

# ANNUAL REPORT 2014

Thai Airways International  
Public Company Limited



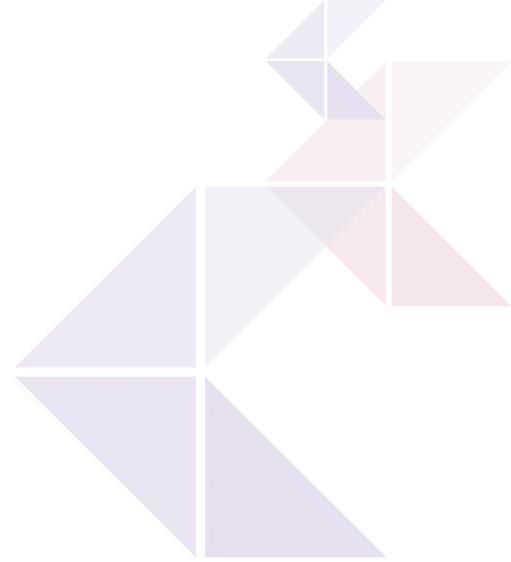
A STAR ALLIANCE MEMBER 



  
**787**  
DREAMLINER

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Investors can find further information on the Company from the Company's Annual Registration Statement (Form 56-1) which can be downloaded at [www.sec.or.th](http://www.sec.or.th) or [www.thaiairways.com](http://www.thaiairways.com)



## Message from the Chairman



2014 proved to be another difficult year for Thai Airways International Public Company Limited (THAI) with the unfavorable business environment accentuated by the domestic political situation, global economic slowdown and intense competition in the aviation industry. The emergence of new low cost carriers, open sky policy and expansion of Middle East carriers has had a heavy impact on operations of many full service carriers in this region, including THAI, which in turn affects the results of the Company's performance. Orders for new aircraft are another important indicator of intensified competition in the region's airline business.

The continued decline in THAI's financial performance in the past quarters has prompted the Board of Directors and executives to take immediate action and develop remedial measures and strategies to ensure that THAI can maintain its operations amidst adverse business environment and external factors beyond our control. It is more important now than ever before that we move forward to strengthen THAI's competitive ability, enabling THAI to perform in different business environments while generating sustainable profits.

The Board of Directors and THAI management have put together the THAI Transformation Plan, reviewing the existing strategies and developing new ones to resolve immediate problems while reinforcing the Company's capability in the medium term ready for long-term growth and development. The Transformation Plan is completed and has been approved by the State Enterprise Policy Committee, chaired by the Prime Minister.

In summary, THAI's Transformation Plan covers the new strategies, optimization of cost management and ancillary revenue, increase of competitive potential by developing and improving route network, flight schedules, and aircraft types to meet the demand of passengers, and the temporary suspension of loss-making routes. While THAI is required to place strict control on its operating costs, the quality of service and maintaining the highest standard of safety will always be at the heart of THAI's operations. Proceeding in parallel with the improvement of the core business is the reviewing and building up of THAI business support units to be more efficient, such as cargo business, and THAI Catering, which has been recognized with International awards, i.e. The Best Economy Class Airline Catering 2014. These improvements will be carried out in line with strengthening THAI's marketing and sales activities.

Having witnessed the team work and strong commitment of everyone at THAI to work in accordance with the Transformation Plan, I am confident that THAI will be able to move forward with steady and sustainable growth in the future.

On behalf of THAI's Board of Directors, Management and staff, I would like to take this opportunity to thank all benefactors who have continuously supported the Company's operations. I believe that THAI, as the national carrier of the Kingdom of Thailand, will reposition itself among the world's leading airlines, and the pride of the nation.

Mr. Areepong Bhoocha-oom  
1<sup>st</sup> Vice Chairman  
Acting Chairman



# Message from the President

I would like to extend my warm wishes to our shareholders, customers and patrons. I am proud to be part of THAI, this world-renowned organization that has made significant contributions to promoting Thailand and the unique Thai identity to the world for the past 55 years.

I am well aware of the challenges from both external and internal factors that have continued to affect the Company's performance, preventing THAI from achieving its goals. However, THAI is built on a solid foundation of knowledge and well-equipped with experienced and competent staff, therefore, initiation of suitable strategies and business developments will enable THAI to regain its position as a leading organization.

Following my appointment as the President of THAI in December 2014, I could see that there were opportunities for THAI to improve and develop despite the problems of organizational structure and management practices, radical change was needed. The application of the uniform business approach employed during the past few years cannot continue as THAI's performance has remained stagnant, at the mercy of external factors. The Board of Directors unanimously agreed upon the need for a "big change" which means THAI must undergo an urgent transformation. Careful studies were conducted to identify various problems affecting THAI, and the THAI Transformation plan was drawn up in the latter part of the third financial quarter. The plan was completed in December 2014, and approved by the State-Enterprise Policy Committee at the end of January 2015. I am confident that this will help THAI resolve the problems in a sustainable manner.

THAI's reorganization plan covers three stages. The first stage is to prevent any further losses. The second stage is to focus on strengthening the Company's competitive business advantage; and the third stage is to build long-term sustainable growth. The Transformation plan also includes revenue generation, rigorous financial disciplines, customer service improvement and human resource development. Six strategies were outlined to achieve the goals set in the Transformation plan: 1) Improving airline network strategy by reducing the number of loss-making routes and enhancing those with profit-making potential; 2) Fleet improvement through reduction of aircraft types and models to increase operational efficiency; 3) Improving commercial operations by increasing revenues from sales via different channels, expansion of customer groups and

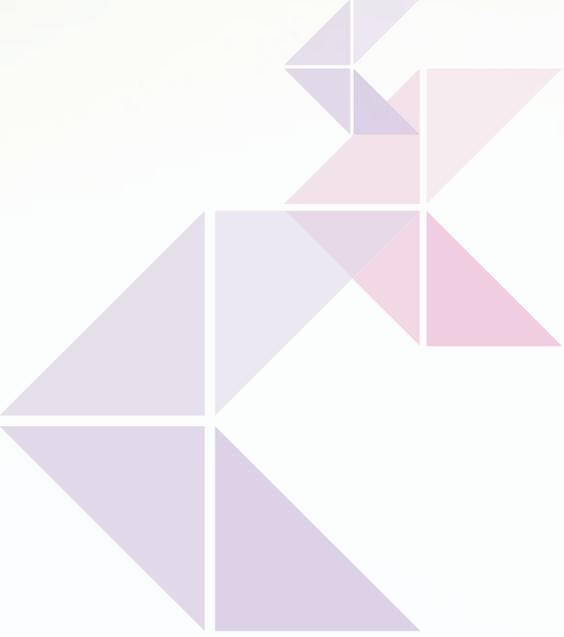
improved Internet sales including comprehensive service improvement; 4) Improving operations and costs to help enhance operational efficiency, controlling costs and expenses; 5) Improving human resource management by restructuring the organization to be compatible with the size of business, including developing and promoting employee potential, and creating a remuneration scheme to correspond with the Company's performance; 6) Managing business and operations of subsidiaries and associated companies in accordance with, and supportive of, the core business operations. These six strategies will be driven through the 18 main initiatives. Each initiative has a leader to facilitate the actual implementation. The Transformation Plan will further increase efficiency in the service quality and safety standards.

The success of the THAI Transformation requires concerted efforts and cooperation from all THAI employees. Therefore I have continued to place special emphasis on the importance of communication between the management and employees, building better understanding of the need for the transformation, the plan, and possible impact on all the stakeholders while creating better understanding and building confidence in THAI's operations among THAI investors.

By working with THAI's Board of Directors and meeting with THAI staff from various departments during the past three months, I am confident that THAI will be able to move forward into the future with employees' loyalty and willingness to collaborate at the helm of the Company's success. Additional implementation is needed for adjusting business operations to be in line with the restructuring plan, and promoting collaboration and teamwork to ensure the success of THAI's Transformation plan.

On behalf of the Management and staff of THAI, I would like to thank the Company's shareholders, customers and patrons for their confidence and unwavering support for THAI. The Company is undergoing a big change and moving towards sustainable growth in the future, and will continuously create satisfactory returns for all the stakeholders. I strongly hope that THAI will continue to garner support from all its patrons.

Mr. Charamporn Jotikasthira  
President









## POLICY AND BUSINESS **OVERVIEW**

## COMPANY HISTORY

In 1960, The Royal Thai Government established Thai Airways International, a joint investment between Thailand's domestic air carrier, Thai Airways Company (TAC) and Scandinavian Airlines System (SAS) with the initial purpose of providing international commercial air travel services with management and technical support provided by SAS.

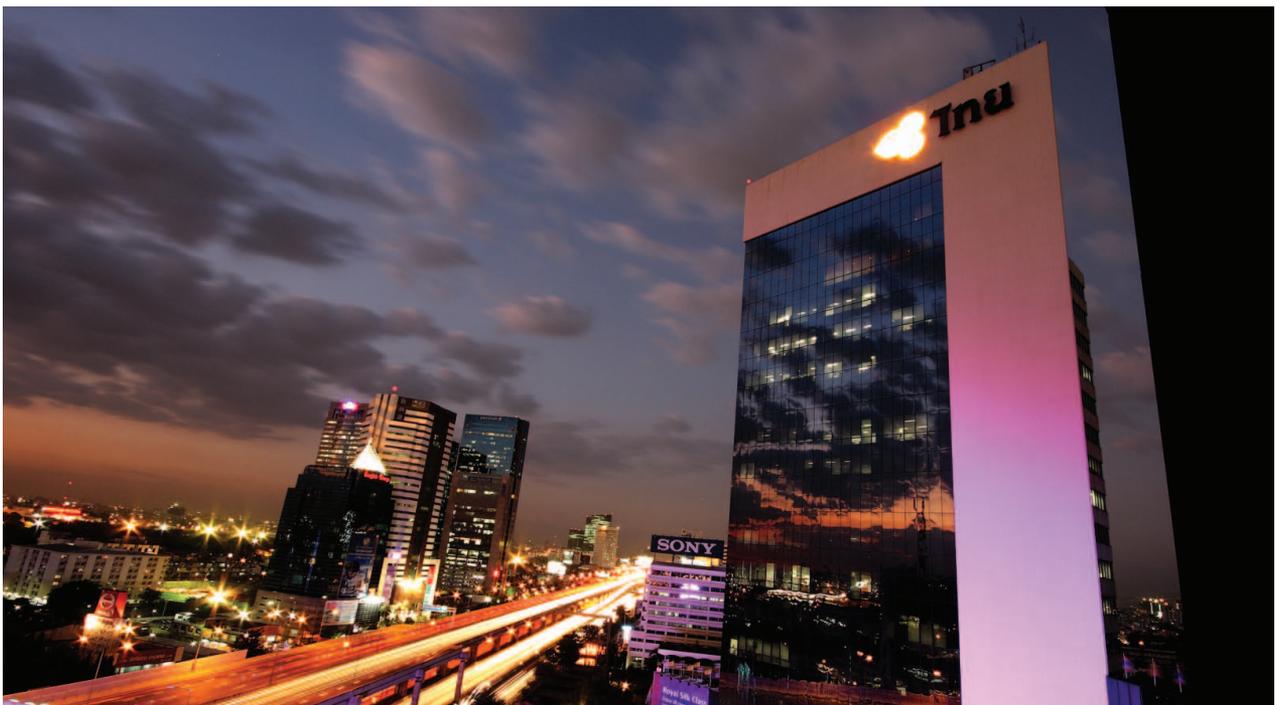
On March 29, 1960, the Company was incorporated as a limited company with an initial registered capital of THB 2 million with Thai Airways Company holding a 70% share and Scandinavian Airlines System holding a 30% share.

The Company's operations had been very successful since the establishment. On March 30, 1977, Scandinavian Airlines System (SAS) terminated its investment by transferring all shares that it held to Thai Airways Company (TAC). The Company raised its capital by selling its shares to the Ministry of Finance. On April 1, 1988, during the administration of General Prem Tinsulanond, the domestic commercial air travel operations of the company was merged with Thai Airways Company as per the Cabinet's resolution, increasing the Company's registered capital to THB 2,230 million and the Ministry of Finance became the Company's major shareholder.

With regard to the consistent business expansion, the Company was listed on the Stock Exchange of Thailand (SET) on July 19, 1991 through the conversion of its retained earnings into equity. Therefore, the registered capital increased to THB 13,000 million. Additional rounds of capital increase were made in 1992 valuing THB 1,000 million, in 2003 valuing THB 3,000 million and THB 4,838.71 million in 2010.

As of December 31, 2014, the Company's registered capital was THB 26,989,009,500 with a total paid-up capital of THB 21,827,719,710. The Ministry of Finance and Government Savings Bank together hold 53.16% shareholding and the remaining 46.84% shareholding is held by both domestic and foreign investors including the Company's employees.

From humble beginnings in the commercial aviation business, experience and management expertise developed over time enabled the Company to grow, raise additional capital and list on the Stock Exchange of Thailand and is now known as Thai Airways International Public Company Limited (THAI). THAI is a state-owned enterprise overseen by the Ministry of Transportation and currently operates commercial air transport services on domestic and intercontinental routes out of its network base in





Bangkok Suvarnabhumi Airport. The Company's head office is located in Bangkok. THAI's core businesses span air transportation for passenger, cargo and mail transport. While other related businesses include warehouse services, ground passenger services, ground equipment services, catering services and maintenance services.

On October 17, 2013, the Company incorporated Thai Smile Airways Co., Ltd. with the registered capital of THB 1,800 million, with 44.44% paid-up of THB 800 million. THAI holds 100% of Thai Smile Airways and started the operations on April 10, 2014 with the airline code "WE". In the initial phase, it covers only 10 domestic routes. Later on August 8, 2014, Thai Smile Airways expanded its services from Suvarnabhumi Airport to Donmuang Airport. And on October 25, 2014, Thai Smile Airways increased its services by covering international routes.

## VISIONS

**The Company's vision is to be the First Choices Carrier with Touches of Thai.**

THAI has strived to be the airline that the customers select in their first priority by creating the most satisfaction beyond the customers' expectation, building up sustainable commitment between the Company and its customers, ensuring smooth as silk travel experience, emphasizing Thai touch service excellence and consistency at all customer touch point to maximize overall customer satisfaction.

## MISSIONS

The Company's principle missions include the missions towards customers, shareholders, employees and society as follows :

- Provide integrated air transportation in both domestic and international levels with a focus on safety standards, convenience, and quality service with Thai individuality so as to make a good impression and relationship with the **customers**.
- Provide good corporate governance under the international standards to ensure sustainable corporate growth and high return on investment to the **shareholders**.
- Strengthen itself as a learning organization that is aware of elaborating customer's importance;

enhancing **employees'** capabilities, skills, responsibilities and commitment to the corporation so as to work at their full capacity.

- Assist, support and express responsibilities to **society** and environment as the national airline.

However, the operations must be carried under corporate good supervision and in compliance with **good corporate governance** principles.

## CORE VALUES

In order to be honored with strong and sustainable growth as well as to enjoy competitive business environment amidst rapid changes, the Company promotes and upholds to the 3 main core values i.e.

- 1) Focus on the creation of customer satisfaction
- 2) Be able to control cost efficiency
- 3) Be highly dynamic

## STRATEGIES

During the first half of 2014 at the time world economic recovery, there was increasing demands on air travel. Therefore, the aviation industry has continued to grow, particularly consistent growth from the existing and new low-cost airlines in Asia Pacific region expanding their aircraft fleet as well as increasing their flight schedules. Flights to Thailand keep on increasing due to our popular tourist attractions. Structure of aviation industry starts changing, which leads to more severe price competition. With the full liberalization of Thai aviation, many airlines no matter from Asian or other regions e.g. Middle East airlines consistently increase their flights to Thailand.

Such intense competition in combination with political chaos in Thailand in 2014 had an impact on the Company's operations. Though with the improved confidence on tourists' safety, we are still not going back to the normal condition. Despite the political unrest has eased up to the better condition, number of tourists travelling to Thailand is still lower than the same period of previous year. The Company is aware of the situation and has adjusted its strategies to accommodate various aspects of changes by developing business strength, competitiveness and generating sustainable profits in the future. This will be the national pride and the principles for further Thai

economics and social development. Approaches for dynamic operations in various aspects are as follows :

### Financial Approach

The Company must raise funds urgently through borrowings from Ministry of Finance or financial institutions and issuing debentures in 2014 in order to improve its financial liquidity to the level sufficient for its short-term operations. In the long run, the Company needs to build financial strength by improving its financial plans, create a more stable financial structure while having financial flexibility in order to cope with aviation operations under uncertain factors as well as endlessly changing economic conditions. The Company needs to determine the appropriate ratio of financial lease and operating lease of aircraft, decommissioning of inefficient old aircraft, disposal of assets upon completion of their useful lives, including risk management system on exchange rates, which affect the Company's operating performance.

### Operating Approach

The Company has maintained and enhanced income quality by means of aviation network and aircraft fleet management i.e. allocate appropriate aircraft for each route; adjust service capacity to appropriate levels to meet passenger volume; increase aircraft utilization to pertinent level; decommission aircraft with low efficiency and high costs; use new aircraft model for long-distance and highly profitable routes. The Company urgently looks into solutions to Call Center system problem and sells via internet so the customers can receive more convenient and faster services. The Company sets up marketing and sales promotion plans to increase both domestic and international sales as well as flights by expanding Thai Smile Airways services at Donmuang Airport, as an option for passengers. In addition, the Company puts some advertising and public relation campaigns so as to reinforce a good image and attitude on the Company. Regarding cost management, the Company tries to continuously decrease unnecessary expenses and investments and reduce some procedures for effective operations without compromising on customers' safety and satisfaction, which are always on our top priorities.

### Managerial Approach

THAI has adjusted its business structure by preparing

corporate portfolio strategies to strengthen its business groups, increase effective management of aviation business as well as other businesses to make consistent profits. With the expectation that the management of aviation business and business units will increase the operations effectiveness and lead to expansion of potential businesses, including development of modern information system, response to effective operations and development of managerial information to help the management in making decisions and planning operations with utmost benefits. An alarm system is



available to inform of problems or business impact in advance to the management (monitoring report) so as to reduce and prevent risks in various situations. The Company makes its employees understand and collaborate in cultural promotion and management of change in order to create interactive and participating work culture.

### Personnel Approach

Human resources play an important role in driving and generating effective productivity, determining the opportunities for corporate growth and success. The Company has reviewed its organization structure and manpower planning for the optimal human resources utilization. Standard sets of indicators are determined to comply with the organization's tasks, which will be evaluated and monitored effectively, leading to strict compliance to the policies. The Company emphasizes on consistent personnel development by establishing clear development plans based on the required capabilities of executives, highly potential employees and general employees. The Company support good



corporate governance system by building up employees' confidence towards good corporate governance principles in work and management for a strong corporate culture, leading to the higher efficiency and effectiveness of the employees.

### **Government Collaboration Approach**

Apart from its principle mission in providing aviation transportation services, THAI as the national airline still has the tasks to support government and the country. The Company has promoted cooperation with every related government agency e.g. Airports of Thailand Public Co., Ltd. (AOT), Aeronautical Radio of Thailand Ltd., Department of Civil Aviation, in working towards the development of national airline potential and the overall country. The Company has undergone some projects with AOT to increase the efficiency of aviation, tourism, air cargo hub in Suvarnabhumi Airport; to develop and improve aircraft, passenger, baggage and cargo management for more convenience, speed, safety, including flights connection and commuting to the city.

## **NATURE OF BUSINESS CHANGE IN THE PREVIOUS YEAR**

In 2014, the Company changed its nature of business as follows :

### **Adaptation of strategic plans and Organizational Reform**

In 2014, the Company's operating performance did not meet the target due to impact from continuous circumstances like political unrest in many countries; global economic weak recovery; intensive competition in Asia due to expansion of low-cost airlines and airlines from the Middle East. The volume of aircraft purchases from various airlines flying in this region will increase very much in the next 2-3 years. Production will be more than travelling demand with the tendency of high competition.

In the second half of 2014, the Company started to solve urgent problems by consistently following the short-term problem-solving plans. Strategy and Transformation Committee was appointed by the Board of Directors on September 9, 2014 to closely monitor the Company's problems solving. This will help the Company solve its problems in the long run and

be ready to compete promptly in all conditions, which leads to sustainable growth. Strategy and Transformation Committee and the management jointly prepared the corporate transformation plans and presented them to the Board of Directors for their approval on December 22, 2014 before submitting to the State Enterprise Policy Committee. On January 26, 2015, the Committee approved the Company to carry out the plans. Such corporate reform will not impair its service quality and safety standards in any way.

The process of corporate transformation to be carried out during 2015-2016 can be summarized as follows :

### **Step 1 : Stop The Bleeding**

Stop the routes that have suffered from operating loss for a long time. Decrease the flights of loss or change aircraft size. For profitable routes, enhance the potential to increase profits and boost revenues.

### **Step 2 : Strength Building**

Review strategies and clearly determine the business position; improve efficiency in revenue generation; manage cost reduction for its competitiveness; and provide consistent supervision.

### **Step 3 : Sustainable Growth**

Expand businesses when the Company succeeds in its strength building in Step 2 and can earn sustainable profits. Mainly use corporate strengths for its growth.

The Company has identified 6 strategic plans for implementation during 2015-2016 i.e.

1. Network Strategy : To stop losses in the non-potential routes and generate sustainable profits in the routes with competitive advantages.
2. Fleet Strategy : To decrease different types and models of aircraft so as to increase its operating efficiency and lower operating costs.
3. Commercial Strategy : To increase efficiency in generating revenues via different channels of distribution and customer groups.
4. Operation and Cost Strategy : To increase operating efficiency as well as service quality and lower operating cost in every unit for its competitiveness.
5. Organization Strategy : To have appropriate size of organization with uncomplicated structure and increased personnel efficiency by determining key

performance indicators and returns that are linked to the Company's operating performances.

6. Portfolio Strategy : To make the business groups operate in compliance with and support the main businesses.

Altogether 18 main initiatives have been determined to support the 6 strategies. For the thorough implementation of 18 initiatives the Board of Directors has developed guidelines for corporate reform management by identifying the clear scopes and goals, specifying responsible persons for each initiatives, assigning personnel from related units for the implementation, providing tracking process and problem-solving.

From this reform, the Company expects to become the national airline with world-class service that can grow sustainably with the pride of all Thai citizens once again.

## PRODUCT DEVELOPMENT

During the changing environment in 2014, the Company has emphasized on the importance of consistent product development based on customers' satisfaction on our products and competitiveness with state-of-the-art service facilities to meet consumers' needs. In 2014, details of product development are as follows :

### Aircraft Interior Design

The Company changes its layout of internal design into Thai Contemporary Design, starting from Boeing 747-400 (planes no. 13-18), Boeing 777-300 ER, Boeing 787-8 and Airbus A320, by focusing on more utility space with the expression of modern Thai uniqueness.

### Development of Infotainment System

The Company has improved its in-flight infotainment system in terms of image and sound for every international aircraft with state-of-the-art technology and personal screen for every passenger seat. Movies, songs and games can be selected on demand. Particularly on Boeing 787-8, the latest model of modern infotainment system has been installed with faster response time to the customers.

### Development of In-flight Communication System

THAI has started rendering in-flight internet service

(Thai Sky Connect) for 6 Airbus A380 and 7 Airbus A330 for its international routes since February 14, 2014 in order to facilitate the communication between in-flight passengers and ground communication at the highest safety standards.

## DEVELOPMENT OF HUMAN RESOURCES MANAGEMENT SYSTEM (SAP-HCM)

In 2014, the Company introduced SAP-HCM for the development of one single platform of human resource management system (SAP-HCM) to replace the various systems once available. The implemented system will cover all procedures in human resource functions i.e. organizational development, human resource management and personnel development. This system will work as an important tool for the management to make efficiently strategic analysis and decision-making. In addition, users and the management can have access to human resource data via the real-time system with speed and accurate connection. Data can be re-used, retrieved as well as monitored effectively. Using this system will tighten up the operating procedures, which leads to the efficiency of utilization of existing resources in the organization for the highest benefits.

## NEW ROUTES

The routes in Asia have high passenger density and growth. In the meantime, they are highly competitive routes with more competition. In 2014, THAI grabbed the opportunity, while number of passengers is increasing, to reopen the following routes in Asia :

- Western Routes: THAI offers 4 round trip flights per week between Bangkok and Mandalay starting October 26, 2014.
- Indochina Routes: THAI offers 4 round trip flights per week between Bangkok and Luang Prabang starting October 1, 2014

(THAI used to fly to both routes, but stopped its operations on April 17, 2014 and March 28, 2014 respectively.)

## COMMISSIONING OF BOEING 787 (DREAMLINER)

In July, September, October and December 2014, the Company received 4 Boeing 787-8 respectively. The main and significant components of this aircraft are



made of composite material, which has light weight. In combination with the state-of-the-art engines technology, fuel consumption rate reduces by approximately 15-25%. In addition, composite material is rust free; therefore, it can extend the overhaul cycle for this aircraft and in consequence can reduce repair and maintenance costs as well as extend their useful lives. This type of aircraft has comprehensive flight ranges covering both short and long distances. It can fly directly to any destinations in Europe. It is the new innovation aircraft in the aviation industry.

THAI has organized the seating layout by allocating 24 seats for business class and 240 seats for economy class, or a total of 264 seats. Seats in business class are 180 degree flat for maximum comfort to the passengers. THAI offers this aircraft for the routes to various cities like Narita, Nagoya, Fukuoka, Perth, Saigon and Hanoi.

## FLIGHT SCHEDULES AND AIRCRAFT ADJUSTMENT IN RESPONSE TO MARKET NEEDS

### 1. Asian Routes

1.1 Northern Routes : There is a high passenger traffic density in the northern routes, which contribute to a consistent profit stream to THAI. Therefore, flight schedules and types of aircraft have been adjusted appropriately to meet the market needs. The Company has adjusted aircraft size to Airbus A380-800 for major routes like the round-trip flights between Bangkok-Hong Kong starting from December 1, 2014. The Company further increases its competitive product potentials by introducing Boeing 787-8 to operate the round-trip flights between Bangkok-Tokyo (Haneda) starting from September 1, 2014.

1.2 Indo China Routes : These are the Company's strengths in the regional network due to its high growth. THAI received additional Airbus A320-220 into its aircraft fleet replacing its Boeing 737-400 to be decommissioning soon. THAI has offered this type of aircraft for the round-trip flights between Bangkok-Phnom Penh starting from March 30, 2014.

1.3 Western Routes : There is a high passenger traffic density and high growth, particularly the main markets i.e. in India. THAI has introduced

Airbus A320-200 for the flights between Bangkok-Bodhgaya-Varanasi-Bangkok replacing Boeing 737-400 starting from October 26, 2014.

### 2. Intercontinental Routes (Australia and New Zealand)

THAI has introduced Boeing 787-8 for the round-trip flights between Bangkok-Perth starting from September 20, 2014.

### 3. Domestic Routes

THAI has re-opened the round-trip flights between Bangkok-Chiangrai once a day operated by Airbus A320-200 starting from December 16, 2014.

## AIRCRAFT DECOMMISSIONING AND ASSETS MANAGEMENT FOR MAXIMUM BENEFITS

THAI's assets management aims to achieve corporate goals and strategies and to gain optimal benefits on returns. THAI's main assets are aircraft, engines, spare parts, rotating aviation equipment, land and buildings as well as investments in associates/subsidiaries.

In procuring, decommissioning and disposing aircraft, engines, spare parts and rotating aviation equipment, THAI takes into consideration the appropriateness and compliance to aircraft market situations, trends of global aviation industry, THAI's marketing plans and the potential of current aircraft fleet. In 2014, THAI received 14 new aircraft consisting of 3 Boeing 777-300ER, 4 Boeing 787-8, 7 Airbus A320 and decommissioned 9 aircraft consisting of 5 Airbus A300-600R and 4 Airbus A330-300. THAI can sell 10 aircraft decommissioned prior to 2014 consisting of 4 A300-600R (1 of which has been delivered), 4 Boeing 747-400 (3 of which have been delivered) and 2 ATR72, which have entered into a MOU.

THAI has utilized its land, office buildings and residences both in Thailand and abroad appropriately and as deemed necessary. The Company plans to exploit and create values to those real estates that are not used or not fully utilized e.g. Rak Khun Thao Fah Building.

THAI decided to invest in other businesses for strategic and investment reasons. Higher proportion of investment will be allocated to businesses that are related to and

supporting THAI's operations e.g. Thai Smile Airways Co., Ltd., THAI-Amadeus Southeast Asia Co., Ltd., Nok Airlines Co., Ltd., Bangkok Aviation Fuel Services Public Co., Ltd., Phuket Air Catering Co., Ltd., etc. THAI has less investment proportion in the businesses not related to aviation industry e.g. hotel businesses. THAI may consider reviewing its investments in compliance with and appropriate to the Company's future business conditions and strategic plans.

## SUPERVISION ON FINANCIAL LIQUIDITY

For the Company to have sufficient cash for its operations, be capable of paying its obligations that become due and manage liquidity for its optimal benefits, THAI determines to hold cash on hand as working capital for its operations and to handle economic situations and various other factors at 12-15% of its revenues. In this regard, THAI has closely and consistently monitored its liquidity. In 2014, THAI prepared reports on daily cash flow forecast broken down into major currencies (USD, EUR, JPY, THB) for the Executive Management every day and also prepared monthly cash flow forecast for the management meeting every week.

## RIGOROUS SUPERVISION ON COST MANAGEMENT

Due to its high cost, THAI's competitive advantages have been decreasing. It is a necessity to reduce the unnecessary investment and expenses like personnel expense, flight operating expense, ground service expense, etc. However, measures on the rigorous supervision on cost management will not compromise with customers' safety and satisfaction. Simultaneously, THAI has communicated on its guidelines and goals in controlling expenses to every unit throughout the organization with the following urgent plans for expense reduction :

**Aviation :** Decommission the low-efficient aircraft which operating cost, fuel cost as well as repair and maintenance are high. Reduce or merge flights. Provide appropriate size and type of aircraft to match with duration and passenger traffic. Modify the management of aircraft repair and maintenance by sourcing out spare parts instead of own repair and new investment.

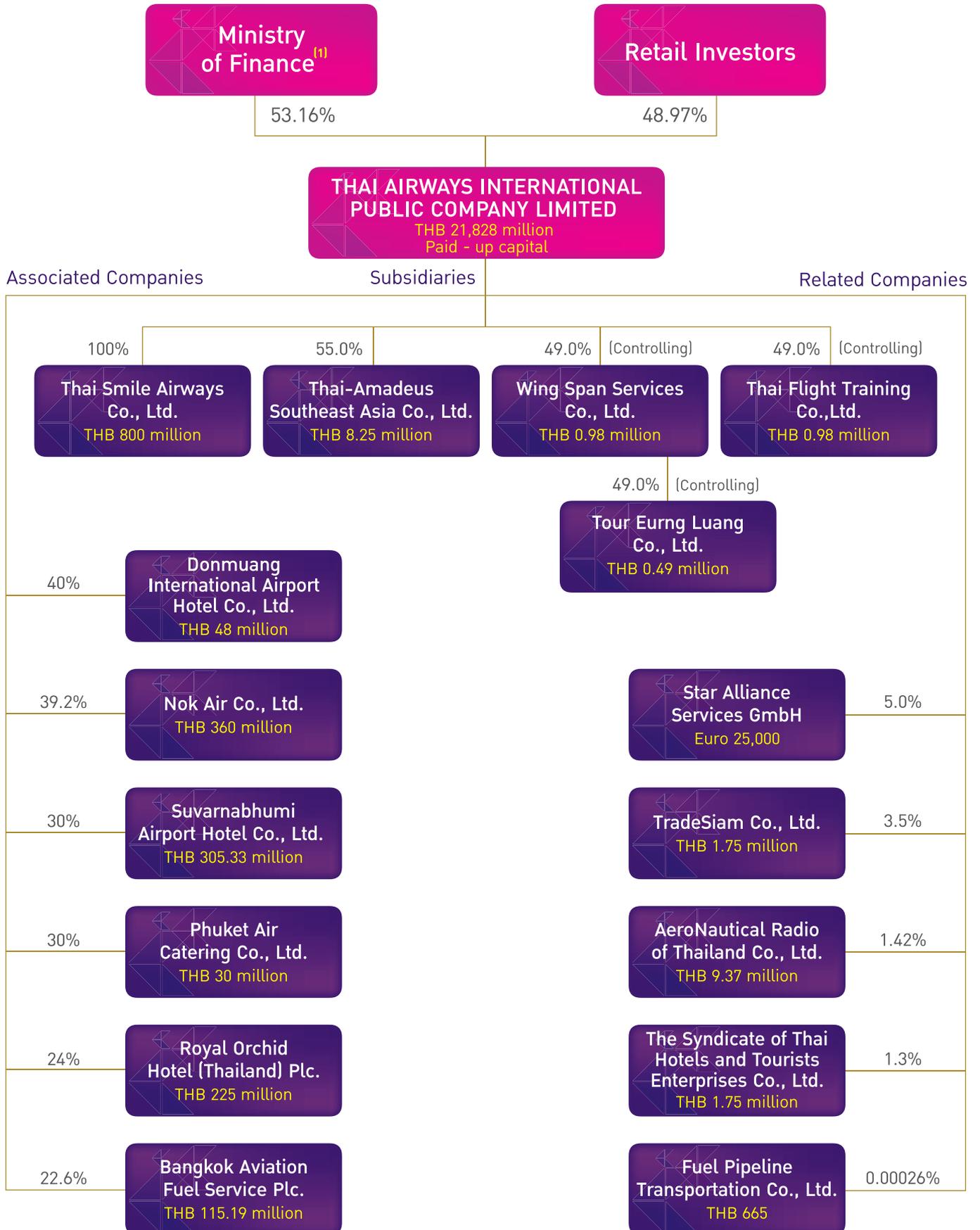
**Personnel :** Proceed with personnel expense reduction, which is the Company's 2nd highest expense, by improving personnel management regulations to comply with labor laws; delaying recruitment for new position, replacement and outsourcing staff so as to match with decreasing flights or workload; improving effective operating procedures so as to increase employees' effectiveness and productivity; managing and controlling expenses on employees and outsourcing staff in order to match workforce with workload and overtime payment.

**Investment :** Delay investment or procurement of various types of assets, which have no impact on safety measures and customer services either for replacement or new transactions. Delay office renovation (except in the emergency case or if delay negatively affects revenue generation/unsafe working environment/violation to regulations of the government or regulatory authorities). Negotiate with trading partners to postpone supply delivery to match with decreasing demand. Review purchasing plan for new supplies to avoid storing unnecessary supplies in the warehouse.

**Operating Procedures Improvement :** Make the operating procedures concise and effective in order to reduce costs and enhance competitiveness. Examples are improving of procurement and employment procedures, shortening warehouse procedures so that customers can receive goods more quickly, etc.

In addition, THAI has undertaken other costs reduction like utilities, telephone bills, supplies, office equipment, residence or office rental, entertainment, gifts or souvenirs, car purchase or leasing, office equipment, computer hardware and software, communication devices, audio visual equipment, air conditioners, furniture and fixture for office and residence. The Company further delays its investment or procurement of various types of assets, which have no impact on safety measures and customer services. The Company has also undertaken its expenses reduction plan continuously.

# Shareholders Structure



Note: <sup>(1)</sup>Including 2.13% shares hold by the Government Savings Bank



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Sprache



# Business Operations



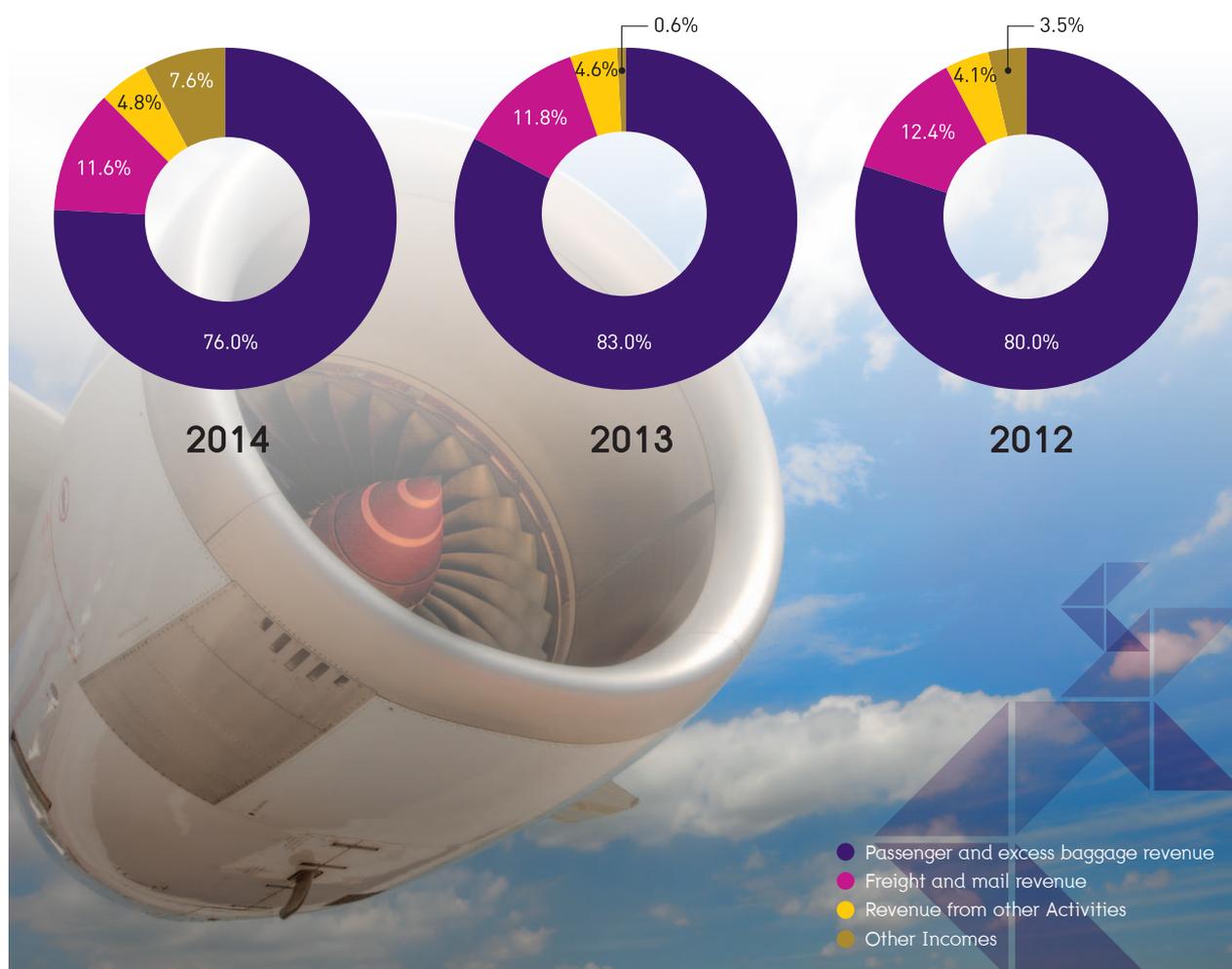
## Revenue Breakdown for the Company and Its Subsidiaries

Revenue breakdown for the Company and its subsidiaries for the past 3 years

	2014		2013		2012	
	MTHB	%	MTHB	%	MTHB	%
<b>Revenue from Transportation Activities</b>						
Passenger and excess baggage revenue	154,881	76.0	172,335	83.0	173,458	80.0
Freight and mail revenue	23,601	11.6	24,515	11.8	26,764	12.4
<b>Total Revenue from Transportation Activities</b>	<b>178,482</b>	<b>87.6</b>	<b>196,850</b>	<b>94.8</b>	<b>200,222</b>	<b>92.4</b>
Revenue from Other Activities <sup>(1)</sup>	9,885	4.8	9,486	4.6	8,901	4.1
<b>Total Operating Revenue</b>	<b>188,367</b>	<b>92.4</b>	<b>206,336</b>	<b>99.4</b>	<b>209,123</b>	<b>96.5</b>
Other Incomes <sup>(2)</sup>	15,522	7.6	1,374	0.6	7,620	3.5
<b>Total Revenues</b>	<b>203,889</b>	<b>100.0</b>	<b>207,710</b>	<b>100.0</b>	<b>216,743</b>	<b>100.0</b>

Note: <sup>(1)</sup> Revenue from other activities consists of revenues from business units and other supporting activities.

<sup>(2)</sup> Other incomes include interest income, gain (loss) on foreign currency exchange, gains on deemed disposal, gains on reclassified investment, gains on acquisition, gains on sales of assets, dividends from associated and subsidiary company, revenue from other services of Aircraft Maintenance Department, revenue from airport fees collected from passengers, compensation revenue from the delay delivery of aircraft, other fine revenue, insurance compensation from flood disaster, revenue from Royal Orchid Lounge service.





Thai Airways International Public Company Limited, a state-owned enterprise under the administration of the Ministry of Transport is a national carrier of the Kingdom of Thailand. It operates domestic, regional and intercontinental flights from its home base in Bangkok to key destinations in Thailand and around the world. The Company's operation is separated into its air transport service, business units and other activities.

Air transport businesses include the transportation of passengers, cargo and mail. Other business units related to air transport include warehousing, ground customer services, ground equipment services and catering services. Airline business support services include technical services, dispatch services, duty free sales on board, THAI Shop and business of subsidiaries.

## Air Transport Service

The Company's main businesses are the transport of passengers, cargo and mail on scheduled flights as well as chartered flights to domestic and international destinations.

## Business Units

At the core of on time performance of each flight lies in the massive effort from all supporting operations to provide the highest level of comfort, ease and safety in getting passengers and cargo to desired destinations within the shortest time period which is a key to enhancing overall customer confidence in THAI. Details of business related to Airline business are as follows:

### Cargo Handling Service

Provide Air cargo services at Suvarnabhumi Airport, Chiang Mai International Airport, Hat Yai International Airport, and Phuket International Airport including temporary preservation of both general and perishable goods, valuable goods, and other special temperature controlled goods.



### Ground Customer Services

THAI's legendary ground customer service for both in-bound and out-bound travelers begins when THAI's passengers and those of partner airlines arrive at the airport, goes through check-in formalities, embarks on THAI's aircraft, and vice versa. THAI provides ground customer service to its own customers and those of customer airlines.

### Ground Equipment Services

THAI's ground equipment services provides in-aircraft related services and also facilitates aircraft and passenger related services in the apron area for both THAI's own in-bound and out-bound aircraft and that of customer airlines ensuring on-time aircraft performance.

### Catering Services

Food and beverage preparation for up-lift forms a large part of THAI's catering services provided to not only THAI's own aircraft but also that of major global and regional customer airlines. A ground catering service also include THAI's well known Puff and Pie Bakery chain, restaurant at the international airports, off site catering services and also runs the Company's various canteens.





## Other Activities

Airline business support services include the Technical Department providing aircraft maintenance services, dispatch services, Duty Free sales on Board and THAI Shop-souvenir sales and flight simulator service.

Details are as follows :

### Operating Aircraft

Aircraft Type	Number of Aircraft	
	As of December 31, 2014	As of December 31, 2013
A380-800	6	6
B747-400	12	12
777-200ER	6	6
A340-600	6	6
B777-300ER	11	8
B777-300	6	6
B777-200	8	8
A330-300	22	26
B787-8	4	-
A300-600	-	5
B737-400	2	5
A320-200	17	10
B747-400 (Freighter)	2	2
<b>Total</b>	<b>102</b>	<b>100</b>

## Air Transport Service

THAI is a national carrier of the Kingdom of Thailand. The Company's main businesses are the transport of passengers, cargo and mails which expand its service to other regions of the world. Details of products and services include:

### Passenger Transportation

The transportation of passengers aims to continuously develop market and route network to be able to compete effectively by focusing on developing Suvarnabhumi Airport to be Regional aviation Hub.

### Products and Services

#### Aircraft Fleet

As of December 31, 2014, THAI's total fleet of 102 aircraft consists of 41 long-haul aircrafts serving intercontinental destination A380-800, B747-400, B777-200ER/300ER and A340-600, aircraft; 40 medium-range aircrafts serving regional destinations B777-200/300, A330-300, B787-8, aircraft; 2 narrow-body short haul aircrafts B737-400 aircraft; 17 Thai Smile A320-200 aircraft; and 2 dedicated Freighters B747-400F.



During 2014, THAI acquired 3 aircrafts B777-300ER for intercontinental operation and 4 aircrafts B787-8 for regional operation replacing 9 decommissioned A330-300 and A300-600. In addition, the reception of the aircraft aims to meet the growing demand in travel and to enhance the Company competitiveness. THAI also decommissioned 3 narrow-body B737-400 due to the end of the lease. Besides, The Company also acquired 7 aircrafts A320-200 for Thai Smile's operation.

### **Route Network Development**

In 2014, THAI intended to develop its market and continue to expand its route network for effective competition ability due to the impact of the political crisis by pursuing the development of Suvarnabhumi Airport as a strategic hub of the region and gateway with increased flight frequency while cautiously launching new destinations.

To strengthen its route network and maintain its leading market position, THAI sought to strengthen its advantage through greater cooperation with members of Star Alliance enabling THAI to extend its reach globally and diversify and expand its customer base. Flight frequency

was also adjusted to meet seasonal demand, cope with changes in travel demand and competition, and improve on network connectivity to maximize THAI's benefit from the regional economic integration of the ASEAN Economic Community (AEC).

In 2014, THAI, coordinated with Nok Air through code share flights enabling THAI to transfer its transit passengers to Nok Air on routes between Don Muang-Sakon Nakorn and Don Mueang-Nakorn Phanom. The code share flights helped facilitate international travelers to all parts of Thailand through its tri-product offering spanning a large part of Thailand's most attractive tourist destinations. Thai Smile separated to have their own operation under the Airline Code WE on April 10, 2014, and flew to 9 cities namely; Udon Thani, Ubon Ratchatani, Khon Kaen, Chiang Mai, Chiang Rai, Phuket, Hat Yai, Krabi, Surat Thani and Chiang Mai-Phuket. In addition, From August 8, 2014, Thai Smile opened flight to-from Don Mueang-Chaing Mai, Don Mueang - Phuket, and Don Mueang- Khon Kaen. From October 26, 2014, new route from Bangkok-Macau was opened.



Additionally, the Company has prepared a two-season schedule consists of Summer Schedule starting from the last Sunday of March to the last Saturday of October each year, and Winter Schedule from the last Sunday of October to the last Saturday of March each year in accordance with International Air Transport association: IATA. However, frequency of flight, types of operated aircraft and schedule to destinations may vary according to the change in demand of each period. December 31, 2014, THAI and Thai Smile's route network spans 77 destinations in 34 countries with 10 domestic destinations (excluding Bangkok).

### **Domestic Routes**

THAI continues to develop domestic flights emphasizing on the Primary routes. As for secondary and feeder routes the Company has collaborated with partner airlines to maintain the market share.

In 2014, the Company operated 168 weekly flights from Bangkok to the North serving Chiang Mai, Chiang Rai; The North East serving Khon Kaen; The South serving Phuket, Krabi Had Yai, and Samui with additional products and services from Thai Smile in the main route such as Bangkok to Chiang Mai, Chiang Rai, Khon Kaen, Phuket, Had Yai, Krabi. Thai Smile flight operation replaced THAI's flight operation for the routes Bangkok- Surat Thani, Bangkok- Udon Thani, Bangkok Ubon Ratchathani, and Chiang Mai-Phuket.



### **International Routes**

THAI operated 647 weekly international flights divided into 2 main routes; 507 weekly flights for Asia regional route covering 47 destinations in 19 countries; and 140 weekly flights for intercontinental route covering 20 destinations in 15 countries as detailed below:

- **Asia Pacific Region**

The Company adjusted its route net work plan to fly in accordance with strategic development to promote Thailand as an aviation regional Hub covering 47 destination in 19 countries. The Company divides regional route in to 5 zones namely; - the North, the South, the West, the Middle East and Indochina.

- **Northern Routes**

As the volume of passenger travelling on northern routes remains strong, these routes continues to be THAI's stronghold with current 248 weekly flights to 19 destinations in 5 countries - Hong Kong, Tokyo (Narita and Haneda), Osaka, Nagoya, Fukuoka, Sapporo, Taipei, Seoul, Manila, Beijing, Shanghai, Guangzhou, Kunming, Xiamen, Chengdu, Changsha and Chongqing. Thai Smile operates flights to Macau.

- **Southern Routes**

Intensity of competition is highest on southern routes with many low cost carriers such as Thai Air Asia, Jet Star Asia and Tiger Air operating high frequency flight. The Company offer 5 destinations in 3 countries namely; Singapore, Kuala Lumpur, Penang, Denpasar and Jakarta with frequency of 74 weekly flights.



● **Western Routes**

The volume of passengers traveling on western routes remained heavy with a high rate of growth, especially India, and at the same time, the competition remains intense due to the proliferation of Indian based airlines and their aggressive growth strategies targeting services to Thailand.

The Company operates 16 destinations in 6 countries with frequency of 115 weekly flights to Delhi, Mumbai, Kolkata, Hyderabad, Bangalore, Dhaka, Colombo, Kathmandu, Yangon, Chennai, Karachi, Islamabad, Lahore, Varanasi, Gaya and Mandalay

● **The Middle East**

The Middle East routes are under intense competition due to the entry of Middle Eastern carriers with strong capital base and the rapid expansion of their fleets. THAI currently has 10 weekly flights serving 2 destinations in 2 countries in the Middle East - Dubai and Muscat.

● **Indochina**

Air travel demand for the Indochina region remains robust and is among the most attractive routes with a healthy rate of growth. However, competition is on



the rise with a larger number of low cost carriers joining the fray providing air travel service within the region and other longer haul carriers are putting through more direct flights from the Middle East and Europe to Indochina.

THAI currently has 60 weekly flights serving 5 destinations in 3 countries - Vientiane, Phnom Penh, Hanoi and Ho Chi Minh and Luang Prabang.

**Intercontinental Routes**

● **North America**

North America is a very large air travel market but is highly competitive, therefore, destinations served by THAI to North America depends on connectivity served by its Star Alliance partner to within America and Canada.

In 2014, THAI operated 4 weekly flights to Los Angeles via a stop over in Seoul using B777-300ER aircraft.

THAI code shares with Star Alliance partners such as All Nippon Airways on Pacific routes from Tokyo to Honolulu, Los Angeles, Chicago, New York, San Francisco, Washington D.C., Seattle, and San Jose. On the Atlantic route, THAI code shares with Lufthansa from Frankfurt to New York, Atlanta, Miami, Chicago, Dallas and Washington D.C. in total of 11 destinations in America.

● **Europe**

The Company offers flights to 13 destinations in 11 countries in Europe, including London, Frankfurt Paris, Rome, Copenhagen, Stockholm, Zurich, Munich, Brussels, Milan, Madrid, Moscow and Oslo, with frequency of 93 flights.

For the market that the Company does not operate direct flight both in Europe and UK, code share agreements with partner airlines have been signed to



facilitate smooth transfer and connecting service to another 49 destinations in 16 countries.



- **Australia and New Zealand**

In Australia, the 5 destinations in 2 countries served by THAI include Sydney, Melbourne, Brisbane and Perth in Australia and to Auckland in New Zealand with frequency of 48 weekly flights. A code share agreement has been signed with Air New Zealand by linking Thai's route network to tourist cities covering 7 destinations in the 2 countries including the Hong Kong-Auckland route.

- **Africa**

THAI operates 3 weekly flights to Johannesburg, South Africa.

The company stopped flight operation from Bangkok to Johannesburg, South Africa on January 15, 2015.

## **Customer Services**

In addition to service quality and competitive pricing, unsurpassed customer services forms an important ingredient in running a successful business.

In 2014, product and service enhancements and quality improvements are constantly being made to better meet the needs of each target customer group with Touches of Thai service at every customer touch point starting with pre-flight services, in-flight services and ending with post-flight services. As a service provider, THAI has constantly emphasized training and re-training to instill the importance of service from the heart for all its front line employees. It has been the modus operandi for THAI employees for over 5 decades of successful service and means for which has been and continues to be THAI's competitive edge.

The Company established comprehensive service operation procedures and service level agreements encompassing all touch points and actively assesses and monitors each touch point to ensure that the products and services rendered to THAI's customers are of the highest quality and standard throughout the passengers' travel experience.

As customer experience is considered to be the most important in building brand loyalty, THAI is focused on providing such level of service that would deserve word of mouth advertisement especially through the various brand advocates via social media.

Details of each step of development of customer service are as follows:

### **Pre-flight Services**

For pre-flight services, THAI's internet, electronic and mobile services have been enhanced to facilitate customers with quick access to various travel information including flight details and timetables, online ticketing, SMS check-in, 2D barcode check-in and home print boarding pass.

### **In-flight Services**

Improvements to in-flight services emphasize on consistency in standard of service rendered by cabin crew along with improving the quality and variety of food and such as local dishes, Thai dishes, herbal beverages and special menus for special occasions.

For development of products such as seats, entertaining equipments were improved by retrofitting cabin interior including redesign of service items for all of THAI's new aircraft - B777-300ER, B787, and A350-900 under the THAI Contemporary concept. In 2014, THAI obtained 3 more aircrafts B777-300ER and will acquire another 3 in 2015. THAI will take delivery of 4 B787 aircraft in 2015, while delivery of the first A350-900 aircraft will be in 2016.



## Equipment and Services

THAI has continuously improved its services to meet customers' satisfaction and continues to enhance THAI's overall competitiveness. The Company has upgraded its aircraft seats and ambiance by installing more spacious seats and providing the latest personal on-demand entertainment units with a broad range of selection of content. Some of these upgrades include:

### 1. Passenger Seat and Entertainment System

The main purpose of this retrofit program is to achieve a common product offering in terms of seats and entertainment system for the whole fleet.

#### Entertainment System

Constant upgrades of entertainment system both of screen and sound have been made on its long haul aircraft. Every seat on all seat classes has personal screens, on-demand entertainment, flight route maps, a variety of entertainment channels including games and live text news.

- Developing software to support increasing content such as e-Menu and e-shopping
- Providing portable AVOD players for Business class passengers on A330-300 aircraft with flight time greater than 4 hours which personal screens and on demand entertainment system are not available. These AVOD players also serve as back-up on THAI's A340-600 and B747-400 aircraft for long-haul flights.

### 2. Installation of Business and Communication

#### Devices

THAI launched Thai Sky Connect on its new 7 aircrafts A330-300, 6 new aircrafts A380-800 to enable its passengers to communicate with the ground using personal mobile equipment.

## Flight Operations, Aviation Safety Security and Standards

Safety and security by far is the highest concern for the Company in regards to flight operations. For the past 5 decades, The Company has strived to establish the

highest standard of travel safety for the passengers to comply with the core mission; to transport passengers and cargo to destination with ease, punctuality, and supreme safety in accordance with the highest standards of safety set by the Department of Civil Aviation (DCA), the International Civil Aviation Organization (ICAO), the European Aviation Safety Agency (EASA), the Federal Aviation Administration (FAA) and passing the safety audit of the International Air Transport Association (IATA). In 2014, the company emphasized on maintaining standards and best practices (Standard and Recommended Practices: SARP) by ICAO requiring airlines to continuously implement a safety management system (Safety Management System: SMS). Further more, the Company also updates THAI's Safety and Quality Manual (TSQM), which is a manual on safety and quality standards encompassing not only flight operations but also the operations of all THAI's business units.

For maximum safety in flight operations, the Company developed aviation personnel with knowledge of international standard, including optimum awareness of safety. The Company also focuses on the recruitment of crews with international quality to meet the network and fleet expansion. The Company verified physical, psychological knowledge, skills and behaviors of the pilots. The pilots must pass an Aptitude test and, Aviation Psychology, and testing pilot skills. In addition, the company focuses on continuously maintaining and enhancing the quality of excellent in-flight service through theoretical and practical training to flights attendants to be expert and professional including having good attitude and service mind coupled with safety awareness. The company continuously trained its personnel including refresh knowledge on safety and service providing. The Company initiate application on e-Learning and Knowledge Management to support knowledge sharing among task performers which will lead to service excellence.

The Company recognizes the necessity of the health care and safety of employees including protection and

promotion of healthcare in order to maintain the physical and mental perfection as well as the well-being of employees and to be in conjunction with business operation. The Company therefore implemented of the policy on safety, health and work environment based on Humanity ethics holding the benefit of the employee including health promotion surveillance and safety monitor, prevention and control of accidents and hazards in work environment, surveillance and prevention from disease caused from occupation, first aid and rehabilitation after injury.

In the area of aviation security, THAI strictly complies with all international security standard & recommended practices and the regulations of the ICAO, DCA, Transportation Security Administration (TSA), Department of Homeland Security, USA, Office of Transport Security (OTS), Australia, European Union (EU), Europe and IATA Operational Safety Audit (IOSA). Observation of guidelines provided by the above regulatory entities encompasses and all rules and regulations of each country where THAI flies to. THAI has put in place an effective, Security Management System (SeMS) to ensure the highest international standard of aviation security is in place throughout the whole Company.

The Emergency Response standard is another area for which THAI strictly adheres in terms of readiness in case of an emergency or a crisis. To ensure smooth ongoing operations during such emergency or crisis, the task of the Crisis Management & Operations Center (CMOC) is to monitor company threat 24 hour.

The Company also established its Family Assistance & Support Team (FAST Center) in the event of aviation emergency for THAI flight as well as partner airlines.

With the highest standard and effective aviation safety and security in place, THAI stands ready to efficiently manage and handle the unsettled situation in 2014 such as political crisis from the late 2013 and continued to May, 2014. It resulted in moving

of effected operation to temporary office. THAI was the very first airline to take precautions during the outbreak of Ebola Virus in West Africa that caused passenger and public concern. THAI has complied with the recommendations from the World Health Organization and Ministry of Public Health to ensure beyond international standard performance.

For overall flight operations, the company has focused on highest standard of safety including excellent in-flight service applying up to date and safety information technology that meets international recognition to apply in consistence with Thai unique service to the passengers on board in order to maintain the standard and quality of service excellence including satisfaction of all passengers. To fulfill the priority of a key and core value that the Company has continued to conduct to be the First Choice Carrier of the passenger's future travel including maintaining standard of quality, safety, security, and aviation safety standard according to international rules, regulations and laws. The Company also continues to conduct a proactive approach to implement safety, security and aviation safety standards, including the development of standards in the processes in order to build confidence of all stakeholders in all process of the company.

Those who have been interested in the details of international standards that all departments and business units of the Company received, can study from the Sustainable Development Report which the Company delivered to all shareholders and disclosed to the public via the Company's website at [www.thaiairways.com](http://www.thaiairways.com).



## Marketing and Competition

### Overarching Policies and Market Segmentation

In 2014, the company has established a business plan for 5 years (2014–2018). It was adjusted according to characteristic of the market.

They are divided into 4 groups as follows:

- **The Company acts as a market leader** such as Scandinavia, China and Japan, etc. The Company focused on maintaining market leadership, strategic adjustments to maintain market share and profitability in operations, primarily by increasing flight, retrofit aircraft with modern equipment to prevent the loss of customers to other airlines.
- **The markets with high competition** such as Singapore, Hong Kong and ASEAN countries, the Company focuses on improving its ability for competition to maintain market share by enhancing cooperation with partner airlines transit passengers to the Suvarnabhumi Airport, including appointing Thai Smile Airline to maintain market share in short haul regional routes.
- **Market with strong competitors** such as Russia and the Arab Emirates, the Company focuses on the watch on transport volume and successive profit and loss to adjust the strategy to suit the circumstances to be dynamic to modify the flight performance by monitoring performance continuously and swiftly.
- **New high potential markets** including the Indian market such as Kochi, Orissa and new markets that have not been operated by the Company such, including Eastern European markets such as Vienna, Chinese market such as Hangzhou, Shenzhen, Shantou, etc. The company studied the market, competition, routes and the possibility to open new routes to create opportunities for market expansion.

Besides, the Company increases the operations at Donmueang Airport by Thai Smile to be an alternative

for passengers from Don Mueang Airport and to create an effective revenue quality by operating domestic routes from Don Mueang to Chiang mai, Phuket, Khon Kaen from August 8, 2014.

### Market policies and market Segmentation of Thai Smile Airways Company Limited

Since Thai Smile is considered as Light Premium Airline, it cannot be comparable to low-cost airlines in term of pricing. However, Thai Smile emphasizes on quality and service with the slogan "Trendy, Friendly, Worthy" and also focuses on increasing sales for domestic and increasing more market share to prepare for the liberalization of trade in the ASEAN Economics Community (AEC), which is expected to begin in late 2015.

Such factors that Thailand is about to become a member of the ASEAN Economics Community, and the rapid expansion of low cost airlines both domestic and in the region, Thai Smile therefore set strategy to create Brand Differentiation in the competition to determine the appropriate action to run the strategy on the prospects as follows:

- **Target Customer** About 30% of potential passengers are connected to the passengers of the Company, while 70% are point to point passengers receiving service from Thai Smile only.
- **Characteristics of the target group** In addition to the group of people in the age range 30–40 years, which reflects trendy, friendly, and worthy brand image, will also penetrate corporate customers and MICE to expand the target groups.
- **Distribution** In addition to a direct distribution channel, distribution through authorized agents and through cooperation with the Company, Thai Smile also added distribution channels through SF Cinema and expanded its payment services through counter service to make payment more convenient, including applications on mobile devices, supplemented with distribution through the Call Center.
- **Marketing Communications** In addition to communicate directly through Social Network,

coupled with the integrated marketing communication, the focus is also on public relations, promotion, as well as Corporate Social Responsibility activity. Moreover, Thai Smile also has marketing communication policy in order to comply with government policy to promote Thai Cultural tourism (Discover Thainess) as well.

## Revenue Management and Distribution Channels Development

### Revenue Management Plan

To maintain and enhance revenue under global economic recession, political unrest, market volatility, and intense competition, the Company implements plans as shown below:

- Network and fleet management: by administering flight network and fleets to be appropriate for each direction, by adjusting production capacity to be appropriate to the volume of passengers, by increasing the use of aircraft to a reasonable level, by decommissioning low capability performance aircraft with high maintenance, and by using the new aircraft on long-haul routes and highly profitable routes.

### Marketing and Promotion

The Company aims to increase direct flights to Thailand focusing on frequency of flights in high potential destinations and carefully launching new destinations. Strengthens its route network, improve services through e-Service by developing a system to facilitate the customers, and operate areas of sales and marketing both for domestic and overseas markets.



## Ancillary Revenue

Project management and development of ancillary revenue to acquire more revenue from sales or services in addition to services of the core business are Duty Free on Board and Home Delivery, In-Flight & Other Premises Advertising project, Residual Inventory & Seat Management, ROP Trading Mile and Aircraft Washing.

## Customer segments and the development of distribution channels

The Company's main business is to provide transportation to passengers linking to major cities in Thailand, to various cities worldwide in both regular flights and chartered flights for international and domestic routes. The market positioning is set to be Full Service Premium World Class Airline. Even though THAI is ranked as a premium airline, the Company continues to take good care of customers in all segments focusing on as responding to the needs of each segment and developing distribution channels to truly meet the needs and expectations. Customer segments are divided into:

- Premium Customers consists of First class, business class, Platinum member and Gold member
- Government
- Corporate Business / SME: Small Medium Enterprise
- Leisure
- Students and VFR: Visiting Friends and Relative
- Special Interest and Life-Style
- MICE
- Ship Crew and Worker





The company runs All Segments Product offering using the strategy in terms of Revenue management, coupled with the management of pricing, Network sales, and Star Alliance.

### **Network sales, and Star Alliance.**

The Company aims to increase direct flights to Thailand focusing on frequency of flights in high potential destinations coupled carefully launching new destinations and strengthens its route network in 70 main destinations, 50 destinations for Asia route, and 20 destinations for Intercontinental route.

Besides, the Company also expand network to cover as many destinations as possible. The Company operates its own network and Star Alliance network for point-to-point- service and beyond point service covering among destinations operated directly by the Company. As a part of the strongest aviation alliance, The Star Alliance enables the Company to provide services in various routes in connection with the Star Alliance network. Star Alliance has a total of 27 airlines members covering 192 countries and 1,316 destinations worldwide with more than 18,500 flights operation daily.

### **Services through new era distribution channels**

Besides quality and price of the product, customer service is the heart of the business operations. The company set up service procedure and Service Level Agreement: SLA with all the major service points starting from ticket reservation to the end of the journey as well as evaluating all these services on an ongoing basis to ensure that customers get satisfaction from service and quality products throughout the journey.

#### **• THAI Contact Center (TCC)**

THAI Contact Center (TCC), is the first point of a major contact center services that customers decide whether to be serviced. The Company recognizes the importance of this part of service. The service level agreement (Service Level Agreement: SLA) with the selected company to answer 70% of calls within 20 seconds, and to have less than 10% of call cancellation according

to customer service standard and to increase customer satisfaction.

The Company can hear from its customers through many channels, including TCC website, fax and telephone with exclusive numbers for premium customers, government and corporate customers

#### **• Digital Commerce**

Due to customer service and relationship with customers through online channels is a fast and the most effective method which tends to have a lot of competition in every form, the company has developed online services to provide stability and more speed than the original system and adjust models of use to be easier including route networks to connect flights with the alliance airlines to be an option for passengers. Meanwhile, prices were cut down with the continuous preparation of online promotion for both domestic and international market in order to stimulate to gain more customers.

The development of payment from the past focused on credit card payment as a main channel of payment. The Company increased more service points nearest to the customers to transfer the money, for example, payment through ATM, online debit from bank account, counter service at Tesco Lotus and Big C, M PAY, PAY at Post, Family Mart, Just Pay. These new channels of payment enhanced convenience of the Company's online services. Besides, The Company has been added to the online services such as advanced seat booking, online self- check in, online pre-book baggage, online sale of travel insurance and hotel reservation to establish [www.thaiairways.com](http://www.thaiairways.com) as a One Stop Service to its customers. This development will affect the increase in online sales about 20-25% per year.

### **Marketing and Promotion**

Since early 2014, The Company continues to conduct promotional approach to both domestic and overseas markets to maintain market share, to strengthen competitive ability, and optimize revenue quality



under the market conditions affected by external fluctuations factors, economic, political and market competition including promotion and earning points with Royal Orchid Plus and Royal Orchid Holiday.

#### **Thai Smile Distribution Channel**

Thai Smile separates distribution system and customer service systems (DPS) from THAI. However, at the start of operation until October 2014 DPS has not yet been completed. Therefore, Thai Smile assigned the Company as its marketing carrier while, Thai Smile acted as operating carrier. The Company did block seat operation for all seats on Thai Smile flights distributed via the Company's distribution and reservations system. From October 2014, Thai Smile has taken over of distribution system through its own system. However, in order to facilitate the passengers travelling the routes operated by the Company, Thai Smile still cooperated with the Company through the signed Code Share Agreement.

Thai Smile determined to control and managed costs effectively by keeping fixed cost low. The Company operated only activities related to the business including flight operations, safety standard control, format and standard of customer service, in-flight service management, brand image and marketing communications, pricing and revenue management by direct distribution with Thai Smile and through electronic system. For other support activities, Thai Smile uses the Company's services, or business



units of the Company, or external service providers as appropriate.

#### **The Aviation Industry and Competitive Conditions**

In 2014, the recovery of the global economy is weak and unstable, with the risk of slow economic growth which IMF downgraded steadily forecast of world economy growth. Recently, world economic growth forecast showed at 3.3 per cent in October 2014 equivalent to the year 2013, mainly due to the fragile recovery of US economy, the economic slowdown of emerging economies and developing countries, especially China, which is the main driver of the global economy, deflation and trends into economic recession in the euro zone and Japan including the geopolitical tensions, especially Ukraine and the Middle East together with the outbreak of the Ebola. Thailand was ranked as lowest growth rate country among the ASEAN 5 [N1] at about 1.0 percent as a result of political unrest in the past affected the confidence of investors and tourism resulting in economy contraction in the first half of 2014.

Meanwhile, oil prices on the world market fluctuate according to such circumstances mainly caused by risk factors from conflict between Ukraine and Russia that was revolted to global political conflict between Russia and the West. The economic boycott and political unrest continued in the oil producing countries,



particularly the Middle East and North Africa who are members of OPEC which affected the production and export of crude oil. Moreover, the conflict between Iran and the West's nuclear program that has not yet been finalized coupled with fluctuation of oil prices according to the global economy including exchange rate and speculation profit in the oil market resulting in difficulty in oil price forecast. Due to the economic retard and uncertain oil prices, the airline had to face the risk of such fluctuations affecting the management and revenue of the airline.

The economic situation is one of the factors that affect travel demand and spending, while the price of fuel is a major cost of the airline. However, crude oil prices and average jet fuel price in 2014 was lower than in 2013 by 8.5 per cent. Crude oil prices and jet fuel price at the end of 2014 was down from early 2014 by 41 per cent and 36 per cent respectively.

The global economic slowdown causes demand for oil fell as crude oil volume was over demand. OPEC members decided to maintain the production capacity while non OPEC members increased their capacity which benefited aviation industry and lower expense of the Company.

However, competition between airlines was steadily tightened. Whether expanding route network, fleet and competitive pricing from regional airlines, the Middle East airlines, Low-cost airlines and cooperated airlines in different aspects in order to enhance their competitive ability which affected directly on the changing landscape of the competition in many regions of aviation industry. Therefore, adjustments of the airlines coupled with explicit strategic management and up to date in situation are important to the Company's operation to maintain sustainability of the Airline.

In the last quarter of 2014, the Company implemented organization transformation plan which was presented to the Strategy and Transformation Committee to prepare for the competitive situation to occur to stop loss of the

Company (Stop the Bleeding) to achieve tangible results within the year 2015. There are 6 major operations to be taken namely; improve of route network by reducing the routes that do not make profits such as Bangkok – Johannesburg, and Bangkok–Moscow; adjust the fleets by reducing the number in accordance with the low production capacity; effectively increase revenue; Promote marketing and Sales activities including make use of technology to support activities; improve operations and cost management by reducing unnecessary costs; organization reform and managing the business units in a systematic way by maintaining a focus on safety and efficacy of customer service which the Company will continue to implement strategies in 2015–2016 and compare performance in all aspects with competitors by applying the good points and develop more effective working process. The goal is to enhance the ability to compete (Strength Building), including support the growth of the Company in a long term to sustainability (Sustainable Growth).

#### **Passenger aviation conditions**

International Air Transport Association has concluded a number of international passenger transport by air of the aviation industry in 2014 overall has increased by 6.1 percent. Asia continued to grow less than 5.8 percent, while Europe has a growth rate around 5.7 percent.

The Asian market continues to grow steadily as economies in the region are still able to expand, even at a lower rate. The Middle East, among Asia, has the highest traffic of air passenger. The ratio of expansion in 2014 (January–October) was 13 percent because airlines from the Middle East countries held advantages on oil price, and high growth potential. Moreover, the airlines agreed on partnership with several major airlines results in increasing in ability to provide comprehensive services.

For Thailand, in the second quarter of 2014, the situation of political instability in the country affected the domestic economy and the tourism retard. The volume of passengers travelling by air in–out of Thailand

in 2014 (January – September) with 116 airlines operated international schedule flights transporting passengers in total of 33.6 millions, down by 8.9 percent compared to the same period in 2013 (Source: Airports of Thailand (AOT)) 9.3 millions were counted as the Company's passengers, down by 16.6 percent, however, the Company continues to be the leader with the most market share of international passengers of 27.5 percent.

#### **The competition of the domestic aviation industry**

The competition of domestic aviation business is increasingly intense both from low-cost airlines with rapid expansion growth and new low-cost airlines that see opportunities of continuing increased domestic demand in the market. As a result, the market to grow at a higher rate each year. Passenger volume in 2014 (January – September) of the domestic schedule flight airlines rose to 17.5 millions people, which is 16.1 percent higher than the same period of the previous year. There are 7 schedule flight airlines in Thailand including Thai Airways (including Thai Smile), Bangkok Airways, Thai Air Asia, Nok Air, Orient Thailand, Thai Lion Air, and Kan Air. The Company was ranked as the 3rd airline that carried the most passengers representing 22 percent of the market share.

#### **The competition of international aviation industry**

Situation and circumstance in 2014 were still the major factor affecting the aviation industry and the volume of passenger traveling by air, such as oil prices fluctuation, economic crisis in the region, fluctuations in foreign exchange rates, the political unrest in many countries including the more intense competition from the network expansion and opening of new routes including the full service airlines, low-cost airlines, as well as more alliance in various forms. Moreover, for aviation industry in Thailand, political instability which continued from late 2013 until the end of the 2nd quarter of 2014 has resulted in a decreased number of journey in-out of Thailand in several directions. However, the Company saw positive factors that can lead to Thailand market expansion because of its

advantageous position with its geographical location to be connection among cities in the region and neighboring regions. Moreover, the awakening of ASEAN Economic Community (AEC) in 2015 inspired the economic expansion in the region in terms of trade and investment. In addition, the volume of travel in the third quarter tended to recover by stimulus policies in many aspects, and obvious promotion on tourism of government sector such as the visa waiver for Chinese, Taiwanese for entering the kingdom of Thailand which stimulated and built confidence among foreign travelers to travel in-out of Thailand during the political reform.

The Company has assessed the situation and various related factors to adjust its strategies to keep up to all events and constant changing behaviors of customers in each market as well as attempting to strengthen their competitiveness in several aspects to increase the capacity and efficiency of services and to create brand image and maintain to be the leading airline.

#### **Industry and competition conditions of Thai Smile**

The aviation industry continues to grow steadily and to be an industry where competition is tense and quick including being a business that can grow further. However, at the present, low cost airlines increased their potential which is evident from the growth rate compared to the full service airlines. The full service airlines lost the market share to the low cost airlines and the growth rate is slowing down compared to that of low-cost airlines. This shows that pricing is a crucial factor in passenger's decision on reservation, particularly for domestic route due to the short period of the trip. Despite Thai Smile is grouped as Light Premium Airline compared to its competitors in the same group such as the direct competitor, Silk Airline and Bangkok Airways. However, comparing to the operational route, the competitor of Thai Smile Airline is Thai Air Asia and Nok Airline which operate the almost same route of domestic flight. At the same time, an emerging of new low-cost airlines such as Thai Lion Airline, Thai Vietjet

Airline caused Thai Smile Airline to be vigilant at all time in order to expand its customer base as well as increasing more market share. Thai Smile Airline still held advantages over other airlines because THAI is its shareholder. However, Thai Smile is considered a new Airline in the market so there is a great need to increase brand awareness to be well known by focusing on an outstanding service differs from that of low-cost airline with affordable and accessible price. Comparing growth rate of market share during 2011-2013, low-cost airlines have increased by 9 percent while full service airlines have decreased by 6 percent. Nok Airline was the airline with the highest growth of the market share approximately 16.5 percent.

### Fleet Plan

A major plan of the Company to invest in 5 years (2014 -2018) is to provide 36 aircrafts and supplies (which is a part of the new aircraft approved by the

cabinet according to the strategic plan 2013-2018) The procurement of the new aircrafts is done to support business growth and replace 38 aircrafts to decommissioned aircrafts with long hours of service during that mentioned period in order to optimize fleet capacity and maintain competency in competition. A detailed plan for the fleet is as follows:

### Cargo and Mail Services Products and Services

Beside air transport service, THAI also provides cargo and mail services categorized into General Cargo such as clothing and general products while Special Cargo are transport of perishable goods, live animals, valuable goods such as craft and hazardous materials.

Mail and cargo handling includes EMS (Express Mail Service) and delivery of general parcels and packages. Emphasis is placed on transport of specialized goods

	2014	2015	2016	2017	2018	Total 5 years (2014-2018)
<b>Procured Aircraft</b>						
- B777-300ER	3	3				6
- A350-900			2	5	5 <sup>(1)</sup>	12
- B787-9				2		2
- B787-8	4	2				6
- A320	7	3				10
<b>Total</b>						<b>36</b>
<b>Decommissioned Aircraft<sup>(2)</sup></b>						
- B747-400 Freighter		2				2
- B747-400				2	2	4
- B777-200			2		2	4
- A340-600		6				6
- A330-300	4	6		2		12
- A300-600	5					5
- B737-400	3			2		5
<b>Total</b>						<b>38</b>

Notes: <sup>(1)</sup> Airbus Company postponed the delivery of Airbus A350-900 from 2017 to the year 2018

<sup>(2)</sup> Information as of February 23, 2015

which may require temperature control, items which may be of high value or time sensitive items as these goods generates a higher per unit revenue.

THAI Cargo is well equipped to cater to customers' specific shipping needs as in the case of temperature sensitive products requiring specific temperature control, THAI has special type of container necessary to handle such specific requirement and ensure the quality or freshness of the products being shipped (Sensitive Temperature Products - TGT)

In addition to normal cargo operations, THAI offers comprehensive handling services including a number of specialized services such as TGForce (TGX) for guaranteed airport-to-airport express cargo service; THAIPAC for economical and swift international shipment for items bought in Thailand to be sent back home; Thai Express Cargo (TEC) for domestic express cargo, transport service of automobiles within Thailand and Perishable Cargo (PER) for perishable goods.

At the present, THAI Cargo and Mail Service routinely ships to 80 stations (excluding Bangkok) in 36 countries covering 5 continents which mostly are THAI's passenger service route network.

THAI Cargo also moves cargo and mail to the European continent and Asia by way of its freighter aircraft with 4 weekly flights from Bangkok to 5 main destinations such as Tokyo, Delhi, Frankfurt, Amsterdam, Taipei, and Tokyo. In 2014, the combined revenue of cargo and mail constitutes approximately 15-17% of the Company's total revenue.

### **Marketing and Competition**

Several marketing campaigns have been launched targeting THAI's customers linking such promotions to other services for which THAI provides. This includes providing cargo services beyond THAI's traditional points of service to off-line cargo destinations to strengthen its relationship with customer airlines' and other customers. Such activities form part of the

overall value-added and seamless service provided by THAI Cargo in building cooperation with other airlines and enhancing customers' confidence in the long run.

This is also to expand THAI's customer base globally as well as growing key accounts that has a worldwide network with the capability to undertake a global deal employing the Target Incentive Scheme & Corporate Account Rates. More effort has also been put towards developing and strengthening long-term relationships with key import and export companies having to move products and goods along THAI's route network in order to establish a sustainable marketing base from the regular customers.

To span THAI Cargo's reach, interline agreements have been signed with various airlines to ship customers' cargo under the guidelines of IATA's Interline Arrangements. Under these agreements, THAI blocks or rents space on partner airlines' aircraft, adding capacity and flexibility to THAI Cargo and Mail services and at the same time building customer confidence in THAI's ability to deliver their products on time. Applicable shipping cost for cargo and mail are charged in local currency of product origination. Pricing takes into consideration the range of services required, time sensitivity of the product, market competition and timing, including the difference of cargo in each market to create a balance resulting in the pricing on each flight to become more efficient and competitive.

### **Cargo Services Industry**

The Air Transport Association International (IATA) forecasts that in 2015, the volume of international cargo by air transport will grow by 4-6 %. In 2014, total air cargo export and import increased by 4.07 percent and 1.89 respectively while transit air cargo decreased by 6.11 percent. This resulted in the decreased volume of cargo transport to 1,273,000 tons a decrease of 0.36 per cent from 2013.



THAI competes head on with other airlines serving similar destinations as THAI or provides similar or comprehensive cargo and mail transport services as provided by the Company. In addition, there are specialized freight and mail delivery companies that have their own Multimodal Logistic centers, door-to-door distribution capability and a wide distribution network. The level of competition in the international cargo and mail space is likely to increase as liberalization is in the near horizon. On the domestic front, there is a certain level of competition but more is likely to come as ground transport network becomes more developed and even more if and when investments in rail network is complete. Despite these challenges, heightened competition is likely to bear slight impact on THAI's revenue as a whole since it constitutes a small proportion of THAI's total revenue.

To achieve the established revenue target, the Cargo and Mail Department targets to ensure confidence of THAI's general and corporate customers through development product and service variety to better cater to customers' needs. At the top of THAI's target focus are customers who are major export/importers especially manufacturers of electronic parts who need to

move large volumes of goods and various routes on belly and freighter operated by the Company to support supply chain management of the major customers.

Thai Cargo will be placing greater emphasis to attract cargo that needs special care especially temperature controlled products under Thai Cargo's "THAI Temperature Controlled Products (TGT)" service. The reason for targeting these products is the benefit of being able to earn higher shipping charge and there are only a few players with this capability. The key markets are freight requirement between Europe and Asia specifically freight traffic between Switzerland and India

## Business Units

THAI's business units supporting THAI's air transport business includes Cargo and Warehouse Services, Ground Customers Service, Ground Equipment Service and Catering Services. Details are as follows:

### Cargo Handling Services Products and Services

The Company has operated Cargo and Warehouse Services to accommodate the growth in the volume

of freight and mail both imports – exports including domestic and international goods transshipment at Suvarnabhumi Airport since 2006 knowing as largest cargo handling service provider. Suvarnabhumi Airports served 64 foreign airlines.

Warehouse management has 2 main functions – general goods and high value special care goods – fresh produce, live animals, valuable goods, temperature sensitive goods.

In the year 2014, the Company continued to improve service in terms of quality and standard at every point of service to ensure the needs and suggestions of the customers have been improve to achieve highest satisfaction such as closed warehouse service to manage security effectively and in accordance with international standards. Manage the products and services of high quality and standards consistently across all service points to reflect the airline as a Premium Airline. Earn revenue by adding new types of services including creating competitive advantages to support the liberalization of trade in services and investment cooperation within the framework of the ASEAN Economics Community. The Cargo Contact Center (CCC), a one-stop information service was established to handle all queries about services being offered, tracking and providing assistance as required via website [www.thaicargo.com](http://www.thaicargo.com). Initiatives were also taken to expedite the transaction process, delivery time to customers, more effective sorting development of transshipment cargo to reduce cost from inefficiencies and mistakes. The Cargo and Mail Commercial Services was also accredited with ISO 9001:2008 certification.

The Company focuses on comprehensive customer service to maximize customer satisfaction, to support the expansion of air cargo, to support the liberalization of trade, services and investment cooperation within the framework of the ASEAN Economic Community. To better compete with increased competition, THAI Cargo has invested in new technology system to replace the old one.

To support business expansion and prepare for potential growth resulting from the integration of the AEC, in accordance with the National Economic and Social Development Plan, THAI Cargo is planning to invest in a second warehouse of approximately 22,125 square meters located next to existing warehouse. The new facility will be able to handle an additional 1.3 million tons. (In 2013, with 9.6 hundred thousand tons of cargo, volume of 5.8 million tons of Thai Airways and its customer combined altogether, in 2014, with 9.4 hundred thousand tons of cargo belongs to THAI and total of its customers combined altogether 3.7 hundred thousand tons)

A strategy revamp was undertaken to enhance customer relationship management (CRM) with THAI's customer airlines and freight forwarders through greater relationship building effort and co-promoting to stimulating freight shipping demand. To build trust and confidence, THAI Cargo is ensuring its customers that the entrusted shipment will be flown as booked.

To enhance service efficiency, THAI Cargo is putting in place a new Cargo IT System to facilitate customer service and enhance THAI's cargo and mail handling capabilities. The new system is expected to be fully functional by August 2014. THAI Cargo intends to provide international standard of full service Terminal.

## Ground Customer Services Products and Services

THAI's over 50 years of experience in providing full ground handling services and having the capability to provide services for all aircraft types beginning from the early days of Don Muang International Airport. Although the Company relocated its operation to Suvarnabhumi airport, THAI has been authorized by Airports of Thailand Plc. To provide ground handling service at Suvarnabhumi Airport under the agreement number Tor Sor Por.1-47/2006 with 34 years term of contract starting from September 28, 2006 to September 27, 2040.



Additionally, the Company has been authorized by international airports in the region, such as Chiang Mai, Hat Yai, Krabi and Chiang Rai to provide ground handling service at the said airports from the start. The agreement contract to provide ground handling service at any airport is under the authorization of the Airport of Thailand Plc., except Krabi Airport which is under the authorization of Department of Civil Aviation.

### Services Provided by THAI

- **Check-in services** consist of ticket and travel document validation, issuance of boarding pass, checking for pre-requested as well as specific meal and/or special service requirement along with luggage check and weighing. Outbound boarding gate service includes verifying travel documents and managing aircraft boarding procedures while facilitating passenger disembarking from the aircraft.
- **Lounge service provided** by THAI for its First Class and Business Class passengers, Platinum and Gold Royal Orchid Plus card holders. An access to THAI's Royal Orchid Spa is reserved for THAI's First and Business Class passengers
- **Repairing or compensating** for damaged or lost luggage along with luggage delivery in case of late luggage arrival.
- **Load control** and weight balance service consists of weight calculation planning, load control and the loading and unloading of passenger luggage as well as cargo and mail.
- **Supporting services** also include assistance provided to passengers affected by flight delays, particularly arranging alternate connecting flights to reach the destination smoothly. Special services are for VIPs – First Class and Business Class passengers, Platinum and Gold card members along with passengers with special needs such as elderly passengers, passengers under 12 years of age traveling alone, passengers with disabilities and doctor approved medical patients.
- **Non-Customer Airline services** are rendered as per agreed terms for customers of banks and hotels including customer assistance, lounge service and other services.

- **Customer Airline services** involve passenger and baggage service, load control and weight balance services along with lounge and special services as per the agreement.

### Marketing and Competition

Ground Customer Service Department aims to increase its market share at Suvarnabhumi Airport which currently has 2 other competitors. THAI currently commands more than two thirds of all ground equipment services excluding airlines with their own ground customer service where THAI expects to penetrate into those airlines.

There is only one other competitor providing such services at Chiang Mai, Hat Yai, Phuket, Krabi and Chiang Rai airports. THAI commands more than 80% of the market share. Demand in Phuket is quite strong with seasonal air traffic, charter airlines as well as increasing number of low cost carriers.

Ground services currently being rendered at Don Muang Airport are mostly to charter flights. Such development is synchronized with Airport of Thailand's plan for 2014 and beyond which is deemed to be an opportunity to expand ground equipment services at Don Mueang International Airport and to increase overall revenue.

### Providing Products and Services

Important factors that have a profound impact on ground customer service in every airport is manpower because of the minimum wage in the Thailand results in migration of man power from aviation industry or airline business to other businesses due to similar or slightly lower without exhaustion from shift work. Make workers in the industry, aviation (Aviation Industry) or flight (Airlines Business) which the Company itself and the competitors have been affected by the situation.

The Company managed workforce to resolve such conflict by hiring outsources and Out-Job [N3], including part-time workers to be sufficient to serve clients in every airport. Moreover, the Company's policy is to



transform the external labor of Wing Span Services Limited which the Company is a shareholder to be contract staff to secure the job for those employees.

## Ground Equipment Services Products and Services

Ground Equipment Service was granted approval from the Airports of Thailand Public Company Limited to provide ground equipment services under the agreement number Tor Sor Por.1-50/2006 for a period of 34 years starting from September 28, 2006 to September 27, 2040.

Ground Equipment Services is experienced and specialized in providing ground equipment for more than 54 years of service to all types of aircraft both the Company's aircraft and customer airlines.

Services include:

1. The cargo services in the form of baggage, cargo and mail for both inbound and outbound flights. By providing such services also include large cargo sizes that need freighter.
2. Transfer of passengers from terminal to the aircrafts and vice versa. Ground equipment service can serve VIP passengers with luxurious and modern vehicle appropriate to each level of passengers.

Aircraft air conditioning unit and ground power unit services, Aircraft potable water service with the



International Air Transport Association (IDQP / IATA Drinking-Water Quality Pool), removal of disposable materials, Aircraft towing tractor service.

3. Aircraft interior cleaning service both for transit aircrafts and deep clean aircrafts. Both types of service are secure clean which operates cleaning along with aviation security check. Because of the dedication and continuous development, aircraft interior cleaning service got awarded by Skytrax.
4. Emergency response for Emergency and medical emergencies from plague. Preparation in case of fire on the aircraft including the relocation in case Suvarnabhumi airport cannot provide service. It was done by implementing plan and providing training to respond to emergencies with Airports of Thailand yearly.

In addition to the services mentioned above, Ground Equipment Services unit are skillful in maintenance equipment and unit loading device container. Ground Equipment Services passed the safety standard assessment from IOSA (by the standards of the Confederation of International Air Transport (IATA)), quality standard assessment from ISO 9001, aviation security standard assessment Transportation Security Administration, Department of Homeland Security (TSA) and Office of Transport Security (OTS) of Australia. These standard approvals ensure the customers that the service from the ground equipment service is safe with quality standard and with supreme aviation security.



In addition to ground equipment service operation at Suvarnabhumi Airport, it can be found operated in other 10 regional airports comprising of Don Mueang, Chiang Mai, Chiang Rai, Phuket, Hat Yai, Krabi, Udon Thani, U-Tapao, Khon Kaen, and Surat Thani Airports. However, if the airports in addition to the above mentioned need a service such as Hajj flights, The Narathiwat Airport Ground Equipment Services will be available at full capacity with equipments from the nearby airport.

### Marketing and Competition

There is 1 competitor of Ground Equipment Service at Suvarnabhumi airport. Ground Equipment Service served 80 airlines accounted for 60%, the competitor takes 35% proportion of the market, the airlines with their own ground equipment service takes 4% proportion of the market. Therefore, ground equipment service needs to maintain the existing customers and attempt to search for new customers by doing research on complaints and satisfaction of the customers to consider the work plan to obtain customer satisfaction. Ground equipment service takes advantage of its strength of decision making ability under normal situation and in case of emergency to acquire new customers.

### Products and Services

Key factors in providing the ground equipment service are equipment and workers. Ground equipment service implement Ground Equipment Services Fleet plan to provide up to date equipment and maintain minimal cost of operation and maintenance. In terms of labor, The company hires outsources and out job [N4], including develop workforce to have the ability to work on multiple devices, or to be Multi Skill in order to have enough workers to operate and maintain the cost of the competition. In addition, to study and supply advanced technology equipment suitable for the area of work is a Hybrid tractor which can be operated by engine power and electric power systems which causes cost-effective operation and environment conservation at the same time.

## Catering Service

THAI Catering Service, one of supporting airline business, has 2 catering facilities:

1. **THAI Catering has** the largest facility of 90,000 square meters located in the duty free zone at Suvarnabhumi Airport dedicated to preparing in-flight meals for THAI on international flights and for over 60 customer airlines.
2. **THAI Catering's 40,200 square meters facility** at Don Mueang International Airport prepares meals mainly for domestic flights and other major airlines operated at Don Mueang Airport. It also operates restaurants and snack bars at the various airports, runs a chain of Puff & Pie bakery house as well as providing off-site catering services and operates food services at the Company's various canteens.

At various provincial airports, THAI Catering operates restaurants in Krabi, Chiang Rai, Chiang Mai, and Phuket and also prepares in-flight meals for THAI and several other airlines that serve these destinations.

THAI Catering is a leader in the production of food and service to airlines with a market share of over 70 percent. THAI Catering serves more than 70,000 flights/year and produces food more than 65,000 sets / day. The proportion of raw materials purchase is 75 per cent for domestic and 25 per cent for imported raw materials from abroad.

Food processing and Catering Services has been certified according to international standards which is recognized by the International Air Transportation Association, IATA and the World Health Organization (WHO) consist of a quality management system (ISO 9001: 2008), the Hazard Analysis and Critical Control Point (HACCP), Good Manufacturing Practice (GMP) certification. The applications of these 3 systems have been integrated (Quality-Hygiene-Safety: QHS). Besides, Catering is also certified Halal & Hal-Q, OHSAS



18001, and Environmental Management System (ISO.14001)

Through observation of the highest international standards, THAI Catering has received a multitude of international awards and accolades. In 2014, THAI Catering was recognized at the national level for its safety and hygiene standards and an environmentally friendly facility. The more than 50 years of experience in the catering business has been a contributing factor for THAI in receiving the World's Best Economy Class Catering from Skytrax in the same year. In addition, All Nippon Airways (ANA) of Japan awarded Gold Prize Best Long Haul / Middle Haul Caterer Award of 2013, including EVA Air (BR) from Taiwan awarded Excellent Catering Service Award Gold 2013 and JetStar (JQ) of Australia awarded Most Improved Caterer for 2013. These International awards are a testimony to the quality and service. THAI Catering is pride of the Catering Department.

Despite THAI Catering being inevitably affected by the global economic slowdown, political uncertainty and increase in operation cost, the commitment and dedication of all THAI's management and employees made strategic changes in marketing approach and operating procedures to cope with the challenges thrown at the Company. Meeting the challenges, THAI Catering expanded its production capacity while also growing the number of its bakery outlets, cutting cost to reduce operation cost, controlling of energy use to



reduce electric/water expenses and introduce "Lean Management" to streamline operating expense and lower overall operating cost. Most important is the restructuring of the cost structure to better meet the challenges of competition and a good part of this cost improvement is through reducing waste and loss from raw materials enabling THAI Catering to continue to post a positive bottom line.

## Other Activities

THAI also has other air transport support businesses which include Aircraft maintenance, dispatch services, onboard Duty Free sales and souvenir sales.

## Aircraft Maintenance Services

Aircraft maintenance is carried out on all of THAI's aircraft to ensure the highest standard of safety and compliance with all guidelines of the Department of Civil Aviation and other regulatory entities to ensure airworthiness. The THAI Technical Department oversees all maintenance work for THAI's aircraft from the time it arrives in the fleet, or the duration of its active life until the aircraft leaves THAI's fleet. The Technical Department also maintains maintenance for airline customers to be in accordance with requirements of the Civil Aviation Department and other organizations controlling commercial airlines which THAI agreed to be bound with the highest level of safety. The technical and maintenance requirements of THAI's aircraft include line, light and heavy maintenance.



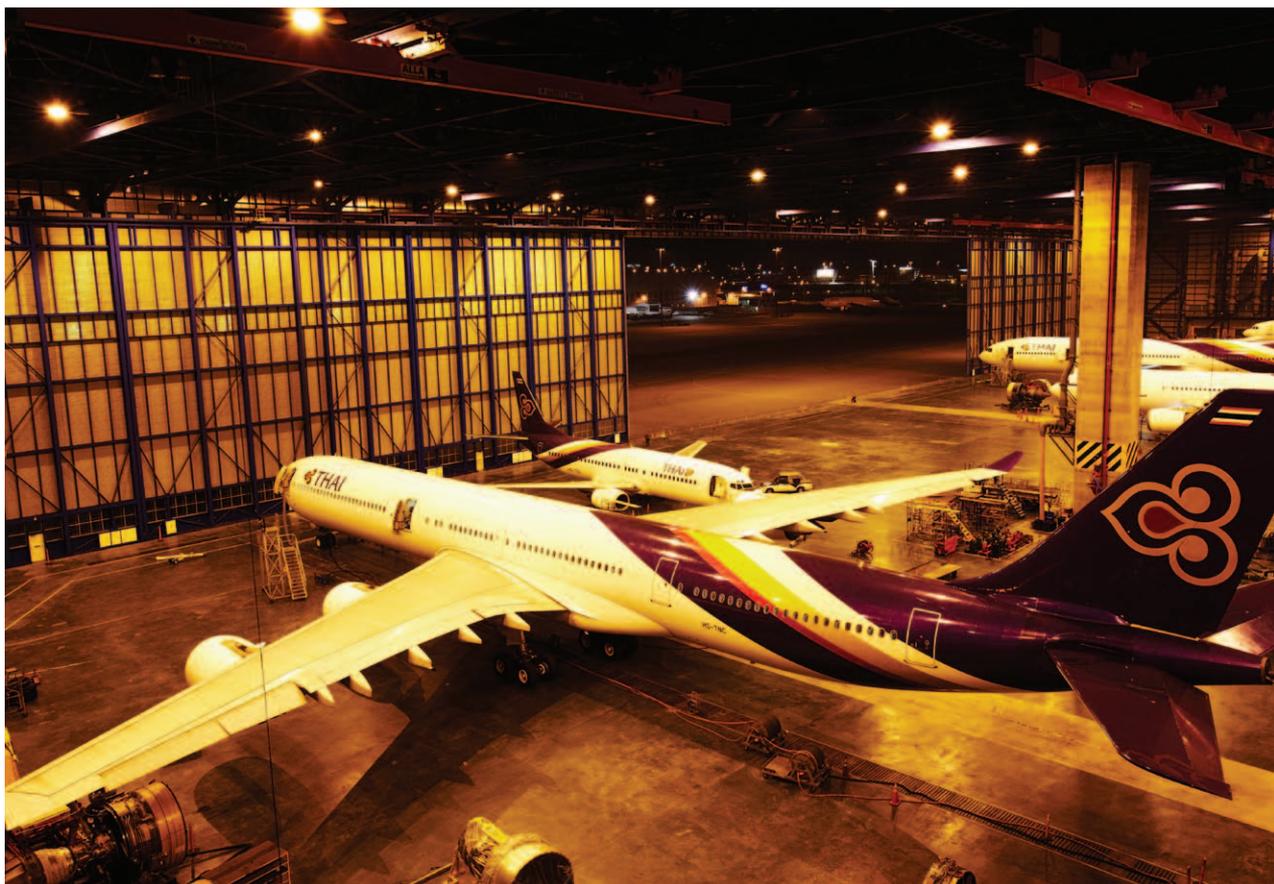
1. Line maintenance is routine in-service inspections and day-to-day routine maintenance checks of aircraft undertaken at transit, turnaround and night stops in the apron area of all airports where THAI flies.
2. Light maintenance is performed on aircraft based on flight hour. These light maintenances are done at Suvarnabhumi Airport, Don Mueang Airport, and U-Tapao Airport.
3. Heavy maintenance services provided involves fixing problems with an aircraft's Airframe, engine, aircraft parts along with aircraft components and accessories based on distance flown or flight hours. Heavy maintenance is undertaken at Don Mueang Airport in Bangkok and U-Tapao Airport.

Maintenance services provided by THAI Technical to its customers require approval and certification from the Thai Department of Civil Aviation and other international regulatory agencies such as the Federal Aviation Administration (FAA) and the European Aviation Safety Agency (EASA). Each of the governing

bodies has their own rules, regulations and guidelines in considering providing such certification and for which the Technical Department must ensure that all requirements from the various entities are met to retain such certification.

Beside the main task of providing maintenance service, the technical support department also offers aircraft's airframe cleaning to various airlines to create good image to the airlines, Moreover, it also helps save energies and reduce environmental pollutions.

Aircraft maintenance is a mission that requires high capital for human resources, supplies, equipment and tools according to the standard. There's need to continue development to catch up with a rapid change of aerospace technology to focus on comfort and safety of passengers and airport users receiving service from Technical Department.

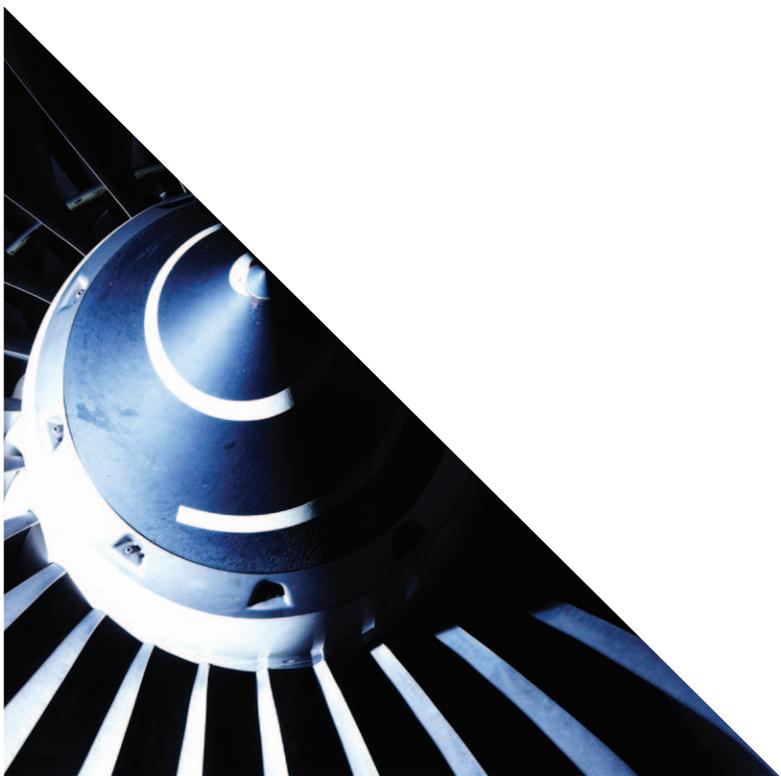
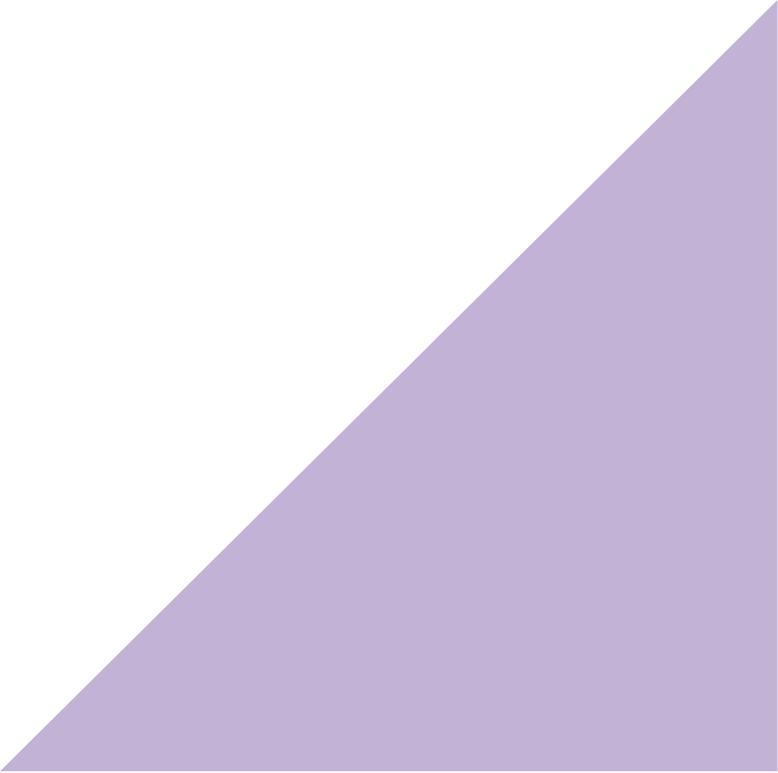




## Transport Support Services

Transport support services consist of dispatch services, Duty Free products for sale on board and souvenir items for sale in THAI Shop.

- **Dispatch services** include providing information about flight route and weather conditions to ensure flight safety, provide other relevant flight related documents to THAI's own flights and that of customer airlines to ensure smooth operations as per all applicable rules and guidelines to ensure each flight arrives at its destination safely.
- **Duty free goods** for sale onboard are handled by King Power Marketing and Management Co., Ltd. The concession started from December 1, 2014 to November 30, 2015.
- **The Company operates 6 THAI Shops** selling souvenir products at THAI's Head Office, Lam Luang Office, Silom Office, Chiang Mai Office and Operations Center (OPC) at Suvarnabhumi Airport, and the Lak Si Office. THAI souvenirs are also available for purchase not only on the Company's website but are also available on outside websites.



## Risk Factors

Amidst numerous internal and external risks faced by THAI over these past few years, the Company foresees the need for a rigorous management system to enhance operating efficiency and have in place a very cautious management approach to ensure stable and sustainable operations. A comprehensive risk management system has been put in place since 2003 to mitigate risks and ensure stability of

THAI's overall stability. Short and long-term risk mitigation measures have been integrated into the Company's corporate plan. Training workshops have consistently been provided for management of all levels to attend and encourage the observance and instill risk management as part of the corporate culture.

Members of the Risk Management Committee comprises of the Board Members including Independent Directors and Management. The Risk Management Committee is in charge with the responsibility of setting risk management policies and guidelines for effective risk management. The Committee is also in charge with the oversight and enforcing the implementation and effectiveness of risk management in the various aspects of the Company's operations. Management and employees of all departments are required to identify, assess and prioritize relevant risks related to their own functions and determine the degree of importance so as to be able to prioritize risk management and have comprehensive measures in place to mitigate risks to within acceptable levels. The risk control measures undertaken meet the standards set by the Committee of Sponsoring Organization of the Treadway Commission (COSO). Risk management activities undertaken by the Risk Management Department is reported to the management, the Risk Management Committee and the Company's Board of Directors on a quarterly basis. Management and employees of all departments are required to incorporate risk management into their routine operations.



To prevent losses and/or damages that may arise from unforeseen events and to ensure adherence to Company's corporate strategies, management of corporate level risk was integrated into the Company's strategic plans 2014. Each risk factor is detailed with the causes and its potential impact on the Company's operations. Key risk indicators have been integrated as an early warning tool while improvements have been made to enhance the effectiveness of risk management using the enterprise-wide risk management system that enables the link between internal control reports to other management systems within the Company.

## Significant Impact Jet Fuel Price Fluctuation

As jet fuel constituted approximately 38% of the Company's operating cost, to better protect the Company's operating and financial performance against fuel price fluctuation, the Company has put in effect a more active and comprehensive fuel management policy using both hedging and fuel surcharge to mitigate the impact of rising jet fuel cost. Fuel hedging undertaken is for the benefit of protecting the Company against unforeseen spikes in fuel price and not as a means to speculate against fluctuation in fuel price movement. In 2014, the Company was able to enforce a fuel hedging program in proportion to average 63 percent of consumption that has enabled the cost of jet fuel to remain within the set budget for the year.

The collection of fuel surcharge has been able to compensate for a portion of the Company's fuel cost but was subject to air travel demand, competition with other airlines, degree of fuel price fluctuation, market reaction and the change in actual fuel consumption. Active fuel stock management and active fuel management were also undertaken to mitigate the impact of fluctuation in fuel cost.

## Foreign Currency Exchange Fluctuation Risk

With the Company earning over 50 different currencies constituting 66 percent of the Company's total revenue, risk management in this respect has



been the focus on employing natural hedging to minimize impact on the Company's cash position. Effort was put towards increasing expenses in currencies where the Company was net long in revenue. The net cash flow is then managed to better match its major liabilities – fuel payment, aircraft operating lease payment and employee remuneration. Borrowings are then made in the currencies with high net operating cash flow. However, to ensure that the Company does not incur too much foreign currency debt, THAI also took on Thai baht debt to mitigate the foreign currency gain/loss impact on the Company's profit and loss statement. THAI also employs the value at risk (VaR) program to assess the Company's exposure to foreign currency fluctuation and used as a tool to improve funding and risk management strategies such as cross currency swaps (CCS) and forward contracts given the opportunity.

During 2014, the Company raised Euro funding against its net excess Euro cash flow to acquire 3 aircrafts of B777-300ER and a funding of Euro synthetic bonds was raised. Spot and forward instruments were employed to convert other currencies to USD for its fuel payment and aircraft operating lease payment. As of 31 December 2014, the Company's outstanding foreign currency borrowings post CCS were 1% in USD, 56% in EUR, 6% in JPY and 37% in THB (not including aircraft operating lease liabilities).

## Completion in Airline Business Risk

Competition in the commercial airline industry has become more intense during these past few years which is a result of expansion of airlines capacity both in the region and in Thailand including airlines from other regions to increase theirs. This caused over supply, rapid change on consumer's behaviors concerning more price sensitivity. Moreover, the full aviation liberalization of Thailand caused various airlines both in Asia and other regions increased their flight operation to Thailand continuously including the high incessant growth of low cost airlines in Thailand which played an important role since the increase of tourists and the change in travel behavior of Thai people. These resulted from the pricing assessment of the low cost

airlines and they also adapted themselves by developing from point-to-point service to network link with alliances including the increase of more long haul flights.

The Company considered canceling unprofitable flights or flights that cannot cover the variable cost including reducing the production capacity to be in line with current demand. Adjustments were made on the route plan, productivity, and flight increase by using Thai Smile operated from Suvarnabhumi Airport in domestic routes and secondary routes in the region that flight time do not exceed 4 hours. Moreover, flights are operated at Don Mueang airport to be an alternative to the passengers and insertion of flights to the primary routes which has not enough passengers to use wide body aircraft. Expanding the network to cover most destinations using both the Company's own network and Star Alliance focusing on customer care in every segment by delivering products that meet the exact needs and expectations including applying strategic management in terms of revenue management along with pricing management.

## External Crisis and Natural Disaster Risk

THAI's core business of passenger and cargo transport services on domestic and international routes is highly dependent on the tourism industry. The risk that THAI faces is weakening tourism due to a range of external factors including natural disasters, terrorism, international conflicts and domestic political instability which bears a significant impact on the Company's business.

In recognizing the importance of being able to promptly respond to unforeseen incidents, THAI established the Crisis Management Operation Center (CMOC) to closely monitor the developments of key incidents that may bear impact on the Company's operations. Measures have been put in place to enable immediate actions to be taken to mitigate the impact of such events and ensure undisrupted operations including Business Continuity Management (BCM). Detailed plans and instruction manuals have been drafted and drills have been undertaken to ensure that in the event of an emergency the Company will be able to carry on its business uninterrupted.

These contingency plans provide passengers a greater peace of mind and thus builds credit for the Company. In enhancing dynamism, monthly operating results and key financial performance along with summaries on local and international market conditions are provided to the management for necessary strategy adjustments such as reduction of production to match with decreasing number of passengers.



### Human Resource Quality and Efficiency Risk

The Company emphasizes on improving the competency, productivity and loyalty of its employees. The Company enforced personnel development in Career Development project by manipulating Roadmap and designing to suit the assigned qualities and positions which can be divided into 4 levels namely: Executive Development Plan, Talent Development Plan, Successor Development Plan, and Career Path Development Plan. THAI utilizes the Suitable Manpower Model to strategize the optimum number of persons per age profile to suit and accord with business needs. Perform successive Knowledge Management (KM) from experienced personnel to transfer corporate knowledge and apply practical administration on executive personnel. As part of the Company's push to be a performance-based company, a performance benchmark system has been implemented for the Company's senior management and such benchmarking is being pushed down the

rungs. Future remuneration will be based on KPIs to push through a higher level of overall efficiency to better compete in this cut throat industry.

In addition, the Company is under reorganization process and operation improvement process to increase efficiency (Lean Process), which includes a review and reduce operational procedures (Reprocess) to eliminate duplication and reduce time which results in more appropriate cost management of the Company.

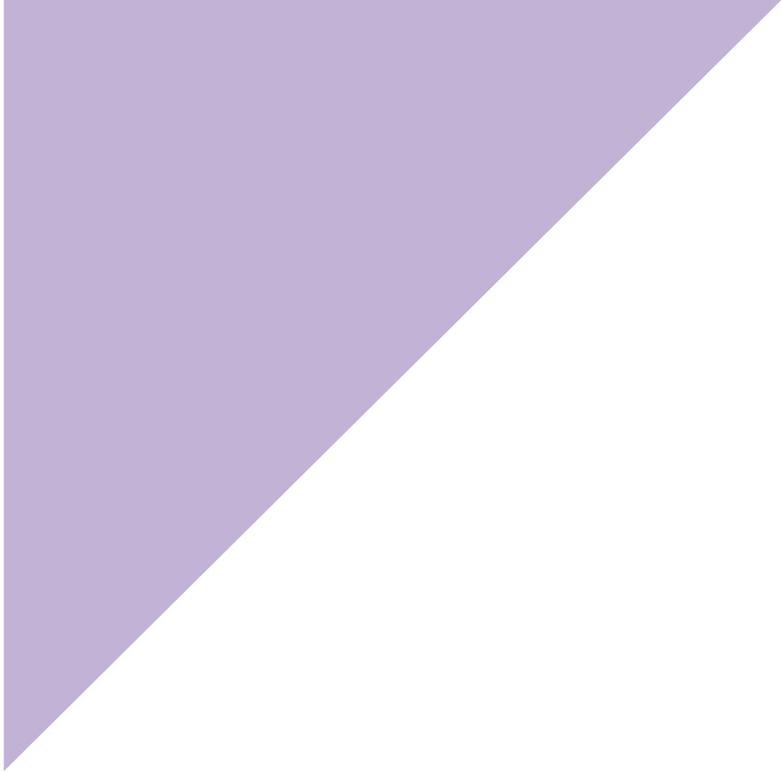
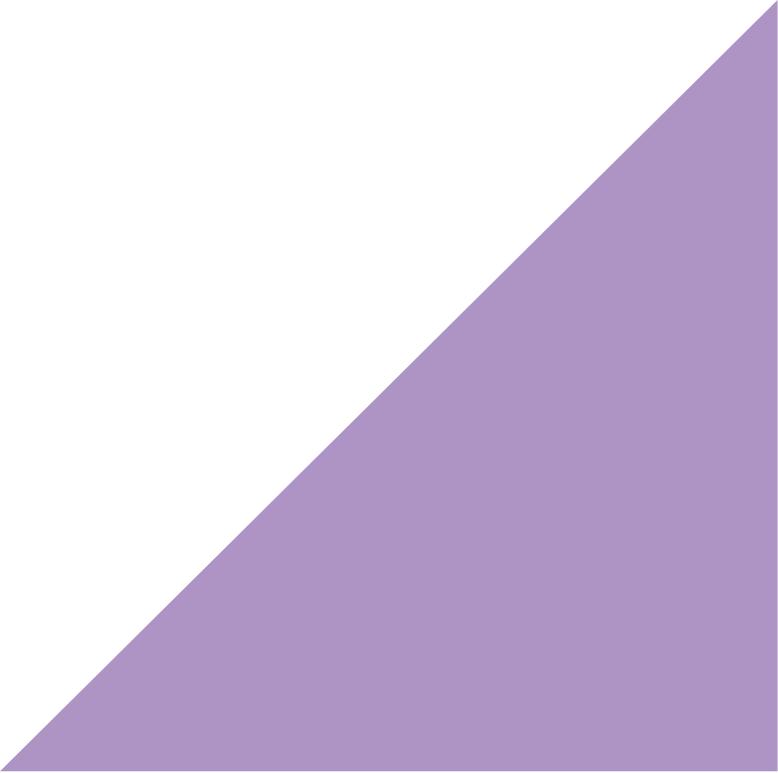
### Product and Service Inconsistency Risk

Since part of the Company's aircraft have been in service for a long time, various products are old and out of date coupled with uncompetitive products served on board. The company has continued to upgrade it's aircraft by improving products on old aircraft and procuring new aircraft with designed cabin including installing seats and entertainment system to join the fleet in 2014. The Company has imported 14 new aircraft including 3 aircraft of B777-300ER, 4 aircraft of B787 and 7 aircraft of A320-200.

In regards to unavoidable circumstances requiring the change in aircraft, a clear guideline is in place to select the aircraft type that is of closest configuration to ensure product consistency and ensure customer satisfaction.

### Shareholders' Rights Risk

As of December 31, 2014, the Ministry of Finance and Government Savings Bank hold 53.16% in total paid-up capital of the Company. With greater than 50% shareholding by the Government, the Ministry of Finance has the largest vote on issues related to the appointment of the Company's Board of Directors or other issues requiring majority vote. This is with the exception of issues determined by law or the Company's regulations that require at least a 75% or three quarters of available votes present. Therefore the other shareholders may not be able to accumulate the required number of votes to counter balance the major shareholder's voting count on key issues or issues as proposed by the major shareholder.



# General Information



## General Information

Company Name	:	THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED
Abbreviation	:	THAI
Business	:	Air transportation services and other related aviation services
Head Office	:	89 Vibhavadi Rangsit Road, Jompol, Chatujak, Bangkok 10900
Registration Number	:	0107537001757
Home Page	:	<a href="http://www.thaiairways.com">www.thaiairways.com</a>
Telephone	:	66 (0) 2545-1000, 66 (0) 2695-1000
THAI Contact Center	:	66 (0) 2356-1111

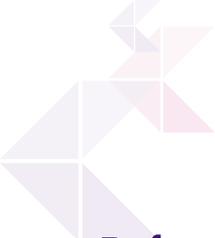
As of December 31, 2014, the Company has:

Registered Capital of	2,698,900,950	shares with a par value of 10 baht	per share or a total of
	26,989,009,500 baht		
Paid-up Capital of	2,182,771,917	shares with a par value of 10 baht	per share or a total of
	21,827,719,170 baht		

## Subsidiary and Affiliated Companies in which THAI Holds more than 10%

Company Name	Type of Business	Type of Shares	Paid-up Authorized Shares (Million Baht)	Equity Ratio (%)
Thai-Amadeus Southeast Asia Co., Ltd. Offices at Central World, 999/9 Unit 3406-3412, 34 <sup>th</sup> Floor, Rama 1 Rd., Patumwan, Bangkok 10330 Tel: 66 (0) 2207-9090 Fax: 66 (0) 2207-9191	Online Ticketing Services to Agents and Other Travel Services	Ordinary	15.00	55.00
Nok Airlines Plc. 183, 17 Floor. Rajanakarn Building, South Sathorn Rd., Yannawa, Sathorn Bangkok 10120 Tel: 66 (0) 2627-2678 Fax: 66 (0) 2286-6944	Passenger Air Transportation Services	Ordinary	625.00	39.20
Wingspan Services Co., Ltd. 89 Vibhavadi-Rangsit Rd., Jompol, Chatuchak, Bangkok 10900 Tel: 66 (0) 2545-1267 Fax: 66 (0) 2545-1535	Human Resources Management services	Ordinary	2.00	49.00 (with controlling authority)
Thai Flight Training Co., Ltd. 89 Vibhavadi-Rangsit Rd., Jompol, Chatuchak, Bangkok 10900 Tel: 66 (0) 2545-4603 Fax: 66 (0) 2545-4602	Aviation Training services	Ordinary	2.00	49.00 (with controlling authority)
Tour Eumng Luang Co., Ltd 89 Vibhavadi-Rangsit Rd., Jompol, Chatuchak, Bangkok 10900 Tel: 66 (0) 2356-2888 Fax: 66 (0) 2288-7158	Tourism services and related-tourism activities	Ordinary	1.00	49.00 of shares held via WingSpan (with controlling authority)
Thai Smile Airways Co., Ltd. 17 <sup>th</sup> Floor, Unit 1704, 1705-1708A, AIA Capital Center Building 89 Ratchadaphisek Road, Dindaeng, Bangkok 10400 Tel: 66 (0) 2117-8800 Fax: 66 (0) 2117-8895-6	Passenger and Cargo Air Transportation Services	Ordinary	1,800.00	100.00

Company Name	Type of Business	Type of Shares	Paid-up Authorized Shares (Million Baht)	Equity Ratio (%)
Don Mueang International Airport Hotel Co., Ltd. 333 Moo 10, Chert Wudthakas Rd., Don Mueang, Bangkok 10210, Tel: 66 (0) 2566-1020 Fax: 66 (0) 2566-1941	Hotel and Restaurant	Ordinary	120.00	40.00
Phuket Air Catering Co., Ltd. 10/3 Moo 6, Sanambin Rd., Tambon Mai Khao, Thalang, Phuket 83110 Tel: (076) 327-497-502 Fax: (076) 327-123-4	Airline Catering	Ordinary	100.00	30.00
Royal Orchid Hotel (Thailand) Plc. 2 Captain Bush Lane, Charoen Krung Rd., Bangrak Bangkok 10500 Tel: 66 (0) 2266-0123 Fax: 66 (0) 2236-8320	Hotel and Restaurant	Ordinary	937.50	24.00
Bangkok Aviation Fuel Services Plc. 171/2 Kamphaeng Phet 6 Rd., Don Mueang, Don Mueang, Bangkok 10210 Tel: 66 (0) 2834-8900 Fax: 66 (0) 2834-8999	Aviation Fuel Services, Aviation Depot, Aircraft Refueling Services	Ordinary	510.00	22.59
Suvarnabhumi Airport Hotel Co., Ltd. 999 Suvarnabhumi Airport Hotel Building, Moo 1, Nongprue, Bang Phli Samutprakarn 10540 Tel: 66 (0) 2131-1111 Fax: 66 (0) 2131-1188	Hotel and Restaurant	Ordinary	1,017.78	30.00



## References

Securities Registrar (Common Shares)	: THAILAND SECURITIES DEPOSITORY CO., LTD. 62 Ratchadapisek Road, Klongtoei, Bangkok 10110 Tel. 66 (0) 2229-2800, 66 (0) 2229-2888, 66 (0) 2654-5599 Fax. 66 (0) 2654-5427, 66 (0) 2654-5642
Debenture Holders' Representative 1/2005	: CIMB THAI BANK PLC. 44 Langsuan Road, Lumpini, Pathumwan Bangkok 10330 Tel. 66 (0) 2626-7506-7 Fax. 66 (0) 2626-7542
Debenture Registrar 1/2005, 1/2012, 1/2013, 2/2013 and 1/2014	TMB BANK PLC. Securities Operation and Investment Banking 3000 Phaholyothin Road Chompon, Chatuchak Bangkok 10900 Tel. 66 (0) 2299-1321 , 66 (0) 2299-1536 Fax. 66 (0) 2242-3270
Debenture Holders' Representative 1/2011 and 2/2011	: CIMB THAI BANK PLC. 44 Langsuan Road, Lumpini, Pathumwan Bangkok 10330 Tel. 66 (0) 2626-7506-7 Fax. 66 (0) 2626-7542
Debenture Registrar 1/2011, 2/2011 and 2/2012	: CIMB THAI BANK PLC. 44 Langsuan Road, Lumpini, Pathumwan Bangkok 10330 Tel. 66 (0) 2626-7506-7 Fax. 66 (0) 2657-3333
Debenture Registrar 3/2012 and 2/2014	: BANK OF AYUDYA PLC. 1222 Rama III Road, Bang Phongphang, Yan Nawa Bangkok 10120 Tel. 66 (0) 2296-5557 Fax. 66 (0) 2683-1297
Auditor	: OFFICE OF THE AUDITOR GENERAL OF THAILAND Rama 6 Road, Phayathai, Bangkok 10400 Tel. 66 (0) 2271-8000 Ext. 2405 Fax. 66 (0) 2618-5783



# Shareholders

The names of major shareholders, number of shares held and percentage of shareholding as of March 11, 2014 are as follows:

Ranking	Name of Shareholders	Number of Shares	Percentage
1	MINISTRY OF FINANCE	1,113,931,061	51.03
2	VAYUPAK FUND 1 BY MFC ASSET MANAGEMENT PCL.	165,037,582	7.56
3	VAYUPAK FUND 1 BY KRUNG THAI ASSET MANAGEMENT PCL.	165,037,582	7.56
4	THAI NVDR COMPANY LIMITED	77,612,756	3.56
5	GOVERNMENT SAVING BANK	46,409,885	2.13
6	HSBC (SINGAPORE) NOMINEES PTE LTD	29,843,176	1.37
7	MR. EAM ARCHAVAKULTHEP	16,790,000	0.77
8	EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD	16,383,411	0.75
9	STATE STREET BANK EUROPE LIMITED	15,970,155	0.73
10	MR. VICHAI KANATHANAVANICH	14,724,100	0.67
11	OTHER SHAREHOLDERS	521,032,209	23.87
	<b>Total Paid up Capital</b>	<b>2,182,771,917</b>	<b>100.00</b>
	Thai Shareholders	2,009,465,258	92.06
	Foreign Shareholders	173,306,659	7.94



The Ministry of Finance and Government Saving Bank hold a 53.16% stake in the Company, THAI is a state enterprise and is subjected to the following Government guidelines:

1. THAI must obtain approval from the Cabinet for investments of significant value.
2. The Office of the Auditor General is responsible for auditing the Company's financial statements.



## Dividend Policy

The Board of Directors may propose an annual dividend payment, however, it must be approved by the shareholder. THAI's dividend policy is to pay an annual dividend of not less than 25% net profit before gain/loss on foreign currency exchange on the Company's consolidated financial statements and is subject to consideration of future investment plans and other relevant factors.

The Public Limited Company Act B.E.2535 (PLCA) prohibits public companies to pay dividends if there is an accumulated loss. Though the Company may be profitable but still has retained losses, as per the PLCA and the company's Articles of Association requires that the Company set provisions of not less than 5% of its net profit for the year less any retained loss in reserves until the reserve is at least 10% of the Company's registered capital.

# Management Structure



## Board of Directors

The Board of Directors has ultimate responsibility for the administration of The Company's affairs. The Company's Articles of Association provide for a Board of Directors of between 5 and 15 Directors, as decided at the Company's annual general meeting of

shareholders. No less than half of the Directors must reside in Thailand. At the Company's annual general meeting of shareholders, one-third of the Directors are required to retire and new Directors will be elected. Directors that are required to retire may be re-elected.

**As of December 31, 2014 the Company's Board of Directors consists of the following members:**

Board of Directors		Number of Attendance/Total Meeting (times)	Period of Time
1. Mr. Areepong Bhoocha-oom	1 <sup>st</sup> Vice Chairman and Acting Chairman	17/19	25 Apr 12 - Apr 15
2. ACM Treetod Sonjance	2 <sup>nd</sup> Vice Chairman	7/8	5 Aug 14 - Apr 17
3. Mr. Kanit Sangsubhan	Director	17/19	24 Apr 13 - Apr 16
4. Mr. Pongpanu Svetarundra	Director	18/19	20 Dec 13 - Apr 15
5. Mr. Rungson Sriworasat	Director	12/15	29 Apr 14 - Apr 17
6. Mr. Rathapol Bhakdibhumi	Director	7/8	5 Aug 14 - Apr 16
7. Mr. Veerathai Santiprabhob	Director	6/6	28 Aug 14 - Apr 16
8. Mr. Weerawong Chittmittrapap	Director	12/15	28 Aug 14 - Apr 16
9. ACM Siwakiat Jayema	Director	14/14	29 Apr 14 - Apr 17
10. Mr. Somkiat Sirichatchai	Director	6/6	28 Aug 14 - Apr 16
11. Mrs. Soithip Trisuddhi	Director	8/8	5 Aug 14 - Apr 17
12. ACM M.L. Suprija Kamalasana	Director	19/19	25 Apr 12 - Apr 15
13. AM Pakdee Saeng-xuto	Director		30 Dec 14 - Apr 15

Note : No directors hold the Company's shares

## Executive Management

As of December 31, 2014 the Company has 15 Executive Vice Presidents, and 2 Vice Presidents, Executive Management<sup>(1)</sup> positions : 1 President, 12 comprising :

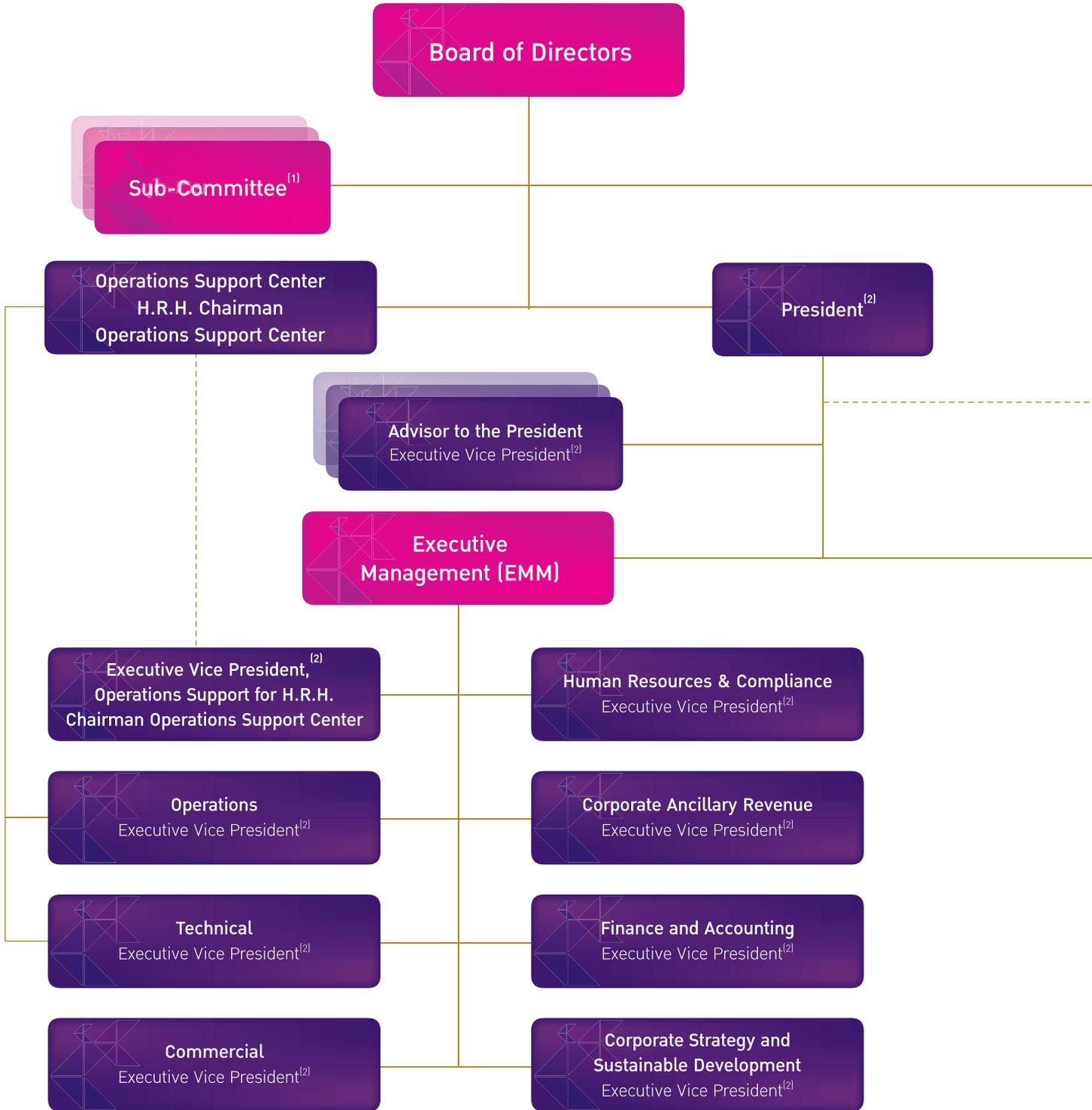
Name <sup>(1)</sup>	Position
1. Mr. Charamporn Jotikasthira	President
2. Flt. Lt. Montree Jumrieng	Executive Vice President, Corporate Strategy and Sustainable Development
3. Sqn. Ldr. Asdavut Watanangura	Executive Vice President, Operations Support for H.R.H. Chairman Operations Support Center
4. Flt.Lt. Kanok Thongpurk	Executive Vice President, Human Resources and Compliance
5. Flg.Off. Suraphon Israngura Na Ayuthya	Executive Vice President, Commercial
6. Flg.Off. Chalermpon Intarawong	Executive Vice President, Technical
7. Sub Lt. Anussorn Naksrichum	Executive Vice President, Aviation Business Unit
8. Sqn. Ldr. Sathaporn Charoensiri	Executive Vice President, Operations
9. Mrs. Charita Leelayudth	Vice President, Investor Relations Management Department Acting Executive Vice President, Finance and Accounting
10. Mr. Pandit Chanapai	Advisor to the President <sup>(2)</sup>
11. Mr. Teerapol Chotichanapibal	Advisor to the President <sup>(2)</sup>
12. Mr. Danuj Bunnag	Advisor to the President <sup>(2)</sup>
13. Mr. Niruj Maneepun	Advisor to the President <sup>(2)</sup>
14. Mr. Raj Tanta-Nanta	Vice President, Corporate Finance Department
15. Miss Wanida Thejatunga	Vice President, Financial Accounting Department

Note : <sup>(1)</sup> Executive Management are as per the definition of "Management" denoted by the SEC

<sup>(2)</sup> Equivalent to Executive Vice President

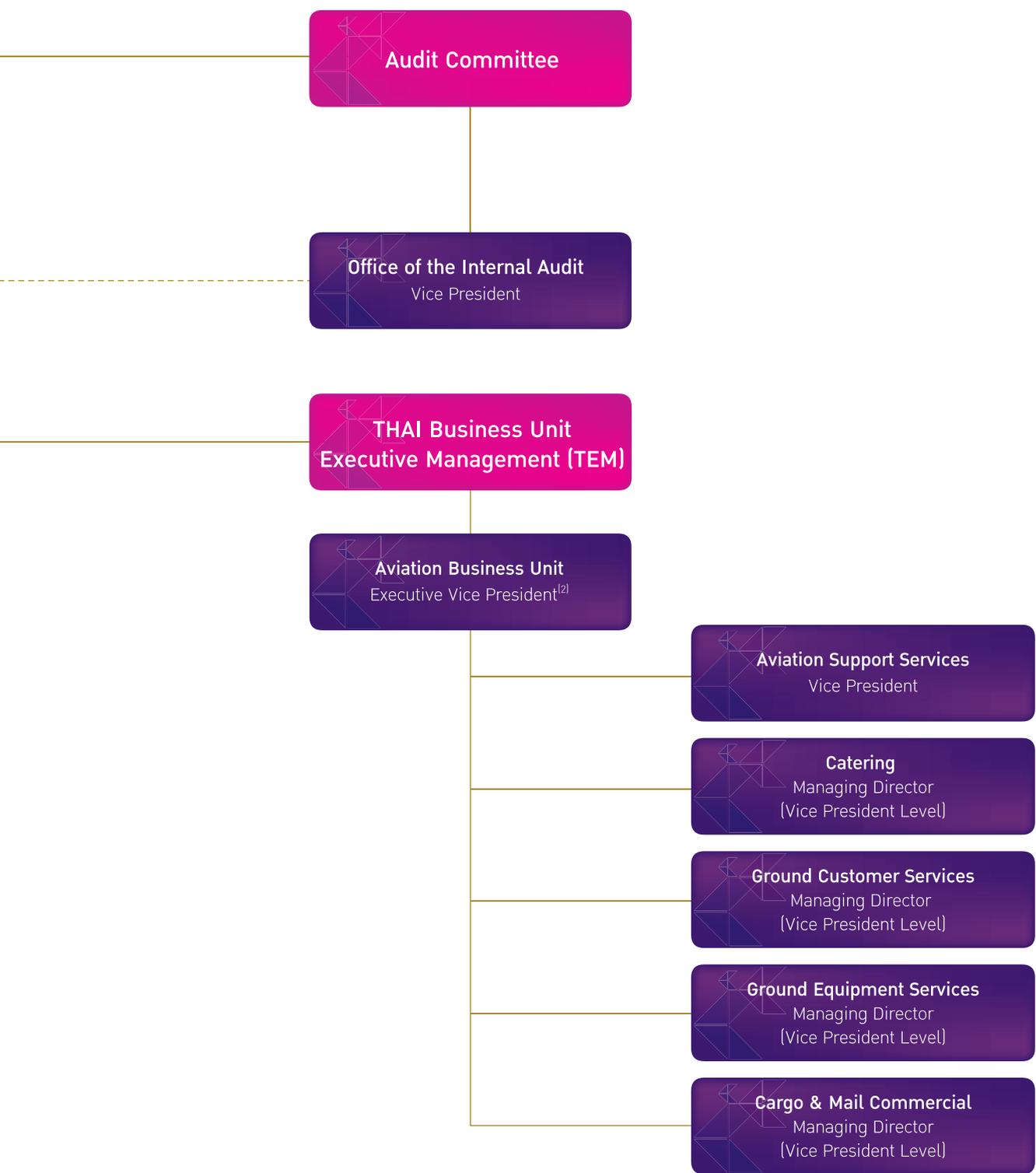
# Management Structure

As of December 31, 2014 the Company's management structure consists of the Board of Directors, Sub-committees and the Executive Management team.



Notes : (1) The subordinate committees consist of Corporate Governance Committee, Executive Board, Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Law Committee, Labor Relations Committee, Strategy and Transformation Committee.

(2) Management is "executive" as defined by the Securities and Exchange Commission (SEC).





## The Corporate Secretary

Board of Directors recognizes the importance of the role and functions of the Corporate Secretary and follows compliance Securities and Exchange Act (No. 4) B.E. 2551, section 89/15 which determine that the Board of Directors shall appoint the Corporate Secretary to take responsibility on the operation on behalf of the Company or the Board. The Board of Directors has appointed Mrs. Suvimol Bualerd Vice president, Corporate Secretariat Department as the Corporate Secretary.

Corporate Secretary must act with responsibility, cautions, honesty including the need to comply with the laws, objectives, Company's regulations, resolution of the Board of Directors, and the resolution of the General Meeting of shareholders. The Corporate Secretary's duties under Section 89/15 and Section 89/16 of the Securities and Exchange Commission (No. 4) Act 2551 are as follows:

1. Prepare and keep the following documents.
  - 1.1 Registrations of directors
  - 1.2 Complete notices calling Board of Directors Meetings, documents, as well as minutes of Meetings
  - 1.3 Complete notices calling Shareholders, documents, as well as minutes of the Shareholders Meetings within the time frame of laws
  - 1.4 Annual Report of the Company.
2. Keeping the reports of interest of directors or executives, and file a copy of a report of interest to the Chairman and Audit Committee within 7 days from the date the Company receives the report.
3. Other operations notified by the Capital Market Commission.

### **During the year 2014 other functions of the Corporate Secretary are as follows:**

1. To be Secretary to the Sub-committees assigned by the Board of Directors, Secretary to the Board of directors, Secretary to Administrative Policy

Department, Secretary to Business Unit Commission, and Secretary to the Strategy and Reform Commission.

2. to direct the meetings of the Management, Board and the Shareholders of the Company to be completed within the term of the relevant regulations including notifying the relevant resolution if necessary and monitor the implementation of the resolution.
3. To supervise the implementation in State Enterprise Performance Appraisal: SEPA of concerning operations of the company.
4. To monitor the Company and Directors' practices to comply with laws and regulations of registered company and laws relating to Securities except financial reporting.
5. To oversee the preparation and disclosure important information of the Company both in Thai and English to the public through channel of the stock market according to the rules and timely manner.
6. To supervise, offer consult, and facilitate the registration of the shares to Shareholders
7. To supervise and conduct Shareholder Meeting with related documents complying to the requirements of law and Corporate Governance.
8. To supervise and prepare of the registration statement (56-1) in order that the shareholders, investors, analysts get the correct information according to the rules, orders, and regulations of Corporate Governance within the time given.
9. To coordinate with legal advisors concerning the securities laws.
10. Provide advice to the Board and the Management in order to comply with stipulation, criteria, rules and regulations of the Stock Exchange of Thailand and The Office of the Securities and Exchange Commission
11. To supervise and manage Logistics Support related to the Board of Directors such as the implementation and coordination of the various privileges of the Board of Directors including budget preparation in operations related to the Board of Director. In addition, to notify and coordinate with Directors in the case of rituals and activities that the Board of Directors needs to attend.

12. To supervise the Correspondence administration.
13. To supervise and evaluate the operations of the agencies under control to achieve the objectives and goals of the responsible mission of the company as well as compliance with the rules and regulations of the company and the related authorities.
14. To prepare the Committee Manual, organize orientation and give advice to the newly appointed Directors.
15. To direct and follow up including collecting and storing information on the Affiliates.
16. To perform other tasks as assigned by the Board of Directors or the president as the case may.

1. Each Board member receives a fixed THB 50,000 monthly remuneration and a monthly allowance of no more than THB 30,000 for Board Meeting attendance. The Chairman and the Vice Chairman receive meeting allowance that is 25% and 12.5% higher than other Board members, respectively.
2. Upon being appointed by the Board or the Chairman of the Board to a Committee, a Sub-Committee or a Working Group, the Director receives an additional THB 10,000 per meeting attendance. However, the maximum allowance paid is THB 10,000 per month.
3. The Audit Committee shall receive compensation monthly as equal to Meeting Allowance of the Board of Directors. The Chairman of the Audit Committee shall receive higher compensation at the rate of twenty-five percent and receive compensation for the month without meeting as well.
4. The Board of Directors shall receive an annual bonus equivalent to 0.2% of consolidated net profit before gain or loss from foreign currency exchange; however, the total amount shall not exceed THB 30 million. The rate shall be used for calculation of bonus for the coming years.

## Remuneration for Members of the Board of Directors and Management

### Monetary Benefits

#### Remuneration for Board of Directors

The Annual General Meeting of Shareholders for the year 2014 on April 29, 2014 has approved the remuneration of Directors in terms of monetary compensation as follows:

### Compensation for Executive Management for the year 2014 ending December 31, 2014

Unit : THB million

Board of Directors	No. (person)	Remuneration (Board of Directors)	Meeting allowance (Board of Directors)	Meeting Allowance (Sub Committee) <sup>(1)</sup>	Bonus	Total
Board of Directors	23	7.90	4.28	1.90	Omitted	14.08
Audit Committee	8	-	-	0.80	-	0.80
Executives Management	20	64.90	-	-	-	64.90 <sup>(2)</sup>

Note <sup>(1)</sup> Do not include the Audit Committee

<sup>(2)</sup> The compensation, gross income, taxes paid by the Company, vehicle tax, contributions to the Provident Fund, contributions to the Pension Fund for the present Executives and who retired in 2014.

## Remuneration for the Board of Directors for the period December 31, 2014

Board of Directors	Position Held <sup>(1)</sup>	Remunerations and Meeting Allowance Board of Directors (THB)	Meeting Allowance Other Committee (THB)	Meeting Allowance Audit Committee (THB)	Total Remuneration (THB) <sup>(2)</sup>
1. Mr. Areepong Bhoocha-oom	<ul style="list-style-type: none"> <li>- 1<sup>st</sup> Vice Chairman, Acting Chairman and Member of the Executive Board</li> <li>- Chairman of the THAI President's Performance Evaluation Committee</li> <li>- Chairman of the Nomination and Remuneration Committee</li> <li>- Member of the Recruitment of THAI's President Committee</li> <li>- Member of the Efficiency Development Committee</li> <li>- Member of the Risk Management Committee</li> <li>- Chairman of Strategy and Transformation Committee</li> </ul>	986,250.00	190,000.00	-	1,176,250.00
2. ACM Treetod Sonjance	<ul style="list-style-type: none"> <li>- 2<sup>nd</sup> Vice Chairman</li> <li>- Member of the Recruitment of THAI's President Committee</li> <li>- Former Chairman of the Audit Committee</li> </ul>	412,298.39	30,000.00	26,250.00	468,548.39
3. Mr. Kanit Sangsubhan	<ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> <li>- Chairman of the Executive Board</li> <li>- Vice Chairman of the Fuel Price Risk Management Sub-Committee</li> <li>- Member of the THAI President's Performance Evaluation Committee</li> <li>- Member of the Risk Management Committee</li> <li>- Member of the Recruitment of THAI's President Committee</li> <li>- Member of the Nomination and Remuneration Committee</li> <li>- Member of the Committee for Consideration of THAI's President Remuneration Committee</li> <li>- Member of Strategy and Transformation Committee</li> </ul>	930,000.00	330,000.00	-	1,260,000.00

Note : <sup>(1)</sup> Former Chairman, Former Vice Chairman and Former Directors were members of the Board of Directors who retired before December 31, 2014

<sup>(2)</sup> The Company omitted annual bonus for the year 2013.

## Remuneration for the Board of Directors for the period December 31, 2014

Board of Directors	Position Held <sup>(1)</sup>	Remunerations and Meeting Allowance Board of Directors (THB)	Meeting Allowance Other Committee (THB)	Meeting Allowance Audit Committee (THB)	Total Remuneration (THB) <sup>(2)</sup>
4. Mr. Pongpanu Svetarundra	<ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> <li>- Member of the Executive Board</li> <li>- Member of the Risk Management Committee</li> <li>- Chairman of the Labor Relations Committee</li> <li>- Member of the Human Resource Development Committee</li> </ul>	979,354.84	210,000.00	-	1,189,354.84
5. Mr. Rungson Sriworasat	<ul style="list-style-type: none"> <li>- Member of the Efficiency Development Committee</li> <li>- Member of the Board of Directors</li> <li>- Chairman of the Recruitment of THAI's President Committee</li> <li>- Chairman of the Committee for Consideration of THAI's President Remuneration Committee</li> </ul>	643,333.33	120,000.00	-	763,333.33
6. Mr. Rathapol Bhakdibhumi	<ul style="list-style-type: none"> <li>- Chairman of the Nomination and Remuneration Committee</li> <li>- Member of the Board of Directors</li> <li>- Member of the Nomination and Remuneration Committee</li> </ul>	393,548.39	80,000.00	49,000.00	522,548.39
7. Mr. Veerathai Santiprabhob	<ul style="list-style-type: none"> <li>- Member of Strategy and Transformation Committee</li> <li>- Member of the Audit Committee</li> </ul>	326,451.62	40,000.00	-	366,451.62
8. Mr. Weerawong Chittmittrapap	<ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> <li>- Member of Strategy and Transformation Committee</li> <li>- Member of the Board of Directors</li> <li>- Chairman of the Legal Committee</li> <li>- Member of the Litigation Committee</li> <li>- Member of the Corporate Governance Committee</li> <li>- Member of the Corporate Social Responsibility Committee</li> <li>- Member of the Recruitment of THAI's President Committee</li> <li>- Chairman of the Audit Committee</li> </ul>	776,451.62	80,000.00	304,250.00	1,160,701.62

Note : <sup>(1)</sup> Former Chairman, Former Vice Chairman and Former Directors were members of the Board of Directors who retired before December 31, 2014

<sup>(2)</sup> The Company omitted annual bonus for the year 2013.

## Remuneration for the Board of Directors for the period December 31, 2014

Board of Directors	Position Held <sup>(1)</sup>	Remunerations and Meeting Allowance Board of Directors (THB)	Meeting Allowance Other Committee (THB)	Meeting Allowance Audit Committee (THB)	Total Remuneration (THB) <sup>(2)</sup>
9. ACM Siwakiat Jayema	<ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> <li>- Member of the Human Resource Development Committee</li> <li>- Member of Strategy and Transformation Committee</li> <li>- Member of the Audit Committee</li> </ul>	643,333.33	70,000.00	61,000.00	774,333.33
10. Mr. Somkiat Sirichatchai	<ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> <li>- Member of Strategy and Transformation Committee</li> </ul>	326,451.62	40,000.00	49,000.00	415,451.62
11. Mrs. Soithip Trisuddhi	<ul style="list-style-type: none"> <li>- Member of the Audit Committee</li> <li>- Member of the Board of Directors</li> <li>- Member of the Executive Board</li> <li>- Member of the Recruitment of THAI's President Committee</li> </ul>	393,548.39	40,000.00	-	433,548.39
12. ACM M.L. Suprija Kamalaksana	<ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> <li>- Member of the Executive Board</li> <li>- Member of the Risk Management Committee</li> </ul>	960,000.00	170,000.00	-	1,130,000.00
13. AM Pakdee Saeng-xuto <sup>(3)</sup>	<ul style="list-style-type: none"> <li>- Member of the Board of Directors</li> </ul>	-	-	-	-
14. Mr. Ampon Kittiampon	<ul style="list-style-type: none"> <li>- Former Chairman of the Board of Directors and Former member of the Board of Directors</li> </ul>	435,000.00	-	-	435,000.00
15. ACM Prajin Juntong	<ul style="list-style-type: none"> <li>- Former 1<sup>st</sup> Vice Chairman, Former Chairman of the Board of Directors and Former member of the Board of Directors</li> <li>- Former Chairman of the Human Resource Development Committee</li> <li>- Former member of the Risk Management Committee</li> </ul>	639,395.16	50,000.00	-	689,395.16
16. Mr. Chutinant Bhirom Bhakdi	<ul style="list-style-type: none"> <li>- Former member of the Board of Directors</li> <li>- Former member of the THAI President's Performance Evaluation Committee</li> <li>- Former member of the Corporate Social Responsibility Committee</li> <li>- Former member of the Audit Committee</li> </ul>	130,000.00	20,000.00	60,000.00	210,000.00

Note : <sup>(1)</sup> Former Chairman, Former Vice Chairman and Former Directors were members of the Board of Directors who retired before December 31, 2014

<sup>(2)</sup> The Company omitted annual bonus for the year 2013.

<sup>(3)</sup> Appointed as a Director of the Company on December 30, 2014, but did not receive the remuneration and attendance fee in 2014.

## Remuneration for the Board of Directors for the period December 31, 2014

Board of Directors	Position Held <sup>(1)</sup>	Remunerations and Meeting Allowance Board of Directors (THB)	Meeting Allowance Other Committee (THB)	Meeting Allowance Audit Committee (THB)	Total Remuneration (THB) <sup>(2)</sup>
17. Mr. Dheerasak Suwannayos	<ul style="list-style-type: none"> <li>- Former member of the Board of Directors</li> <li>- Former Chairman of the Risk Management Committee</li> <li>- Former Chairman of the Flue Price's Risk Management Sub-Committee</li> <li>- Former Chairman of the Efficiency Development Committee</li> <li>- Former Chairman of Revenue Enhancement and Cost Control Committee</li> <li>- Former member of the Executive Board</li> <li>- Former member of the Corporate Governance Committee</li> </ul>	620,645.16	150,000.00	-	770,645.16
18. Mr. Sutham Siritipsakorn	<ul style="list-style-type: none"> <li>- Former member of the Board of Directors</li> <li>- Former member of the Executive Board</li> <li>- Former member of the Nomination, Remuneration and Human Resource Development Committee</li> </ul>	478,333.33	70,000.00	-	548,333.33
19. Pol. Gen. Adul Saengsingkeo	<ul style="list-style-type: none"> <li>- Former member of the Board of Directors</li> <li>- Former Chairman of the Corporate Governance Committee</li> <li>- Former member of the Corporate Social Responsibility Committee</li> <li>- Former member of the Human Resource Development Committee</li> </ul>	450,000.00	40,000.00	-	490,000.00
20. Mr. Athapol Yaisawang	<ul style="list-style-type: none"> <li>- Former member of the Board of Directors</li> <li>- Former Chairman of the Litigation Committee</li> <li>- Former Chairman of the Legal Committee</li> <li>- Former Chairman of the Audit Committee</li> </ul>	389,354.84	60,000.00	202,016.13	651,370.97
21. Mr. Somchai Siriwatanachoke	<ul style="list-style-type: none"> <li>- Former member of the Executive Board</li> <li>- Former Chairman of Public Relations and Corporate Social Responsibility Committee</li> <li>- Former member of the Corporate Governance Committee</li> <li>- Former member of the Recruitment of THAI's President Committee</li> <li>- Former member of the Board of Directors</li> <li>- Former member of the Nomination and Remuneration and Human Committee</li> </ul>	610,000.00	110,000.00	-	720,000.00

Note : <sup>(1)</sup> Former Chairman, Former Vice Chairman and Former Directors were members of the Board of Directors who retired before December 31, 2014

<sup>(2)</sup> The Company omitted annual bonus for the year 2013.

## Remuneration for the Board of Directors for the period December 31, 2014

Board of Directors	Position Held <sup>(1)</sup>	Remunerations and Meeting Allowance Board of Directors (THB)	Meeting Allowance Other Committee (THB)	Meeting Allowance Audit Committee (THB)	Total Remuneration (THB) <sup>(2)</sup>
22. Gen. Anantaporn Kanjanarat	- Former member of the Executive Board - Former Chairman of the Audit Committee	148,709.68	-	46,443.55	195,153.23
23. ACM Sattipong Sukvimol	- Former member of the Executive Board	503,333.33	-	-	503,333.33

Note : <sup>(1)</sup> Former Chairman, Former Vice Chairman and Former Directors were members of the Board of Directors who retired before December 31, 2014

<sup>(2)</sup> The Company omitted annual bonus for the year 2013.

## Other remunerations

### Ticket privilege

#### Board of Directors

Board of Directors passed a resolution in the meeting no. 6/2014 on June 20, 2014 to terminate the ticket privilege of the Directors in accordance with a resolution of the National Council for Peace and Order. Prior to this period, the Directors of the Company were eligible for 10 complimentary round trip tickets for international routes and 10 tickets for domestic routes in Business class annually. The ticket can be upgraded to First class if there is vacant seat available considering deployment as appropriate. This privilege is preserved for Directors in position only.

#### Executive Management and Employee

Executive Management and Employee including spouses and children are entitled to confirm or standby air tickets as per the Company's guidelines.

### Provident Fund

The Company's Provident Fund was registered on June 26, 1992, for which contributions are made by both staff and the Company. A 9% contribution is made to the fund by the Company for staff whose tenure is less than

20 years while those with tenures greater than 20 years receive a 10% contribution. Each employee is required to make contributions not less than 2% of monthly salary and no more than the Company's contribution.

### Pension Fund

The Company established a staff pension fund with the policy of contributing 10% of staff's salary for which the funds are invested and earn interest. Should there be a shortfall of available funds against its liabilities the Company will make a one-time contribution to the fund to match its liabilities.

Staff Pension Fund is applied to employees who work at least 3 years and more in order to be eligible for a pension based on length of service upon termination of employment with or without guilt and without dismissal. The Company has established a Staff Provident Fund which was effective from June 26, 1992 onwards. Employees who work after that date shall only be members of Provident Fund and could not be members of the Staff Pension Fund. Therefore, Pension Fund has no additional members from the date Provident fund was established.

### Total contribution made to Executive Management's provident fund and pension fund for the year 2014 ending December 31, 2014

	Provident Fund		Pension Fund	
	Number of Persons	Total Amount (THB million)	Number of Persons	Total Amount (THB million)
Executive Management <sup>(1)</sup>	17	4.05	1	0.24

Note: <sup>(1)</sup> Executive Management of 17 persons, including those retiring and resigning before December 31, 2014

### Human Resource

As of December 31, 2014, THAI has in total 24,952 permanent staff and their tenure ends at the age of 60 at the end of the budget year (30 September). There are certain limitations for which THAI may take to reduce the number of employees to increase

efficiency or reduce cost. The guidelines observed within the Company are in line with that of the Country's labor laws stipulating guidelines in hiring and releasing employees and further providing guideline on retirement.







# CORPORATE GOVERNANCE

## Corporate Governance Committee Report

The Board of Directors has a firm intention to conduct its businesses under the good corporate governance principles coupled with social and environmental responsibilities so as to develop the efficient and effective management, which builds up the confidence for shareholders, investors and all the stakeholders.

The Company's Board of Directors has assigned the Corporate Governance Committee, consisting of 4 independent directors, to propose guidelines to the Board; monitor directors' and Executive Management's supervision and operations in compliance with the corporate governance principles as well as good guidelines in compliance with Stock Exchange of Thailand's principles and ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard). The above-mentioned will be used to review and improve THAI's good corporate governance policies on a consistent, appropriate and contemporary basis.

In 2014, the Corporate Governance Committee held 2 meetings and performed the complete functions as determined by the Board of Directors, which could be summarized below:

1. Approve the support of the operations of Anti-Corruption Organization of Thailand so as to attain the objectives under concrete visions and strategies.
2. Consider and approve plans to improve THAI's corporate governance rating so as to operate under the good corporate governance principles.
3. Provide recommendations and guidelines on good corporate governance under the governance of listed companies in 2014 and propose to the Board of Directors for further consideration.

4. Provide recommendations on review of Good Corporate Governance Committee (Charter)'s roles, responsibilities and power, in line with the principles on ASEAN CG Scorecard.
5. Study complaints on good corporate governance with care, transparency and fairness in order to build up confidence on the operators in each level.

With regards to THAI's commitment to strictly follow the good corporate governance, the Company has been evaluated from various organizations as follows:

1. Thai Investors Association evaluated the quality of Annual General Shareholders' Meeting (AGM Check-list), which made the Company earned 100 scores for the rating of "Excellent" for the second consecutive years.
2. Thai Institute of Directors (IOD) has evaluated the governance of listed companies in Stock Exchange of Thailand. In 2014, IOD changed the evaluation criteria in compliance with ASEAN CG Scorecard and the Company was rated "Very Good".

THAI's Corporate Governance Committee strives to develop the Company's system to promote and enhance the good corporate governance to the highest international standard.

(Signed) *Pol.Gen. Adul Sangsingkeo*  
(Pol.Gen. Adul Sangsingkeo)  
Chairman of the Corporate Governance Committee  
June 30, 2014

## Policies on Good Corporate Governance

The Company Manipulated corporate governance policies in well written and promulgated on July 28, 2004 by assigned as duties and responsibilities of the Company's Board of Directors, management and staff to keep and practice according to the policies. In 2012, the Company reviewed and updated policies on corporate governance practices to conform to the strategy of the company.

Policy from THAI's Board of Directors is to run business under good corporate governance by referring to international practices, From this Policy the Board has formulated a framework on good corporate governance focusing on 4 areas as follows;

### 1. Government Sector, Society and Community

- Promoting on environmental conservation and environmental awareness as regards to the impact resulting from the Company's business activities.
- Stimulate, support and re-emphasize awareness of each and every employee in regards to their duties and responsibilities towards society, the environment and communities.
- Management with awareness of responsibilities towards the environment, society and communities as per all relevant laws and regulation.

### 2. Customers and Stakeholders

- Emphasize on providing excellent service to customers and stakeholders, meeting their needs.
- Enable customers and stakeholders to lodge comments through various channels.
- Promote and encourage technological enhancements to improve service standard and facilitate customer convenience.
- Enhance service standards with customer satisfaction as the desired outcome and taking responsibility for unsatisfied service or not being able to meet the agreed to standard of service.
- Ensure fair and level competition along with providing equitable service for all.

### 3. Organization

- Create measures to manage and prevent conflicts of interest while also regularly reviewing the adequacy of these measures on a regular basis.
- Promote, cultivate and stimulate the awareness risks resulting from unethical practices and instilling such awareness into the Company's culture, emphasizing consequences of not complying with moral, ethical and good governance principles.
- Develop preventive mechanisms and procedures in handling unanticipated incidents where the public is adversely affected by the Company's products and/or services and for cases where there is anticipation for potential adverse impact on the general public as a result of the Company's products and/or services.
- Being mindful regarding the integrity of information being disclosed to the general public through development of a comprehensive information database and ensuring availability of the latest information.
- Promote and establish a risk management system to ensure operating efficiency and effectiveness, ensuring accuracy of reports and abiding with all relevant internal control guidelines.

### 4. Employees

- Emphasize, support and promote development of human resource, organizational loyalty and ensure a clear succession plan.
- Ensure a pleasant working environment to motivate employees and provide employees with the necessary skills and competencies to enhance the Company's overall operating efficiency.
- Encourage and support knowledge, information sharing and learning to improve overall operating standard.
- Respect employees' personal privacy and rights by ensuring non-disclosure of employees' personal information.
- Monitor and ensure performance and execution of tasks with integrity and transparency. Conflict of interest must be avoided while maximizing the Company's benefits.



- Provide fair and equitable treatment of all employees and provide a channel for which complaints can be lodged against unfair treatment.

## Business Moral

The Company engaged in adherence to the principles of corporate governance and complied with the Code of Ethics stringently. With the belief that it's a means to enhance the efficiency, fairness, transparency that can be verifiable of the Board of Directors, management and employees which strengthens confidence in the long term to shareholders, investors, customers and stakeholders from all sectors.

THAI's Ethical Principles for Employees are as follows:

### Ethics

1. To adhere to the democratic regime by supporting and adhering to the democratic regime of which the King is the Head of State
2. To uphold the Company's interest – perform tasks to maximize Company's benefit and not seek personal benefits and not having conflicts of interest
3. To uphold honesty – corruption is not to be tolerated in performing one's duties
4. To uphold righteousness – no wrong doing shall be tolerated while executing one's duties and responsibilities
5. To uphold transparency – not distorting facts and information given to colleagues, the general public, shareholders and other stakeholders

## Compliance with good corporate governance

The Company recognizes the importance of Corporate Governance and committed to conducting business with integrity and transparency with the belief that it can achieve the organization's objectives and goals sustainably, which is an important part in building the confidence of shareholders and stakeholders from all sectors.

### THAI's Principles of Good Corporate Governance

- **Creation of Long Term Value** : The Company must promote and instill such vision and the realization

of the importance in increasing competitiveness in all aspects of operations including setting up appropriate committees to ensure abidance with Good Corporate Governance guidelines. Management must comply with transparency and fairness guidelines in regards to nominations, appointments, transfers and consideration for promotions.

- **Transparency** : Ensure that there is sufficient disclosure of significant financial, operational and other relevant information related to the Company's past operations for the relevant time period. Information disclosure must be made via channels that are most readily accessible by persons who have relevant need to access such information. Further facilitating information disclosure and dissemination is through the establishment of the Public Relations and the Investors Relations Department. Employees must perform their duties with integrity, must not take actions to benefit their own interests and must avoid conflicts of interest. An employee may not undertake a post as a director, advisor or any other position at another Company that could cause a conflict of interest. The acceptance of property or any other benefits by any employee must conform to the guidelines specified by the National Anti-Corruption Commission.
- **Responsibilities** : Employees must devote themselves in performing their duties with knowledge and experience to the best of their ability by placing importance on being responsiveness to the needs of shareholders, customers, business partners and fellow employees. Use careful discretion in performing their duties with honesty and fairness. Employees must not engage in any action or activity which conflicts with the Company's interest nor take the opportunity, nor use information received as a result of being an employee of the Company to seek benefits for themselves or others. It is the duty of management to promote and instill the highest sense of responsibility in executing tasks and achieving the Company's objectives.
- **Accountability** : Employees must attentively perform their duties to the best of their ability and must exercise due care in the manner of a person having knowledge and experience including being ready to

take responsibility for the outcome of their actions and are able to explain their decisions and actions to the Company's Board of Directors, immediate supervisor, shareholders, customers, business partners and the Company's other stakeholders.

- **Equitable Treatment** : Employees are expected to perform their duties with fairness by providing equal and non-discriminant treatment of stakeholders based on their race, nationality, religion, sex or other unfair reasons. Treatment of business competitors must be in-line with internationally accepted standards under the scope of relevant laws, not infringing on proprietary information and not to fraudulently obtain competitors' trade secrets. A channel must be provided for employees to lodge complaints against illegal acts or violation of the Company's regulations and to take necessary action within the appropriate time.

## Good Corporate Governance

Corporate governance of the Company is divided into 5 sections as follows:

### Section 1 : Shareholders' Rights

THAI recognizes the importance of shareholders and their rights to build confidence and trust to invest in the Company. To this end, THAI has implemented policies to protect the basic rights of its shareholders which include the right to purchase, sell or transfer Company shares or receive a share in the Company's profits, receive sufficient and timely Company information, participating in the Annual General Shareholders' Meeting (AGM), give proxy to vote on shareholder's behalf, make inquiries during the AGM, have rights to submit the issues for meeting agenda and also be able to nominate the appropriate individuals for consideration to be appointed to the Company's Board of Directors. The right to participate in important decisions such as electing directors of the Company, approval of transactions that bears effect on the direction of the business and making amendments to the Articles of Association.

### Annual General Shareholders' Meeting

The company held the annual general meeting of shareholders according to Public Limited Companies ACT BE 2535 (1992), in accordance with the guidelines of the SET including additional improvements by Thai Rating and Information Services Company Limited (TRIS), Thai Institute of Directors Association (IOD) and monitored that the shareholders have fully complied with the requirements stated in the Annual General Meeting Checklist (AGM Checklist) based on the assessment of the annual general meeting of shareholders of listed companies by the Thailand Investors Association, Thai Listed Companies Association and the Securities and Exchange Commission (SEC) to raise the quality of the Annual General Meeting of the shareholders of the Company as follows:

- **Date, Time and Place to hold the AGM**

At the Board of Directors' meeting 2/2014 held on February 21, 2014, a resolution was reached by the Company's Board of Directors to hold the second AGM for 2014. April 29, 2014, and the Company's website beginning March 18, 2014, which complies with the articles of association of Thai Airways International Public Company Limited requiring the AGM to be held within 4 months after posting its financial performance for 2014. The venue for the annual general meeting of shareholders was held at the Chaiyapruk Hall, Air Force Auditorium (Thong Yai Building), Phaholyothin Road, Sai Mai, Bangkok. A total of 4,699 shareholders and proxies attended the meeting representing a total of 1,627,997,664 shares which is 75 percent of the Company's paid-up capital constituting a quorum. The Chairman of the Board of Directors, Chairman of the Audit Committee, Chairman of the Corporate Governance Committee, Directors and Management of the Company, the Company Secretary, auditor and legal consultants attended the meeting in unison. The details of the meeting are as follows:



## Prior to the AGM

For 2014 AGM, to ensure abidance with the guidelines of good corporate governance and recognizing shareholder's rights, THAI enabled its shareholders to submit name(s) of qualified candidates to be considered for election to the Company's Board of Directors. The time frame allowing submission of names of candidates was from October to December 2013. Details on the rules and procedures were revealed on the Company's web site. The Company has already announced in the daily newspaper during October 7-9, 2013 and has informed the Stock Exchange of Thailand in such matters.

- **Distribution of Material for the AGM and Proxy**

An invitation letter to attend the AGM was sent along with the complete details of the agenda to be considered at the AGM as per the laws, regulations of the SET and as per the Company's Articles of Association requiring sufficient background information of each agenda must be included in the information package for shareholders to make an informed decision. In this regard, the Company clearly disclosed for each agenda for shareholder consideration whether the agenda is "for shareholders' information", "for approval" or "for consideration". A summary of the Board of Directors' view on each agenda was also included. The complete information packet delivered to shareholders also included the complete minutes to the previous AGM, a copy of the Annual Report, all necessary documents to be used for the AGM along with proxy sheets and how proxies are to be used. All the above documents were sent at least 21 days ahead of the AGM date. The notice for the AGM was printed in a Thai language daily newspaper for 3 consecutive days which were printed prior to 3 days before the AGM. The invitation to attend the AGM along with the complete information packet was also posted on the Company website for more than 30 days prior to the AGM. An invitation letter was sent to all shareholders whose name appeared on the Company's shareholder registrar. Independent Directors were also named for whom proxy votes can be given to vote on the shareholders' behalf or such proxy can be given to another person attending the AGM to vote on the shareholders' behalf.

## Day of the AGM

- **Meeting Attendance and Registration**

Information relevant to the AGM was also included in the information packet sent to shareholders along with the letter of invitation to attend the AGM to enable shareholders to have sufficient information to make sound decisions on the various issues proposed for consideration. The time and date of the AGM was clearly disclosed while the meeting location was selected to ensure maximum security for shareholders. Shareholders and their proxies were expedited through the registration process with a large number of employees on hand to facilitate the process. Registration to attend the AGM began 4 hours prior to the meeting commencement and continued through the end of the AGM. A small token of appreciation was also given upon registration and shareholders were treated to snacks and refreshments.

- **Shareholder Enquiry and Comments, Resolution and Preparing Minutes to the AGM**

Prior to commencing the 2014 AGM, the Company Secretary provided attendees with a summary of the Quorum, explained how to use the voting card, the voting procedure, the vote collection process and the vote counting process. After each vote count, the Chairman announced the results of voting for each agenda to the shareholders ensuring transparency of each vote count. The physical vote stubs are kept in filing for future reference. On each agenda for consideration, the Board of Directors and management were on hand to provide comprehensive response to queries and/or comment that shareholders may have. In regard to the voting and vote counting process, the Company strictly adhered to the company's Articles of Association allowing 1 vote per share held and using majority vote as a quorum or at least 2 out of 3 of the resolution. In general terms, the ballot was used only if the shareholders' votes were against or refrained. Ballots were used for the election of directors to approve to disapprove and refrain. Except for votes that were against or refrained, the stubs of votes going towards the quorum are kept for future reference. A comprehensive minute of the AGM is kept along with a video recording was made of the whole meeting which is readily available for shareholder reference.

## After the AGM

### • Disclosure of Resolutions

Resolutions reached at the AGM are disclosed to the general public via the SET's information channel prior to the next trade round. Details regarding the approved/disapproved resolution and the vote counts (approve/disapprove/refrain from votes) have been clearly indicated for each issue that was submitted for consideration. The detailed minutes to the AGM containing names of Board members and management attending the meeting along with the resulting resolutions, (approved/disapproved) and the vote count (approve/disapprove/refrain from votes) on issues posed for shareholder consideration along with major issues posed by shareholders and the response made by the Company were submitted to the SET and other relevant government bodies within 14 days post the AGM. The minutes to the AGM has also been posted on the Company's web site <http://www.thaiairways.com>. The resolutions of the shareholders were prepared to send through SET's Channel. Minutes of the meeting in English were published on the company's website to allow foreign shareholders to access information thoroughly.

## Section 2 : Equitable Treatment of All Shareholders

The company's policies is to facilitate the shareholders. And treat all shareholders equally, fairly and in accordance with legal requirements, including measures to prevent the directors, executives and employees from using inside information to benefit himself or his allies in unlawful manners. For example, take advantage of inside information (Insider trading), disclose internal information to the person involved with directors or executives. In order to build confidence in investment with the Company, according to the assessment of the General Meeting of Shareholders (AGM Checklist), some procedures come in practice including protection of the fundamental rights of shareholders; control of the right to vote according to the number of shares held (each share is entitled to one vote); assignment of independent directors to attend to for a minority shareholders; Assignment of Securities Depository to be Securities Registrar. Conduction of the meeting's agenda as outlined in the Notice of Meeting; Allowance given to shareholders to appoint a proxy to

attend the meeting and vote on; allocation of sufficient time; equal treatment of shareholders to comment and enquire; Disclosure of information through the website of the company to let shareholders receive changes in significant information.

## Section 3 : Stakeholders' Rights

THAI operates its business with integrity, transparency and ethics emphasizing adherence to good corporate governance principles as well as international best practice with the focus of being transparent, enhancing effectiveness and building shareholder and customer confidence and satisfaction. Further focus is placed on building shareholder value and enhancing benefits to stakeholders while ensuring equitable treatment.

THAI, in its role as the national carrier, has conducted its business guided by the conscience of corporate social responsibility (CSR) reflecting international environmental standards minimizing pollution and waste resulting from undertaking business activities. To be compliant with the Constitution of the Kingdom of Thailand B.E. 2550, the Company's Good Corporate Governance and Ethics Code were drafted, printed and distributed to Company executives and employees reflecting the following guidelines:

### Country

THAI operates its business based on transparency and accountability focusing on sustainable growth and maximizing benefit to the country.

### Society and the General Public

THAI is aware of its CSR role and emphasizes conservation of natural resource, environment and has the interest of the general public at heart. THAI is supportive of activities that benefits communities or society.

### Shareholders

THAI shall operate its business to generate satisfactory return for Shareholders and ensure equitable treatment of all shareholders.

### Customers

THAI shall render quality services, emphasize customer safety and convenience and shall seek means to better meet customer needs building on confidence towards THAI and enhancing customer satisfaction.



## **Business Partners, Creditors and Debtors**

THAI will undertake to build confidence for Business Partners, Creditors and Debtors that they will be equally and fairly treated based upon business relationship that is fair for both parties. THAI shall also avoid any situation which may cause a conflict of interest.

In addition, for Creditors, the Company has been complied with the agreements or conditions agreed by both parties strictly; has been responsible, and has not conceal information which will cause damages to the Creditors. The Company reports statement of financial position to creditors regularly with accuracy and punctuality. In case of failure to fulfill its obligations in the agreement, the Company will notify the Creditors immediately to find solutions including managing finances to build the appropriate structure to the Company's business operations, maintaining the confidence of creditors, and committing to create a good and sustainable business relationships.

## **The Employees**

THAI provides fair treatment of all its employees and chooses qualified candidates for positions based on clear guidelines and the selection process is undertaken transparently. Ongoing knowledge development forms part of the Company's human resource development strategy in creating opportunities for individual growth, as well as enhancing the atmosphere, working environment, and a unique corporate culture.

## **Intellectual property Practice**

The Company recognizes the importance of protecting intellectual property, therefore policies were set that both the procurement and deployment must not commit to infringement of intellectual property. Moreover, education and caution were implemented on employees to create awareness on such matters, including verification by both internal and external agencies.

## **Practices against corruption**

Details are on the topic of social responsibility page 91.

## **Section 4: Disclosure and Transparency**

The company gives priority to the principles of disclosure and transparency according to the Ministry of Finance, SET, and the office of Securities and Exchange Commission requirements, by requiring related agencies to the oversight and disclosure of the financial and other information related to the Company's operations sufficiently, accurately,

completely, timely and transparently in order to communicate with shareholders, investors, analysts and stakeholders from all sectors to get information equally through various channels. The Company has set the following guidelines:

### **Disclosure of information through the involved agencies**

The Company disclosed the Company's information both financial and other important aspects to regulators, such as financial reporting and news that are essential to the investment of shareholders and investors to the Stock Exchange of Thailand (SET), the report of the Company's information through Annual information form (56-1) and Annual Report (56-2) to the Office of the Securities and Exchange Commission (SEC), the report on financial information, directors and employee Information including other information through Government Fiscal Management Information System (GFMIS) of the State Enterprise Policy Office (SEPO.) since the Company is a state enterprise.

### **Investor Relations**

The Company valued service and consideration for investors, shareholders and other stakeholders by providing investor relations to strengthen good relationship, communicate accurate and reliable information, including implementing roadmaps to ensure equal treat to stakeholders, to enable equal access to information of stakeholders, and to provide suitable channels of communication with the company achieved through activities such as domestic road shows, attend a meeting / conference call with the board, to answer questions and provide information by phone and / or email, and to create a meeting between Management, Institutional investors and Investment analysts to clarify financial performance on a quarterly basis. In addition, Investment analysts and stakeholders were invited to visit the Company and meet with the management for discussion. This year, visitors were invited to flight simulator center and welcoming event of Boeing 787-800 aircraft to the company fleet. Moreover, there is an activity such as "THAI Shareholder Day" for minority shareholders and investors to discuss, suggest on the Company's operations and potential by providing a forum by experts and executives on the topic of aviation trend of Thailand and organize a tour to Airline business sector. The visit aims to explain the direction and opportunities of Company's businesses directly from the executives. In the past year, the company

has the following investor relations activities as follows:

Activity	Times per annum (2014)
Domestic Road Show	2 times
One on one corporate visits/ teleconference	33 times
Phone calls and internet enquiries	160 times
Quarterly pre and post disclosure analyst briefings	8 times
Company visit (site visit)	3 times
Other special activities undertaken	2 times
- THAI Shareholder Day	
- Support the premium for SET in the City 2014	

#### **Disclosure of information through website**

To be a channel for the shareholders, investors or other interested persons to receive the company's information in a timely manner, the Company has prepared a website to broadcast information about the Company to all concerned sectors through <http://thai-th.listedcompany.com/home.html>. It included information on the Company's Board of Directors, the Company's services, the Company's important news, financial performance, financial statement, information of shareholders, the Shareholders' Meeting, Minutes of the meeting, a list of major shareholders, records on corporate governance, the procurement report including information reported to the Stock Exchange of Thailand, etc.

#### **The related transactions and the prevention of conflict of interest**

The Company is committed to the principles of corporate governance to eliminate conflicts of interest. The Board of Directors had properly considered a potential conflict of interest or connected transaction or transactions within the framework of good ethics and ensured that the Board of Directors, management and employees comply strictly with the requirements of the Capital Market Commission and Securities and Exchange Commission to be reliable and trustable for all stakeholders. The main criteria are as follows:

The company had an announcement to disclosure of connected transactions of Thai Airways International Public Company Limited (PCL) based on the rules and procedures of the Stock Exchange of Thailand from September 2004 to the Board of Directors and all

Executives as the related parties as defined by the Securities and Exchange Commission to disclose information of related individuals and entities. Once there is an appointment of new Directors or Executives, Corporate Secretariat Department will send "Details of related parties according to Securities and Exchange Commission concerning the disclosure of information and performance of Listed Companies for connected transactions 2003" which have been developed details to meet the requirements of the Capital Market Commission. The newly appointed Directors or Executives need to submit information and endorse the accuracy of the information. If there are changes, Directors or Executives must submit such forms with endorsement every time. The Corporate Secretariat Department will send the details of related party to the Chairman and the Vice President of Internal Audit to acknowledge including the preparation of the list of persons and entities related to the management of all parties and the person who is the coordinator on the connected transaction of each agency to monitor Its transactions and report management or Board of Directors. If there is a transaction, the Company will follow the procedures with reference to the relevant law including the disclosure in the annual report (Form 56-2) and annual registration statement (Form 56-1).

In order to process transaction practices clearly, the Company has announced the company's pricing policy for the transactions connected to Thai Airways International Public Company Limited (PCL) in January 2005. The pricing policy for products and services of the Company will be applied on the transactions connected to the Company and related business, with a related person. The regular price will be first applied as same as to other non-related parties. If necessary, the pricing policy with irregular business conditions or not in accordance with the market price will be applied. Therefore, the Company will be able to comply with the rules and procedures of the Stock Exchange of Thailand including accurate and complete accounting standards. In addition, in the monthly meeting of the Board of Directors and Executives of the Company, the Corporate Secretariat Department will prepare the agenda of the connected transactions of Thai Airways International Public Company Limited (PCL) to disclose to the Board of Directors and the Executives whether the company has any related transactions each month, and also proposes the matter to the Audit Committee on



a quarterly basis. The Company has improved its performance procedure to comply with the changing requirements of the relevant authorities in order to manage the conflict, and the benefits in accordance with the principles of Corporate Governance and accuracy according to the requirements.

#### **Compliance with the Official Information Act B.E. 2540**

The present Constitution regulates that "A person shall be entitled to receive notice and access data, or public possession of the government, state agencies, state enterprise or local government unless the disclosure of information or news that will affect the stability of the state, public safety or equity which should be protected by a third party or personal information as provided by law"

Thai Airways International Public Company Limited (PCL) has established Public Information Center which turned 16 years in 2014 on the purpose of disseminating information, knowledge and understanding of the operations of the company to the public, government agencies and private organizations with transparency and accountability based on guideline practice of the Company's regulations on the disclosure of the Company in accordance with the Official Information Act B.E. 2540 by adhering to the principle "Disclosure is a general principle, Cover is an exception". The data collection and information management are processed systematically and can be searched effectively in order to disseminate useful information to the public. Search can be done through the site [www.thaiairways.com](http://www.thaiairways.com) in Public Information Centre.

Public Information Center has been selected by the Ministry of Transport as a model unit on duty to provide information to the public under the Official Information Act B.E. 2540 from the year 1999 to the present. The Public Information Center also received a certificate from the Official Information Commission evermore as an organization that provides excellent information to public. In 2014, the Official Information Commission, Office of the Permanent Secretary, Prime Minister Office presented a plaque to the Company as the Company complied with the benchmark indicators of transparency of government agencies designated under the Official Information Act B.E. 2540 outstanding level. It is the pride of the Company that the Public Information Center can achieve the vision from the outset "As a leading agency and a role model in the dissemination of information, to be able to meet the demand for information to those involved appropriately" which leads to a good image and benefit to the

operation of the Company.

#### **Company Secretary**

The Company has established the Corporate Secretariat Department which was supervised by Vice President as Secretary. The Corporate Secretariat Department's duty is to disclose information in various fields to shareholders and regulatory agencies. Details on the Corporate Secretariat Department please see page 60.

### **Section 5 : Responsibilities of the Board of Directors**

Board of Directors shall have knowledge, skill, and experience that can be beneficial to the business operations of the Company. Board of Directors has a duty and responsibility to set the strategic direction of the business operations to be in accordance with the principles of corporate governance through the definition of the policy, strategy, goals, vision and mission, and plays a crucial role in supervising and monitoring the implementation of the Executives to ensure compliance with the policy and defined strategies. Board of Directors must act with competence, knowledge, integrity, transparency for the optimum benefits of the Company.

#### **Structure of Board**

The structure of board is in accordance with the regulations of Public Limited Companies Act B.E. 2535, Standard Qualifications of State Enterprises Directors and Employees Act B.E. 2518, Securities Exchange Act B.E. 2535 and B.E. 2551, and related rules and regulations.

Board appointed committees to help study details and scrutiny specific matter as detailed in page 80.

#### **Composition of the Board**

An appointment of Directors as per the resolution of the Annual General Meeting of Shareholders approved by the Nomination and Remuneration Committee and the Company's Directors, respectively, according to the company's regulation, Board must consist of at least 5 directors but not more than 15 directors as of December 31, 2014 the Company's Board consisted of 13 directors including 8 independent directors.

The total of the directors are those who do not serve Company's management. From the above, the Board of Directors is composed of 100 percent of directors who do not serve Company's management and 61.54 percent of the total membership of the Independent Directors which is enough to balance the power of the

Board of Directors, so stakeholders can be assured that the Board of Directors can act on behalf of shareholders independently with a proper balance

The Board of Directors is responsible for the performance in accordance with the laws, objectives and regulations of the Company as well as the resolutions of the general Meeting of shareholders with honesty, precautions to safeguard the interests of the Company.

#### **The role of Chairman and President**

Chairman plays a crucial role in deciding the direction and policies of the major operations of the Company. Chairman, an independent director, should have leadership, being unprejudiced, promote Good Governance including having responsibility to shareholders and stakeholders of the company. Chairman is a leader of the Board of Directors, with the President, head of the Executive, as a part of the Committee is beneficial to management, governance and transfer of the Board's policy to the management to take action to achieve desired results.

#### **Board of Directors Meetings**

Board meetings have been scheduled ahead of the fiscal year with monthly meetings and special rounds of meetings are called as necessary with a clear agenda and a follow up round to evaluate performance on a regular basis. The Corporate Secretariat Department will send invitation, agenda and supporting documents to each director for 7 days prior to the meeting. There is also a follow-up section in regards to resolutions reached at the previous Board meeting for which the Company Secretariat has been charged to provide progress updates. Prior to the Board meeting, an invitation to attend the meeting along with the supporting documents are submitted 7 days ahead of time for each Board member to review. For the year 2014, the Board convened 19 times with attendance details for each Board member provided in the Board of Director's Shareholding and Meeting Attendance.

#### **The remuneration of directors**

Details of the remuneration of directors please see section 8.4.

#### **Performance evaluation of the Committee**

The Company has determined that the performance of the Committee should be evaluated annually as a tool to monitor the performance of the Committee. The Company will prepare an evaluation form of the Committee to be approved by Good Governance Committee and present to the Company's Committee

to approve prior to annual assessment divided in to 3 different assessments namely; Self Assessment, Cross Evaluation and Board Evaluation. The result of the evaluation will be reported to the Company's Committee in order to organize activities to enhance knowledge and efficacy of the Committee.

#### **Determination the term of the Directors**

Directors' term of office is exact according to the Company's regulations determining that at the Annual Meeting, 1 in 3 of the directors has to retire. The director who served the longest shall retire.

#### **New Director Orientation**

The Company organizes an orientation for the new Directors. The Corporate Secretariat Department is a coordinator of orientation by inviting the various management positions to present Company's information, aviation business, shareholding structure, rules and related regulations including privileges of the Directors. To allow the Directors to receive the related information which will be beneficial to the management, The Company has policy to let the Directors to participate in training courses organized by Thailand Institute of Directors Association (IOD) to develop, support and promote the performance of the Board of Directors.

#### **Personal Development for Directors and Senior Executives**

The company has promoted and supported the Board of Directors and Senior Executives to attend training courses, seminars and activities organized by the Thailand Institute of Directors Association (IOD), SET, and the Securities and Exchange Commission in order to enhance their knowledge and exchange experience in various fields related to the role of Director and Committees continuously and consistently. The majority of the Directors have been trained in courses organized by Thailand Institute of Directors Association (IOD) as follows:

1. Accreditation Program (DAP)
2. Director Certification Program (DCP)
3. DCP Refresher Course (DCP-Re)
4. Audit Committee Program (ACP)
5. Role of the Chairman Program (RCP)
6. Finance for Non-Finance Director (FN)
7. Understanding the Fundamental of Financial Statements (UFS)
8. Financial Statements for Directors (FSD)
9. The Executive Director Course (EDC)
10. Financial Institutions Governance Program (FGP)
11. Successful Formulation & Executive of Strategy (SFE)
12. Role of The Compensation Committee (RCC)

## Board and Executive Management Training

As of December 31, 2014 the Board of Directors and Executive Management have been trained in courses organized by Thai Institute of Directors Association: IOD) as follows:

Board of Directors	Position	Course Attended
Mr. Areepong Bhoocha-oom	1 <sup>st</sup> Vice Chairman Acting Chairman and Independent Director	- Director Certification Program (DCP 3/2000) - DCP Refresher Course (Re DCP 2/2009)
ACM Treetod Sonjance	2 <sup>nd</sup> Vice Chairman and Independent Director	-
Mr. Kanit Sangsubhan	Independent Director	- Director Accreditation Program (DAP 21/2004)
Mr. Pongpanu Svetarundra	Director	- Director Certification Program (DCP 17/2002) - Financial Statements for Director (FSD 2/2008) - Role of Chairman Program (RCP 21/2009) - Financial Institutions Governance Program (FGP 7/2003)
Mr. Rungson Sriworasat	Director	- Audit Committee Program (ACP 26/2009) - Director Certification Program (DCP 81/2006) - Financial Institutions Governance Program (FGP 7/2013) - Financial for Non Finance Directors (FND 39/2008) - Role of Chairman Program (RCP 28/2012) - DCP Re - Refresher Course (DCP-Re 1/2008) - Successful Formulation & Executive of Strategy (SFE 2/2008)
Mr. Rathapol Bhakdibhumi	Independent Director	- Director Accreditation Program (DAP 23/2004) - Director Certification Program (DCP 52/2004)

Board of Directors	Position	Course Attended
Mr. Veerathai Santiprabhob	Independent Director	<ul style="list-style-type: none"> <li>- Director Accreditation Program (DAP 63/2007)</li> <li>- Director Certification Program (DCP 192/2014)</li> </ul>
Mr. Weerawong Chittmittrapap	Independent Director Chairman of Audit Committee	<ul style="list-style-type: none"> <li>- Director Certification Program (DCP 2000)</li> <li>- The Executive Director Course (EDC 1/2012)</li> </ul>
ACM Siwakiat Jayema	Director	-
Mr. Somkiat Sirichatchai	Independent Director Member of Audit Committee	<ul style="list-style-type: none"> <li>- Director Accreditation Program (DAP 84/2010)</li> <li>- Role of The Compensation Committee (RCC 11/2010)</li> <li>- Director Certification Program (DCP 178/2013)</li> </ul>
Mrs. Soithip Trisuddhi	Director	<ul style="list-style-type: none"> <li>- Audit Committee Program (ACP 26/2009)</li> <li>- Director Certification Program (DCP 88/2007)</li> </ul>
ACM M.L. Suprija Kamalasanana	Independent Director	<ul style="list-style-type: none"> <li>- Director Accreditation Program (DAP 54/2006)</li> </ul>

### Combination and Segregation of Positions

The Chairman of the Board of Directors does not hold a management position but is an Independent Director and is not the same person holding the position of Company President. The Chairman of the Board has no relations to other members of the Board or members of Management. There is a clear written differentiation between the responsibilities and roles of the Company's Board of Directors and that of the Company's Management.

### Sub-Committee Board of Directors

The Board of Directors has ultimate responsibility for the administration of The Company's affairs. The Company's Articles of Association provides for a Board of Directors of between 5 and 15 persons whose appointment is approved at the annual general meeting of shareholders.

The requirement is also that no less than half of the Directors must reside in Thailand. At the Company's annual general meeting of shareholders, one-third of the Directors are required to retire, and new Directors will be elected. Directors that are required to retire may be re-elected.

As of December 31, 2014 the Company's Board of Directors consists of the following members:

1. Mr. Areepong Bhoocha-oom  
*1<sup>st</sup> Vice Chairman  
Acting Chairman and Independent Director*
2. ACM Treetod Sonjance  
*2<sup>nd</sup> Vice Chairman and Independent Director*
3. Mr. Kanit Sangsubhan  
*Independent Director*
4. Mr. Pongpanu Svetarundra  
*Director*

- 
5. AM Pakdee Saeng-xuto  
*Director*
  6. Mr. Rungson Sriworasat  
*Director*
  7. Mr. Rathapol Bhakdibhumi  
*Member of the Audit Committee and Independent Director*
  8. Mr. Veerathai Santiprabhob  
*Independent Director*
  9. Mr. Weerawong Chittmittrapap  
*Chairman of the Audit Committee and Independent Director*
  10. ACM Siwakiat Jayema  
*Director*
  11. Mr. Somkiat Sirichatchai  
*Member of the Audit Committee and Independent Director*
  12. Mrs. Soithip Trisuddhi  
*Director*
  13. ACM M.L. Suprija Kamalasila  
*Independent Director*  
Mrs. Suvimol Bualerd (Vice President, Corporate Secretariat Department) as Secretary

### Authorized Directors

ACM Treetod Sonjance, Mr. Kanit Sangsubhan, and ACM M.L. Suprija Kamalasila signed and sealed the Company's seal.

### Independent Directors

To ensure that THAI adheres to the principles of good corporate governance as stipulated by the Securities and Exchange Commission (SEC), similar guidelines of the State Enterprise Policy Office (SEPO) and that of the Institute of Directors (IOD), the Board of Directors appointed the Independent Directors. As of December 31, 2014 directors:

1. Mr. Areepong Bhoocha-oom *Independent Director*
2. ACM Treetod Sonjance *Independent Director*
3. Mr. Kanit Sangsubhan *Independent Director*
4. Mr. Rathapol Bhakdibhumi *Independent Director*
5. Mr. Veerathai Santiprabhob *Independent Director*
6. Mr. Weerawong Chittmittrapap *Independent Director*
7. Mr. Somkiat Sirichatchai *Independent Director*
8. ACM M.L. Suprija Kamalasila *Independent Director*

The Scope and Limitations of Independent Directors are as follows:

1. Must hold no more than 1 percent of the total outstanding voting stock of THAI, its subsidiary or its affiliated companies, its major shareholders or persons having control over the Company. Shareholding of the Independent Director includes shares held by persons related to the particular Independent Director.
2. Is not currently or has been part of management, staff, employee or consultant receiving regular remuneration or having the ability to govern or dictate the direction of the Company, parent company, subsidiary, affiliates or affiliates of the same level, major shareholder or a person/entity having the ability to govern or dictate the Company's direction unless the position has been terminated for over 2 years. However, this restriction does not apply to Independent Directors having been a public servant or served as consultant to the government unit which is the Company's major shareholder or that of the entity that is able to govern or dictate the company's direction.
3. Is not a person that is related by blood or is related through legal bonding that includes the father, Mother, spouses, siblings and children including spouses of the children to management, the major shareholder, entity with the authority to govern or dictate the direction of the Company or any person that has received nomination to become a management or an entity that has authority to govern or dictate the Company's direction or its subsidiary.
4. Never gave or used to have business relationships with the Company, parent Company, subsidiary, affiliates, major shareholder or persons having ability to govern or dictate the Company's direction which may distract one's independent judgment. This also includes not having been or has been a shareholder of significance or person possessing the authority to govern or dictate an entity of an entity that has a business relationship with the Company, the parent Company, subsidiary, affiliates, major shareholder or a person with management authority unless the person's term has been terminated by at least 2 years.
5. Is not or has been the auditor of the Company,

- parent Company, subsidiary, affiliates, major shareholder or a person with authority to govern or dictate the Company and is not a shareholder of significance, a person with ability to control or a partner to an audit firm that has an auditor providing service to the Company, parent Company, subsidiary or affiliates, the major shareholder or a person of authority as part of the firm unless the position has been terminated for at least 2 years.
6. Is not or has been a professional service provider that includes being a legal advisor or financial advisor that has received remuneration of over 2 million baht per annum from the Company, parent Company, subsidiary, affiliates, the major shareholder or an entity that has authority to govern the Company and is not a shareholder of significance, person of authority to govern or a partner of a professional service provider unless that position has been terminated for at least 2 years.
  7. Is not or has been a professional service provider that includes being a legal advisor or financial advisor that has received remuneration of over 2 million baht per annum from the Company, parent Company, subsidiary, affiliates, the major shareholder or an entity that has authority to govern the Company and is not a shareholder of significance, person of authority to govern or a partner of a professional service provider unless that position has been terminated for at least 2 years.
  8. Must not operate or own a similar type of business that is a direct competitor to the Company or its subsidiary or is not a major partner in a limited partnership or is a Director with management authority, staff, employee, a consultant earning regular remuneration or hold more than 1% of total voting shares of other companies that operates a similar type of business and is deemed to be a direct competitor to that of the Company or subsidiary.
  9. There are no other issues that would prevent such person to provide an independent point of view related to the Company's operations.

The Company has stipulated the shareholding limits of an Independent Director in clause 2 of not exceeding 0.5% which is more stringent than the requirement by both SEC and the SET.

An Independent Director possessing qualifications from 1 through 9 may be given authority through

collective decision to allow such person to run the Company's operations including the parent Company, subsidiary, affiliates, and affiliate of similar level, major shareholders or persons with the ability to dictate or govern the direction of the Company.

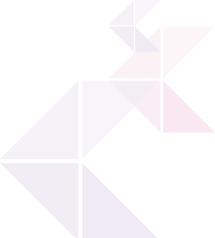
In case the person appointed to the position of Independent Director has or has had business relationship or a relationship with a professional service provider with remuneration exceeding section 4 or section 6 of the guidelines, the Company's Board of Directors may consider relaxing the guidelines if it is determined that the qualifications of the person appointed does not bear impact upon the role and the independence of his/her judgment. The Company must disclose the following information regarding the Independent Director in the section on the appointment of Independent Directors as part of the invitation for the shareholders' meeting:

- (1) Business relationships or professional services which would cause this candidate to not meet the stipulated criteria.
- (2) Reason and necessity for appointing such person as the Company's Independent Director.
- (3) A comment by the Company's Board of Directors regarding the proposed candidate to be appointed as Independent Director

### **Independent Directors' Authority and Responsibilities**

1. Freely provide comments/suggestions and/or provide progress reports on undertakings as assigned by the Board of Directors to ensure that the Company has corporate governance which complies with the Ministry of Finance and the Stock Exchange of Thailand's guidelines and guidelines for which the Company is evaluated annually including international best practices.
  2. The Committee has the authority to obtain documents and summon relevant persons to provide information in regards to assigned task(s) and other matters as assigned by the Board of Directors.
  3. Other matters as assigned by the Board of Directors
- In 2014, the Independent Directors performed their assigned duties and commented independently in order to retain the interests of all shareholders equally.

In 2014 the Board of Directors appointed several sets of Committees to study and scrutinize specific matter as of December 31, 2014 as follows:



## The Executive Board

The Executive Board, consisting of the persons below, were appointed and given the responsibility to ensure that the Company is run with maximum efficiency and to be able to meet the challenges of a dynamic operating environment while ensuring maximum benefit to the Company. The Company's Board of Directors appointed the following persons to the Executive Board Committee:

1. Mr. Kanit Sangsubhan  
*Chairman*
2. ACM M.L. Suprija Kamalaksana  
*Member*
3. ACM Siwakiat Jayema  
*Member*
4. Mrs. Soithip Trisuddhi  
*Member*
5. Mr. Pongpanu Svetarundra  
*Member*
6. President  
*Member*  
Mrs. Suvimol Bualerd (Vice President, Corporate Secretariat Department) as Secretary

## The Executive Board's Authority and Responsibilities

1. Screen issues to be submitted for Board of Directors' consideration
2. Follow up the implementation of the policies and resolutions of the Board of Directors including the implementation of strategic goals.
3. Give consultation and advice to Executives concerning the implementation of the policy of the Board of Directors.
4. Authority to approve as authorized by the Board of Directors as follows:
  - 4.1 Procurement of Materials according to the company's regulations concerning Materials within an authorized amount in excess of 500 million Baht up to 800 million Baht.
  - 4.2 Has the authority to approve non-budgeted investments of more than THB 50 million and less than THB 100 million and must report such authorizations to the Board of Directors
5. Has the authority to summon relevant staff and documents to clarify matters under consideration
6. Appoint subcommittees and working groups to perform as necessary and appropriate.

7. Execute other matters as assigned by the Board of Directors.

In case of necessity, the Executive Board may propose for the Board of Directors to approve hiring of consultants to perform tasks on the Company's behalf. At each meeting of the Executive Board, at least half of the members must be present in order to constitute a quorum. The Chairman is the Chairperson of the meeting and if the Chairman is unable to attend the meeting or is unable to execute his duties, the Chairman is to appoint another Board member to act as the Chairperson on his/her behalf. In case that the Chairman is not able to appoint another Board member to act as Chairperson, members of the Executive Board present at the meeting shall vote amongst themselves for a member of the Executive Board to act as Chairperson.

A majority vote by Members of the Executive Board determines a resolution with each member of the Board having one vote. Board Members that may have conflicts of interest on a particular issue must leave the room during discussion and does not have the right to vote on the particular issue. Should there be a tie in the votes the Chairperson will have a second vote to break the tie.

## Audit Committee

To ensure abidance with policies on good corporate governance as stipulated by the Ministry of Finance and the Stock Exchange of Thailand, to increase shareholder and investor confidence, the Company's Board of Directors appointed the Audit Committee. The Audit Committee consisting of non-executive Board members:

1. Mr. Weerawong Chittmittrapap  
*Chairman*
2. Mr. Somkiat Sirichatchai  
*Member*  
(*who has knowledge and experience in reviewing reliability of Financial Statements*)
3. Mr. Rathapol Bhakdibhumi  
*Member*  
Mr. Somnerk Thumrongthammavong (Vice President, Office of the Internal Audit) Secretary

The members of our Audit Committee must meet the following requirements of the Thai Capital Market Supervisory Board, which include:

1. Members must be independent directors with qualifications as defined by the Capital Market Supervisory Board.

2. Members may not be directors authorized by THAI's Board of Directors to make any decisions in the business operations of a parent company, its subsidiary company or a subsidiary at the same level as our Company, or its majority shareholders or controlling persons.
3. Members may not be directors of a parent company, its subsidiary company or a subsidiary of the same level
4. Members must have sufficient knowledge and experience to perform their duties as Audit Committee members.

### Audit Committee's Authority and Responsibilities

1. The Audit Committee reviews the Company's financial statements and ensures sufficient and correct disclosure of financial information
2. Ensures the adequacy and effectiveness of internal control measures and internal audit processes while also ensures the independence of the Internal Audit Department. The Committee's responsibility is also to provide consent on the appointment, transfer of or the dismissal of the head of the Internal Audit Department
3. Ensuring the Company adheres to all Stock Exchange of Thailand rules and regulations and all other related legal guidelines to the Company's business
4. Consider, screen and submit for approval qualified independent persons to undertake the function of the Company's financial auditor along with submitting for approval the applicable auditor's fees. It is also required that the Audit Committee meet with the Company's financial auditor at least once a year without the presence of the Company's management
5. Review all transactions determined to be related party transactions or have conflicts of interest and ensuring adherence to all legal guidelines and regulations that of the Stock Exchange of Thailand and determine appropriateness of such transactions and ensuring that such transactions are in the best interest of the Company
6. Prepare an Audit Committee statement, as per the guidelines of the Stock Exchange of Thailand, to be included in the Company's annual report and must be signed by the Chairman of the Audit Committee
7. Undertake other activities that may be prescribed by the Company's Board of Directors within the

- scope of the Audit Committee's function
8. Upon finding or have any questions regarding transaction or actions taken which may bear significant impact on the Company's financial stability and financial performance, the Audit Committee must report such findings and/or query to the Company's Board of Directors for immediate corrective action within the time period as stipulated by the Audit Committee. These include:
    - (1) Transactions that are flagged as having conflicts of interest
    - (2) Corruption or something out of the ordinary or any fault or loophole in the internal audit process
    - (3) Breaking rules or guidelines set by the Stock Exchange of Thailand or any legal guidelines governing the Company's business

### Risk Management Committee

To ensure that the Company has a robust risk management system that not only conforms to the Stock Exchange of Thailand's good corporate governance guidelines but also guidelines established to assess the Company's annual performance and meeting international standards, the Risk Management Committee was established to ensure adherence to the stipulated guidelines. The Risk Management Committee consists of:

1. Mr. Dheerasak Suwannayos<sup>(1)</sup>  
*Chairman*
2. Mr. Areepong Bhoocha-oom  
*Member*
3. Mr. Kanit Sangsubhan  
*Member*
4. ACM M.L. Suprija Kamalasan  
*Member*
5. Mr. Pongpanu Svetarundra  
*Member*
6. President  
*Member*
7. Executive Vice President, Business Strategy and Development Department  
*Member*
8. Executive Vice President, Corporate Finance and Accounting Department  
*Member*
9. Vice President, Petroleum Corporate Insurance & Aviation Environment Department.  
*Director*

- 
10. Vice President, Risk Management Department  
*Director*
  11. Director, Departmental Risk/Internal Control Mgt  
*secretary*

Notes: <sup>(1)</sup> Chairman of Risk Management  
Committee resigned on August 31, 2014.

### Risk Management Committee's Authority and Responsibilities

1. Provide advice and guidance on the implementation of risk management and develop a comprehensive risk management process and strategic goals of legal rules, regulations, and income and other financial goals, effectiveness of manpower, planning, strategy and financial stability.
2. Determine policy, approach to risk management, practices framework, other risk managements that may cause obstacles to operation sustainable business operation and to the target goals comprising of foreign exchange, cash balance management, risk management on oil price, revenue earning, costs of operations, maintenance, personnel and labor disputes and etc.
3. Approve oil price risk management conduction in all forms.
4. Supervise the implementation of risk management, follow up on risk identification and risk assessment, including assess of adequate essential risk management
5. Has the authority to summon relevant persons and documents to clarify matters under consideration.
6. Appoint working groups as appropriate.
7. Execute other matters as assigned by the Board of Directors.

### Nomination and Remuneration Committee

Following the good corporate governance principles of both the Ministry of Finance and that of the Stock Exchange of Thailand and in observance of international best practice, the Company's Board of Directors appointed Nomination and Remuneration Committee. The Nomination and Remuneration Committee consists of :

1. Mr. Rungson Sriworasat  
*Chairman*
2. ACM Satitpong Sukvimol <sup>(1)</sup>

- Member*
3. Mr. Areepong Bhoocha-oom  
*Member*
4. Mr. Kanit Sangsubhan  
*Member*
5. Mr. Rathapol Bhakdibhumi  
*Member*
6. Executive Vice President, Human Resources and Compliance  
*Member*
7. Vice President, Human Resources Department  
*Assistant Secretary*
8. Vice President, Office Internal Audit  
*Junior Secretary (President assessment)*

Notes:<sup>(1)</sup> ACM Satitpong Sukvimol completed full term of office on November 3, 2014

### Nomination and Remuneration Committee's Authority and Responsibilities

1. Determine recruitment methods to comply with the rules, criteria, regulations of the Company, and related laws In order to obtain the knowledgeable, skillful and experienced persons for the positions President and Executive Vice President and higher.
2. Select recruitment procedures performed in accordance with criteria to obtain a decent person as a Director, President and higher including proposing nominees to the Board of Directors for appointment, promotion, relocation as appropriate.
3. Determine remuneration for the directors, subcommittees, outsiders who work for the Company including senior management higher than the President by considering the principles of good practice recognized internationally and presented to the Board for consideration.
4. Evaluate the performance of the President under the conditions specified in the employment contract and present the results of the assessment to the Board for consideration.
5. Consider remuneration, and annual bonus welfare of the President under the conditions specified in the employment contract and present to the Board of Directors
6. Obtain an authority to call related employees and or workers of the Company to testify or comment including the authority to request documents or other

- subjects to be taken into consideration as well.
7. Appoint working groups as appropriate.
  8. Process other operations as assigned by the Board of Directors.

## Corporate Governance Committee

To ensure integrity of the Company's operations with respect to the principles of good corporate governance as stipulated by both the Ministry of Finance and the Stock Exchange of Thailand and is in line with international best practices, the Company's Board of Directors appointed the Corporate Governance Committee. The Corporate Governance Committee consist of:

1. Pol.Gen. Adul Sangsingkeo  
*Chairman*
2. ACM Satitpong Sukvimol  
*Member*
3. Mr. Ampon Kittiampon  
*Member*
4. Mr. Somchai Siritwatanachoke  
*Member*
5. Mr. Weerawong Chittmittrapap  
*Member*
6. Mr. Sutham Siritipsakorn  
*Member*
7. President  
*Member*
8. Executive Vice President, Human Resources and Compliance  
*Member*
9. Vice President, Legal Department  
*Secretary*
10. Director, Corporate Inspection Office  
*Assistance Secretary*

Note: Term of office until June 30, 2014

## Corporate Governance Committee's Authority and Responsibilities

1. Recommend practices of good corporate governance to the Board of Directors complied with Principles of the Ministry of Finance and Stock Exchange of Thailand.
2. Inspect governance, performance of the Board and Executive to adhere to the principles of good corporate governance.
3. Recommend the Board of Directors regarding to

- good corporate governance.
4. Review practices and the principles of good corporate governance of the Company to be continuous and appropriate compared with the practices of international practices and make recommendations to the Board of Directors.
  5. Has the authority to question management, employees or other related persons to provide a statement and/or view point including the authority to request documents or other necessary items to assist in decision making
  6. Appoint working groups as necessary and appropriate.
  7. Other undertakings as may be designated by the Board of Directors

## Strategy and Transformation Committee

To drive strategies and transform the company, the Board of Directors appointed Strategy and Transformation Committee Consist of :

1. Mr. Areepong Bhoocha-oom  
*Chairman*
2. Mr. Kanit Sangsubhan  
*Member*
3. ACM Siwakiat Jayema  
*Member*
4. Mr. Rathapol Bhakdibhumii  
*Member*
5. Mr. Somkiat Sirichatchai  
*Member*
6. Mr. Veerathai Santiprabhob  
*Member*
7. Mr. Kasama Punyagupta  
*Member*
8. President  
*Member*
9. Vice President, Corporate Secretariat Department  
*Secretary*

## Authority of the Strategy and Transformation Committee

1. Direct the Executive to manipulate strategic plans, organizational reform plans so the Company can compete effectively, and can generate reasonable and sustainable returns. However, strategy and organizational transformation plans must cover all aspects of business operations, integration on both immediate and continual measures.

- 
2. Screen strategies and organizational transformation plan before submission to the Board of Directors for approval.
  3. Monitor and supervise and advise the Executive to implement the strategic plans and organizational transformation plans including supervising the Executive to be responsible for the implementation each plan clearly.
  4. Appoint consultants to support the preparation and implementation of the strategy and organizational transformation plan as appropriate.
  5. Request and access to the business operations of the Company from all units as appropriate.
  6. Perform other duties as assigned by the Board of Directors.

## Corporate Communication and Social Responsibility Committee (CSR)

To ensure ongoing adherence to the Company's CSR guidelines to enhance the Company's social value through regular CSR communication, the Company's Board of Directors appointed CSR Committee. The Corporate Social Responsibility Committee consists of :

1. Mr. Somchai Siriwatanachoke<sup>(1)</sup>  
*Chairman*
2. ACM Satitpong Sukvimol<sup>(2)</sup>  
*Member*
3. Pol. Gen. Adul Sangsingkeo<sup>(3)</sup>  
*Member*
4. Mr. Ampon Kittiampon<sup>(4)</sup>  
*Member*
5. Mr. Rungson Sriworasart  
*Member*
6. President  
*Member*
7. Vice President, Financial Accounting Department  
*Member*
8. Vice President, Marketing Development & Customer Services Department  
*Member*
9. Vice President, Corporate Image & Communications Department  
*Member*
10. Director, Corporate Branding, Social Responsibility & Environment Department  
*Secretary*

11. Director, Communication & Public Relations Department  
*Assistant Secretary*
12. Director, Marketing Development & Commercial Communications Department  
*Assistant Secretary*

Prof. Parichart Stapitanont, Ms. Waraporn Kulsawatpakdee, Mrs. Juthaporn Rerngronasa as Advisor to Corporate Communication and Social Responsibility Committee.

- Note: <sup>(1)</sup> Mr. Somchai Siriwatanachoke Chairman, resigned on August 20, 2014  
<sup>(2)</sup> ACM Satitpong Sukvimol Completed term of office on November 3, 2014.  
<sup>(3)</sup> Pol. Gen. Adul Sangsingkeo resigned on July 1, 2014.  
<sup>(4)</sup> Mr. Ampon Kittiampon resigned on July 1, 2014.

## CSR Committee's Authority and Responsibilities

1. Specify policies and establish clear guidelines for CSR to enable adherence and commitment by employees to the Company's commitment to environment conservation under the "Green Innovation" concept.
2. Sponsoring activities and projects under the "Travel Green" concept involving shareholders, passengers, stakeholders and employees in such activities.
3. Host activities to raise awareness and re-emphasize concerns for environmental conservation and the society. Consider and approve activities and projects to be sponsored by the Company in relation to environmental conservation.
4. Ensure regular communication of the Company's CSR activities and to prepare CSR Report to be released to the general public on a regular basis.
5. To approve the Company's CSR budget including donations, sponsorships for air tickets and other activities along with budget control.
6. To review and approve all proposals to use the CSR budget.
7. Other undertakings as may be designated by the Board of Directors.

The Board of Directors also appointed legal committee composed of the Company's Executives, and qualified legal expertise in order to attend business operation related to laws, rules and regulations, orders including supervising severe case of the Company to keep them in order and effective. Labor Relations Committee appointed by the State Enterprise Labour Relations Act B.E. 2543, consisting of Directors of the Company as a Chairman, representatives of employers appointed by the Executives, not less than 5 persons, not more than 9 persons, and employee representatives, appointed by the members of the Union. The number of representatives is equal to that of the employers.

## Appointment of Top Management

The appointment of the President, which is the Company's top management position (Chief Executive Officer), is made by the Nomination Committee, appointed by the Board of Directors to select the President, as defined by the Standard Qualifications of State Enterprises Directors and Employees Act B.E. 2518 and the amendment and other related laws. The Nomination Committee consists of 5 Board members, and Vice President of Human Resources and Corporate Governance serve as secretary. The Nomination Committee has authority to define principles, procedures for recruiting, and to recruit knowledgeable and experienced, qualified and without disqualification person to take a position of President. The names of the nominee will be proposed to the Board of Directors to consider including conducting other operations assigned by the Board of Directors. The authority of the Nomination Committee is terminated when the employment contract for the President is signed.

In order to ensure that the recruitment of the President of Thai Airways Public Company Limited is processed in conformity with the Standard Qualifications of State Enterprises Directors and Employees Act B.E. 2518 and the amendment (No. 6) B.E. 2550, the Board of Directors appoints the Remuneration Committee for Determining the President's remuneration. The Committee consists of 4 directors and 1 representative of the State Enterprise Policy Office (SEPO.) to join the Committee. Vice President of Human Resources and Compliance served as Secretary of the Remuneration Committee for the President. The Remuneration Committee will consider the remuneration for the President. Vice President

considers the remuneration and conditions of employment, including the negotiation of return and conditions of employment to the appointed person as the President of the Company and will present the results with the draft employment contract to the Board of Directors for approval prior to preparation of employment contract for the President.

## Supervision of Subsidiaries, Associated Companies, and Related Company

To supervise the operations of Subsidiaries, Associated Companies and Related Companies, The Company as a shareholder sent a representative to supervise the interest as well as coordinate cooperation between Subsidiaries, Associated Companies and Related Companies. The Company's representatives are those who have been approved by the Executives and the Board of the Company to take positions as Directors in Subsidiaries, Associated Companies and Related Companies. The representatives are either members of the Company's Board of Directors or members from the Company's executive management or any external professionals who have knowledge and understanding of the business and someone who can contribute positively to that business and must be qualified according to the Criteria for the Appointment of Representatives of Thai Airways International Public Company Limited as Directors of Subsidiaries, Associated Companies and Related Companies.

A standard handbook on guidelines of being a representative has been provided to ensure that the appointees follow the rules and guidelines of the same standard complying with good corporate governance. The handbook determined the code of conduct of representative Directors, precautions, duties and responsibility abided by laws, objectives and regulations as well as resolutions of the General Meeting of shareholders for the benefit of the Company's in Subsidiaries, Associated Companies and Related Companies. In a major policy, a representative of the Company obtain the policy of the Company before offering an opinion at the meeting of Subsidiaries, Associated Companies and Related Companies, such as allocation of profit, dividend or submission of state revenue, the election of replaced directors who expired



from term of office, the increase - decrease capital, termination - merger. The Company's representative must report information within the given time to Executive and Board of the Company.

Besides, the Company arranged analysis, monitoring, and report on the performance Subsidiaries, Associated Companies and Related Companies on a quarterly basis to allow the Executive and Board of Directors to use the information in the decision making, determining direction and guidance to regulate investment Subsidiaries, Associated Companies and Related Companies.

## Policies on Insider Information

THAI strictly adheres to and abides by the guidelines of both the SET and the SEC as the emphasis is placed on good corporate governance. An internal guideline was announced in 2004 that current Board members and those retired from office of less than 6 months are not allowed to buy or sell THAI shares during the period of 1 month prior to and 3 days post the disclosure of the Company's financial statements. The Company Secretariat is responsible for notifying both the Board of Directors and the Executive Management in regards to the blackout period for which THAI's shares cannot be traded.

A monthly shareholding report is provided to both the Board of Directors and Executive Management summarizing changes in shareholding of THAI shares by persons stipulated by the SET, the SEC and the Company's guidelines. Both the Board of Directors and Executive Management have been notified of ensuing penalties for not complying with the established guidelines within the stipulated time. THAI's ethics handbook clearly prohibits the use of Company information for personal gains which is also considered to be a breach of discipline.

## Auditor's Fee Financial Auditor's Fee

The Company and its subsidiaries paid audit fees to the Auditor General for undertaking financial audit work for the 2014 accounting year in the amount of THB 4,670,000. No other payment was made to any person or business related to the Auditor General.

## Non-Audit Fees

The Company and its Subsidiaries paid fees other services, including rendered by the Auditor General - audit work as per BOI guidelines, audit work on its business units, audit work on the Company's Indian and Brunei offices and fees for the preparation of the Letter of Comfort to the Office Of The Auditor General of Thailand, as an auditor of the Company. During the past fiscal year, there was a total of THB 1,520,000, but the Company did not pay fees to any other person or entity associated with OAG in the past fiscal year or future expenditure arising from the agreement of uncompleted service has not been in the past fiscal year.

## Guidance for Good Corporate Governance

Board of Directors is committed to conducting business in accordance with Good Corporate Governance and intends to develop, improve Good Corporate Governance to meet the criteria for assessment of the ASEAN CG Scorecard with confidence that it will improve stability and sustainability of the growth of the Company's business.

# Corporate Social Responsibilities (CSR)



THAI recognizes the importance of social responsibilities and prepares the overview of such operations in 2014 Sustainable Development Report, in line with Global Reporting Initiative G4 - the international report framework. Anyone interested can study more details in the Company's Sustainable Development Report, which is circulated to all the shareholders and disclosed to the public on THAI's website at [www.thaiairways.com](http://www.thaiairways.com).

## Additional Operating Guidelines on Prevention of Involvement in Corruption

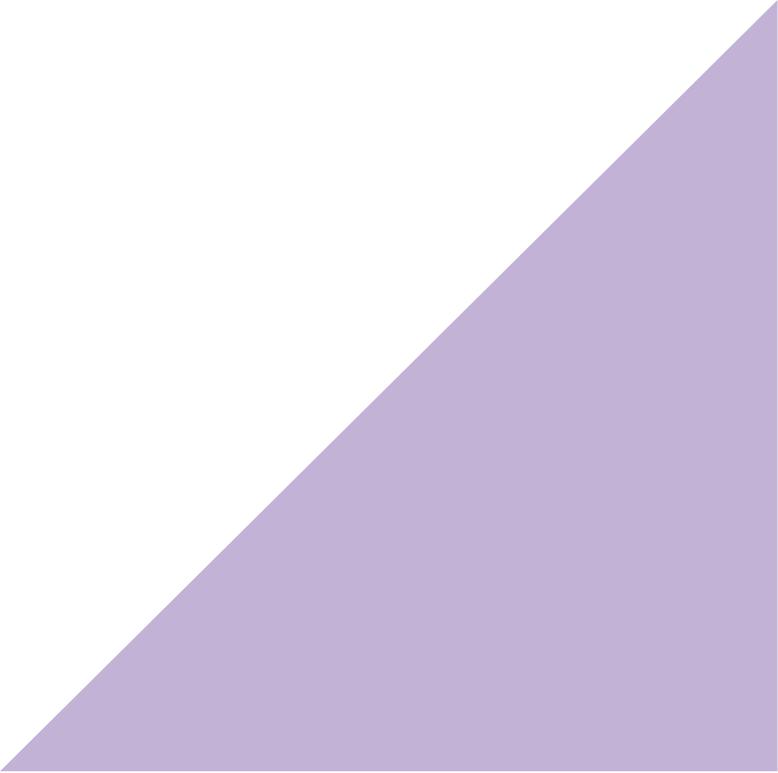
The Company realizes that the consequences of frauds and misconduct behaviors will cause damages in return. Therefore, THAI has adopted "Whistle Blower" policies for the management as guidelines, reviewed the implementation periodically, received anonymous complaints and clues of misconduct, and provided internally interactive communication and email system as working tools throughout the Company. As a consequence, the decrease in number of complaints and problem-solving will reflect the efficient compliance to the laws.

THAI has implemented the regulations with regard to the petition on frauds or failure to comply with government laws; THAI's rules, regulations, principles, or orders under corporate governance and code of ethics initiated since 1980 so that the employees,

staffs, stakeholders and third parties can adopt them as the channels for consultation of the clues and doubtfulness that may be understood as violations to laws as well as the Company's by law, rules and regulations. This allows the Company to make further inspection, which will lead to fairness, transparency and traceability in the future.

Since 2013, THAI included the training course on prevention of misconduct behaviors for Personnel Development and Training Department together with company visits to observe the environments in other organizations. In 2014, THAI initiated the dissemination of knowledge on prevention of misconduct behaviors starting from the management level, down to supervisor level and operation level in various departments e.g. Ground Support Equipment Department, Overhaul Department, General Management Department, etc.

In addition, in 2014, THAI was evaluated by ThaiPat Institute, with support from the Office of the Securities and Exchange Commission, of having a good anti-corruption progress indicator. THAI was rated at Level 2 (Declared), implied as commitment with the intention to join the private sector's collective action coalition for anti-corruption. This project has been supported by the government and National Anti-Corruption Commission (NACC) with the objectives of driving the broad anti-corruption practices.



## Internal Control and Risk Management

THAI has established a sufficiently robust internal control system for its operations. The procedures of regular monitoring and evaluation have been implemented on a regular basis to ensure stable operations in a rapidly changing operating environment and in line with the Company's level of risk appetite. The internal control

structure, according to COSO's new framework adjusted in 2013 (Committee of Sponsoring Organization of the Treadway Commission), comprises of 5 components and 17 principles. Results derived from the internal control assessment are summarized below:

## Control Environment

### 1. The organization demonstrates a commitment to integrity and ethical values.

THAI's Corporate Governance and Code of Ethics serve as guidelines for its daily operations and decision making on various issues including general conduct towards trading partners, customers and third parties. The Code of Ethics encompasses protection of the Company's best business interests without seeking self or other interest; avoidance of conflicts of interest; adherence to the Company's integrity and refusal to allow corruption in the respective areas of responsibilities. The operators are required to submit reports to their supervisors immediately in case of suspicion that they or related persons have conflicting interests with the Company. The operation of the employees are subject to the principles outlined by the Office of the National Anti-Corruption Commission in which appropriate penalties would be imposed in case of violating the aforementioned principles. Communication on the principles and penalties are made to the management executives and employees. It is also included in the orientation of new employees by having them sign for acknowledgement of the principles as well as the penalties. The Code of Ethics is disseminated to the employees and the third parties by means of communication with every level of employees. It is also being included in the new staff orientation and training as well as on the THAI's website. Monitoring and assessment of the operations are performed annually, according to the Code of Ethics, by the independent experts i.e. Thai Institute of Directors. In case violation of the Company's Code of Ethics is found, supervisors give oral warning or conduct discipline investigation taking into consideration violator's behaviours, intention, motivation, age, historical background, position and violator's duties and responsibilities including damages caused to the Company, or other reasons on a case by case basis. In case that the practice is in breach of the Company's Code of Ethics, the Legal Department is authorized to determine the case within the timeframe as prescribed in the Thai Airways International Public Co., Ltd.'s regulations on the petition

pertaining corruption or failure to comply with laws, regulations, code of conduct or orders under the Company's Corporate Governance and Code of Ethics.

### 2. The Board of Directors demonstrates independence from management and exercises oversight of the development and performance of internal control.

Roles and responsibilities of the Board of Directors and Executive Management are defined in the director's manual with reference to the Public Limited Companies Act B.E. 2535; provisions related to in Civil and Commercial Codes; Securities and Exchange Act B.E. 2535; regulations and notifications issued by the Office of the Securities and Exchange Commission; Company's regulations and policies. The table of authorities is elaborated in the director's manual. The Company has concluded the Memorandum of Agreement with the State Enterprise Policy Office. The roles and responsibilities of the Audit Committee are elucidated through the Audit Committee appointment orders, Charter of the Audit Committee and its function description. Scope of the duties and responsibilities are prescribed in the Company's orders in line with the Ministry of Finance's regulation pertaining Audit Committee and Internal Audit of State Enterprises B.E. 2555. The Company's Board of Directors consists of experts from various fields whose profiles could be verified i.e. financial business, transportation, laws. According to the requirements of the Securities and Exchange Commission and State Enterprise Policy Office, the Company is required to appoint at least one-third of the total number of the directors as independent directors. Some of the Boards have more than 50% of the total number of the directors as independent directors whose qualifications were verified according to the Capital Market Supervisory Board Announcement Thor Jor 4/2552 No. 16 prior to the appointment.

### 3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

The Executive Management has set organizational structure appropriate to its business and legal activities. Lines of command, authorities and responsibilities are delineated according to the function description and



job description. These documents are reviewed annually or every time when structural changes are taking place. There is a significant segregation of duties between aviation business and other business units. Each business unit plans the operation under its responsibilities and reports the THAI Business Unit Executive Management. In addition, the Corporate Activity Administrative Division is in place to monitor operations to ensure compliance with international laws, rules, regulations related to aviation business and other businesses. There is an Investigating Office responsible for entertaining complaints, inspecting corruption and misconduct behaviours. The Internal Audit Department has a direct reporting channel to the Audit Committee to ensure its independence in executing their tasks and responsibilities.

#### **4. The organization demonstrates a commitment to attract, develop and retain competent individuals in alignment with objectives.**

THAI's recruitment procedures/methods are in compliance with the requirements of the Standard Qualifications of State Enterprise Directors and Employees Act B.E. 2518 and Company's regulations on personnel management. Criteria and qualifications are outlined for recruitment of qualified personnels to fill the positions. Annual personnel appraisal procedures/methods are in place. Corporate satisfactory assessment of the new staff is conducted in order to review procedures/methods for improving efficiency. Currently, it is found that the assessment procedures for personnel appraisal and assessment are not performed at the same standard which may affect personnel motivation and retention. However, the Company has already planned for the improvement in this area. The issue has been included in the organizational restructuring plan to be implemented in 2015. In relation to personnel development, THAI has a plan to continuously develop the quality of its personnels in every unit and level as part of management competency and core competency development. By this, THAI aims to recruit the individuals who possess certain characteristics in terms of knowledge, expertise and skills required by the Company and departments in a bid to improve its efficiency. Personnel development plan also incorporates the strengthening of corporate culture; THAI Spirit operation; fostering awareness of morality, ethics, values and conscious among staff; promoting corporate loyalty and relationships within the organization. THAI will prepare

Individual Development Plan (IDP) focusing on developing high potential employees who have capabilities and skills for succession of management positions. The Company has initiated THAI High Flyer Project to prepare its future leaders and experts who are capable to replace retired executives in the long run. It has also developed a knowledge management system to accumulate significant knowledge body for the Company.

#### **5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.**

Priority has been given to the Internal Control. The Internal Control Policy was issued by the Company Order No. 154/2552. It serves as operational guidelines for the Company's executives and employees to achieve operational objectives through properly designed procedures. The Company's executives has set the targets and identified the Key Performance Indicators: KPIs for each department. Employees in each position prepare duty statement and identify their KPIs in line with the department's objectives. Employee and supervisor jointly sign to acknowledge duties and responsibilities. Performance are assessed based on the KPIs which are linked to the appraisal for annual salary increase and incentive pay. In addition, the progress of the Company's operation carried out according to the Internal Audit Department's recommendations forms part of the Executive Management's KPIs since 2012. This is done to ensure that recommendations of the Internal Audit Department are pursued by the executives and employees. It also reflects good internal control mechanism and assures the success of the operation.

### **Risk Assessment**

#### **6. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.**

The objectives of the operations are set by the Company. THAI emphasizes the importance of safety and customer service guided by the vision, "First Choice Carrier with Touches of Thai". Priority has been given to customer service delivered with the charm of Thai that entices the clients. Safety objectives are in line with the requirements of the international aviation standards. Besides, financial

operations are executed according to the policy to control expenditures and increase revenues to enhance service efficiency to meet international standards. Reviews of corporate compliance are conducted annually. Memorandum of Agreement is concluded with the State Enterprise Policy Office in which the objectives of the operations and KPIs are set for formulating the enterprise plan including its promotion. KPIs and persons in charge are explicitly identified. In addition, KPIs are also jointly developed by 3 state enterprises operating the business under the supervision of the State Enterprise Policy Office to increase efficiency on the service time for facilitating immigration process of outbound passengers at Suvarnabhumi Airport.

**7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.**

The Company's Risk Management Department and Executive Management have assessed risks from various aspects. These include the assessment of risks driven by the external factors i.e. competitive condition in the airline industry, global and regional economic and political circumstances; and the internal factors i.e. operational procedure efficiency and management. Risks are identified from different perspectives i.e. strategy, management, finance, standards and

regulations e.g. mismatching of product/service development and customer groups; failing to meet targeted incomes generated by passengers. Risks associated with the Company's financial conditions i.e liquidity, financial ratios and credit ratings etc. are also analyzed. Each department has managed its risks according to the Company Risk Management Manual. Key Risk Indicator/ KRI are formulated. If the risk score is approaching trigger and threshold zone, control measures will be revised by the Company. The Company's risks are managed under the supervision of the Risk Management Committee appointed by the Company's Board of Directors.

**8. The organization considers the potential for fraud in assessing risks to the achievement of objectives.**

Assessment of potential fraud risks are performed in various procedures i.e procurements, airline ticket regulation violation etc. Statistics, fraud investigation reports compiled by the Investigating Office are utilized as guidelines to assess probability and likelihood of fraud in different departments of the organization. Motivation/pressure of fraud, which are mostly provoked by personal issues and benighted employees, are analyzed. Reports from the Internal Audit Department are reviewed by the Audit Committee. The procedure has embedded fraud risk assessment and preventive measures including proposal to establish control point to prevent fraud. If the Audit





Committee is in view that there are issues to be discussed with the executive management, the invitation will be issued to the responsible executives to provide answers to queries in the Audit Committee Meeting as deemed appropriate.

**9. The Organization identifies and assesses changes that could significantly impact the system of internal control.**

Changes driven by the internal and external factors are assessed by the Company. Factors affecting the Company's operations are identified which includes global and regional political and economic conditions; social changes; expansion of low-cost airlines; commencement of ASEAN Economic Community; augmentation and implementation of new aircraft technology; future of aviation business; disasters; epidemics; legal and regulatory changes; changes in business models and operations; technological changes etc. Risk Management Department has assessed and analyzed all these risks factors in order to identify and regularly monitor the progress of risk management as well as coordinating with related departments in preparing risk control plans.

**Control Activities**

**10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.**

The Company has a number of internal control measures in place depending on the complexity and the nature of each task. Risk control is implemented by the Company. Preventive Control is executed which includes segregation

of duties and responsibilities in line with job description, Company's policy and regulations authorizing verifications between/among departments. Measures related to the information technology (IT) encompass the control of access to information in which only the person in charge approved by the supervisor is authorized to access the information. Supervisor is required to notify the authority once the subordinate has terminated his/her duties. In addition, Promotional Control is also implemented which includes the organization of activities to foster employee's awareness on different aspects, especially, on the prevention of frauds, misconducts and discipline codes. Activities and timeframes of risk control operation are outlined taking into consideration the environment, scope of the operation and other related factors. Operational regulations are formulated, reviewed and adjusted to mitigate risks during the operation.

**11. The organization selects and develops general control activities over technology to support the achievement of objectives.**

Information technology (IT) infrastructure is created by the Information Technology Service Department. The Information Technology Security Policy and Standard are established by the department in line with the ISO 27001 framework. Every department is required to implement IT Security Policy and comply with the standard set forth as issued by the Company Order. The IT Security Policy serves as the framework for controlling the standard of the Company's IT infrastructure which are safe and simple for modification and maintenance. In addition, procedures for acquisition, development and maintenance of the IT system are outlined in the Project Management Handbook. Furthermore, the Information Technology

Master Plan (5 years) is formulated to help the executives to prioritize the investment for the Company's IT system development. The IT Master Plan is being reviewed annually in accordance with the Company's strategies.

## **12. The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.**

Compilation of the rules and regulations of the external agencies in the airline industry including domestic and international public and private organizations is made in a bid to develop the Company's policy, regulations and operational manuals in written and electronic form. The Executive is tasked with the responsibility to implement policies and plans as well as actualizing them in the operations by including these policies in the Department's operational plan, duty statement, service agreement and meeting resolution. Directions are issued through the lines of command in which the person in charge is tasked with responsibilities on different procedures as appropriately outlined in the job description. Timeframe is clearly defined. Supervisors are assigned to closely monitoring and follow up the meeting and documents to ensure immediate correction if mistakes are found. The executives and supervisors are also in charge of monitoring employee's operation to ensure compliance with the Company's rules, regulations and orders. In addition, they are also tasked with reviewing policies and regulations in order to adapt them to the prevailing circumstances, and in accordance with the Company's policy pertaining legal and regulatory compliance issued by the Company's Directive 11/2555.

## **Information and Communication**

### **13. The organization obtains or generates and uses relevant quality information to support the functioning of other components of internal control.**

Data and information required for facilitating the operations are outlined by the Company in consideration of internal and external information. Laws, rules, regulations, information related to the aviation industry and competitors are systematically organized and regularly updated. IT system is in place to store the data and support the operations. The Company has continuously

developed its IT system to ensure timely technological adjustment i.e. Data Warehouse has been developed to collect customer's information for improving product and service quality. SAP-DE/WISE and SAP- HCM system are implemented to enhance operational efficiency and help the Executive to acquire necessary data required for determining cost and value. In addition, the Information Centre plays an important role in monitoring and managing the Company's data and information in rigorous compliance with the Official Information Act B.E. 2540. Analysis of environmental factors and feasibility study are undertaken to determine operational value and investments through different committees or working groups managing investment project in order to optimize benefits of the Company.

### **14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.**

The Company has sufficient and efficient IT system and internal communication procedures. Channels for internal and between department communication are in place to ensure employees and executives rapid access to information for the operation i.e meetings, documents, e-mail, Company's intranet, mobile application etc. Filing manuals are provided. Confidential information are categorized according to the level of confidentiality. Important information are presented to the Board of Directors on a regular basis i.e financial report, financial statement disclosure, significant accounting policy and important estimates, observations from financial statement audit, financial liquidity report, Company's liabilities status, operational performance of affiliated and subsidiary companies etc. There are also channels for reporting frauds and misconduct (Whistle Blower Policy) as prescribed by the laws, rules and regulations either in written or verbal form. The information will be kept confidential.



**15. The organization communicates with external parties regarding matters affecting the functioning of other components of internal control.**

The Company has prepared the annual report and disseminated it to all the shareholders. The report is also published on the Company's website. Corporate Image and Communication Department has communicated information related to the company through different media outlets including mobile application. Channels are established to receive complaints and communicate information to customers, customer airlines, external agencies receiving services i.e Department of Civil Aviation and/or Airport Authority of each respective countries involving in the aviation operations via letter, e-mail or Customer Relation Form to the Company's executives. Security analysts, representatives from financial institutions are invited quarterly to entertain Company's performance briefing from the executives in order to build investor's confidence. In addition, customer satisfaction survey is conducted to acknowledge problems, complaints related to services as well as suggestions and recommendations to improve service efficiency. Communication is made to transmit the policy from the government agencies and ministries including submission of reports to relevant state agencies. Furthermore, the external parties are provided with the opportunity to directly inform or notify the President about the information related to frauds through e-mail or document.

## **Monitoring Activities**

**16. The organization selects, develops and performs on going and/or separate evaluations to ascertain whether the components of internal control are present and functioning.**

A sufficient and suitable monitoring and evaluation system is in place within the Company as management at all levels understand their area of concern and aware of their responsibilities on the operational monitoring to ensure the adherence to determined plan. Regular department meetings are held to ensure that work is in line with established KPIs. Operational reports in comparisons of achievement with set goals or budget is regularly submitted to executives for adjustment in accordance with the goals. Every department undertakes annual Control Self-Assessment (CSA) and prepare

report to the State Audit Commission as per rule 6. A separate evaluation on the internal control system is performed by the Internal Audit Department which is the independent agency under the Audit Committee. Likewise, external audit representatives from Bureau Veritas, IATA, Operational Safety Audit (IOSA), the Department of Civil Aviation and the International Standardization and Organization (ISO) also play the important role as qualified external auditors. Management deems these audits as importance where remedial action were taken as recommended by auditors.

**17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.**

Guidelines for audit report and monitoring of the progress of the Company's operation carried out according to the audit recommendations are provided by the Internal Audit Department. The Internal Audit Department has submitted the audit report including recommendations to assigned executives of the department and the Company's executives for consideration and implementation. Reports on important issues of concern and recommendations are submitted to the Company's President and Audit Committee. The Internal Audit Department has monitored the progress of the Company's operation as recommended in the audit report until it has been completely executed. Progress report is quarterly presented to the Company's President and Audit Committee to ensure that recommendations are efficiently taken into the implementation. In case of finding or suspicion on any damages with significant implications on the Company's operations i.e conflicting interest, fraud or deficiencies in the internal control system or violation of regulations, the head of the Internal Audit Department will report them to the President and the Audit Committee immediately.

The Board of Directors Meeting No. 2/2558 of Thai Airways International Public Co., Ltd. dated 23 February 2015, attended by 11 independent directors including 3 members of the Audit Committee, has concluded that there are sufficient and appropriate internal control procedures to safeguard the Company's operation.



# Related Party Transactions

The following transactions include certain transactions that are deemed material related transactions with persons who may have conflicts of interest for the year ended December 31, 2014.

Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
Ministry of Finance (MOF)	<ul style="list-style-type: none"> <li>The MOF is a major shareholder of THAI with 51.03% equity interest.</li> <li>Two of THAI's Directors, Mr. Rungson Sriworasat and Mr. Ponpanu Sveltarundra, are Permanent Secretary and Deputy Permanent Secretary of MOF, respectively.</li> </ul> <p><b>Note</b> : Mr. Rungson Sriworasat, Deputy Permanent Secretary of MOF, is a Director of THAI on April 29, 2014.</p>	<p>Loans via the MOF are as follows :</p> <ul style="list-style-type: none"> <li>Long-term Loans               <ul style="list-style-type: none"> <li>Outstanding balance 15,471.25</li> <li>Interest expense 382.73</li> </ul> </li> <li>THAI leased the lands from the Treasury Department :               <ul style="list-style-type: none"> <li>Rayong Province</li> <li>Khon Kaen Province</li> <li>Udon Thani Province</li> <li>Surat Thani Province</li> <li>Krabi Province</li> </ul> </li> </ul>	15,471.25	17,375.52	<p>The Pricing/terms of transactions and interest rate are on an arms' length basis and on commercial terms as unrelated parties. Long-term Loans with 17- year terms is due on July 15, 2030.</p> <p>THAI purchases services on an arms' length basis and on commercial terms as unrelated parties.</p>

Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy	
			for the year ended December 31, 2014	for the year ended December 31, 2013		
Government Saving Bank (GSB)	<ul style="list-style-type: none"> <li>GSB is controlled by the MOF, a major shareholder of THAI.</li> </ul>	1. THAI borrowed loans from GSB as follows : <ul style="list-style-type: none"> <li>Long-term Loans               <ul style="list-style-type: none"> <li>Outstanding balance 1,890.00</li> <li>Interest expense 100.41</li> </ul> </li> </ul>	568.00		The Pricing/terms of transactions and interest rate are on an arms' length basis and on commercial terms as unrelated parties. The 2 outstanding of long-term loans with 7-year terms are due on October 8 and 13, 2015, respectively.	
		2. THAI entered into the Committed revolving credit line with GSB, not more than THB 7,000 million. <ul style="list-style-type: none"> <li>Commitment fee 4.32</li> <li>Accrued Commitment fee 0.00</li> </ul>		17.50	4.46	The Pricing/terms of transactions and interest rate are on an arms' length basis and on commercial terms as unrelated parties as follows : <ul style="list-style-type: none"> <li>Committed revolving Credit Line               <ul style="list-style-type: none"> <li>not over 7-year terms from the agreement date At present. THAI has already drawn a such committed revolving credit line.</li> </ul> </li> </ul>
		<ul style="list-style-type: none"> <li>Short-term Loans               <ul style="list-style-type: none"> <li>Outstanding balance 7,000.00</li> <li>Interest expense 61.70</li> </ul> </li> </ul>		0.00	0.00	<ul style="list-style-type: none"> <li>Short-term Loans : 3 Outstanding of Short-term Loans               <ul style="list-style-type: none"> <li>365 - day terms due on September 25, 2015</li> <li>365 - day terms due on October 27, 2015</li> <li>365 - day terms due on October 28, 2015</li> </ul> </li> </ul>
		3. THAI sold tickets, leased ATM area and line telephone to GSB <ul style="list-style-type: none"> <li>Aggregate amount 2.16</li> <li>Outstanding balance 0.44</li> </ul>		3.68	1.20	THAI sells and leases goods and services on an arms' length basis and on commercial terms as unrelated parties.



Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2014	
Islamic Bank of Thailand (ISBT)	<ul style="list-style-type: none"> <li>ISBT is controlled by the MOF, a major shareholder of THAI.</li> </ul>	THAI borrowed loans from ISBT as follows : <ul style="list-style-type: none"> <li>Short-term loans               <ul style="list-style-type: none"> <li>Outstanding balance 3,000.00</li> <li>Profit payment 42.04</li> </ul> </li> </ul>	0.00	0.00	The Pricing/terms of transactions and interest rate are on an arms' length basis and on commercial terms as unrelated parties. Such loans have 183-day terms and due on January 30 and February 17, 2015.
Export - Import Bank of Thailand (EXIM)	<ul style="list-style-type: none"> <li>EXIM is controlled by the MOF, a major shareholder of THAI.</li> </ul>	1. THAI entered into the Committed revolving credit line with EXIM amount of THB 3,600 million. <ul style="list-style-type: none"> <li>Commitment fee 3.60</li> <li>Accrued Commitment fee 0.50</li> </ul> 2. THAI sold tickets to EXIM <ul style="list-style-type: none"> <li>Aggregate amount 1.12</li> <li>Outstanding balance 0.00</li> </ul>	3.60	0.50	The Pricing/terms of transactions and interest rate are on an arms' length basis and on commercial terms as unrelated parties. The Committed revolving credit line has 5-year terms, July 20, 2012 to July 20, 2017. At present, THAI has not drawn any such Committed revolving Credit line.
					THAI sells goods and services on an arms' length basis and on commercial terms as unrelated parties.

Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
Krunthai Bank Public Company Limited (KTB)	<ul style="list-style-type: none"> <li>Ministry of Finance controlled via the Bank of Thailand and Financial Institutions Development Fund, which is the majority shareholder of Krung Thai Bank Public Company Limited</li> <li>One of THAI's Director, Mr. Areepong Bhoocha-oom, is a Chairman of TMB.</li> </ul>	1. THAI borrowed loans from KTB as follows : <ul style="list-style-type: none"> <li>Short-term loans <ul style="list-style-type: none"> <li>Outstanding balance 0.00</li> <li>Interest expense 37.58</li> </ul> </li> </ul>			The Pricing/terms of transactions and interest rate are on an arms' length basis and on commercial terms as unrelated parties. The short - term loan with 91 - day terms is due on March 25, 2015.
		2. THAI sold tickets to KTB <ul style="list-style-type: none"> <li>Aggregate amount 2.76</li> <li>Outstanding balance 0.27</li> </ul>		3.28 0.19	
Thailand Post Company Limited	<ul style="list-style-type: none"> <li>The MOF, a major shareholder of THAI, is a major shareholder of Thailand Post Co., Ltd..</li> <li>One of THAI's Directors, Mr. Rathapol Bhakdibhummi, is a Director of Thailand Post Co., Ltd.</li> </ul> <p><b>Note :</b> Mr. Rathapol Bhakdibhummi is a Director of THAI on August 5, 2014.</p>	1. THAI purchased postal and related services from Thailand Post Co., Ltd. <ul style="list-style-type: none"> <li>Aggregate amount 14.80</li> <li>Outstanding balance 0.08</li> </ul>		13.27 0.00	THAI purchases services at a market price on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to Thailand Post Co., Ltd. <ul style="list-style-type: none"> <li>Aggregate amount 5.54</li> <li>Outstanding balance 0.91</li> </ul>		7.08 1.17	



Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
Tourism Authority of Thailand (TAT)	<ul style="list-style-type: none"> <li>The MOF, a major shareholder of THAI, is a major shareholder of TAT.</li> <li>One of THAI's Directors, Mrs. Soithip Trisuddhi, is a Director of TAT.</li> </ul> <p><b>Note</b> : Mrs. Soithip Trisuddhi is a Director of THAI on August 5, 2014.</p>	1. THAI pays 5% of commission to TAT for selling THAI's tickets <ul style="list-style-type: none"> <li>Aggregate amount 1.72</li> <li>Outstanding balance 0.51</li> </ul>	4.15	0.00	THAI sells and leases goods and services on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and leased the Trang office to TAT <ul style="list-style-type: none"> <li>Aggregate amount 76.92</li> <li>Outstanding balance 8.60</li> </ul>	96.67	7.32	
PTT Public Company Limited (PTT)	<ul style="list-style-type: none"> <li>The MOF, a major shareholder of THAI, is a major shareholder of PTT.</li> <li>One of THAI's Directors, Mr. Areepong Bhoocha - oom, is a Director of PTT.</li> </ul>	1. THAI purchased fuel and oil for its aircraft and vehicles from PTT <ul style="list-style-type: none"> <li>Aggregate amount 11,709.33</li> <li>Outstanding balance 970.67</li> </ul>	11,704.07	1,358.20	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and provided AC dielectric tester services to PTT <ul style="list-style-type: none"> <li>Aggregate amount 156.14</li> <li>Outstanding balance 39.65</li> </ul>	346.75	41.99	

Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
Airports of Thailand Public Company Limited (AOT)	<ul style="list-style-type: none"> <li>The MOF, a major shareholder of THAI, is a major shareholder of AOT.</li> </ul>	1. HAI leased land and building at Suvarnabhumi Airport and other airports in Thailand and purchased airport related services from AOT <ul style="list-style-type: none"> <li>- Aggregate amount 8,357.55</li> <li>- Outstanding balance 159.77</li> </ul>	9,432.74	171.71	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to AOT and received 2% income from collecting passenger service charges for AOT <ul style="list-style-type: none"> <li>- Aggregate amount 80.10</li> <li>- Outstanding balance 6.78</li> </ul>	87.01	14.73	
District Cooling system and Power Plant Company Limited (DCAP)	<ul style="list-style-type: none"> <li>The MOF, a major shareholder of THAI, is a major shareholder of DCAP.</li> <li>Electricity Generating Authority of Thailand (EGAT) is a major shareholders of DCAP.</li> </ul>	THAI bought steam and chilled water from DCAP <ul style="list-style-type: none"> <li>- Aggregate amount 136.98</li> <li>- Outstanding balance 12.03</li> </ul>	134.90	11.99	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.



Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
Civil Aviation Training Center (CATC)	<ul style="list-style-type: none"> <li>The MOF, a major shareholder of THAI, is a major shareholder of CATC.</li> </ul>	1. CATC provided civil aviation training to THAI's pilots <ul style="list-style-type: none"> <li>- Aggregate amount</li> <li>- Outstanding balance</li> </ul>	50.47 8.05	28.58 0.00	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to CATC <ul style="list-style-type: none"> <li>- Aggregate amount</li> <li>- Outstanding balance</li> </ul>	0.13 0.00	0.29 0.00	THAI sells goods and services on an arms' length basis and on commercial terms as unrelated parties.
Thai-Amadeus Southeast Asia Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> <li>THAI is a major shareholder with 55% equity interest.</li> </ul>	1. THAI received a deposit for renting offices at Hat Yai and Phuket from Thai-Amadeus Southeast Asia Co., Ltd. <ul style="list-style-type: none"> <li>- Outstanding balance</li> </ul>	0.16	0.13	THAI sells and leases goods and services on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets as well as leased office area, computers and office equipment to Thai-Amadeus Southeast Asia Co., Ltd. <ul style="list-style-type: none"> <li>- Aggregate amount</li> <li>- Outstanding balance</li> </ul>	2.37 0.14	2.67 0.42	THAI sells and leases goods and services on an arms' length basis and on commercial terms as unrelated parties.

Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
WingSpan Services Company Limited (WSC) (Subsidiary Company)	<ul style="list-style-type: none"> <li>THAI is a major shareholder with 49% equity interest.</li> <li>Five of THAI's Executives, Mr. Pandit Chanapai, is a Chairman, Mrs. Wasukarn Visansawatdi, Flt.Lt. Kanok Thongpuk, Mrs. Charita Leelayudth and Lt. Anussorn Naksrichum, are Directors of WSC.</li> </ul> <p><b>Note</b> : Mr. Pandit Chanapai resigned from a Chairman on August 22, 2014. Flt.Lt. Kanok Thongpuk, Mrs. Charita Leelayudth, and Lt. Anussorn Naksrichum are Directors of WSC on November 6, 2014. Mrs. Wasukarn Visansawatdi resigned from THAI on April 15, 2014</p>	1. THAI lent a short-term loan to WSC <ul style="list-style-type: none"> <li>Aggregate amount</li> <li>Interest Income</li> </ul>	20.00 1.37	20.00 1.39	The Pricing and terms of these transaction are on an arms' length basis and on commercial terms as unrelated parties as follows : <ul style="list-style-type: none"> <li>On September 24, 2013, WingSpan Services and THAI have signed an addendum to extend the repayment of 1-year loan, signed on September 28, 2012, to September 27, 2014 with the same conditions of such loan.</li> </ul>
		2. THAI purchased outsource staff service from WSC. <ul style="list-style-type: none"> <li>Aggregate amount</li> <li>Outstanding balance</li> </ul>	863.52 412.10	913.68 423.08	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.
		3. THAI leased office area and equipment to WSC. <ul style="list-style-type: none"> <li>Aggregate amount</li> <li>Outstanding balance</li> </ul>	5.22 0.33	3.37 2.09	THAI sells and leases goods and services on an arms' length basis and on commercial terms as unrelated parties.
		4. THAI paid advanced labor expenses to WSC. <ul style="list-style-type: none"> <li>Outstanding balance</li> </ul>	320.26	401.95	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.



Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
Thai Flight Training Company Limited (TFTA) (Subsidiary Company)	<ul style="list-style-type: none"> <li>THAI is a major shareholder with 49% equity interest .</li> <li>Five of THAI's Executives, Sqn.Ldr. Asdavut Watanangura is a Chairman, Mr. Thongchai Singhakul, Sqn.Ldr. Sathaporn Charoensiri, Flt.Lt. Kanok Thongpurk and Ms. Wanida Thejtung are Directors of TFTA.</li> </ul> <p><b>Note :</b> Mr. Thongchai Singhakul resigned from TFTA on August 30, 2014. Sqn.Ldr. Sathaporn Charoensiri is a Director of TFTA on December 1, 2011. Flt.Lt. Kanok Thongpurk and Ms. Wanida Thejtung are Directors of TFTA on September 29, 2014.</p>	1. THAI purchased crew training courses for scheduled recurrent crew from TFTA.	0.12	0.00	THAI sells and leases goods and services on an arms' length basis and on commercial terms as unrelated parties.
		- Aggregate amount - Outstanding balance	0.00	0.00	
		2. THAI provided training equipment and leased office area as well as equipment to TFTA	18.18	5.16	THAI sells and leases goods and services on an arms' length basis and on commercial terms as unrelated parties.
		- Aggregate amount - Outstanding balance	4.46	2.23	

Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
Tour Eurmng Luang Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> <li>THAI holds 49% equity interest in Tour Eurmng Luang Co., Ltd.</li> <li>Two of THAI's Executive, Mr. Niruj Maneepun and Mr. Danuj Bunnag are Directors of Tour Eurmng Luang Co., Ltd.</li> </ul> <p><b>Note</b> : Mr. Niruj Maneepun and Mr. Danuj Bunnag resigned from Directors of Tour Eurmng Luang Co., Ltd. on July 25, 2014.</p>	1. THAI paid a commission to Tour Eurmng Luang for selling its products	21.65	22.53	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> <li>Aggregate amount</li> <li>Outstanding balance</li> </ul>	0.00	0.00	
Thai Smile Airways Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> <li>THAI is a major shareholder with 100% equity interest.</li> <li>Two of THAI's Directors, Mr. Ampon Kittiampon and Mr. Kanit Sangsubhan, are a Chairman. Three of THAI's Executives, Mr. Chokchai Panyayong, Flt.Lt. Montree Junteng and Flg.Off. Suraphon Israngura Na Ayuttaya, are Directors of Thai Smile Airways Co., Ltd. on September 18, 2014.</li> </ul>	2. THAI sold Tour Eurmng Luang to Tour Eurmng Luang Co., Ltd.	50.72	59.87	THAI sells and leases goods and services on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> <li>Aggregate amount</li> <li>Outstanding balance</li> </ul>	9.56	2.37	
Thai Smile Airways Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> <li>THAI is a major shareholder with 100% equity interest.</li> <li>Two of THAI's Directors, Mr. Ampon Kittiampon and Mr. Kanit Sangsubhan, are a Chairman. Three of THAI's Executives, Mr. Chokchai Panyayong, Flt.Lt. Montree Junteng and Flg.Off. Suraphon Israngura Na Ayuttaya, are Directors of Thai Smile Airways Co., Ltd. on September 18, 2014.</li> </ul>	1. THAI paid for ordinary shares 25% of authorized share capital of Thai Smile Airways Co., Ltd.	350.00	449.99	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> <li>Aggregate amount</li> </ul>			
Thai Smile Airways Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> <li>THAI is a major shareholder with 100% equity interest.</li> <li>Two of THAI's Directors, Mr. Ampon Kittiampon and Mr. Kanit Sangsubhan, are a Chairman. Three of THAI's Executives, Mr. Chokchai Panyayong, Flt.Lt. Montree Junteng and Flg.Off. Suraphon Israngura Na Ayuttaya, are Directors of Thai Smile Airways Co., Ltd. on September 18, 2014.</li> </ul>	2. THAI purchased block space from Thai Smile Airways Co., Ltd.	2,549.06	0.00	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> <li>Aggregate amount</li> <li>Outstanding balance</li> </ul>	2,549.06	0.00	



Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
	<p><b>Note :</b> Mr. Ampon Kittiampon resigned from a Chairman and Mr. Kanit Sangsubhan is a Chairman on July 7, 2014. Mr. Chokchai Panyayong resigned from a Director on September 4, 2014. Flt.Lt. Montree Jumrieng and Flg.Off. Suraphon Israngura Na Ayuttaya, are Directors of Thai Smile Airways Co., Ltd. on September 18, 2014.</p>	<p>3. THAI leased aircraft and sold Jet fuel and related services such as ground handling services, insurance, flight simulator training and catering to Thai Smile Airways Co., Ltd.</p> <ul style="list-style-type: none"> <li>- Aggregate amount 2,736.79</li> <li>- Outstanding balance 2,825.91</li> </ul>	0.00	0.00	THAI sells goods and services on an arms' length basis and on commercial terms as unrelated parties.
Donmuang International Airport Hotel Company Limited (Associated Company)	<ul style="list-style-type: none"> <li>• THAI holds 40% equity interest in Donmuang International Airport Hotel Co., Ltd..</li> <li>• Five of THAI's Executives, Mr. Pandit Chanapai and 2Lt. Anusorn Naksrichum, are a Chairman and Flt.Lt. Montree Jumrieng, Mr. Danuj Bunnag and Flg.Off. Chalermpon Intarawong, are Directors of Donmuang International Airport Hotel Co., Ltd.</li> </ul>	<p>THAI purchased accommodation services for its passengers from Donmuang International Airport Hotel Co., Ltd.</p> <ul style="list-style-type: none"> <li>- Aggregate amount 0.06</li> <li>- Outstanding balance 0.00</li> </ul>	0.15	0.01	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.

Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
	<p><b>Note</b> : Mr. Pandit Chanapai resigned from a Chairman on October 9, 2014. 2Lt. Anussorn Naksrichum is a Chairman on November 24, 2014. Mr. Danuj Bunnag resigned from a Director on November 24, 2014. Flg.Off. Chalermpon Intarawong is a Director of Donmuang International Airport Hotel Co., Ltd. on November 24, 2014.</p>				
Bangkok Aviation Fuel Services Public Company Limited (BAFS) (Associated Company)	<ul style="list-style-type: none"> <li>THAI holds 22.59% equity interest in BAFS.</li> <li>Four of THAI's Executives, Flt.Lt. Montree Jumrieng, Mrs. Wasukarn Visansawatdi, Lt. Athisak Padchuenjai and Flg.Off. Chalermpon Intarawong are Directors of BAFS.</li> </ul> <p><b>Note</b> : Flg.Off. Chalermpon Intarawong is a Director of BAFS on November 6, 2014. Mrs. Wasukarn Visansawatdi resigned from THAI on April 15, 2014 and Lt. Athisak Padchuenjai retired from THAI on September 30, 2014.</p>	<p>1. BAFS provides fuel services for THAI</p> <ul style="list-style-type: none"> <li>Aggregate amount</li> <li>Outstanding balance</li> </ul> <p>2. THAI provided transportations and catering services to BAFS</p> <ul style="list-style-type: none"> <li>Aggregate amount</li> <li>Outstanding balance</li> </ul>	<p>301.32</p> <p>30.96</p>	<p>363.70</p> <p>33.48</p>	<p>THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.</p> <p>THAI sells goods and services on an arms' length basis and on commercial terms as unrelated parties.</p>



Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
Royal Orchid Hotel (Thailand) Public Company Limited (ROH) (Associated Company)	<ul style="list-style-type: none"> <li>THAI holds 24% equity interest in ROH.</li> <li>Three of THAI's Executives, Mr. Pandit Chanapai, Mr. Danuj Bunnag and 2Lt. Anussorn Naksrichum are Directors of ROH.</li> </ul> <p><b>Note</b> : Mr. Pandit Chanapai and Mr. Danuj Bunnag resigned from Directors on November 6, 2014 and 2Lt. Anussorn Naksrichum is a Director of ROH on November 6, 2014.</p>	THAI purchased accommodation services for its passengers from ROH <ul style="list-style-type: none"> <li>- Aggregate amount 2.20</li> <li>- Outstanding balance 0.01</li> </ul>	4.91	0.36	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.

Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
Phuket Air Catering Company Limited (PACCO) (Associated Company)	<ul style="list-style-type: none"> <li>THAI holds 30% equity interest in PACCO.</li> <li>Three of THAI's Executives, Mr. Chokchai Panyayong is a Chairman, Mr. Teerapol Choitchanapibal and Fig.Off. Suraphon Israngura Na Ayuthaya are Directors of PACCO.</li> </ul> <p><b>Note</b> : Mr. Teerapol Choitchanapibal resigned from a Director on October 3, 2014 and Fig.Off. Suraphon Israngura Na Ayuthaya is a Director of PACCO on September 27, 2014. Mr. Chokchai Panyayong retired from THAI on September 30, 2014.</p>	<p>1. THAI purchased food and catering services from PACCO</p> <ul style="list-style-type: none"> <li>Aggregate amount 26.70</li> <li>Outstanding balance 0.07</li> </ul> <p>2. THAI sold raw material and catering services to PACCO</p> <ul style="list-style-type: none"> <li>Aggregate amount 1.29</li> <li>Outstanding balance 0.004</li> </ul>	46.97	2.74	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.
Suvarnabhumi Airport Hotel Company Limited (Associated Company)	<ul style="list-style-type: none"> <li>THAI holds 30% equity interest in Suvarnabhumi Airport Hotel Co., Ltd..</li> <li>Two of THAI's Executives, Mrs. Wasukarn Visansawatdi and Mr. Niruj Maneepun are Directors of Suvarnabhumi Airport Hotel Co., Ltd..</li> </ul>	THAI purchased accommodation services for its passengers from Suvarnabhumi Airport Hotel Co., Ltd.	21.04	17.56	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.
			0.43	1.04	



Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
	<p><b>Note :</b> Mrs. Wasukarn Visansawatdi resigned from THAI on April 15, 2014 and Mr. Niruj Maneepun resigned from a Director of Suvarnabhumi Airport Hotel Co., Ltd. on October 15, 2014.</p>				
Nok Airlines Company Limited (Associated Company)	<ul style="list-style-type: none"> <li>THAI holds 39.20% equity interest in Nok Airlines Co., Ltd..</li> <li>Four of THAI's Executives, Mr. Chokchai Panyayong, Mr. Teerapol Choitchanapibal, Flt.Lt. Montree Jumrieng and Flt.Off. Suraphon Israngura Na Ayuthaya, are Directors of Nok Airlines Co., Ltd..</li> </ul> <p><b>Note :</b> Two of THAI's Executives, Mr. Chokchai Panyayong and Mr. Teerapol Choitchanapibal resigned from Directors on September 4, 2014 and September 3, 2014, respectively. Flt.Lt. Montree Jumrieng and Flt.Off. Suraphon Israngura Na Ayuthaya are Directors of Nok Airlines Co., Ltd. on September 12, 2014.</p>	<p>1. THAI paid for equipment and ground services at Ubon Ratchathani as well as engineer licence to Nok Airlines Co., Ltd.</p> <ul style="list-style-type: none"> <li>Aggregate amount 10.57</li> <li>Outstanding balance 0.03</li> </ul> <p>2. THAI has been leasing out aircraft and providing aviation operation services to Nok Airlines Co., Ltd.</p> <ul style="list-style-type: none"> <li>Aggregate amount 70.96</li> <li>Outstanding balance 46.56</li> </ul>	<ul style="list-style-type: none"> <li>13.27</li> <li>0.03</li> </ul>	<p>THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.</p> <p>THAI sells and leases goods and services on an arms' length basis and on commercial terms as unrelated parties.</p>	

Name of persons who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Transactions (Million Baht)		Conditions/Pricing Policy
			for the year ended December 31, 2014	for the year ended December 31, 2013	
Aeronautical Radio of Thailand Limited (AEROTHAI) (Related Company and Joint Venture Company)	<ul style="list-style-type: none"> <li>The MOF, a major shareholder of THAI, is a major shareholder of AEROTHAI.</li> <li>THAI holds 1.42% equity interest in AEROTHAI.</li> <li>One of THAI's Executives, Lt. Athisak Padchuenjai is a Director of AEROTHAI.</li> </ul>	1. THAI purchased aeronautical navigation and leased equipment from AEROTHAI	2,001.61	1,815.44	THAI purchases goods at a market price on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> <li>Aggregate amount</li> <li>Outstanding balance</li> </ul>	85.88	130.87	
	<ul style="list-style-type: none"> <li>One of THAI's Executives, Lt. Athisak Padchuenjai is a Director of AEROTHAI.</li> </ul>	2. THAI sold tickets and provided transportation services to AEROTHAI	26.98	12.49	THAI sells goods and services on an arms' length basis and on commercial terms as unrelated parties.
	<ul style="list-style-type: none"> <li>Aggregate amount</li> <li>Outstanding balance</li> </ul>	0.18	0.01		

THAI has related party transactions for utilising expenses, consisting of electricity, water and telephone charges, which related to those government agencies and/or state enterprises providing such utilities amount of THB 95.86 million for the year ended December 31, 2014 with outstanding balance of THB 1.74 million as of December 31, 2014.





## **Necessity and reasonableness of related parties transactions**

Having scrutinized items on related parties transactions for the year ended December 31, 2014, the Audit Committee is of the opinion that the aforementioned items were transacted in accordance with the Company's regular business practices and in a reasonable manner. The setting of prices, terms and conditions were done in the same manner as those offered to non-related parties. There were no transfer benefits between the Company, subsidiaries, joint ventures, associated, related companies and shareholders.

## **Approval procedures for related parties transactions**

Related parties transactions were undertaken as per the Company's regular business procedures and were approved strictly in accordance with the Government and State Enterprise procedures. No Directors and Executives with conflicts of interest in the respective matter are involved in the approval process.

## **Policies on future related parties transactions**

The Audit Committee will oversee future related parties transactions to ensure that transactions are made properly with a fair rate of return and approved in accordance with appropriate processes and procedures. Items and values of related parties transactions with connected persons are to be disclosed in compliance to the announcement and regulations by the Securities and Exchange Commission (SEC), and the Stock Exchange of Thailand (SET).





# Essential Financial Information

## Financial Highlights

		Consolidated		
		2014	2013	2012
<b>Statement of Income</b>				
Total Revenues*	(Million THB)	203,889	207,711	216,743
Total Expenses	(Million THB)	220,627	220,640	209,639
Profit (Loss) before Income Tax Expense	(Million THB)	(16,738)	(12,929)	7,104
Profit (Loss) attributable to owners of the parent	(Million THB)	(15,612)	(12,047)	6,229
Net Profit (Loss)	(Million THB)	(15,573)	(12,000)	6,510
<b>Balance Sheets</b>				
Total Assets	(Million THB)	307,267	307,085	304,096
Total Liabilities	(Million THB)	265,971	250,166	234,278
Shareholder's Equity	(Million THB)	41,296	56,919	69,818
<b>Shares</b>				
Issued and Paid-up Share Capital	(Million Shares)	2,182.77	2,182.77	2,182.77
Par Value	(THB)	10.00	10.00	10.00
Earnings (Loss) Per Share	(THB)	(7.15)	(5.52)	2.85
Dividend Per Share	(THB)	-	-	0.50
<b>Financial Ratios</b>				
Net Profit (Loss) to Total Revenues	(%)	(7.6)	(5.8)	3.0
Return on Total Assets <sup>(1)</sup>	(%)	(3.5)	(2.3)	4.5
Return of Equity <sup>(2)</sup>	(%)	(31.7)	(19.0)	9.8
Interest bearing debt to Equity <sup>(3)</sup>	(Times)	4.7	3.1	2.3

Remarks : Thai Accounting Standard (TAS) 19, Employee Benefits, is adopted for the financial statements for the accounting period beginning on or after January 1, 2011 onward.

<sup>(1)</sup> Return on Total Assets = Net Profit before Interest and Tax / Average Total Assets

<sup>(2)</sup> Return on Equity = Net Profit / Average Shareholder's Equity

<sup>(3)</sup> Interest bearing debt to Equity = (short-term loan + long-term loan including current portion of long-term loan within 1 year) / Shareholder's Equity

\* Total revenue includes Gain (loss) on foreign exchange.

## Five-Year Financial Review

		2014	2013	2012	2011	2010
Number of Aircraft	(Aircraft)	102	100	95	89	90
Flight Hours	(Block Hours)	370,309	384,069	364,536	355,815	341,165
Available Ton-Kilometers	(Million)	12,346	12,728	12,023	11,987	11,516
Revenue Ton-Kilometers	(Million)	7,709	8,388	8,230	7,836	7,997
Load Factor	(%)	62.4	65.9	68.4	65.4	69.4
Number of Passengers	(000)	19,096	21,510	20,615	18,398	18,165
Available Seat-Kilometers	(Million)	82,969	85,655	79,231	78,533	75,600
Revenue Passenger-Kilometers	(Million)	57,194	63,479	60,679	55,267	55,676
Cabin Factor	(%)	68.9	74.1	76.6	70.4	73.6
Available Dead Load Ton-Kilometers	(Million)	4,869	5,019	4,892	4,919	4,708
Revenue Freight Ton-Kilometers	(Million)	2,458	2,565	2,653	2,766	2,895
Freight Load Factor	(%)	50.5	51.1	54.2	56.2	61.5
Number of Personnel	(People)	24,952	25,323	25,412	25,848	25,884
Profit (losses) before Tax	(Million THB)	(16,738)	(12,929)	7,104	(7,917)	16,657

### Definition of Aviation Terms

- Available Ton-Kilometers (ATK) Capacity offered for sale expressed as aircraft payload multiplied by flown kilometers.
- Revenue Ton-Kilometers (RTK) Capacity sold expressed as tons of load carried multiplied by flown kilometers.
- Load Factor Revenue Ton-Kilometers expressed as percentage of available Ton-Kilometers.
- Available Seat-Kilometers (ASK) Passenger capacity offered for sale expressed as number of seats multiplied by flown kilometers.
- Revenue Passenger-Kilometers (RPK) Passenger capacity sold expressed as number of passengers multiplied by flown kilometers.
- Cabin Factor Revenue Passenger-Kilometers expressed as percentage of available seat-kilometers.
- Available Dead Load Ton-Kilometers (ADTK) Capacity offered of aircraft payload after deduction of weight of the load of passenger multiplied by flown kilometers.
- Revenue Freight Ton-Kilometers (RFTK) Freight capacity sold expressed as tons of freight carried multiplied by flown kilometers.
- Freight Load Factor Revenue Freight-Kilometers expressed as percentage of available dead load Ton-Kilometers.
- Aircraft Payload Weight of the load of passengers, cargo and other load carried on a fully loaded aircraft using the average density of cargo.



## Board of Directors' Report - Preparing Financial Statements for 2014

The Company's Board of Directors is aware of its duties and responsibilities as Members of the Board of Directors of a publicly listed company on the Stock Exchange of Thailand in preparing the Company's 2014 financial statements. The Board's priority has been to ensure the prevention of any corrupt act, prevention of unusual activities and ensure that the Company observes the practices of Generally Accepted Accounting Standards and applies them on a consistent basis. The Board also ensures that appropriate due care is undertaken in preparation of the Company's consolidated financial statements and its subsidiaries together with the Company's own financial statements. This includes due care in preparation of additional financial information to be disclosed in the Company's 2014 annual report. The Company's financial auditors have reviewed and audited the Company's financial statements and have provided a summary in the Auditor's Report.

To better reflect the Company's financial status and operating performance to our stakeholders in the most transparent and informative manner while ensuring their confidence in this report, the Board appointed an Audit Committee comprising Independent Directors with qualifications as stipulated by the guidelines of

the Stock Exchange of Thailand. The main responsibility of the Audit Committee is to ensure that the Company provides sufficient, transparent, correct and appropriate financial disclosure together with information regarding related party transactions. The Committee is also tasked to ensure appropriate, sufficient and effective risk management guidelines, appropriate internal control procedures along with a robust internal audit process. Legal compliance is at the forefront of the Board's concerns therefore the Committee is also charged with ensuring that the Company's operations adhere to all relevant external and internal legal guidelines and policies.

The Board of Directors believes the Company and the Company's consolidated 2014 financial statements ending December 31, 2014, reviewed by the Audit Committee, management and the Company's financial auditor to be correct, complete, appropriate, in compliance with Generally Accepted Accounting Standards and employs appropriate accounting policies on a consistent basis. The financial disclosure is deemed to be transparent, provides an appropriate level of disclosure and is in compliance with all the relevant legal guidelines and policies.



Mr. Areepong Bhoocha-oom  
1st Vice Chairman  
Acting Chairman



Mr. Charamporn Jotikasthira  
President



## Summary of the 2014 Annual Activities of the Audit Committee



The Audit Committee of Thai Airways International Public Company Limited consists of three independent directors, qualified and experienced in legal, human resource management, risk management and auditing the credibility of financial statements. In the year 2014, the Board of Directors appointed a number of Audit Committee members due to board member resignations. Most recently, the Board of Directors has appointed Mr. Weerawong Chittmittrapap as Committee Chairman, replacing General Anantapom Kanjanarat effective from 12 November 2014 onward. From this date forwards, the Audit Committee now consists of Mr. Weerawong Chittmittrapap as Chairman, and both Mr. Somkiat Sirichatachai and Mr. Rathapol Bhakdibhumi as committee members.

During the year 2014, 9 meetings were organized between the Audit Committee, external auditors, internal auditors and the company's executive managements. The audit committee's meeting attendance records during 2014 can be referred to in the Corporate Governance section. To this, the Audit Committee has reported important issues and committee's opinions to the Board of Directors as deemed appropriate. Significant audit committee's activities during the year 2014 are summarized herein as follows:

**1. Financial Statement Audit:** The Audit Committee together with the financial and accounting executives and the external auditors have jointly reviewed company's quarterly financial reports and the annual 2014 financial statement including the reviews of financial reports, financial statement disclosure, accounting policy and significant accounting projections, as well as observations from the examination and review of external auditors and the support explanations and analysis of company's financial status and performance (MD&A). The committee has sought clarifications from the

auditors to ensure that the financial statements including accounting adjustments were correctly prepared and completed in conformity with acceptable standards and that the information were sufficiently disclosed and in timely manner.

Moreover, an exclusive session between the Audit Committee and external auditors was organized without presences of company executive management to discuss over the independency of activities and views of external auditors.

**2. The audit of adequacies and effectiveness of internal audit and risk management systems:** The Audit Committee has reviewed and monitored the adequacy and effectiveness of internal control system through overseeing the Office of Internal Audit's internal audit reports, result of internal control self-assessment in accordance with the State Audit Commission's internal audit guidelines of B.E. 2544. Moreover, the Vice President of Risk Management Department has also participated in the Audit committee meeting to report on the company's significant risks and the directions to mitigate and manage those risks on regular basis every year.

In addition, one meeting was organized between Audit Committee and the executive managements of the company to discuss over the appropriate agenda in relation to the company performance, significant audit findings as well as plans of improvements as suggested from the audit findings and reports. The objective of such recommendation was reiterated in order to raise company executives' awareness of an importance of good governance and internal control system.

**3. Monitoring of Internal Audit activities:** The Audit Committee has reviewed and approved the audit and training plan from the Office of Internal Audit and



endorsed on adjustments in the plan in order to ensure that the plan was well aligned with THAI's Transformation Plan and optimized with available resources within the Office of Internal Audit. The audit committee has acknowledged the performance and any issues from the Office of Internal Audit on a quarterly basis.

The committee has reviewed and provided comments to the Board of Directors in relation to the Vice President of the Office of Internal Audit's qualification requirements. Moreover, the committee has approved the Office of Internal Audit's action plan including the office's management plan, especially personnel management, and the plan to use IT audit tools to increase effective and efficiency in audit work. Furthermore, the Audit Committee has reviewed the sufficiency of human resources and provided supports in terms of new staff recruitments within the Office of Internal Audit.

**4. Legal Compliance Audit:** The audit committee has jointly discussed with the Human Resources & Compliance Department and acknowledged reports from such department, which served to monitor and ensure that each individual company's division operations were within compliance of applicable laws and regulations, in order to acknowledge and offer suggestions for improvement of the monitoring process.

**5. Audit of connected transactions:** The Audit Committee has reviewed and provided opinions on the company's connected transactions in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand prior to seeking final endorsement from the Board of Directors to reassure that connected transactions were performed in a transparent manner, such that the stakeholders did not have any involvements or manipulations on the decisions and that the decisions were made solely based on company's interests as if the transactions were performed with external parties. The audit committee has acknowledged the connected

transaction reports on quarterly basis, and has ensured that the transactions were properly disclosed and sufficiently complete.

**6. Audit charter and self-assessment of the Audit committee:** The Audit Committee has collated and reviewed the Charter of the Audit Committee, as well as performed self-assessment as stipulated in the best practice guidelines of the Stock Exchange of Thailand and the guidelines for the audit committee in state enterprise defined by the Ministry of Finance (2012 edition), where the assessment was performed on the committee themselves both as a group and as an individual. The assessment deduced that the committee had prudently and independently performed their duties and in line with the guidelines, practices and the Audit Committee's Charter.

**7. Proposal of an appointment of External Auditor:** The Audit Committee has made such proposal to the Board of Directors for consideration and thereafter sought an approval from the shareholders' meeting for an appointment of the Auditor General as the company's 2015 rightful external auditor.

Resulting from the Audit Committee's performance in accordance with the designated scope of power and duties, the Audit Committee has concluded that the company's financial statement is accurate in the respects of the generally accepted accounting principles with adequate disclosure of complete and trustworthy information. The company's connected transactions enlisted are appropriate and sufficiently disclosed. The company has in place sufficient and efficient internal control and internal audit systems. The company abides by relevant laws and regulations without any significant violations.

(Mr. Weerawong Chittmittrapap)  
Chairman of Audit Committee  
23 February 2015





# Management's Discussion and Analysis

## Management's Discussion and Analysis

for the year ended December 31, 2014

for Thai Airways International Public Company Limited and Its Subsidiaries

### 1. Executive summary

The overview of the global aviation industry in 2014 had been growing steadily. According to the International Air Transport Association : ATA, statistics revealed the air transport of 2014 with passenger traffic, an increase of 5.9% and freight traffic increased 4.5% from 2013 due to the expansion of the global economy and the world trade recovery. It forecasted a net profit in 2014 of the global aviation industry was USD 19.9 billion over the previous year's net profit was USD 10.6 billion.

In 2014, the Asia Pacific region is known for the most air travelling density of in the world with passenger production was up 6.0%, in the higher growth rate than 4.7% growing passenger traffic. Freight demand increased after declining for 3 consecutive years.

However, the aviation industry of Thailand had the opposite direction due to the impact of political unrest in the first half of 2014 which made a decreased of tourists. Statistics from foreign tourist arrivals at Suvarnabhumi and Don Mueang International Airport during the first half of 2014 indicated the falling number down to 18.6% year-on-year, with in-bound foreign tourist fell by 11.3% during the entire year of 2014.

In 2014 THAI and its subsidiaries were affected by political unrest in Bangkok which lasted from late 2013 and intensified in the first quarter of 2014, which is normally a high season. The situation caused the number of passengers fell from last year down by 15.3% due to the dramatic decline in tourist routes in Asia, especially in principle markets such as China, Japan and Korea. The passenger traffic (RPK) decreased by 12.6% resulting an operating loss while in the first quarter THAI's profitable capability was quite in the fine condition. Moreover, even in second quarter, the political situation has eased but the number of inbound foreign tourists arrival at Suvarnabhumi and Don Mueang International Airport had decreased from last year by 22.6%, resulting passenger traffic (RPK) decreased by 14.3%. It made the net loss of the first 6 months of 2014, the amount of THB 10,274 million.

Hence, THAI seriously reviewed the strategic plan and developed a plan to resolve urgent problems which was approved in principle by the Board of Directors on July 24, 2014 with the main objective to determine solutions to business and financial liquidity for the year 2014 with a plan to increase revenue and reduce expenses in the second half of 2014, and to closely monitor and evaluate the situation on a monthly basis. In the last 6 months of the year 2014, the global economic was recovered at a lower rate than expected along with more various risk factors such as pandemic risk, the Ebola virus outbreak, commercial aviation threat, the crash of Malaysia Airlines's plane which was shot down in Ukraine. These threats affected the air travel demand and the confidence in air travel. Consequently, in the second half of 2014, passenger traffic despite improved over the first half, but was lower than the second half of 2013. As a result, THAI could not reach the target by increasing revenue while enabling to reduce costs as close to the target.

The recovering domestic unrest and the fierce competition have had direct negative impact on number of passenger of THAI and its subsidiaries as the number was down by 11.2% year-on-year. Although THAI reduced its flight frequency in line with the decrease of passenger traffic with passenger production (Available Seat

Kilometers : ASK) down by 3.1%, passenger traffic (Revenue Passenger Kilometers : RPK) decreased more significantly by 9.9% resulting in an average cabin factor of 68.9%, a decrease from last year's 74.1% cabin factor. On the freight traffic side, there were many positive factors from global economic recovery and the increase in manufacturing expansion in many countries but such expansion occurred in the countries where THAI did not operate and/or reducing in flight frequency due to the diminishing of passenger demand combined with the strong competitions due to the increase of production traffic resulting the reduction of both cargo production (Available Dead-load Ton-Kilometers : ADTK) and cargo traffic (Revenue Freight Ton-Kilometers : RFTK) by 3.0% and 4.2%, respectively. Average freight load factor was 50.5%, a decrease from last year's 51.1%. The result was a drop in operating revenues by THB 17,969 million or 8.7% from the same period last year resulting in a loss before gain on foreign currency exchange and income tax (exclude impairment loss of aircraft and assets) of THB 23,019 million, which was THB 19,411 million more loss than the last year's loss. This year THAI had gain of foreign currency exchange, amount of THB 12,623 million while last year reported loss on foreign currency exchange, amount of THB 3,895 million Combined with a loss of impairment of assets and aircraft, amount of THB 6,342 million, an increase of THB 916 million from last year resulting THAI and its subsidiaries earned a net loss of THB 15,573 million, an increase loss of THB 3,573 million or 29.8%. Loss attributable to owners of the parent amounted to THB 15,612 million. Loss per share was 7.15 THB compared to last year's loss per share of 5.52 THB.

EBITDA was THB 3,589 million, which decreased by THB 18,885 million or 84.0% over last year. EBITDA margin was 1.9%, as compared to last year's reported 10.6%.

To address the weaker results from operating performance, THAI developed a business turnaround plan which concentrated on the complicated processes unable to efficiently respond to the business changes and gain opportunity in a timely manner with effectiveness, rapidness, and under economy of scale. The purposes of these implementation were to maintaining the financial stability, generating profit, becoming the competitive airline with services excellence, and returning to the leading world-class airline once again. The reform plan, approved in by State Enterprise Policy Commission (Superboard) on January 26, 2015, consisted of 6 major areas to focus on which were the network strategy, the fleet strategy, the commercial strategy, the operation and cost strategy, the organization, and the systematic portfolio strategy.

## 2. Summary of Operating Results for Thai Airways International PCL. and its subsidiaries

### Financial Performance

The consolidated financial statements for the year 2014 consists of THAI's financial statement and 5 subsidiary companies which are 1) THAI-Amadeus Southeast Asia Co., Ltd., 2) Wingspan Services Co., Ltd., 3) THAI Flight Training Co., Ltd., 4) Tour Eurng Luang Co., Ltd., and 5) THAI Smile Airways Co., Ltd.

In respect of Thai Smile Airways Co., Ltd., a subsidiary company 100% owned by THAI received Airline Operator License: AOL on January 10, 2014, Airline Operator Certificate: AOC on March 31, 2014, and Airline Designator Code from IATA on April 1, 2014, respectively. Thai Smile Airways began to operate under the new aviation code "WE" since 10 April 2014. During April to October 2014, Thai Smile and THAI decided to operate under the code-share agreement via THAI's selling and reservation system due to the incomplete Thai Smile's Distribution and Passenger Service System: DPS. To do so, Thai Smile was operating Carrier while THAI provided all available seats in term of hard block sales.

Concentrating on domestic routes from Suvarnabhumi Airport, Thai Smile's primary routes consists of Chiang Rai, Hat Yai, Krabi, Ubon Ratchathani, Udon Thani, Surat Thani and Macau, secondary domestic routes between Chiang Mai and Phuket and alternatives routes for passenger between Don Mueang International Airport and these cities which are Chiang Mai, Khon Kaen and Phuket.

## Financial Performance : THAI and its subsidiaries

Unit : Million Baht	Jan - Dec			
	2014	2013	Variance	
			MTHB	%
Total Operating Revenues	188,367	206,336	-17,969	-8.7
Other revenues	2,899	5,269	-2,370	-45.0
Total Revenues	191,266	211,605	-20,339	-9.6
<u>Less</u> Total Expenses	208,212	209,156	-944	-0.5
Finance cost	6,073	6,057	+16	+0.3
<b>Loss before foreign currency exchange, income tax and impairment</b>	<b>(23,019)</b>	<b>(3,608)</b>	<b>-19,411</b>	<b>-538.0</b>
<u>Less</u> Impairment loss of asset and aircraft	6,342	5,426	+916	+16.9
<u>Add</u> Gain (Loss) on foreign currency exchange	12,623	(3,895)	+16,518	+424.1
Profit (Loss) before tax	(16,738)	(12,929)	-3,809	-29.5
Net Profit (Loss)	(15,573)	(12,000)	-3,573	-29.8
<b>Profit (Loss) attributable to owners of the parent</b>	<b>(15,612)</b>	<b>(12,047)</b>	<b>-3,565</b>	<b>-29.6</b>
Net Profit (Loss) per share (THB)	(7.15)	(5.52)	-1.63	-29.5
EBITDA (MTHB)	3,589	22,474	-18,885	-84.0
EBITDA Margin (%)	1.9	10.6		-8.7
Net Loss Margin (%)	(8.1)	(5.7)		-2.4

Note : Total Expense excl. impairment loss of asset and aircraft

EBITDA = Total Revenue (Exclude gain/loss on foreign currency) - Total Expenses(exclude finance cost, tax, depreciation and amortization, and impairment loss of assets and aircraft)

## Operating performance : Thai airways and Thai Smile airways

		Jan - Dec		
		2014	2013	Variance
Production	(MATK)	12,346	12,728	-3.0%
Traffic	(MRTK)	7,709	8,388	-8.1%
Load Factor	(%)	62.4	65.9	-3.5
Total yield	(THB/RTK)	22.83	23.05	-1.0%
Passenger carried	(Million)	19.10	21.51	-11.2%
Passenger Production	(MASK)	82,969	85,655	-3.1%
Passenger Traffic	(MRPK)	57,194	63,479	-9.9%
Cabin Factor	(%)	68.9	74.1	-5.2
Passenger yield	(THB/RPK)	2.66	2.65	+0.4%
Freight Production	(MADTK)	4,869	5,019	-3.0%
Freight Traffic	(MRFTK)	2,458	2,565	-4.2%
Freight Load Factor	(%)	50.5	51.1	-0.6
Freight loaded	(Ton)	613,915	655,570	-6.4%
Freight yield	(THB/RFTK)	9.22	9.18	+0.4%
Flight hours	(Hours)	370,309	384,069	-3.6%

## Revenues of Thai Airways International PCL. and its subsidiaries

Total revenues (included gain on foreign currency exchange) for the year 2014 earned was THB 203,889 million, a decrease of THB 3,821 million or 1.8% lower than last year. Details are as follows :

### Revenues Performance: THAI and its subsidiaries

Unit : Million Baht	Jan - Dec					
	2014	% of Total Revenue	2013	% of Total Revenue	Variance	
					MTHB	%
<b>Revenues from transportation activities</b>						
Passenger and excess baggage revenue	154,881	76.0	172,335	83.0	-17,454	-10.1
Freight and mail revenue	23,601	11.6	24,515	11.8	-914	-3.7
<b>Total Revenue from transportation activities</b>	<b>178,482</b>	<b>87.6</b>	<b>196,850</b>	<b>94.8</b>	<b>-18,368</b>	<b>-9.3</b>
Revenue from other activities	9,885	4.8	9,486	4.6	+399	+4.2
<b>Total operating revenue</b>	<b>188,367</b>	<b>92.4</b>	<b>206,336</b>	<b>99.4</b>	<b>-17,969</b>	<b>-8.7</b>
Interest income	280	0.1	516	0.3	-236	-45.7
Other incomes	2,619	1.3	3,733	1.8	-1,114	-29.8
Total other incomes	2,899	1.4	4,249	2.1	-1,350	-31.8
Gain (Loss) on foreign currency exchange	12,623	6.2	(3,895)	(1.9)	+16,518	+424.1
Gains on deemed disposal	-	-	722	0.3	-722	-100.0
Gains on reclassified investment	-	-	298	0.1	-298	-100.0
<b>Total Revenues</b>	<b>203,889</b>	<b>100.0</b>	<b>207,710</b>	<b>100.0</b>	<b>-3,821</b>	<b>-1.8</b>

**Revenues from transportation activities**, representing 87.6% of total revenues, totaled THB 178,482 million, saw a decrease of THB 18,368 million or 9.3% over last year.

#### ● Passenger and excess baggage revenue

Passenger and excess baggage revenue totaled THB 154,881 million, a decrease of THB 17,454 million or 10.1% as passenger traffic (Revenue Passenger-Kilometers:RPK) decreased by 9.9%, approximately THB 16,700 million. Average passenger yield (including fuel and insurance surcharge) amounted to 2.66 THB/RPK, 0.01 THB/RPK or 0.4% higher than last year resulting from the weakening Baht when compared to last year which caused the higher passenger yield around 0.06 THB/RPK or THB 3,300 million. If excluded this effect from foreign currency exchange, average passenger yield decreased 0.05 THB/RPK or 1.9%, approximately around THB 2,860 million. The details of revenue based on territories as follows :

### Passenger and excess baggage revenue classified by region : THAI and its subsidiaries

Unit : Million Baht	2014	2013	Variance	
			MTHB	%
<b>Passenger and excess baggage revenue</b>				
Regional	78,253	86,277	-8,024	-9.3
Intercontinental	64,843	71,050	-6,207	-8.7
Domestic	11,414	14,514	-3,100	-21.4
Non-schedule flight	371	494	-123	-24.9
<b>Total Passenger and excess baggage revenue</b>	<b>154,881</b>	<b>172,335</b>	<b>-17,454</b>	<b>-10.1</b>



- *Regional passenger and excess baggage revenue* amounted to THB 78,253 million, which was a decrease of 8,024 THB million or 9.3%. In 2014, THAI adjusted its networking and cancelled some routes that revenue was less than variable cost such as Bangkok – Sendai as well as flight frequency reduction and matching aircraft utilization with demand of passenger in order to solve the urgent difficulties as emergency plan resulting the 2.7% decrease of production. By the way, there were fierce competitions, especially in Southern routes where there were numerous LCCs operated with high flight frequency and in Northern routes where LCCs established long-hauled LCCs such as Thai AirAsia X and NokScoot resulting the decrease of passenger traffic reduced greater than the decrease of production. These rendered RPK decreased by 9.4% while average cabin factor decreased from last year's 74.3% to 69.3% this year.

- *Intercontinental passenger and excess baggage revenue* amounted to THB 64,843 million, which was a decrease of THB 6,207 million or 8.7%. In 2014, THAI adjusted flight plans to suit the operating environment by decreasing flight frequency in Australia and Europe in some routes, and Africa such as Bangkok–Perth, Bangkok–Madrid, and Bangkok–Johannesburg. As a result, ASKs decreased 3.5% but RPKs decrease 10.3%, while cabin factor was 68.7% which was lower than the 73.8% average in 2013.

- *Domestic passenger and excess baggage revenue* amounted to THB 11,414 million, which was a decrease of THB 3,100 million or 21.4% resulted by lower passenger yield due to the penetration from Low Cost Carriers using the discount fare as the strategy to expand their market shares and developing their own networking rather than point-to-point operation. This year, THAI used THAISmile, operated at Don Mueang, for being alternatives for passenger and replacement flights in some routes and adjusting aircraft to match traffic demand. As a result, ASKs decreased 1.6% and RPKs 10.6% while cabin factor was 68.7% lower than 75.7% over the same period the year before.

#### ● **Freight and mail revenue**

Freight and mail revenue amounted to THB 23,601 million, which was a decrease of THB 914 million or 3.7%. Freight traffic (Revenue Freight Ton–Kilometers: RFTK) decreased by 4.2% or around THB 1,000 million and average freight yield (including fuel and insurance surcharge) was 9.22 THB/RFTK, an increase of 0.04 THB/RFTK or 0.4% over last year. The baht weaken also contributed to the stronger yield, especially in Euro Dollar term, around 0.28 THB/RFTK or around THB 690 million. If excluded this effect from foreign currency exchange, average freight yield decreased 0.24 THB/RFTK or 2.6%, approximately THB 600 million due to the reduction of fuel surcharge reflected by the diminishing fuel prices and the cancellation of insurance surcharge since April 2014.

#### **Revenue from other activities**

Revenues from other activities consists of revenues from business units which are Ground services, Catering, Cargo handling services, and other activities revenue, amounted to THB 9,885 million, which increased by THB 399 million or 4.2% over last year mainly due to an increase of income from maintenance services and cargo handling service while revenue from other business units decreased since the number of customer airlines' flight and number of passenger decreased.

#### **Other income**

Other income totaled THB 2,899 million, a decrease of THB 1,350 million or 31.8% from last year due to

- interest income totaled THB 280 million, a decrease of THB 236 million or 45.7% due to lower average cash and cash equivalents than last year.

- other income amounted to THB 2,619 million was a decrease of THB 1,114 million or 29.8% primarily due to last year contained the revenue which did not occurred this year. They were

● recognition of passenger airport fees that were not billed to THAI for over 3 years which was THB 631 million.

● recognition of compensation revenue from the delay delivery of aircraft: Airbus A380-800 aircraft, the amount THB 650 million.

Moreover, there was a recognition of insurance compensation received from floods disaster the 2011, which was THB 1, 135 million while this year's amount of THB 165 million.

In 2014, THAI received damage compensation from the insurance company due to the A330-300 aircraft that has been damaged from skidding off the runway after landing at Suvarnabhumi Airport on September 8, 2013, amount of THB 696 million and compensation from European Aviation Safety Agency that called to monitor the safety of the A380-800 aircraft and detected wing rib cracks which those 4 aircraft were not capable to operate normally. The problem has since been rectified but the Company was compensated approximately THB 314 million.

#### Gain on foreign currency exchange

Gain on foreign currency exchange totaled THB 12,623 million which consisted of unrealized foreign currency gain of THB 10,521 million which was the result of translating outstanding foreign currency loans into Baht terms at the end of the period and realized foreign currency gain totalling THB 2,102 million.

### Expenses for Thai Airways International PCL. and its subsidiaries

In 2014, total expenses amounted to THB 220,627 million, which was THB 12 million lower than the same period last year. A summary of operating expenses is as follows :

### Expenses for Thai Airways International PCL. and its subsidiaries

Unit : Million Baht	Jan - Dec					
	2014	% of Total Expense	2013	% of Total Expense	Variance	
					MTHB	%
<b>Expense</b>						
Fuel and oil	79,231	35.9	80,525	36.5	-1,294	-1.6
Employee benefit expenses	31,274	14.2	33,109	15.0	-1,835	-5.5
Flight service expenses	21,625	9.8	21,727	9.8	-102	-0.5
Crew expenses	5,832	2.6	6,009	2.7	-177	-2.9
Aircraft maintenance and overhaul costs	14,684	6.7	13,447	6.1	+1,237	+9.2
Depreciation and amortization expenses	20,535	9.3	20,025	9.1	+510	+2.5
Lease of aircraft and spare parts	6,593	3.0	4,699	2.1	+1,894	+40.3
Inventories and supplies	8,257	3.7	9,625	4.4	-1,368	-14.2
Selling and advertising expenses	8,920	4.1	9,496	4.3	-576	-6.1
Insurance expense	492	0.2	628	0.3	-136	-21.7
Other expenses	10,846	4.9	10,702	4.9	+144	+1.3
Share of profits (loss) of associates	(77)	-	(836)	(0.4)	+759	+90.8
<b>Total Expense</b>						
<b>(Excl. Impairment and Financial cost)</b>	<b>208,212</b>	<b>94.4</b>	<b>209,156</b>	<b>94.8</b>	<b>-944</b>	<b>-0.5</b>
Impairment loss of assets and aircraft	6,342	2.9	5,426	2.5	+916	+16.9
Financial cost	6,073	2.7	6,057	2.7	+16	+0.3
<b>Total Expenses</b>	<b>220,627</b>	<b>100.0</b>	<b>220,639</b>	<b>100.0</b>	<b>-12</b>	<b>-</b>



**Total expenses (excluded impairment and finance cost)** amounted to THB 208,212 million which was THB 944 million or 0.5% lower than last year. Significant changes of expenses for this year include :

- Fuel and oil expense amounted to THB 79,231 million, 35.9% of total expenses, was THB 1,294 or 1.6% lower with a decrease in production which caused the lower volume of fuel consumption by 5.2%. Average jet fuel price was 6.1% lower than the same period last year; however, the weakening Thai Baht against the US Dollar enlarged the cost by 6.0%. The fuel hedging caused the company's expense with THB 281 million.

- Employee benefits expenses consisting of personnel expense, employee benefits, management benefits and board of directors' benefits amounted to THB 31,274 million, which was a decrease of THB 1,835 million or 5.5% over last year mainly due to last year's the provision for staff's special incentive for the year 2013 while there was none of such expenses this year. The reduction of traffic production and the cost management program caused the lower overtime, lower staff income tax directly caused by lower staff income. Moreover, there was lower contribution to staff pension fund. In 2014, THAI recognized THB 180 million as the Mutual Separation Plan (MSP) for 70 staffs who had health issue.

- Flight related expenses consisted of flight service expenses, crew expenses, and inventories and supplies totaled THB 35,714 million, a decrease of THB 1,647 million or 4.4% due to the decrease in production.

- Aircraft maintenance and overhaul costs totaled THB 14,684 million, an increase of THB 1,237 million or 9.2% due to the estimation of return condition and overhaul expenses for expired operating lease aircraft which were 3 Boeing 737-400 aircraft and for incoming expired aircraft totaled 4 aircraft consisted of 2 Boeing B777-200 and 2 Airbus A330-300 aircraft expired in 2016 and 2018, the amount of THB 2,080 million.

- Depreciation and amortization expenses totalled THB 20,535 million, an increase of THB 510 million or 2.5% since THAI's consolidated took delivery of 10 new aircraft during 2013 to 2014 (own aircraft and aircraft under finance lease); however, there were aircraft that fully depreciated.

- Lease of aircraft and spare parts totaled THB 6,593 million, an increase of THB 1,894 million or 40.3% due to the greater number of aircraft under operating lease totaled 21 aircraft during 2013 to 2014. However, 5 expiry operating aircraft were returned.

- Selling and advertising expenses totaled THB 8,920 million, a decrease of THB 576 million or 6.1% due to the decrease of sales volume resulting from the decrease in commission and reservation expenses. Moreover, the cost management program caused the lower advertising expense.

- Insurance expenses totaled THB 492 million, a decrease of THB 136 million or 21.7% due to the diminished premium of aircraft related which was lower than last year's.

- Other expenses totaled THB 10,846 million, an increase of THB 144 million or 1.3% due to the loss of sale on aircraft which totaled 4 aircraft: 1 Airbus A300-600 and 3 Boeing B747-400 aircraft, the amount of THB 688 million. When excluded this loss, other expense was THB 544 million or 5.1% lower than last year partially due to the cost management program.

**Impairment loss of aircraft and assets** totaled THB 6,342 million, an increase of THB 916 million or 16.9% as the following details :

- Impairment loss of aircraft was THB 6,196 million, THB 1,104 million higher than last year, due to the provision for impairment loss of 19 aircraft including 8 Airbus A300-600 aircraft, 4 Airbus A340-500 aircraft, 1 Boeing B747-400, 4 Boeing B737-400, and 2 ATR72 aircraft when compared to last year' where were 11 aircraft.

- Impairment loss of assets was THB 146 million, THB 188 million or 56.3% lower than last year, due to lower reserved for damaged rotatable spare parts and could not be repaired decreased from last year.

**Finance cost** amounted to THB 6,073 million, an increase of THB 16 million or 0.3% since the increase of short-term loan. However, long-term liabilities (including liabilities under finance lease, long-term borrowing, and debentures) which decreased from the same period last year by THB 7,798 million even THAI has been able to raise cheaper cost of funds since average interest rate was lower than last year.

**Share of profits of associates** amounted to THB 77 million, a decrease of THB 759 million or 90.8%. The major loss was from recognition of loss in Nok Air, the amount of THB 161 million compared to last year's profit of THB 489 million. THAI still recognized gain or loss of other associates' results. Details as follow :

- Suvarnabhumi Airport Hotel Ltd.'s amount of THB 25 million, an increase of THB 11 million,
- Don Mueang International Airport Hotel Ltd.'s amount of THB 24 million, an increase of THB 2 million,
- Phuket Air Catering Ltd.'s amount of THB 76 million, a decrease of THB 9 million,
- Bangkok Aviation Fuel Services PCL's amount of THB 156 million, a decrease of THB 33 million, and
- Royal Orchid Hotel (Thailand) PCL's amount of THB -42 million while last year's amount of THB 38 million.

### Income tax revenue

Income tax revenue of Thai Airways International PCL. and its subsidiaries amounted to THB 1,165 million. The main reasons were mainly from the impact of recording deferred income tax from the recognition of an impairment loss of assets.

## 3. Financial Position and Liquidity

### Capital Expenditures

Unit : Million Baht	Jan - Dec	
	2014	2013
Aircraft and aircraft spare parts	14,313	36,573
Non-Aircraft	1,404	1,515
<b>Total</b>	<b>15,717</b>	<b>38,088</b>

Capital expenditures for 2014 totaled THB 15,717 million as the following details

- Investment in aircraft and aircraft spare parts totaled THB 14,313 million included payment for aircraft delivered in 2014, which totaled 5 new aircraft consisted of 3 Boeing B777-300ER, 2 Airbus A320-200 aircraft, and related expenses of existing aircraft, total amounted to THB 9,626 million. Prepayment for acquisition of aircraft and engines in which delivery will be taken in 2015-2018 totaled THB 3,466 million and THB 1,221 million for rotatable aircraft spare part and spare engine. The amount of this year reduced by THB 22,260 million because the values of the aircraft delivered during 2014 were lower than the year before.

- Investments in other fixed assets amounted to THB 1,404 million. Most of them were invested in the flight support equipment in Technical and Ground Support Equipment activities.

### Financing

The various negative matters caused weak results impacted level of cash from operating activities which resulted in requiring THAI to partially draw down committed revolving credit lines required addition long-term loans and issued debentures to sustain liquidity and to maintain adequate level of required cash flow for working capital, to meet its investment program without any delay during the implementation of transformation plan. In 2014, total long-term and short-term funding totaled THB 76,328 million with the following details

1) acquired long-term financing through financial lease using the aircraft as collateral amount of THB 17,208 million consisted of 2 types of aircraft payment in 1) the amount of EURO 346 million, or approximately THB 14,977 million to pay for 3 Boeing B777-300ER aircraft and 2) the amount of USD 68 million or approximately THB 2,231 million for 2 Airbus A320-200 aircraft,

2) acquired long-term funding, amount of THB 2,000 million, 7-year term, from local financial institution, for using as working capital,

3) acquired short-term financing in the Bridge Loan from Boeing Capital Corporation to pay a Boeing B777-300ER aircraft in the process of long-term financing of USD 50 million, or about THB 1,620 million,

4) partial draw down of its THB 48,300 million committed revolving credit line from domestic financial institution and Bill of Exchange (B/E) to repay the loan at maturity and used as working capital, and

5) issued THB 7,200 million in new debentures for repaying the debentures at maturity in 2014, repaying the loan in Baht term, and using as the working capital.

Summary of cash from and used in each activity are as follows :

Unit : Million Baht	Jan - Dec	
	2014	2013
Net cash from operating activities	6,019	25,734
Net cash used in investing activities	(6,122)	(27,220)
Net cash from (used in) financing activities	12,199	(7,364)
Effect from changing in exchange rate on cash and cash equivalents increase (decrease)	(507)	559
<b>Increase (decreases) in cash and cash equivalents</b>	<b>11,589</b>	<b>(8,291)</b>

In 2014, net cash from operating activities was less than last year mainly due to greater loss from operation and loan due which required extra cash from financing activities. Consequently, cash and cash equivalents for the year ended December 31, 2014 increased from last year, THB 11,589 million.

#### Fleet

In 2014, THAI's consolidated took delivery of total 14 aircraft which consisted of 5 aircraft under finance lease: 3 Boeing B777-300ER and 2 Airbus A320-200 aircraft, and 9 operating lease aircraft: 4 Boeing B787-8 and 5 Airbus A320-200 aircraft, respectively. THAI also decommissioned 5 Airbus A300-600, and 4 Airbus A330-300 aircraft (included 1 Airbus A330-300 aircraft that does not count toward the aircraft used in operations as of December 31, 2014 grounded and pending for damage inspection). Also, there were 3 Boeing B737-400 aircraft which were operating lease aircraft pending for return to lessor. When combined active aircraft as of December 31, 2013, totaled 100 aircraft, the above aircraft movement puts THAI's net active aircraft fleet at 102 aircraft.

Fleet details are as follow :

Aircraft Type	Number of Aircraft	Own	Financial Lease	Operating Lease	Active Aircraft	
					As of December 31, 2014	Variance from As of December 31, 2013
Boeing B747-400	13	11	2	-	12	
Boeing B777-300	6	6	-	-	6	
Boeing B777-200ER	6	-	6	-	6	
Boeing B777-200	8	6	-	2	8	
Boeing B737-400	9	6	-	3 <sup>4)</sup>	2	-3
Boeing B777-300ER	11	-	3	8	11	+3
Boeing B787-8	4	-	-	4	4	+4
Airbus A340-600	6	-	6	-	6	
Airbus A340-500	4	4	-	-		
Airbus A330-300	26	9	15	2	22	-4 <sup>1)</sup>
Airbus A320-200	17	-	2	15	17 <sup>3)</sup>	+7
Airbus A380-800	6	2	4	-	6	
Airbus A300-600	8	8	-	-		-5
ATR 72	2	2	-	-		
Freighter						
Boeing B747-400	2	2	-	-	2	
<b>Total</b>	<b>128</b>	<b>56<sup>2)</sup></b>	<b>38</b>	<b>34</b>	<b>102</b>	<b>+2</b>

- Remarks :
- 1) Included 1 Airbus A330-300 aircraft that does not count toward the aircraft used in operations as of December 31, 2014 grounded and pending for damage inspection
  - 2) Included 22 decommissioned aircraft owned by THAI and held for sales
  - 3) Included 12 aircraft transferred the leasehold rights to Thai Smile Airways Co.,Ltd.
  - 4) Includes 3 Boeing B737-400 aircraft held for returning to lessor

According to the fleet of THAI and subsidiaries development program, aircraft delivery commitments are as follows :

- Obligation to purchase 10 aircraft expected delivery during the year 2015 - 2018 which consists of 3 Airbus A320-200, 4 Airbus A350-900XWB, and 3 Boeing B777-300ER aircraft worth a total of THB 33,528 million
- Lease obligations and commitment fees for 34 operating lease aircraft which are now in service and 12 aircraft which have not been scheduled for delivery totaling THB 151,747 million.

## Assets of Thai Airways International PCL and its subsidiaries

As of December 31, 2014, total assets were THB 307,267 million, an increase of THB 182 million or 0.1% from as at December 31, 2013.

	Consolidated			
	Dec 31, 2014		Dec 31, 2013	
	MTHB	% of Total Assets	MTHB	% of Total Assets
Current assets				
Cash and cash equivalents	23,347	7.6	11,758	3.8
Non-current assets classified as held for sale	4,826	1.6	7,197	2.3
Other current assets	36,112	11.7	39,530	12.9
<b>Current Assets</b>	<b>64,285</b>	<b>20.9</b>	<b>58,485</b>	<b>19.0</b>
Property, plant and equipment				
Prepaid aircraft and spare engine	12,368	4.0	17,986	5.8
Aircraft	51,322	16.7	64,091	20.9
Aircraft under finance leases	134,611	43.8	124,091	40.4
Aircraft spare parts	13,191	4.3	12,504	4.1
Work in process	1,274	0.4	1,113	0.4
Land, building and improvements	6,449	2.1	6,711	2.2
Other plant and equipment	4,806	1.6	4,953	1.6
<b>Property, plant and equipment-net</b>	<b>224,021</b>	<b>72.9</b>	<b>231,449</b>	<b>75.4</b>
Other non-current assets	18,961	6.2	17,151	5.6
<b>Total Assets</b>	<b>307,267</b>	<b>100.0</b>	<b>307,085</b>	<b>100.0</b>

Current assets were THB 64,285 million or accounted for 20.9% of total assets, an increase of THB 5,800 million or 9.9% from as of December 31, 2013. The significant items consisted of

- An increase in cash and cash equivalents of THB 11,589 million, mainly from net financing, the amount of THB 12,199 million,

- Although non-current assets classified as held for sale increased due to the decommissioned aircraft which were 4 Airbus A330-300 and 5 Airbus A300-600, the amount of THB 3,404 million, overall amount of non-current assets classified as held for sale decreased THB 2,371 million, mainly from the provision impairment loss of aircraft totalling 19 aircraft which were 8 Airbus A300-600, 1 Boeing B747-400, 4 Airbus A340-500, 4 Boeing B737-400, and 2 ATR72 aircraft. Also, THAI sold 4 aircraft which were 1 Airbus A300-600 and 3 Boeing B747-400 aircraft. In 2014, there was an aircraft transferred, A330-300, to be current assets pending for damage compensation from insurance company. According to the above reasons, these made the decrease of non-current assets classified as held for sale in the total amount of THB 5,808 million.

- A decrease in other current assets of THB 3,418 million mainly from the decrease of inventories and supplies, amount of THB 1,127 million which caused by the decrease of production. Besides, trade receivables declined THB 947 million due to the decrease of sales. It should be noted that this year THAI has been able to better manage faster collection period by speeding up from 29 days in 2013 to 28 days this year which was lower than THAI's normal collecting period.

THAI's trade receivables as of December 31, 2014 and December 31, 2013 classified by aging period as the following details

Unit : Million Baht	DEC 31, 2014	DEC 31, 2013
Aging Periods:		
Not over 6 months	12,426	13,512
Over 6 months to 1 year	334	358
Over 1 year to 2 years	253	350
Over 2 years	849	1,309
Total	13,862	15,529
<u>Less</u> Allowance for doubtful account	(1,169)	(1,889)
<b>Trade receivables - net</b>	<b>12,693</b>	<b>13,640</b>

Trade receivables, not government agencies and state enterprises, are set an allowance for doubtful accounts by analyzing a payment history and connection data together with aging analysis of each trade receivables as a criteria. The ratio between trade receivables aging over 6 months and allowance for doubtful account was 81.0%. Thus, THAI has confidence in its adequacy of the allowance for doubtful accounts.

Property, plant and equipment-net totaled THB 224,021 million or represented 72.9% of total assets, which saw a decrease of THB 7,428 million or 3.2% from December 31, 2013 resulting from

- the decrease in the prepaid aircraft and spare engines, totaled THB 5,618 million due to the transaction transfer from aircraft prepayment: 3 Boeing B777-300ER and 2 Airbus A320-200 aircraft to aircraft under finance lease and engine prepayment to rotatable spare part; however, there were aircraft prepayment of Boeing B777-300ER, Airbus A350-900XWB, and Airbus A320-200 aircraft.

- Aircraft decreased THB 12,769 million due to the normal calculation of aircraft depreciation and transferring decommissioned aircraft to non-current assets classified as held for sales, totaling 9 aircraft: 4 Airbus A330-300 and 5 Airbus A300-600 aircraft.

- Aircraft under finance lease increased THB 10,520 million due to new delivered aircraft: 3 Boeing B777-300ER and 2 Airbus A320-200 aircraft. However, the calculation of depreciation caused the decrease of aircraft under finance lease.

- The increase in the aircraft spare part, totaled THB 687 million due to the delivery of spare engines: TRENT 900 and TRENT 700 engines.

Other non-current assets totaled THB 18,961 million or represented 6.2% of total assets, which increased THB 1,810 million or 10.6% from as of December 31, 2013 resulting from

- Deferred tax assets totaled THB 7,009 million, an increased by THB 1,268 million mainly due to the recording of deferred tax assets from the increase of allowance for impairment of aircraft,

- The increase of deferred charges, amount of THB 679 million, from loan guarantee premium for purchasing of aircraft: 3 Boeing B777-300ER and 2 Airbus A320-200 aircraft, and

- The intangible assets increased THB 402 million due to delivery of computer software.

Return on assets of 2014 was -3.47% lower than last year's -2.25% due to net loss which was higher than last year.

## Liabilities of Thai Airways International PCL. and its subsidiaries

Total liabilities as of December 31, 2014 totaled THB 265,971 million, which was an increase of THB 15,805 million or 6.3% from as of December 31, 2013. These comprise of :

	Consolidated			
	Dec 31, 2014		Dec 31, 2013	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities
Current liabilities (including current Portion of long-term liabilities)	102,109	38.4	82,369	32.9
<b>Long-term liabilities</b>				
Debentures	41,600	15.6	37,400	15.0
Liabilities under financial leases	61,389	23.1	63,319	25.3
Long term borrowings	43,886	16.5	50,831	20.3
<b>Total long-term liabilities</b>	<b>146,875</b>	<b>55.2</b>	<b>151,550</b>	<b>60.6</b>
Other non-current liabilities	16,987	6.4	16,247	6.5
<b>Total Liabilities</b>	<b>265,971</b>	<b>100.0</b>	<b>250,166</b>	<b>100.0</b>

**Current liabilities** (excluding current portion of long term liabilities' amount of THB 21,677 million) totaled THB 80,432 million or represented 30.2% of total liabilities, the increase of THB 22,863 million or 39.7% from last year. Details as follows:

- Short-term loan, an increase of THB 23,300 million, amount of THB 10,000 million, consisted of loan from the Government Saving Bank and Krungthai Bank, and other financial institution, amount of THB 13,300 million, as working capital and repayment of short-term maturity.
- Trade account payable, a decrease of THB 1,311 million, was principally from the decrease of traffic production and demand.

**Long-term liabilities** as of December 31, 2014 (including current portion of long term liabilities' totaled THB 21,677 million) totaled THB 168,552 million represented 63.4% of total liabilities, which was a decrease of THB 7,798 million or 4.4% from December 31, 2013 primarily due to the strengthening value of the Baht as of December 31, 2014 when compared to the end of 2013 benefited from the reduction of long-term liabilities translated to Baht terms. When excluded foreign currency adjustment, the amount of THB 11,169 million, long-term liabilities increased THB 3,371 million mainly due to

- acquiring the additional long-term financing totaled THB 26,408 million to pay for aircraft purchases, 3 Boeing B777-300ER and 2 Airbus A320-200 aircraft, approximately THB 17,208 million, long-term loan from domestic financial institution, THB 2,000 million, and debentures issuance, amount of THB 7,200 million for debentures repayment which was due in 2014, loan repayment according to the present loan agreement and use for working capital.
- Long-term repayment, amount of THB 23,086 million, which consisted of long-term repayment and liabilities under financial leases totaled THB 19,366 million and debentures repayment totaled THB 3,720 million.

At the end of the 2014, interest bearing debt to equity was 4.7 times when compared to the end of 2013's 3.1 times.

#### Shareholders' Equity of Thai Airways International PCL. and its subsidiaries

As of December 31, 2014, shareholders' equity totaled THB 41,296 million, a decrease of THB 15,623 million from December 31, 2013 due to loss from operations. Consequently, return on equity for 2014 decreased from -19.0% last year to -31.7% this year.

## 4. Factors affecting future operations

The 2015 outlook of aviation industry trends to be better than this year due to the improvement of global economy, the higher demand of tourist, and the lower fuel prices. For the aviation industry of Thailand should adapt in the same direction as world aviation industry. Moreover, the alleviate political situation will assist and strengthen tourism industry along with the supported factor: ASEAN Single Aviation Market or ASAM, which seems to be the advocate aspect to increase the quantity of air travel. However, the competition is intensifying from new low cost carriers and foreign airlines penetrating Thai aviation market continuously.

For the guidelines for action in 2015, THAI will proceed according to reformed plan which was approved by State Enterprise Policy Commission(Superboard) on January 26,2015 with the goal to strengthen net profit, improve liquidity, and enable to make sustainable profit. Moreover, THAI was aimed to return proudly as the national flag carrier for the pride of Thai citizen. The plan consists of 3 main steps which are stop the bleeding, strength building, and sustainable profit growth.

The reform plan will strictly follow such roadmap by driving the main 6 strategies.

1. The network strategy aims to cancel the ineffective and unprofitable flights which will be evaluated every 3 months for appropriate route adjustment.

2. The fleet strategy aims to streamline type of aircraft in order to reduce the maintenance cost, the spare parts expense and personnel expenses. Simultaneously, the processes of sales on 22 retired aircraft must be accelerated which is set to sale them in July 2015. However, the additional aircraft in 2015 will be delivered as planned totaled 5 aircraft which are 3 Boeing B777-300ER and 2 Boeing B787-8 aircraft.

3. The commercial strategy aims to enhance the efficiency for increasing revenue by expand the distribution channels such as increasing number of THAI's ticket on agent sale, increasing the proportion of sales via the internet, and increasing market share via corporate sales.

4. The operation and cost strategy aim to enhance the efficiency and quality according to international standards and the cost controlling policy.

5. The organization strategy to make a quick decision.

6. The systematic portfolio strategy to establish the clear boundary between Core Business and business support.

## 5. Financial Ratios

		Jan - Dec	
		2014	2013
<b>Liquidity Ratio</b>			
Current Ratio	(times)	1.11	1.58
<b>Profitability Ratio</b>			
Profit (loss) Margin (before Gain on foreign currency exchange Tax and Impairment)	%	(12.03)	(1.71)
Net Profit (loss) Margin	%	(8.14)	(5.67)
Return on Equity	%	(31.71)	(19.04)
<b>Efficiency Ratio</b>			
Return on Total Assets	%	(3.47)	(2.25)
<b>Financial Policy Ratio</b>			
Interest Bearing Debt to Equity	(times)	4.65	3.10
Interest Coverage Ratio	(times)	0.59	3.71

### GLOSSARY

**Current Ratio** = Current Assets/Current Liabilities (Excluding Current Portion of Long-Term Liabilities and Unearned Transportation Revenues)

**Profit (loss) Margin (before Gain on foreign currency exchange Tax and Impairment)**  
= Profit (loss) before Gain on foreign currency exchange Tax and Impairment/  
Total Revenue (excluded gain on foreign currency exchange)

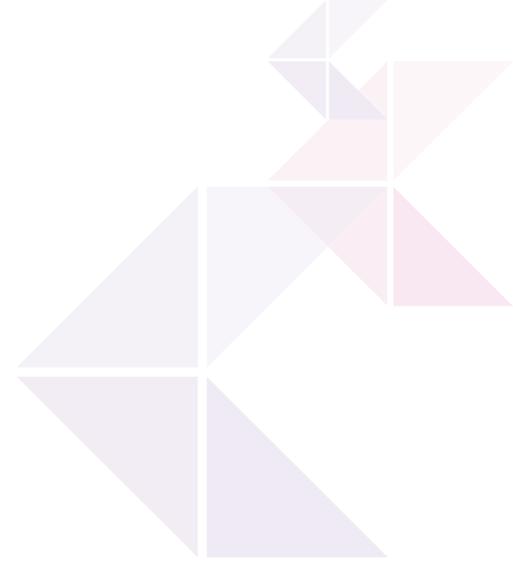
**Net Profit (Loss) Margin** = Net Profit (Loss)/Total Revenue (excluded gain on foreign currency exchange)

**Return on Equity** = Net Profit (Loss)/Average Shareholders' Equity

**Return on Total Assets** = Profit (Loss) before interest and tax/Average total assets

**Interest Bearing Debt to Equity** = (Short-term Loan + Long-term Loan including current portion of Long-term Loan within 1 year)/  
Shareholders' Equity

**Interest Coverage ratio** = EBITDA/interest



NO. 0025/0487

OFFICE OF THE AUDITOR GENERAL  
OF THAILAND,  
Rama VI Road, Phayathai,  
Bangkok 10400, Thailand  
Tel : 66 2271 8053 ; Fax : 66 2618 5788  
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This letter is given to confirm that the English version of the auditor's report together with the consolidated financial statements for the year ended December 31, 2014 of Thai Airways International Public Company Limited and its subsidiaries and separate financial statements for the year ended December 31, 2014 of Thai Airways International Public Company Limited was translated by Thai Airways International Public Company Limited. The Office of the Auditor General of Thailand has reviewed the aforementioned English version of the auditor's report and the consolidated and separate financial statements and found that it is in agreement, as to form and content, with the Thai version of the auditor's report and the consolidated and separate financial statements for the same period.

Given on March 3, 2015

**(Pisit Leelavachiropas)**  
Auditor General



## AUDITOR'S REPORT

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

The Office of the Auditor General of Thailand has audited the accompanying consolidated and separate financial statements of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2014 and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

The Office of the Auditor General of Thailand's responsibility is to express an opinion on these consolidated and separate financial statements based on the audit. The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing. Those standards require that the Office of the Auditor General of Thailand comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

The Office of the Auditor General of Thailand believes that the audit evidence the Office of the Auditor General of Thailand has obtained is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's audit opinion.

## Opinion

In the Office of the Auditor General of Thailand's opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited, respectively, as at December 31, 2014 and their consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Emphasis of Matters

The Office of the Auditor General of Thailand would like to draw attention to Note 4 to the financial statements regarding the going concern, which described the fund requirement plan and liquidity management plan of Thai Airways International Public Company Limited. The opinion of the Office of the Auditor General of Thailand is not qualified in respect of this matter.

(Signed) *Pisit Leelavachiropas*  
(Pisit Leelavachiropas)  
Deputy Auditor General

(Signed) *Roongnapa Charoenkunwiwat*  
(Roongnapa Charoenkunwiwat)  
Director of Audit Office No.4

# THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014	2013	2014	2013
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	5.1	23,346,551,299	11,757,473,084	22,605,700,442	11,649,734,484
Temporary investments		120,000,000	100,000,000	-	-
Trade receivables	5.2	12,693,156,288	13,640,040,697	12,421,448,355	13,602,738,159
Prepaid expenses and deposits		8,973,291,938	8,759,218,393	9,247,752,662	9,117,676,555
Inventories and supplies	5.3	6,394,407,798	7,521,371,974	6,390,435,351	7,521,371,974
Other current assets	5.4	7,931,830,092	9,510,098,148	11,118,182,978	9,508,020,384
Non-current assets classified as held for sale	5.5	4,825,624,336	7,196,723,980	4,825,624,336	7,196,723,980
<b>Total Current Assets</b>		<b>64,284,861,751</b>	<b>58,484,926,276</b>	<b>66,609,144,124</b>	<b>58,596,265,536</b>
<b>Non-Current Assets</b>					
Investments in associates	5.6.1	4,771,142,799	4,982,298,757	1,083,520,500	1,083,520,500
Investments in subsidiaries	5.6.1	-	-	810,209,893	460,209,893
Other long-term investments	5.6.2	80,940,004	129,255,558	80,940,004	79,195,065
Property, plant and equipment	5.8	224,021,451,558	231,448,732,868	224,013,693,009	231,440,806,539
Intangible assets	5.9	1,263,035,882	861,265,669	1,233,074,265	856,777,952
Deferred tax assets	5.10.1	7,008,807,127	5,741,159,508	6,991,941,202	5,727,973,315
Other non-current assets	5.11	5,836,938,847	5,437,095,760	5,831,235,015	5,431,405,823
<b>Total Non-Current Assets</b>		<b>242,982,316,217</b>	<b>248,599,808,120</b>	<b>240,044,613,888</b>	<b>245,079,889,087</b>
<b>Total Assets</b>		<b>307,267,177,968</b>	<b>307,084,734,396</b>	<b>306,653,758,012</b>	<b>303,676,154,623</b>

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

# THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014	2013	2014	2013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Trade payables		4,874,561,680	6,186,377,742	4,856,382,197	6,179,081,198
Accrued expenses		20,762,483,571	20,395,460,571	24,095,946,587	20,653,985,311
Current portion of long-term liabilities					
Long-term borrowings from financial institutions	5.12	7,471,449,581	9,445,117,378	7,471,449,581	9,445,117,378
Long-term borrowings from related parties	5.12	568,000,000	1,322,000,000	568,000,000	1,322,000,000
Liabilities under finance leases	5.13	10,638,027,281	10,313,020,136	10,638,027,281	10,313,020,136
Debentures	5.14	3,000,000,000	3,720,000,000	3,000,000,000	3,720,000,000
Short-term borrowings from financial institutions		13,300,000,000	-	13,300,000,000	-
Short-term borrowings from related parties		10,000,000,000	-	10,000,000,000	-
Short-term provisions		135,235,892	-	-	-
Income tax payable		10,420,267	11,369,045	-	-
Other current liabilities					
Accrued dividends		54,901,142	55,099,476	54,809,341	55,007,676
Unearned transportation revenues		22,602,110,933	20,546,445,629	22,452,816,806	20,546,445,629
Others	5.15	8,691,920,949	10,373,688,613	8,549,157,255	10,920,292,838
<b>Total Current Liabilities</b>		<b>102,109,111,296</b>	<b>82,368,578,590</b>	<b>104,986,589,048</b>	<b>83,154,950,166</b>
<b>Non-Current Liabilities</b>					
Long-term liabilities					
Long-term borrowings from financial institutions	5.12	28,414,617,915	32,887,321,733	28,414,617,915	32,887,321,733
Long-term borrowings from related parties	5.12	15,471,246,741	17,943,517,559	15,471,246,741	17,943,517,559
Liabilities under finance leases	5.13	61,388,824,147	63,318,861,181	61,388,824,147	63,318,861,181
Debentures	5.14	41,600,000,000	37,400,000,000	41,600,000,000	37,400,000,000
Deferred tax liabilities	5.10.2	127,934,346	105,336,022	127,934,346	105,336,022
Staff pension fund	5.16	4,763,145,821	4,874,412,373	4,763,145,821	4,874,412,373
Employee benefit obligations	5.17	11,508,912,107	10,545,974,865	11,456,349,347	10,511,745,306
Long-term provisions	5.18	412,959,915	488,522,824	410,519,111	486,082,020
Other non-current liabilities		174,493,302	233,470,172	172,982,273	233,470,172
<b>Total Non-Current Liabilities</b>		<b>163,862,134,294</b>	<b>167,797,416,729</b>	<b>163,805,619,701</b>	<b>167,760,746,366</b>
<b>Total Liabilities</b>		<b>265,971,245,590</b>	<b>250,165,995,319</b>	<b>268,792,208,749</b>	<b>250,915,696,532</b>
<b>Shareholders' Equity</b>					
Share capital					
Authorized share capital	5.20				
2,698.90 million ordinary shares par value of Baht 10 each		26,989,009,500	26,989,009,500	26,989,009,500	26,989,009,500
Issued and paid-up share capital					
2,182.77 million ordinary shares par value of Baht 10 each		21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170
Premium on ordinary shares		25,545,316,308	25,548,223,951	25,545,316,308	25,548,223,951
Retained earnings					
Appropriated					
Legal reserve	5.21	2,691,275,568	2,691,275,568	2,691,275,568	2,691,275,568
Unappropriated		(8,849,195,269)	6,762,425,524	(12,202,761,783)	2,693,239,402
<b>Total Company Shareholders' Equity</b>		<b>41,215,115,777</b>	<b>56,829,644,213</b>	<b>37,861,549,263</b>	<b>52,760,458,091</b>
<b>Non-controlling Interests</b>					
		80,816,601	89,094,864	-	-
<b>Total Shareholders' Equity</b>		<b>41,295,932,378</b>	<b>56,918,739,077</b>	<b>37,861,549,263</b>	<b>52,760,458,091</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>307,267,177,968</b>	<b>307,084,734,396</b>	<b>306,653,758,012</b>	<b>303,676,154,623</b>

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

(Signed) **Charnporn Jotikasathira**  
(Charnporn Jotikasathira)  
President

(Signed) **Charita Leelayudth**  
(Charita Leelayudth)  
Vice President, Investor Relations Management Department  
Acting Executive Vice President, Finance and Accounting

# THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014	2013	2014	2013
<b>Revenues</b>					
<b>Revenues from Sales or Revenues from Services</b>					
Passenger and excess baggage		154,881,181,131	172,334,807,613	154,135,518,653	172,334,807,613
Freight		22,848,094,507	23,553,974,470	22,848,094,507	23,553,974,470
Mail		753,212,553	960,880,422	753,212,553	960,880,422
Other activities		9,885,122,984	9,486,581,292	10,040,759,899	9,126,217,355
<b>Total Revenues from Sales or Revenues from Services</b>		<b>188,367,611,175</b>	<b>206,336,243,797</b>	<b>187,777,585,612</b>	<b>205,975,879,860</b>
<b>Other Income</b>					
Interest income		279,968,103	515,761,906	268,615,608	510,771,156
Gains (losses) on foreign currency exchange		12,622,952,932	(3,894,648,120)	12,644,844,956	(3,897,221,771)
Other income - Others	5.22	2,618,814,433	3,733,127,668	3,120,492,132	4,282,173,605
Gain on Deemed Disposal		-	722,299,368	-	-
Gain on disposal of the controlling interest		-	298,158,621	-	-
<b>Total Other Income</b>		<b>15,521,735,468</b>	<b>1,374,699,443</b>	<b>16,033,952,696</b>	<b>895,722,990</b>
<b>Total Revenues</b>		<b>203,889,346,643</b>	<b>207,710,943,240</b>	<b>203,811,538,308</b>	<b>206,871,602,850</b>
<b>Expenses</b>					
Fuel and oil		79,231,321,984	80,525,255,227	78,101,938,927	80,525,255,227
Employee benefit expenses	5.23	31,274,209,959	33,108,710,969	31,123,370,184	33,091,975,460
Flight service expenses		21,624,911,990	21,726,825,135	21,326,425,139	21,726,825,135
Crew expenses		5,831,415,474	6,008,593,154	5,768,145,956	6,008,593,154
Aircraft maintenance and overhaul costs		14,683,624,297	13,446,842,295	14,308,385,268	13,446,842,295
Depreciation and amortisation expenses		20,534,528,787	20,025,665,524	20,530,221,460	20,019,984,082
Lease of aircraft and spare parts		6,592,623,020	4,699,434,859	8,211,687,583	4,699,434,859
Inventories and supplies		8,256,854,790	9,624,613,734	8,169,067,665	9,624,613,734
Selling and advertising expenses		8,920,303,698	9,495,908,441	8,800,452,822	9,407,838,251
Insurance expenses		492,742,174	628,580,377	477,957,195	628,580,377
Impairment loss of assets		146,248,635	333,663,737	146,248,635	333,663,737
Impairment loss of aircraft	5.24	6,196,331,961	5,092,536,008	6,196,331,961	5,092,536,008
Other expenses	5.25	10,845,617,496	10,702,486,673	10,682,459,841	10,614,233,954
Finance costs		6,073,282,906	6,057,267,666	6,073,282,906	6,057,264,324
Share of profit of associates		(77,276,813)	(836,089,566)	-	-
<b>Total Expenses</b>		<b>220,626,740,358</b>	<b>220,640,294,233</b>	<b>219,915,975,542</b>	<b>221,277,640,597</b>
<b>Loss before Income Tax Expense</b>		<b>(16,737,393,715)</b>	<b>(12,929,350,993)</b>	<b>(16,104,437,234)</b>	<b>(14,406,037,747)</b>
Income tax expense (income)	5.26	(1,164,836,464)	(929,404,056)	(1,208,436,049)	(968,045,697)
<b>Loss for the Year</b>		<b>(15,572,557,251)</b>	<b>(11,999,946,937)</b>	<b>(14,896,001,185)</b>	<b>(13,437,992,050)</b>
<b>Other Comprehensive Income</b>					
Actuarial gains on employee benefit obligation		-	1,305,814,003	-	1,307,925,659
Income tax relating to components of other comprehensive income		-	(261,162,801)	-	(261,585,132)
<b>Other Comprehensive Income for the Year - Net of Tax</b>		<b>-</b>	<b>1,044,651,202</b>	<b>-</b>	<b>1,046,340,527</b>
<b>Total Comprehensive Income for the Year</b>		<b>(15,572,557,251)</b>	<b>(10,955,295,735)</b>	<b>(14,896,001,185)</b>	<b>(12,391,651,523)</b>
<b>Profit (Loss) Attributable to :</b>					
<b>Owners of the Parent</b>		<b>(15,611,620,793)</b>	<b>(12,047,374,024)</b>	<b>(14,896,001,185)</b>	<b>(13,437,992,050)</b>
Non-controlling interests		39,063,542	47,427,087	-	-
		<b>(15,572,557,251)</b>	<b>(11,999,946,937)</b>	<b>(14,896,001,185)</b>	<b>(13,437,992,050)</b>
<b>Total Comprehensive Income Attributable to :</b>					
<b>Owners of the Parent</b>		<b>(15,611,620,793)</b>	<b>(11,001,962,626)</b>	<b>(14,896,001,185)</b>	<b>(12,391,651,523)</b>
Non-controlling interests		39,063,542	46,666,891	-	-
		<b>(15,572,557,251)</b>	<b>(10,955,295,735)</b>	<b>(14,896,001,185)</b>	<b>(12,391,651,523)</b>
<b>Loss per Share</b>	5.28				
Basic loss per share		(7.15)	(5.52)	(6.82)	(6.16)

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

(Signed) **Charamporn Jotikasathira**  
(Charamporn Jotikasathira)  
President

(Signed) **Charita Leelayudth**  
(Charita Leelayudth)  
Vice President, Investor Relations Management Department  
Acting Executive Vice President, Finance and Accounting

# THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

Unit : Baht

	CONSOLIDATED FINANCIAL STATEMENTS									
	Owners of the parent				Total Owners of the Parent	Non- controlling Interests	Total Shareholders' Equity			
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings	Other Components of Equity						
				Other Comprehensive Income				Total Other Components of Equity		
			Actuarial Gains on Employee Benefit Obligations	Income Tax Relating to Components of Other Comprehensive Income						
<b>Balance as at January 1, 2013 before Adjustment</b>	21,827,719,170	25,548,223,951	21,544,010,006	-	-	-	68,919,953,127	898,484,836	69,818,437,963	
Add The effect from loss of control in subsidiary	-	-	-	-	-	-	-	(720,965,280)	(720,965,280)	
Add The effect of changes in accounting policy	-	-	2,990,093	-	-	-	2,990,093	214	2,990,307	
<b>Balance after Adjustment</b>	21,827,719,170	25,548,223,951	21,547,000,099	-	-	-	68,922,943,220	177,519,770	69,100,462,990	
<b>Changes in Shareholders' Equity</b>										
Less Dividends paid	-	-	(1,091,385,959)	-	-	-	(1,091,385,959)	(135,000,005)	(1,226,385,964)	
Add Dividends returned	-	-	49,578	-	-	-	49,578	-	49,578	
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	(91,800)	(91,800)	
Less Issued share capital	-	-	-	-	-	-	-	8	8	
Add Total comprehensive income for the year 2013	-	-	(12,047,374,024)	1,306,764,248	(261,352,850)	1,045,411,398	(11,001,962,626)	46,666,891	(10,955,295,735)	
<b>Balance as at December 31, 2013</b>	<b>21,827,719,170</b>	<b>25,548,223,951</b>	<b>8,408,289,694</b>	<b>1,306,764,248</b>	<b>(261,352,850)</b>	<b>1,045,411,398</b>	<b>56,829,644,213</b>	<b>89,094,864</b>	<b>56,918,739,077</b>	
<b>Balance as at January 1, 2014</b>	21,827,719,170	25,548,223,951	8,408,289,694	1,306,764,248	(261,352,850)	1,045,411,398	56,829,644,213	89,094,864	56,918,739,077	
<b>Reclassification</b>										
Actuarial gains on employee benefit and income tax	-	-	1,045,411,398	(1,306,764,248)	261,352,850	(1,045,411,398)	-	-	-	
<b>Changes in Shareholders' Equity</b>										
Less Dividends paid	-	-	-	-	-	-	-	(47,250,005)	(47,250,005)	
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	(91,800)	(91,800)	
Less Adjustment of share offering expense	-	(2,907,643)	-	-	-	-	(2,907,643)	-	(2,907,643)	
Add Total comprehensive income for the year 2014	-	-	(15,611,620,793)	-	-	-	(15,611,620,793)	39,063,542	(15,572,557,251)	
<b>Balance as at December 31, 2014</b>	<b>21,827,719,170</b>	<b>25,545,316,308</b>	<b>(6,157,919,701)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,215,115,777</b>	<b>80,816,401</b>	<b>41,295,932,378</b>	

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

(Signed)

**Charamporn Jotikasathira**  
(Charamporn Jotikasathira)

President

(Signed)

**Charita Leelayudth**  
(Charita Leelayudth)

Vice President, Investor Relations Management Department  
Acting Executive Vice President, Finance and Accounting

# THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

Unit : Baht

	SEPARATE FINANCIAL STATEMENTS							Total Shareholders' Equity
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings	Other Components of Equity			Total Other Components of Equity	
				Actuarial Gains on Employee Benefit Obligations	Income Tax Relating to Components of Other Comprehensive Income	Other Comprehensive Income		
<b>Balance as at January 1, 2013</b>	21,827,719,170	25,548,223,951	18,867,502,874	-	-	-	66,243,445,995	
<b>Changes in Shareholders' Equity</b>								
Less Dividend paid	-	-	(1,091,385,959)	-	-	-	(1,091,385,959)	
Add Dividend returned	-	-	49,578	-	-	-	49,578	
Less Total comprehensive income for the year 2013	-	-	(13,437,992,050)	1,307,925,659	(261,585,132)	1,046,340,527	(12,391,651,523)	
<b>Balance as at December 31, 2013</b>	<b>21,827,719,170</b>	<b>25,548,223,951</b>	<b>4,338,174,443</b>	<b>1,307,925,659</b>	<b>(261,585,132)</b>	<b>1,046,340,527</b>	<b>52,760,458,091</b>	
<b>Balance as at January 1, 2014</b>	21,827,719,170	25,548,223,951	4,338,174,443	1,307,925,659	(261,585,132)	1,046,340,527	52,760,458,091	
<b>Reclassification</b>								
Actuarial gains on employee benefit and income tax	-	-	1,046,340,527	(1,307,925,659)	261,585,132	(1,046,340,527)	-	
<b>Changes in Shareholders' Equity</b>								
Less Adjustment of share offering expense	-	(2,907,643)	-	-	-	-	(2,907,643)	
Less Total comprehensive income for the year 2014	-	-	(14,896,001,185)	-	-	-	(14,896,001,185)	
<b>Balance as at December 31, 2014</b>	<b>21,827,719,170</b>	<b>25,545,316,308</b>	<b>(9,511,486,215)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,861,549,263</b>	

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

(Signed) **Charemporn Jotikasathira**  
(Charemporn Jotikasathira)  
President

(Signed) **Charita Leelayudth**  
(Charita Leelayudth)  
Vice President, Investor Relations Management Department  
Acting Executive Vice President, Finance and Accounting

# THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

Unit : Baht

Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2014	2013	2014	2013
<b>Cash Flows from Operating Activities</b>				
Loss before income tax expenses	(16,737,393,715)	(12,929,350,993)	(16,104,437,234)	(14,406,037,747)
Adjustment to reconcile loss before income tax expense to cash received (paid) from operating activities :				
Depreciation and amortisation expenses	20,534,528,787	20,025,665,524	20,530,221,460	20,019,984,082
Aircraft lease fee	149,417,313	93,097,956	149,417,313	93,097,956
Dividends received	(578,785)	(633,150)	(346,820,352)	(552,793,011)
Share of profits of investments by equity method	(77,276,813)	(836,089,566)	-	-
Gain on disposal of the acontrolling interest	-	(298,158,621)	-	-
Gain on deemed disposal	-	(722,299,368)	-	-
Interest income	(279,968,103)	(515,761,906)	(268,615,608)	(510,771,156)
Interest expenses	6,073,282,906	6,057,267,666	6,073,282,906	6,057,264,324
Gains on sales of assets	(27,415,792)	(87,583,013)	(27,023,244)	(87,771,672)
Loss on sales of aircraft	688,434,938	-	688,434,938	-
Losses (gains) on foreign currency exchange	(10,365,248,297)	6,844,522,988	(10,386,356,549)	6,845,438,501
Employee benefit obligations	962,937,242	860,823,639	944,604,041	848,775,939
Provision for obsolete inventories and supplies	682,942,374	716,570,111	682,942,374	716,570,111
Doubtful accounts	293,635,222	163,572,394	290,248,654	158,935,445
Impairment loss of aircraft	6,196,331,961	5,092,536,008	6,196,331,961	5,092,536,008
Impairment loss of assets	146,248,635	333,663,737	146,248,635	333,663,737
Operating profits before changes in operating assets and liabilities	8,239,877,873	24,797,843,406	8,568,479,295	24,608,892,517
Decrease (increase) in operating assets :				
Trade receivables	310,185,813	2,531,399,710	548,221,184	2,541,521,171
Inventories and supplies	444,021,802	(457,742,355)	447,994,249	(457,742,355)
Prepaid expenses and deposits	(209,315,164)	799,957,276	(125,317,727)	581,816,051
Tax refund	259,528,595	223,591,214	259,528,595	223,591,214
Other current assets	1,315,077,036	312,191,449	(1,873,927,159)	302,418,111
Assets for sales	(2,327,359,628)	(521,914,995)	(2,327,359,628)	(521,914,995)
Other assets	278,780,241	(135,366,166)	278,794,137	(135,347,845)
Deferred charges	(1,352,677,207)	(1,186,332,285)	(1,352,677,207)	(1,186,332,285)
Increase (decrease) in operating liabilities :				
Trade payables	(1,606,417,392)	2,158,904,891	(1,596,516,663)	2,160,283,610
Accrued expenses and other current liabilities	(975,508,332)	412,684,026	1,408,612,196	613,809,800
Staff pension fund	(111,266,552)	204,307,966	(111,266,552)	204,307,966
Unearned transportation revenues	2,046,424,940	(2,781,225,301)	1,897,130,813	(2,781,225,301)
Other non-current liabilities	(2,403,776)	(315,168,048)	(137,639,668)	(315,205,177)
<b>Proceeds from operations</b>	<b>6,308,948,249</b>	<b>26,043,130,788</b>	<b>5,884,055,865</b>	<b>25,838,872,482</b>
Payment of income tax	(290,349,666)	(309,160,380)	(241,759,589)	(250,582,127)
<b>Net Cash provided by Operating Activities</b>	<b>6,018,598,583</b>	<b>25,733,970,408</b>	<b>5,642,296,276</b>	<b>25,588,290,355</b>

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 YEAR ENDED DECEMBER 31, 2014

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2014	2013	2014	2013
<b>Cash Flows from Investing Activities</b>					
Cash paid for acquisition of fixed assets	B	(7,983,652,715)	(28,803,209,428)	(7,980,857,431)	(28,800,658,531)
Cash paid for intangible assets		(581,842,824)	(360,467,215)	(555,022,349)	(359,717,415)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment		980,996,468	1,226,032,229	980,996,468	1,226,032,229
Proceeds from sales of assets		863,637,046	556,891,855	863,242,186	556,891,855
Interest income		281,577,613	268,619,048	270,396,164	263,344,110
Dividends received		289,011,555	387,734,216	346,820,351	552,793,011
Investment decrease (increase)		48,418,798	(449,178,594)	(351,581,202)	(449,178,594)
Temporary investment decrease (increase)		(20,000,000)	200,000,000	-	-
Cash decreased from loss of control		-	(246,456,042)	-	-
<b>Net Cash used in Investing Activities</b>		<b>(6,121,854,059)</b>	<b>(27,220,033,931)</b>	<b>(6,426,005,813)</b>	<b>(27,010,493,335)</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds from debentures		7,200,000,000	9,000,000,000	7,200,000,000	9,000,000,000
Proceeds from short-term borrowings		49,923,830,000	-	49,923,830,000	-
Proceeds from long-term borrowings		10,403,755,433	22,762,434,571	10,403,755,433	22,762,434,571
Proceeds from issued share capital		-	8	-	-
Cash paid for repayment of short-term borrowings		(26,623,830,000)	-	(26,623,830,000)	-
Cash paid for repayment of debentures		(3,720,000,000)	(2,556,790,000)	(3,720,000,000)	(2,556,790,000)
Cash paid for repayment of long-term borrowings		(19,365,652,291)	(30,161,446,441)	(19,365,652,291)	(30,161,446,441)
Cash paid for borrowings interest		(5,571,741,777)	(5,184,712,670)	(5,571,741,777)	(5,184,709,328)
Dividends paid		(259,534)	(1,088,021,876)	(198,334)	(1,088,021,676)
Dividends paid to non-controlling interests		(47,280,604)	(135,101,497)	-	-
<b>Net Cash provided by (used in) Financing Activities</b>		<b>12,198,821,227</b>	<b>(7,363,637,905)</b>	<b>12,246,163,031</b>	<b>(7,228,532,874)</b>
Net increase (decrease) in cash and cash equivalents		12,095,565,751	(8,849,701,428)	11,462,453,494	(8,650,735,854)
Cash and cash equivalents at the beginning of the year		11,757,473,084	20,048,374,724	11,649,734,484	19,741,670,550
		<b>23,853,038,835</b>	<b>11,198,673,296</b>	<b>23,112,187,978</b>	<b>11,090,934,696</b>
Effect from changing in exchange rate on cash and cash at banks increase (decrease)		(506,487,536)	558,799,788	(506,487,536)	558,799,788
<b>Cash and Cash Equivalents at the End of the Year</b>	C	<b>23,346,551,299</b>	<b>11,757,473,084</b>	<b>22,605,700,442</b>	<b>11,649,734,484</b>

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

(Signed) *Charamporn Jotikasathira*  
(Charamporn Jotikasathira)  
President

(Signed) *Charita Leelayudth*  
(Charita Leelayudth)  
Vice President, Investor Relations Management Department  
Acting Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**Note to Statements of Cash Flows**

**A. Tax Refund – Consolidated and Separate Financial Statements**

Unit : Million Baht

	2014
Proceeds from P.N.D.50 for the year 2012	266.29
Adjustment of tax refund for the year 2013	(6.76)
	<b>259.53</b>
	2013
Proceeds from P.N.D.50 for the year 2011	244.04
Proceeds from P.N.D.50 for the year 2007	19.60
Adjustment of tax refund for the year 2012	(40.05)
	<b>223.59</b>

**B. Property, Plant and Equipment**

**Consolidated financial statements**

During the year 2014, the Company bought property, plant and equipment under finance leases amount of THB 7,733.89 million and cash payment amount of THB 7,983.65 million, total cost amount of THB 15,717.35 million.

During the year 2013, the Company bought property, plant and equipment under finance leases amount of THB 9,285.22 million and cash payment amount of THB 28,803.21 million, total cost amount of THB 38,088.43 million.

**Separate financial statements**

During the year 2014, the Company bought property, plant and equipment under finance leases amount of THB 7,733.89 million and cash payment amount of THB 7,980.86 million, total cost amount of THB 15,714.75 million.

During the year 2013, the Company bought property, plant and equipment under finance leases amount of THB 9,285.22 million and cash payment amount of THB 28,800.66 million, total cost amount of THB 38,085.88 million.

**C. Cash and Cash Equivalents**

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Cash on hand and outstanding bank balances	23,853.04	10,198.67	23,112.19	10,090.93
Short-term investments	-	1,000.00	-	1,000.00
Cash and cash equivalents as previously reported	23,853.04	11,198.67	23,112.19	11,090.93
Effect of exchange rate changes	(506.49)	558.80	(506.49)	558.80
<b>Cash and cash equivalents as reported</b>	<b>23,346.55</b>	<b>11,757.47</b>	<b>22,605.70</b>	<b>11,649.73</b>

(Signed) *Charamporn Jotikasathira*  
**(Charamporn Jotikasathira)**  
 President

(Signed) *Charita Leelayudth*  
**(Charita Leelayudth)**  
 Vice President, Investor Relations Management Department  
 Acting Executive Vice President, Finance and Accounting

# THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014

## 1. GENERAL INFORMATION AND BASIS OF FINANCIAL STATEMENT PREPARATION

### 1.1 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 December 31, 2014, the Company has the routes network servicing to 74 destinations in 34 countries all over the world, whereas 7 routes are domestic (excluding Bangkok).

### 1.2 Basis of Financial Statement Preparation

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

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

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

Company's Name	Type of Business	Located Country	Percentage of Share Holding	
			2014	2013
<b>Held by the Company:</b>				
1. Thai-Amadeus Southeast Asia Company Limited	Information technology Company for travel services	Thailand	55%	55%
2. WingSpan Services Company Limited to the Company	Providing special personnel services	Thailand	49%	49%
3. Thai Flight Training Company Limited	Aviation training services	Thailand	49%	49%
4. Thai Smile Airways Company Limited	Air transportation services	Thailand	100%	100%
<b>Held by the Subsidiary of the Company</b>				
A subsidiary held by WingSpan Services Company Limited				
• Tour Eurmg Luang Company Limited	Tourism Business	Thailand	49%	49%

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

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

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

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

## **2. ACCOUNTING STANDARDS, FINANCIAL REPORTING STANDARDS, FINANCIAL REPORTING INTERPRETATIONS COMMITTEE AND ACCOUNTING STANDARD INTERPRETATIONS WHICH ARE NOT CURRENTLY EFFECTIVE ARE AS FOLLOWS:**

- Effective for accounting periods on or after January 1, 2015 :

TAS No. 1 (Revised 2014)	Presentation of Financial Statements
TAS No. 2 (Revised 2014)	Inventories
TAS No. 7 (Revised 2014)	Statement of Cash Flows
TAS No. 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS No. 10 (Revised 2014)	Events after the Reporting Period
TAS No. 11 (Revised 2014)	Construction Contracts
TAS No. 12 (Revised 2014)	Income Taxes
TAS No. 16 (Revised 2014)	Property, Plant, and Equipment
TAS No. 17 (Revised 2014)	Leases
TAS No. 18 (Revised 2014)	Revenue
TAS No. 19 (Revised 2014)	Employee Benefits
TAS No. 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS No. 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS No. 23 (Revised 2014)	Borrowing Costs
TAS No. 24 (Revised 2014)	Related Party Disclosures
TAS No. 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS No. 27 (Revised 2014)	Separate Financial Statements
TAS No. 28 (Revised 2014)	Investment in Associates and Joint Ventures
TAS No. 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS No. 33 (Revised 2014)	Earnings per Share
TAS No. 34 (Revised 2014)	Interim Financial Reporting
TAS No. 36 (Revised 2014)	Impairment of Assets
TAS No. 37 (Revised 2014)	Provisions, Contingent Liabilities, and Contingent Assets
TAS No. 38 (Revised 2014)	Intangible Assets
TAS No. 40 (Revised 2014)	Investment Property
TFRS No. 2 (Revised 2014)	Share - based Payment
TFRS No. 3 (Revised 2014)	Business Combinations
TFRS No. 5 (Revised 2014)	Non - current Assets Held for Sale and Discontinued Operations



TFRS No. 8 (Revised 2014)	Operating Segments
TFRS No. 10	Consolidated Financial Statements
TFRS No. 11	Joint Arrangements
TFRS No. 12	Disclosure of Interests in Other Entities
TFRS No. 13	Fair Value Measurement
TSIC No. 10 (Revised 2014)	Government Assistance – No Specific Relation to Operating Activities
TSIC No. 15 (Revised 2014)	Operating Leases – Incentives
TSIC No. 25 (Revised 2014)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC No. 27 (Revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a lease
TSIC No. 29 (Revised 2014)	Service Concession Arrangement : Disclosures
TSIC No. 31 (Revised 2014)	Revenue – Barter Transactions Involving Advertising Services
TSIC No. 32 (Revised 2014)	Intangible Assets – Web site Costs
TFRIC No. 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC No. 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC No. 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC No. 7 (Revised 2014)	Applying the Restatement Approach under TAS 29 (Revised 2014)
	<i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC No. 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC No. 12 (Revised 2014)	Service Concession Arrangements
TFRIC No. 13 (Revised 2014)	Customer Loyalty Programmes
TFRIC No. 14 (Revised 2014)	TAS 19 (Revised 2014) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC No. 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC No. 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC No. 18 (Revised 2014)	Transfers of Assets from Customers

- Effective for accounting periods on or after January 1, 2016 :

TFRS No. 4 (Revised 2014)	Insurance Contracts
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For adopting of Accounting Standard, Financial Reporting Standards and Financial Reporting Standard Interpretation which will be effective for accounting periods on or after January 1, 2015, The management of the Company has assessed that the above standards have no significant impact to the consolidated and the separate financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Allowance for Doubtful Accounts

Trade receivables, not government agencies and state enterprises, are set an allowance for doubtful accounts by analysing a payment history and connection data together with aging analysis of each trade receivables as a criteria at the following rates:

Aging Periods	Allowance for doubtful accounts (%)
over 6 months to 1 year	50
over 1 year to 2 years	75
over 2 years	100

#### 3.2 Inventories and Supplies

Inventories and supplies at the year-end, consisting of aircraft spare parts, fuel and oil for aircraft, cabin supplies, goods for sales as well as stationery and office supplies, are stated at the lower of moving average cost or net realizable value, except inventories in transit are stated at purchased date cost.

- Provision for obsolescence of aircraft spare parts is made at an annual rate of 10% of the year-end balance.
- Slow moving aircraft spare parts and spare parts for sales are spare parts not moving over two years or spare parts for aircraft not represented in the fleet. Provision for obsolescence is made at an annual rate of 33.33% of the incurred balance during the year.
- Provision for obsolete and damaged inventories is made at the full amount.

#### 3.3 Investments

3.3.1 Investments in subsidiary and associated companies are recorded by the equity method in the consolidated financial statements but by cost method in the separate financial statements.

3.3.2 Current investments in debt securities held-to-1 year maturity are stated by the amortized cost method. A premium or discount on debt securities is amortized according to an effective interest rate. The amortized amount will be taken to adjust to an interest income.

3.3.3 Long-term investments in non-marketable equity securities are recorded at cost net of a provision for impairment. An impairment loss is recognized in the income statement.

#### 3.4 Property, Plant and Equipment and Depreciation

##### 3.4.1 Aircraft and aircraft under finance leases

3.4.1.1 Aircraft and aircraft under finance leases are stated at cost, including where applicable (engines and other flight equipment), as well as cost of decoration incurred prior to the aircraft being placed into service but excluding passenger seats and the first estimated overhaul cost, less any concessions for the acquisition of aircraft. Depreciation is calculated on a straight-line basis over an estimated useful life of 20 years with a residual value of 10% of cost.

3.4.1.2 Aircraft overhaul (D-check) costs, the first estimated overhaul costs, are presented as separate assets from the aircraft cost and depreciated over the period of the next scheduled overhaul 4-7 years depending on type of aircraft. When these costs incur, the asserted assets will be expensed and replaced by the incurred overhaul cost.



3.4.1.3 Passenger seats are presented as separate assets from the aircraft cost and depreciated on a straight-line basis over an estimated useful life of 5 years. When the replacement costs incur, they are accounted for as the separate assets and the replaced assets will be written off.

3.4.2 Aircraft spare parts are stated at cost on the acquisition date and depreciated on a straight-line basis over an estimated useful life of 5–20 years.

3.4.3 Other fixed assets are stated at cost on the acquisition date or on the date of completion of construction and depreciated on a straight-line basis over an estimated useful life of 3–30 years.

3.4.4 Leasehold buildings are amortized as expense over a lease term of 10–30 years.

3.4.5 Gain or loss on sale of aircraft is calculated from the difference between the net benefit from aircraft selling and the carrying amount of the aircraft, including D-check, improvements to passenger seats, and sales expense. Gain or loss on sale of other assets is calculated from the difference between the net benefit and net book value of sold assets and recognized as revenue or expense in the income statement.

### **3.5 Non-Current Assets Classified as Held for Sale**

Non-current assets classified as held for sale are stated at the lower of carrying amount or fair value less costs to sell.

Losses on impairment are recognized in an income statement. Gains or losses on sales of assets are recognized as other income or expense at sales.

### **3.6 Intangible Assets**

Computer Software

Software license and cost that are directly with identifiable and unique software product, which can be separated, identified costs and have an economic useful life over the accounting period, will be recognized as an intangible asset and amortized as expenses on a straight-line basis over an useful life of 5 years.

Expenses arising from developing or maintaining computers are recognized as expenses when incurred.

### **3.7 Impairment of Assets**

Assets may be impaired whenever there is an indicator that the book value of the asset exceeds its recoverable amount. A recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

The Company will recognize an impairment loss in an income statement whenever the book value of the asset exceeds its recoverable amount. Also, the Company will reverse the impairment loss when there is an indicator that the impairment has no longer existed or amount of impairment has decreased.

### **3.8 Deferred Charges**

3.8.1 Aircraft overhaul costs (D-check) for aircraft under operating lease are presented as deferred charges and amortized as expenses over an estimated useful life of 4–7 years but not over the lease term.

3.8.2 Loan guarantee premiums are recorded as deferred charge and amortized as expenses over the period of loans in each accounting period.

### 3.9 Liabilities under Finance leases

Liabilities under finance leases are liabilities from the purchase of aircraft under long-term finance leases with financial institutions and are stated at obligation value less aggregate repayments.

### 3.10 Revenue Recognition

3.10.1 Passenger and excess baggage revenues:

3.10.1.1 Revenue from ticket sales and service orders is recognized as revenue when transportation is provided. For passengers using the services of other airlines, the difference between the selling price charged by the Company and the amount billed to the Company by those airline performing the services is recognized as revenue.

3.10.1.2 Unused tickets and service orders are recognized as revenue after 2 years.

3.10.2 Freight revenue is recognized when the Company provides the services and issues its air waybills. For freight carried by other air carriers, the difference between the selling price charged by the Company and the amount billed to the Company by those air carriers performing the services is recognized as revenue.

- Freight with respect to which the Company has issued an air waybill but carried by other air carriers is recognized as revenue if the other air carriers do not bill within 1 year.

3.10.3 The Company has operated a frequent flyer program called "Royal Orchid Plus" since 1993. Members exchange accumulated mileage for services. The Company calculates fair value rate per mile by average of air award redemption fair value and other award redemption fair value.

Both air award and other award redemption fair value calculate using the same concept. Air award redemption fair value calculates from dividing the average net collected fare in each zone by the number of miles redeemed for awards in that zone then weighted by each zonal redemption. Other award redemption fair value calculates the same way using average other award value as a value per mile of the Royal Orchid Plus. Then, the estimated cost is used to reduce passenger revenues and recorded liabilities under "unearned transportation revenues". Revenues are recognized when numbers redeem awards.

3.10.3.1 Unredeemed awards are recognized as revenue after 3 years.

3.10.3.2 Redemptions with Star Alliance partners involve interline billing arrangements and costs per mile specified in partner agreements. Revenues are recognized when transportation is provided.

3.10.3.3 The Company sells mileage to its members in order to encourage redemptions and recognizes the difference between the sale price and mileage cost as revenue.

3.10.4 Revenues from business units, Aircraft Maintenance Services, Ground Customer Services, Ground Support Equipment Services, and Cargo and Mail Commercial Services are recognized when services are provided. Revenues from Catering Services are recognized at sales. As for revenues from supporting activities such as Sale on Board and Thai Shop are recognized at sales but revenues from Dispatch Services are recognized when services are provided.

3.10.5 Other revenues are recognized on an accrual basis.

### 3.11 Earnings per Share

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



### 3.12 Foreign Currency Transactions

Foreign currency transactions incurred during the year are translated into Baht by exchange rates of the Bank of Thailand at transaction date.

Assets and liabilities denominated in foreign currency at year-end are translated into Baht by the closing rate of the average buying and average selling rates of commercial banks announced by the Bank of Thailand at the statements of financial position date, respectively. Gains or losses on currency exchange are recognized as income or expenses in the statements of comprehensive income.

### 3.13 Employee Benefits

The Company's obligation concerning post-employment benefits under the defined benefit plans and other long-term benefits are recognized in the financial statements using the Projected Unit Credit Method based on calculations by a qualified actuary.

Actuarial gains and losses for the Company's defined benefit plans and other long-term benefits will be recognized in the statements of comprehensive income.

### 3.14 Staff Provident Fund

On June 26, 1992, the Company established an "Employee of Thai Airways International Public Company Limited Registered Provident Fund" in accordance with the Provident Fund Act B.E. 2530. The fund is managed by a professional fund manager and does not appear on the separate statements of financial position. The Company contributes to the fund on a monthly basis at a rate of 9% of salaries for members having not more than 20 years of service and 10% for members having more than 20 years of service. Contributions are recognized as expenses of the Company.

### 3.15 Deferred Tax

The Company's income tax is calculated in accordance with the Revenue Code of Thailand.

The deferred tax asset is calculated from temporary differences between the tax base of an asset and liability and its carrying amount in the statements of financial position. The Company recognizes the deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period, and will reduce to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of the deferred tax assets to be utilized.

The deferred tax liability is calculated from temporary differences between the tax base of intangible asset and its carrying amount.

### 3.16 Accounting Estimates

The Company and its subsidiaries have applied the accounting estimates and many assumptions in preparation financial statements to conform to the generally accepted accounting principles. These will impact on the amounts of revenues, expenses, assets, liabilities as well as the disclosure of contingent assets and liabilities which may be differed from the actualities.

The estimates and assumptions used in the preparation of financial statement are consistently reviewed. Revisions to accounting estimates are recognized in the reviewed accounting periods and affected future periods.

### 3.17 Financial Instruments

The Company uses financial instruments which are Interest Rate Swap (IRS) and Cross Currency Swap (CCS) to reduce the fluctuation risk from an interest rate and exchange rate by entering into a Swap Confirmation to exchange the principal amount and interest at maturity according to the contract. Each party will pay and receive the principal and/or interest in the agreeing currency and interest. The arising interest difference will be recorded as interest expenses in the statements of comprehensive income and the principal difference will be recognized as gains or losses on foreign currency exchange in the statement of comprehensive income. For the forward foreign exchange contracts, the Company will recognize in its financial statements at maturity. The arising difference will be recorded as gains or losses on foreign currency exchange in the statements of comprehensive income.

In addition, the Company also entered into fuel price hedging agreement in which premium and the difference of the fuel price arising from this agreement will be recorded as expenses in the statements of comprehensive income.

### 3.18 Cash Flow Hedge Accounting

When a financial instrument is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the financial instrument is recognized in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion is recognized immediately in profit or loss.

Effective portion of the hedges recognized in other comprehensive income is reclassified in profit and loss as forecasted transactions are recognized in profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognized in profit or loss immediately.

## 4. GOING CONCERN

Due to the loss operating results has impacted on the material decrease in cash flow from operating activities. As a result, liquidity ratio is equal to 0.81 (exclude unearned revenue) and interest bearing debt to equity ratio is equal to 4.65 for the year ended December 31, 2014. Thus, the Company has to partially draw down committed revolving credit lines to sustain liquidity and to maintain adequate level of required cash flow for working capital, to meet its investment program without a discontinuity. Moreover, the Company borrowed a short-term, long-term loan as well as drawn down committed revolving credit lines for an aggregate of THB 76,328 million which were the borrowing in the forth quarter amount of THB 9,300 million. As a result, the Company has cash and cash equivalents as at December 31, 2014 amount of THB 22,606 million, an increase of THB 10,956 million from the year 2013. Therefore, the Company can repay the loan at maturity date.

On August 20, 2014, the Company sent a letter to the Public Debt Management Office (PDMO) to ask for revision of the Public Debt in funding foreign currency requirement for Aircraft procurement for the budget year 2015 in order to obtain funding approval under the Public Debt in accordance with the loan condition of the European Commercial Paper (ECP) Program. On September 2, 2014, the Company sent another letter to ask for on-lending support from the PDMO under the ECP Program for the purpose of bridge financing before acquiring long-term loan for Aircraft procurement.

On September 2, 2014, The National Council for Peace and Order (NCPO) approved the Public Debt for the budget year 2015 as proposed by Finance Minister, Chairman of the Public Debt Policy and Supervision Committee which the Company plans to secure foreign currency funding for the 8 aircraft on due payment. The Aircraft procurement plan forms part of the country's strategy to enhance Air Transport Infrastructure (phase I). The total amount of THB 23,540.47 million (equivalent to USD 759.37 million) with the condition that the Company may use on-lending loan approved under the ECP program for the purpose of bridge financing before securing Long-term loan to finance aircraft acquisition.

For aircraft which has been already taken the delivery, the Company borrowed a long-term loan from foreign financial institution to pay for aircraft, without draw down from the ECP Program.

For the year 2015, the Company will implement the Transformation Plan which has been approved by the Company's Board of Directors on December 22, 2014, and has been agreed to by the State Enterprise Policy Commission on January 26, 2015. The Transformation Plan will be proceeded continuously between the year 2015 - 2016, consisting of 6 strategic major areas, which are Network Strategy, Fleet Strategy, Commercial Strategy, Operation and Cost Strategy, Organization Strategy and Portfolio Strategy. This Transformation Plan will ensure stability and sustainability for the Company's profit and bring the Company back to as the national carrier. To drive the Transformation Plan, the Company has established the monitoring function to regulate according to such plan.

In ensuring sufficient liquidity, the Company is planning to obtain long-term financing for payment of aircraft to be delivered in 2015 and has in hand, the ECP lending facility as approved by the Ministry of Finance should there be need for aircraft financing support. In addition to aircraft financing, the Company has submitted its plan to issue up to THB 15,000 million in long-dated bonds as part of the 2015 National Debt Management Plan. Cash flow projections made for 2015 has been conservative to ensure that the Company will be able to sustain operations. However, there are committed revolving credit lines that are still available to the Company which in combination with the planned fund raising should provide sufficient cash on-hand to sustain operations through the transformation period. From the beginning of the year 2015, passenger traffic has been higher than the estimation and therefore, the improvement should better the Company's overall 2015 financial outlook and lend to the Company being able to achieve its fund raising as planned.

## 5. SUPPLEMENTARY INFORMATION

### 5.1 Cash and Cash Equivalents

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Cash - Domestic	10.96	13.99	10.96	13.99
Cash - Abroad	14.51	65.57	14.51	65.57
Cash at Banks - Domestic	11,982.90	898.84	11,242.05	791.10
Cash at Banks - Abroad	11,338.18	10,779.07	11,338.18	10,779.07
<b>Total</b>	<b>23,346.55</b>	<b>11,757.47</b>	<b>22,605.70</b>	<b>11,649.73</b>

## 5.2 Trade Receivables aging analysis is as follows:

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Aging Periods:				
Not over 6 months	12,425.82	13,512.16	12,156.81	13,476.30
Over 6 months to 1 year	334.55	357.67	328.69	354.75
Over 1 year to 2 years	252.65	350.20	252.65	350.20
Over 2 years	849.27	1,309.26	823.23	1,284.91
	13,862.29	15,529.29	13,561.38	15,466.16
Less Allowance for doubtful accounts	(1,169.13)	(1,889.25)	(1,139.93)	(1,863.42)
<b>Trade receivables - net</b>	<b>12,693.16</b>	<b>13,640.04</b>	<b>12,421.45</b>	<b>13,602.74</b>

## 5.3 Inventories and Supplies

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Aircraft spare parts	4,412.40	5,075.35	4,412.40	5,075.35
Less Allowance for obsolescence (10% of the year-end balance)	(441.24)	(507.53)	(441.24)	(507.53)
<b>Aircraft spare parts - Net</b>	<b>3,971.16</b>	<b>4,567.82</b>	<b>3,971.16</b>	<b>4,567.82</b>
<b>Vehicle spare parts and ground support equipments</b>	<b>318.82</b>	<b>313.59</b>	<b>318.82</b>	<b>313.59</b>
Slow moving aircraft spare parts and spare parts for sale	3,564.59	3,141.99	3,564.59	3,141.99
Less Allowance for obsolescence (33.33% of incurred balance during the period)	(2,500.87)	(1,824.83)	(2,500.87)	(1,824.83)
<b>Slow moving aircraft spare parts and spare parts for sale - Net</b>	<b>1,063.72</b>	<b>1,317.16</b>	<b>1,063.72</b>	<b>1,317.16</b>
Fuel and oil for aircraft	375.51	740.75	374.70	740.75
Goods for sales	176.96	233.27	176.30	233.27
Cabin supplies	217.92	175.61	216.68	175.61
Supplies and other consumables	26.92	30.63	25.66	30.63
Stationery and office supplies	93.92	90.08	93.92	90.08
Inventories and spare parts in transit	149.48	52.46	149.48	52.46
<b>Total inventories and supplies</b>	<b>1,040.71</b>	<b>1,322.80</b>	<b>1,036.74</b>	<b>1,322.80</b>
Obsolete and damaged inventories for disposal	31.75	32.65	31.75	32.65
Less Allowance for obsolescence (100%)	(31.75)	(32.65)	(31.75)	(32.65)
Obsolete and damaged inventories for disposal - Net	-	-	-	-
<b>Total inventories and supplies - Net</b>	<b>6,394.41</b>	<b>7,521.37</b>	<b>6,390.44</b>	<b>7,521.37</b>
Total inventories and supplies at year-end	9,368.27	9,886.38	9,364.30	9,886.38
Less Total allowance for obsolete inventories and supplies	(2,973.86)	(2,365.01)	(2,973.86)	(2,365.01)
<b>Total inventories and supplies - Net</b>	<b>6,394.41</b>	<b>7,521.37</b>	<b>6,390.44</b>	<b>7,521.37</b>

## 5.4 Other Current Assets

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Tax refund	390.99	441.69	390.99	441.69
Cash and cash at bank of pension fund	4,883.18	4,796.92	4,883.18	4,796.92
Others	2,657.66	4,271.49	5,844.01	4,269.41
<b>Total</b>	<b>7,931.83</b>	<b>9,510.10</b>	<b>11,118.18</b>	<b>9,508.02</b>

## 5.5 Non-current assets classified as held for sale Separate financial statements

As at January 1, 2014, Non-current assets classified as held for sale composed of 4 A300-600, 4 A340-500, 4 B737-400, 4 B747-400, and 2 ATR 72 aircraft, totaling of 18 aircraft amount of THB 7,195.59 million. As well as other fixed assets, amount of THB 1.13 million, which made a grand total of THB 7,196.72 million. The non-current assets classified as held for sale during the year 2014 increased by THB 3,403.64 million which consisting of 4 A330-300 and 5 A300-600, totaling of 9 aircraft as well as by THB 33.46 million from other fixed assets, the total increase in this period is THB 3,437.10 million. Moreover, non-current assets classified as held for sale decreased due to impairment and selling of aircraft by THB 5,808.19 million. As a result, non-current assets classified as held for sale decreased by THB 2,371.09 million.

As at December 31, 2014, non-current assets classified as held for sale composed of 8 A300-600, 4 A340-500, 4 B737-400, 1 B747-400, 2 ATR72, and 3 A330-300 aircraft, totaling of 22 aircraft in an aggregate of THB 4,791.04 million, as well as other fixed assets amount of THB 34.59 million, which made a grand total of THB 4,825.63 million.

In concerning with selling of aircraft, the Company has signed an agreement to sell 4 B747-400, 4 A300-600 and also a Memorandum of Understanding to sell 2 ATR72, totaling of 10 aircraft during this fiscal year. The Company has already received the proceed from selling of 1 A300-600, 3 B747-400, totaling 4 aircraft and transferred the title of these 4 aircraft to the buyer on September 12, 2014, October 31, 2014, November 20, 2014 and December 23, 2014. Also, the Company has disposed 1 A330-300 from its account. (according to Note 5.37).

## 5.6 Investments

### Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
			Cost Method		Equity Method		2014	2013
	2014	2013	2014	2013	2014	2013		
<b>5.6.1 Investments in associated companies recorded by equity method</b>								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2014 amount of THB 544.50 million and for the year 2013 amount of THB 427.50 million)	24.00	24.00	225.00	225.00	231.06	286.73	(42.18)	38.02
Donmuang International Airport Hotel Company Limited	40.00	40.0	48.00	48.00	115.08	102.88	24.21	21.74
Bangkok Aviation Fuel Services Public Company Limited (Fair value for the year 2014 amount of THB 3,599.58 million and for the year 2013 amount of THB 3,167.63 million)	22.59	22.59	115.19	115.19	920.66	878.05	155.50	188.90
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	292.05	246.13	75.91	84.51
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	155.15	130.51	24.64	13.82
Nok Airlines Public Company Limited (Fair value for the year 2014 amount of THB 3,209.50 million and for the year 2013 amount of THB 4,655.00 million)	39.20	39.20	360.00	360.00	3,057.14	3,338.00	(160.80)	489.10
<b>Total investments recorded by equity method</b>					<b>4,771.14</b>	<b>4,982.30</b>	<b>77.28</b>	<b>836.09</b>
<b>5.6.2 Other long-term investments recorded by cost method</b>								
Fuel Pipeline Transportation Limited	0.00026	0.00048	0.00067	0.00067			-	-
Aeronautical Radio of Thailand Limited	1.42	1.90	9.37	12.56			-	-
SITA Investment Certificate	-	-	36.06	31.12			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			0.33	0.13
SITA Information Networking Computing	-	-	30.00	29.88			-	-
Other Shares	-	-	2.76	2.89			0.25	0.50
Investment in Debentures	-	-	-	50.06			-	-
Investment in Vayupak Fund	-	-	1.00	1.00			0.0027	-
<b>Total other long-term investments</b>			<b>80.94</b>	<b>129.26</b>			<b>0.58</b>	<b>0.63</b>

## Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
	2014	2013	Cost Method		2014	2013
			2014	2013		
<b>5.6.1 Investments recorded by cost method</b>						
<b>Subsidiary Companies</b>						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	57.75	165.00
Wing Span Services Company Limited	49.00	49.00	0.98	0.98	0.06	0.06
Thai Flight Training Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Smile Airways Company Limited	100.00	100.00	800.00	450.00	-	-
<b>Total</b>			<b>810.21</b>	<b>460.21</b>	<b>57.81</b>	<b>165.06</b>
<b>Associated Companies</b>						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2014 amount of THB 544.50 million and for the year 2013 amount of THB 427.50 million)	24.00	24.00	225.00	225.00	13.50	13.50
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	12.00	12.00
Bangkok Aviation Fuel Services Public Company Limited (Fair value for the year 2014 amount of THB 3,599.58 million and for the year 2013 amount of THB 3,167.63 million)	22.59	22.59	115.19	115.19	112.88	93.30
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	30.00	13.50
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited (Fair value for the year 2014 amount of THB 3,209.50 million and for the year 2013 amount of THB 4,655.00 million)	39.20	39.20	360.00	360.00	120.05	254.80
<b>Total</b>			<b>1,083.52</b>	<b>1,083.52</b>	<b>288.43</b>	<b>387.10</b>
<b>Total investments recorded by cost method</b>			<b>1,893.73</b>	<b>1,543.73</b>	<b>346.24</b>	<b>552.16</b>
<b>5.6.2 Other long-term investments recorded by cost method</b>						
Fuel Pipeline Transportation Limited	0.00026	0.00048	0.00067	0.00067	-	-
Aeronautical Radio of Thailand Limited	1.42	1.90	9.37	12.56	-	-
SITA Investment Certificate	-	-	36.06	31.12	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	0.33	0.13
SITA Information Networking Computing	-	-	30.00	29.88	-	-
Other Shares	-	-	2.76	2.89	0.25	0.50
Investment in Vayupak Fund	-	-	1.00	1.00	0.0027	-
<b>Total other long-term investments</b>			<b>80.94</b>	<b>79.20</b>	<b>0.58</b>	<b>0.63</b>

### 5.6.3 Financial Information Summary of Subsidiaries

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<b>Subsidiary Companies</b>				
Thai-Amadeus Southeast Asia Company Limited	261.86	85.70	330.92	86.59
WingSpan Services Company Limited	620.96	467.22	1,086.77	75.43
Thai Flight Training Company Limited	15.78	9.47	36.73	7.70
Tour Eung Luang Company Limited	15.55	12.79	1.72	0.24
Thai Smile Airways Company Limited	4,094.33	3,874.93	3,068.60	(577.47)

The Company used the financial statements of subsidiary and associated companies, some of which are unaudited by the CPA, as at December 31, 2014 to record the investment by equity method in the consolidated financial statement and by cost method in the separate financial statement.

## 5.7 Significant Transactions with Related Parties

### 5.7.1 Related Transactions with Major Shareholders

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

Unit : Million Baht

	2014	2013
Government Saving Bank	7,000.00	-
Islamic Bank of Thailand	3,000.00	-
<b>Total</b>	<b>10,000.00</b>	<b>-</b>

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

Unit : Million Baht

	2014	2013
Foreign borrowings via the Ministry of Finance	15,471.25	17,375.52
Government Saving Bank	568.00	1,890.00
<b>Total</b>	<b>16,039.25</b>	<b>19,265.52</b>

### 5.7.2 Related Transactions with Subsidiary Companies

#### 5.7.2.1 Loans to Subsidiary

Unit : Million Baht

	2014	2013
WingSpan Services Company Limited	20.00	20.00
<b>Total</b>	<b>20.00</b>	<b>20.00</b>

#### 5.7.2.2 Sales and Purchases

Unit : Million Baht

	2014		2013	
	Sales	Purchases	Sales	Purchases
Thai-Amadeus Southeast Asia Company Limited	2.37	-	2.67	-
WingSpan Services Company Limited	6.59	863.52	4.76	913.68
Thai Flight Training Company Limited	18.18	0.12	5.16	-
Tour Eurng Luang Company Limited	50.72	21.65	59.87	22.53
Thai Smile Airways Company Limited	2,736.79	2,549.06	-	-

#### 5.7.2.3 Account Receivables and Account Payables

Unit : Million Baht

	2014		2013	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	0.14	0.16	0.42	0.13
WingSpan Services Company Limited	320.59	412.10	404.04	423.08
Thai Flight Training Company Limited	4.46	-	2.23	-
Tour Eurng Luang Company Limited	9.56	-	2.37	-
Thai Smile Airways Company Limited	2,825.91	2,549.06	-	449.99

Related account receivables and account payables of WingSpan Service Co., Ltd. have included prepaid and accrued expenses amount of THB 320.26 million and THB 403.93 million.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. have included accrued income amount of THB 86.58 million and total amount of accrued expenses.

### 5.7.3 Related Transactions with Associated Companies

#### 5.7.3.1 Sales and Purchases

Unit : Million Baht

	2014		2013	
	Sales	Purchases	Sales	Purchases
Royal Orchid Hotel (Thailand) Public Company Limited	-	2.20	-	4.91
Donmuang International Airport Hotel Company Limited	-	0.06	-	0.15
Bangkok Aviation Fuel Services Public Company Limited	0.03	301.32	0.03	363.70
Phuket Air Catering Company Limited	1.29	26.70	2.57	46.97
Suvarnabhumi Airport Hotel Company Limited	-	21.04	-	17.56
Nok Airlines Public Company Limited	70.96	10.57	171.26	13.27

#### 5.7.3.2 Account Receivables and Account Payables

Unit : Million Baht

	2014		2013	
	Sales	Purchases	Sales	Purchases
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.01	-	0.36
Donmuang International Airport Hotel Company Limited	-	-	-	0.01
Bangkok Aviation Fuel Services Public Company Limited	-	30.96	0.01	33.48
Phuket Air Catering Company Limited	0.004	0.07	0.24	2.74
Suvarnabhumi Airport Hotel Company Limited	-	0.43	-	1.04
Nok Airlines Public Company Limited	46.56	0.08	49.44	0.03

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

### 5.7.4 Key Executives Separate financial statements

Unit : Million Baht

	2014	2013
Remuneration for Management Executives	64.90	73.45
Remuneration for Board of Directors	14.97	22.79
<b>Total</b>	<b>79.87</b>	<b>96.24</b>

The Company's Executives are the same criteria as Note No. 5.23, employee benefits expenses.

## 5.8 Property, Plant and Equipment

### Consolidated Financial Statements

As at December 31, 2014

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
<b>Cost</b>											
As at January 1, 2014	17,986.26	157,455.89	169,334.64	34,878.89	1,112.72	935.74	2,513.10	10,791.51	4,663.51	30,657.47	430,329.73
• Adjust/Transfers	(8,469.14)	(20,527.98)	2,209.84	18.46	-	0.56	1.42	-	67.09	59.19	(26,640.56)
• Additions	2,850.53	410.19	17,193.61	2,488.30	160.98	-	-	-	160.45	1,272.52	24,536.58
• Disposals/Amortized	-	(646.77)	(192.18)	(631.40)	-	-	-	-	(89.61)	(845.62)	(2,405.58)
As at December 31, 2014	12,367.65	136,691.33	188,545.91	36,754.25	1,273.70	936.30	2,514.52	10,791.51	4,801.44	31,143.56	425,820.17
<b>Accumulated depreciation</b>											
As at January 1, 2014	-	93,365.17	45,243.35	22,375.17	-	-	2,366.20	5,553.95	4,270.26	25,704.90	198,881.00
• Depreciation	-	7,467.08	8,883.92	1,976.97	-	-	40.88	230.16	151.16	1,393.52	20,143.69
• Adjust/Transfers	-	(14,830.44)	-	(316.93)	-	-	1.42	-	66.94	60.39	(15,018.62)
• Disposals/Amortized	-	(632.62)	(192.18)	(472.08)	-	-	-	-	(89.45)	(821.02)	(2,207.35)
As at December 31, 2014	-	85,369.19	53,935.09	23,563.13	-	-	2,410.50	5,784.11	4,398.91	26,337.79	201,798.72
<b>Net book value</b>											
As at December 31, 2013	17,986.26	64,090.72	124,091.29	12,503.72	1,112.72	935.74	144.90	5,237.56	393.25	4,952.57	231,448.73
As at December 31, 2014	12,367.65	51,322.14	134,610.82	13,191.12	1,273.70	936.30	104.02	5,007.40	402.53	4,805.77	224,021.45

# Consolidated Financial Statements

As at December 31, 2014

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
<b>Cost</b>											
As at January 1, 2013	17,617.01	157,199.58	166,578.72	33,043.68	2,488.24	935.74	2,513.10	10,788.91	4,550.17	29,784.42	425,499.57
● Assets decrease from loss of control	-	-	-	-	-	-	-	-	-	(268.74)	(268.74)
● Adjust/Transfers	(30,929.40)	(16,642.27)	(14,110.94)	(766.04)	-	0.30	0.27	-	0.01	(61.36)	(62,509.43)
● Additions	31,298.65	17,938.58	17,124.66	2,930.44	(1,375.52)	-	-	2.60	125.72	1,814.24	69,859.37
● Disposals/Amortized	-	(1,040.00)	(257.80)	(329.19)	-	(0.30)	(0.27)	-	(12.39)	(611.09)	(2,251.04)
As at December 31, 2013	<b>17,986.26</b>	<b>157,455.89</b>	<b>169,334.64</b>	<b>34,878.89</b>	<b>1,112.72</b>	<b>935.74</b>	<b>2,513.10</b>	<b>10,791.51</b>	<b>4,663.51</b>	<b>30,657.47</b>	<b>430,329.73</b>
<b>Impairment Allowance</b>											
As at January 1, 2013	-	-	-	-	-	-	-	-	-	-	-
● Disposal from loss of control	-	-	-	-	-	-	-	-	-	-	-
● Depreciation	-	105,538.72	43,872.20	20,537.53	-	-	2,324.00	5,323.81	4,120.17	25,215.20	206,931.63
● Adjust/Transfers	-	-	-	-	-	-	-	-	-	(188.05)	(188.05)
● Disposals/Amortized	-	(1,040.00)	(234.47)	(149.79)	-	-	(0.27)	-	(12.17)	(598.47)	(2,035.17)
As at December 31, 2013	-	<b>93,365.17</b>	<b>45,243.35</b>	<b>22,375.17</b>	-	-	<b>2,368.20</b>	<b>5,553.95</b>	<b>4,270.26</b>	<b>25,704.90</b>	<b>198,881.00</b>
<b>Net book value</b>											
As at December 31, 2012	17,617.01	51,660.86	122,706.52	12,506.15	2,488.24	935.74	189.10	5,465.10	430.00	4,569.22	218,567.94
As at December 31, 2013	17,986.26	64,090.72	124,091.29	12,503.72	1,112.72	935.74	144.90	5,237.56	393.25	4,952.57	231,448.73

## Separate Financial Statements

As at December 31, 2014

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
<b>Cost</b>											
As at January 1, 2014	17,986.26	157,455.89	169,334.64	34,878.89	1,112.72	935.74	2,513.10	10,791.51	4,663.51	30,467.53	430,139.79
● Adjust/Transfers	(8,469.14)	(20,527.98)	2,209.84	18.46	-	0.56	1.42	-	67.09	59.19	(26,640.56)
● Additions	2,850.53	410.19	17,193.61	2,488.30	160.98	-	-	-	160.45	1,268.52	24,532.58
● Disposals/Amortized	-	(646.77)	(192.18)	(631.40)	-	-	-	-	(89.61)	(749.95)	(2,309.91)
As at December 31, 2014	<b>12,367.65</b>	<b>136,691.33</b>	<b>188,545.91</b>	<b>36,754.25</b>	<b>1,273.70</b>	<b>936.30</b>	<b>2,514.52</b>	<b>10,791.51</b>	<b>4,801.44</b>	<b>31,045.29</b>	<b>425,721.90</b>
<b>Accumulated depreciation</b>											
As at January 1, 2014	-	93,365.17	45,243.35	22,375.17	-	-	2,368.20	5,553.95	4,270.26	25,522.88	198,698.98
● Depreciation	-	7,467.08	8,883.92	1,976.97	-	-	40.88	230.16	151.16	1,390.44	20,140.61
● Adjust/Transfers	-	(14,830.44)	-	(316.93)	-	-	1.42	-	66.94	60.39	(15,018.62)
● Disposals/Amortized	-	(632.62)	(192.18)	(472.08)	-	-	-	-	(89.45)	(726.43)	(2,112.76)
As at December 31, 2014	-	<b>85,369.19</b>	<b>53,935.09</b>	<b>23,563.13</b>	-	-	<b>2,410.50</b>	<b>5,784.11</b>	<b>4,398.91</b>	<b>26,247.28</b>	<b>201,708.21</b>
<b>Net book value</b>											
As at December 31, 2013	17,986.26	64,090.72	124,091.29	12,503.72	1,112.72	935.74	144.90	5,237.56	393.25	4,944.65	231,440.81
As at December 31, 2014	12,367.65	51,322.14	134,610.82	13,191.12	1,273.70	936.30	104.02	5,007.40	402.53	4,798.01	224,013.69

# Separate Financial Statements

As at December 31, 2013

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
<b>Cost</b>											
As at January 1, 2013	17,617.01	157,199.58	166,578.72	33,043.68	2,486.24	935.74	2,513.10	10,788.91	4,550.17	29,328.29	425,043.44
• Adjust/Transfers	(30,929.40)	(16,642.27)	(14,110.94)	(766.04)	-	0.30	0.27	-	0.01	(61.36)	(62,509.43)
• Additions	31,298.65	17,938.58	17,124.66	2,930.44	(1,375.52)	-	-	2.60	125.72	1,811.69	69,856.82
• Disposals/Amortized	-	(1,040.00)	(257.80)	(329.19)	-	(0.30)	(0.27)	-	(12.39)	(611.09)	(2,251.04)
As at December 31, 2013	<b>17,986.26</b>	<b>157,455.89</b>	<b>169,334.64</b>	<b>34,878.89</b>	<b>1,112.72</b>	<b>935.74</b>	<b>2,513.10</b>	<b>10,791.51</b>	<b>4,663.51</b>	<b>30,467.53</b>	<b>430,139.79</b>
<b>Impairment Allowance</b>											
As at January 1, 2013	-	-	-	-	-	-	-	-	-	-	-
• Depreciation	-	105,538.72	43,872.20	20,537.53	-	-	2,324.00	5,323.81	4,120.17	24,849.07	206,565.50
• Adjust/Transfers	-	7,366.41	8,502.35	2,037.73	-	-	44.20	230.14	162.29	1,349.80	19,692.92
• Disposals/Amortized	-	(18,499.96)	(6,896.73)	(50.30)	-	-	0.27	-	(0.03)	(77.52)	(25,524.27)
As at December 31, 2013	-	<b>(1,040.00)</b>	<b>(234.47)</b>	<b>(149.79)</b>	-	-	<b>(0.27)</b>	-	<b>(12.17)</b>	<b>(598.47)</b>	<b>(2,035.17)</b>
As at December 31, 2013	-	<b>93,365.17</b>	<b>45,243.35</b>	<b>22,375.17</b>	-	-	<b>2,368.20</b>	<b>5,553.95</b>	<b>4,270.26</b>	<b>25,522.88</b>	<b>198,698.98</b>
<b>Net book value</b>											
As at December 31, 2012	17,617.01	51,660.86	122,706.52	12,506.15	2,488.24	935.74	189.10	5,465.10	430.00	4,479.22	218,477.94
As at December 31, 2013	17,986.26	64,090.72	124,091.29	12,503.72	1,112.72	935.74	144.90	5,237.56	393.25	4,944.65	231,440.81

In this fiscal year, there are 106 aircraft represented in the Company's fleet consisting of 34 own aircraft, 38 aircraft under finance leases, and 34 aircraft under operating leases which excluded 22 aircraft for sales with a carrying amount of THB 4,791.04 million.

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

The Company uses buildings and equipment that are now fully depreciated with historical cost of THB 59,788.15 million including the leasehold buildings amount of THB 3,924.94 million.

Leasehold buildings are leased from Airports of Thailand Public Company Limited at Suvarnabhumi Airport with a lease term of 30 years starting from September 28, 2006 to September 29, 2036 and at Donmuang Airport with a lease term of 3 years starting from September 27, 2009 to September 28, 2012. The title of the buildings and elements will be passed to the Ministry of Finance at the end of the lease term. On August 10, 2012, the Company has issued the letter of intent to Airports of Thailand Public Company Limited for such leasehold buildings at Donmuang Airport with a lease term of 3 years starting from September 28, 2012 to September 27, 2015, and the proposal is under the negotiation. In this regard, Airports of Thailand Public Company Limited has collected aforementioned rental at the same rate of previous agreement.

The Company has provided a land located in Bangkok for security meanwhile the Company is now in the procedure of appealing against the judgement of the court of first instance who has made a decision that compelled the Company to provide compensation in the amount of THB 27.63 million with interest due to ceasing of wine purchase.

At present, the official appraisal value of the Company's domestic land is THB 4,216.29 million consisting of land in Bangkok amount of THB 3,981.09 million and land in provinces amount of THB 235.20 million.

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

## 5.9 Intangible Assets

	Unit : Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
<b>Cost</b>		
As at January 1, 2014	2,589.20	2,577.44
● Additions	734.60	707.81
As at December 31, 2014	3,323.80	3,285.25
<b>Accumulated amortization</b>		
As at January 1, 2014	1,727.94	1,720.66
● Amortization	332.82	331.52
As at December 31, 2014	2,060.76	2,052.18
<b>Net book value</b>		
As at December 31, 2013	<b>861.26</b>	<b>856.78</b>
As at December 31, 2014	<b>1,263.04</b>	<b>1,233.07</b>

## 5.10 Deferred Tax Assets, Deferred Tax Liabilities

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

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Contribution to staff provident fund	68.90	74.16	68.90	74.16
Contribution to staff pension fund	431.03	479.63	431.03	479.63
Allowance for obsolete inventories	594.77	473.00	594.77	473.00
Allowance for doubtful accounts	329.56	431.12	325.31	426.88
Allowance for impairment in value of assets	2,561.08	1,590.39	2,561.08	1,590.39
Estimated accrual expenses	659.48	498.89	658.99	498.40
Intangible assets	60.59	83.17	60.59	83.17
Employee benefits obligation	2,301.78	2,109.18	2,291.27	2,102.34
Others	1.62	1.62	-	-
<b>Total</b>	<b>7,008.81</b>	<b>5,741.16</b>	<b>6,991.94</b>	<b>5,727.97</b>

### 5.10.2 Deferred Tax Liabilities

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Intangible assets	127.93	105.34	127.93	105.34

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

## 5.11 Other Non-Current Assets

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Deferred charges	5,108.29	4,429.67	5,108.29	4,429.67
Others	728.65	1,007.43	722.94	1,001.74
<b>Total</b>	<b>5,836.94</b>	<b>5,437.10</b>	<b>5,831.23</b>	<b>5,431.41</b>

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

## 5.12 Long-Term Borrowings Consolidated and separate financial statements

Currency	Loan Currency		Baht Equivalent (Million)	
	2014	2013	2014	2013
EUR	496,371,133	526,502,960	20,031.15	23,862.33
THB	31,894,157,895	37,735,631,579	31,894.16	37,735.63
Total long-term borrowings			51,925.31	61,597.96
Less Current portion of long-term borrowings			8,039.45	10,767.12
<b>Net long-term borrowings</b>			<b>43,885.86</b>	<b>50,830.84</b>

As a December 31, 2014, long-term borrowings of the Company consist of the foreign loans borrowed via the Ministry of Finance amount of THB 15,471.25 million and local loans from the commercial banks as well as Government Saving Bank amount of THB 36,454.06 million. The total of long-term borrowings amounted to THB 51,925.31 million and have been transferred to be a current portion of long-term borrowing amount of THB 8,039.45 million, leaving the balance of long-term borrowings amount of THB 43,885.86 million.

## 5.13 Liabilities under Finance leases Consolidated and separate financial statements

Unit : Million Baht

Liabilities under Finance Leases	2014		2013	
	Book Value	Present Value	Book Value	Present Value
Within 1 year	10,638.03	10,092.05	10,313.02	9,485.65
More than 1 year – 5 years	34,499.85	29,021.27	37,381.28	31,163.91
More than 5 years	26,888.97	17,481.22	25,937.58	17,751.54
<b>Total</b>	<b>72,026.85</b>	<b>56,594.54</b>	<b>73,631.88</b>	<b>58,401.10</b>

The Company has exercised purchase options at the end of term financial lease of aircraft, with 14 foreign and domestic financial institutions, which presented the value regarding to the accounting policy described in Note 3.9. For the fiscal year 2014, the outstanding balance of obligations under finance leases for 38 aircraft is THB 75,810.97 million with maturities ranging from 2015 to 2028. After deducting interest expenses due amount of THB 3,784.12 million, the principal balance of obligations under the Company's finance leases is THB 72,026.85 million. As at December 31, 2014, the amount of THB 10,638.03 million has been transferred to a current portion of finance lease, leaving the balance of long-term liabilities under finance lease amount of THB 61,388.82 million.

## 5.14 Debentures

Unit : Million Baht

Resolutions of Shareholders' Meeting /No./Date	Issuing						Redemption					Balance as at December 31, 2014.	
	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2014	2015	2016	2017		2018
Extraordinary /1/2546	40,000												
September 2, 2003		2 (Tranche3)	2004	October 20, 2014	10	5.80	3,000.00	October 20					-
		3 (Tranche3)	2005	May 12, 2015	10	5.19	3,000.00						3,000.00
	60,000												
Ordinary /2548		1 (Tranche2)	2009	January 20, 2014	5	5.45	720.00	January 20					-
December 23, 2005		1 (Tranche3)	2009	January 20, 2016	7	5.60	300.00						300.00
		1 (Tranche4)	2009	January 20, 2019	10	6.00	3,600.00						3,600.00
	40,000												
Ordinary /2553		1 (Tranche1)	2011	May 13, 2018	7	Year 1-3 4%	1,555.00						1,555.00
April 28, 2010						Year 4-6 4.5%							
						Year 7 5.25%							
		1 (Tranche2)	2011	May 13, 2021	10	Year 1-4 4.25%	833.00						833.00
						Year 5-8 4.75%							
						Year 9-10 5.35%							
		1 (Tranche3)	2011	May 13, 2016	5	3.91	2,000.00						2,000.00
		1 (Tranche4)	2011	May 13, 2018	7	4.36	1,445.00						1,445.00
		1 (Tranche6)	2011	May 13, 2021	10	4.62	2,167.00						2,167.00
		2	2011	December 28, 2016	5	4.30	8,000.00						2,000.00
							2,000.00						
		1 (Tranche1)	2012	February 16, 2019	7	4.41	1,000.00						1,000.00
		1 (Tranche2)	2012	February 16, 2022	10	4.75	2,000.00						2,000.00
		2	2012	March 23, 2024	12	4.98	3,000.00						1,500.00
							1,500.00						
		3 (Tranche1)	2012	October 11, 2017	5	4.51	4,000.00						4,000.00
		3 (Tranche2)	2012	October 11, 2019	7	4.70	1,500.00						1,500.00
		3 (Tranche3)	2012	October 11, 2022	10	4.90	1,500.00						1,500.00
							7,000.00						

Unit : Million Baht

Issuing										Redemption				
Resolutions of Shareholders' Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2014	2015	2016	2017	2018	Balance as at December 31, 2014.	
During the year 2013														
May 16, 2013		1	2013	May 16, 2018	5	4.18	5,000.00						5,000.00	
August 30, 2013		2					5,000.00							
		2 (Tranche 1)	2013	August 30, 2018	5	4.58	1,250.00						1,250.00	
		2 (Tranche 2)	2013	August 30, 2020	7	4.88	1,250.00						1,250.00	
		2 (Tranche 3)	2013	August 30, 2023	10	5.16	1,500.00						1,500.00	
							4,000.00							
During the year 2014														
NO. 1/2014														
February 07, 2014		Tranche 1	2014	February 07, 2019	5	4.71	1,200.00						1,200.00	
		Tranche 2	2014	February 07, 2021	7	5.14	1,000.00						1,000.00	
		Tranche 3	2014	February 07, 2024	10	5.58	1,000.00						1,000.00	
							*3,200.00							
NO. 2/2014														
December 26, 2014		Tranche 1	2014	December 26, 2019	5	4.46	1,230.00						1,230.00	
		Tranche 2	2014	December 26, 2021	7	4.76	1,340.00						1,340.00	
		Tranche 3	2014	December 26, 2024	10	4.98	1,430.00						1,430.00	
							4,000.00							
<b>Total</b>													<b>44,600.00</b>	

As at December 31, 2014, the balance of debentures was THB 44,600 million, which the amount of THB 3,000 million was transferred to be a current portion of long-term liabilities, leaving the balance of long-term liabilities amount of THB 41,600.00 million.

\* The Company has entered into Cross Currency Swap for swapping THB debentures amount of THB 3,200 million to EUR currency amount of EUR 71.24 million with the interest rate of 2.92%, 3.79% and 4.46% per annum, respectively.

The Company has registered these debentures with the Thai Bond Market Association (Thai BMA) in the bond electronic exchange of the Stock Exchange of Thailand except for the issuing of debentures No. 1/2552 which were offered to specific investors (not more than 10 investors).

### 5.15 Other Current Liabilities - Others

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Payable - airport fees	4,641.41	5,901.77	4,641.41	5,901.77
Deferred revenue	100.56	4.39	100.06	4.14
Tax payables	213.76	144.37	211.82	141.82
Payable - fringe benefits (field office staff)	498.90	564.44	498.90	564.44
Deposit received	1,268.73	917.41	1,260.63	909.33
Payable - employee	2.29	161.42	2.29	161.42
Accrued income	-	347.55	-	347.55
Payable - collected assets	792.63	518.59	792.63	518.59
Other payables	1,173.64	1,813.75	1,041.42	2,371.23
<b>Total</b>	<b>8,691.92</b>	<b>10,373.69</b>	<b>8,549.16</b>	<b>10,920.29</b>

### 5.16 Staff Pension Fund Consolidated and Separate Financial Statements

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

Unit : Million Baht

	2014	2013
Current assets	4,883.18	4,844.51
Others	73.87	75.19
<b>Total</b>	<b>4,957.05</b>	<b>4,919.70</b>
Other current liabilities	193.90	45.29
Pension fund	4,763.15	4,874.41
<b>Total</b>	<b>4,957.05</b>	<b>4,919.70</b>

As at December 31, 2014, the fund balance was THB 4,763.15 million and was equal to the Company's obligation to its staff under the fund. (The total Company contribution to the fund in this accounting periods was THB 105.23 million, which came from contributions at a rate equivalent to 10% of employee salaries in the amount of THB 218.20 million less the amount to match the Company's obligation of THB 112.97 million.)

### 5.17 Employee Benefits Obligation Separate financial statements

Employee benefits obligations are classified into 5 projects as follows:

5.17.1 Legal Severance Payments are paid to the retired employees who work with the Company from 5 to less than 15 years, receiving 180 days of the latest salary rate. For the retired employees who work with the Company from 15 years onwards will receive for 300 days of the latest salary rate.

5.17.2 Post-Retirement Medical Benefits are provided to the retired and early retired employees together with their spouses and unmarried children less than 20 years of age with no expenses at all medical centers of the Company.

5.17.3 Encashment of Unutilized Holiday Leaves is paid to the employees who have outstanding holiday leaves, which can be accumulated not more than 3 consecutive years.

5.17.4 Long Service Awards (Pin/Ring) will be rewarded to the employees who have been working with the Company for 15, 25 and 35 years.

5.17.5 Post-Retirement Long Service Awards (Air ticket) is provided to the employees who have been working with the Company for 15 years will get rewards for 1 free confirmed ticket on the Company's routes, and every next 5 years from the latest reward if continue working with the Company. The employees can accumulate and use these awards whenever they desire.

**Principal actuarial assumptions :**

Discount rate	4.4%
Price inflation	3.0%
Average salary increase rates	
Domestic staff	3.0% - 7.0%
Oversea staff	5.0%
Staff turnover rate	
Domestic staff	0.0% - 2.0%
Oversea staff	0.0% - 9.0%
Medical cost inflation	6.0%
Mortality rate	TMO08 (Thailand mortality rate table, year 2008)

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

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Beginning Balance - Employee Benefits Obligation	10,545.97	11,082.18	10,511.75	10,970.90
Adjustment of Employee benefits obligation for subsidiaries	-	(91.21)	-	-
Current service cost	498.87	489.01	481.54	475.63
Interest cost	451.03	433.00	450.02	432.53
Benefits paid	13.04	(61.20)	13.04	(59.38)
Actuarial loss (gain)	-	(1,305.81)	-	(1,307.93)
<b>Ending Balance - Employee Benefits Obligation</b>	<b>11,508.91</b>	<b>10,545.97</b>	<b>11,456.35</b>	<b>10,511.75</b>

Actuarial gain and loss incur due to the changes in present value of the employee benefits obligation and other long-term benefits, which is an effect from the change of principal actuarial assumptions. For the fiscal year 2014, the actuarial assumptions remain unchanged, therefore there is not an effect on other comprehensive income.

## 5.18 Long-Term Provision

Changes in the present value of long-term provision

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Long-term provision at the beginning balance	488.52	831.59	486.08	829.19
Long-term provision for the period	(75.56)	(343.07)	(75.56)	(343.11)
<b>Long-term provision at the ending balance</b>	<b>412.96</b>	<b>488.52</b>	<b>410.52</b>	<b>486.08</b>

Long-term provision as at December 31, 2014 (Separate financial statements) consist of:

5.18.1 The Court of First Instance has rendered a judgment ordering the Company to pay for damages claimed by employees in the amount of THB 9.89 million. At present, the case is under the Supreme Court's consideration.

5.18.2 The Court of First Instance has rendered a judgment ordering the Company to pay for damages arising from suspending the purchase of wine from Ming Yerng International Company which claimed against the Company in the amount of THB 27.63 million. At present, the case is under the Court of Appeal's consideration.

5.18.3 The Case which the court has rendered a judgment ordering the Company to pay for severance pay to its employees in the amount of THB 2.88 million. At present, the case is under the Supreme Court's consideration.

5.18.4 The Court of First Instance has rendered a judgment ordering the Company to pay for damages in the amount of THB 42.26 million. At present, the case is under the Court of Appeal and the Supreme Court's consideration.

5.18.5 The Court of First Instance and the Court of Appeal has rendered a judgment ordering the Company to return cash guarantee or fines in the amount of THB 5.07 million. At present, the case is under the Supreme Court 's consideration.

5.18.6 The Court of Appeal has rendered a judgment ordering the Company to pay THB 1.59 million. At present, the case is under the Supreme Court's consideration.

5.18.7 The Company had estimated damages and fines and had acknowledged such damages and fines in the financial statement of 2008 in the amount of THB 4,290.17 million. The Company had decreased an amount of the reserve with respect to damages and fines to THB 1,783.19 million, THB 1,042.05 million, THB 695.76 million and THB372.11 million in the financial statement of 2010, 2011, 2012 and 2013, respectively. In 2013, the Company has further decreased an amount of the reserve for damages and fines totaling THB 75.86 million, leaving the balance of THB 321.20 million.

5.18.8 In the year 2012, the Company had decreased an amount of damages and fines regarding Antitrust cases in the United States of America from USD 41 million to USD 20 million which is only for the Passenger Civil Class Action Case. After that, at the Company's Board of Directors Meeting No.11/2013 dated November 13, 2013, the meeting resolved to approve the settlement in the U.S. Passenger Civil Class Action Case in the range of USD 10 million according to the legal board's opinion. Cravath, Swaine & Moore LLP, the Company's lawyer was then able to negotiate with the plaintiffs about the settlement amount in the amount of USD 9.7 million which is lower than the amount approved by the Board of Directors.

At present, the Company has agreed to settle with the plaintiffs in the amount of USD 9.7 million including the expenses for delivery of notice to class action members and legal fees of the plaintiffs' lawyers. The Company can pay the settlement amount in 2 installments. However, the settlement agreement has to be approved by the Federal Court of San Francisco, California, the United States of America before the settlement can be legally enforced. With respect to the payment of the settlement amount according

to the settlement agreement, the payment shall be made into an escrow account in which an escrow agent will transfer the settlement amount to the plaintiffs once the Court renders a judgment as per the settlement agreement. In the case that the Court does not do so, the settlement amount shall be transferred back to the Company. In this regard, the Company has already paid the first and second installment of the settlement amount into the escrow account as per the settlement agreement.

In this regard, at the Company's Board of Directors Meeting No.10/2011 dated August 19, 2011, the meeting resolved to apply the local currency of each foreign country which the Company has the obligation to pay in the future for the accounting record instead of applying the Baht currency by applying the current exchange rate of Bank of Thailand at the end of the fiscal year.

Correspondingly, the Department of Legal Affairs and Business Administration has set the estimation guidelines as follows:

1. The above estimated damages and fines are based on the progress and direction of the cases which have become more apparent and the Company also considers the possibility that the Company may be alleged by each authority of the country that conducted investigation against the Company and the lowest fine rates that may be used in case the courts rule or sentence that the Company has committed guiltiness as alleged or claimed. In addition, the Company adjusted the foreign currency exchange rate to be in line with the current rates.

2. The above estimated damages and fines amounts are made in respect of the investigations made by the competent authority in each country including the initial estimate of the compensation in the Civil Class Action cases in the United States of America, though the disputed amount of claims has not yet been set and the plaintiffs still have to prove the damages.

3. The sentence or decision on the cases might be given separately in the next forth coming different fiscal years.

4. The above provision may be substantially deviate from the truth due to:

- 4.1 In the countries where investigations are initiated and no allegation is filed yet, there is no clear fact as to whether an allegation will be filed against the Company. And if such an allegation is filed against the Company, in which locations that such allegation may cover. The turnover amount of such locations which shall be based for calculation of fine or damages is therefore unaware.

- 4.2 The determination of fines and damages is dependent on the discretion of the deciding body. Other facts of the cases may need to be considered by such deciding body.

- 4.3 Before the decision is made, there may be a compromise or settlement of fines or damages amount, depending on the policy of each country and the case aspects.

### **5.19 Dividend Payment** Separate financial statements

According to the Resolution of the 2014 Annual General Shareholders' Meeting held on April 29, 2014 approved the Company to abstain from dividend payment for 2013 operating result ended December 31, 2013.

### **5.20 Share Capital**

As at December 31, 2014, the Company has authorized ordinary shares amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.01 million, issued and paid-up ordinary shares amount of THB 21,827.72 million.

### **5.21 Legal Reserve**

As at December 31, 2014, the Company's legal reserve balance was THB 2,691.27 million.

## 5.22 Other Income - Others

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Gains on sales of assets	27.02	87.77	27.02	87.77
Dividends from associated and subsidiary companies	-	-	346.24	552.16
Revenue from other services of Aircraft				
Maintenance Department	485.08	598.49	485.08	598.49
Revenue from airport fees collected from passengers	-	630.88	-	630.88
Compensation revenue from the delay delivery of aircraft	7.86	651.85	7.86	651.85
Other fine revenues	110.08	73.23	110.08	73.23
Insurance compensation from the flood disaster	164.70	1,135.09	164.70	1,135.09
Revenue from Royal Orchid Lounge service	100.95	79.16	100.95	79.16
Others	1,723.12	476.66	1,878.56	473.54
<b>Total</b>	<b>2,618.81</b>	<b>3,733.13</b>	<b>3,120.49</b>	<b>4,282.17</b>

## 5.23 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Personnel expenses	30,223.55	32,146.12	30,098.90	32,146.96
Employee benefits	962.94	858.68	944.60	848.78
Executive remuneration	70.13	79.39	64.90	73.45
Board of directors remuneration	17.59	24.52	14.97	22.79
<b>Total</b>	<b>31,274.21</b>	<b>33,108.71</b>	<b>31,123.37</b>	<b>33,091.98</b>

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

Moreover, the Directors of the Company obtain the ticket benefits. For the year 2014 and 2013, they issued the tickets for themselves and their related parties amount of 153 and 279 tickets with the value of THB 13.41 million and THB 28.18 million, respectively, calculating from the full fare tickets in those traveling classes.

## 5.24 Impairment Loss of Aircraft Separate Financial Statements

As the Company has phased out 22 aircraft from the fleet and are under the selling process according to Notes 5.5, when comparing the net book value with the fair value less cost to sell, it appears that the fair value less cost to sell is lower than the net book value of 8 A300-600, 4 A340-500, 2 ATR72, 4 B737-400 and 1 B747-400. Therefore, the Company recognized the impairment loss of such aircraft in the statements of comprehensive income for the year 2014, amount of THB 6,196.33 million.

## 5.25 Other Expenses

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Rentals and utilities	2,880.95	2,796.66	2,880.95	2,796.66
Office supplies	182.62	251.19	182.62	251.19
Repair of building and equipment	690.84	698.12	690.84	698.12
Outsource services	1,295.81	1,458.47	1,295.81	1,458.47
Consultant and service fees	580.26	680.88	580.26	680.88
Legal fee for Antitrust/ Competition Law	59.61	(277.90)	59.61	(277.90)
Computer service expenses	547.98	465.05	547.98	465.05
Rental of communication devices and office equipment	378.20	312.00	378.20	312.00
Travelling and transportation expenses	580.23	592.02	580.23	592.02
Concession fees	398.41	482.19	398.41	482.19
Passenger claim expenses	229.02	266.76	229.02	266.76
Damages from flood disaster	69.96	154.25	69.96	154.25
Provision for disposal and unused spare parts	682.71	720.75	682.71	720.75
Service cargo expenses	144.06	175.42	144.06	175.42
Joint venture expenses in STAR Alliance	112.97	148.66	112.97	148.66
Company business and municipal taxes	176.16	298.60	176.16	298.60
Bad debts and provision for bad debts	293.64	163.57	290.25	158.93
Others	1,542.19	1,315.80	1,382.42	1,232.18
<b>Total</b>	<b>10,845.62</b>	<b>10,702.49</b>	<b>10,682.46</b>	<b>10,614.23</b>

Legal fee for Antitrust/Competition Law is a contingent liability that the Company has to set the reserve for damages and fines with respect to Antitrust laws allegation. In the fiscal year 2014, the Company has decreased the provision for such damages and fines according to Note 5.18.7.

## 5.26 Income Tax Expense (Income)

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Tax expense from taxable profit for the period	80.21	99.83	32.93	60.04
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(1,245.05)	(1,029.23)	(1,241.37)	(1,028.08)
<b>Net tax expenses (income)</b>	<b>(1,164.84)</b>	<b>(929.40)</b>	<b>(1,208.44)</b>	<b>(968.04)</b>

## 5.27 Investment Promotion

The Company received the investment promotion certificates for air transportation operation of aircraft, consisting of passenger and cargo transportation activities, according to the investment promotion certificates as follows :

Investment Promotion Certificates No.	Investment Promotion Certificates Date
1214(2)/2009	March 13, 2009
1874(2)/2009	November 19, 2009
1446(2)/2011	April 21, 2011
1178(2)/2012	February 10, 2012
1627(2)/2012	May 22, 2012
2576(2)/2012	October 22, 2012
2577(2)/2012	October 22, 2012
1220(2)/2013	February 13, 2013
1221(2)/2013	February 13, 2013
1590(2)/2013	May 1, 2013
2357(2)/2013	September 27, 2013
2358(2)/2013	September 27, 2013
2360(2)/2013	September 27, 2013
2362(2)/2013	September 27, 2013
2363(2)/2013	September 27, 2013
2364(2)/2013	September 27, 2013
2365(2)/2013	September 27, 2013
2366(2)/2013	September 27, 2013
2367(2)/2013	September 27, 2013

Under the condition, the Company will receive a privilege for exemption from corporate income tax for the net profit, which operated by such aircraft starting from the date of first revenues derived from the promoted activities, up to 8 years.

Revenues from sales or services classified to the promoted and non-promoted activities for the year ended December 31, 2014 and 2013 are as follows:

	Unit : Million Baht	
	Separate Financial Statements	
	2014	2013
<b>Revenues from sales or services</b>		
Promoted activities	77,083.69	64,920.92
Non-promoted activities	110,696.90	141,054.96
<b>Total revenues from sales or services</b>	<b>187,777.59</b>	<b>205,975.88</b>

## 5.28 Earnings (Loss) Per Share

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

	Unit : Million Baht / Million Shares			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
<b>Profit (loss) attributable to owners of the parent</b>	<b>(15,611.62)</b>	<b>(12,047.37)</b>	<b>(14,896.00)</b>	<b>(13,437.99)</b>
Number of issued ordinary shares as at January 1	2,182.77	2,182.77	2,182.77	2,182.77
<b>Number of weighted average ordinary shares</b>	<b>2,182.77</b>	<b>2,182.77</b>	<b>2,182.77</b>	<b>2,182.77</b>
<b>Basic earnings (loss) per share (THB)</b>	<b>(7.15)</b>	<b>(5.52)</b>	<b>(6.82)</b>	<b>(6.16)</b>

## 5.29 Financial Information by Segment Consolidated financial statements

### 5.29.1 Business segments

#### Statements of Income

For the year ended December 31, 2014

Unit : Million Baht

	Air Transportation		Business Units		Other Activities		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
External Revenues	178,482.49	196,849.66	7,697.14	7,255.91	2,187.98	2,230.67	188,367.61	206,336.24
Inter - segment revenues	-	-	(408.07)	10,331.24	(671.06)	6,195.13	(1,079.13)	16,526.37
Interest income	268.62	510.77	-	-	11.35	4.99	279.97	515.76
Finance costs	(6,073.28)	(6,057.26)	-	-	-	-	(6,073.28)	(6,057.26)
Finance costs - net	(5,804.66)	(5,546.49)	-	-	11.35	4.99	(5,793.31)	(5,541.50)
Depreciation and amortization expenses	(18,952.55)	(18,452.35)	(772.72)	(799.08)	(809.26)	(774.24)	(20,534.53)	(20,025.67)
Fuel and oil	(78,101.94)	(80,525.26)	-	-	(1,129.38)	-	(79,231.32)	(80,525.26)
Employee benefits expenses	(18,420.05)	(19,264.96)	(7,679.56)	(7,977.25)	(5,174.60)	(5,866.50)	(31,274.21)	(33,108.71)
Tax income (expenses)	1,208.44	968.04	-	-	(43.60)	(38.64)	1,164.84	929.40
Profit on investment in associates	77.28	836.09	-	-	-	-	77.28	836.09
Gain (loss) on foreign currency exchange	12,644.84	(3,897.22)	-	-	(21.89)	2.57	12,622.95	(3,894.65)
Impairment loss of aircraft	(6,342.58)	(5,426.20)	-	-	-	-	(6,342.58)	(5,426.20)
Gain on Disposal of the Controlling Interest	-	298.16	-	-	-	-	-	298.16
Gain on deemed disposal	-	722.30	-	-	-	-	-	722.30
Gain (loss) by segments	(3,258.19)	(15,910.63)	(7,448.56)	2,261.87	(6,030.64)	719.41	(16,737.39)	(12,929.35)

#### Assets and Liabilities

As at December 31, 2014

Unit : Million Baht

	Air Transportation		Business Units		Other Activities		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Current assets	54,615.59	53,927.76	603.99	756.56	4,999.65	1,266.18	60,219.23	55,950.50
Investments	4,851.06	5,060.47	-	-	1.02	51.08	4,852.08	5,111.55
Property, plant and equipment	215,510.01	222,732.50	4,802.08	5,268.08	3,709.36	3,448.15	224,021.45	231,448.73
Other non-current assets	14,041.80	11,997.27	1.54	3.31	65.45	38.94	14,108.79	12,039.52
Non-allocated assets	-	-	-	-	-	-	4,065.63	2,534.43
<b>Total assets</b>							<b>307,267.18</b>	<b>307,084.73</b>
Current liabilities	96,252.69	79,589.35	234.67	860.61	4,403.09	637.70	100,890.45	81,087.66
Non-current liabilities	163,805.62	167,740.77	-	11.66	56.52	44.99	163,862.14	167,797.42
Non-allocated liabilities	-	-	-	-	-	-	1,218.66	1,280.92
<b>Total Liabilities</b>							<b>265,971.25</b>	<b>250,166.00</b>



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

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

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

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

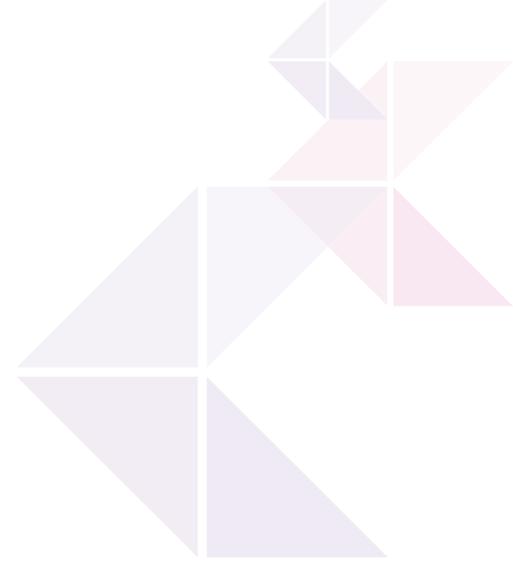
Segment liabilities are the liabilities used for the operation or related to such activity.

## 5.29.2 Geographical Segments

Unit : Million Baht

	Domestic Revenues		Foreign Revenues					Charter Revenues and Others	Other Income					Total			
	Transportation	Business Unit	Others	Regional Asia	Europe	North Pacific	Australia & New Zealand		Africa	Interest Income	Other Income	Gain on Deemed Disposal	Gain on Disposal of the Controlling Interest		Gain (loss) on Foreign Currency Exchange		
For the year																	
Jan-Dec 2014	10,127.77	7,697.14	2,187.98	90,381.98	54,880.47	2,770.42	17,164.07	1,150.14	2,007.64	279.97	2,618.82	-	-	12,622.95	203,889.35		
Jan-Dec 2013	14,964.78	7,255.91	2,230.67	98,160.44	56,427.52	3,427.96	20,344.19	1,402.88	2,121.89	515.76	3,733.13	722.30	298.16	(3,894.65)	207,710.94		

Revenues from fuel and insurance surcharge are included in the geographical segment revenues and also reclassified such items in the year 2013 for comparative purpose.



### 5.30 Staff Provident Fund

The Company contributes to the provident fund at the rate of 9% for members having not more than 20 years of services and 10% for members having more than 20 years of services, representing amount of THB 1,271.83 million for this fiscal year.

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

### 5.31 Contingent Liabilities

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

	Unit : Million Baht	
	2014	2013
Letters of guarantee issued by banks - Domestic	37.24	231.09
Letters of guarantee issued by banks - Abroad	357.37	457.22
The Company as defendant in		
Labor dispute cases	1,321.01	1,299.87
Damage claims cases	2,247.42	2,588.15
<b>Total</b>	<b>3,963.04</b>	<b>4,576.33</b>

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

1. Regarding a Passenger US DOJ Investigation conducted by the United States' Department of Justice (DOJ), it can be divided into 2 cases.

1.1 Cargo US DOJ Investigation: The Company was unofficially informed that DOJ has already terminated the investigation.

1.2 Passenger US DOJ Investigation: The Company has not been contacted by DOJ and therefore it is assumed that DOJ should terminate any proceedings against the Company.

2. With respect to the investigation by the Australian Competition and Consumer Commission (ACCC).

On October 28, 2009, the ACCC has subsequently filed a lawsuit against the Company for violating Trade Practices Act 1974. The amount of fines and expenses has not yet been specified by the ACCC in the lawsuit.

At present, the Company has already entered into a settlement with ACCC in order to pay a fine in the amount of AUD 7.5 million including the legal fees of ACCC in the amount of AUD 0.5 million, the total amount is AUD 8 million. On December 14, 2012, the court rendered a judgment as per the settlement agreed between the Company and ACCC. The Company can pay the fine by 7 installments within 3 years period.

The Company has already paid for the fine of the first to the fifth installments as per the settlement agreement.

3. On the subject of an investigation by the Korean Fair Trade Commission (KFTC), the Company received an official decision of the KFTC.

On November 30, 2010 imposing a fine in the total amount of KRW 2,877,000,000 yet dropping the criminal charges against the Company and the relevant staff. The Company had therefore appealed the KFTC Commissioners' decision to the competent court. Nonetheless, the court dismissed the appeal of the Company for both ex Korea route and ex Hong Kong to Korea route. The Company had appealed to the Supreme Court in this respect.

At present, the Supreme Court of the Republic of Korea has upheld the decision of the Seoul High Court with regard to both the ex Korea and ex Hong Kong to Korea route. As a result, the Company shall pay a fine in the amount of KRW 2,198,000,000 for ex Korea route and KRW 679,000,000 for ex Hong Kong to Korea route. And to pay litigation expenses in the court of appeal and the supreme court procedures to KFTC in the amount of KRW 36,611,290 or around THB 1.13 million of which the Company has recognized as expenses in the third quarter of year 2014 already. Nonetheless, the Company has already paid the fine for both routes pursuant to the decision of KFTC when appealing to the court.

4. As for the case involving the New Zealand Commerce Commission (NZCC)

NZCC had filed a lawsuit against the Company and other 13 airlines at the Auckland High Court and alleging that the Company, jointly with other airlines, fixed the fuel surcharge and security surcharge, constituting a violation against the Commerce Act of New Zealand, the NZCC requested the court to impose a fine and expenses to the Company according to the law. However, these fine and expenses remained unspecified at the time of filing the lawsuit.

At present, the Company has already entered into a settlement with NZCC. On April 22, 2013, the court in New Zealand rendered a judgment as per the settlement agreed between the Company and NZCC. The Company was allowed by the court to pay the fine in the amount of NZD 2.7 million and pay the legal fees of NZCC in the amount of NZD 259,079.18, the total amount is NZD 2,959,079.18 by 4 installments within 18 months period.

The Company has already paid for the fine of all installments as per the settlement agreement.

5. For the case where lawsuits were filed against the Company at the Superior Court of Los Angeles and the San Francisco County Superior Court alleging that the Company had violated the Antitrust law of the United States by committing fares and surcharges fixing conspiracy. Presently, the Judicial Panel on Multi-district Litigation has ordered to combine the cases to be considered by the court at San Francisco as a single case, however, the disputed amount of claims has not yet been determined until the court makes a final decision that the Company is guilty.

At present, the Company has agreed to settle with the plaintiffs in the amount of USD 9.7 million including expenses for delivery of notice to class action members and legal fees of the plaintiffs' lawyers. The Company can pay for the settlement amount by 2 installments. However, the settlement agreement has to be approved by the Federal Court of San Francisco, California, the United States before the settlement can be legally enforced. The Company's lawyer expected that there will be a hearing and the Court will render a judgment as per the settlement agreement within the next 6-8 months. With respect to the payment of the settlement amount according to the settlement agreement, the payment shall be made to an escrow account in which an escrow agent will transfer the settlement amount to the plaintiffs once the Court renders a judgment as per the settlement agreement. In case that the Court does not do so, the settlement amount shall be transferred back to the Company.

In this regard, the Company has already paid the first and second installment of the settlement amount into the escrow account as per the settlement agreement.

6. The case where the respondents in Cargo Civil Class Action Case in Australia filed a cross claim application against the Company:

British Airways, Singapore Airlines (together with Singapore Airlines Cargo), Cathay Pacific Airways and Lufthansa Cargo had filed an application to the court in order to bring the Company into the Class Action as a cross-respondent. On September 18, 2013, the court made the order granting those respondents to file a cross claim application against the Company and other airlines for proportional contribution in the event that damages are awarded by the court against the respondents.



Presently, the Company has already agreed to settle with the applicant group members and the respondents in the amount of AUD 500,000. The court has also approved the settlement agreement between the applicant group members, respondents and cross-respondents (including the Company). The case is currently pending the preparation of the written order of the court approving the settlement.

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

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

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

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

### **5.32 Actions Taken in Relation to Entering to Block Space Agreement With Southern Air Inc. (SAI)**

Since Southern Air Inc. (SAI) has filed an application for the rehabilitation (Chapter 11) with the bankruptcy court in Delaware, the United States of America, on November 28, 2012, the Company filed a debt repayment application in the case where Southern Air Inc. (SAI) requested for the rehabilitation by assigning SKADDEN, ARPS, SLATE, MEAGHER & FLOM to be a local lawyer of the Company. The case is currently undergoing the court's consideration.

On June 12, 2014, Southern Air Inc., (SAI) filed civil law suit case against the Company claiming damages for the breach of the Block Space Agreement. SKADDEN, ARPS, SLATE, MEAGHER & FLOM, the law firm representing the Company has filed a motion to dismiss the case on September 12, 2014. The case is now under the process of the court.

### **5.33 Actions Taken in Relation to Claiming for Damages Arising from the Delay of KOITO Economy Class Seats Delivery**

On December 9, 2011, Macfarlanes LLP, the Company's lawyer, filed a lawsuit against Koito Industries Limited and Asia Fleet Services(s) Pte., Ltd. at the court in England for breaching of general terms agreements (economy class seats) for A330–300, A380–800 and B777–300 aircraft. At present, Koito Industries Limited (KI Holding Limited) and Asia Fleet Services(s) Pte., Ltd. has already filed their defence and counter claim. The case is currently undergoing the court's consideration. The court is hearing date on January 26 to February 12, 2015.

### **5.34 Disclosure of Financial Instruments** Separate financial statements

#### **5.34.1 Interest rate risk**

Interest rate risk in financial statements arises from changes in market interest rates which have an effect on the Company's operating results at present and in the future.

The following tables show weighted average interest rates and the amount of financial liabilities.

Unit : Million Baht

2014								
Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates			Outstanding Balances Fixed Interest Rates			Total
		Less than 1 year	1 to 5 years	Over 5 years	Less than 1 year	1 to 5 years	Over 5 years	
By currency								
USD	2.18	165.74	700.64	1,385.32	-	-	-	2,251.70
JPY	1.17	1,675.61	4,023.06	4,156.90	-	-	-	9,855.57
EUR	1.59	7,797.69	27,973.04	21,346.75	2,214.96	6,437.35	14,180.95	79,950.74
THB	4.30	30,123.47	21,366.07	3,704.62	3,000.00	26,080.00	15,520.00	99,794.16
<b>Total</b>		<b>39,762.51</b>	<b>54,062.81</b>	<b>30,593.59</b>	<b>5,214.96</b>	<b>32,517.35</b>	<b>29,700.95</b>	<b>191,852.17</b>

Unit : Million Baht

2013								
Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates			Outstanding Balances Fixed Interest Rates			Total
		Less than 1 year	1 to 5 years	Over 5 years	Less than 1 year	1 to 5 years	Over 5 years	
By currency								
USD	-	-	-	-	-	-	-	-
JPY	1.17	1,893.41	5,346.84	5,911.55	-	-	-	13,151.80
EUR	1.83	7,321.63	28,916.64	20,046.29	2,463.62	8,268.16	17,375.52	84,391.86
THB	4.42	9,401.47	28,334.16	-	3,720.00	20,550.00	16,850.00	78,855.63
<b>Total</b>		<b>18,616.51</b>	<b>62,597.64</b>	<b>25,957.84</b>	<b>6,183.62</b>	<b>28,818.16</b>	<b>34,225.52</b>	<b>176,399.29</b>

For Interest Rate Risk Management policy, the Company applies a derivative financial instrument, Interest Rate Swap (IRS), to swap the floating interest rates which show high tendency to increase to fixed. As at December 31, 2014, the portion of the Company's debt after swap with floating to fixed interest rate is 50 : 50.

At the moment, the Company has the total of 10 IRS transactions, swapping debt with floating interest rate to fixed interest rate. Seven of these transactions are in EUR and three transactions in THB. As at December 31, 2014, IRS transactions' total notional amount was THB 15,314.87 million of which interest exchange payments are done monthly and quarterly. The three transactions in EUR currency will expire in 2017 and the other four transactions in EUR currency will expire in 2018. One transaction in THB currency will expire in 2016 and two transactions in THB currency will expire in 2017.

### 5.34.2 Foreign Currency Exchange Rate Risk

The Company generates revenues in THB and more than 50 currencies, mainly in USD, THB, EUR and JPY while incurring liabilities mainly in 4 major currencies : USD, EUR, THB and JPY as well as expenses mainly in USD and THB. Fluctuations in exchange rates affect on long-term liabilities and operating expenses denominated in foreign currencies. Therefore, the Company has adopted "Natural Hedging" strategy to manage this risk by increasing the matching of currency between the revenues 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. As at December 31, 2014, the proportion of the Company's debts after swap in each currency i.e. USD : EUR : JPY : THB = 1 : 56 : 6 : 37. 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.

At present, the Company has 8 CCS transactions which are swapping debt in THB currency to EUR currency with fixed interest rate, with notional amount as at December 31, 2014, of EUR 351.12 million, or equivalent to THB 14,169.37 million of which payments, both principal and interest, are done every 3 and 6 months. These 8 transactions will terminate between the year 2015 and 2024.

Unit : Million Baht

Foreign Currency Liabilities						
Currency	2014			2013		
	Due within 1 year	Due 1 to 5 years	Due over 5 years	Due within 1 year	Due 1 to 5 years	Due over 5 years
USD	165.74	700.64	1,385.32	-	-	-
JPY	1,675.61	4,023.06	4,156.90	1,893.41	5,346.84	5,911.55
EUR	10,012.65	34,410.39	35,527.70	9,785.25	37,184.80	37,421.81

### 5.34.3 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 18 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 this fiscal year 2014, the Company's hedge portion account to 63 percent of its annual fuel consumption and as at December 31, 2014, the Company still has an obligation from fuel price hedging until December 2015 amount of 14,400,000 barrels of Jet fuel. Also, in the first, second, third and fourth quarter of the year 2015, the Company's hedge portion account to 66, 75, 80 and 80 percent, respectively.

#### 5.34.4 Fair Value of Financial Instruments

Fair value is the amount for which the buyer and the seller agree to exchange an asset, or settle a liability, while both parties are knowledgeable, willing, independent with the freedom to bargain.

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

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

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

Trade receivables are stated at net book 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.

### 5.35 Contractual Obligations

#### 5.35.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase, 3 A320-200, 4 A350-900XWB, and 3 B777-300ER aircraft amount of THB 33,527.59 million, expected to take delivery during the year 2015-2018 which consisted of:

Obligation	Unit : Million Baht	
	Within 1 year	Over 1 year – 5 years
Purchase of aircraft	14,064.17	19,463.42

#### 5.35.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 46 aircraft amount of USD 4,582.66 million or approximately to THB 151,746.58 million consisting of 15 A320-200, 2 A330-300, 8 A350-900, 3 B737-400, 2 B777-200, 8 B777-300ER, 6 B787-8, and 2 B787-9 aircraft. As at December 31, 2014, there are 34 aircraft which have been already taken the delivery, including 2 B787-2 delivered in the forth quarter 2014 with the lease term of 12 years. In addition, there are the 12 aircraft which have not been taken deliver yet.

Also, there are 3, 8 and 35 aircraft which the lease will expire in 2015, 2016 – 2019 and 2020 – 2030, respectively.

Lease obligation for 46 aircraft operating leases can be classified as follows:

Obligation	Unit : Million Baht		
	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	8,241.92	47,205.14	96,299.52



### 5.36 Damages from the Flood Disaster

On October 26, 2011, the flood reached Don Muang Airport causing the damages to the Company's assets which the insurance will cover for such damages.

The Company has recorded the damages from flood disaster, which consisted of two Airbus A300-600 aircraft, consumable parts and supplies of Technical Department, tool repairment of Technical Department and raw material of Catering. As at December 31, 2014, the Company received the insurance compensation amount of THB 1,759.02 million. The Company recognized the insurance compensation from the flood disaster as an income amount of THB 1,759.02 million. Such compensation has been recognized in the statements of comprehensive income for the year 2011, 2012, 2013 and 2014 at the amount of THB 175 million, THB 284.23 million, THB 1,135.09 million and THB 164.70 million, respectively. However, all the damaged assets which are covered by the insurance policy are under claiming process with the insurance company.

### 5.37 Damages from the Aircraft Flights TG679

On September 8, 2013, Flight TG697 (Aircraft Type Airbus A330-300/Registration HS-TEF) skidded off run-way after landing at Suvarnabhumi International Airport. 80 passengers were reported injury and there was no fatality in this incident. Aircraft sustained severe damage. The aircraft is insured with the Agreed Value of USD 32.45 million or approximately to THB 1,014.01 million.

In this cases, the Company's Aviation Insurers are fully aware of the matter and already appointed Lawyers and Loss Adjusters to coordinate and work with THAI in respect of claims, litigation and settlement for passengers. The Team appointed by Insurers shall also make assessment for the damage of the aircraft under these cases. On September 18, 2013, the Company received the first interim payment from Insurers in the amount of USD 250,000 or approximately to THB 7.92 million.

At the present, the Company and Insurers' Loss Adjusters work together on the assessment for costs and expenses related to the repair of the aircraft. The manufacturer of the aircraft, Airbus Industries, is also engaged for "Full Repair Assessment" and it comes to the conclusion that the repair costs and expenses is higher than the insured value of the aircraft. Therefore, this case is considered to be "Constructive Total Loss (CTL)" under terms and conditions of the Company's aviation insurance policy. As the consequence of the above, the Company already received USD 33.24 million or approximately THB 1,077.56 million as insurance compensation from insurers, THB 9.72 million paid in January, 2015.

Till date, the Company has received more than 30 claims from Thai and Chinese passengers including claims from Airport Authority of Thailand Public Company Limited. All claims are being handled by the Company with close coordination with the lawyers appointed by aviation insurers. Costs and expenses in this respect will be absorbed by aviation insurers.

### 5.38 Events after the Reporting Period

5.38.1 On January 7, 2015, the Company paid for repayment of Bill of Exchange amount of THB 3,000 million.

5.38.2 On January 9, 2015, the Company has issued 6 month Bill of Exchange amount of THB 700,000,000 which was offered to institution investors and/ or high net worth investors. The Company has already received the proceeds from issuing Bill of Exchange.

5.38.3 On January 20, 2015, the Company has been already taken the delivery of 1 B777-300ER and 1 A320-200. Such aircraft was acquired by the finance leases method. The aircraft was used as collateral with the lease term of 12 years.



5.38.4 On January 29, 2015, the Company has delivered 1 B747-400, which is aircraft under non-current assets classified as held for sale to the buyer.

5.38.5 On January 30, 2015 and February 17, 2015, the Company paid for repayment of short-term borrowings amount of THB 3,000 million.

### **5.39 Approval of Financial Statements**

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on February 20, 2015.



## Mr. Areepong Bhoocha-oom

1<sup>st</sup> Vice Chairman

Acting Chairman

Independent Director

Chairman of Strategy and Transformation Committee

Appointed Date :

Term 1 from April 22, 2009 – April 25, 2012

Term 2 from April 25, 2012 – Present

Age : 57 Years

### Education/Training

- B.A. in International Management, Boston University, USA
- M.A. in Finance, Marshall University, USA
- Ph. D in Finance, University of Mississippi, USA
- DCP 3/2000, DCP Refresher 2/2009  
Thai Institute of Directors Association (IOD)
- Certificate in Government Debt Monitoring System,  
World Bank
- Certificate in Global Trend and Public Enterprise  
Reform, Harvard University, USA
- Awareness, Vision, Imagination, Responsibility,  
Action (AVIRA), INSEAD The Business School, France
- Executive Leadership Program, Capital Market Academy,  
The Stock Exchange of Thailand

### Experience

- 2013 – 2014 Secretary-General, Office of the Public  
Sector Development Commission,  
Office of Prime Minister
- 2014 – 2014 Director, Bank of Thailand
- 2013 – 2014 Director, PTT Global Chemical PCL
- 2010 – 2014 Chairman, Government Housing Bank
- 2010 – 2013 Permanent Secretary, Ministry of Finance

- 2011 – 2012 Chairman, The Government Lottery Office,  
Ministry of Finance
- 2010 – 2011 Chairman, TOT Corporation PCL
- 2009 – 2010 Director General, The Excise Department,  
Ministry of Finance
- 2009 – 2010 Independent Director and Audit Committee,  
PTT Global Chemical PCL
- 2009 – 2010 Director, Siam Commercial Bank PCL

### Other Positions

#### Listed company on Stock Exchange Of Thailand

- 2014 – Present Director, PTT PCL
- 2014 – Present Chairman, Krungthai Bank PCL

#### Companies or other entities

- 2014 – Present Permanent Secretary,  
Ministry of Energy

**Percentage of Shareholding** None



**ACM Treetod Sonjance**  
2<sup>nd</sup> Vice Chairman  
Independent Director  
Authorized Director

Appointed Date : August 5, 2014  
Age : 58 Years

**Education/Training**

- Master of Engineering (Electrical), German Military University (Hochschule der Bundeswehr) Munich, Germany
- Air Command and Staff College
- Joint Staff College, National Defence Studies Institute
- Graduate Diploma in Management of Public Economy, King Prajadhipok's Institute
- National Defence Course for the Joint State Private Sector, National Defence Studies Institute

**Experience**

- 2013 - 2014 Chief of the Air Staff, Royal Thai Air Force
- 2012 Comptroller, Royal Thai Air Force

**Other Positions**

Listed company on Stock Exchange Of Thailand None

**Companies or other entities**

- Present Commander-in-Chief, Royal Thai Air Force
- Present Chairman, Thai Aviation Industries Co., Ltd.
- Present Members of National Council for Peace and Order
- Present Members of the National Legislative Assembly

**Percentage of Shareholding** None



**Mr. Kanit Sangsubhan**  
Independent Director  
Authorized Director  
Chairman of the Executive Board

Appointed Date :  
Term 1 from April 22, 2009 - April 28, 2010  
Term 2 from April 28, 2010 - April 24, 2013  
Term 3 from April 24, 2013 - Present  
Age : 56 Years

**Education/Training**

- Bachelor of Arts (Economics), Thammasat University
- M.A. (Economics) English Program, Thammasat University
- Ph.D. (Economics) University of Toronto, Canada
- DAP 21/2004, Thai Institute of Directors Association (IOD)

**Experience**

- 2006 - 2008 Independent Director, Tisco Bank PCL

**Other Positions**

Listed company on Stock Exchange Of Thailand None

**Companies or other entities**

- Present Chairman of Academic Committee, Fiscal Policy Research Institute Foundation
- Present Chairman, THAI Smile Airways Co., Ltd.
- Present Directors, Bank of Thailand
- Present Expert in Finance, National Health Security Office (NHSO), Thailand

**Percentage of Shareholding** None



### Lt.Gen. Chatudom Titthasiri

Director

Appointed Date : January 27, 2015

Age : 58 Years

#### Education/Training

- B.S., Chulachomklao Royal Military Academy
- The Course of the 66, Command and General Staff College
- Master of Arts (Military), Command and General Staff College
- National Defence College (Class 53)
- Executive Leadership Program (Class 18), Capital Market Academy, The Stock Exchange of Thailand

#### Experience

- 2013 President, Royal Thai Army Radio And Television Station
- 2011 Assistant Comptroller General
- 2010 Deputy Comptroller General

#### Other Positions

Listed company on Stock Exchange Of Thailand None

#### Companies or other entities

- Present Deputy Chief of Staff, The Commander Royal Thai Army Office
- Present Members of the National Legislative Assembly
- Present Director, Provincial Electricity Authority

Percentage of Shareholding None



### Mr. Pongpanu Svetarundra

Director

Chairman of Labor Relations Committee

Appointed Date : December 20, 2013

Age : 55 Years

#### Education/Training

- Bachelor of Commerce (Economics), University of Auckland, New Zealand
- Master of Art (Economics), Northwestern University, USA
- DCP 17/2002, FSD 2/2008, RCP 21/2009, FGP 7/2003, Thai Institute of Directors Association (IOD)
- National Defence College 2005
- Capital Market Academy Class 1
- The Administration of justice, Class 15
- Executive of Trade and Commerce Class 5, Institute of Technology and Trade
- Institute of Directors
- Advanced Management Program, Harvard Business Program
- Institute of Director and The Executive Government, Class 6 (PDI Public Director Institute)
- Financial Institutions Governance Program

#### Experience

- 2010 - 2011 Director General, The Excise Department
- 2009 - 2010 Director General, The Comptroller General's Department

#### Other Positions

Listed company on Stock Exchange Of Thailand

- Present Director, TMB Bank PCL
- 2011 - Present Director, Crown Seal PCL

#### Companies or other entities

- 2011 - Present Deputy Permanent Secretary, Ministry of Finance
- 2009 - Present Director, Thaisri Insurance PCL
- 2008 - Present Director, Mass Rapid Transit Authority of Thailand

Percentage of Shareholding None



## AM Pakdee Saeng-xuto

Director

Appointed Date : December 30, 2014

Age : 58 Years

### Education/Training

- B.A. Aerospace Engineering,  
Royal Thai Air Force Academy

### Experience

- April 2006 – July 2011 Special Grade Attached to  
Bureau of The Royal Household

### Experience

Listed company on Stock Exchange Of Thailand None

### Companies or other entities

- July 2011 – Present Special Grade Attached to  
Bureau of The Royal Household

Percentage of Shareholding None



## Mr. Rungson Sriworasat

Director

Chairman of Nomination and Remuneration Committee

Appointed Date : April 29, 2014

Age : 59 Years

### Education/Training

- Bachelor in Accounting, Ramkhamhaeng University
- Bachelor in Law, Sukhothai Thammathirat Open University
- Master in Business Administration, Prince of Songkla University
- DCP 81/2006, SFE 2/2008, Re DCP 1/2008, FND 39/2008,  
ACP 26/2009, RCP 28/2012, FGP 7/2013, Thai Institute of  
Directors Association (IOD)

### Experience

- October 2012 – October 2013 Deputy Permanent Secretary,  
Ministry of Finance
- 2010 – 2012 Director General,  
Ministry of Finance
- 2009 – 2012 Inspector General,  
Ministry of Finance

### Other Positions

#### Listed company on Stock Exchange Of Thailand

- September 2014 – Present Director and Chairman of  
Nomination and Remuneration  
Committee, PTT PCL
- June 2013 – Present Chairman, TMB Bank PCL

### Companies or other entities

- October 2013 – Present Permanent Secretary,  
Ministry of Finance

Percentage of Shareholding None



**Mr. Rathapol Bhakdibhumi**  
Independent Director

Appointed Date : August 5, 2014

Age : 47 Years

**Education/Training**

- Bachelor of Sciences, University of Colorado, Boulder, USA
- MBA (Business Administration) Sasin Graduate Institute of Business Administration
- Executive Master's in International Logistics and Supply Chain Strategy, Georgia Institute of Technology, Atlanta, USA
- Executive Program in General Management, Strategies for Sustainable Business MIT Sloan School of Management, USA
- DCP 52/2004, Thai Institute of Directors Association (IOD)
- Politics and Democracy for Executive Class 13, King Prajadhipok's Institution
- Member of Government Civil Aviation Training Royal Thai Air Force Class 65
- Thailand Energy Academy Executive Program Class 1 (TEA 1), Thailand Energy Academy, Thailand
- Administrative Law Course for Executive Class 1, The Administrative Court
- Administrative Law for Executive Class 5 (ALE 5), National Intelligence Agency, Thailand
- 2013 Southeast Asia Regional Program Fellows, Eisenhower Fellowships

**Experiences**

- 2000 - Present Chairman, SFG PCL
- 1990 - Present Executive Board, SK Minerals Co., Ltd.

**Other Positions**

**Listed company on Stock Exchange Of Thailand**

- 2014 - Present Director, Audit Committee and Corporate Governance Committee, CAT Telecom PCL

**Companies or other entities**

- 2014 - Present President & CEO, General Electronic Commerce Services Co., Ltd.
- August 2014 - Present Director, Audit Committee, Compensation Subcommittee, Business Development Subcommittee, Corporate Governance Subcommittee, Thailand Post Co., Ltd.
- 2011 - Present Chairman, DX Innovation Co., Ltd.
- Present Director, Sahachart Sethakit Co., Ltd.

**Percentage of Shareholding** None



**Mr. Veerathai Santiprabhob**  
Independent Director

Appointed Date : August 28, 2014

Age : 45 Years

**Education/Training**

- Bachelor of Arts (Economics) (First Class Honor), Thammasat University
- A.M. in Economics, Harvard University, Cambridge, MA, USA
- Ph.D. in Economics, Harvard University, Cambridge, MA, USA
- Corporate Strategy Executive Education Program, Sloan School M.I.T., USA
- DAP 63/2007, DCP 194/2014 Thai Institute of Directors Association (IOD)
- Executive Leadership Program, Capital Market Academy, The Stock Exchange of Thailand

**Experiences**

- 2009 - 2013 Executive Vice President and Chief Strategy Officer, Corporate Strategy Division, The Stock Exchange of Thailand

**Other Positions**

**Listed company on Stock Exchange Of Thailand**

- Present Director, Bangkok Dusit Medical Service PCL

**Companies or other entities**

- Present Advisor, Thailand Development Research Institute
- Present Director, State Enterprise Policy Committee
- Present Director, Bank of Thailand
- Present Director, Aksorn Education Co., Ltd.

**Percentage of Shareholding** None



### Mr. Weerawong Chittmittrapap

Independent Director

Chairman of Audit Committee

Chairman of Legal Committee

Appointed Date :

Term 1 from April 22, 2009 – April 28, 2010

Term 2 from April 28, 2010 – April 24, 2013

Term 3 from April 24, 2013 – July 1, 2014

Term 4 from August 28, 2014 – Present

Age : 56 Years

#### Education/Training

- LL.B, Chulalongkorn University
- LL.M., University of Pennsylvania, USA
- Barrister at Law, Institution of Legal Education, Thai Bar Association
- DCP /2000, EDC 1/2012  
Thai Institute of Directors Association (IOD)
- Leadership Program, Capital Market Academy (Class 12)

#### Experiences

- 2013 – 2014 Director, Frasers and Neave Co.,Ltd., Singapore
- 2012 – 2014 Director and Member of Audit committee,  
Golden Land Property Development PCL
- 2011 – 2013 Director, Minor International PCL
- 2009 – 2013 Director, Nok Airlines PCL
- 2007 – 2011 Director and Audit Committee, Siam Food Products PCL
- 2006 – 2014 Director and Audit Committee, GMM Grammy PCL

#### Other Positions

##### Listed company on Stock Exchange Of Thailand

- Present Director and Nomination and Remuneration  
Committee, Siam Commercial Bank PCL
- Present Director and Chairman of Nomination  
and Remuneration Committee,  
SCB Life Assurance PCL
- Present Director and Audit committee, Berli Jucker PCL

##### Companies or other entities

- Present Lawyer, Weerawong, Chinnavat and Peangpanor Ltd.
- Present Director, Fraser Centrepoint Limited (Singapore)

**Percentage of Shareholding** None



### ACM Siwakiat Jayema

Director

Appointed Date : April 29, 2014

Age : 58 Years

#### Education/Training

- Air Command and Staff College Class 35
- MBA (2006), Kasetsart University
- Joint Staff College Class 38, National Defence  
Studies Institute
- National Defence Course for the Joint State  
Private Sector, National Defence Studies Institute

#### Experiences

- April 2014 Senior Royal Thai Air Force Expert
- October 2013 Deputy Chief of The Air Staff RTAF
- October 2012 Assistance Chief of the Air Staff  
for Personal, RTAF
- October 2009 Commander of Flying Training School,  
RTAF

#### Other Positions

**Listed company on Stock Exchange Of Thailand** None

##### Companies or other entities

- October 2014 – Present Assistant Commander-  
in-Chief, Royal Thai Air Force
- Present Member of National  
Legislative Assembly

**Percentage of Shareholding** None



### Mr. Somkiat Sirichatchai

Independent Director

Appointed Date : August 28, 2014

Age : 50 Years

#### Education/Training

- Bachelor of Engineering (with Honors), Chulalongkorn University
- MBA (Finance) The Wharton Graduate School of Business Administration, University of Pennsylvania, PA., USA
- Diploma, Regular for the Joint State-Private Sector course, National Defence College
- Certificate of Leadership Program, Capital Market Academy

#### Experiences

- 2011 - 2012 Chairman, KASIKORN ASSET MANAGEMENT CO., LTD
- 2011 - 2012 Chairman, KASIKORN RESEARCH CENTER CO., LTD
- 2010 - March 2013 Senior Executive Vice President, KASIKORNBANK PCL
- 2010 - March 2013 Member of the Risk Management Committee, KASIKORNBANK PCL
- January 2009 - December 2009 Chairman, KASIKORN SECURITIES PCL
- 2005 - 2010 Secretary to the Human Resources and Remuneration Committee, KASIKORNBANK PCL
- April 2005 - August 2010 Executive Vice President, Human Resource Division Head, KASIKORNBANK PCL

#### Other Positions

##### Listed company on Stock Exchange Of Thailand None

- Present Director and Chairman of the Risk Management Committee, KASIKORNBANK PCL
- Present Director, Chairman of the Risk Management Committee and Vice Chairman of the Nomination and Remuneration Committee, Muang Thai Life Insurance PCL
- Present Director, Executive Director and Chairman of the Risk Management Committee, Muang Thai Insurance PCL

##### Companies or other entities

- Present Director, Muangthai Group Holding Company Limited
- Present Chief of the Advisory Panel to the Human Resource Management Committee, The Thai Red Cross Society

Percentage of Shareholding None

### Mrs. Soithip Trisuddhi

Director

Appointed Date : August 5, 2014

Age : 60 Years

#### Education/Training

- Bachelor of Arts, Thammasat University
- LLB, Thammasat University
- Master of Arts (Mass Communications), Thammasat University
- DCP 88/2007, ACP 26/2009 Thai Institute of Directors Association (IOD)
- National Defence College Program, Class 45 (NDC 45) National Defence College
- Executive Leadership Program, Capital Market Academy (Class 15)
- Executive Management with Business Development and Investment Course (IBID 1)
- The 5<sup>th</sup> Training Course on Administrative Justice for Executives (AJE)

#### Experiences

- July 2012 - June 2014 Deputy Permanent Secretary, Ministry of Transport
- June 2008 - July 2012 Director, Office of Transport and Traffic Policy and Planning, Ministry of Transport

#### Other Positions

Listed company on Stock Exchange Of Thailand None

##### Companies or other entities

- July 2014 - Present Permanent Secretary, Ministry of Transport
- Present Director, The Tourism Authority of Thailand (TAT)
- Present Director, Thai Smile Airways Co., Ltd.

Percentage of Shareholding None



**ACM M.L. Suprija Kamalaksana**  
Independent Director  
Authorized Director

Appointed Date :

Term 1 from October 12, 2011 – April 25, 2012

Term 2 from April 25, 2012 – Present

Age : 62 Years

**Education/Training**

- B.A. in Aerospace Engineering, Royal Thai Air Force Academy
- Squadron Officer School (class 46)
- Air Command and Staff College 30
- Air War College (Class 29)
- National Defence College (Class 46)
- DAP 54/2006, Thai Institute of Directors Association (IOD)

**Experiences**

- 2011 President of Advisory Board, Royal Thai Armed Forces Headquarters
- 2008 Chief of Staff Officers to the Supreme Commander
- 2007 Deputy Commander in Chief, Air Combat Command

**Other Positions**

Listed company on Stock Exchange Of Thailand None

**Companies or other entities**

- Present Retired Officer, Ministry of Defence

Percentage of Shareholding None



**Mr. Charamporn Jotikasthira**  
Director

Appointed Date : January 27, 2015

Age : 57 Years

**Education/Training**

- BS (Electrical Engineering and Computer Science), Massachusetts Institute of Technology, USA
- MBA, Harvard University, USA
- National Defence Course for the Joint State Private Sector, The National Defence College of Thailand
- Executive Leadership Program, Capital Market Academy (Class 11)
- Director Certification Program (DCP) : 185/2014, Thai Institute of Directors Association (IOD)

**Experiences**

- 2010 – 2014 President, The Stock Exchange of Thailand
- 2011 Member, The Financial Institutions Policy Committee (FIPC), Bank of Thailand
- 2010 Chairman, Thailand Securities Depository Co., Ltd.
- 2010 Chairman, Thailand Clearing House Co., Ltd.
- 2010 Chairman, Settrade.com Co., Ltd.
- 2010 Chairman, Family Know How Co., Ltd
- 2008 – 2010 Senior Executive Vice President and Chief Information Officer, Siam Commercial Bank PCL

**Other Positions**

Listed company on Stock Exchange Of Thailand None

**Companies or other entities**

- Present Director, Suksapattana Foundation
- Present Director, Foundation for Research in Information Technology

Percentage of Shareholding None



# Management

as of December 31, 2014



## Mr. Charamporn Jotikasthira

President

Appointed Date : December 4, 2014

Age : 57 Years

### Education/Training

- BS (Electrical Engineering and Computer Science), Massachusetts Institute of Technology, USA
- MBA, Harvard University, USA
- National Defence Course for the Joint State Private Sector, The National Defence College of Thailand
- Executive Leadership Program, Capital Market Academy (Class 11)
- Director Certification Program (DCP) : 185/2014, Thai Institute of Directors Association (IOD)

### Experiences

- 2010 - 2014 President, The Stock Exchange of Thailand
- 2011 Member, The Financial Institutions Policy Committee (FIPC), Bank of Thailand
- 2010 Chairman, Thailand Securities Depository Co., Ltd.
- 2010 Chairman, Thailand Clearing House Co., Ltd.
- 2010 Chairman, Settrade.com Co., Ltd.
- 2010 Chairman, Family Know How Co., Ltd
- 2008 - 2010 Senior Executive Vice President and Chief Information Officer, Siam Commercial Bank PCL

### Other Positions

Listed company on Stock Exchange Of Thailand None

#### Companies or other entities

- Present Director, Suksapattana Foundation
- Present Director, Foundation for Research in Information Technology

Percentage of Shareholding None

## Ft. Lt. Montree Jumrieng

Executive Vice President,

Corporate Strategy and Sustainable Development

Appointed Date : September 9, 2014

Age : 57 Years

### Education/Training

- Bachelor of Science, Mechanical Engineering, Royal Thai Air Force Academy
- Honorary Degree, Management, Rajamangala University of Technology Thanyaburi
- Mini MBA (SASIN)
- Intensive Professional Program (NIDA)
- Pilot Recruitment License (IATA), Miami USA
- Corporate Governance for Director and Top Executives of State Enterprises and Public Organizations, King Prajadhipok's Institute (PDI)
- Leadership Succession Program Institute of Research and Development for Public Enterprises (IRDP), State Enterprise Policy Office, Ministry of Finance
- Anti-Corruption For Executive Program (ACEP), Thai Institute of Directors Association (IOD)
- Business Leader Development Program, University Of Oxford, UK.

### Experiences

- 2010 - 2014 Executive Vice President, Technical Department, Thai Airways International PCL

### Other Positions

Listed company on Stock Exchange Of Thailand

- Present Director, Nok Airlines Plc.
- Present Director, Bangkok Aviation Fuel Services PCL

#### Companies or other entities

- Present Director, Thai Smile Airways Co., Ltd.

Percentage of Shareholding 0.000029



**Sqn. Ldr. Asdavut Watanangura**  
Executive Vice President Operations Support  
for H.R.H. Chairman  
Operations Support Center

Appointed Date : November 13, 2012  
Age : 55 Years

**Education/Training**

- Diplom Prufung Bauingenieurwesen (Master Degree Level), Civil Engineering, Hochschule Der Bundeswehr Muenchen, Germany

**Experiences**

- 2012 Executive Vice President, Aviation Safety, Security, Standards and Resources Development, Thai Airways International PCL
- 2010 - 2012 Executive Vice President, Operations Department, Thai Airways International PCL
- 2008 - 2010 Vice President, Aviation Resources Development Department, Thai Airways International PCL

**Other Positions**

Listed company on Stock Exchange Of Thailand None

**Companies or other entities**

- Present Chairman, Thai Flight Training Co., Ltd.

**Percentage of Shareholding** 0.000064



**Ft. Lt. Kanok Thongpurk**  
Executive Vice President,  
Human Resources and Compliance

Appointed Date : September 9, 2014  
Age : 57 Years

**Education/Training**

- Bachelor of Laws, Laws, Ramkhamhaeng University
- Master of Public Administration, Public Administration, Chulalongkorn University
- Master of Business Administration, Kasetsart University
- UCLA Extension Executive Management Program 2005, University Of California, Los Angeles USA
- DCP (DCP Segment 1-6), DAP, DCG Thai Institute of Directors Association (IOD)
- Public Procurement Training System, International Trade Centre (Phase 1-2) UNCTAD/WTO
- Corporate Secretary Development Program (Class 9), Thai Listed Companies Association
- Executive Development for Competitiveness, Executive Program Chulalongkorn University
- Good Corporate Governance for Middle Management of Legal offices of Government and Public Agencies (Class 1), King Prajadhipok's Institute
- Management Course for Government and Public Agencies (Class 1), Royal Thai Police
- The Programme for Senior Executive on Justice Administration Batch (Class 14), National Justice Academy, Office of Judiciary
- Certificate in Anti-Corruption, Strategic Management for Senior Executive (Class4), Institute of Defence and the National Counter Corruption Sanya Dharmasakti

**Experiences**

- 2012 - 2014 Vice President, Personnel Development and Training Department, Thai Airways International PCL
- 2011 - 2012 Vice President, Human Resources Management Department, Thai Airways International PCL
- 2010 - 2011 Director, Council Of The Board Members and Management Meeting Department, Thai Airways International PCL

**Other Positions**

Listed company on Stock Exchange Of Thailand : None

**Companies or other entities**

- Present Chairman, Wingspan Services Co., Ltd.
- Present Director, Thai Flight Training Co., Ltd.

**Percentage of Shareholding** 0.000041



**Flg. Off. Suraphon Israngura Na Ayuthya**

Executive Vice President, Commercial

Appointed Date : September 9, 2014

Age : 59 Years

**Education/Training**

- Bachelor of Science, Royal Thai Air Force Academy
- Master of Management, Sasin Graduate Institute of Business, Administration of Chulalongkorn University

**Experience**

- 2011 - 2014 Managing Director, Catering Department Thai Airways International PCL
- 2009 - 2011 Director, Emergency and Crisis Response Planning Department Thai Airways International PCL

**Other Positions**

**Listed company on Stock Exchange Of Thailand**

- Present Director, Nok Airlines PCL

**Companies or other entities**

- Present Director, Phuket Air Catering Co., Ltd.
- Present Director, Thai Smile Airways Co., Ltd.

**Percentage of Shareholding** 0.00016



**Flg. Off. Chalermpon Intarawong**

Executive Vice President, Technical Department

Appointed Date : September 9, 2014

Age : 58 Years

**Education/Training**

- Bachelor of Science, Mechanical Engineering, Royal Thai Air Force Academy
- Master of Public Administration, Management for Executive, The National Institute of Development Administration

**Experience**

- 2009 - 2014 Vice President, Aircraft Maintenance Center, BKK Base Department Thai Airways International PCL

**Other Positions**

**Listed company on Stock Exchange Of Thailand**

- Present Director, Bangkok Aviation Fuel Services PCL

**Companies or other entities**

- Present Director, Don Mueang International Airport Hotel Co., Ltd.

**Percentage of Shareholding** 0.000023



### Sub Lt. Anussorn Naksrichum

Executive Vice President,  
Aviation Business Unit

Appointed Date : September 9, 2014

Age : 59 Years

#### Education/Training

- Bachelor of Science, Mechanical Engineering, Mapua Institute of Technology, Philippines
- Master of Science, Mechanical Engineering, Oklahoma State University, United States
- Master of Business Administration, Bangkok University

#### Experience

- 2014 Managing Director, Ground Equipment Services Department  
Thai Airways International PCL
- 2010 - 2014 Vice President, Ground Equipment Services Department  
Thai Airways International PCL

#### Other Positions

##### Listed company on Stock Exchange Of Thailand

- Present Director, Royal Orchid Hotel (Thailand) PCL

##### Companies or other entities

- Present Director, Wingspan Services Co., Ltd.
- Present Chairman, Don Mueang International Airport Hotel Co., Ltd.

**Percentage of Shareholding** None



### Sqn. Ldr. Sathaporn Charoensiri

Executive Vice President, Operations

Appointed Date : October 1, 2014

Age : 59 Years

#### Education/Training

- B.Sc. Aeronautical Engineering, Royal Thai Air Force Academy

#### Experience

- 2012 - 2014 Vice President, Flight Operations Department  
Thai Airways International PCL
- 2012 Mission Commander, Flight Operations Support Department  
Thai Airways International PCL
- 2010 - 21012 Mission Commander, Aviation Resources Development Department  
Thai Airways International PCL

#### Other Positions

**Listed company on Stock Exchange Of Thailand** None

##### Companies or other entities

- Present Director, Civil Aviation Training Center,
- Present Director, Aeronautical Radio of Thailand LTD.
- Present Director, THAI Flight Training Co., Ltd.

**Percentage of Shareholding** None



**Mrs. Charita Leelayudth**

Vice President, Investor Relations  
 Management Department  
 Acting Executive Vice President, Finance and  
 Accounting Department

Appointed as acting EVP on October 1, 2014  
 Age : 53 Years

**Education/Training**

- Bachelor of Accounting, Accounting, Chulalongkorn University
- Master of Business Administration, Business Administration, Chulalongkorn University

**Experience**

- 2008 – 2014 Vice President, Management Accounting and Budget Thai Airways International PCL

**Other Positions**

Listed company on Stock Exchange Of Thailand None

**Companies or other entities**

- Present Director, Wingspan Services Co., Ltd.

**Percentage of Shareholding** 0.000037

**Mr. Pandit Chanapai**

Advisor to the President

Appointed Date : July 25, 2014  
 Age : 60 Years

**Education/Training**

- Bachelor of Arts, West Liberty State College, USA
- Master of Arts, International Relations The University of Connecticut, USA
- DAP 111/2008, Thai Institute of Directors Association (IOD)

**Experience**

- November 2012 – July 2014 Managing Director, Ground Services Business Unit Thai Airways International PCL
- 2011 – 2012 Executive Vice President, Commercial Thai Airways International PCL
- 2009 – 2011 Executive Vice President, Human Resources Thai Airways International PCL

**Other Positions**

Listed company on Stock Exchange Of Thailand None

**Companies or other entities** None

**Percentage of Shareholding** 0.001629



### Mr. Teerapol Chotichanapibal

Advisor to the President

Appointed Date : July 25, 2014

Age : 57 Years

#### Education/Training

- Bachelor of Arts, Maths & Economics University College of Wales, Great Britain
- Master of Science, Operations Research University of Southampton, Great Britain

#### Experience

- February – July 2014 Executive Vice President, Commercial  
Thai Airways International PCL
- June 2013 – February 2014 Executive Vice President, Strategy and Business Development  
Thai Airways International PCL
- March 2011 – June 2013 Executive Vice President, Products and Customer Services  
Thai Airways International PCL
- 2010 – 2011 Vice President, Commercial Development and Support Department  
Thai Airways International PCL
- 2010 Managing Director, Catering Department  
Thai Airways International PCL
- 2007 – 2010 Vice President, Commercial Development and Support Department  
Thai Airways International PCL

#### Other Positions

Listed company on Stock Exchange Of Thailand None

Companies or other entities None

Percentage of Shareholding 0.000995



### Mr. Danuj Bunnag

Advisor to the President

Appointed Date : July 25, 2014

Age : 51 Years

#### Education/Training

- Bachelor of Special Studies, Mathematics Cornell College, USA
- Bachelor of Science in Systems Science and Engineer, Washington University at St. Louis, USA
- Master of Construction Management Washington University at St. Louis, USA

#### Experience

- February 2014 – July 2014 Executive Vice President, Corporate Ancillary Revenue  
Thai Airways International PCL
- June 2013 – February 2014 Executive Vice President, Products and Customer Services  
Thai Airways International PCL
- November 2012 – June 2013 Executive Vice President, Commercial  
Thai Airways International PCL
- February 2011 – November 2012 Managing Director, Ground Services Business Unit  
Thai Airways International PCL
- 2006 – 2011 Vice President, Market Planning and Revenue Management Department  
Thai Airways International PCL

#### Other Positions

Listed company on Stock Exchange Of Thailand None

Companies or other entities None

Percentage of Shareholding 0.000052



**Mr. Niruj Maneepun**  
Advisor to the President

Appointed Date : July 25, 2014  
Age : 46 Years

**Education/Training**

- Bachelor of Laws, Laws(Hons.), Ramkhamhaeng University
- Barrister At Law, Institute of Legal Education, Thai Bar Association
- Master of Comparative Jurisprudence (M.C.J), Howard University, Washington D.C., USA
- Master of Laws (LL.M.), Temple University, Philadelphia Pennsylvania, USA

**Experience**

- 2012 - 2014 Executive Vice President, Human Resources and Compliance Thai Airways International PCL
- 2011 - 2012 Executive Vice President, Corporate Secretariat Thai Airways International PCL
- 2008 - 2011 Vice President , Legal and Compliance Department Thai Airways International PCL

**Other Positions**

Listed company on Stock Exchange Of Thailand None

Companies or other entities None

Percentage of Shareholding 0.001112



**Mrs. Suvimol Bualerd**  
Corporate Secretary

Appointed Date : November 13, 2012  
Age : 53 Years

**Education/Training**

- Bachelor of Science, General Science, Chulalongkorn University
- Master of Science (Microbiology) Southern Illinois University, USA
- MBA (Management) Kasetsart University
- Master of Art (Communication) Chulalongkorn University
- Senior Executive Development Program, Office of the Civil Service Commission
- CSP, DCP 195/2014 Thai Institute of Directors Association (IOD)

**Experience**

- 2012 - Present Vice President, Corporate Secretariat Department Thai Airways International PCL
- 2011 - 2012 Vice President, General Administration Department Thai Airways International PCL
- 2010 - 2011 Director, Cargo Terminal Operations Department Thai Airways International PCL
- 2003 - 2010 Director, Standards and Marketing Development Department Thai Airways International PCL

**Other Positions**

Listed company on Stock Exchange Of Thailand None

Companies or other entities

- Director, Thai-Amadeus South-East Asia Co., Ltd.
- Chairman of the Audit Committee, Thai-Amadeus South-East Asia Co., Ltd.

Percentage of Shareholding None



# THAI WORLDWIDE NETWORK

SMOOTH AS SILK TO THE WORLD



A STAR ALLIANCE MEMBER



\*Schematic scale only.

\*\*Destinations are subject to change without prior notice, please refer to [thaiairways.com](http://thaiairways.com)

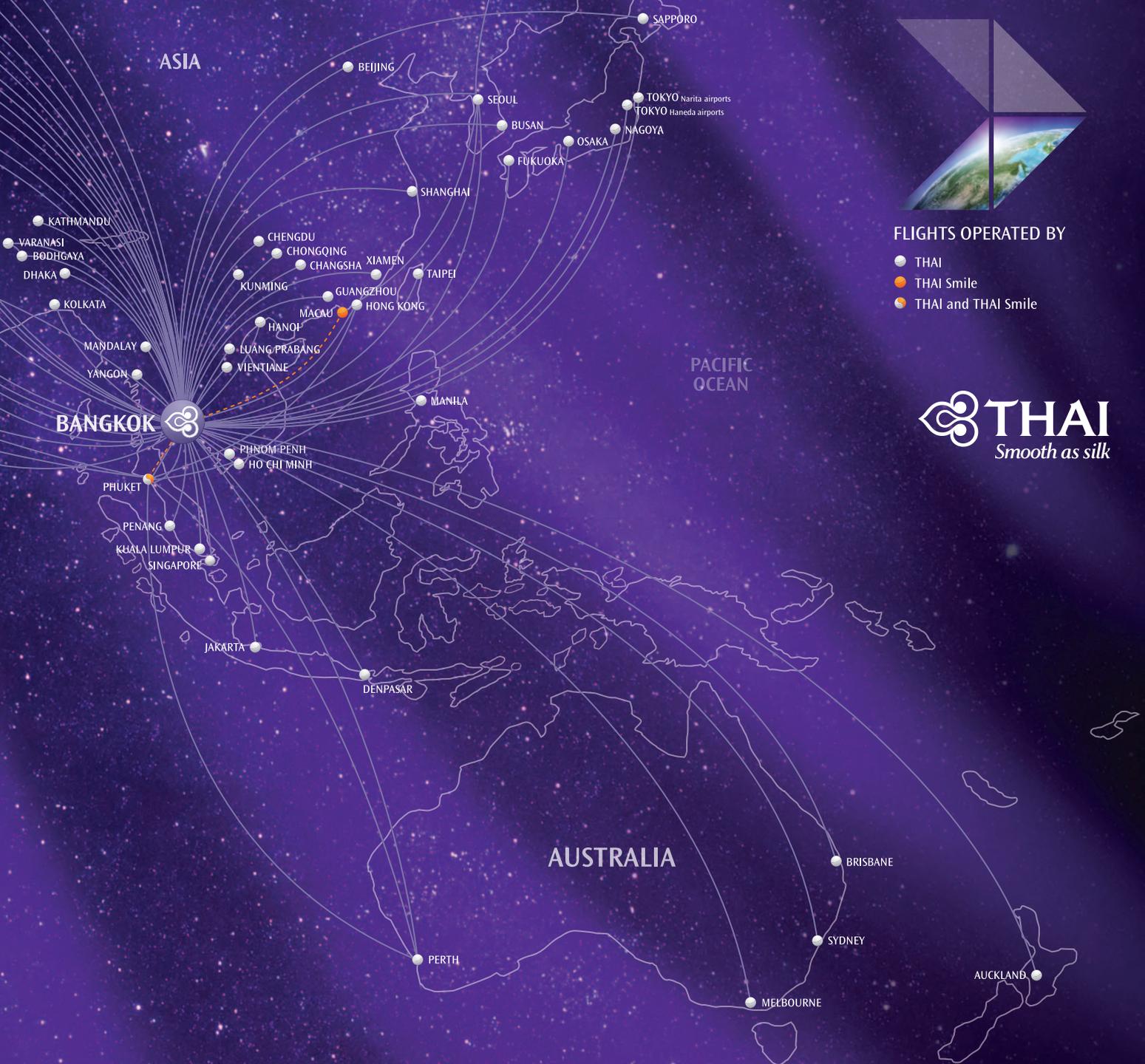
NORTH AMERICA



NORTH AMERICA

LOS ANGELES

ASIA



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# THAI's On-line Office Address



## AUCKLAND, NEW ZEALAND

AKLAA : MR. KITIPONG MANITYAKUL  
LEVEL 8, 23 CUSTOMS STREET EAST  
CITIGROUP BUILDING, PO BOX 4559  
AUCKLAND 1140, NEW ZEALAND

TKT/RSVN : (64-09) 377-3886  
FAX : (64-09) 379-8597  
AIRPORT : (64-09) 256-8518  
FAX : (64-09) 256-8454

## BEIJING, PEOPLE'S REPUBLIC OF CHINA

BJSAA : MR. SIRIPHONG MANGKALEE  
UNITS 303-4, LEVEL 3, OFFICE TOWER W3  
ORIENTAL PLAZA, NO.1 EAST CHANG AN AVENUE  
DONG CHENG DISTRICT BEIJING,  
100738 PEOPLE'S REPUBLIC OF CHINA

TKT : (86-10) 8515-0088  
RSVN : (86-10) 8515-1142  
FAX : (86-10) 8515-1134  
AIRPORT : (86-10) 6459-8899  
FAX : (86-10) 6459-0012

## BRISBANE, AUSTRALIA

BNEAA : MR. TANAWAT HIRANYALEKHA  
THAI AIRWAYS INTL BRISBANE  
LEVEL 10, 380 QUEEN STREET  
BRISBANE QUEENSLAND 4000, AUSTRALIA

TKT/RSVN : (61-7) 3215-4700  
FAX : (61-7) 3215-4737  
AIRPORT : (61-7) 3860-4163  
FAX : (61-7) 3860-4328

## BANGALORE, REPUBLIC OF INDIA

BLRAA : MR. KANAPORN APINONKUL  
305, 3RD FLOOR EMBASSY SQUARE  
148 INFANTRY ROAD  
BANGALORE- 560 001, INDIA

TKT/RSVN : (91-80) 4098-0396/97  
FAX : (91-80) 4098-0392  
AIRPORT : (91-80) 6678-3191  
FAX : (91-80) 6678-3192

## BRUSSELS, BELGIUM

BRUSD : MRS. KATRIEN DEPAUW  
THAI AIRWAYS INTERNATIONAL  
21, AVENUE DE LA TOISON D'OR  
1050 BRUSSELS, BELGIUM

TEL : (32-2) 502-4744  
FAX : (32-2) 502-6947  
e-mail : reservations@thaiairways.be  
TKT/RSVN : (32-2) 502-4744  
FAX : (32-2) 502-6947  
e-mail : reservations@thaiairways.be

## BUSAN, REPUBLIC OF KOREA

PUSAD : MR. WEERAWAT RATTANA  
6TH FL. HYUNDAI MARINE & FIRE INSURANCE B/D,  
240 JUNGANG-DAERO, DONG-GU,  
BUSAN, REPUBLIC OF KOREA 601-713

TKT : (82) 51-600-8183/84  
RSVN :  
FAX : (82) 51-463-8564  
AIRPORT : (82) 51-941-8182  
FAX : (82) 51-941-8183

## BODHGAYA, REPUBLIC OF INDIA (TEMPORARY OFFICE)

INPAC TRAVELS (INDIA) PVT LTD.  
C/O MR CB SINGH  
GF, HOTEL THE ROYAL RESIDENCY  
DUMUHAN ROAD, BODHGAYA  
DISTT GAYA, BIHAR, REPUBLIC OF INDIA

TEL : (91-0631) 220-0124 /  
220-1156  
FAX : (91-0542) 250-5353

## CHENNAI, REPUBLIC OF INDIA

MAAAA : MR. CHAWARIT THANASOMBATNANTH  
THAI AIRWAYS INTERNATIONAL PLC., LTD.  
KGN TOWERS, 4th FLOOR, B WING  
62 ETHIRAJ SALAI, EGMORE  
CHENNAI 600 015, REPUBLIC OF INDIA

TKT/RSVN : (91-44) 4206-3311  
FAX : (91-44) 4206-3344  
AIRPORT : (91-44) 2256-1928 / 1929  
FAX : (91-44) 2256-1930

## CHENGDU, PEOPLE'S REPUBLIC OF CHINA

CTUAD : MR. PEERAPONG JUTAGANOON  
ROOM 02-03, 12TH FLOOR OF TOWER 1,  
CENTRAL PLAZA 8 SHUNCHENG AVENUE,  
CHENGDU, SICHUAN  
PEOPLE'S REPUBLIC OF CHINA

TKT/RSVN : (86-28) 8666-7575 /  
8666-7171  
FAX : (86-28) 8666-9887  
AIRPORT : (86-28) 8520-5842 /  
8520-5851  
FAX : (86-28) 8520-5840

## COLOMBO, SRI LANKA

CMBAA : MR. THONGCHAI TUNGKASAREERUK  
NBR 03, SIR EARNEST DE SILVA MAWATHA  
COLOMBO 3, SRI LANKA

TKT/RSVN : (94-11) 266-7892-6  
FAX : (94-11) 266-7891  
AIRPORT : (94-11) 225-2057  
(94-11) 225-2861  
EXT. 4964  
FAX : (94-11) 225-2057

## COPENHAGEN, DENMARK

CPHAA : MR. PRICHA NAWONGS  
RAADHUSPLADSEN 16  
DK-1550 COPENHAGEN V  
DENMARK

TKT : (45-33) 750-150  
RSVN : (45-33) 750-120  
FAX : (45-33) 750-180  
AIRPORT : (45-32) 521-225  
FAX : (45-32) 523-052

## DELHI, REPUBLIC OF INDIA

DELA : MR. KORAKOT CHATASINGHA  
THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD.  
THE AMERICAN PLAZA  
HOTEL INTERCONTINENTAL EROS, NEHRU PLACE  
NEW DELHI 110 019, REPUBLIC OF INDIA

TKT/RSVN : (91-11) 4149-7777  
FAX : (91-11) 4149-7788  
AIRPORT : (91-11) 2565-2413 /  
2565-2796  
FAX : (91-11) 2565-2788

## DENPASAR, INDONESIA

DPSAD : MR. PHI-ROON SAKULTHONG  
THAI AIRWAYS INTERNATIONAL PCL  
INNA GRAND BALI BEACH HOTEL  
JL. HANG TUAH, SANUR - BALI 80032  
INDONESIA

TKT/RSVN : (62-361) 288-141  
FAX : (62-361) 288-063  
AIRPORT : (62-361) 755-064  
FAX : (62-361) 755-063

## DHAKA, BANGLADESH

DACAA : MR. CHAROENCHAI LAKSANAKORN  
THAI AIRWAYS INTERNATIONAL PUBLIC CO.LTD  
SPL WESTERN TOWER, LEVEL-9, SPACE-903,  
186 BIR UTTAM MIR SHAWKAT ALI ROAD,  
TEJGAON INDUSTRIAL AREA, DHAKA-1208,  
BANGLADESH

TKT/RSVN : (88-02) 887-9131-46  
EXT 501  
FAX : (88-02) 887-9147-49  
AIRPORT : (88-02) 891-4351 /  
891-4633  
FAX : (88-02) 891-4343

## DUBAI, U.A.E.

DXBAA : MR. SOMCHAI SUKKHASANTIKUL  
THAI AIRWAYS INTERNATIONAL PCL  
NO.1 BU HALEEBA PLAZA, SHOP NO. 1  
AL MURAOQABAT ROAD, DEIRA  
P.O. BOX 13142, DUBAI - U.A.E.

TKT/RSVN : (971-4) 268-1701  
FAX : (971-4) 268-1703  
AIRPORT : (971-4) 224-4305  
FAX : (971-4) 224-5716

## FRANKFURT, GERMANY

FRANN : MR. PRICHA NAWONGS  
THAI AIRWAYS INTERNATIONAL PCL  
ZEIL 127  
60313 FRANKFURT, GERMANY

TKT : (49-69) 92874-446  
RSVN : (49-69) 92874-444  
FAX : (49-69) 92874-222  
AIRPORT : (49-69) 69070-931  
FAX : (49-69) 692-981

## FUKUOKA, JAPAN

FUKAD : MISS CHONNAKARN AKRAPREEDEE  
HINODE FUKUOKA BUILDING  
12-1, TENJIN 1, CHUO-KU  
FUKUOKA, 810-0001 JAPAN

TKT/RSVN : 0570-064-015  
(Call Center for local calls only)  
FAX : (81-92) 734-9480  
AIRPORT : (81-92) 477-7870  
FAX : (81-92) 477-0345

**GUANGZHOU, PEOPLE'S REPUBLIC OF CHINA**

CANAA : MR. ANAN BUDKAEW TKT/RSVN : (86-20) 8365-2333  
 G3, WEST WING, THE GARDEN HOTEL EXT 5, 11, 24  
 368 HUANSI DONGLU, GUANGZHOU 510064 FAX : (86-20) 8365-2488  
 PEOPLE'S REPUBLIC OF CHINA AIRPORT : (86-20) 8613-5310 /  
 8613-5313  
 FAX : (86-20) 8613-5315

**HANOI, SOCIALIST REPUBLIC OF VIETNAM**

HANAD : MRS. APHITCHAYA SAISA-ARD TKT : (84-4) 3826-7921  
 1st & 3rd FLOOR, HANOI LAKE VIEW BUILDING RSVN : (84-4) 3826-7922  
 28 THANH MIEN ROAD, TAY HO DISTRICT, FAX : (84-4) 3826-7394  
 HANOI VIETNAM AIRPORT : (84-4) 3884-0530  
 FAX : (84-4) 3886-5574

**HO CHI MINH CITY, SOCIAL REPUBLIC OF VIETNAM**

SGNAA : MR. NARINTHORN PURNAGUPTA TKT/RSVN : (84-8) 3822-3365  
 UNITE 102, SAIGON TOWER OFFICE BUILDING EXT 5117  
 29 LE DUAN BOULEVARD, BEN NGHE WARD, FAX : (84-8) 3822-9465  
 DIST. 1, HO CHI MINH CITY, AIRPORT : (84-8) 3547-0300  
 SOCIAL REPUBLIC OF VIETNAM FAX : (84-8) 3547-0301

**HONG KONG, PEOPLE'S REPUBLIC OF CHINA**

HKGAA : MRS. NONTHAKORN TRAKULPA TKT : (852) 2179-7785  
 24A UNITED CENTRE RSVN : (852) 2179-7700  
 95 QUEENSWAY, HONG KONG FAX : (852) 2179-7600  
 PEOPLE'S REPUBLIC OF CHINA 7661  
 AIRPORT : (852) 2769-7421-4  
 FAX : (852) 2382-4595

**HYDERABAD, REPUBLIC OF INDIA**

HYDAA : \*\*VACANT\*\* TKT/RSVN : (91-40) 2333-3030  
 THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD. EXT 110  
 6-3-249/6, ROAD NO. 01, BANJARA HILLS FAX : (91-40) 2333-3003  
 HYDERABAD - 500034, REPUBLIC OF INDIA AIRPORT : (91-40) 6660-5022  
 FAX : (91-40) 6662-2003

**GSA ISLAMABAD, ISLAMIC REPUBLIC OF PAKISTAN**

ISBAA : \*\* VACANT \*\* RSVN : (92-51) 227-2140  
 OFFICE NO 3, 4 HOLIDAY INN ISLAMABAD HOTEL : (92-51) 227-2141  
 ISLAMABAD, PAKISTAN FAX : (92-51) 282-3735  
 AIRPORT : (92-51) 578-1409 /  
 411  
 FAX : (92-51) 578-1410

**JAKARTA, REPUBLIC OF INDONESIA**

JKTAA : \*\* VACANT \*\* TKT/RSVN : (62-21) 230-3041  
 WISMA NUSANTARA BUILDING 26TH FLR FAX : (62-21) 319-30792  
 J.L.MH.THAMRIN NO. 59 AIRPORT : (62-21) 550-2443 /  
 JAKARTA 10350 INDONESIA 7137  
 FAX : (62-21) 550-7137

**KARACHI, PAKISTAN**

KHIAA : MR. POLAPAT NEELABHAMORN TKT/RSVN : (92-21) 3279-2294/  
 TECHNOLOGY PARK 3278-8000  
 7 TH FLOOR SHAHREH-E-FAISAL FAX : (92-21) 3279-1934  
 KARACHI, PAKISTAN AIRPORT : (92-21) 457-0847 /  
 907-1472  
 FAX : (92-21) 457-3009

**KATHMANDU, NEPAL**

KTMAA : MR. CHANTOUCHE SRINILTA TKT/RSVN : (977-1) 422-4387 /  
 ANNAPURNA ARCADE, DURBAR MARG 3565 / 5084  
 KATHMANDU, NEPAL FAX : (977-1) 422-1130  
 AIRPORT : (977-1) 411-3293  
 FAX : (977-1) 411-3287

**KOLKATA, REPUBLIC OF INDIA**

CCUAA : MR. VICHAYA SINGTOROJ TKT/RSVN : (91-33) 2283-8865/68  
 229, A.J.C. BOSE ROAD FAX : (91-33) 3982-7197  
 CRESCENT TOWERS, 8TH FLOOR AIRPORT : (91-33) 2511-8389  
 KOLKATA - 700020, REPUBLIC OF INDIA FAX : (91-33) 2511-9931

**KUALA LUMPUR, MALAYSIA**

KULAA : MR. SUTTICHOKE RODLEECHIT TKT/RSVN : (60-3) 2034-6900,  
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