,690	3,824,995,651	3,841,266,690	3,824,995,651
Employee benefit obligations	7.13	13,799,878,123	13,575,420,996	13,711,198,197	13,493,261,770
Long-term provisions	7.14	15,299,812,910	14,708,086,792	13,522,814,343	13,093,931,772
Other non-current liabilities		47,551,534	130,875,130	1,395,822,571	1,356,144,193
Total Non-Current Liabilities		155,352,757,003	159,356,425,078	154,835,349,547	158,885,379,895
Total Liabilities		243,700,264,179	248,264,862,231	242,776,737,750	247,698,458,894
Shareholders' Equity					
Share capital	7.15				
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	7.31.3	1,862,979,154	25,545,316,308	1,862,979,154	25,545,316,308
Retained earnings					
Appropriated					
Legal reserve	7.31.3	-	2,691,275,568	-	2,691,275,568
Unappropriated	5	(6,924,704,758)	(35,907,023,773)	96,531,033	(28,533,077,895)
Other components of equity		6,673,254,518	6,171,756,849	6,673,253,780	6,171,756,111
Total Company Shareholders' Equity		23,439,248,084	20,329,044,122	30,460,483,137	27,702,989,262
Non-controlling interests		137,636,954	127,290,009	-	-
Total Shareholders' Equity		23,576,885,038	20,456,334,131	30,460,483,137	27,702,989,262
Total Liabilities and Shareholders' Equity		267,277,149,217	268,721,196,362	273,237,220,887	275,401,448,156

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

(Mr. Sumeth Damrongchaitham)
President

(Mr. Nattapong Samit-ampaipisarn)
Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	Unit : Baht				
	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>THE COMPANY'S FINANCIAL STATEMENT</u>		
	<u>Notes</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues					
Revenues from Sales or Services					
Passenger and excess baggage		41,023,777,069	44,114,724,601	38,048,869,100	41,497,562,547
Freight		4,523,806,557	5,155,740,514	4,525,105,605	5,155,025,579
Mail		124,416,417	180,504,367	124,416,417	180,504,367
Other activities		3,672,679,312	3,456,873,852	4,170,005,096	3,864,916,541
Total Revenues from Sales or Services		49,344,679,355	52,907,843,334	46,868,396,218	50,698,809,034
Other Income					
Interest income		39,635,819	39,939,985	37,315,605	38,163,020
Gain on foreign currency exchange rates		1,365,822,701	583,320,152	1,377,318,981	577,682,270
Other income - Others	7.16	446,276,473	558,057,520	452,870,867	576,683,332
Gain on changes in ownership interest	7.30.2	273,177,862	-	-	-
Total Other Income		2,124,912,855	1,181,317,657	1,867,505,453	1,192,528,622
Total Revenues		51,469,592,210	54,089,160,991	48,735,901,671	51,891,337,656
Expenses					
Aircraft fuel expenses		14,044,536,713	14,033,600,312	13,045,836,351	13,075,466,989
Employee benefits expenses	7.17	7,221,088,517	7,418,192,920	7,024,351,355	7,239,830,997
Flight service expenses		5,385,018,377	5,597,905,817	4,999,989,687	5,281,166,323
Crew expenses		1,625,254,231	1,412,640,142	1,483,683,604	1,292,277,332
Aircraft repair and maintenance costs		5,223,351,918	5,568,387,525	4,778,348,970	5,130,068,065
Depreciation and amortization expenses		4,228,078,234	3,941,273,506	4,225,122,832	3,936,405,322
Lease of aircraft and spare parts		4,064,707,059	3,434,301,612	4,469,468,757	3,370,889,863
Inventories and supplies expenses		2,381,961,359	2,309,385,691	2,230,074,710	2,182,395,812
Selling and advertising expenses		2,806,564,351	2,414,707,233	2,541,051,882	2,165,180,544
Insurance expenses		156,469,419	144,953,519	131,952,415	126,364,570
Impairment loss of assets		19,642,183	23,116,179	19,642,183	23,116,179
Impairment loss of aircraft	7.18	193,565,520	2,449,385,224	193,565,520	2,449,385,224
Other expenses	7.19	2,459,527,608	2,333,196,528	2,256,158,686	2,232,597,212
Finance costs		1,103,576,728	1,194,392,320	1,103,576,728	1,194,392,320
Share of the profit of associates		(42,117,203)	(132,377,369)	-	-
Total Expenses		50,871,225,014	52,143,061,159	48,502,823,680	49,699,536,752
Profit before Income Tax Expense		598,367,196	1,946,099,832	233,077,991	2,191,800,904
Income tax expense	7.9.2	(142,554,289)	791,040,110	(136,546,958)	802,134,125
Profit (loss) for the period		455,812,907	2,737,139,942	96,531,033	2,993,935,029
Other comprehensive income (loss)					
Items that might be reclassified to profit or loss in subsequent periods					
Effective portion of gain on changes in fair value of cash flow hedges		626,872,086	7,975,513	626,872,086	7,975,513
Income tax related to effective portion of gain on changes in fair value of cash flow hedges		(125,374,417)	(1,595,103)	(125,374,417)	(1,595,103)
Unrealized gain (loss) on remeasuring available-for-sale investments		-	85	-	-
Income tax related to unrealized gain (loss) on remeasuring available-for-sale investments		-	(17)	-	-
Items that will not be reclassified to profit or loss in subsequent periods					
Share of other comprehensive profit from joint ventures and associates		3,797,857	-	-	-
Other Comprehensive Income for the period - Net of Tax		505,295,526	6,380,478	501,497,669	6,380,410
Total Comprehensive Income (loss) for the period		961,108,433	2,743,520,420	598,028,702	3,000,315,439
Profit (loss) Attributable to					
Owners of the Parent		445,443,263	2,716,924,449	96,531,033	2,993,935,029
Non-controlling interests		10,369,644	20,215,493	-	-
		455,812,907	2,737,139,942	96,531,033	2,993,935,029
Total Comprehensive Income (loss) Attributable to					
Owners of the Parent		950,738,789	2,723,304,927	598,028,702	3,000,315,439
Non-controlling interests		10,369,644	20,215,493	-	-
		961,108,433	2,743,520,420	598,028,702	3,000,315,439
Profit (loss) per Share	7.20				
Basic profit (loss) per share		0.20	1.24	0.04	1.37

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

(Mr. Sumeth Damrongchaitham)
President

(Mr. Nattapong Samit-ampaipisarn)
Executive Vice President, Finance and Accounting

(TRANSLATION)

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Unaudited
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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS

Owners of the parent

	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Other Components of Equity						Total Owners of the Parent	Non-controlling Interests	Total Shareholders' Equity	
			Appropriated Legal reserve	Unappropriated	Other Comprehensive Income (loss)									
					Effective portion of gain (loss) on changes in fair value of cash flow hedges	Income tax related to effective portion of gain (loss) on changes in fair value of cash flow hedges	Revaluation surplus on assets	Income tax related to revaluation surplus on assets	Unrealized gain (loss) on remeasuring available-for-sale investment	Income tax related to unrealized gain (loss) on remeasuring available-for-sale investment				Total other components of equity
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 to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(22,699)	(22,699)
Add Profit for the period	-	-	-	2,716,924,449	-	-	-	-	-	-	-	2,716,924,449	20,215,493	2,737,139,942
Add Other comprehensive income for the period	-	-	-	-	7,975,513	(1,595,103)	-	-	85	(17)	6,380,478	6,380,478	-	6,380,478
Balance as at March 31, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(21,522,675,992)	(969,277,414)	193,855,483	8,585,218,762	(1,717,043,752)	606	(121)	6,092,753,564	34,634,388,618	121,907,089	34,756,295,707
Balance as at January 1, 2019	21,827,719,170	25,545,316,308	2,691,275,568	(35,907,023,773)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	922	(184)	6,171,756,849	20,329,044,122	127,290,009	20,456,334,131
Add Retrospective adjustments from changes in accounting policy	-	-	-	2,159,465,173	-	-	-	-	-	-	-	2,159,465,173	-	2,159,465,173
Balance After adjustment	21,827,719,170	25,545,316,308	2,691,275,568	(33,747,558,600)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	922	(184)	6,171,756,849	22,488,509,295	127,290,009	22,615,799,304
Changes in Shareholders' Equity														
Transfer of legal reserve and premium on ordinary shares to offset deficit	-	(23,682,337,154)	(2,691,275,568)	26,373,612,722	-	-	-	-	-	-	-	-	-	-
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(22,699)	(22,699)
Add Profit for the period	-	-	-	445,443,263	-	-	-	-	-	-	-	445,443,263	10,369,644	455,812,907
Add Other comprehensive income for the period	-	-	-	3,797,857	626,872,086	(125,374,417)	-	-	-	-	501,497,669	505,295,526	-	505,295,526
Balance as at March 31, 2019	21,827,719,170	1,862,979,154	-	(6,924,704,758)	(29,325,791)	5,865,159	8,370,893,014	(1,674,178,602)	922	(184)	6,673,254,518	23,439,248,084	137,636,954	23,576,885,038

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

(Mr. Sumeth Damrongchaitam)

President

(Mr. Nattapong Samit-ampaipisarn)

Executive Vice President, Finance and Accounting

(TRANSLATION)

Unaudited
but reviewed

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

Unit : Baht

THE COMPANY'S 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 (loss)					
					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, 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										
<u>Add</u> Profit for the period	-	-	-	2,993,935,029	-	-	-	-	-	2,993,935,029
<u>Add</u> Other comprehensive income for the period	-	-	-	-	7,975,513	(1,595,103)	-	-	6,380,410	6,380,410
Balance as at March 31, 2019	21,827,719,170	25,545,316,308	2,691,275,568	(17,432,614,359)	(969,277,414)	193,855,483	8,585,218,762	(1,717,043,752)	6,092,753,079	38,724,449,766
Balance as at January 1, 2019	21,827,719,170	25,545,316,308	2,691,275,568	(28,533,077,895)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	6,171,756,111	27,702,989,262
<u>Add</u> Retrospective adjustments from changes in accounting policy	-	-	-	2,159,465,173	-	-	-	-	-	2,159,465,173
Balance After adjustment	21,827,719,170	25,545,316,308	2,691,275,568	(26,373,612,722)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	6,171,756,111	29,862,454,435
Changes in Shareholders' Equity										
Transfer of legal reserve and premium on ordinary shares to offset deficit	-	(23,682,337,154)	(2,691,275,568)	26,373,612,722	-	-	-	-	-	-
<u>Add</u> Profit for the period	-	-	-	96,531,033	-	-	-	-	-	96,531,033
<u>Add</u> Other comprehensive income for the period	-	-	-	-	626,872,086	(125,374,417)	-	-	501,497,669	501,497,669
Balance as at March 31, 2019	21,827,719,170	1,862,979,154	-	96,531,033	(29,325,791)	5,865,159	8,370,893,014	(1,674,178,602)	6,673,253,780	30,460,483,137

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>THE COMPANY'S FINANCIAL STATEMENTS</u>		
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities					
Profit before income tax expense		598,367,196	1,946,099,832	233,077,991	2,191,800,904
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :					
Depreciation and amortization expenses		4,228,078,234	3,941,273,506	4,225,122,832	3,936,405,322
Aircraft lease fee		133,155,142	109,190,276	133,155,142	109,190,276
Dividends received		(2,953)	-	(2,953)	-
Share profit of investments in associates by equity method		(42,117,203)	(132,377,369)	-	-
Gain on changes in ownership interest		(273,177,862)	-	-	-
Interest income		(39,635,819)	(39,939,985)	(37,315,605)	(38,163,020)
Interest expenses		1,103,576,728	1,194,392,320	1,103,576,728	1,194,392,320
Profit on disposal of assets		(3,607,299)	(1,425,166)	(3,609,384)	(1,425,166)
Profit on sales of aircraft		-	(10,161,857)	-	(10,161,857)
Gain on foreign currency exchange rates		(1,138,191,230)	(611,221,870)	(1,143,626,573)	(605,903,730)
Provision for employee benefit obligations		224,457,127	268,187,929	217,936,427	228,072,093
Provision for obsolete inventories and supplies		1,386,764	123,389,994	1,386,764	123,389,994
Doubtful accounts		(9,480,577)	28,310,833	(9,480,577)	28,100,600
Impairment loss of aircraft		193,565,520	2,449,385,224	193,565,520	2,449,385,224
Impairment loss of assets		19,642,183	23,116,179	19,642,183	23,116,179
Operating profits before changes in operating assets and liabilities		4,996,015,951	9,288,219,846	4,933,428,495	9,628,199,139
Decrease (increase) in operating assets :					
Trade receivables		(1,601,128,587)	(2,152,823,772)	(1,369,016,336)	(1,519,477,936)
Inventories and supplies		147,120,859	105,523,536	148,537,392	97,762,663
Prepaid expenses and deposits		(91,799,412)	(609,154,398)	(58,696,750)	(515,203,721)
Other current assets		13,281,452	(702,347,199)	87,646,754	(1,374,839,035)
Non-current assets held for sale		798,454	13,165,988	798,454	13,165,988
Maintenance reserves		(887,532,534)	(825,762,178)	(964,947,063)	(837,056,194)
Other assets		(62,428,762)	(525,204,102)	(62,668,281)	(524,625,088)
Deferred charges		2,390,443	(787,037,348)	-	(797,019,988)
Increase (decrease) in operating liabilities :					
Trade payables		497,613,442	246,667,508	538,132,403	266,908,471
Accrued expenses and other current liabilities		1,525,303,555	(127,890,866)	1,106,419,442	(502,941,316)
Staff pension fund		16,271,039	78,290,919	16,271,039	78,290,919
Unearned transportation revenues		(1,865,668,136)	(2,079,396,633)	(1,791,745,018)	(2,090,373,512)
Other non-current liabilities		707,363,343	1,920,820,703	667,519,155	1,807,789,010
Proceeds from operations		3,397,601,107	3,843,072,004	3,251,679,686	3,730,579,400
Cash paid for income tax		(146,028,392)	(105,136,961)	(136,927,066)	(105,124,614)
Net Cash provided by Operating Activities		3,251,572,715	3,737,935,043	3,114,752,620	3,625,454,786

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 THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>THE COMPANY'S FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash Flows from Investing Activities					
Cash paid for acquisition of fixed assets		(431,588,727)	(1,216,560,541)	(429,405,958)	(1,208,950,512)
Cash paid for intangible assets		(19,594,297)	(28,885,528)	(16,063,287)	(28,870,269)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment		-	100,407,530	-	100,407,530
Cash received from sales of assets		2,967,716	2,779,807	2,967,716	2,779,807
Interest income		20,791,452	19,885,619	20,263,794	20,042,339
Dividends received		2,953	-	2,953	-
Net Cash used in Investing Activities		(427,420,903)	(1,122,373,113)	(422,234,782)	(1,114,591,105)
Cash Flows from Financing Activities					
Proceeds from debentures		-	6,000,000,000	-	6,000,000,000
Proceeds from short-term loans		9,000,000,000	-	9,000,000,000	-
Proceeds from long-term loans		-	2,000,000,000	-	2,000,000,000
Proceeds from liabilities under finance leases		-	1,063,841,727	-	1,063,841,727
Cash paid for repayment of short-term loans		(2,000,000,000)	(5,328,167,000)	(2,000,000,000)	(5,328,167,000)
Cash paid for repayment of debentures		(5,800,000,000)	-	(5,800,000,000)	-
Cash paid for repayment of long-term loans		(755,791,860)	(1,097,056,114)	(755,791,860)	(1,097,056,114)
Cash paid for liabilities under finance leases		(2,362,418,695)	(2,644,435,538)	(2,362,418,695)	(2,644,435,538)
Cash paid for borrowings interest		(930,017,986)	(876,505,386)	(930,017,986)	(876,505,386)
Dividends paid		(69,618)	(26,600)	(69,618)	(26,600)
Dividends paid to non-controlling interests		(7,608)	-	-	-
Net Cash used in Financing Activities		(2,848,305,767)	(882,348,911)	(2,848,298,159)	(882,348,911)
Net increase (decrease) in cash and cash equivalents		(24,153,955)	1,733,213,019	(155,780,321)	1,628,514,770
Cash and cash equivalents at the beginning of the period		13,691,848,724	15,229,686,324	12,523,360,617	14,022,787,581
		13,667,694,769	16,962,899,343	12,367,580,296	15,651,302,351
Effects of changes in foreign currency exchange rates on cash on hand and at banks increase (decrease)		18,163,148	8,801,035	22,570,005	5,773,825
Cash and Cash Equivalents at the end of the period		13,685,857,917	16,971,700,378	12,390,150,301	15,657,076,176
Additional Information for Cash Flow					
Non-cash Transactions					
Fixed assets unpaid		163,585,772	192,470,927	163,585,772	192,470,927
Assets under finance leases		-	3,010,343,699	-	3,010,343,699

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

(Mr. Sumeth Damrongchaitham)
President

(Mr. Nattapong Samit-ampaipisarn)
Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE – MONTH PERIOD ENDED MARCH 31, 2019 (unaudited but reviewed)

1. GENERAL INFORMATION

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

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

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

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

As at March 31, 2019, the Company had the routes network servicing to 60 destinations in 31 countries all over the world, whereas 3 destinations were domestic (excluding Bangkok).

2. BASIS OF FINANCIAL STATEMENT PREPARATION

The consolidated and the Company’s 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, which the subsidiaries are as follows:

Company’s Name	Type of Business	Located Country	Percentage of Share Holding	
			2019	2018
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, directly or indirectly, in determining the financial policies and operations of such subsidiaries. Significant accounting transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

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

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

Interim Financial Statements Preparation

The interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2018) Interim Financial Reporting. The Company presents items in the statements of financial position, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows which complied with TAS No. 1 (revised 2018) Presentation of Financial Statements, which are effective on January 1, 2019 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, 2018. 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, 2018.

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, 2020 :

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRS 16	Leases
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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, 2018.

5. THE ADOPTION OF THE NEW THAI FINANCIAL REPORTING STANDARD

According to the announcement of the Financial Reporting Standard No. 15, “Revenue from contracts with customers”, has been applied to accounting periods beginning on or after January 1, 2019 onwards. It affects to the revenue measurement and recognition of the possibility of unused ticket and accumulated mileage and the calculation of the fair value of accumulated mileage from the standalone selling price. Therefore those affect to the historical transactions that have been recorded in the past until December 31, 2018, that have to adjust unearned transportation revenue in current liabilities totaling amount THB 2,159.46 million against with the beginning of accumulated earning.

The company chooses to recognize the effect with beginning of accumulated earning in the current period, which affect to the related transaction as follow :

Consolidated Financial Statements As At January 1, 2019

	Unit : Million Baht		
	As At December 31, 2018 based on the former Financial Report Standard	The effect on the adoption of the Financial Reporting Standard No.15	As at January 1, 2019 based on the new Financial Reporting Standard
Current Liabilities			
Unearned transportation revenue	30,624.14	(2,159.46)	28,464.68
Shareholders' equity			
Unappropriated retained earnings	(35,907.02)	2,159.46	(33,747.56)

The Company's Financial Statements As at January 1, 2019

	Unit : Million Baht		
	As At December 31, 2018 based on the former Financial Report Standard	The effect on the adoption of the Financial Reporting Standard No.15	As at January 1, 2019 based on the new Financial Reporting Standard
Current Liabilities			
Unearned transportation revenue	29,692.12	(2,159.46)	27,532.66
Shareholders' equity			
Unappropriated retained earnings	(28,533.07)	2,159.46	(26,373.61)

Moreover, the Company has the effect on the adoption of the Financial Reporting Standard No. 15 in the current period as below :

The Company considers the expenses paid to the agents to encourage the ticket sale to the customer as the additional cost of contract obtaining. The Company has to record the expenses along the relevant period of the revenue recognition of the contracts.

The Company considers the giveaway mileage from first time of membership as the unconditioned of the passenger service. So the Company records the expense related to those giveaway mileage as the promotion expense.

For Freight carried by other air carriers, the Company recognizes the income by Gross method, since the Company acts as the representative of freight service and has the right to command or control other air carriers. So the Company has to recognize the money paid to other air carriers as the expenses.

Consolidated Financial Statements As At March 31, 2019

Unit : Million Baht

	As At March 31, 2019 based on the former Financial Reporting Standard	The effect to the balance forward on the adoption of the Financial Reporting Standard No.15	Unappropriated retained earnings after debit the deficits	The effect to the current period on the adoption of the Financial Reporting Standard No.15	As at March 31, 2019 based on the new Financial Reporting Standard
Current Liabilities					
Unearned transportation revenue	29,019.59	(2,159.46)	-	(261.54)	26,589.59
Shareholders' equity					
Unappropriated retained earnings	(35,719.31)	2,159.46	(33,559.85)	-	-
Less Transfer of legal reserve and premium on ordinary shares (Note 7.31.3)	-	-	26,373.61	-	-
Unappropriated retained earnings after debit the deficits	-	-	(7,186.24)	261.54	(6,924.70)

The Company's Financial Statements As at March 31, 2019

Unit : Million Baht

	As At March 31, 2019 based on the former Financial Reporting Standard	The effect to the balance forward on the adoption of the Financial Reporting Standard No.15	Unappropriated retained earnings after debit the deficits shares	The effect to the current period on the adoption of the Financial Reporting Standard No.15	As at March 31, 2019 based on the new Financial Reporting Standard
Current Liabilities					
Unearned transportation revenue	28,161.50	(2,159.46)	-	(261.54)	25,740.50
Shareholders' equity					
Unappropriated retained earnings	(28,698.08)	2,159.46	(26,538.62)	-	-
Less Transfer of legal reserve and premium on ordinary shares (Note 7.31.3)	-	-	26,373.61	-	-
Unappropriated retained earnings after debit the deficits	-	-	(165.01)	261.54	96.53

Consolidated Statements of Comprehensive income for the three- month period ended March 31, 2019

	Unit : Million Baht		
	For the three- month period ended March 31, 2019 based on the former Financial Reporting Standard	The effect on the adoption of the Financial Reporting Standard No.15	For the three- month period ended March 31, 2019 based on the new Financial Reporting Standard
Passenger and excess baggage revenue	40,596.15	427.63	41,023.78
Freight	4,473.60	50.21	4,523.81
Selling and advertising expenses	(2,590.26)	(216.30)	(2,806.56)
Profit for the period	194.27	261.54	455.81
Basic earnings per share	0.08	0.12	0.20

The Company's Statements of Comprehensive income for the three- month period ended March 31, 2019

	Unit : Million Baht		
	For the three- month period ended March 31, 2019 based on the former Financial Reporting Standard	The effect on the adoption of the Financial Reporting Standard No.15	For the three- month period ended March 31, 2019 based on the new Financial Reporting Standard
Passenger and excess baggage revenue	37,621.24	427.63	38,048.87
Freight	4,474.90	50.21	4,525.11
Selling and advertising expenses	(2,324.75)	(216.30)	(2,541.05)
Profit (loss) for the period	(165.01)	261.54	96.53
Basic (loss) earnings per share	(0.08)	0.12	0.04

6. CORPORATE TRANSFORMATION PLANS

In 2019, the Company has implemented the transformation plan aiming at sustainable profit, efficiency and quality of services improvement and maintaining the international safety standards. There are 5 operating strategies as follows:

1. Aggressive Profit
2. Business / Assets Portfolio
3. Customer Experience
4. Digital Technology
5. Effective Human Capital Management

7. SUPPLEMENTARY INFORMATION

7.1 Cash and Cash Equivalents

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>The Company's</u>	
	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>
Cash on hand - Domestic	15.53	14.54	14.76	12.03
Cash on hand - Abroad	17.21	28.55	17.21	28.55
Cash at banks - Domestic	7,239.40	6,727.22	5,944.46	5,561.25
Cash at banks - Abroad	<u>6,413.72</u>	<u>6,921.54</u>	<u>6,413.72</u>	<u>6,921.53</u>
Total	<u>13,685.86</u>	<u>13,691.85</u>	<u>12,390.15</u>	<u>12,523.36</u>

7.2 Trade Receivables

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>The Company's</u>	
	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>
Aging Periods:				
Not over 6 months	11,533.53	10,017.29	10,828.13	9,333.51
Over 6 months to 1 year	410.01	340.47	194.34	340.47
Over 1 year to 2 years	305.89	193.37	305.88	188.35
Over 2 years	<u>994.00</u>	<u>1,063.83</u>	<u>964.11</u>	<u>1,034.25</u>
	13,243.43	11,614.96	12,292.46	10,896.58
<u>Less</u> Allowance for doubtful accounts	<u>(1,218.84)</u>	<u>(1,220.89)</u>	<u>(1,188.62)</u>	<u>(1,190.67)</u>
Trade receivables	<u>12,024.59</u>	<u>10,394.07</u>	<u>11,103.84</u>	<u>9,705.91</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.

7.3 Other Current Assets

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>The Company's</u>	
	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>
Tax refund	1,573.62	1,436.69	1,573.62	1,436.69
Cash on hand and at banks of pension fund	4,005.26	3,970.42	4,005.26	3,970.42
Accrued income	1,004.51	1,139.30	1,850.86	2,061.75
Receivables from related parties	2,169.51	2,160.46	9,209.72	9,358.33
Others	<u>4,141.69</u>	<u>3,996.11</u>	<u>4,003.84</u>	<u>3,708.18</u>
Total	<u>12,894.59</u>	<u>12,702.98</u>	<u>20,643.30</u>	<u>20,535.37</u>

7.4 Non-current assets held for sale

Unit : Million Baht

	Aircraft	Engines	Land Revalued in year 2015	Other assets	Total
As at January 1, 2019	490.16	-	-	-	490.16
- Additions	926.16	-	-	0.05	926.21
- Disposals	(45.24)	-	-	-	(45.24)
- Adjust/ transfer	-	-	-	(0.05)	(0.05)
As at March 31, 2019	1,371.08	-	-	-	1,371.08

As at January 1, 2019, non-current assets held for sale consisted of one A330-300 and two B747-400 , totaling 3 aircraft in the amount of THB 490.16 million.

During the three-month period ended March 31, 2019, non-performing assets was reclassified to non-current assets held for sale in the amount of THB 926.21 million consisted of four A330-300 in the amount of THB 926.16 million and other assets in the amount of THB 0.05 million.

Moreover, the Company recognized the impairment losses of two B747-400 in the amount of THB 45.24 million and sold out other assets in the amount of THB 0.05 million, which made a grand total of THB 45.29 million.

As at March 31, 2019, non-current assets held for sale consisted of five A330-300 and two B747-400, totaling 7 aircraft in the amount of THB 1,371.08 million.

7.5 Investments

Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
	Mar 31, 2019	Dec 31, 2018	Cost Method		Equity Method		Mar 31, 2019	Mar 31, 2018
			Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018		
7.5.1 Investments in associates recorded by equity method								
Royal Orchid Hotel (Thailand) Public Company	-	24.00	-	225.00	-	265.54	-	12.47
<u>Less</u> Sale of total shares	<u>-</u>	<u>(24.00)</u>	<u>-</u>	<u>(225.00)</u>	<u>-</u>	<u>(265.54)</u>	<u>-</u>	<u>-</u>
Balance	-	-	-	-	-	-	-	12.47
(Fair value as at Apr 23, 2018 amount of THB 916.88 million and as at Dec 31, 2017 amount of THB 838.13 million)								
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	116.06	109.76	6.30	6.52
Bangkok Aviation Fuel Services Public Company Limited (Fair value as at Mar 31, 2019 amount of THB 4,031.53 million and as at Dec 31, 2018 amount of THB 3,772.36 million)	22.59	22.59	115.19	115.19	1,333.70	1,250.82	82.88	78.15
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	280.62	269.16	11.46	21.53
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	297.06	283.42	13.64	13.97
Nok Airlines Public Company Limited and its subsidiaries (Fair value as at Mar 31, 2019 amount of THB 1,139.40 million and as at Dec 31, 2018 amount of THB 1,198.85 million)	15.94	21.80	735.59	735.59	<u>591.37</u>	<u>386.55</u>	<u>204.81</u>	<u>(0.26)</u>
Total investments recorded by equity method					<u>2,618.81</u>	<u>2,299.71</u>	<u>319.09</u>	<u>132.38</u>
7.5.2 Other long-term investments recorded by cost method								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934			-	-
Aeronautical Radio of Thailand Limited	1.36	1.36	8.95	8.95			-	-
SITA Investment Certificate	-	-	24.59	25.09			-	-
Trade Siam Company Limited (paid 25 percent of authorized share capital)	3.50	3.50	1.75	1.75			-	-
SITA Information Networking Computing	-	-	28.93	29.52			-	-
Other Shares	-	-	2.65	2.68			-	-
Investment in Vayupak Fund	-	-	<u>1.00</u>	<u>1.00</u>			<u>0.0030</u>	<u>-</u>
Total other long-term investments			<u>67.88</u>	<u>69.00</u>			<u>0.0030</u>	<u>-</u>

The Company's Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Mar 31, 2018
7.5.1 Investments recorded by cost method						
Subsidiaries						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	-	-
WingSpan Services Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Flight Training Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Smile Airways Company Limited	100.00	100.00	<u>1,800.00</u>	<u>1,800.00</u>	<u>-</u>	<u>-</u>
Total			<u>1,810.21</u>	<u>1,810.21</u>	<u>-</u>	<u>-</u>
Associates						
Royal Orchid Hotel (Thailand) Public Company Limited	-	24.00	-	225.00	-	-
<u>Less</u> Sale of total shares	<u>-</u>	<u>(24.00)</u>	<u>-</u>	<u>(225.00)</u>	<u>-</u>	<u>-</u>
Balance	-	-	-	-	-	-
(Fair value as at Apr 23, 2018 amount of THB 916.88 million and as at Dec 31, 2017 amount of THB 838.13 million)						
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	-	-
Bangkok Aviation Fuel Services Public Company Limited	22.59	22.59	115.19	115.19	-	-
(Fair value as at Mar 31, 2019 amount of THB 4,031.53 million and as at Dec 31, 2018 amount of THB 3,772.36 million)						
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	-	-
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited and its subsidiaries	15.94	21.80	<u>735.59</u>	<u>735.59</u>	<u>-</u>	<u>-</u>
(Fair value as at Mar 31, 2019 amount of THB 1,139.40 million and as at Dec 31, 2018 amount of THB 1,198.85 million)						
Total			<u>1,234.11</u>	<u>1,234.11</u>	<u>-</u>	<u>-</u>
			<u>3,044.32</u>	<u>3,044.32</u>	<u>-</u>	<u>-</u>

The Company's Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Mar 31, 2018
7.5.2 Other long-term investments recorded by cost method						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934	-	-
Aeronautical Radio of Thailand Limited	0.90	0.90	5.97	5.97	-	-
SITA Investment Certificate	-	-	24.59	25.09	-	-
Trade Siam Company Limited (paid 25 percent of authorized share capital)	3.50	3.50	1.75	1.75	-	-
SITA Information Networking Computing	-	-	28.93	29.52	-	-
Other Shares	-	-	2.65	2.68	-	-
Investment in Vayupak Fund	-	-	1.00	1.00	0.0030	-
Total other long-term investments			64.90	66.02	0.0030	-

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.

7.5.3 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	391.07	88.63	82.78	22.99
WingSpan Services Company Limited	487.87	404.63	289.87	(10.27)
Thai Flight Training Company Limited	73.80	7.95	12.51	0.77
Tour Eurng Luang Company Limited	34.52	29.58	0.73	0.28
Thai Smile Airways Company Limited	5,885.75	12,798.89	3,827.71	30.36

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Associated Companies</u>				
Donmuang International Airport Hotel Company Limited	397.98	103.71	109.95	15.75
Bangkok Aviation Fuel Services Public Company Limited	16,966.39	8,766.70	1,031.28	366.90
Phuket Air Catering Company Limited	1,003.17	64.63	150.26	38.86
Suvarnabhumi Airport Hotel Company Limited	1,441.02	444.19	266.18	45.46
Nok Airlines Public Company Limited and its subsidiaries	15,195.79	16,318.29	5,449.21	(391.29)

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.

7.6 Significant Transactions with Related Parties

7.6.1 Related Transactions with Major Shareholder

7.6.1.1 Short-term loans from related party

Unit : Million Baht

	Mar 31, 2019	Dec 31, 2018
Loans via domestic Financial Institutions	<u>7,000.00</u>	<u>1,000.00</u>
Total	<u>7,000.00</u>	<u>1,000.00</u>

7.6.1.2 Long-term loans from related party

Unit : Million Baht

	Mar 31, 2019	Dec 31, 2018
<u>Current maturities of long-term loans</u>		
Foreign loans via the Ministry of Finance	1,153.06	1,198.64
Loans via domestic Financial Institutions	<u>244.19</u>	<u>249.45</u>
Total	<u>1,397.25</u>	<u>1,448.09</u>
<u>Long-term loans</u>		
Foreign loans via the Ministry of Finance	12,096.05	13,173.54
Loans via domestic Financial Institutions	<u>2,393.62</u>	<u>2,464.46</u>
Total	<u>14,489.67</u>	<u>15,638.00</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.

7.6.2 Related Transactions with Subsidiary Companies

7.6.2.1 Sales and Purchases

Unit : Million Baht

	Mar 31, 2019		Mar 31, 2018	
	Sales	Purchases	Sales	Purchases
Thai-Amadeus Southeast Asia Company Limited	3.37	-	0.72	-
WingSpan Services Company Limited	2.33	278.73	1.69	261.47
Thai Flight Training Company Limited	2.43	-	9.46	-
Tour Eurng Luang Company Limited	20.59	-	12.79	0.02
Thai Smile Airways Company Limited	2,405.55	1,720.00	2,417.97	1,227.42

7.6.2.2 Accounts Receivable and Accounts Payable

	Unit : Million Baht			
	Mar 31, 2019		Dec 31, 2018	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	1.61	-	5.96	-
WingSpan Services Company Limited	313.36	565.71	284.08	582.61
Thai Flight Training Company Limited	1.60	-	4.09	-
Tour Eurng Luang Company Limited	22.98	-	7.60	-
Thai Smile Airways Company Limited	9,325.49	1,860.88	9,465.45	1,837.38

Related accounts receivable and accounts payable of WingSpan Service Co., Ltd. included prepaid and accrued expenses in the amount of THB 311.89 million and THB 564.42 million, respectively.

Related accounts receivable and accounts payable of Thai Smile Airways Co., Ltd. included accrued income and accrued expenses in the amount of THB 179.85 million and THB 1,374.90 million, respectively.

7.6.2.3 Aircraft Lease

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. As at March 31, 2019, 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.

7.6.3 Related Transactions with Associated Companies

7.6.3.1 Sales and Purchases

	Unit : Million Baht			
	Mar 31, 2019		Mar 31, 2018	
	Sales	Purchases	Sales	Purchases
Donmuang International Airport Hotel Company Limited	-	-	-	0.003
Bangkok Aviation Fuel Services Public Company Limited	-	114.76	(0.003)	95.87
Phuket Air Catering Company Limited	0.11	40.12	1.06	38.41
Suvarnabhumi Airport Hotel Company Limited	-	6.23	-	5.65
Nok Airlines Public Company Limited and its subsidiaries	65.83	0.95	68.23	-

7.6.3.2 Account Receivables and Account Payables

Unit : Million Baht

	Mar 31, 2019		Dec 31, 2018	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	-	-	-
Phuket Air Catering Company Limited	0.05	-	0.04	2.34
Suvarnabhumi Airport Hotel Company Limited	-	-	-	1.62
Nok Airlines Public Company Limited and its subsidiaries	70.90	-	56.82	0.24

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

7.7 Property, Plant and Equipment

**Consolidated Financial Statements
As at March 31, 2019**

Unit : Million Baht

	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, 2019	155,949.27	146,105.97	35,916.88	341.10	9,035.06	2,119.19	10,809.16	4,776.93	31,205.81	396,259.37
- Additions	57.00	88.12	295.15	296.06	-	-	-	26.58	250.60	1,013.51
- Adjust/Transfers	92.75	(1.67)	(75.95)	(259.21)	-	-	-	(21.72)	(85.97)	(351.77)
- Disposals/ Write off	(191.69)	(81.25)	(231.01)	-	-	-	-	(0.26)	(3.30)	(507.51)
As at March 31, 2019	155,907.33	146,111.17	35,905.07	377.95	9,035.06	2,119.19	10,809.16	4,781.53	31,367.14	396,413.60
Accumulated depreciation and Allowance for impairment										
As at January 1, 2019	110,002.96	40,505.97	24,208.41	-	-	2,086.43	6,709.58	4,633.82	28,513.51	216,660.68
- Depreciation	1,774.22	1,830.86	322.01	-	-	3.43	56.58	19.14	187.08	4,193.32
- Adjust/Transfers	-	-	(61.55)	-	-	-	-	(21.72)	(85.53)	(168.80)
- Disposals/ Write off	(191.69)	(81.25)	(160.81)	-	-	-	-	(0.26)	(3.30)	(437.31)
- Allowance for impairment	-	-	(32.30)	-	-	-	-	-	-	(32.30)
As at March 31, 2019	111,585.49	42,255.58	24,275.76	-	-	2,089.86	6,766.16	4,630.98	28,611.76	220,215.59
Carrying amount										
As at December 31, 2018	45,946.31	105,600.00	11,708.47	341.10	9,035.06	32.76	4,099.58	143.11	2,692.30	179,598.69
As at March 31, 2019	44,321.84	103,855.59	11,629.31	377.95	9,035.06	29.33	4,043.00	150.55	2,755.38	176,198.01

**The Company's Financial Statements
As at March 31, 2019**

Unit : Million Baht

	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, 2019	155,949.27	146,105.97	35,916.88	328.08	9,035.06	2,119.19	10,809.16	4,746.95	31,102.62	396,113.18
- Additions	57.00	88.12	295.15	294.66	-	-	-	26.58	249.84	1,011.35
- Adjust/Transfers	92.75	(1.67)	(75.95)	(259.21)	-	-	-	(21.72)	(85.97)	(351.77)
- Disposals/ Write off	(191.69)	(81.25)	(231.01)	-	-	-	-	(0.26)	(0.58)	(504.79)
As at March 31, 2019	155,907.33	146,111.17	35,905.07	363.53	9,035.06	2,119.19	10,809.16	4,751.55	31,265.91	396,267.97
Accumulated depreciation and Allowance for impairment										
As at January 1, 2019	110,002.96	40,505.97	24,208.41	-	-	2,086.43	6,709.58	4,611.07	28,430.26	216,554.68
- Depreciation	1,774.22	1,830.86	322.01	-	-	3.43	56.58	17.94	185.80	4,190.84
- Adjust/Transfers	-	-	(61.55)	-	-	-	-	(21.72)	(85.53)	(168.80)
- Disposals/ Write off	(191.69)	(81.25)	(160.81)	-	-	-	-	(0.26)	(0.58)	(434.59)
- Allowance for impairment	-	-	(32.30)	-	-	-	-	-	-	(32.30)
As at March 31, 2019	111,585.49	42,255.58	24,275.76	-	-	2,089.86	6,766.16	4,607.03	28,529.95	220,109.83
Carrying amount										
As at December 31, 2018	45,946.31	105,600.00	11,708.47	328.08	9,035.06	32.76	4,099.58	135.88	2,672.36	179,558.50
As at March 31, 2019	44,321.84	103,855.59	11,629.31	363.53	9,035.06	29.33	4,043.00	144.52	2,735.96	176,158.14

As at March 31, 2019, there were 103 aircraft represented in the Company's fleet, consisting of 32 own aircraft, 32 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 4,838.68 million and 32 aircraft under finance lease with carrying amount of THB 103,855.59 million, totaling 34 aircraft were pledged as collateral for liabilities. The ownership of these aircraft under finance lease will be transferred to the Company when the conditions, terms and payments are paid and fulfilled by the end of lease term.

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

The Company uses buildings and equipment that are now fully depreciated with historical cost of THB 87,285.82 million including the leasehold buildings amount of THB 3,947.94 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 27, 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 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.).

7.8 Intangible Assets

	Unit : Million Baht	
	Consolidated Financial Statements	The Company's Financial Statements
Cost		
As at January 1, 2019	3,537.94	3,498.15
- Additions	19.59	16.06
- Adjust/Transfers	(0.26)	(0.26)
- Disposals/ Write off	-	-
As at March 31, 2019	3,557.27	3,513.95
Accumulated amortization		
As at January 1, 2019	3,301.59	3,269.34
- Amortization	34.75	34.29
- Adjust/Transfers	(0.26)	(0.26)
- Disposals/ Write off	-	-
As at March 31, 2019	3,336.08	3,303.37
Carrying amount		
As at December 31, 2018	236.35	228.81
As at March 31, 2019	221.19	210.58

7.9 Deferred Income Tax and Income Tax

7.9.1 Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities arising from the temporary differences between the carrying amount and tax base of assets and liabilities in the statements of financial position as well as the tax loss carryforward measured by tax rate at 20 percent are as follows:

	Consolidated		Unit : Million Baht	
	Financial Statements		The Company's	
	Mar 31, 2019	Dec 31, 2018	Mar 31, 2019	Dec 31, 2018
Deferred Tax Assets	<u>10,383.36</u>	<u>10,650.72</u>	<u>10,365.26</u>	<u>10,632.99</u>
Deferred Tax Liabilities	<u>1,697.77</u>	<u>1,703.58</u>	<u>1,697.77</u>	<u>1,703.58</u>

Movement in deferred tax assets and liabilities during the year are as follows:

	Unit : Million Baht				
	Consolidated Financial Statements				
	Balance as at January 1, 2019	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at March 31, 2019	
Deferred Tax Assets				Deferred Tax Liabilities	
Contribution to staff provident fund	38.88	(0.17)	-	38.71	-
Contribution to staff pension fund	167.44	0.52	-	167.96	-
Allowance for obsolete inventories	894.15	0.28	-	894.43	-
Allowance for doubtful accounts	297.39	(6.09)	-	291.30	-
Allowance for impairment of assets	2,679.36	(123.74)	-	2,555.62	-
Estimated accrual expenses	155.48	(26.25)	-	129.23	-
Intangible assets	6.16	(6.16)	-	-	-
Provisions for employee benefit obligations	1,942.46	19.61	-	1,962.07	-
Effective portion of changes in fair value of cash flow hedges	131.24	-	(125.37)	5.87	-
Tax losses carryforward	4,336.06	-	-	4,336.06	-
Others	<u>2.10</u>	<u>0.01</u>	<u>-</u>	<u>2.11</u>	<u>-</u>
	<u>10,650.72</u>	<u>(141.99)</u>	<u>(125.37)</u>	<u>10,383.36</u>	<u>-</u>
Intangible assets	29.40	(5.81)	-	-	23.59
Revaluation surplus	<u>1,674.18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,674.18</u>
Total	<u>1,703.58</u>	<u>(5.81)</u>	<u>-</u>	<u>-</u>	<u>1,697.77</u>

Unit : Million Baht

	Consolidated Financial Statements				
	Balance as at January 1, 2018	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at March 31, 2018	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	41.95	(0.04)	-	41.91	-
Contribution to staff pension fund	173.20	13.64	-	186.84	-
Allowance for obsolete inventories	817.02	21.17	-	838.19	-
Allowance for doubtful accounts	268.23	4.75	-	272.98	-
Allowance for impairment of assets	4,607.25	465.37	-	5,072.62	-
Estimated accrual expenses	2,047.84	241.50	-	2,289.34	-
Intangible assets	7.70	(0.79)	-	6.91	-
Provisions for employee benefit obligations	2,518.88	45.93	-	2,564.81	-
Effective portion of changes in fair value of cash flow hedges	195.45	-	(1.59)	193.86	-
Others	<u>1.71</u>	<u>0.01</u>	<u>-</u>	<u>1.72</u>	<u>-</u>
	<u>10,679.23</u>	<u>791.54</u>	<u>(1.59)</u>	<u>11,469.18</u>	<u>-</u>
Intangible assets	74.30	(13.50)	-	-	60.80
Revaluation surplus	<u>1,717.05</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,717.05</u>
Total	<u>1,791.35</u>	<u>(13.50)</u>	<u>-</u>	<u>-</u>	<u>1,777.85</u>

Unit : Million Baht

	The Company's Financial Statements				
	Balance as at January 1, 2019	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at March 31, 2019	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	38.88	(0.17)	-	38.71	-
Contribution to staff pension fund	167.44	0.52	-	167.96	-
Allowance for obsolete inventories	894.15	0.28	-	894.43	-
Allowance for doubtful accounts	293.12	(6.09)	-	287.03	-
Allowance for impairment of assets	2,679.36	(123.74)	-	2,555.62	-
Estimated accrual expenses	149.64	(26.25)	-	123.39	-
Intangible assets	6.16	(6.16)	-	-	-
Provisions for employee benefit obligations	1,936.94	19.25	-	1,956.19	-
Effective portion of changes in fair value of cash flow hedges	131.24	-	(125.37)	5.87	-
Tax losses carryforward	<u>4,336.06</u>	<u>-</u>	<u>-</u>	<u>4,336.06</u>	<u>-</u>
	<u>10,632.99</u>	<u>(142.36)</u>	<u>(125.37)</u>	<u>10,365.26</u>	<u>-</u>
Intangible assets	29.40	(5.81)	-	-	23.59
Revaluation surplus	<u>1,674.18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,674.18</u>
Total	<u>1,703.58</u>	<u>(5.81)</u>	<u>-</u>	<u>-</u>	<u>1,697.77</u>

Unit : Million Baht

	The Company's Financial Statements				
	Balance as at January 1, 2018	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at March 31, 2018	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	41.95	(0.04)	-	41.91	-
Contribution to staff pension fund	173.20	13.64	-	186.84	-
Allowance for obsolete inventories	817.02	21.17	-	838.19	-
Allowance for doubtful accounts	264.01	4.71	-	268.72	-
Allowance for impairment of assets	4,607.25	465.37	-	5,072.62	-
Estimated accrual expenses	2,042.00	241.49	-	2,283.49	-
Intangible assets	7.70	(0.79)	-	6.91	-
Provisions for employee benefit obligations	2,514.67	45.61	-	2,560.28	-
Effective portion of changes in fair value of cash flow hedges	195.45	-	(1.59)	193.86	-
	10,663.25	791.16	(1.59)	11,452.82	-
Intangible assets	74.30	(13.50)	-	-	60.80
Revaluation surplus	1,717.05	-	-	-	1,717.05
Total	1,791.35	(13.50)	-	-	1,777.85

7.9.2 Income Tax Expense (Revenue) for the three - month period ended March 31, 2019 consisted of:

	Unit : Million Baht			
	<u>Consolidated</u> <u>Financial Statements</u>		<u>The Company's</u> <u>Financial Statements</u>	
	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>
Income tax expense (revenue) from taxable profit for the period	6.37	14.00	-	2.53
<u>Add (less): deferred tax assets/liabilities from temporary differences increase/decrease</u>	<u>136.18</u>	<u>(805.04)</u>	<u>136.55</u>	<u>(804.66)</u>
Total	142.55	(791.04)	136.55	(802.13)

7.10 Other Non-Current Assets

	Unit : Million Baht			
	<u>Consolidated</u>		<u>The Company's</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>
Deferred charges	2,140.22	2,230.00	2,053.72	2,141.11
Deferred buyer furnished equipment for aircraft under operating lease	4,405.89	4,539.04	4,405.89	4,539.04
Maintenance reserve	14,180.08	13,538.58	14,270.94	13,552.03
Non-performing assets	3,817.35	4,891.45	3,817.35	4,891.45
Others	<u>1,182.06</u>	<u>1,119.63</u>	<u>1,124.24</u>	<u>1,061.57</u>
Total	<u>25,725.60</u>	<u>26,318.70</u>	<u>25,672.14</u>	<u>26,185.20</u>

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

Non-performing assets held for sale as of March 31, 2019 totaling amount of THB 3,817.35 million has the movement in the period as follows:

Unit : Million Baht					
	Aircraft	Engines	Land Revalued in year 2015	Other assets	Total
As at January 1, 2019	4,088.19	498.63	242.83	61.80	4,891.45
- Additions	-	-	-	0.44	0.44
- Impairment	(142.42)	(5.91)	-	-	(148.33)
- Disposals	<u>(926.16)</u>	<u>-</u>	<u>-</u>	<u>(0.05)</u>	<u>(926.21)</u>
As at March 31, 2019	<u>3,019.61</u>	<u>492.72</u>	<u>242.83</u>	<u>62.19</u>	<u>3,817.35</u>

As at March 31, 2019, total non-performing assets in amount of THB 3,817.35 million consisted of 14 aircraft in amount of THB 3,019.61 million (one A300-600, three A340-500, six A340-600 and four B737-400), spare engines in amount of THB 492.72 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 62.19 million which mostly were spare parts of decommissioned aircraft.

7.11 Liquidity Management

In the first quarter of 2019, the Company received a short-term loan in the form of promissory note from financial institutions in the total amount of THB 9,000 million to pay off the matured short-term loans and debentures in the amount of THB 7,800 million. Furthermore, during the Company's 3/2019 Board meeting on March 15, 2019, another issuance of domestic debenture no more than THB 10,000 million was approved. It is to be used to pay off the maturing debentures and/or to pay off the Company's higher-cost loans and/or to invest in assets and/or to be used for Company's working capital. The debenture will be issued within May 2019.

From the careful plan and execution of the above mentioned actions and cash flow budgeting plan for the year 2019, 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.

7.12 Staff Pension Fund Consolidated and the Company's 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>Mar 31, 2019</u>	<u>Dec 31, 2018</u>
Cash and cash equivalents	4,005.26	3,970.42
Others	<u>28.78</u>	<u>24.26</u>
Total	<u>4,034.04</u>	<u>3,994.68</u>
Other current liabilities	192.77	169.69
Pension fund	<u>3,841.27</u>	<u>3,824.99</u>
Total	<u>4,034.04</u>	<u>3,994.68</u>

As at March 31, 2019, the fund balance was THB 3,841.27 million and was equal to the Company's obligation to its staff under the fund. (The total Company contribution to the fund in this accounting period was THB 22.37 million, which came from the Company's contributions to the fund in the amount of THB 38.06 million deducted by the surplus of available fund against its obligation in the amount of THB 15.69 million.)

7.13 Employee Benefits Obligation The Company's financial statements

Changes in present value of employee benefit obligations

	Unit : Million Baht			
	Consolidated		The Company's	
	Financial Statements		Financial Statements	
	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>
Beginning Balance - Employee benefit obligations	13,575.42	12,594.37	13,493.26	12,573.33
Employee benefit obligations adjustments	-	133.14	-	133.14
Current service cost	129.83	556.06	123.67	496.38
Interest cost	94.63	397.68	94.27	396.24
Benefits paid	-	(372.98)	-	(372.98)
Actuarial losses	-	267.15	-	267.15
Ending Balance - Employee benefit obligations	<u>13,799.88</u>	<u>13,575.42</u>	<u>13,711.20</u>	<u>13,493.26</u>

Principal actuarial assumptions :

	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>
Discount rate	2.75% - 3.50%	2.75% - 3.50%
Price inflation	1.75%	1.75%
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 benefit obligations 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 benefit obligations as at March 31, 2019 :

	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	(353.90)	434.30
Average salary increase rates	273.50	(239.45)
Medical cost inflation	203.75	(154.89)

7.14 Long-Term Provision

	<u>Consolidated</u>		<u>The Company's</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>
Long-term provision at the beginning balance	14,708.09	10,310.08	13,093.93	9,318.99
Movements during the period	<u>591.72</u>	<u>4,398.01</u>	<u>428.88</u>	<u>3,774.94</u>
Long-term provision at the ending balance	<u>15,299.81</u>	<u>14,708.09</u>	<u>13,522.81</u>	<u>13,093.93</u>

Long-term provision as at March 31, 2019 (The Company's financial statements) consisted of:

7.14.1 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 0.25 million. At present, the case is under the Supreme Court's consideration.

7.14.2 The Company recognized long term provision for future repair and maintenance cost of aircraft as of March 31, 2019 in the amount of THB 13,522.56 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 5,976.77 million, engine restoration costs of THB 7,396.16 million (engines under operating leases of THB 4,795.80 million and under finance leases of THB 2,600.36 million) and return conditions cost of THB 149.63 million.

7.15 Share Capital

As at March 31, 2019, 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.

7.16 Other Income - Others

	Consolidated Financial Statements		The Company's Financial Statements	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Gains on sale of assets	3.61	-	3.61	-
Dividends from subsidiary, associated and other companies	0.01	-	0.01	-
Revenue from other services of Aircraft Maintenance Department	182.84	158.42	182.84	158.42
Compensation revenue from the delay delivery of aircraft	-	86.37	-	86.37
Other fine revenue	30.84	57.90	30.84	57.90
Revenue from Royal Orchid Lounge service	23.51	29.63	23.51	29.63
Revenue from service to Thai Smile Airways	-	-	16.04	12.88
Revenue from management services at Suvarnabhumi Airport	25.80	17.15	25.80	17.15
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	31.01	35.79	31.01	35.79
Revenue from in- flight Internet service	5.33	5.45	5.33	5.45
Insurance compensation from asset and personal claim	2.98	66.69	2.98	66.69
Others	<u>140.35</u>	<u>100.66</u>	<u>130.90</u>	<u>106.40</u>
Total	<u>446.28</u>	<u>558.06</u>	<u>452.87</u>	<u>576.68</u>

7.17 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Personnel expenses	6,973.11	7,130.14	6,785.79	6,994.38
Employee benefits	224.46	268.19	217.94	228.07
Executive remuneration	18.70	15.46	16.77	13.77
Board of directors remuneration	<u>4.82</u>	<u>4.40</u>	<u>3.85</u>	<u>3.61</u>
Total	<u>7,221.09</u>	<u>7,418.19</u>	<u>7,024.35</u>	<u>7,239.83</u>

According to Securities and Exchange Mandate, executives refer to the Company's chief executive, persons in the next four executive levels below the chief executive, and in similar position, including accounting or finance department managers or above.

7.18 Impairment Loss of Aircraft

Unit : Million Baht

	Mar 31, 2019		Mar 31, 2018	
	Number	Amount	Number	Amount
Aircraft	7	187.66	15	2,449.39
Spare Engines	<u>1</u>	<u>5.91</u>	<u>-</u>	<u>-</u>
Total	<u>8</u>	<u>193.57</u>	<u>15</u>	<u>2,449.39</u>

The impairment losses of aircraft and spare engines presented in the statements of comprehensive income for the three month period ended March 31, 2019 in the amount of THB 193.57 million, which consist of three A330-300, one A340-600, one B737-400 and two B747-400, totaling 7 aircraft in an aggregate of THB 187.66 million as well as one PW4158 amounting to THB 5.91 million.

7.19 Other Expenses

	Unit : Million Baht			
	Consolidated Financial Statements		The Company's Financial Statements	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Rentals and utilities	560.90	543.44	560.90	543.44
Office supplies	18.87	27.92	18.87	27.92
Repair of building and equipment	126.14	149.95	126.14	149.95
Outsource services	549.95	452.79	549.95	452.79
Consultant and service fees	129.51	148.37	129.51	148.37
Legal fee for Antitrust/ Competition Law	2.39	5.50	2.39	5.50
Computer service expenses	142.31	185.36	142.31	185.36
Rental of communication devices and office equipment	54.73	49.81	54.73	49.81
Travelling and transportation expenses	116.44	111.18	116.44	111.18
Concession fees	116.39	108.10	116.39	108.10
Passenger claim expenses	98.68	88.34	98.68	88.34
Obsolete inventories and supplies expenses	1.39	123.39	1.39	123.39
Service cargo expenses	61.73	76.55	61.73	76.55
Joint venture expenses in Star Alliance	15.33	17.99	15.33	17.99
Company business and municipal taxes	106.03	27.62	106.03	27.62
Bad debts and provision for bad debts	(9.48)	28.31	(9.48)	28.10
Service fee for IT Hosting system	24.64	22.02	24.64	22.02
Fine and interest expenses	45.69	14.90	45.69	14.90
Fund of Empowerment of person with disabilities	13.84	13.01	13.84	13.01
Ground, Sea and Air transportation expenses	29.95	24.40	29.95	24.40
Loss (gain) on sale of assets	-	(11.59)	-	(11.59)
Others	<u>254.10</u>	<u>125.84</u>	<u>50.73</u>	<u>25.45</u>
Total	<u>2,459.53</u>	<u>2,333.20</u>	<u>2,256.16</u>	<u>2,232.60</u>

7.20 Earnings Per Share

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

Consolidated Financial Statements
For the three-month period ended March 31, 2019

	<u>Profit</u>		<u>Number of Shares</u>		<u>Earnings per Share</u>	
	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings per Share						
Profits attributable to owners of the parent	445.44	2,716.92	2,182.77	2,182.77	0.20	1.24

The Company's Financial Statements
For the three-month period ended March 31, 2019

	<u>Profit</u>		<u>Number of Shares</u>		<u>Earnings per share</u>	
	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>
	Million Baht	Million Baht	Million Share	Million Share	Baht	Baht
Basic Earnings per Share						
Profits attributable to owners of the parent	96.53	2,993.94	2,182.77	2,182.77	0.04	1.37

7.21 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

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.

7.21.1 Financial Information by Segment Consolidated financial statements

Statements of Profit or Loss For the three - month period ended March 31, 2019

	Unit : Million Baht							
	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Mar 31, 2018</u>
External Revenue	45,672.00	49,450.97	2,980.13	2,758.59	692.55	698.28	49,344.68	52,907.84
Inter - segment revenue (expenses)	(3,739.22)	(3,618.21)	2,423.12	2,551.29	1,316.10	1,066.92	-	-
Interest income	37.32	38.16	-	-	2.32	1.78	39.64	39.94
Gain (loss) on foreign currency exchange	1,377.32	577.68	-	-	(11.50)	5.64	1,365.82	583.32
Other income	<u>677.93</u>	<u>551.09</u>	<u>20.47</u>	<u>22.94</u>	<u>21.05</u>	<u>(15.97)</u>	<u>719.45</u>	<u>558.06</u>
Total Revenue	<u>44,025.35</u>	<u>46,999.69</u>	<u>5,423.72</u>	<u>5,332.82</u>	<u>2,020.52</u>	<u>1,756.65</u>	<u>51,469.59</u>	<u>54,089.16</u>
Fuel expense	(13,045.84)	(13,075.47)	-	-	(998.70)	(958.13)	(14,044.54)	(14,033.60)
Employee benefits expenses	(4,026.28)	(4,296.49)	(1,725.83)	(1,745.71)	(1,468.97)	(1,375.99)	(7,221.08)	(7,418.19)
Flight service expenses	(4,989.24)	(5,269.65)	(10.75)	(11.52)	(385.03)	(316.74)	(5,385.02)	(5,597.91)
Depreciation and amortization expenses	(3,902.35)	(3,613.76)	(100.10)	(93.48)	(225.63)	(234.03)	(4,228.08)	(3,941.27)
Impairment loss of assets and aircraft	(213.21)	(2,472.50)	-	-	-	-	(213.21)	(2,472.50)
Other expenses	(15,747.83)	(14,473.68)	(1,909.23)	(1,815.79)	(1,060.78)	(1,328.11)	(18,717.84)	(17,617.58)
Finance costs	(1,103.58)	(1,194.39)	-	-	-	-	(1,103.58)	(1,194.39)
Share of profit on investment in associates	<u>42.12</u>	<u>132.38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42.12</u>	<u>132.38</u>
Total Expenses	<u>(42,986.21)</u>	<u>(44,263.56)</u>	<u>(3,745.91)</u>	<u>(3,666.50)</u>	<u>(4,139.11)</u>	<u>(4,213.00)</u>	<u>(50,871.23)</u>	<u>(52,143.06)</u>
Profit (loss) before Income Tax Expense	1,039.14	2,736.13	1,677.81	1,666.32	(2,118.59)	(2,456.35)	598.36	1,946.10
Income tax revenue (expense)	<u>(136.55)</u>	<u>802.13</u>	<u>-</u>	<u>-</u>	<u>(6.00)</u>	<u>(11.09)</u>	<u>(142.55)</u>	<u>791.04</u>
Gain (loss) by segments	<u>902.59</u>	<u>3,538.26</u>	<u>1,677.81</u>	<u>1,666.32</u>	<u>(2,124.59)</u>	<u>(2,467.44)</u>	<u>455.81</u>	<u>2,737.14</u>

Unit : Million Baht

	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Total</u>	
	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>	<u>Mar 31, 2019</u>	<u>Dec 31, 2018</u>
Current assets	40,171.58	37,573.83	685.17	715.55	5,449.24	5,318.76	46,305.99	43,608.14
Investments in associates and other long-term investment	2,682.68	2,364.71	-	-	4.01	4.01	2,686.69	2,368.72
Property, plant and equipment	168,417.44	171,791.37	5,215.46	5,225.78	2,565.11	2,581.53	176,198.01	179,598.68
Other non-current assets	34,895.31	35,816.83	0.01	0.01	1,434.84	1,388.94	36,330.16	37,205.78
Non-allocated assets	-	-	-	-	-	-	<u>5,756.30</u>	<u>5,939.88</u>
Total assets							<u>267,277.15</u>	<u>268,721.20</u>
Current liabilities	74,882.79	75,829.13	525.89	499.29	11,203.80	11,316.10	86,612.48	87,644.52
Non-current liabilities	152,946.80	157,210.15	-	-	2,405.96	2,146.28	155,352.76	159,356.43
Non-allocated liabilities	-	-	-	-	-	-	<u>1,735.02</u>	<u>1,263.91</u>
Total Liabilities							<u>243,700.26</u>	<u>248,264.86</u>

7.21.2 Geographical Segments

Consolidated Financial Statements

Unit : Million Baht

<u>For the Three-month Period</u>	Domestic Revenue			Foreign Revenue			Charter Revenue and Others	Other Income				Total
	Transportation	Business Unit	Others	Regional Asia	Europe	Australia & New Zealand		Interest Income	Gain on Foreign Currency Exchange	Others Income	Gain on changes in ownership interest	
Jan-Mar 2019	3,610.42	2,980.12	692.55	24,816.79	13,620.98	3,539.94	83.87	39.64	1,365.82	446.28	273.18	51,469.59
Jan-Mar 2018	4,394.47	2,758.60	698.27	25,462.20	14,754.67	4,404.14	435.49	39.94	583.32	558.06	-	54,089.16

7.22 Staff Provident Fund

The Company contributed to the provident fund at the rate of 9% of a salary for members having not more than 20 years of services and 10% of a salary for members having more than 20 years of services, representing in the amount of THB 299.37 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.

7.23 Contingent Liabilities

7.23.1 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 18.94 million and THB 655.77 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 17 labor cases in domestic and abroad with an approximate amount of THB 63.78 million and has been filed the complaints in domestic and abroad with an approximate amount of THB 288.13 million.

- 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 taxed 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. The Company has submitted the letter of clarification to the Customs Department and still under consideration of the Customs Department.

7.23.2 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:

The Company had reached the settlement with respect to the case which a contribution claim had been filed against the Company and other airlines by British Airways, who is the defendant in the civil case in England. With respect to the case which a contribution claim had been filed against Thai Airways International Public Company Limited (the “Company”) and more than 20 airlines before the English court by British Airways, who is the main defendant in the civil case in England pursuant to Part 20 Proceedings, it arose from the case where a group of claimants have filed lawsuits against British Airways to claim for damages from fuel and security surcharges fixing in England. After that, the Court has ordered all the parties to settle the case by way of mediation. On December 20, 2018, all the parties had already entered into the settlement agreement without any admission of liability alleged by the claimants and British Airways. After the settlement, the claimants and British Airways will jointly inform the Court of the settlement and discontinuance of the claims.

Furthermore, all of the airlines that had been filed a contribution claim by British Airways similar to the Company have also entered into the settlement negotiation in the same manner.

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

The Company had 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, had 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 1999-2007. LG Group Companies had asserted the amount of claim at KRW 404,000,000 with interest or approximately THB 12 million and reserved their rights to amend the Plaintiff to increase the amount of claim if they can prove their claims to the court later on. The case is currently undergoing the court procedures.

3. Regarding the case where British Airways, Lufthansa and KLM-AF, who are the defendants in the Cargo Civil 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 had 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 had submitted such writ of summons against the Company and more than 20 other airlines in the case where a group of plaintiffs had 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 had jointly acted to fix the price for various surcharges (Main Proceedings). Nonetheless, the Company had 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 were parties to the Contribution Claim Case, had 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 had received a writ of summons for contribution claim from British Airways, Lufthansa and KLM-AF. These airlines had submitted such writ of summons to the Company and more than 20 other airlines in the case where a new group of plaintiffs had 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 had not been sued as a defendant. At present, all the cases are under the court's consideration.

7.23.3 Leasing Space Agreement and License to Operate Business Agreement at the airport

Upon the expiration of the term in leasing space agreement and license to operate business agreement at the airport, the new terms and conditions, rental fee from leasing space agreement, and concession fee from license to operate business agreement are under the negotiation with Airports of Thailand Public Company Limited. The Company has made the payment for rental fee and concession fee 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 concession fee if the consideration 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.

7.24 Interest rate risk

For Interest Rate Risk Management policy, the Company applied a derivative financial instrument, Cross Currency Swap (CCS) and/ or Interest Rate Swap (IRS), to swap the floating interest rates, which show high tendency to increase, to fixed rate. As at March 31, 2019, the portion of the Company's debt after swap with floating to fixed interest rate was 40 : 60.

At present, the Company had no IRS transactions because the previous transactions were expired and no additional contract had been entered.

7.25 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 "Matching Currency" strategy to manage this risk by increasing the matching of currency between the revenue and expenses and to arrange for loan and restructure loan to coincide with net operating cash flow, and at the same time, to decrease foreign currency debt risk partially by relying on Thai baht loan in order to decrease the fluctuation of gain or loss from foreign exchange in the financial statements. In addition, the Company has a policy to enter into Cross Currency Swap (CCS) when the financial market benefits to the Company. Gradually, the Company also used hedging strategy named Forward Contracts, by providing various degrees of participation in favorable currency exchange rate movement to hedge the future obligation that has underlying exposures.

As at March 31, 2019, the Company has 24 CCS transactions. These debt swaps are 5 transactions of THB currency to EUR currency with fixed interest rate, 9 transactions of THB currency to JPY currency with fixed interest rate, 3 transactions of THB currency to GBP currency with floating interest rate, 1 transactions of EUR currency to JPY currency with fixed interest rate, and 4 transactions of USD currency to CHF currency with fixed interest rate. The notional amount as at March,31 2019 is equivalent to THB 30,381.58 million of which payments, both principle and interest are done monthly, quarterly and every 6 months. These CCS transactions will terminate between the year 2020 and 2032.

7.26 Fuel Price Risk

Fuel price fluctuation depends on supply and demand of global economic situation and political uncertainty worldwide. Fuel price has direct impact on the Company's operating result as fuel plays vital factor in airline industry. The Company has implemented jet fuel price hedging in order to reduce the risk of fuel price volatility, to protect the value of the Company for shareholders and all concerned and is not to be treated as a profit-marking venture.

This was in accordance with the Company's policy, specifying that fuel hedging be conducted on a regular basis at not lower than 20 percent and not more than 80 percent of annual fuel consumption. Whereby the tenor of each contract would be for a period of not more than 24 months. The Company selected a financial tool that was suitable for the market situation by establishing the lowest and highest prices of jet fuel, whereby the Company would incur the difference in USD currency, should the price of jet fuel falls below the lowest price. On the contrary, the Company would be compensated should the price of jet fuel rises higher than the highest price. In the first quarter of 2019, the Company's hedge portion account to 53 percent of its annual fuel consumption and the Company still has an obligation from fuel price hedging until December 31, 2019 in portion account to 46 percent of total fuel consumption.

7.27 Cash Flow Hedge

For the three month period ended March 31, 2019, the Company recognized gain THB 0.33 million from application of hedge accounting to foreign currency borrowings and forecasted future foreign currency revenue (Revenue Hedging).

7.28 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The methods and assumptions that the Company uses to estimate the fair value of financial instruments are as follows:

Cash and cash equivalents, trade payables, loans, and accrued expenses fair value are stated at the carrying value.

Other investments fair value are stated at carrying value net of allowance of impairment. Investments in marketable equity securities fair value are stated at market value.

Trade receivables fair value are stated at carrying value net of allowances for doubtful accounts.

Financial derivative transaction is a fair value derived from value adjustment of contract between the Company and the bank with market price as at the report release date to more currently reflect the value of the contract.

The following tables present the disclosure of financial instruments which are not presented in the consolidated and the Company's financial statement. The Company and its subsidiaries' financial assets and liabilities are measured at fair value using a fair value hierarchy as follows:

As at March 31, 2019	Unit : Million Baht			
	Consolidated Financial Statement			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	44.64	-	44.64
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	57.68	-	57.68
Fuel price swap agreements	-	-	-	-
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	43.38	-	43.38
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	58.14	-	58.14
Fuel price swap agreements	-	821.45	-	821.45

As at December 31, 2018	Unit : Million Baht			
	Consolidated Financial Statement			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	47,004.00	-	47,004.00
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1,398.66	-	1,398.66
Fuel price swap agreements	-	-	-	-
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	46,559.44	-	46,559.44
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1,410.40	-	1,410.40
Fuel price swap agreements	-	4,563.60	-	4,563.60

The Company's Financial Statement

As at March 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	44.64	-	44.64
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	57.68	-	57.68
Fuel price swap agreements	-	-	-	-
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	43.38	-	43.38
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	58.14	-	58.14
Fuel price swap agreements	-	718.95	-	718.95

Unit : Million Baht

The Company's Financial Statement

As at December 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	47,004.00	-	47,004.00
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1,398.66	-	1,398.66
Fuel price swap agreements	-	-	-	-
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	46,559.44	-	46,559.44
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1,410.40	-	1,410.40
Fuel price swap agreements	-	4,137.92	-	4,137.92

Fair value valuation techniques and inputs for Level 2 valuation

The fair values of debt securities and derivatives were determined based on discounted future cash flow and valuation model techniques, using an appropriate risk-adjusted discount rate. Most of the inputs used for the valuation are observable in the relevant markets such as spot rates, forward rates, interest rate yield curves, bonds yield curves, forward fuel price and fuel contractual price, etc.

During the periods , there was no transfer within the fair value hierarchy.

Leases and Obligations of Aircraft

As at March 31, 2019, the Company has obligations from entering into operating leases for 42 aircraft amount of USD 3,865.30 million or approximately to THB 123,606.28 million consisting of fifteen A320-200, eight A350-900, eleven B777-300ER, six B787-8, and two B787-9 aircraft. As at March 31, 2019, there were 39 aircraft which had been already taken the delivery and there are 3 aircraft which have not been taken deliver yet. Also, there are 4, 5 and 33 aircraft which the lease will expire in the year 2019, 2020 - 2023 and 2024 - 2030, respectively.

Lease obligation for 42 aircraft operating leases can be classified as follows:

Unit : Million Baht			
Obligation	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	14,253.64	58,121.91	51,230.73

7.30 Events during the Reporting Period

7.30.1 In January 2019, Nok Airlines Public Company Limited offered 908,799,918 newly issued ordinary shares with a par value of THB 1.00 at the offering price THB 2.75 per share. Nok Airlines Public Company Limited received net proceeds of THB 2,297.15 million, and registered the increase in paid-up capital on February 13, 2019. However, the Company did not subscribe to the newly issued ordinary shares which caused the decrease of the Company's share portion from 21.80 to 15.94 percent.

7.30.2 Gain on change in ownership interest amount of THB 273.18 million is from the recognition of investment portion in Nok Airlines Public Company Limited from selling of newly issued ordinary shares on the Company's portion of 15.94 percent or amount THB 366.16 million, less the difference from changing in share portion of Nok Airlines Public Company Limited, which decreased from 21.80 to 15.94 percent, amount of THB 92.98 million.

7.31 Events after the Reporting Period

7.31.1 The Company issued and offered to sell the debt instrument in the category of domestic debentures by Private Placement (PP) method in the amount of THB10,000 million to the institutional investors and/or large investors on May 3, 2019.

7.31.2 The Company is in the process of the contract renewal of the nine A320-200 airplanes under the Operating Lease for a period of 6 years.

7.31.3 On April 26, 2019, the 2019 Annual General Meeting of Shareholders had a resolution to approve transferring of legal reserve, amount of THB 2,691,275,568 and premium on ordinary shares, amount of THB 25,545,316,308 which calculated these items in the total amount of THB 28,236,591,876 for compensating the deficits.

As at December 31, 2018, THAI reported the deficits in the amount of THB 28,533,077,895; which the management utterly envisioned to transfer legal reserve and premium on ordinary shares for reimbursing in the first quarter of 2019 by stipulating that “To do so, it would lower the deficits and make the remaining deficits to THB 296,486,019.” Therefore, the management arranged and presented the new financial statements in order to designate the items to implement. However, the adoption of Thai Financial Reporting Standard No.15, “Revenue from contracts with customer”, has been activated on January 1, 2019. The effect on the adoption of the such standards resulted in the deficits as at December 31, 2018, amount of THB 28,533,077,895, need to be adjusted resulting the increase in deficits by THB 2,159,465,173. Thus, the remaining deficits was THB 26,373,612,722 while THB 2,691,275,568 of legal reserve and THB 23,682,337,154 of premium on ordinary shares were able to transfer for compensating the deficits in the amount of THB 26,373,612,722 which was not affecting total amount of the shareholders’ equity whatsoever, whereby THAI also recorded the said transfer items in the quarterly financial statements as at March 31, 2019, as follows:

Unit: Baht					
Item	As at December 31,2018 as per the former Financial Reporting Standard	Impact on using the Financial Reporting Standard No. 15	Balance as at January 1 ,2019 as per new Financial Reporting Standard	Transfer for compensation of deficits	Balance as at January 1, 2019
Legal reserve	2,691,275,568	-	2,691,275,568	(2,691,275,568)	-
Premium on share capital	25,545,316,308	-	25,545,316,308	(23,682,337,154)	1,862,979,154
Retained earnings (Deficits)	(28,533,077,895)	2,159,465,173	(26,373,612,722)	26,373,612,722	-

7.31.4 The Labour Protection (No. 7), B.E.2562 (2019) as promulgated in the Government Gazette upon April 5, 2019, by coming into force after 30 days as from the date as promulgated in the Government Gazette provides that, “The Employer shall pay additional compensation for the employees who are laid off. If the employee had worked for a period up to 20 consecutive years, the employee is entitled to the compensation in the amount not less than 400 days of the last rate wage,” which would not have impact on the Company because the Company adhered to the State Enterprise Labour Relations Act, B.E. 2543 (2000), and new Labour Protection Act is applicable to the subsidiary company, not materially affecting consolidated financial statements.

7.32 Approval of Financial Statements

These financial statements were approved by the Board of Directors of the Company on June 6, 2019.
