

Thai Airways International
Public Company Limited



Go d start
with THAI

A MEMORABLE
JOURNEY BEGINS
WITH THAI.

For over half a century of legendary service, THAI has given countless good starts to many journeys—each a collection of beautiful travel experiences from start to finish. Take off with a good start on your memorable journey with THAI. Wherever you wish to go, a good start to your journey is on THAI.



thaairways.com

 **THAI**
Smooth as silk



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





Message from the Chairman

The year 2015 marked the 55th anniversary for Thai Airways International, and became the year in which the Company's overall operation saw some improvement compared to the year before, due to positive changes in various factors in the environment such as the more peaceful political situation and lower fuel prices. This improvement does not take into account impairment of assets and aircraft and expenses related to measures taken to reduce the number of employees as these are but inevitable costs of any corporate transformation program.

Besides the above, there have been other factors that have had an adverse effect on the aviation industry and tourism of Thailand. The Company, faced with the issues resulting from regulatory standards of safety of Civil Aviation of Thailand not meeting the standards set by international organizations, dedicated a huge amount of effort and resources to demonstrate to the civil aviation industry of other countries especially the EU, that its operations in terms of safety are indeed fully compliant with the required international standards. The Company, in its commitment to raising the safety standards to be among the highest in the industry, carried out the Safety Beyond Compliance program starting in May, and on December 15, 2015, Thai Airways International was licensed to fly in the European airspace as a Third Country Operator indefinitely by the European Aviation Safety Agency of the EU (EASA).

In light of the decline in the number of tourists to Thailand following the political condition in the recent years, Thai Airways has joined effort with Tourism Authority of Thailand (TAT) to conduct co-marketing programs. The Company has also launched the new website social.thaiairways.com to compliment the main website, www.thaiairways.com, in order to better serve the demand of the customers, providing a source of useful and up-to-date travel information on over 70 routes around the world, and an online forum where travel experiences can be shared.

Amidst the environmental factors that presented both positive and negative impacts on the Company, 2015 was also a year of a major corporate reform.

The Company began implementing the business transformation plan that required all functions to streamline work processes to increase efficiency, and improve the expense management system. As revenue earning became a priority of the Transformation Plan, the commercial units had an important role in defining sales strategy and improving ticket pricing system to increase competitiveness. By mid 2016, the Company will have put in place a comprehensive information and technology system that will rival that of the leading competitors as well as greatly improve the way we serve our customers.

In 2016, the second year into the corporate reform program, THAI aims to build its competitive strength by driving plans in the four main areas which are, proactive revenue seeking, effective cost reduction, capability enhancement, and service excellence provision, in order to build competitiveness in the global arena. New development work in other areas includes aircraft maintenance by the engineering division, airline customer service by the Business Units along with joint venture projects with other companies, taking full advantage our own potential to effectively create revenue. There will also be an integration between THAI and THAI Smile in developing a route network that is complete with quality and modern services perfect for the lifestyle of the new generation of travelers.

Finally, the Board of Directors and the management team are confident that the Company's transformation plan has led to a better operational performance. With the dedication of all the employees, both on the ground and in the air, the Company has continuously been awarded a top-ten position in the world's airlines ranking, demonstrating our employees' capabilities and service mindedness. We are all fully committed to continuing with the efforts to achieve the goals of the Transformation Plan and to eventually bring Thai Airways International back to its status of Thailand's national pride.



Mr. Areepong Bhoocha-oom
Chairman

Message from the President

2015 was another challenging year for Thai Airways. In addition to the ongoing efforts in implementing the Corporate Transformation Plan, Thai Airways International also faced the challenge of resolving issues arising from the result of the assessment conducted on the Civil Aviation Authority of Thailand by the International Civil Aviation Organization (ICAO) on safety aspects.

Throughout 2015, the Executive Team and I have been fully committed to operating according to the Transformation Plan of Thai Airways International Public Company Limited. Through constant communication with our employees via every possible channel, we will remind everyone to provide services to both internal and external customers from our hearts in order to create maximum level of satisfaction. With the international awards and recognition that we received in 2015 in various fields, the Management Team and I are confident that together we will achieve the goals set out in the Transformation Plan.

2015 was a year of organizational reform for Thai Airways. The Company has gained operational efficiency as seen in the total number of passengers served which increased from 17.7 million in 2014 to 18.4 million in 2015, despite a decrease in the utilization of resources resulting from the closure of four stations in Africa, Europe and North America which had been unprofitable for many consecutive years, and the decommissioning of aircraft that were no longer efficient or at the end of their useful life. The reduction in our usage of aircraft on average by 10 planes clearly indicates the Company's move towards becoming an airline with efficient operations.

The implementation of the strategic plan is nearing completion with focus given to improving fleet and route network in order to stop the losses. We are determined to move forward with the Transformation Program by emphasizing on making improvements in commercial aspects via an expansion of route network. This has been achieved through collaboration with business alliances to develop sales distribution channels and revenue management using modern technology to provide fast and comprehensive services, and improving the connection between THAI and Thai Smiles' services, expanding flight routes and giving our passengers a smoother and more convenient service. On the commercial mail and cargo transport side, the Company has made improvements to processes in line with Customers' requirements and as a result, I am pleased to report that we have turned a loss result into a profitable one.

In addition, efforts have been made to improve the quality in other areas of services such as reservations which can now be made via our Call Center, sales offices and on our website, leading to a significant increase in customer satisfaction compared to 2014. The Company has started the program, Service Beyond : New Business Class Service, which aims at providing a service that more than meets with the customers' expectation, with pilot runs carried out in September 2015 on the Bangkok-Narita routes. These were followed by a customer satisfaction survey which indicated a satisfaction level above the target, with some suggestions for improvement. Once further improvements were made satisfactorily, the program was launched in November on the Bangkok-London routes and will eventually be rolled out on all other flight routes during 2016.

The company has been implementing the 'Safety Beyond Compliance' program since May 2015 in order to strengthen the overall standards of safety for Thailand's civil aviation industry by stringently following safety standard level applied by the European Community, which are recognized as the highest in the aviation industry. The Company has recently been granted a Third Country Operator (TCO) permission by the Organization of the European Aviation Safety (EASA) to fly into Europe effective from December 2015. This is a testament that reinforces the Company's achievements at the highest level, as well as extremely good news for the Company.

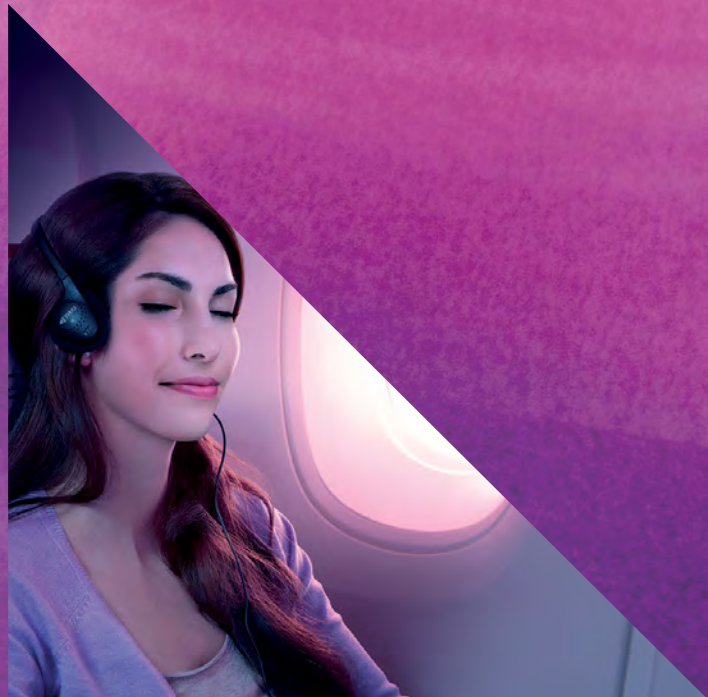
The report on advance ticket reservations in 2016 has indicated positive trends in sales which are expected to continue with oil prices forecast to remain stable compared to 2015, leading to favorable operating results for the Company in addition to those set out in the strategic, revenue, cost reduction, capability-building and service excellence plans previously submitted to the State Enterprise Policy Committee.

Finally, the Management Team along with all the employees and myself, are confident that in the near future, we will be able to rebuild the strength for the Company so that it can return to the position of the nation's pride once again, and above all, to regain its ability in generating profits and creating satisfactory returns for our customers, shareholders and all benefactors.



Mr. Charamporn Jotikasthira
President





POLICY AND BUSINESS OVERVIEW

COMPANY HISTORY

Thai Airways International Public Company Limited was established in 1960 by the Thai government, as a joint venture 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 registered 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.

Since its establishment, the Company's operations had been profitable. On March 30, 1977, the joint venture came to an end when Scandinavian Airlines System (SAS) transferred all of its shares to Thai Airways Company (TAC). The Company then raised capital by selling its shares to the Ministry of Finance. On April 1, 1988, during the administration of General Prem Tinsulanonda, following the cabinet resolution by the Ministry of Economic Affairs, the domestic commercial air travel operations of the Company were merged with Thai Airways Company, increasing the Company's registered capital to THB 2,230 million with Ministry of Finance as the major shareholder.

In line with its continued business expansion, the Company became listed on the Stock Exchange of Thailand (SET) on July 19, 1991 through the conversion of its retained earnings into capital, which increased the registered capital 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, 2015, the Company's registered capital was THB 26,989,009,500 with a total paid-up capital of THB 21,827,719,170. The Ministry of Finance and Government Savings Bank together have 53.16% of the shareholding and the remaining 46.84% shareholding is held by other investors, both domestic and foreign, and the Company's employees.

From the early stages of establishment in the commercial aviation business, through effective corporate strategies and accumulated business experience that saw the Company raising enough capital to become listed on the stock market, Thai Airways International Public Company Limited is now a state enterprise overseen by the Ministry of

Transportation. It operates commercial air transport services on domestic and international routes with headquarters in Bangkok and an operational base at Bangkok Suvarnabhumi Airport, serving as the hub of transportation networks. THAI's operations comprise the provision of air transportation services for passengers, cargo and mail, and other related businesses namely : cargo terminal handling services, ground customer services, ground equipment, in-flight catering and aircraft repairs and maintenance.

On October 17, 2013, the Company established a wholly owned subsidiary, Thai Smile Airways Co., Ltd., with a registered capital of THB 1,800 million, of which 44.44% was paid-up at THB 800 million, with 100% of the shares held by THAI. Thai Smile Airways began operating on April 10, 2014 under the airline code, WE, initially covering 10 domestic routes. On August 8, 2014, Thai Smile Airways expanded its services from Suvarnabhumi Airport to Don Mueang Airport adding 3 domestic flight routes. On October 25, 2014, Thai Smile Airways began its coverage of international routes.



As at December 31, 2015, Thai Smile Airways offered services from both Suvarnabhumi and Don Mueang Airports covering a total of 9 domestic and international routes from Suvarnabhumi, and 3 domestic routes from Don Mueang.

VISIONS

The Company's vision is to be "The First Choice Carrier with Touches of Thai".

THAI is committed to becoming travellers' first choice in airlines by creating maximum satisfaction beyond their expectations, and developing a long lasting relationship with its customers by continually providing a smooth and memorable travel experience that is uniquely Thai through consistency of excellence at every customer touch point.

MISSIONS

The Company's principle missions include the fulfilment of its obligations towards its customers, shareholders, employees and society as outlined below:

- To provide comprehensive domestic and international air transport services with a focus on safety standards, convenience, and high quality service with Thai touches, in order to create a good long lasting impression with **customers**.
- To put in place good international standards corporate governance to ensure sustainable corporate growth with a high return on investment for **shareholders**.
- To build on its strengths of being a learning organisation that promotes the awareness of the importance of customers, while enhancing **employees'** capabilities, skills, levels of responsibilities and commitment that encouraging them to perform to their highest capacities.
- To provide support and assistance, and demonstrate responsibilities to **society** and the environment, as the national airline.

All of the above obligations must be carried out in accordance to the **good corporate governance principles**.

CORE VALUES

In order to create strong and sustainable growth and to enable the Company to compete successfully in the ever changing business environment, the Company upholds the following three core values:

- 1) To focus on customer satisfaction
- 2) To be cost efficient
- 3) To remain highly dynamic

STRATEGIES

With increasing air travel demands shown since early 2015, the airline industry continued to grow along with the increase in the number of visitors travelling to and from Thailand. The rapid growth in the aviation industry resulted in an increase in competition from low-cost airlines as well as airlines from the Middle East. This intense competition has adversely affected both the yield and market shares of full-service airlines including THAI, bringing about the realization that they could no longer survive under the same management regime.

The subsequent unfavourable operating financial results indicated that corporate transformation was required in order to take a competitive leap and rebuild its financial integrity. Transformation measures taken include revision of flight routes, careful strategic considerations on certain markets, enhancement of the effectiveness and efficiency of internal management, as well as obtaining cooperation from relevant government bodies in order to jointly create sustainable success.

The Company has identified six strategic transformation charters during 2015 and 2016 which were approved by the State Enterprise Policy Committee on 26th January, 2015. These are:

1. Network Strategy — to stop further losses from unprofitable routes and generate sustainable profits from profitable and competitive advantage routes.
2. Fleet Strategy — to adjust existing varieties of aircraft and to simplify aircraft types in order to reduce operating costs and increase operating efficiency.
3. Commercial Strategy — to uplift sales capabilities in enhancing revenues from all sales channels, touch points, network sales, as well as other customer segments.
4. Operation and Cost Strategy — to increase operational efficiency and quality of service while controlling operating costs in every department to increase the competitive capabilities.

5. Organisation Strategy — to bring the organization a suitable size with a less complex structure and increase personnel effectiveness by defining suitable key performance indicators (KPIs) and remunerations that are linked to the Company's operating performance.
6. Portfolio Strategy — to ensure a portfolio of businesses that support, and are consistent with, the core business of the Company.



In support of the above strategies, the Company has come up with a total of 21 implementation plans and has also set clear scope and goals, appointed relevant personnel to be directly responsible for the implementation of each plan and put in place tracking and problem solving processes. With this transformation programme, the Company expects to regain sustainable growth as a world-class national carrier status for the pride Thailand in the near future.

Changes in Business Operations in the Past Year

In 2014, the operating results of the Company did not meet the set target due to various influential factors such as unstable political situations in many countries, slow recovery of the global economy and fierce competition from low-cost airlines and Middle-Eastern airlines.

The Company has therefore appointed the Strategies and Corporate Transformation Committee to closely monitor and govern the process of resolving immediate problems as well as to cooperate with the Management

team in coming up with long-term plans for the corporate transformation and to gradually build up competitive strength for the Company. The Transformation Plan was approved by the State Enterprise Policy Committee on January 26, 2015 under the condition that the corporate transformation shall not have any adverse effect on the Company's standards of safety and services in any way.

The Corporate Transformation Plan to be implemented in 2015-16 is summarized into the following phases:

Phase 1 : Stop Bleeding — Stop the losses by reducing or discontinuing flights on routes that have been consistently unprofitable, downsizing of the aircraft used on those routes as well as grounding certain aircraft that cannot compete and/or are not economically viable.

Phase 2 : Strength Building — Build competitive strength by reviewing the present strategies and clearly defining a business position of the Company and improving effectiveness in generating revenues while reducing costs to increase the abilities to compete on an ongoing basis.

Phase 3 : Sustainable Growth — Obtain sustainable growth through business expansion based on the Company's core strengths following the success of phase 2 above as well as more robust and comprehensive medium to long term strategies via network/route planning, certain market potentials, customer segments, products & services in order to bring back sustained profitability.

Corporate Transformation Plan in 2015

The Company has began carrying out the Corporate Transformation Plan in 2015 starting with the elimination of losses by reducing or discontinuing unprofitable flights, cutting unnecessary costs and focusing on earning revenues through exercising new sales strategies and generating income from other sources. Unfortunately, while the Company was making good progress, unforeseen events took place

in the last quarter of 2015 such as the fluctuation of various currencies, the explosion at Ratchaprasong, Bangkok, conflicts in the Middle East and the bombing in Paris, causing the number of air passengers to deviate negatively from the forecast. In addition to these events, the Company's operations were further impacted by the negative safety ratings given to the Thai aviation industry as a whole following an assessment by the ICAO. As a result, the Company had to spend a large amount of resources (both financial and human resources) in order to rectify the issue and maintain confidence in the safety standards of the Company.

In response to such unforeseen events as mentioned above, the Company has defined extra emergency measures for full compliance by all levels of employees in order to ensure that goals of the transformation are met both in terms of cost reduction and revenue increase in all aspects of the operations. All personnel are to give full cooperation to achieve these goals, while maintaining the safety and service standards.

The details of the Transformation Plan executed in 2015 are as follows:

Step 1 : Stop Bleeding

Adjustments of flight routes and aircraft types according to market requirements

1. Flight routes in the Asian Region

- 1.1. The Northern routes traditionally have the highest volume of passengers and have consistently been profitable for the Company. As a result of a review on aircraft sizes, the A380-800 aircraft has been put on key routes such as Bangkok – Hong Kong, Bangkok – Tokyo (Narita Airport), and the B787-8 on the route between Bangkok and Tokyo (Haneda Airport) to enhance competitiveness. During the low travel season, the number of flights is reduced, such as the Bangkok – Sapporo flights, from 7 to 5 per week, and the Bangkok – Tokyo (Narita), from 21 down to 14 flights per week.



- 1.2. The Indo-China routes represent the strength of the Company's regional network due to consistent growth. The recently commissioned A320-200 replaced the B737-400 which is due for decommissioning, on the route between Bangkok and Phnom Penh. On the Bangkok – Ho Chi Minh route, the A320-200 has been replaced with the A330-300 to increase capacity – both in terms of number of flights (from 14 to 17 per week) and aircraft capacity. Moreover, the number of flights between Bangkok and Luang Prabang has increased from 3 to 4 per week to suit market needs.
- 1.3. The Western routes enjoy a high volume of passengers and constant growth, especially to India. THAI has therefore increased the number of Bangkok-Delhi flights from 16 to 17 per week. The number of flights on some routes is reduced during the Ramadan period, namely Bangkok-Islamabad, from 4 to 3 flights per week, and Bangkok – Lahore from 7 to 6 flights per week, starting June 16, 2015. The Bangkok – Karachi route has also seen a



reduction in the number of weekly flights from June 18, 2015

2. Intercontinental routes

- 2.1. The number of flights from Bangkok to Perth has increased from 5 to 7 per week, and the B777-200ER used previously has been replaced by the B787-8, while on the Bangkok – Brisbane route, the B787-8 has replaced the larger B777-200ER.
- 2.2. On the European routes, adjustments to the frequency of flights have been made to suitably reflect the reduced demand during low seasons; the Bangkok – Frankfurt flights have been reduced from 13 to 7 per week, and Bangkok – London flights have gone from 14 down to 7 but utilizing a larger capacity aircraft using A380-800.

4 main routes were suspended including; Bangkok – Johannesburg from January 15, 2015, Bangkok – Moscow from March 29, 2015, Bangkok – Madrid from September 5, 2015 and Bangkok–Los Angeles from October 25, 2015.

3. Domestic routes

The Company has commissioned Thai Smile Airways to supplement THAI domestic routes for Bangkok –



Chiang Mai and Bangkok – Phuket routes, while entirely commission Thai Smile to serve Bangkok – Chiang Rai, and Bangkok – Hatyai since March 29 and May 4, 2015 respectively. A new domestic route introduced was Bangkok–Narathiwat starting from April 10, 2015.

Decommissioning of aircraft and asset management to achieve maximum benefits

The objective of the Company's asset management is for the company to focus on the core business and to dispose non-core and/or non-synergize investments to fit corporate goals and strategies as well as to gain optimum returns as well as to optimize the balance sheet. The Company's main assets consist of aircraft, engines, spare parts, rotatable aircraft spare parts, land, buildings and capital investment in joint corporations and subsidiaries.



The Company takes into consideration the current condition of the aircraft market, the trends in the global aviation industry, as well as its own market plans and the present capabilities of the existing fleet when determining the procurement, decommissioning and sale activities concerning the aircraft, parts and equipments. In 2015, the Company received deliveries of 8 airplanes including 3 B777-300ER, 2 B787-8, and 3 A320. Sixteen aircraft were approved for decommissioning including 6 A330-300, 6 A340-600, 2 B747-400 freighters and 2 B747-400.

In 2015, the Company delivered 8 aircraft to the buyers.

- 1 x B747-400
- 7 x A300-600R

The Board of Directors approved the sale and sales contract in progress for 16 of the following aircraft:

- 1 x A300-600R (waiting for delivery)
- 2 x ATR72 with 2 spare engines
- 4 x B737-400
- 9 x A330-300

Other 12 aircraft waiting for sale were 4 A340-500, 6 A340-600 and 2 B747-400. Aircraft under negotiations were 2 B747-400 freighters

With regards to other types of assets such as land, office buildings and employee housing accommodation, the Company has reviewed usage based on necessity and suitability. The Company has plans to dispose or to commercialize those under-utilized assets aiming for reducing administrative cost and for generating certain cash to a lesser extent.

In addition, the Company has considered strategic and/or commercial investment opportunities to compliment to the core business of the Company. Businesses that the Company has invested in include Thai Smile Airways Co.,Ltd., Thai-Amadeus South East Asia Co.,Ltd., Nok Air Plc., Bangkok Aviation Fuel Services Plc., Phuket Air Catering Co.,Ltd., etc. For investments in non-aviation related and/or non-synergized businesses, the Company has

carefully considered the optimal level of stake in line with the current business position and future business strategies.

Mutual Separation Plan (MSP) and the Golden Handshake Retirement Program

The Company has offered an early retirement option through MSP for employees aged 50 years and over with at least 15 years in service, and the Golden Handshake scheme for flight attendants and employees affected by the closures of domestic stations with age at least 45 years old with a minimum tenure of 15 years. In 2015, severance was approved for a total of 1,401 employees in four different phases as detailed below:

Phase 1 : July 1, 2015 – 428 employees

Phase 2 : October 1, 2015 – 474 employees

Phase 3 : December 1, 2015 – 375 employees

Phase 4 : March 1, 2016 – 124 employees

Step 2 : Build competitive strength Product development

Despite the ever changing environment of the aviation industry during the year 2015, the Company continues to place high importance on product developments based on customer satisfaction and competitiveness by offering up-to-date products and services that respond to the customers' demands and expectations. Measures towards product development were:

1) Modernization of the aircraft interiors

The contemporary Thai interior designs have been applied to the B777-300ER, B787-8, A320 and upcoming A350-900, with an emphasis on optimizing useful space, and a modern yet distinctively Thai feel.

2) Installation of modern in-flight entertainment systems

The on-board audio and video entertainment systems have been upgraded on all aircraft flying on international routes to the latest technology with individual monitors and on-demand films, music and games available in every passenger class.

3) Provision of latest technology on-board communication systems

In 2015, the Company modernized the information and communication systems on board six of the A380-800 and seven of the A330-300. From November 2, 2015, Thai Sky Connects service were offered to passengers in making internet access available at no extra cost, enabling air-to-land communication under the highest of safety standards.

4) Upgrading of Business Class services

Services available in the Business Class have been taken to a whole new level in catering to individual customers' preferences and tastes in the same manner of the renowned Thai hospitality standard. The attention and care provided is comparable to that offered in a 5-star hotel, and the quality and variety of meals served is much improved with a better selection of fine cuisine available. On-board facilities have been upgraded giving a plush and stylish feel. These upgraded services standards were piloted on flights TG676 and 677 between Bangkok and Tokyo on A380, from September 17 to the end of October 2015, and on flights TG910 and 911 between Bangkok and London on A380 from November 2, 2015, and on TG 916 and 917 on B777 from December 1, 2015. This new business class service upgrade will be rolled out to all other flights during 2016.

Introduction of new flight routes

The Company has added a new domestic route between Bangkok and Narathiwat which flies 7 times per week starting from April 10, 2015, serviced by Thai Smile Airways.

Commissioning of the new Boeing 787 (Dreamliner)

In April and August 2015, the Company took a delivery of two additional B787-8 (a total of 6 aircraft acquired.) This aircraft comes with the latest-technology engine and is made from lightweight composite materials, factors which help reduce overall fuel consumption by 15-25%. The rust-proof nature of this composite means that maintenance service cycle is longer thus



maintenance costs are reduced and the lifespan of the aircraft is extended. Generally regarded as the innovation of the new generation aircraft, this type of aircraft are designed to cover both short and long haul flight ranges and are capable of reaching any destinations in Europe.

The seating layout on the new aircraft provides for 24 Business Class seats and 240 Economy Class seats, the former featuring 180-degree fully flat beds giving maximum comfort to the passengers. These aircraft have served on routes to various cities including Narita, Nagoya, Fukuoka, Perth, Saigon and Hanoi.

Safety Beyond Compliance

The Company is committed to improving the standards of safety by conducting the Safety Beyond Compliance Programme which introduces the safety standards regulated by the European Aviation Safety Agency (EASA), recognised by aviation authorities worldwide as a model of aviation safety standards, with an aim to instil a rigorous culture of safety across the organisation in compliance with ICAO requirements within 2016.

Step 3 : Obtain Sustainable Growth

This step will be undertaken and ongoing through 2017.

Awards and Recognition

In 2015, THAI won various industry awards as follows:

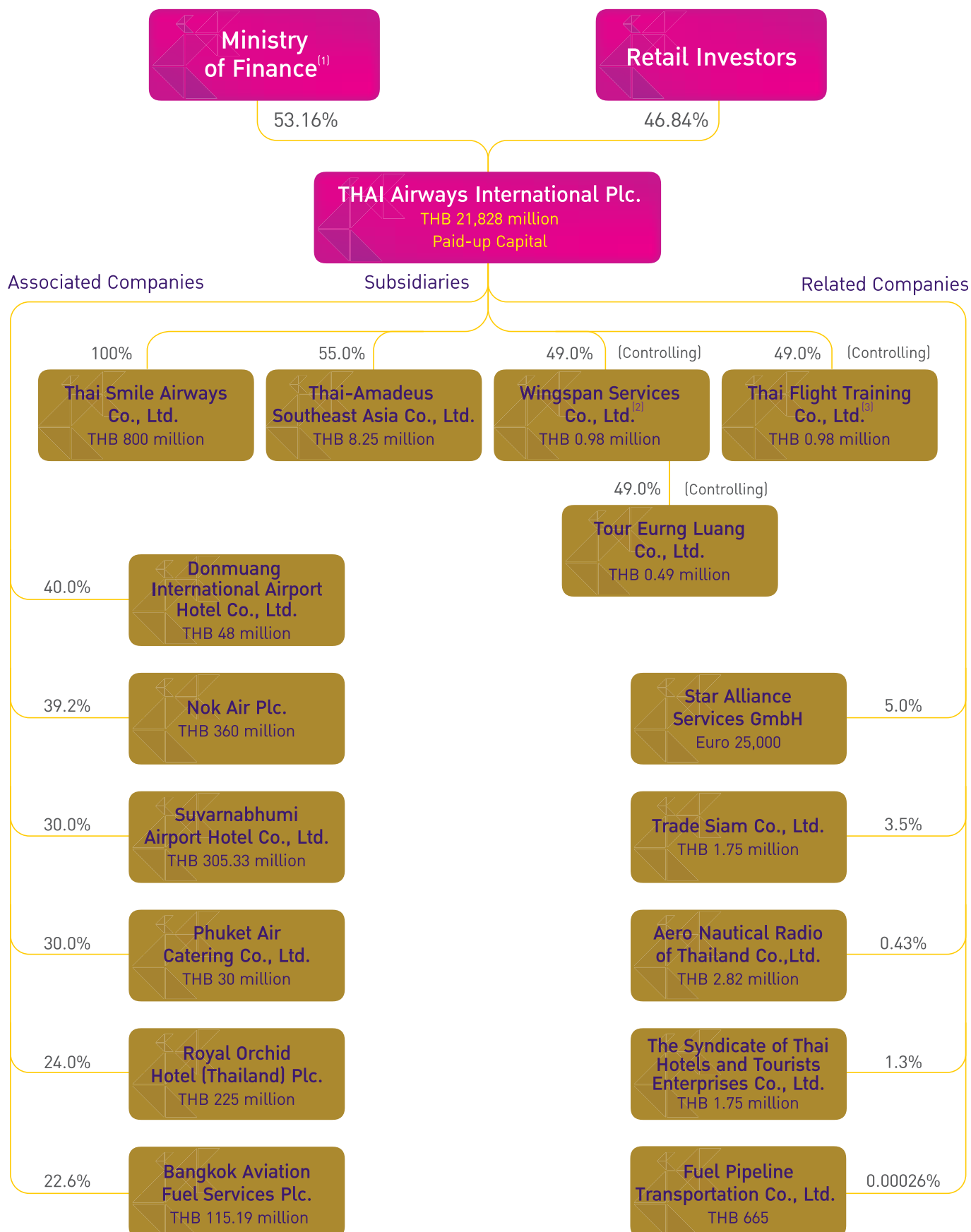
The World's Best Airline Awards

- Today's Traveller Best International Airline Awards 2015
- The World's Best Airline Lounge Spa Facility 2015, awarded by Skytrax
- TTG Travel Awards – Best Airline in the Asia Pacific 2015
- Business Traveller Asia Pacific Awards 2015 – received 4 awards:
 - Second place, Best Airline Economy Class
 - Top 3 for Best Frequent Flyer Programme
 - Top 3 for Best Asia Pacific Airline
 - Top 3 for Best Airline Lounge, Asia Pacific
- Airlineratings.com awards: ranked as one of the top ten airlines with best First Class service and best Long Haul Economy Class services
- China Travel Awards given by Travel Plus Magazine, China – Best Airline Award 2015, as the airline with excellent worldwide network coverage and service standard with the Thai charm, and excellent fleet development.
- Smart Travel Asia's Best Airline Awards 2015, ranked as follows:
 - 3rd place in the airlines with the best on-board services
 - 5th place in the Business Class Service provision
 - 6th place in the World's Best Airlines
- Asia's Most Admired Brand 2014-15 from WERC Singapore and KPMG India
- Travel and Leisure Magazine Awards 2015 – received 3 awards:
 - Top 5 World's Best Airlines for Customer Service 2015 – awarded to service with smile, first class food, comfortable seats and excellent childcare
 - Ranked 7th in the World's Best Airlines International Airlines 2015 – due to excellence in all aspects; ground service, in-flight meals, seating comfort, onboard facilities, and air mileage program
 - Ranked 7th in the World's Best Airlines for Food 2015 – due to excellence in food and beverages served

Other awards

- Logistics Development Award in the ERP (Enterprise Resource Planning) 2015 from the Ministry of Industry
- Accredited a Thai Select logo from the Ministry of Commerce at THAIFEX 2015
- Silver award, Best Middle Haul Caterer 2014 from EVA Airways
- Certificate of ESG100 Companies 2015 as a registered company with outstanding performance in environmental, social and good governance areas.
- Safety Excellence Award 2015 from Ministry of Labour, Commercial Cargo and Mail Dept.
- Certificate for support of the Greenhouse Gas Reduction Initiative from Greenhouse Gas Management Organization (TGO)
- Thailand Sustainability Investment 2015 from The Stock Exchange of Thailand (SET)
- Sustainability Report Award from Listed Companies Association of Thailand
- Thailand Energy Awards 2015 – Outstanding Building Control System – Ministry of Energy
- Award for Best Disabled Access from the Ministry of Social Development and Human Security
- Excellence award – Green Offices

Shareholders Structure



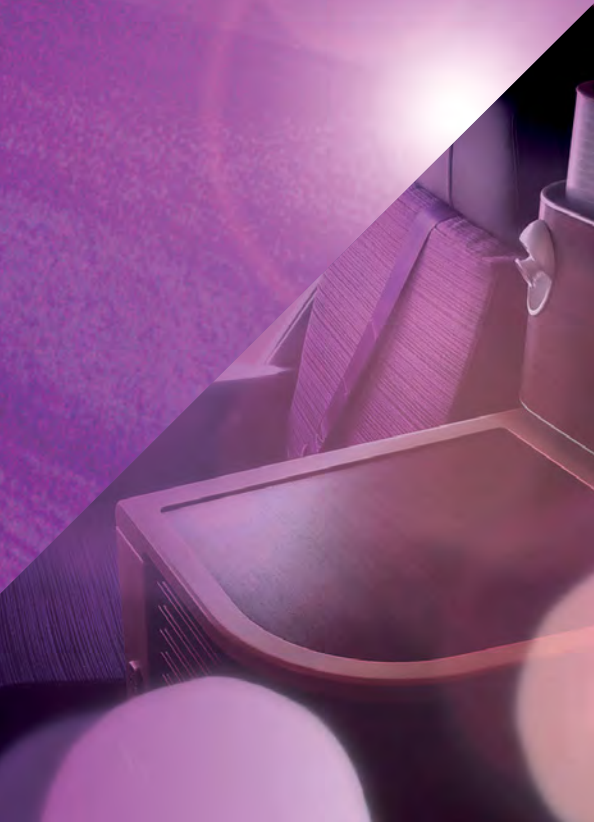
Note ^[1] Including 2.13% shares hold by the Government Savings Bank

^[2] 51% preferred shares hold by Phuket Air Catering Co., Ltd.

^[3] 51% preferred shares hold by Wing Span Services Co., Ltd.



Business Operations



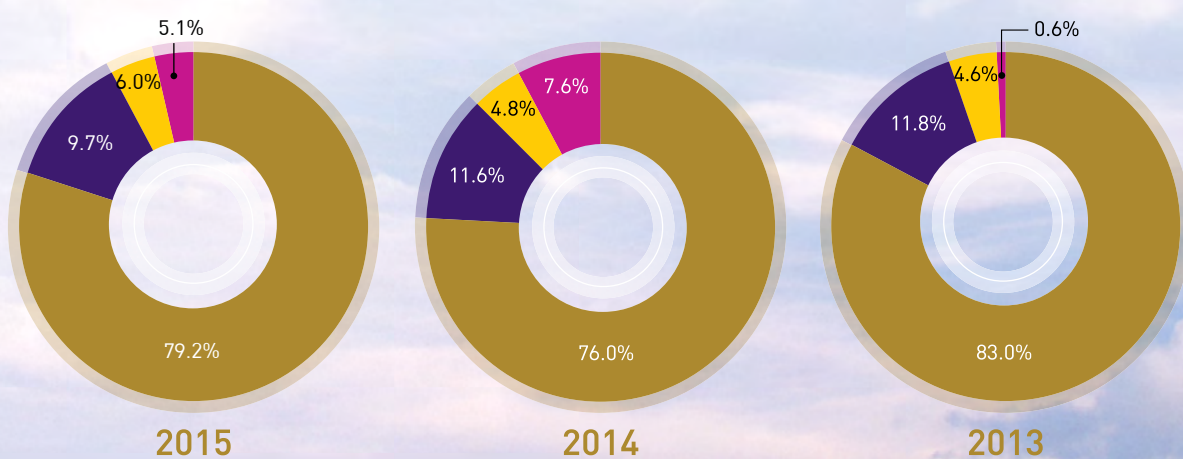
Revenue Breakdown for the Company and its Subsidiaries

Revenue for the Company and its subsidiaries for the past 3 years can be broken down as follows:

| | 2015 | | 2014 | | 2013 | |
|---|----------------|--------------|----------------|--------------|----------------|--------------|
| | MTHB | % | MTHB | % | MTHB | % |
| Revenue from Transportation Activities | | | | | | |
| Passenger and excess baggage revenue | 152,488 | 79.2 | 154,881 | 76.0 | 172,335 | 83.0 |
| Freight and mail revenue | 18,651 | 9.7 | 23,601 | 11.6 | 24,515 | 11.8 |
| Total Revenue from Transportation Activities | 171,139 | 88.9 | 178,482 | 87.6 | 196,850 | 94.8 |
| Revenue from Other Activities ⁽¹⁾ | 11,588 | 6.0 | 9,885 | 4.8 | 9,486 | 4.6 |
| Total Operating Revenue | 182,727 | 94.9 | 188,367 | 92.4 | 206,336 | 99.4 |
| Other incomes ⁽²⁾ | 9,864 | 5.1 | 15,522 | 7.6 | 1,374 | 0.6 |
| Total Revenues | 192,591 | 100.0 | 203,889 | 100.0 | 207,710 | 100.0 |

Notes: ⁽¹⁾ Revenue from other activities consists of revenues from business units and other supporting activities.

⁽²⁾ Other incomes include interest income, gain (loss) on foreign currency exchange, gains on deemed disposal, gain on disposal of the controlling interest and other incomes.



■ Passenger and excess baggage revenue
■ Freight and mail revenue
■ Revenue from Other Activities
■ Other incomes

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 which operates domestic, regional and intercontinental flights from its central hub in Bangkok to key destinations in Thailand and around the world. Offering a comprehensive air transport service, the Company's operation is divided into three main businesses: Air Transport Business (Core Business), Business Units and other Business Support Services.

The core Air Transport business consists of the transportation of passengers, cargo and mail. Business Units directly related to air transport include cargo handling service, ground customer service, ground equipment service and catering service. Other airline business support services comprise aircraft maintenance service, dispatch service, duty free sales on board, THAI souvenir shop, flight simulation training service, and subsidiary companies. Details are as follows:

Air Transport Business

This is the main business of the Company consisting of transport of passengers, cargo and mail on scheduled flights as well as chartered flights to domestic and international destinations.

Business Units

The Company's business units are directly connected to the transportation business and play a crucial role in the smooth operations of the business. All business units co-operate with each other to ensure that all flights reach their destination on time as specified in the schedule smoothly and safely, a key factor that will help build credibility for the company and create the customers' confidence. Details of business related to airline business are as follows:

Cargo Terminal Handling Services

Provide air cargo services at Suvarnabhumi Airport, Chiang Mai International Airport, Hat Yai International Airport, and Phuket International Airport. Services

include temporary storage and movement of general goods, special treatment goods, e.g., live animals, valuable items and perishable goods, and goods requiring special temperature control, etc.

Ground Customer Services

Provide services to domestic and international passengers both for the Company and for other airlines, starting from their entrance into the airport going through various procedures right up until embarkation onto the aircraft.

Ground Equipment Services

Provide aircraft related services in the airport apron for both THAI's aircraft and those of customer airlines, ensuring orderly operations, maximum safety and on-time departures and arrivals.

Catering Services

Operate food production and catering services for domestic and international flight passengers of the Company and other leading airlines, and provide ground catering services covering international airport restaurants, Puff and Pie Bakery House, employees' canteen and outside catering.

Other Activities

Provide support services to the transportation namely engineering services, dispatch services, on-board duty free sales, souvenir shop and flight simulator training services. Full details are as follows:

Air Transport Service

Thai Airways International is Thailand's national airline that provides air transportation services all over the world consisting of

- Passenger Transport
- Cargo and Mail Transport

Details of products and services are as follows:

Passenger Transport

Passenger transport business's goal is to continuously develop its market and flight route network so that the Company can compete effectively. It does so by focusing on utilizing capabilities, assessing potential markets and/or destinations, hub/network in developing Suvarnabhumi Airport into an important international hub for the region.

Products and Services

Aircraft

As of December 31, 2015, the Company owned a fleet of 95 aircraft, consisting of 36 long-haul aircraft

serving intercontinental destinations, which are; A380-800, B747-400 and B777-200ER/300ER; 37 medium-range aircraft serving regional destinations which are B777-200/300, A330-300, B787-8; 22 narrow-body short haul aircraft including 2 B737-400 and 20 A320-200.

During 2015, the Company acquired 5 new aircraft consisting of 2 B787-8 and 3 B777-300ER serving on regional and intercontinental routes. The Company also acquired three new A320-200 narrow-body aircraft for Thai Smile's operations.

Operating Aircraft

| Aircraft Type | Number of Aircraft | |
|----------------------|-------------------------|-------------------------|
| | As of December 31, 2015 | As of December 31, 2014 |
| A380-800 | 6 | 6 |
| B747-400 | 10 | 12 |
| B777-200ER | 6 | 6 |
| A340-600 | – | 6 |
| B777-300ER | 14 | 11 |
| B777-300 | 6 | 6 |
| B777-200 | 8 | 8 |
| A330-300 | 17 | 22 |
| B787-8 | 6 | 4 |
| B737-400 | 2 | 2 |
| A320-200 | 20 | 17 |
| B747-400 (Freighter) | – | 2 |
| Total | 95 | 102 |



Route Network Development

In 2015, the Company continued its route network according to the Business Transformation Plan with goal to recover the Company's performance by eliminating loss-making routes as the very first priority in conjunction with rescheduling and/or utilizing suitable types of aircraft for each market condition, developing the market by focusing on readjusting the frequency of flights to destinations with good potential, strengthening route network around the country by optimizing the cooperation with alliances to replace its loss-making flights and enhance route network to cover demand from every customer target group, increasing flexibility in adjustments of flight schedules to suit seasonal demands and competition, as well as preparing flight networks in readiness for the onset of the AEC free trade activities.

In 2015 THAI coordinated with Nok Air via code share flights on Don Mueang-Roi Ed route which helped to facilitate international travelers to all parts of Thailand and ensure coverage of all regions, while Thai Smile Airways covered nine domestic cities namely; Udon Thani, Ubon Ratchatani, Khon Kaen, Chiang Mai, Chiang Rai, Phuket, Hat Yai, Surat Thani and Narathiwat, a cross-regional flight, Chiang Mai-Phuket, and international routes from Bangkok to Macau, Mandalay, and Yangon.

The Company has divided its flight schedule into two seasons which are Summer Schedule running from the last Sunday of March to the last Saturday of October, and the Winter Schedule effective from the last Sunday of October to the last Saturday of March as required by the 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. As of December 31, 2015 THAI and Thai Smile's route network covered 11 domestic destinations (excluding Bangkok) and 30 countries, totaling 74 destinations.

Domestic Routes

THAI has developed domestic flights with an emphasis on primary routes, while it cooperates with partner airlines on secondary and feeder routes to maintain market share.

In 2015, the Company operated 448 weekly flights from Bangkok to the North serving Chiang Mai; to the South serving Phuket, Krabi and Samui with additional services by Thai Smile on Bangkok-Chiang Mai and Bangkok-Phuket routes. Routes that are now solely operated by Thai Smile are those from Bangkok to Chiang Rai, Surat Thani, Hat Yai, Khon Kaen, Udon Thani, Ubon Ratchatani, from Chiang Mai to Phuket and the newest route, Bangkok-Narathiwat.



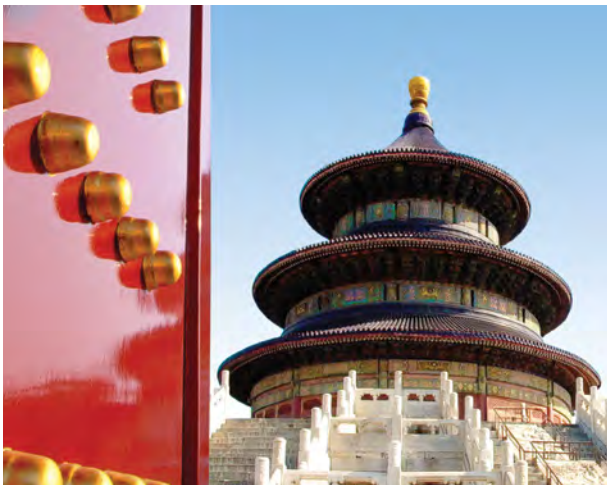
International Routes

THAI operates 632 weekly international flights spanning two geographical zones; Asia, for which there are 506 weekly flights to 47 destinations in 19 countries, and the intercontinental zone for which there are 126 weekly flights to 16 destinations in 11 countries. Details are as follows:



Asia Pacific Region

The Company has adjusted its flight network in line with its strategy for Thailand to become Asia's center of air transport covering 47 destinations in 19 countries. The five geographical zones served in the region are the North, the South, the West, the Middle East and Indochina.



Northern Routes

These routes continue to be the Company's stronghold due to the high volume of passengers, currently with 238 weekly flights to 19 destinations in 5 countries; these are Hong Kong, Tokyo (Narita and Haneda), Osaka, Nagoya, Fukuoka, Sapporo, Taipei, Seoul, Manila, Beijing, Busan, Shanghai, Guangzhou, Kunming, Xiamen, Chengdu, Changxa and Chongqing, while Macau is serviced by Thai Smile.



Southern Routes

The intensity of competition is highest on these Southern routes with many low cost carriers flying with high frequencies. THAI operates 70 weekly flights to 5 destinations in 3 countries; these are Singapore, Kuala Lumpur, Penang, Denpasar and Jakarta.

Western Routes

The volume of passengers traveling on Western routes remains high and there is a high growth rate especially to and from India. At the same time, competition has become tense due to the proliferation of Indian based airlines and their aggressive growth strategies targeting services to Thailand. THAI operates 126 weekly flights to 6 countries representing 15 destinations; Delhi, Mumbai, Kolkata, Hyderabad, Bengaluru, Dhaka, Colombo, Kathmandu, Yangon, Chennai, Karachi, Islamabad, Lahore, Gaya and Varanasi. Mandalay and Yangon are served by Thai Smile.

The Middle East

The Middle East routes are under intense competition due to the entrance of Middle Eastern carriers with strong capital base and rapid expansion of their fleet and routes. THAI currently operates 10 weekly flights serving 2 destinations in 2 countries in the Middle East i.e. Muscat and Dubai.

Indochina

The Indochina routes are the strong point of regional route network due to a healthy rate of growth and high profit potential. Competition is on the rise with a larger number of low cost carriers providing services within the region as well as other longer haul carriers putting through more direct flights from the Middle East and Europe to Indochina.

THAI currently operates 62 weekly flights serving 5 destinations in 3 countries, i.e. Vientiane, Luang Prabang, Phnom Penh, Hanoi, and Ho Chi Minh.

Intercontinental Routes

North America

Though relatively large market, the North America region is a very high competition market but it has certain constraints whereas the region requires connecting points in North Asia (Japan or Korea) before reaching networks in North America and Canada. THAI operated 4 flights weekly to Los Angeles before it terminated the operation on October 25, 2015 as the Company was struggle to compete with North Asian airlines.

THAI operates via a code sharing arrangement with Star Alliance partners such as All Nippon Airways on the Trans-Pacific routes from Tokyo to Los Angeles, Chicago, New York, San Francisco, Washington DC, 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. bringing the total number of destinations served by THAI and its partners to 10 destinations in America.

Europe

THAI operates 84 flights weekly to 11 destinations in 9 countries including London, Frankfurt, Paris, Rome, Copenhagen, Stockholm, Zurich, Munich, Brussels, Milan, and Oslo. For other destinations in Europe and the UK that are not directly served by THAI, code share agreements with partner airlines are in place which



cover 45 destinations in 16 countries. Due to traffic and market softness, THAI has terminated services to Moscow and Madrid from March 29 and September 5, 2015 respectively.



Australia and New Zealand

In Australia, the 5 destinations in 2 countries served by THAI include Sydney, Melbourne, Brisbane, and Perth, and Auckland with a total of 42 weekly flights. Also, a code share agreement has been made with Air New Zealand to span THAI's reach to several cities in the 2 destinations in 1 country including the Hong Kong – Auckland route.

Africa

THAI provided 3 weekly flights to Johannesburg, South Africa before it terminated the service on January 15, 2015



Customer Services

In 2015, product and service quality enhancement is constantly being made to better meet the needs of each target group of customers with 'A Touch of Thai' service at every service point starting with pre-flight services, in-flight services through to post-flight services. As a service provider, THAI has a clear operation plan, concept and image under the policy of 'Service from the Heart.' It has been the modus operandi for THAI employees for over five decades of successful service and a means which has been and continues to be THAI's competitive edge.

To demonstrate service excellence, consistency in line with the agreed standard, THAI has established comprehensive service operation procedures and service level agreements encompassing all points of customer contact starting from reservation through reaching the destination, and actively assesses and monitors each touch point to ensure that products and services rendered to customers are of the highest quality throughout the passengers' travel experience.

Effective assessment and service level agreement helps to enhance customer experience which is considered to be the most important in building brand loyalty and retaining customer base, creating 'word of mouth' advertising especially through the various brand advocates via social media. Details of steps in customer service development are as follows:

Pre-flight Services

The Company has developed services that are available via the internet and mobile phone to provide customers with quick access to various travel information such as flight details, timetables, online ticketing, checking in with an SMS and 2D barcodes, and home-printed boarding pass functionality.

In-flight Services

The Company aims to develop and improve in-flight services by flight attendants, and the quality and variety of food and beverages available on board, and has introduced popular regional dishes, authentic Thai cuisine, herbal beverages and special festive menus.

As for product development such as on seats and entertainment system, the Company has carried out an overhaul of cabin interior and service items on all of THAI's new aircraft, i.e., B777-300ER, B787-8 and A350-900 with a Thai contemporary design. In 2015, THAI acquired a future 3 B777-300ER and 2 B787-8, bringing the total number of each to 14 and 6 respectively. The last delivery of each type was in September and August respectively while delivery of the first A350-900 will be in 2016.

Equipment and Services

THAI has improved its services to meet customers' expectation, enhance competitiveness and increase overall convenience for passengers. The upgraded aircraft seats are more spacious and comfortable with personalized screens installed at all seats. Toilets have been designed to be more spacious and fully equipped with modern amenities. The latest in personal on-demand entertainment units with a broad range of selection of content are provided. Some of these upgrades include the following:

1) Retrofitting of passenger seats and entertainment system

The main purpose of this retrofit program is to achieve a consistency in design of seats and entertainment system equipment across an entire passenger class.

1.1) Passenger Seats

The Company is undertaking a retrofit program of passenger seats on three A330-300 aircraft which is expected to be complete within 2017.

1.2) Information and Entertainment System

Constant upgrades of entertainment system both audio and visual have been made on the long-haul aircraft. Every seat on all classes is fitted with a personal screen, and on-demand entertainment channels including games and live text news. Software has also been developed to support increasing contents such as e-Menu and e-Shopping.

2) Installation of Business and Communication Facilities

THAI has provided in-flight connectivity system or known as Thai Sky Connect on its seven A330-300 and six A380-800 so that passengers are able to communicate on the ground using personal mobile equipment.

Flight Operations, Aviation Safety, Security and Standards

Safety and security of flight operations are the most important aspects of an aviation business. For the past five decades, The Company has strived to establish the highest standard of travel safety for the passengers in accordance with the standards of safety set by the Civil Aviation Authority of Thailand (CAAT), the International Civil Aviation Organization (ICAO), the European Aviation Safety Agency (EASA) and the safety audit of the International Air Transport Association (IATA).

In 2015, the Company focused on maintaining standards and best practice according to Standard

and Recommended Practices (SARP) set by ICAO requiring airlines to continuously implement Safety Management System (SMS) and Compliance Management System (CMS). The Company has adopted the safety standard of EASA which is well recognized worldwide as its own standard. To achieve best in class of safety standard, the Company created corporate compliance and safety culture including development of safety and quality management capability. As a result, THAI is accredited with Third Country Operator (TCO) from the European Aviation Safety Agency (EASA) on December 15, 2015. This was a remarkable achievement for THAI.



Furthermore, the Company has also developed the Safety and Quality Manual (TSQM) into Thai Integrated Management Manual (TIMM) which is an integrated and updated manual on safety and quality standards encompassing not only flight operations but also the operation of all THAI's business units.

The Company undertook to develop the capabilities of its flight personnel to meet international standards and promote a safety conscience, concentrating on selecting highly qualified candidates for its cockpit crew. Each candidate has to qualify in the physical and physiological capacity in the aspects of knowledge, skills, and behavior. All pilots are required to pass an aptitude test set by Scandinavian Institute of Aviation Psychology (SIAP), whose high standard in pilot selection is accepted by leading airlines, the Aviation Psychology Test, set by Air Force Institute of Aviation Medicine, an aviation skill test (Ride Check), and an English usage test (ICAO English Proficiency). THAI also emphasizes on maintaining and enhancing excellence in in-flight service through theoretical and practical training for flight attendants to ensure a high level of expertise, professionalism, service mindedness and safety conscience.

To develop the capability of personnel, the company has continuously organized training courses including refreshers on safety and services. In 2015, a training course on Enhanced Safety Management System was arranged for flight personnel and related staff to ensure that they are ready to perform flight operations safely and in accordance with ICAO's regulations. In addition, e-Learning facilities and Knowledge Management have been provided to promote knowledge sharing among groups of personnel, which will lead to customer service excellence.

The Company recognizes the importance of occupational health and safety, and therefore has put in place a policy regarding safety, occupational health and working environment. The Company also provides a comprehensive range of healthcare promotion, safety monitoring, prevention of accidents and hazards in the workplace, health surveillance and prevention of occupational diseases, first aid and a post-injury rehabilitation program.

In the area of aviation security, the Company strictly follows international security standard practices and regulations of the International Civil Aviation Organization (ICAO), Civil Aviation Administration of Thailand (CAAT), Transportation Security Administration (TSA), Department of Homeland Security, USA, Office of Transport Security (OTS), European Union Regulations (EU Regulations), German Civil Aviation Authority (LBA) and IATA Operational Safety Audit (IOSA), and relevant safety regulations of all the countries that THAI flies to. The Company has an effective Security Management System (SeMS) that is applied consistently across the organization to ensure safety and security above and beyond international requirements.

Emergency and Crisis Response standard as required by international laws and regulations is another area to which THAI strictly adheres and applies in management of its internal departments and all stations so that the Company is always ready to handle any emergency or crisis as it occurs. The Crisis Management Operations Center (CMOC) carries out 24-hour surveillance to monitor any possible threat to the operations of the Company to ensure business continuity under all circumstances. Additionally, Family Assistance & Support Team (FAST Center) has also been set up to provide humanitarian assistance for not only its own passengers but also those of partner airlines in the event of aviation emergency or accident.

With the highest safety and security standards and effective aviation security system, the Company was ready to efficiently manage and handle the emergencies and incidents that occurred during 2015. For example, during the crisis due to the outbreak of MERS, a viral respiratory disease in the Middle East region and South Korea which resulted in many cases of infection and mortality in early 2015 and caused passengers and public concern, THAI was one of the first airlines to issue control measures to prevent the possible spread of the virus, and comply with the

recommendations of Ministry of Public Health and the World Health Organization (WHO), creating confidence above and beyond international standards. The Nepalese earthquake crisis in April and May 2015 is another example where THAI was a primary carrier that supported the government sector in sending medical teams, rescue teams, and a large number of relief supplies from all over the world to those affected. During the crises involving volcanic eruptions in Indonesia in mid-2015 and the bombing at Ratchaprasong Intersection in Bangkok in August 2015, the Company provided assistance to affected passengers and facilitated the travel of their friends and families, demonstrating its ability in continuing to provide flight services while maintaining safety standards. The Company has prepared a Business Continuity Management Plan to ensure readiness in dealing with unforeseen crises such as interruptions at Suvarnabhumi Airport preventing normal operations, cancellation of flights on certain routes, etc., to ensure that THAI can maintain its business continuity in every situation.

Overall, THAI has been focusing on the highest level of safety standards and in-flight service excellence by applying a combination of up-to-date information and communication technology of the highest international safety standards and the unique 'Touch of Thai' service, enabling the Company to achieve its vision in becoming the First Choice Carrier for passengers. The Company has continuously been able to maintain high standards of safety and services through strict compliance with related rules and regulations in its operation.

Details of all standard certifications received by the Company and its business units are publicly available on the Company's website : www.thaiairways.com.

Marketing and Competition

Policies and Market Segmentation

In 2015, the company has established a business plan for 5 years (2014-2018) which was adjusted according to characteristics of the market.

They are divided into 4 groups as follows:

The Market group where the Company is the leader in such markets as Scandinavian countries, China and Japan, etc. The Company aims at maintaining market leadership, strategic adjustments to maintain market share and profitability in operations, primarily by increasing flights, retrofitting 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 competitiveness to maintain market share by enhancing cooperation with partner airlines to increase number of transit passengers to at Suvarnabhumi Airport, including appointing Thai Smile Airlines to maintain market share in short haul regional routes.

Market with strong competitors such as Russia and the United Arab Emirates, the Company focuses on continuously monitoring the transport volume together with profit and loss in order to adjust the strategy due to dynamic markets. Changes have been made in adjustments of flight availability. The performance would be continuously and swiftly monitored.

New high potential markets where THAI has not yet operated including (a) secondary cities in India such as Kochi, Orissa; (b) secondary cities in China such as Hangzhou, Shenzhen, Shantou; (c) new markets such as Eastern Europe like Vienna as well as (d) potential new regions such as Iran, Turkey, Israel.

To enter to these destinations, the Company will study the market, competition, routes as part of route and network strategy together with fleet strategy.

In addition, the Company has expanded the operations at Don Mueang Airport by appointing Thai Smile to be an alternative airline for passengers. The Company generated an effective quality revenue by operating domestic routes from Don Mueang to Chiang Mai, Phuket, and Khon Kaen.

Marketing Policy and Market Segmentation of Thai Smile

Thai Smile is positioning itself as a Premium Airline with a focus on improving the quality and standards of service excellence, coupled with value for money and emphasis on safety and on-time arrivals, suitably serving the passengers with short-haul travel requirements.

The tagline 'Trendy-Friendly-Worthy' continues to characterize Thai Smile, catering to the demand of the new generation of travelers in selecting products and services with its '3S' standard, 'Smart – Sabai – Smile.' On top of building competitiveness against other players in the same market, Thai Smile has plans to expand its domestic and regional flight routes in order to increase its market share in preparation for the onset of AEC in December 2015.

In response to Thailand joining the AEC and the rapid expansion of low-cost airline businesses both domestic and regional, Thai Smile has developed strategies in brand differentiation by identifying guidelines and customer groups as follows:

Target Customer Groups: Approximately 30% of Thai Smile passengers are those making connecting flights with THAI's flights, while 70% are point-to-point passengers receiving same standard of service as THAI.

Characteristics of the Target Groups

The First Target Group – In addition to the group of people in the age range of 30–40 years, this group is reflected by the 'Smart' brand image of on-time performance, efficient reservation ticket counter and with the service provided by Smart and efficient ground staff.

The Second Target Group – reflects the branding of 'Sabai' that focuses on the confidence in the safety and convenience starting from services provided at the check-in counter to the in-flight services provided on board.

The Third Target Group – reflects the 'Smile' aspect which is characterized by the special care given that makes this group of customers smile, also targeting corporate customers who travel for work and meeting purposes as a means of expanding the customer base.

Distribution – In addition to direct sales, sales through authorized agents and sales in conjunction with THAI, other distribution channels also include other business alliances such as counter payment services, and mobile phone application, call centers and through public relation activities with business alliances.

Marketing Communications – In addition to direct communication through social media networks, coupled with the integrated marketing communication, the focus is also on public relation, promotion, as well as Corporate Social Responsibility activities. Moreover, Thai Smile also has policy relating to marketing communication in support of the government's plan to promote Thai Cultural Tourism (Discover Thainess).

Marketing and Promotion – Promotional campaigns undertaken included, 'Give Thailand a Hug', 'Twelve Must-Visit Cities', 'Plus Weekdays Out', and those run in conjunction with Don Mueang Tollway Company

Limited (PLC), Don Mueang Tollway, and Royal Ratchaphruek Park, etc. Other marketing campaigns are in the form of discount offers at partner restaurants, shopping centers and various attractions printed on boarding pass stubs.

Revenue Management and Distribution Channels Development

Revenue Management Plan

To maintain and enhance revenue under global economic downturn, unrest political situations, market dynamic, intense competition, and strict evaluation by various airlines regulating bodies, the Company's plan is to focus on sales and revenue through:

- Improve products & services offering through fleet management in optimizing planes for certain routes by using better newer or better aircraft in key trunk routes, adjusting production capacity for certain markets or segments, increasing aircraft utilization.
- Increase sale through network sales by acquiring new customers in destinations connecting to trunk routes via codeshare partner airlines as seen from promotions on additional destinations in Europe
- Improve e-Service revenue by developing a system with enhanced features to facilitate the customers' requirements to cater for both domestic and international markets

Ancillary Revenue

The Company is embarking on Customer Experience Management program to uplift customers experience by promoting online shopping, seat upgrading, car rental reservation, hotel reservation, and the sales of excess baggage allowances. Customers will have the convenience of added high quality services at reasonable prices that have been carefully selected by the Company and presented as alternatives according to taste and requirements. These offerings aim to create good "word of mouth" impressions to customers.

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 and worldwide both via scheduled and chartered flights. Positioned itself as Full Service Premium World Class Airline, THAI continues to take good care of customers in all segments focusing on 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 officials
- Corporate Business travelers
- Leisure travelers
- Students and VFR: Visiting Friends and Relative
- Special Interest and Life-Style
- Travelers attending overseas seminars or commercial expos, or under reward programs (MICE)
- Others

The Company employs different revenue management and pricing strategies as well as different traveling requirements and/or conditions when serving these groups of customers.

Network Sales and Star Alliance

In respond to customers' needs, the Company aims to expand its routes to cover as many destinations as possible through a network of partner airlines, Star Alliance, in both direct flights (Point-to-Point) and connections to other destinations, covering all stations served by the Company. By being a part of the alliance, the Company has accessed to additional routes covered by Star Alliance which has 28 member airlines serving more than 18,500 daily flights to 1,330 destinations worldwide.



Sales via Modern Distribution Channels

Besides quality and price of the product, customer service is the heart of the business operations. The Company has set up service procedure and Service Level Agreement (SLA) with all the major service points starting from reservation to the end of the journey as well as evaluating all these services on an ongoing basis to ensure that customers receive satisfaction from service and quality products throughout the journey. Methods of service evaluation include ensuring services follow the procedures, random assessment and comparing customer satisfaction with external agencies.

THAI Contact Center (TCC)

As the first contact point between the Company and customers, it is essential that THAI creates a good first impression to customers. The Service Level Agreement (SLA) target is set for 80% of calls to be answered within 20 seconds, and to have no more than 10% of calls abandoned by the callers. A specialized company has been hired to supervise this function to ensure full compliance and customer satisfaction. Contacts can be made via telephone calls, email, fax, and special phone numbers serving specific groups of customers.

Digital Commerce

A comprehensive range of services are available online via our website offering a one-stop service where customers can reserve car rentals, hotel rooms,

package tours, travel insurance and amend bookings with a variety of payment methods conveniently available.

Marketing and Promotion Activities

The Company has continued to conduct promotional activities in both domestic and overseas markets to maintain market share, to strengthen competitive capability, and optimize revenue quality under the market conditions affected by external factors, economic, political and market competition. Marketing activities include the Royal Orchid Plus mileage program and Royal Orchid Holiday which offers a variety of holidays and accommodation packages as an extension to the flight services for the passengers.

Royal Orchid Holiday packages are sold through its offices and distributors, and over the internet. Tour packages have been developed to suit market demands and are promoted via advertisements, public relations, promotional events and trade exhibitions, and out of season packages are also available. These promotional activities serve to promote Royal Orchid Holidays and to promote tourism in Thailand.

Thai Smile Airlines Sale and Distribution Channels

Since Thai Smile's Distribution and Passenger Service System (DPS) was separated from THAI, it operated its own DPS, but in order to provide a seamless connection service between THAI and Thai Smile flights, sales distribution is carried out under the Code Share Agreement.

Thai Smile focuses on controlled and effective cost management by maintaining a low fixed cost on specific operational activities directly related to the core business, flight operations, pricing and revenue management and sales via electronic system while maintaining THAI safety and customer service standards.

The Aviation Industry and Competitive Conditions

In 2015, there was a slow-down of growth in the global economy. The 3.1% growth estimated by IMF was the lowest in the past six years, mainly due to slow down of emerging and developing economies while the recovery in developed countries has been slow and fragile, coupled with geopolitical tensions. The slowdown of the Chinese economy is a major factor that affected the growth of the world economy due to trading slowdown in China being the world's second largest economy. IMF forecasted China's economic growth dropping to 6.8%, the lowest in the past 25 years. For the United States, the 2.6% estimated growth on the economic recovery with the unemployment rate declining steadily but still seeing fragile financial instability. In the Euro Zone and Japan, estimated growth is at 1.5% and 0.6% respectively, with the economy recovering slowly there still being a risk of deflation and a slowdown in consumption. Meanwhile, for Russia, the estimated economic contraction of 3.8%, resulting from political conflicts and international oil price slump. For Thailand, the economic forecast remains the lowest in ASEAN, but still see some growth of 2.5% from last year. The outlook for 2016 IMF has predicted world economic growth to improve at about 3.6% on the back of improving recovery in the developed and developing economies.

The oil price which is the main cost of airlines have seen the average annual price for crude oil and jet fuel in 2015 lower than in 2014 by 40% due to the global economic slowing down, oil demand fell, while the oversupply of crude oil still remains as OPEC members agreed to maintain the capacity to maintain its market share. It is forecast that Iran's oil exports will increase as US and European end their sanction. Production capacity of oil producers outside OPEC will increase, particularly the United States resulting in the average price of crude oil and jet fuel in 2015 at USD 53.68 and USD 64.97 per barrel respectively. However, oil prices remain volatile depending on situations, such as unrest

in oil producing countries, economic conditions, exchange rates and speculation on oil prices. Airlines are thus face with the risk of uncertainties having an impact on the management and performance of airlines. For the year 2016, Citigroup predicted the price of crude oil and jet fuel to still be lower than 2015 at below USD 40 and 50 per barrel, respectively. The trend in oil prices dropping is good for the industry and the Company as oil makes up the highest part of operating costs.

However, competition between airlines remains fierce, whether expansion of route networks, fleet and competition in price, both from Middle Eastern airlines, low-cost airlines, and their increased capacity due to alliances formed among airlines in different ways to increase competitiveness. This has a direct impact on changing the landscape of the competition in many regions in the aviation industry. Therefore, the ability to adjust, coupled with prudent management strategies are essential for airlines.

In the last quarter of 2014, the Company drafted an organization transformation plan which was presented to the Strategy and Transformation Committee to prepare for the increase in competitive, stop losses of the Company, with an aim to achieve tangible results within the year 2015. The six main areas to concentrate on were; to make changes to route networks by reducing unprofitable routes such as Bangkok – Johannesburg, and Bangkok – Moscow; adjust fleets by reducing the number to reflect lower production capacity; increase efficiency in earning revenue; promote marketing and sales activities by making use of technology to support activities; improve operations and cost management by cutting unnecessary costs; organization reform and managing the business units in a systematic way by maintaining a focus on safety and efficiency of customer service. The Company will continue to implement strategies in 2015–2016 and compare performance in all aspects with competitors by adopting beneficial practices and

developing more effective working process. The goal is to enhance the ability to compete (Strength Building), and support the growth of the Company in a long term to create sustainable growth.

Passenger Transportation Industry

In 2015, International Air Transport Association (IATA) has summarized the air passengers volume in each region showing the overall global growth of 6.5% while seeing a higher-than-last-year growth of 8.6% in Asia Pacific and lower-than-last-year growth of 5.1% in Europe. In 2016, it is expected that the overall global passenger traffic to grow by 6.9%, 8.0% in Asia Pacific region and 5.9% in Europe.

The region with highest passengers transport growth in 2015 was the Middle East, seeing 10.0% growth in 2015 and will see 12.5% growth in 2016. However, when comparing the proportion of passengers, it was only 10.4% which was 3 times lower than that of Asia Pacific with 33.3% of the overall industry. Airlines in the Middle Eastern region still has the advantage from their potential in business expansion and by being in partnership with several major airlines. This has enhanced their ability to provide services covering all regions of the world.

In Thailand, 2015 saw an improvement in the country's tourism due to the lessened tension in the political situation and the measures to restore confidence and to promote tourism by the government sector. In 2015, there were 120 international airlines (scheduled & non-scheduled Flights) transporting 61.1 million passengers, an increase of 20.2% compared to 2014, 14.9 million of which were Thai Airways International and Thai Smile passengers, up by 14.6%. The Company remains the market leader with a market share of international passengers of 24.3%. (Source: Airports of Thailand, Plc.)

The competitiveness in domestic business became more intense due to the increase in the number of

low-cost airlines. The number of domestic passengers in 2015 rose by 26.0% to 31.3 million (Schedule & Non-Schedule Flight), through twelve domestic airlines. Thai Airways International and Thai Smile transported 6.1 million passengers, 28.8% higher than that of last year and having 19.6% of the market share.

Competition of International Aviation Industry

Environment and situation in 2015 continue to be major factors affecting the aviation industry and the volume of air travelers, such as oil prices dropping, economic issues in the region, fluctuations in foreign currency exchange rates, political unrest in many countries, and more intense competition from network expansion and opening of new routes of both airlines providing a full service, airlines from the Middle East and low-cost airlines as well as alliances between airlines. However, as domestic political unrest subsided, and the government started to promote tourism, the industry rebounded to grow again. In 2015, foreign tourists traveling to Thailand totaled 29.8 million, up 20.4% from 2014. Another factor that would have a positive effect for the industry is the emergence of ASEAN Economic Community (AEC) in 2015 which will provide the impetus for economic growth in the region in terms of trade and investment. This will help to motivate and build confidence in the international travels to and from Thailand.

Even though ICAO has downgraded the credit rating of a security in the issuance of permits to fly, it is expected that this will impact small, chartered and newly operated airlines. Due to the Company implementing international safety standards the Company could continue to operate. However, there are risks that flights to major markets such as Japan and South Korea, etc. could not be increased. Moreover, the economic slowdown in China may affect the exports of the country, but the number of Chinese tourists traveling to Thailand in 2015 continued to grow steadily reaching 71.1% representing the largest market for Thailand. The Company has continuously assessed

the situation and other relevant factors in order to keep up strategies to suit all events and behavior of customers which change constantly as well as to strengthen the competitiveness in various areas to enhance performance and provide better service and to build a good image and maintain its status as a leading airline.

Industry and Competition Conditions of Thai Smile

The airline industry remains an industry with rapid and intense competition with the potential for growth still continuing over the coming years. As Thai Smile is currently operating at 83.3% of the total production, it is facing increased competition from other low-cost airlines which have grown rapidly as can be seen from the increase in the number of flights from Don Mueang Airport and Suvarnabhumi Airport in 2015 which grew by 32.3%, and the number of passengers increased by 34%. The growth in low-cost airlines' flights is particularly high in domestic routes as number of domestic flights and the number of passengers – from Don Mueang Airport and Suvarnabhumi Airport in 2015 increased by 30.8 and 34.0% respectively (Sources: Airport Authority of Thailand 2015)

On international routes such as those to Myanmar, China and India, Thai Smile was faced with competition from low cost airlines, full service airlines both domestic and foreign and chartered flights. To be able to cope with the fierce competition, Thai Smile has adjusted strategies to expand its customer base to increase market share by improving quality and services and increasing sales channels and distribution to reach customers more easily. However, as Thai Smile is still a new market player, there is a need to increase brand awareness by focusing on providing outstanding service at an affordable price.

The Supply of Products or Services

Fleet Plan

The Company's main investment plan spanning the period of four years from 2015–2018 is to acquire 22 aircraft (which have already been approved by the Cabinet according to the strategic plan 2013–2018) supporting business growth. In the same period, THAI has initial plan to decommission 29 planes. However, exact decommissioning of planes will be subject to comprehensive fleet plan which include route and network planning, commercial aspects, product and services plan, etc. A detailed plan for the fleet is as follows:

| Acquired aircraft | 2015 | 2016 | 2017 | 2018 | Total 4 years (2015-2018) |
|-------------------|------|------|------|------------------|---------------------------|
| B777-300ER | 3 | | | | 3 |
| A350-900 | | 2 | 5 | 5 ⁽¹⁾ | 12 |
| B787-9 | | | 2 | | 2 |
| B787-8 | 2 | | | | 2 |
| A320 | 3 | | | | 3 |
| Total | | | | | 22 |

Notes : ⁽¹⁾ Delivery of A350-900 postponed from 2017 to 2018.

Cargo and Mail Services

Products and Services

The company provides world-class cargo transportation services for both general goods and increasing special handling service. One of the best known, TGForce (TGX) is an international airport-to airport express service that guarantees fast and on-time delivery. TGFresh (TGF) offers a priority transport service for perishable products. TGKool (TGK) is suitable for specific kinds of perishable or agricultural products that require a certain temperature control conditions. Recently introduced to the market, THAI's Sensitive Temperature Product or TGT exclusively designed for pharmaceutical products and other sensitive shipment that required fixed temperature during the transportation process. The company has provided special containers by rental temperature-controlled containers from our strategic partner "Envirotainer". THAIPAC focuses on baggage particularly unaccompanied baggage from Thailand to THAI online destinations and lastly, TEC offers domestic cargo service by delivery within 24 hour.

Currently THAI Cargo and Mail Services routinely ship to 64 cities in 31 countries.

Marketing and Competition

Several marketing campaigns have been launched upon target groups of customer combining with promotional plans of other services for which THAI provides. This increases business value in terms of service continuity, i.e., offering cargo products and services that support passenger travel, providing cargo services beyond THAI's on-line network to cities to serve various demand of customers and implementing closer business relationship with both customer airlines' and cargo agents.

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 have 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.

To span THAI Cargo's reach, interline agreements have been made with various partner airlines to ship customers' cargo under IATA's Interline Arrangements. Under these agreements, THAI buys and exchanges 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.

In the current competition, applicable shipping cost for cargo and mail are charged in local currency of product origination. To building a balance, pricing strategies are adjusted to comply with the timing of market competition as well as difference of cargo in each market resulting in pricing on each flight to become more efficient and competitive.

Cargo Services Industry

The Air Transport Association International (IATA) forecasts that in 2016, the volume of international cargo by air transport will grow by 3%.

In 2015, overall export of air cargo increased by 4% respectively, import decreased by 4%, while transit air cargo decreased by 10% resulting in the total volume of cargo of 1.23 million tones, increasing from 2014 by 4%.

Given continuous intense competition in the air cargo and freight industry, reduced availability of freight space on passenger flights by 24%, and the discontinuation of freighter aircraft in April 2015, the Company has adopted a proactive marketing approach in order to maintain the existing customer base as well as to explore new market opportunities to increase revenue.

Despite discontinuation of flights to some cities such as Los Angeles, Madrid and Moscow, the Company continues to provide air cargo and mail services to its existing routes and other destinations or off-line cities via more than 70 airlines as alliance carriers which helps to connect serviced routes provided by the Company and also increase the total freight space on popular routes.

The Company's marketing policy is to maintain key customer accounts (Key Accounts), along with expanding its customer base around the world (Global Account Deal) by boosting sales through ticket office branches and sales agents. The Company also focuses on Yield and Revenue Management to optimize revenue per flight.

Business Unit

THAI's business units supporting THAI's air transport business includes Cargo Terminal Handling Services, Ground Customer Services, Ground Equipment Services and Catering Services. Details are as follows:

Cargo Terminal Handling Services Products and Services

THAI Cargo has provided Cargo Terminal Handling Services in the Free Zone at Suvarnabhumi Airport to support the expansion of the volume of freight and mail, both import and export including transshipment cargo both international and domestic. Since the move from Don Mueang Airport to Suvarnabhumi Airport in the year 2006 to the present, 107 international airlines have been served.

The cargo operations of the Company consists of general cargo handling and special handling products such as fresh produce, animals, high-value goods, and temperature-controlled goods. In 2015, THAI Cargo made improvements on the quality and standards following suggestions of the customers to achieve maximum customer satisfaction by offering closed warehouse system to manage security effectively and

in accordance with international standards. THAI Cargo constantly seeks new products and services in order to enhance quality, reflect its status as a premium airline, create revenue, and increase its competitiveness in preparation for the free trade activities that the AEC will bring.

The Cargo Contact Center (CCC) has been set up to provide a one-stop information service, and a Track and Trace service via the website, www.thaicargo.com where customers can access up-to-date information on the deliveries of their goods at every stage of the process. Improvements have been made to the process of handing over the goods to the customers the way in which goods is transferred between flights which will reduce the time taken, manpower and instances of errors. This standard is demonstrated by THAI Cargo's ISO9001:2008 certification.

In order to provide quality service, to achieve the highest customer satisfaction and to prepare for the increase of trade from AEC, THAI Cargo has developed a new information and communication system, CHORUS, replacing ORCHIDS, which is an integrated system for cargo transport reservation, cargo management, unit loading device management and revenue account management for commercial goods and postal services. The purpose of the new system is to support the business, increase competitiveness and meet with the customers' requirements. CHORUS was put in place in August 2014, and is in the second phase of development involving Claim Management, MIS BO, Revenue Planning System (RPS) and the connection of the cargo system to the Warehouse Automation System, and is expected to be fully functional in 2016.

To support the business expansion plans, THAI Cargo is undergoing the second phase of the cargo warehouse construction with an area of around 22,125 square meters which can accommodate additional cargo volume of approximately 1.3 million tons. The total volume of goods were 960,000 tons, 940,000 tons and

880,000 tons during the year of 2013, 2014 and 2015 respectively, whereby the volume of 580,000 tons, 570,000 tons and 500,000 tons were handled by THAI in those years respectively.

Moreover, the Company also has a strategic plan to improve service levels and strengthen the relationship with both customer airlines and air freight agents (Customers Relationship management: CRM), via customer visits and marketing and promotional activities to boost sales. This ensures that goods will receive special care at every stage and get delivered to the destination on a flight as prepared (Flown as Booked) in the Full Services Terminal system to enhance service quality that meets with international standards.

Ground Customer Services Products and Services

With over 50 years of experience in providing full ground handling services beginning from the early days at Don Mueang Airport, THAI has developed a capability in providing services for all aircraft types. Although the Company has relocated its operation to Suvarnabhumi airport, THAI remains the provider of ground handling services as authorized by Airports of Thailand Plc. 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 always been authorized by international airports in the region, such as Chiang Mai, Hat Yai, Krabi and Chiang Rai to provide ground handling service. The agreement contracts to provide ground handling service at these airports are still under the authorization process by the Airports of Thailand Plc., except Krabi Airport which is under the authorization of Department of Civil Aviation.



Services Provided by THAI

Passenger services; consist of check-in services for tickets and travel documents, issuance of boarding pass, checking for pre-requested meals or special requirements, along with luggage check and weighing. Outbound boarding gate services include verification of travel documents and managing aircraft boarding procedures while facilitating passenger disembarking from the aircraft.

Lounge service; 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.

Baggage services; tracking of lost luggage, repairing or compensating for damaged 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.

Support services; consist of the provision of assistance to passengers affected by flight delays and other issues, and transit passengers, coordination with government agencies and state enterprises such as Immigration, Customs and Airport Authority. Special services are provided to 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.

Special Services for other private companies (Non-Customer Airline services); 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 competing with two other competitors. THAI Ground Services currently serve 82 customer airlines with 52% market share while the other two airlines hold 35% and 13% respectively.

With only one other competitor in Chiang Mai, Hat Yai, Phuket, Krabi and Chiang Rai airports. THAI commands more than 80% of the market share. Demand at Phuket Airport is strong coming from seasonal air traffic, chartered airlines as well as low cost carriers who are increasing in numbers.

Ground services currently being rendered at Don Mueang Airport are mostly to chartered flights. Such development is in line 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.

Products and Services

Manpower is one of the most important factors impacting ground customer service in every airport.



Due to the level of minimum wage in the Thailand, there is a trend for manpower from aviation industry or airline business to transfer to other businesses offering equal or slightly less pay to avoid working shifts. The Company and the competitors have been affected by this situation.

In dealing with this issue, the Company has resorted to outsourcing and out-jobs, and employing part-time workers to sufficiently serve clients at every airport. The Company has utilized external labor from THAI subsidiary, Wingspan Services Limited.

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.

THAI has experienced and is specialized in providing ground equipment services for more than 55 years to all types of aircraft both the Company's and customer airlines aircraft.

Services include:

1. Handling of all sorts of baggage including passengers' baggage, cargo and mail for both inbound and outbound flights, and large cargo sizes transported on a freighter plane.
2. Transfer of passengers from terminal to aircraft and vice versa. Ground equipment service is provided to VIP passengers using luxurious and modern vehicle appropriate to each level of passengers.
3. Provision of power, engine starting service, waste transfer service, replenishment of drinking water to aircraft meeting the standard of the International Air Transport Association (IDQP / IATA Drinking-Water Quality Pool) and aircraft towing tractor service.
4. Aircraft interior cleaning services both transit and deep clean. Both types of services are classed as Secure Clean which includes cleaning along with aviation security checks. Due to the dedication and continuous development, aircraft interior cleaning service has won awards from Skytrax.
5. Emergency response for medical emergencies, fire emergencies and in cases where a relocation of base is required due to non-service situation at Suvarnabhumi Airport. Prevention plans have been put in place, and drills are carried out in conjunction with the Airport Authority of Thailand at least once a year.

In addition to the services mentioned above, Ground Equipment Services unit is qualified to maintain ground service equipment and baggage container loading devices as certified by Civil Aviation Authority of Thailand.

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 of Transportation Security Administration, Department of Homeland Security (TSA) and Office of Transport Security (OTS)

of Australia. These standard approvals provide confidence in the safety and security of services provided.

In addition to ground equipment service operation at Suvarnabhumi Airport, it can be found operating in other 10 regional airports, i.e., Don Mueang, Chiang Mai, Chiang Rai, Phuket, Hat Yai, Krabi, Udon Thani, U-Tapao, Khon Kaen, and Surat Thani Airports. However, if any airports in addition to the above mentioned require a service such for Hajj flights at the Narathiwat Airport, equipment can be provided from Suvarnabhumi or a nearby airport.

Marketing and Competition

Ground Equipment Service at Suvarnabhumi airport has one competitor. THAI serves 83 airlines accounted for 55% market share, while the competitor has 41% share, and 4% held by airlines with their own ground equipment service. Ground Equipment Service Unit provides services to both existing customers and potential customers by incorporating information from both complaints and satisfaction survey in the process of defining work plans. Ground Equipment Service Unit must take advantage of its strengths in its decision making capability under normal situation and in emergency when approaching new customers.

Products and Services

Key factors in providing the ground equipment service are equipment and workers. In terms of equipment, a Ground Equipment Services Fleet plan has been put in place to cater for the Company fleet of aircraft and for the customer airlines to ensure availability of equipment that is most cost effective. In terms of labor, the Company outsources and provide theoretical and practical training to the outsourced labor according to the set standards and develop capability to use multiple devices. In addition, studies are undertaken to source advanced technology equipment suitable for the area of work such as the hybrid towing tractor that serves to save operating cost and conserve the environment at the same time.

Catering Service

THAI Catering Service has always been a successful part of the supporting business units. It operates from 2 bases as follows:

1. THAI Catering at Suvarnabhumi Airport located in the duty-free zone on 90,000 square meters, dedicated to preparing in-flight meals for THAI on international flights and for over 60 customer airlines.
2. THAI Catering at Don Mueang International Airport operates on a 40,200 square meter facility, preparing meals mainly for domestic flight passengers and other major airlines that operate at Don Mueang Airport. It also operates restaurants and snack bars at the various airports, Puff & Pie bakery house as well as provide off-site catering services and operates employees' canteens. THAI Catering operates restaurants in Krabi, Chiang Rai, Chiang Mai, and Phuket and prepares in-flight meals for THAI and several other airlines.

THAI Catering is a leader in the production of food and service to airlines with a market share of over 70%, serving more than 70,000 flights per year and produces more than 70,000 sets of meals a day. The proportion of raw materials purchased is 79% domestic and 21% imported raw materials.

THAI Catering's food processing and catering services have been certified according to international standards recognized by the International Air Transportation Association, IATA and the World Health Organization (WHO) consisting of a quality management system (ISO 9001: 2008), the Hazard Analysis and Critical Control Point (HACCP), Good Manufacturing Practice (GMP) certification, applying these 3 systems according to Quality-Hygiene-Safety (QHS). THAI Catering is also certified by Halal & Hal-Q, OHSAS 18001, and Environmental Management System (ISO.14001)



With its international standards and over 50 years of experience, THAI Catering has received several international awards and accolades. In 2014, THAI Catering was awarded the World's Best Economy Class Catering from Skytrax, Gold Prize Best Long Haul / Middle Haul Caterer Award 2014 from All Nippon Airways (ANA) of Japan, Excellent Catering Service Award Gold 2014 from EVA Air (BR) from Taiwan. These international awards are a testimony to the quality and service and a pride for THAI Catering.

Despite THAI Catering being inevitably affected by the global economic slowdown, political uncertainty and increasing 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



faced by 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. The 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.

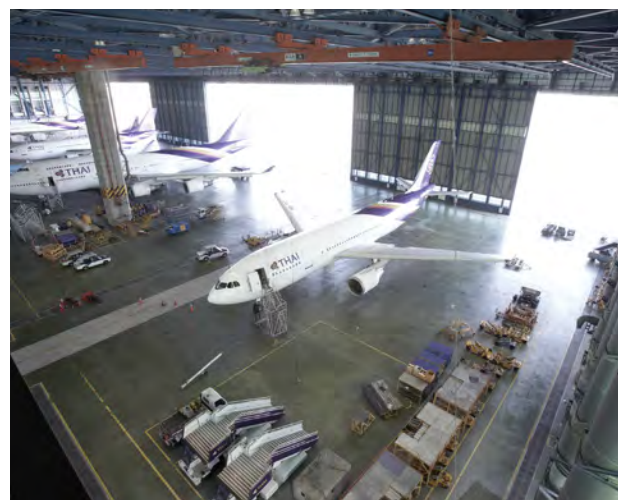
Aircraft Maintenance Services

Aircraft maintenance is carried out by THAI Technical Department to secure aircraft maintenance activities for THAI fleet. The mission starts as from having the aircraft entered into THAI fleet up until phasing out with an objective to keep the aircraft always airworthy with highest safety standard and compliance with all governing rules and regulations of the Civil Aviation Authority of Thailand (CAAT) as well as rules and regulations of any other organizations that THAI has committed to be binding to under the agreed terms.

Apart from serving aircraft of THAI's fleet, Technical Department of THAI also renders maintenance services to other operators. All in all, safety and security are the key factors for which THAI Technical team operating under.

The primary mission of THAI Technical consists of the following maintenance:-

1. Line Maintenance: This mandatory task is to perform maintenance of the aircraft at every time after each flight and classified in package of work as transit at transit, turnaround and night stop. This service is to perform at the apron area of all airports where THAI flies to, not only at Bangkok International Airport.
2. Light Maintenance: Aircraft is to be maintained on interval based on utilization in terms of flight hours/ flight cycles or calendar days. THAI Technical is capable to accommodate this type of light maintenance at facilities in Suvarnabhumi, Don Mueang and U-Tapao base as well.
3. Heavy Maintenance: In addition to Light Maintenance, the aircraft is to undergone heavy maintenance to totally check the whole airframe, engine, component and accessory. Facilities to accommodate this task are at Suvarnabhumi, Don Mueang and U-Tapao bases subject to repair station approval granted by CAAT.



In order to be entitled to conduct all the above maintenance as stated, THAI Technical has met all qualifications defined by the Civil Aviation Authority of Thailand (CAAT). In addition, THAI Technical is recognized and accepted among aviation industry as repair station certified by Federal Aviation Administration – FAA and European Aviation Safety Agency – EASA apart from many other authorities that considered THAI Technical as their repair stations.

Ad hoc services are also tasks of THAI Technical; i.e. aircraft wash, engine wash that would cause end result of environment saving above targeted objective of fuel consumption save. This type of services are introduced at Suvarnbhumi and Don Mueang bases.

In general view, Aircraft Maintenance is a major activity that plays importance role of the airlines operators. Technology is to be always updated and keep recognized among aviation industry.

Supporting Services

Transport support services consist of dispatch services, on-board duty free sales, and sales by souvenir shops.

- Dispatch services include provision of information about flight routes and weather conditions to ensure flight safety, provide other relevant flight related documents to THAI's own flights and those of customer airlines to ensure smooth operations as per all applicable rules and guidelines and safe arrivals to destinations of flights.
- On-board Duty Free Goods; in 2015, King Power Marketing and Management Co., Ltd. won the concession for the sales of duty free good to provide shopping convenience for the passengers.
- THAI Souvenir Shop; the Company operates 6 THAI Shops located at THAI's Head Office, Larn Luang Office, Silom Office, Chiang Mai Office and Operation Center (OPC) at Suvarnbhumi Airport, and the Lak Si Office. THAI souvenirs are available for purchase on the Company's website.





Risk Factors

Amidst various internal and external risk factors present over the past few years, the Company has recognized the need to have in place mechanisms that would enable it to operate more efficiently and with greater caution, ensuring the integrity of its position in the airline business.



A stronger focus has been given to aspects of risk management since 2003 with an aim to generate satisfactory returns that build a higher level of confidence amongst the shareholders and stakeholders. Risk factors have been identified together with short-term and long-term mitigation plans with workshops organized for all levels of managerial personnel on an ongoing basis, supporting the Company's objective of making risk management an integral part of the corporate culture.

The Board of Directors has appointed a Risk Management Committee consisting of the Company's directors, Independent Directors and Executive Officers to routinely identify and review the Company's risk management policy and framework, as well as tracking the effectiveness of the risk mitigating measures that have been identified. Management and employees are required to specify, assess and priorities risk factors relevant to their own functions in order to define preventative, controlling and mitigating measures that can be taken to reduce the risks to an acceptable level. The risk control measures must meet the standard set by COSO (Committee of Sponsoring Organization of the Treadway Commission), and a report is to be submitted to the Risk Management

Committee and the Board of Directors on a quarterly basis. The purpose of these measures is to encourage all management and employees to incorporate risk management into their routine operations.

To counteract the effects or damages which would occur as a result of uncertainties, and to ensure that the business rehabilitation plans meet the set targets for 2015, corporate risk management has been incorporated into the Company's business transformation plan and analyses undertaken regarding risks and correlations. Key Risk Indicator Index has been used to provide early warnings and enhance the effectiveness of the company-wide Risk Management System facilitating the link between internal reporting and other management systems within the Company.

Significant risk factors relevant to the Company

Fluctuations in the Price of Jet Fuel

The cost of jet fuel is one of the major operating costs of an airline business, accounting for approximately 34% of the Company's operating costs. In an attempt to insure against the constant fluctuation in jet fuel price, the Company has used fuel hedging as a tool to reduce



its exposure to volatile and potentially rising fuel costs rather than as a means to speculate against fluctuation in fuel price movements. In 2015, forward fuel hedging accounted for an average proportion of 77% of overall fuel consumption. Throughout 2015, the Company made adjustments to the fuel hedging arrangements to reflect the decreases in fuel prices.

In addition, the Company has been able to collect fuel surcharge, depending on the market condition, competition, jet fuel price fluctuation, market reaction and change in estimated jet fuel expenses. Active fuel stock management was also undertaken to mitigate the impact of fluctuations in fuel cost. Measures in Fuel Stock Management and Fuel Management have also been carried out to increase fuel efficiency.

Fluctuations in Foreign Currency Exchange Rates

Due to the fact that the Company's earnings are in more than 50 different currencies, accounting for approximately 63% of total revenues, the Company has adopted the practice of Natural Hedging to reduce the risk of foreign currency exchange rate fluctuation by ensuring that as many cash expenses are paid for in the same currencies as revenues as practically possible. The net cash flow is then managed to better match its major expenses such as fuel payment, aircraft operating lease payment, and employee salaries. Borrowings are then made in the currencies with the highest net operating cash flow. To ensure that the Company does not incur too much foreign currency debt, it also took on Thai baht debts to mitigate the foreign currency gain/loss impact on the Company's profit and loss statement. The Company also uses Value at Risk (VaR), a computer application which assesses the exposure to foreign currency fluctuation and uses it as a tool to aid funding and risk management strategies such as Cross Currency Swaps (CCS) and forward contracts whenever it is suitable to do so.

At the end of 2015, the Company's fundraising activities included; taking out loans in Euros, US dollars and the Japanese Yen to purchase three B777-300ER aircraft,

and three A320-200, the issuing of debentures to a total value of THB 15,000 million, borrowing from the Ministry of Finance in the form of ECP bonds, entering into five CCS contracts, and three restructured CCS contracts via a conversion of debts in Euros and Thai baht into Yen, and using spot and forward instruments to exchange foreign currencies held into the US dollars to pay for oil and aircraft lease expenses. As of December 31, 2015, the Company's outstanding long-term foreign currency borrowings post CCS were 8% in USD, 44% in EUR, 13% in JPY and 35% in THB (excluding operating aircraft lease liabilities.)

Interest Rate Fluctuation

Methods employed by the Company to cope with the fluctuations in interest rates include; using Interest Rate Swap instruments by converting floating rates that are likely to rise, into fixed rates, increasing the proportion of floating rates, and restructuring CCS arrangements to help reduce the cost of capital in the long term. As of December 31, 2015, the ratio of long-term debts after swap between floating interest rates and fixed rates was 48 to 52 (excluding aircraft lease liabilities). This meant that if the interest rate increased by 1% per annum, interest rate liabilities for the Company would increase by around THB 850 million.

Competition in the Airlines Business

The country's move to become a part of the ASEAN Economic Community (AEC) at the end of 2015 together with the liberalization of the Thailand's aviation industry has opened up opportunities for business expansion among all other airlines. This saw existing airlines increasing the volume of flights into and out of Thailand, as well as the emergence of new airline businesses, indicating an even higher level of competition potentially over the next 4-5 years which will be reflected in sharp increases in the number of new aircraft being purchased by both airlines offering full services and low-cost airlines over the next 5-10 years. Low-cost airlines have become important players in the industry resulting in the increase in the number of travelers as well as a shift in the Thai consumers' behavior due to the availability of low airfares. Low-cost



airlines have also adapted to the market by offering point-to-point flight services creating networks within their own group of airlines, as well as offering longer-haul flights.

The Company's strategy is to improve flight route networks and reduce the size of the business in order to create financial stability before moving on to create sustainable growth ('Shrink to Grow'). This entails:

Step 1: To stop the losses from unprofitable routes and generate sustainable profits from the routes on which the Company has a competitive advantage. Routes are divided into two groups; the first group contains unprofitable routes which are to be either discontinued or further studied in terms of their potential to become profitable routes, while the second group contains unprofitable routes that have been identified as having a high potential to become profitable, and profitable routes for which long-term competitiveness is to be created.

Step 2: To build competitive strength, improve efficiency in revenue earning and reduce operating costs. Measures undertaken include; reviewing channels via which customers can make direct reservations with the Company especially online, reviewing the terms and conditions of reservations made via agencies, improving ticket cost and pricing regulations to suit the level of competition and to be in line with practices used by the competitors, centralizing pricing activities, coming up with other ways of creating extra revenues that can be implemented



quickly, identifying strategies for consumer groups with a high potential for generating income and creating special offers that will result in a higher level of interest and loyalty towards the Company's products and services.

Step 3: To obtain Sustainable Growth and profitability- this step will be focused on once the efficiency has been fully regained and the Company is in a strong position and ready to compete again.

Risks as a Result of the ICAO's Safety Audits

Following a safety audit previously conducted on the Department of Civil Aviation of Thailand under the Universal Safety Oversight Audit Program (USOAP) by the International Civil Aviation Organization (ICAO), some Significant Safety Concerns (SSC) were found, resulting in an iconic red flag being raised against Thailand on the ICAO public website, and the general lack of confidence from various safety standard agencies in Thailand's standard of safety in the aviation industry which has since then come under a close and stringent scrutiny by these agencies.

The Company has thus been conducting follow-up activities and implementing action plans to manage this risk by constantly making preparations for safety assessments by all safety standard organizations and putting in place Safety & Quality Management System of a high standard. Consequently, the audit results have consistently been satisfactory for THAI over the past years.

The Company has demonstrated its commitment towards improving the safety standards to create confidence amongst customers and various safety standard organizations by engaging in the Safety Beyond Compliance Programme, introducing the standards set by the European Aviation Safety Agency (EASA) as the safety model, with the ultimate objective of being an airline that can proudly enter the airspace over any country. The Company since received a Third Country Operators (TCO) certificate from EASA on December 15, 2015 which has enabled it to continue to fly into Europe, as well as indicated the high level of safety standards that the Company operates in. In addition, the Company has put in place a business continuity plan and made preparations and conducted drills against various contingency scenarios, giving due considerations to potential impacts on the passengers, stakeholders and financial aspects of the operations.

Risks from External Crises and Natural Disasters

Natural disasters, epidemics, terrorism, domestic and international political conflicts are examples of risk factors that can adversely affect the tourism industry of Thailand, which in turn would have a direct impact on the operations of the Company.

In order to prepare itself to effectively cope with such event the Company has set up a Crisis Management Operation Centre (CMOC) to closely monitor and follow up on various potential adverse situations and to identify measures of mitigation and solutions on an ongoing basis. A Business Continuity Management system has been incorporated into the main functions, with plans and handbooks made available for reference, and training sessions conducted with cooperation from other business alliances, with an aim to be prepared for all types of situations as well as create a positive corporate image and confidence among the passengers. Moreover, to ensure that the Company can react to changes in a timely manner thus maintaining dynamicity, operating results are reported on a monthly basis and assessments of significant domestic and international factors having both positive

and adverse effects on the Company are undertaken and fed into management strategic process so that suitable actions can be taken accordingly. An example of a strategic action is to reduce the level of production when the number of passengers reduces.

Risk Related to the Quality and Efficiency of Personnel

The Company is committed to developing its personnel, their capability, productivity and loyalty toward the organization, and has put in place a Career Development Programme and roadmaps for this purpose. There are four levels of development plans, these are: Executive Development Plan, Talent Development Plan, Successor Development Plan and Career Path Development Plan. The Company also applies the Suitable Manpower Model as part of its personnel management activities in order to ensure that the age profile of workforce optimally matches with the direction and requirements of the business. To this end, Knowledge Transfer Management scheme ensures that knowledge and experience is constantly transferred amongst the personnel within the Company. A performance-based culture is promoted among employees at the Executive level where their performance is linked to remuneration with clearly set Key Performance Indicators (KPIs). The Company is undergoing a reorganization in terms of corporate structure and work processes (Lean Process and Reprocess) in order to improve efficiency in the business operations which will result in more effective cost and expense management.

Risks Related to the Quality of Products and Services

The Company implements a comprehensive Quality Assurance process to evaluate products and services ensuring that they meet with the commitments made to the clients. This entails proactive assessment that follows the set Service Operation Procedures, Mystery Shopping where audits are carried out without any prior notification, evaluation based on the Service Level Agreement (SLA), in-house customer surveys, and external customer satisfaction surveys, specific



surveys to research on specific demands of the customers. Customer feedback is sought and analyzed so that correlative actions can be taken to ensure complete customer satisfaction. In 2015, the Company undertook major projects that aimed to create customer loyalty and improve customer service excellence. Service Beyond: New Business Class Service, has been implemented following a shift in customer behavior due to increase in competition, value for money becoming one of the customers' chief criteria in choosing airlines, coupled with demands for services that are customized to their individual tastes and preferences. The new services have been piloted on the main routes and will be rolled out to other routes in future. Reviews have been made to the commercial flight networks to effect seamless services offered by



Thai Airways and Thai Smile Airways, and the customer interface IT systems have also been revamped.

Risks Related to the Shareholding Structure

As of December 31, 2015, the Ministry of Finance and the Government Savings Bank (GSB) held a total of 53.16% of the paid-up shares of the Company giving the Ministry of Finance a majority of votes in most issues including board appointments and approvals on other issues where the majority of votes are required, with exception of those issues where it is required by law for at least three quarters of shareholders' votes to be present. Generally, other minority shareholders are therefore unable to collectively contest the resolutions made 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 | : www.thaiairways.com |
| Telephone | : 66 (0) 2545-1000, 66 (0) 2025-1000 |
| THAI Contact Center | : 66 (0) 2356-1111 |



As of December 31, 2015, 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

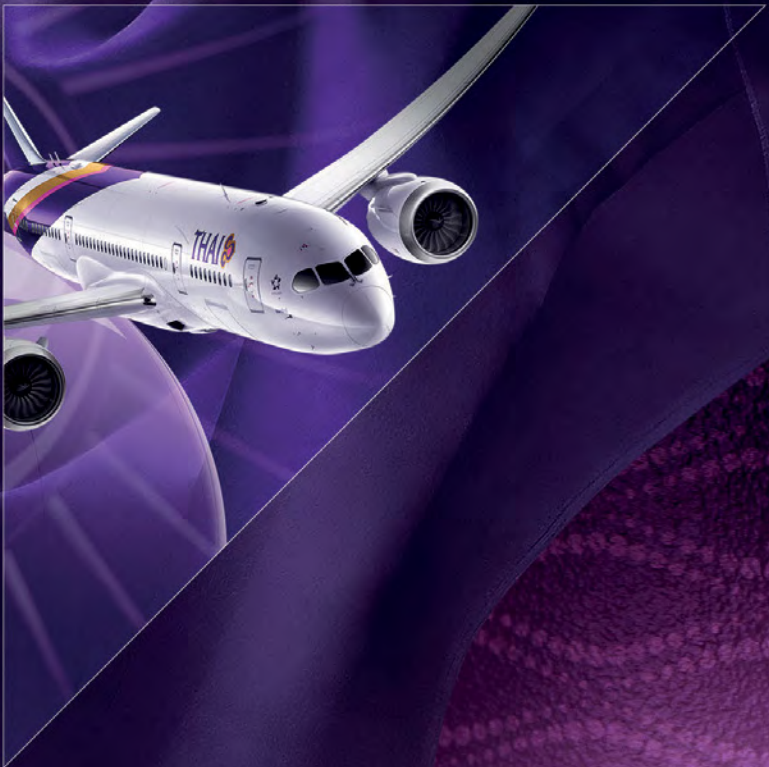
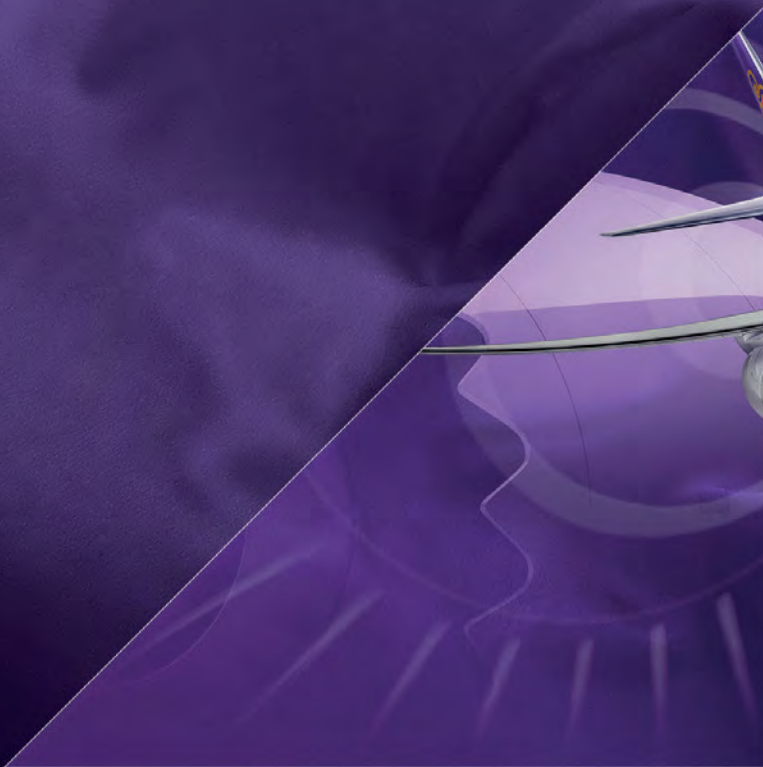
Subsidiary and Affiliated Companies in which THAI Holds more than 10%

| 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 th 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 Air Plc. 183, 17 th 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 Eung 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 th 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 | 800.00 | 100.00 |

| Company Name | Type of Business | Type of Shares | Paid-up Authorized Shares (Million Baht) | Equity Ratio (%) |
|--|---|----------------|--|------------------|
| Don Muang International Airport Hotel Co., Ltd. 333 Moo 10, Chert Wudthakas Rd., Don Mueang, Bangkok 10210, Tel: 66 (0) 2566-1020-1 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 | 637.50 | 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

| References | Type of Securities | Contact |
|--------------------------------------|--------------------------------------|--|
| Securities Registrar | Common Shares | THAILAND SECURITIES DEPOSITORY CO., LTD. 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel. : +662 009 9000 Fax : +662 009 9991 SET Contact Center: +662 009 9999 Website: www.set.or.th E-mail: SETContactCenter@set.or.th |
| Debenture Registrar | 1/2012 1/2013 2/2013 1/2014 | TMB BANK PLC. Securities Operation and Investment Banking Floor 5A, 3000 Phaholyothin Road Chompon, Chatuchak, Bangkok 10900 Tel. +662 299-1321, +662 299-1536 Fax. +662 242-3270 |
| | 1/2014 2/2011 2/2012 | CIMB THAI BANK PLC. Stock market operations department and cashier, 15 th Floor, 44 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330 Tel. +662 626-7503-4 Fax. +662 626-7543 |
| | 3/2012 2/2014 1/2015 2/2015 | BANK OF AYUDYA PLC. 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120 Tel. +662 296-5689 Fax. +662 683-1297 |
| Debenture Holders' Representative | 1/2011 | CIMB THAI BANK PLC. Stock market operations department and cashier, 15 th Floor, 44 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330 Tel. +662 626-7591, +662 626-7599 Fax. +662 626-7543 |
| 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 |





List of Major Shareholders



TKC-HS

Shareholding and Shareholders Information

As at December 31, 2015, the total amount of registered capital and paid-up capital of the Company is as follows:

Registered capital: 2,698,900,950 shares valued at THB 10 per share, total value THB 26,989,009,500

Paid-up capital: 2,182,771,917 shares valued at THB 10 per share, total value THB 21,827,719,170

The shareholders of the Company

The top ten shareholders of the Company, the number of shares held and the shareholding ratios are as listed below:

| 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 | 69,496,882 | 3.18 |
| 5 | GOVERNMENT SAVINGS BANK | 46,409,885 | 2.13 |
| 6 | STATE STREET BANK AND TRUST COMPANY | 20,178,019 | 0.92 |
| 7 | EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD | 17,012,811 | 0.78 |
| 8 | STATE STREET BANK EUROPE LIMITED | 16,854,355 | 0.77 |
| 9 | MR. EAM ARCHAVAKULTHEP | 15,790,000 | 0.72 |
| 10 | MR. VICHAI KANATHANAVANICH | 14,724,100 | 0.67 |
| 11 | OTHER SHAREHOLDERS | 538,299,640 | 24.68 |
| | Total Paid up Capital | 2,182,771,917 | 100.00 |
| | Thai Shareholders | 2,029,279,872 | 92.97 |
| | Foreign Shareholders | 153,492,045 | 7.03 |

The Ministry of Finance and the Government Savings Bank jointly hold 53.16% of the Company's shares making THAI a state enterprise, and as such, it is subject to the following conditions:

1. The Company must obtain a Cabinet's approval before undertaking any major investment.
2. The Company's financial statements are subject to an audit by the Office of the Auditor General of Thailand.

Issuance of Other Securities

Debentures

The Company has issued debentures in Thai baht for sale to investors. Details are as follows:

- Registered debentures, unsubordinated and unsecured with debenture holder's representative, issue 1/2011.
- Private placement of debentures (no more than 10 investors), registered, unsubordinated and unsecured without debenture holder's representative, issue no. 1/2009.
- Registered debentures, unsubordinated and unsecured without debenture holder's representative for sale to institutional investors and high networth investors, issues no.2/2011, 2/2012, 2/2012, 3/2012, 1/2013, 2/2013, 1/2014, 2/2014, 1/2015 and 2/2015.

As of December 31, 2015, the total value of Company's debentures not yet due for maturity is THB 56,600 million

The Company's Bill of Exchange

As at December 31, 2015, the Company had bills of exchange that are not yet due for maturity totalling THB 4,000 million.



Dividend Policy

The Board of Directors may recommend that the Company pay out annual dividends subject to the approval of the Annual General Meeting of Shareholders. Presently, the Board of Directors' policy is to pay an annual dividend of not less than 25% of net profit before gain or loss on foreign currency exchange on the Company's consolidated financial statements and is subject to considerations related to future investment plans and other relevant factors.

The Public Limited Company Act B.E.2535 (PLCA) prohibits public companies from paying out dividends if there is an accumulated loss, even if profits are reported for that financial year. In addition, 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 the ultimate responsibility for the administration of The Company's affairs under the Company's Articles of Association which requires that the Board consists of between 5 and 15 directors subject to review by the Annual General Meeting of Shareholders, and 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 resign from their position, and new Directors are to be elected and the Directors who have resigned may be re-elected.

As of December 31, 2015 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 | Chairman | 24/24 | 24 Apr 15 – Apr 18 |
| 2. ACM Treetod Sonjance | Vice Chairman | 12/24 | 5 Aug 14 – Apr 17 |
| 3. Mr. Kanit Sangsubhan | Director | 22/24 | 24 Apr 13 – Apr 16 |
| 4. General Chatudom Titthasiri | Director | 20/24 | 27 Jan 15 – Apr 17 |
| 5. Mr. Damri Tunshevavong | Director | 15/17 | 24 Apr 15 – Apr 18 |
| 6. Mr. Peraphon Thawornsupacharoen | Director | - | 28 Dec 15 – Apr 17 |
| 7. Mr. Rathapol Bhakdibhumi | Director | 21/24 | 5 Aug 14 – Apr 16 |
| 8. Mr. Weerawong Chittmittrapap | Director | 21/24 | 28 Aug 14 – Apr 16 |
| 9. ACM Siwakiat Jayema | Director | 18/24 | 29 Apr 14 – Apr 17 |
| 10. Mr. Somkiat Sirichatchai | Director | 19/24 | 28 Aug 14 – Apr 16 |
| 11. ACM M.L. Suprija Kamalasana | Director | 24/24 | 25 Apr 12 – Apr 18 |
| 12. Mr. Somchai Sujjapongse | Director | 1/5 | 19 Oct 15 – Apr 17 |
| 13. ACM Amnart Jeeramaneemai | Director | -/3 | 23 Nov 15 – Apr 18 |
| 14. Mr. Charamporn Jotikasthira | Director | 24/24 | 24 Apr 15 – Apr 18 |

Note : No directors hold the Company's shares

Executive Management

As of December 31, 2015 the Company has 13 Executive Management⁽¹⁾ positions : 1 President, 10 Executive Vice Presidents, and 2 Vice Presidents, comprising :

| Name ⁽¹⁾ | Position |
|------------------------------------|--|
| 1. Mr. Charnporn 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. Mr. Teerapol Chotichanapibal | Executive Vice President, Commercial |
| 5. Flt. Lt. Kanok Thongpurk | Executive Vice President, Human Resources and Compliance |
| 6. Flg. Off. Chalermpon Intarawong | Executive Vice President, Technical |
| 7. Mr. Narongchai Wongthanavimok | Executive Vice President, Finance and Accounting |
| 8. Mrs. Usanee Sangsingkeo | Executive Vice President, Aviation Business Unit |
| 9. Sqn. Ldr. Bhurith Sriwatana | Executive Vice President, Operations |
| 10. Mr. Danuj Bunnag | Advisor to the President ⁽²⁾ |
| 11. Mr. Niruj Maneepun | Advisor to the President ⁽²⁾ |
| 12. Mr. Raj Tanta-Nanta | Vice President, Corporate Finance Department |
| 13. Mr. Arichai Numlamun | Vice President, Comptroller Department |

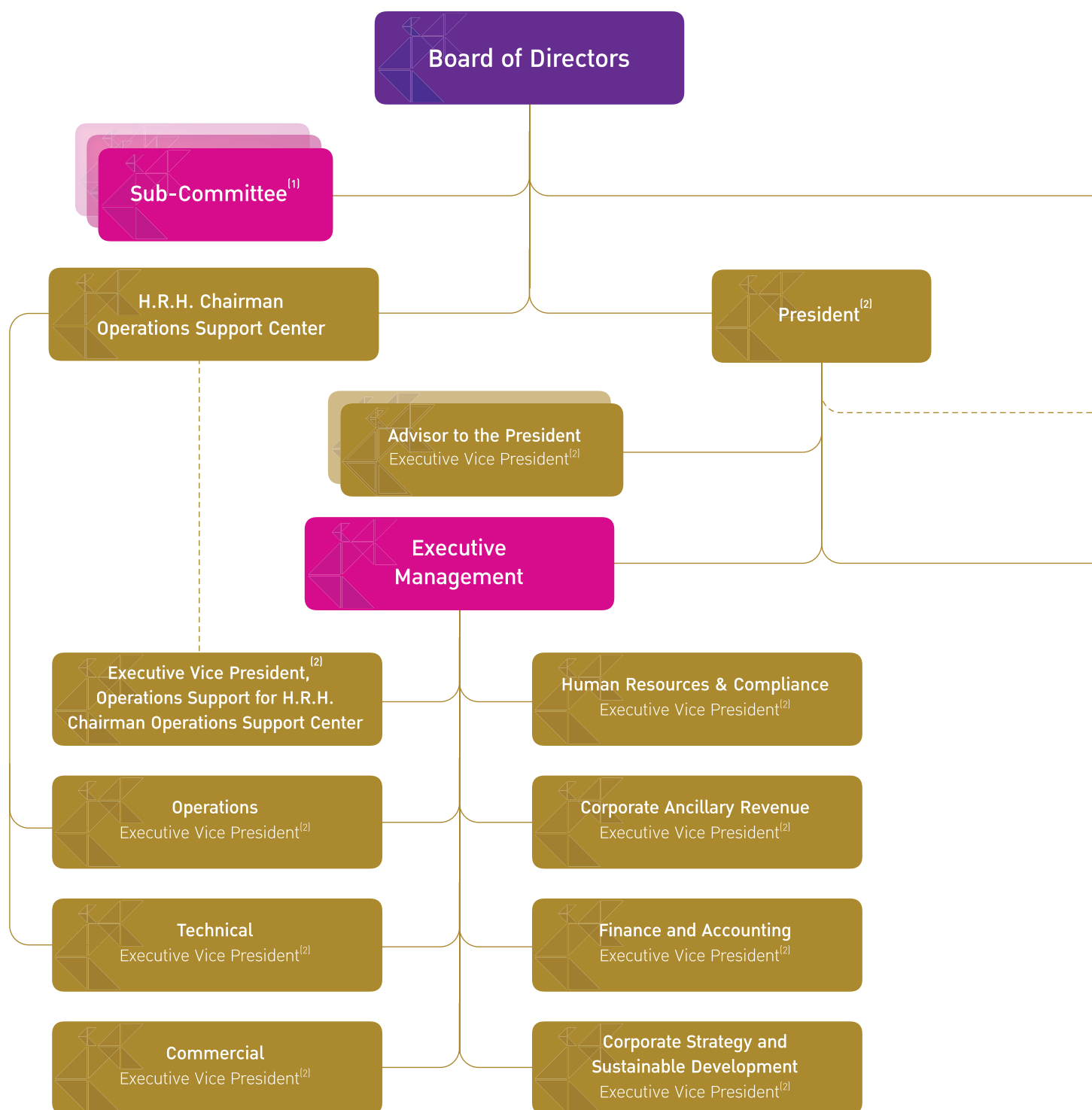
Note : ⁽¹⁾ Executive Management are as per the definition of "Management" denoted by the SEC

⁽²⁾ Equivalent to Executive Vice President



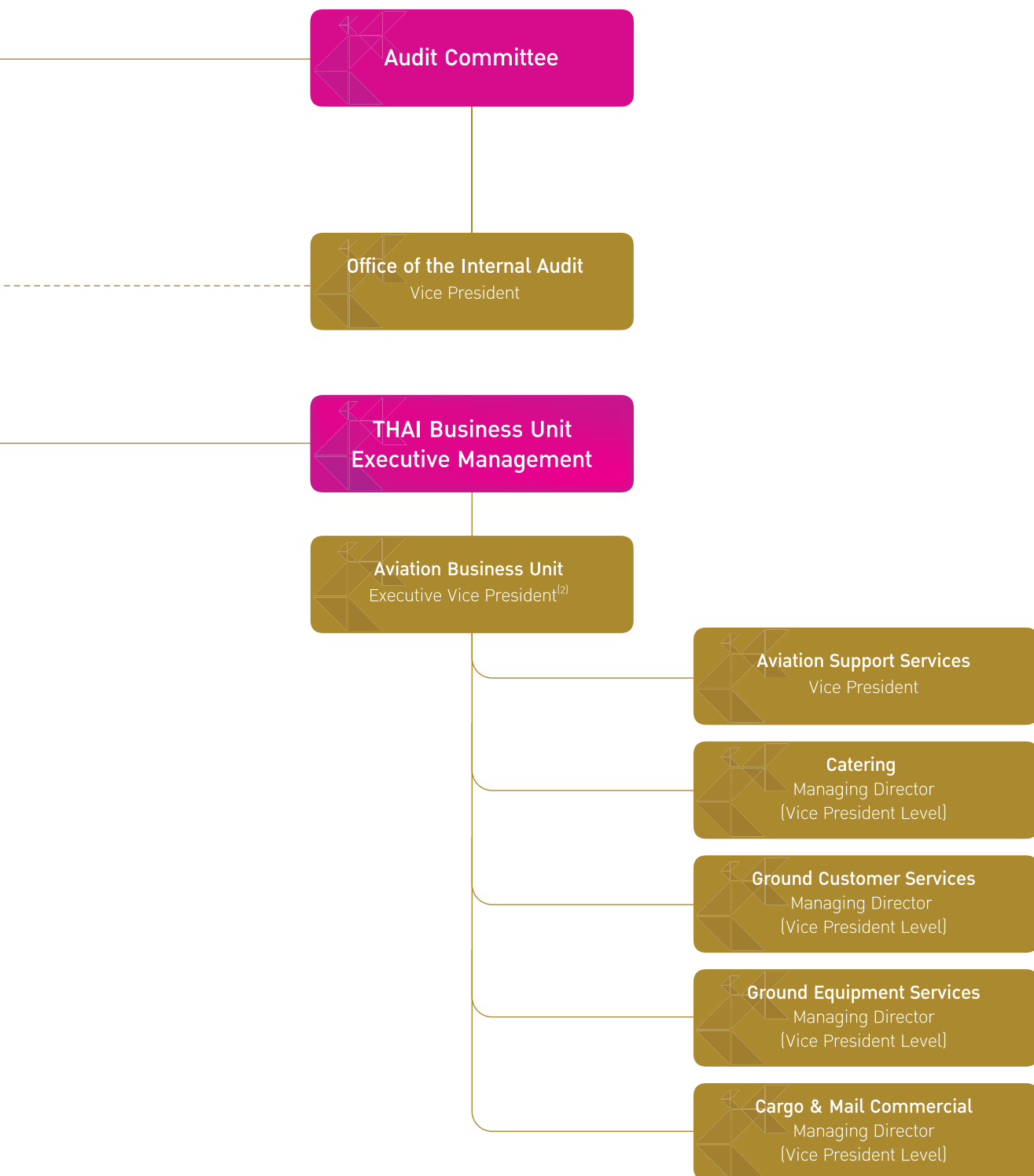
Management Structure

As of December 31, 2015 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 Executive Board, Risk Management Committee, Nomination and Remuneration Committee, Corporate Governance and Corporate Social Responsibility Committee, Law Committee, Labor Relations Committee, Strategy and Transformation Committee and THAI President's Performance Evaluation Committee.

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



The Corporate Secretary

The Board of Directors, recognises the importance of the role and functions of the Company Secretary and in compliance with the Securities and Exchange Act (No. 4) B.E. 2551, section 89/15 which requires that the Corporate Secretary be appointed to take various responsibilities on behalf of the Company or the Board, has appointed Mrs. Suvimol Bualerd, Vice president, Corporate Secretariat Department, as the Company Secretary.

The Company Secretary must act with responsibilities, care and integrity, as well as comply with the laws, objectives, Company's regulations, resolutions of the Board of Directors, and the resolutions of the General Meeting of Shareholders. The Company 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 maintain the following documents:
 - 1.1 Registrations of Directors
 - 1.2 Notice of the Board of Directors meetings, meeting documents, and the minutes of meetings
 - 1.3 Notice of Shareholders' meetings, meeting documents, and the minutes of meetings
 - 1.4 The Company's annual reports
2. Maintain the reports of related parties as submitted by the Directors or the Executive Officers and file a copy of the same to the Chairman of the Board and the Chairman of the Audit Committee within 7 days from the date of submission of the reports.
3. Other duties as specified by the Capital Market Commission.
2. To facilitate the meetings of the Executive Officers, the Board of Directors and shareholders within the timeframe specified by the relevant rules and regulations, and notify of the relevant resolutions and follow up on the implementation of the meeting resolutions.
3. To oversee the implementation of the state enterprise quality assessment system in the Company's operations.
4. To ensure the Company's and the Board of Directors' compliance with statutory and regulatory requirements of listed company and related securities laws, with an exception of financial reporting.
5. To oversee the preparation and disclosure of important information of the Company both in Thai and English to the public through channels of the Stock Exchange of Thailand (SET) according to the rules within the specified timeframe.
6. To oversee and provide help and advice, and facilitate the registration of shares to Shareholders.
7. To oversee the arrangements of the Shareholders' meetings and preparations of the necessary documents in accordance with the law and Good Governance Practice.
8. To oversee the preparations of the Annual Registration Statement (Form 56-1) to ensure that the shareholders, investors, and analysts receive correct information according to the rules, orders, and regulations of Corporate Governance within the specified timeframe.
9. To coordinate with legal counsel in respect of the securities laws.
10. To provide basic advice to company directors and executives to ensure compliance with the rules and regulations of the SET and the Securities and Exchange Commission.
11. To provide 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 Directors, and notify and coordinate with Directors in the case of

During the year 2015, other functions of the Company Secretary included the following:

1. To act as Secretary to the Board of Directors, and Sub-committees such as the Executive Management Committee, THAI Business Unit Committee, and Strategy and Transformation Committee.

events and activities that require participation of the Board of Directors.

12. To oversee Regulatory Document Management.
13. To oversee and evaluate the operations of the departments under control to achieve the objectives and goals of the responsible mission of the Company as well as in compliance with the rules and regulations of the company and the related authorities.
14. To prepare the Directors' Manual, organize an introduction for, and give advice to, newly appointed Directors.
15. To maintain relevant information regarding the Company's subsidiary companies.
16. To perform other tasks as assigned by the Board of Directors or the President.

Remuneration for Members of the Board of Directors and the Executives

Monetary Benefits

Remuneration for Board of Directors

The Annual General Meeting of Shareholders for the year 2015 on April 24, 2015 approved the monetary remuneration of Directors as follows:

1. Each Board member shall receive 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 to receive meeting allowance that is 25% and 12.5% higher than other Board members, respectively.
2. In the case of the Directors being appointed by the Board or the Chairman of the Board to a Committee, a Sub-Committee or a Working Group, the Director shall receive an additional THB 10,000 per meeting attendance. However, the maximum allowance paid is THB 10,000 per month regardless of the number of meetings held. This is in line with the payment approved in 2014.
3. The Audit Committee shall receive monthly compensation equal to the meeting allowance of the Board of Directors. The Chairman of the Audit Committee shall receive compensation at the rate that is 25% higher than an audit committee member, and shall receive compensation in the months when there are no meetings. This is in line with the payment approved in 2014.
4. The Board of Directors has resolved not to submit a proposal for an annual bonus for the fiscal year 2015 to the Annual General Meeting of Shareholders 2015.

Compensation for Executive Management for the year 2015 ending December 31, 2015

Unit : THB million

| Board of Directors | Number (People) | Remuneration (Board of Directors) | Meeting allowance (Board of Directors) | Meeting Allowance (Sub-Committee) ⁽¹⁾ | Bonus | Total |
|-----------------------------------|-----------------|-----------------------------------|--|--|---------|-------|
| Board of Directors ⁽¹⁾ | 18 | 8.47 | 4.98 | 1.49 | Omitted | 14.94 |
| Audit Committee ⁽²⁾ | 4 | 1.48 | – | – | – | 1.48 |
| Executives Management | 20 | 91.95 | – | – | – | 91.95 |

Note : ⁽¹⁾ Compensation for the Board including remunerations, meeting allowance for the Board meeting and sub-committee

⁽²⁾ Compensation for the Audit Committee only includes remunerations for the Board of Directors.

Remuneration for the Board of Directors for the year ending December 31, 2015

| Board of Directors | Position Held ⁽¹⁾ | Remunerations and Meeting Allowance Board of Directors (THB) | Meeting Allowance Other Committee (THB) | Meeting Allowance Audit Committee (THB) | Total Remuneration (THB) ⁽²⁾ |
|-----------------------------|--|--|---|---|---|
| 1. Mr. Areepong Bhoocha-oom | <ul style="list-style-type: none"> - Chairman - Chairman of Strategy and Transformation Committee | 1,042,500.00 | 80,000.00 | - | 1,122,500.00 |
| 2. ACM Treetod Sonjance | <ul style="list-style-type: none"> - Vice Chairman - Chairman of Corporate Governance and Social Responsibility Committee | 937,500.00 | 10,000.00 | - | 947,500.00 |
| 3. Mr. Kanit Sangsubhan | <ul style="list-style-type: none"> - Member of the Board of Directors - Chairman of the Executive Board - Member of Strategy and Transformation Committee - Member of the Nomination and Remuneration Committee - Member of the Risk Management Committee | 960,000.00 | 290,000.00 | - | 1,250,000.00 |
| 4. Gen. Chatudom Titthasiri | <ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Audit Committee - Member of the Risk Management Committee | 918,064.52 | 50,000.00 | 306,428.57 | 1,274,473.09 |
| 5. Mr. Damri Tunshevavong | <ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Risk Management Committee - Member of the Executive Board | 651,666.67 | 90,000.00 | - | 741,666.67 |

Note : ⁽¹⁾ Former Chairman, Former Vice Chairman and Former Directors were members of the Board of Directors who retired before December 31, 2015

⁽²⁾ The Company omitted annual bonus for the year 2014.

Remuneration for the Board of Directors for the year ending December 31, 2015

| Board of Directors | Position Held ⁽¹⁾ | Remunerations and Meeting Allowance Board of Directors (THB) | Meeting Allowance Other Committee (THB) | Meeting Allowance Audit Committee (THB) | Total Remuneration (THB) ⁽²⁾ |
|---------------------------------|---|--|---|---|---|
| 6. Mr. Rathapol Bhakdibhumi | <ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Audit Committee - Member of Strategy and Transformation Committee - Member of the Nomination and Remuneration Committee | 960,000.00 | 180,000.00 | 360,000.00 | 1,500,000.00 |
| 7. Mr. Weerawong Chittmittrapap | <ul style="list-style-type: none"> - Member of the Board of Directors - Chairman of Audit Committee - Chairman of Legal Committee | 960,000.00 | 40,000.00 | 450,000.00 | 1,450,000.00 |
| 8. ACM Siwakiat Jayema | <ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Executive Board - Member of Strategy and Transformation Committee - Chairman of the Labor Relations Committee | 930,000.00 | 100,000.00 | - | 1,030,000.00 |
| 9. Mr. Somchai Sujjapongse | <ul style="list-style-type: none"> - Member of the Board of Directors - Chairman of the Nomination and Remuneration Committee | 180,967.74 | 20,000.00 | - | 200,967.74 |
| 10. Mr. Somkiat Sirichatchai | <ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Audit Committee - Member of Strategy and Transformation Committee | 900,000.00 | 100,000.00 | 360,000.00 | 1,360,000.00 |
| 11. ACM M.L. Suprija Kamalasana | <ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Executive Board - Chairman of The Risk Management Committee | 960,000.00 | 180,000.00 | - | 1,140,000.00 |
| 12. ACM Amnart Jeeramaneechai | <ul style="list-style-type: none"> - Member of the Board of Directors | - | - | - | - |

Note : ⁽¹⁾ Former Chairman, Former Vice Chairman and Former Directors were members of the Board of Directors who retired before December 31, 2015

⁽²⁾ The Company omitted annual bonus for the year 2014.

Remuneration for the Board of Directors for the year ending December 31, 2015

| Board of Directors | Position Held ⁽¹⁾ | Remunerations and Meeting Allowance Board of Directors (THB) | Meeting Allowance Other Committee (THB) | Meeting Allowance Audit Committee (THB) | Total Remuneration (THB) ⁽²⁾ |
|---------------------------------|---|--|---|---|---|
| 13. Mr. Charamporn Jotikasthira | - Member of the Board of Directors | 918,064.52 | - | - | 918,064.52 |
| 14. Mr. Pongpanu Svetarundra | - Former member of the Board of Directors - Former member of the Executive Board - Former Chairman of the Labor Relations Committee - Former member of the Risk Management Committee | 280,000.00 | 100,000.00 | - | 380,000.00 |
| 15. Mr. Rungson Sriworasat | - Former Vice Chairman - Former Chairman of the Nomination and Remuneration Committee - Former member of the Corporate Governance and Corporate Social Responsibility Committee | 735,000.00 | 60,000.00 | - | 795,000.00 |
| 16. Mr. Veerathai Santiprabhob | - Former member of the Board of Directors - Former member of Strategy and Transformation Committee - Former member of the Nomination and Remuneration and Human Committee | 710,000.00 | 140,000.00 | - | 850,000.00 |
| 17. Mrs. Soithip Trisuddhi | - Former Vice Chairman - Former member of the Executive Board - Former member of the Corporate Governance and Corporate Social Responsibility Committee | 645,000.00 | 40,000.00 | - | 685,000.00 |
| 18. AM Pakdee Saeng-xuto | - Former member of the Board of Directors - Former member of the Corporate Governance and Corporate Social Responsibility Committee | 757,096.78 | 10,000.00 | - | 767,096.78 |

Note : ⁽¹⁾ Former Chairman, Former Vice Chairman and Former Directors were members of the Board of Directors who retired before December 31, 2015

⁽²⁾ The Company omitted annual bonus for the year 2014.

Other remunerations

Ticket privilege

Board of Directors

The Company has canceled air ticket benefits for members of the Board of Directors effective June 20, 2014, and did not submit a proposal for the ticket benefits to the Annual General Meeting of Shareholders 2015.

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 2-15% 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 or 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. Since the Company has established a Staff Provident Fund from June 26, 1992 onwards, employees who joined after that date shall only be members of Provident Fund. Therefore, the Pension Fund has no additional members since the Provident Fund was established.

Total contribution made to Executive Management's provident fund and pension fund for the year 2015 ending December 31, 2015

| | Provident Fund | | Pension Fund | |
|-------------------------------------|-------------------|----------------------------|-------------------|----------------------------|
| | Number of Persons | Total Amount (THB million) | Number of Persons | Total Amount (THB million) |
| Executive Management ⁽¹⁾ | 20 | 4.09 | 1 | 0.24 |

Note : ⁽¹⁾ Executive Management of 20 persons, including those retiring and resigning before December 31, 2015

Human Resource

As of December 31, 2015, THAI had in total 22,864 permanent employees based in Bangkok, other provinces in Thailand, and abroad. Usually their tenure ends at the end of the budget year (September 30) which the employee reach 60. 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 and guidelines in hiring, releasing employees and retirement.

Total Number of Employees

| | Number of Employees | | |
|----------------------------------|---------------------|--------|--------|
| | 2015 | 2014 | 2013 |
| Total number of Employees | 22,864 | 24,952 | 25,323 |
| By locations | | | |
| • Bangkok | 19,938 | 21,829 | 22,172 |
| • Other places in Thailand | 1,436 | 1,559 | 1,588 |
| • Foreign country | 1,490 | 1,564 | 1,563 |
| By duties | | | |
| • Flight crew | | | |
| – Pilot | 1,321 | 1,343 | 1,279 |
| – Cabin crew | 5,859 | 6,286 | 6,187 |
| • Technical department | 3,884 | 4,242 | 4,371 |
| • Commercial department | 1,794 | 2,141 | 1,763 |
| • Ground services department | 7,813 | 8,426 | 8,454 |
| • Other department | 2,193 | 2,514 | 3,269 |

Policy on short-term and long-term employee incentives based on operational results of the Company

The Company has a policy to offer employees with long-term and short-term performance related incentives as follows:

- 1) Cost reduction meeting the target set for 2015
- 2) Cost reduction achieved for two consecutive years or more, or sustained reduction due to improvements in processes
- 3) Cost reduction as a result of studies undertaken by consultants or experts.

Short-term incentive

In 2015, the Board of Directors approved incentive payments in 2 parts:

Part 1 – Incentive for performance efficiency – the condition of the incentive was based on On-Time Arrival Performance of flights during May to December 2015 with monthly target set on either a certain percentage of on-time arrivals of all flights completed during that month, or a certain ranking achieved among the leading airlines in the Asia Pacific region.

Part 2 – Incentive for cost reduction for 2015 in measured in monetary terms (non-fuel cash cost) achieved according to the following criteria:

Long-term remuneration

The criteria for long-term incentives have been revised to ensure better alignment with the Company's operating results; adjustments in the weighting of performance management without using Competency as part of the evaluation of performance, but as a basis for development, setting higher or more challenging targets in comparison with past performance, targets on performance consistent with or supportive of supervisors' and corporate goals. Performance ranking is to comply with the Forced Distribution Curve.

In addition, the company has plans to improve the overall pay structure for employees by restructuring pay rates under the conditions where employees

shoulder their own income tax payments, re-defining a pay structure in which salary payment for pilots and flight attendants is directly linked to their performance and in line with other leading airlines

practice in order to positively motivate employees to perform according to the expectations of the Company.

Total Monetary Rewards for Employees

Unit : THB million

| Monetary Rewards for Employees | 2015 | 2014 | 2013 |
|--------------------------------|---------------|---------------|---------------|
| General Staff | 23,195 | 21,514 | 22,548 |
| Pilot | 5,851 | 5,710 | 6,098 |
| Cabin Crew | 8,398 | 8,169 | 8,985 |
| Total | 37,444 | 35,393 | 37,631 |

Employee Development

It is the Company's policy to increase the standard of quality and capabilities of its work force through its development and training programs. Development and training roadmaps have been designed to cover core, managerial and functional competencies for staff and lower, middle, and upper management

and new talents by employing variety development tools that involve training and non-training such as on-the-job learning. Moreover, the Company uses E-Learning to reduce the restrictions for joining training programs and the costs of training in order to help the employees reach their capabilities and prepare for advancement in their career.

Expenses for Employee Development

Unit : THB million

| Expenses for Employee Development | 2015 | 2014 | 2013 |
|-----------------------------------|------------|------------|------------|
| General Staff | 28 | 58 | 93 |
| Pilot | 452 | 427 | 438 |
| Cabin Crew | 1 | 5 | 4 |
| TOTAL | 481 | 490 | 535 |

Labour Relations

The Company is committed to promoting good labour relations between the employers and employees in compliance with the State Enterprise Labour Relations Act 2000. In this respect, the Company implements a system of mutual consultation and has set up an Employee Relations Committee who meet once a month to consider and make recommendations in which the Company can increase operational efficiency, create good relations among the workforce and settle any disputes within the Company. The Committee works to improve the operational rules and regulations on employment terms and conditions so that they are mutually beneficial to both the employers and employees, resolve any complaints from employees and the labour union, as well as consider any disciplinary appeals. The Employee Relation Committee has consistently been successful in the negotiations and reaching mutually acceptable agreements in dealing with demands made by the representatives of the employees. Various activities organised by the employees have also been given full support by the Company.

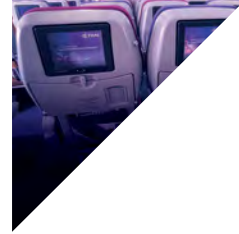
Policy on Labour Protection

The Company recognises the importance of health, safety and environment in the workplace, and has set up a Health, Safety and Environment Committee. The Committee consists of employees selected from various departments to consider ways that operations can be carried out in manners that comply with the requirements of the law. In addition, the Committee assess current conditions in order that suitable tools, equipment, facilities can be provided to enable convenient and safe ways of working that minimize instances of hazards, accidents and injuries. The Company also promotes the awareness among its employees of the procedures and processes that are in place in regard to health and medical expenses available to the employees, holding the importance of human resource and their health and safety as priority.





Corporate Governance



Policies on Good Corporate Governance

The Company's governance policies were drafted and then promulgated on July 28, 2004, assigning the duties and responsibilities to the Board of Directors, management and staff to comply with. In 2012, these policies were reviewed and updated to conform to the strategies of the company, and have been made public on the Company's website, www.thaiairways.com.

The Board of directors has defined a framework on good corporate governance focusing on 4 areas as follows;

1. Government Sector, Society and Environment

- To be committed to the conservation and enhancement of the quality of the environment which may be impacted by the Company's business activities.
- To encourage, support and re-emphasize awareness by every function in the Company with regards to their duties and responsibilities towards society, the environment and communities.
- To manage with awareness of responsibilities towards the environment, society and communities as per all relevant laws and regulation.

2. Customers and Stakeholders

- To emphasize on providing excellent service to customers and stakeholders, in order to meet their needs.
- To create channels through which the customer and stakeholders' comments are provided and received.
- To promote and encourage technological enhancements to improve service standard and facilitate customer convenience.
- To enhance service standards with customer satisfaction as the desired outcome and taking responsibility for unsatisfactory service or not being able to meet the agreed to standard of service.
- To ensure fair and equitable competition in providing same level of quality service for all.

3. Organization

- To create measures to manage and prevent conflicts of interest while also regularly reviewing the adequacy of these measures on a regular basis.

- To promote, cultivate and stimulate the awareness risks resulting from unethical practices and instilling such awareness into the Company's culture, emphasizing consequences of non-compliance with moral, ethical and good governance principles.
- To 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.
- To be mindful regarding the clarity and accuracy of information being disclosed to the general public through development of a comprehensive information database and ensuring availability of the latest information.
- To 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

- To emphasize, support and promote development of human resource, organizational loyalty and ensure a clear succession plan.
- To 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.
- To encourage and support knowledge, information sharing and learning to improve overall operating standard.
- To respect the employees' personal privacy and rights by ensuring non-disclosure of employees' personal information.
- To monitor and ensure performance and execution of tasks with integrity and transparency. Conflict of interest must be avoided while maximizing the Company's benefits.
- To 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 upholds the principles of corporate governance and stringently complies with the Code of Ethics, with the belief that it is a means to enhance the

efficiency, fairness, transparency that can be verified by 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 upholding 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 is committed to conducting business with integrity and transparency with the belief that it can achieve the organization's objectives and goals, 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 responsive to the needs of shareholders, customers, business partners and fellow employees and using careful discretion in performing their duties with honesty and fairness. Employees must not engage in any action or activity which compromises the Company's position 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-discriminating treatment of stakeholders based on their race, nationality, religion, sex or other grounds. 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, participate 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. Lastly, Shareholders shall have the right to participate in important decisions such as electing directors of the Company, approve transactions that bear effect on the direction of the business, and make 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 listed company as follows:

• Date, Time and Place to hold the AGM

At the Board of Directors' meeting 2/2015 held on February 23, 2015, a resolution was reached by the Company's Board of Directors to hold the 2015 AGM on April 24, 2015, which was 4 months from the end of fiscal year, and disclosed on the Company's website from March 13, 2015. The AGM was held at the Chaiyapruk Hall, Air Force Auditorium (Thong Yai Building), Phaholyothin Road, Sai Mai, Bangkok. A total of 3,322 shareholders and proxies attended the meeting representing a total of 1,625,108,407 shares which is 74.45% 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 2015 AGM, to ensure abidance with the guidelines of good corporate governance and recognizing shareholder's rights, THAI invited 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 2014. Details on the rules and procedures were revealed on the Company's website, and published newspapers during October 6-8, 2014 as well as notified the Stock Exchange of Thailand in such matters.

• Distribution of Material for the AGM and Proxy

An invitation to 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 to enable 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, approval, or consideration. A summary of the Board of Directors' view on each agenda was also included. The complete information packet delivered to shareholders also included 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 relevant instructions. All the above documents were sent at least 21 days ahead of the AGM date. The notice for the AGM was published in a Thai newspaper for 3 consecutive days, at least 3 days prior to the AGM. The invitation to attend the AGM along with the complete information pack was also posted on the Company website for at least 30 days prior to the AGM. An invitation letter was sent to all shareholders whose names 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 for lunch, snacks and refreshments.

• Shareholder Enquiry and Comments, Resolution and Preparing Minutes to the AGM Prior to commencing the 2015 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 counted. 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. 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 trading round. Details regarding the approved/disapproved resolution and the vote counts (approve/disapprove/refrain from votes) had 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 shareholders' 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 had also been posted on the Company's website www.thaiairways.com. 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 investing with the Company, according to the assessment of the Annual 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 (2007), 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 complied with the agreements or conditions agreed by both parties strictly; has been responsible, and has not concealed 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 on anti-corruption policy

Please see page 94, the topic of Social Responsibility.

Section 4 : Disclosure and Transparency

The company gives priority to the principles of disclosure and transparency according to the requirement set by Ministry of Finance, SET, and the Office of Securities and Exchange Commission. Specific departments are set to oversee the 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 ensure even distribution of information 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), report of the Company's information through Annual Registration Statement (Form 56-1) and Annual Report to the Office of the Securities and Exchange Commission (SEC), 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).

Investor Relations

Investor Relations Department has been set up to promote a good relationship, communicate accurate and reliable information. To ensure that all stakeholders are treated equally and fairly, activities have been

undertaken including domestic road shows, meetings and conference calls with the Board of Directors, questions and answers and information provided via the telephone, email, meetings between Management, institutional investors and investment analysts to report on 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 the flight simulator center and the Boeing 787-800 launching event. A "THAI Shareholders Day" was held featuring a seminar on 'The Trend of the Thai Aviation Industry'. In the past year, the Company's investor relations activities included:

| Activity | Times per annum (2015) |
|--|------------------------|
| Domestic Road Show | 1 time |
| One on one corporate visits/ teleconference | 14 times |
| Phone calls and internet enquiries | 157 times |
| Quarterly pre and post disclosure analyst briefings | 6 times |
| Company visit (site visit) | 1 time |
| Other special activities undertaken | 1 time |
| • Corporate Transformation Plan Clarification | |

Disclosure of information through website

The Company's website, www.thaiairways.com provides information on the background of the Company, the Board of Directors, services, news, financial performance, financial statement, shareholder information, Shareholders' Meetings, minutes of the meetings, a list of major shareholders, records on corporate good governance, procurement reports and information reported to the Stock Exchange of Thailand, etc.

Related transactions and the prevention of conflicts of interest

The Company is committed to upholding the principles of good corporate governance to eliminate conflicts of interest. The Board of Directors have 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:

Since September 2004, a guideline was announced in regards to disclosure of connected transactions based on the rules and procedures of the Stock Exchange of Thailand to the Board of Directors and all Executives to disclose information of related individuals and entities. Whenever new Directors or Executives have been appointed, the Corporate Secretariat Department will send "Details of Related Parties Form as per the Securities and Exchange Commission concerning the disclosure of information of Listed Companies for connected transactions 2003" complying with the requirements of the Capital Market Commission which are constantly updated. 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. The Corporate Secretariat Department will send the details of related party to the Chairman of the Board and the Chairman of the Audit Committee to acknowledge. List of related persons and entities are distribute to management and coordinators of each department to monitor connected transactions and report to management and Board of Directors. If there is a connected 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).

To improve disclosure on related party transactions in compliance with the SET's guidelines and that of accounting standards, THAI released an announcement in January of 2005 on "Transfer Pricing Guidelines for Thai Airways International Plc." The announcement details the application of non-related party pricing as benchmark but provides flexibility for using conditional pricing for related party transactions. In abidance of the above procedure, THAI is in compliance with SET's guidelines and adheres to the generally accepted accounting standard.

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 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 have access to 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". In 2015, the Company's Public Information Center has been in existence for 17 years with 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 as a norm and non-disclosure by exception". The data collection and information management are processed systematically and can be searched effectively in order to disseminate useful information to the public. Searches can be made via the site 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 has received a certificate of excellence from the Official Information Commission

provision of information to the public. In 2015, the Official Information Commission, Office of the Permanent Secretary, Prime Minister Office presented a plaque to the Company as outstanding in compliance with the benchmark indicators of transparency of government agencies designated under the Official Information Act Act B.E. 2540. It is the pride of the Company that the Public Information Center can achieve its mission in being "A leading agency and a role model in the dissemination of information, responsive to the demand for information to the concerned parties leading to a good image and benefit to the operation of the Company."

In 2015, the Public Information Center cooperated with the Commission official information, Office of the Prime Minister, in developing the database of government agencies (GINFO) to import the data to be released under the Official Information Act 1997, as well as access to a database of other government agencies. It also cooperated with the Office of the Public Sector Development in publishing guide for the public according to the Facilitation of Government Approval Act 2015, which is a central law to regulate the procedures and duration of the permit and establish shared service centers for enquiries as a single point (One Stop Service) as announced in the Royal Gazette on January 22, 2015 and became effective on July 21, 2015.

Company Secretary

The Company has established the Corporate Secretariat Department supervised by Vice President acting as the Company Secretary. The Corporate Secretariat Department's duty is to disclose information in various areas to the shareholders and regulatory agencies. Please see page 62.

Section 5 : Responsibilities of the Board of Directors

The Board of Directors consists of individuals who have the knowledge and experience beneficial to the business operations. The Board of Directors has a duty and responsibility to set the strategic direction of the business operations in accordance with the principles of good 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.

The Board of Directors carries out a review and approval of the vision and strategies of the Company on a regular basis, and has approved the strategies and business transformation program, which in turn was approved by the State Committee for Foreign Policy on January 26, 2015.

Structure of the Board

The structure of board is in accordance with the regulations of Public Limited Companies Act 1992, Standard Qualifications of State Enterprises Directors and Employees Act 1975, Securities Exchange Act 1992 and 2008, and related rules and regulations.

The Board appointed subordinate committees to study and screen issues for the Board as detailed in page 83-90

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, the Board must consist of at least 5 directors but not more than 15 directors. As of December 31, 2015 the Company's Board consisted of 14 directors including 13 non-executive directors, 9 independent directors, and 1 executive director.

This structure equates to 92.85% of non-management directors and 64.28% independent directors which is sufficient 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

The Chairman plays a crucial role in deciding the direction and policies of the major operations of the Company. The Chairman, an independent director, should have leadership, being unprejudiced, promote Good Governance including having responsibility to shareholders and stakeholders of the company. The 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 are scheduled ahead of the fiscal year with monthly meetings and special rounds of meetings 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 2015, the Board convened 24 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 page 63-67.

Performance Evaluation of the Board

The Company has determined that the performance of the Board should be evaluated annually. The Company will prepare an evaluation form to be approved by Corporate Governance Committee and present to the Board to approve prior to annual assessment divided into 3 different assessments namely; Self Assessment, Cross Evaluation and Board Evaluation. The cross evaluation is arranged in a random process and directors have no knowledge as to who their evaluator is.

Assessments methods that have been drawn up for the approval of the Corporate Governance Committee are as follows:

1. Self Assessment:
 - 1.1 Core Competency
 - 1.2 Independence
 - 1.3 Preparedness
 - 1.4 Accountability and Responsibility
 - 1.5 Committee Activities
 - 1.6 Development of the Organization
2. Cross Evaluation:
 - 2.1 Qualification
 - 2.2 Roles and Responsibilities
 - 2.3 Board of Directors meetings
 - 2.4 Fulfillment of duties
 - 2.5 Relationship with the management
3. Board Evaluation
 - 3.1 Core Competency
 - 3.2 Independence
 - 3.3 Preparedness
 - 3.4 Accountability and Responsibility
 - 3.5 Committee Activities
 - 3.6 Development of the Organization

The result of the evaluation will be reported to the Company's Committee in order to organize activities to enhance knowledge and efficiency of the Committee.

Determination the Length of Terms of the Directors

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

New Director Orientation

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 Board of Directors and Senior Executives are encouraged 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 continuously enhance their knowledge and exchange experience in various fields related to the role of Director and Committees. The majority of the Directors have been trained in courses organized by Thailand Institute of Directors Association (IOD) as follows:

1. Director 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. The Executive Director Course (EDC)
7. Role of the Compensation Committee (RCC)
8. Charter Director Class (CDC)

Board and Executive Management Training

As of December 31, 2015 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 | Chairman and Independent Director | <ul style="list-style-type: none"> Director Certification Program (DCP 3/2000) DCP Refresher Course (Re DCP 2/2009) |
| ACM Treetod Sonjance | Vice Chairman and Independent Director | – |
| Mr. Kanit Sangsubhan | Independent Director | <ul style="list-style-type: none"> Director Accreditation Program (DAP 21/2004) |
| Gen. Chatudom Titthasiri | Independent Director Member of Audit Committee | <ul style="list-style-type: none"> Director Certification Program (DCP 211/2015) |
| Mr. Damri Tunshevavong | Independent Director | <ul style="list-style-type: none"> Director Accreditation Program (DAP SCC/2004) Director Certification Program (DCP 106/2008) Audit Committee Program (ACP 24/2008) Role of Chairman Program (RCP 22/2009) Role of the Compensation Committee (RCC 10/2010) |

| Board of Directors | Position | Course Attended |
|----------------------------------|---|---|
| Mr. Peerapol Thavornsuphacharoen | Director | – |
| Mr. Rathapol Bhakdibhumi | Independent Director Member of Audit Committee | <ul style="list-style-type: none"> • Director Accreditation Program (DAP 23/2004) • Director Certification Program (DCP 52/2004) • Charter Director Class (CDC 9/2015) |
| Mr. Weerawong Chittmittrapap | Independent Director Chairman of Audit Committee | <ul style="list-style-type: none"> • Director Certification Program (DCP 0/2000) • The Executive Director Course (EDC 1/2012) |
| ACM Siwakiat Jayema | Director | – |
| Mr. Somkiat Sirichatchai | Independent Director Member of Audit Committee | <ul style="list-style-type: none"> • Director Accreditation Program (DAP 84/2010) • Role of the Compensation Committee (RCC 11/2010) • Director Certification Program (DCP 178/2013) |
| Mr. Somchai Sujjapongse | Director | <ul style="list-style-type: none"> • Director Certification Program (DCP 75/2006) |
| ACM M.L. Suprija Kamalasana | Independent Director | <ul style="list-style-type: none"> • Director Accreditation Program (DAP 54/2006) |
| ACM Amnart Jeeramaneemai | Director | – |
| Mr. Charamporn Jotikasthira | President and Director | <ul style="list-style-type: none"> • Director Accreditation Program (DAP 66/2007) • Director Certification Program (DCP 185/2014) |

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 Committees

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, 2015 the Company's Board of Directors consists of the following members:

1. Mr. Areepong Bhoocha-oom
Chairman and Independent Director
2. ACM Treetod Sonjance
Vice Chairman and Independent Director
3. Mr. Kanit Sangsubhan
Independent Director
4. Gen. Chatudom Titthasiri
Independent Director and Audit Committee
5. Mr. Damri Tunshevavong
Independent Director
6. Mr. Peraphon Thawornsupacharoen
Director
7. Mr. Rathapol Bhakdibhumi
Independent Director and Audit Committee
8. Mr. Weerawong Chittmittrapap
Independent Director and Audit Chairman
9. ACM Siwakiat Jayema
Director
10. Mr. Somkiat Sirichatchai
Independent Director and Audit Committee
11. Mr. Somchai Sujjapongse
Director
12. ACM M.L. Suprija Kamalasana
Independent Director
13. ACM Amnart Jeeramaneemai
Director
14. Mr. Charamporn Jotikasthira
Director

Mrs. Suvimol Bualerd (President, Corporate Secretariat Department) – Company Secretary

Authorized signatories of the company

ACM Treetod Sonjance or Mr. Kanit Sangsubhan, or ACM M.L. Suprija Kamalasana or Mr. Charamporn Jotikasthira, three of whom required to sign.

In 2015, 24 meetings were called to consider 193 issues and acknowledge 205 issues.

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 Thailand Institute of Directors (IOD), the Board of Directors appointed the Independent Directors. As of December 31, 2015 directors are:

1. Mr. Areepong Bhoocha-oom
2. ACM Treetod Sonjance
3. Mr. Kanit Sangsubhan
4. Gen. Chatudom Titthasiri
5. Mr. Damri Tunshevavong
6. Mr. Rathapol Bhakdibhumi
7. Mr. Weerawong Chittmittrapap
8. Mr. Somkiat Sirichatchai
9. ACM M.L. Suprija Kamalasana

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 related by blood or through legal bonding which 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. Does not have 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 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 not 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 not 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 not 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 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 2015, the Independent Directors performed their assigned duties and commented independently in order to retain the interests of all shareholders equally.

In 2015, the Board of Directors appointed several sets of Committees to study and scrutinize specific matter as of December 31, 2015 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 Kamalasana
Member
3. ACM Siwakiat Jayema
Member
4. Mr. Damri Tunshevavong
Member
5. President
Member
6. Vice President of Corporate Secretariat Department
Secretary
7. Director of Corporate Secretariat Department
Deputy 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 Have 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. Have 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.

At each meeting of the Executive Board, at least half of the members must be present in order to constitute a quorum to be chaired by the Chairman of the Board. In cases where the Chairman cannot attend, a Director shall be appointed to chair the meeting on his 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.

In 2015, 12 meetings were called to consider 71 issues and to acknowledge 63 issues.

Audit Committee

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

1. Mr. Weerawong Chittmittrapap
Chairman
2. Mr. Somkiat Sirichatchai
Member
3. Mr. Rathapol Bhakdibhum
Member
4. Gen. Chatudom Titthasiri
Audit Committee

Mr. Somnerk Thumrongthammavong (Vice President,
Office of the Internal Audit) Secretary

One member of the Audit Committee is knowledgeable and experienced in reviewing reliability of Financial Statements.

The members of the 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

In 2015, 11 meetings were called to consider 42 issues and acknowledge 29 issues.

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. ACM M.L. Suprija Kamalasana
Chairman
2. Mr. Kanit Sangsubhan
Member
3. Gen. Chatudom Titthasiri
Member
4. Mr Damri Tunshevavong
Member
5. President
Member
6. Executive Vice President, Business Strategy and Development Department
Member
7. Executive Vice President, Finance and Accounting Department
Member
8. Vice President, Petroleum Corporate Insurance & Aviation Environment Department
Member
9. Vice President, Risk Management Department
Secretary
10. Director, Departmental Risk/Internal Control Management
Deputy Secretary

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, 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. Have 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.

In 2015, 7 meetings were called to acknowledge 31 issues.

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 consisting of :

1. Mr Somchai Sujjapongse
Chairman
2. Mr. Kanit Sangsubhan
Member
3. Mr. Rathapol Bhakdibhumi
Member
4. Executive Vice President, Human Resources and Compliance
Member
5. Vice President, Human Resources Department
Deputy Secretary
6. Vice President, Office of Internal Audit
Deputy Secretary (President assessment)

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 of 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.

In 2015, 13 meetings were called to acknowledge 31 issues.

Corporate Governance and Social Responsibilities 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 and Social Responsibilities Committee. The Committee consist of:

1. ACM Treetod Sonjance
Chairman
2. AM Pakdee Saeng-xuto⁽¹⁾
Director
3. Mr. Rungson Sriworasat⁽²⁾
Director
4. Mrs. Soithip Trisuddhi⁽³⁾
Director
5. President
Director
6. Executive Vice President, Commercial
Director
7. Executive Vice President, Human Resources and Compliance
Director
8. Vice President, Finance and Accounting
Department
Director
9. Vice President, Corporate Image & Communications Department
Member
10. Vice President, Legal Department
Secretary
11. Director, Corporate Inspection Office
Assistant Secretary
12. Corporate Branding, Social Responsibility & Environment Department
Assistant Secretary

Note: ⁽¹⁾ AM Pakdee Saeng-xuto resigned on October 22, 2015

⁽²⁾ Mr. Rungson Sriworasat resigned on October 1, 2015

⁽³⁾ Mrs. Soithip Trisuddhi resigned on October 1, 2015

Corporate Governance and Social Responsibilities 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. Make recommendations to the Board of Directors regarding 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. Have 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. Identify policies and public relation framework to create good corporate image
7. Identify policies and guidelines in regards with social and environmental responsibilities
8. Undertake projects and activities and make reports in relation to the environment and promote knowledge and involvement of shareholders, customers, business partners, employees and other stakeholders.
9. Undertake projects and activities to promote commitments in social responsibilities and public charity.
10. Identify and approve budgets, funds and donation of air tickets for the purpose of charity and social assistance.
11. Appoint working groups as necessary and appropriate.
12. Other undertakings as may be designated by the Board of Directors

In 2015, 1 meeting was called to approve 2 issues and acknowledge 1 issue.

Strategy and Transformation Committee

To drive strategies and reorganize 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 Bhakdibhumi
Member

5. Mr. Somkiat Sirichatchai
Member
6. Mr. Veerathai Santiprabhob⁽¹⁾
Member
7. Mr. Kasama Punyagupta
Member
8. President
Member
9. Vice President, Corporate Secretariat Department
Secretary

Note : ⁽¹⁾ Mr.Veerathai Santiprabhob resigned on September 25, 2015

Authority of the Strategy and Transformation Committee

1. Direct the Executive to set strategic plans, organizational reform plans so the Company can compete effectively, and 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, 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.

In 2015, 46 meetings were called to consider 145 issues and acknowledge 58 issues.

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 1975 and the amendment and other related laws. The Nomination Committee consists of 5 Board members, and Executive Vice President of Human Resources and Compliance 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 the Company is processed in conformity with the Standard Qualifications of State Enterprises Directors and Employees Act 1975 and the amendment (No. 6) 2007, 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. Executive Vice President of Human Resources and Compliance served as Secretary of the Remuneration Committee for the President. The Remuneration Committee will consider 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 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.

In addition, the Company has arranged analysis, monitoring, and report on the performance of 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 2015 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 (OAG), as an auditor of the Company. During the past fiscal year, there was a total of THB 660,000 but no fees were paid 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.

Compliance with Good Corporate Governance in other areas

The Company is committed to conducting business in accordance with Good Corporate Governance as

stipulated by the Stock Exchange of Thailand, and in 2015 there were issues that the Company has undertaken but not disclosed in writing, and issues not covered under the rules of a survey on corporate governance of listed companies Thailand. Details are as follows:

1. The Company is to have in place a policy limiting the number of listed companies in which each Director shall hold office to no more than five. In this case, the Company is in compliance with the State Enterprise Directors and Employees Act 1975, Section 7, which requires that a director shall hold office in no more than three state enterprises.
2. The company should limit the term of office of independent directors to a maximum of nine years, and in practice, the independent directors of the Company hold no more than nine years in office.
3. The Company should set up a compliance unit and to this end, the Company has set up a Compliance and Administration Division which acts as a compliance unit.
4. The Company must not allow for Cumulative Voting to be a method of voting for Directors. As the Articles of Association stipulates that one share shall equate to one vote, each shareholder must use all his votes based on the number of shares available to elect one or several directors, but cannot distribute their votes among the candidates.
5. The Committee shall consist of 5-12 people. According to company regulations, the Board of Directors shall consist of not less than five but no more than 15 people to suit the size and nature of business.
6. The Company should establish policies regarding the minimum quorum of the board which demands that directors are required to have not less than two thirds of the total number of directors. The Company's regulations define a specific quorum of not less than one-half of the total number of directors, but does not set a minimum number of quorum as the board voted





Corporate Social Responsibilities : CSR

Social responsibility is an important aspect of the Company's operations; to this end, a section on Corporate Social Responsibility has been included in the Sustainable Development Report 2015 in line with the G4 Global Reporting Initiative (GRI), which was distributed to all shareholders and is publicly available on the Company's website, www.thaiairways.com.

Additional Operating Guidelines on Prevention of Involvement in Corruption

The Company realizes the importance of prevention of corruption and misconduct and has adopted the 'Whistle Blower' policy as part of the management guideline for the Company. Reviews are conducted

on the implementation of the policy and the process for lodging anonymous complaints and information on instances of misconduct, and various internal channels through which communication on this matter can be made have been provided across the entire organization, such as interactive chat system and email. The effectiveness of the corruption and misconduct preventative measures will be reflected in the reduction of complaints and the rate at which reported issues are handled and resolved.

THAI has enforced corporate regulations regarding the lodging of complaints on corruption and non-compliances against the law, rules, regulations, corporate orders, good governance principles and code of ethics, in accordance with the Good Governance and Code of Ethics Act, BE 2553, in order to provide a channel through which staff, employees and external stakeholders can raise concerns or suspicions on instances of any unethical or unlawful acts, leading to a full investigation and mitigation. Measures are in place to protect the identity of informants so that they are encouraged to provide information that will result in fairness, transparency and accountability of the Company's operations in the long term.

On December 22, 2011, the Company signed on the Declaration of Intention with the Thai Private Sector's Collective Action Coalition Against Corruption to demonstrate full collaboration and the Company's position in combating against fraud and corruption in general.

From 2013, THAI has included prevention against fraud and misconduct as part of training courses offered by the Learning and Development Department, and conducted company visits to gain further knowledge on the subject. In 2014, the Company initiated plans to promote its policy against fraud and misconduct to all employees including Executive, supervisory, operational levels in various functions such as ground equipment service, engineering, ground customer service, etc.

In 2014, following the Anti-corruption Progress Indicators evaluation conducted by Thaipat Institute, with support from the Office of the Securities and Exchange Commission, THAI received a rating of Level



2 (Declared). In 2015, Thaipat Institute conducted an evaluation on the sustainability of its Anticorruption Progress Indicators as published in the Annual Registration Statement (Form 56-1) or the Annual Report (Form 56-2) or other relevant reports, and gave the Company a Level 3 rating.

In addition, the company has been evaluated on the aspect of operational ethicality and transparency (Integrity & Transparency Assessment - ITA) for Fiscal Year 2014 by the Office of the National Anti-Corruption, and received a high score of 75.84 percent. This serves to promote an awareness for each of the government units of its level of ethics and transparency in accordance with the principles of good corporate governance, ensuring a performance with honesty, efficiency and accountability, which are factors leading to an increase in the Corruption Perception Index (CPI) of Thailand as a whole.

In 2015, Thai Airways International's Policy Against Corruption and Misconduct was announced requiring full compliance by all employees, and also published on www.thaiairways.com as public information. The Company has demonstrated its adherence to the Integrity Pact by inviting officials from the Anti-Corruption Organization of Thailand to observe the entire process of the purchasing of wine to be served to the customers on its flights. Cooperation and involvement from employees at all levels is required in driving the Company towards being recognized as an organization of sustainable honesty, transparency and accountability.



Internal Control and Risk Management

The Company provides a system of internal control and regular assessments to ensure that it continues to operate successfully under the changing environment and an acceptable level of risk. The internal control structure is in place with all five elements and 17 principles based on the standards set by the Committee of Sponsoring Organization of the Treadway Commission : COSO 2013. The results of the evaluation of internal control are summarized as follows:



The control environment

1. The organization demonstrates its firm commitment to the values of integrity and ethics

The Company has rules and regulations pertaining to personnel management, and a manual for corporate governance and ethical approach as guidelines in performing duties and decision making on various matters requiring that the employees must be honest, fair, ethical, transparent, responsible and protective of the stakeholders' rights without seeking personal benefits for themselves or others, avoid any conflict with the interest of the Company, and refrain from allowing any instance of corruption to occur in their functions. Workers are required to formally report to their supervisors as soon as any concern of potential conflict of interest arises. The Company Code of Ethics, regulations and applicable penalties are

clearly communicated to all employees and form a part of employee orientation information pack. In case of a breach of the Company's set Code of Ethics, supervisors are to give a warning or carry out a disciplinary procedure taking into account the nature of the breach, motive, intention, the age, employment record, position and duties of the employee in breach, within the determined timeframe as stipulated in the Company's rules and regulations.

2. The Board of Directors are independent from the management of the Company and has the duty of the oversight and development of internal control

The Company has defined the roles of the Board of Directors and executive directors in the manual and a Table of Authority referencing the Public Company Act 1992, the relevant provisions in the Civil and Commercial Code, Securities and Stock Exchange Act 1992, regulations and rules related to the Securities and Exchange Commission, as well as the regulations and policies of the Company, in order to comply with Good Corporate Governance principles set out by The Ministry of Finance and the Stock Exchange of Thailand. The Company has appointed an audit subcommittee with a scope of duties and responsibilities in the Company Charter as recorded on the memorandum with the State Enterprise Policy Office, defining KPIs and a clear timeframe, to form the basis for the corporate plans, strategies and annual operating plans, followed up by the Board of Directors and various committees such as the Audit Committee, Risk Management Committee, Corporate Governance and Corporate Social Responsibility Committee, and so on. The Board of Directors consist of experts from diverse fields of business such as finance, transportation, and law, whose credentials are available in the Board of Directors Section. There is a requirement for the Board of Directors to include at least one independent director for every three members, and at times, independent directors make up 50% of all directors who have been verified before being appointed as being qualified to be independent directors.

3. The Management has put in place a structure for reporting lines and lines of authority and responsibility in order to achieve the corporate objectives under the oversight of the Board of Directors.

The Board of Directors has approved the revised organizational structure that is suitable both financially and legally by defining lines of report, command units, authority and responsibility according to Function Description and Job Description documents, which are revised whenever a reorganization is carried out, with segregation of duties between the aviation operation and business unit. In addition, units responsible for safety, security and aviation standards have the duty of managing and setting policies at the corporate level to ensure full compliance with the safety aviation standards. The corporate activities and administration divisions have the duty of communicating and maintaining compliance records and information used in the auditing process, while the corporate inspection office handles complaints and take action on the issue of corruption and misconduct. There is also the Office of Internal Audit who reports directly to the Board of Directors so that the internal auditors can perform their duties independently and impartially.

4. The Organization demonstrates a commitment in motivating, developing and retaining capable employees

The Company has a recruitment process that meets the requirements under the Standard Qualifications for Directors and Employees Regulations BE 2518 and the Company's regulations which define suitable qualification and recruitment criteria for employees, and set annual performance assessment processes. In this regard, the Company has adopted a Performance Management (PM) approach to replace the Performance Appraisal (PA) system to include better weighting and clear performance indicators and targets, linking assessment results with incentive payments and providing consistency across the organization. This will have a positive impact on the overall employees' morale.

The Company has adopted a Competency Model, which consists of Core, Managerial and Functional Competency to evaluate the performance of employees at all levels and identify any competency gap for the purpose of developing Individual Development Plan (IDP). The Company's policy for providing incentives to retain staff includes the development of high potential employees (THAI Talent Management) to prepare personnel to be future leaders and experts in long-term succession plans, and strengthening of the corporate culture (THAI Spirit) which aims at instilling moral values and good conscience to employees, resulting in commitment and loyalty towards the organization.

In 2015, as part of the implementation of the Corporate Transformation Plan, the Company undertook measures to increase operational efficiency through an organizational restructure which included the MSP Program and Golden Handshake Program, and applied reprocessing procedures to ensure that operations objectives were met.

5. The Organization assigns the responsibility of internal control to employees to achieve the objectives of the organization

The Company has an internal control policy for executives and employees to use as guidelines in carrying out their duties to meet the targets through following work processes that have been appropriately set. Management convey the goals by defining Key Performance Indicators (KPIs) for each reporting line, which are used to define clear roles and responsibilities formally acknowledged and agreed to by the employees. At the same time, the Company has taken care to ensure a good work/life balance, avoid placing undue pressure on personnel and create incentives by linking performance assessments directly with monetary rewards.



Risk Assessment

6. The Organization has defined clear objectives enabling it to identify and evaluate risks related to achievement of corporate objectives

One of the Company's main objectives focuses on safety and provision of superior customer services under the vision "First Choice Carrier With Touches of THAI," an excellent service that is founded on the unique charm of the Thai culture. On the aspect of safety, the aim is to fully meet the requirements of international aviation standards. As part of the Business Transformation Plan currently ongoing, in order for the Company to achieve its main goal of being an organization of opportunities and a proud national airline, in 2015 the Company began implementation of the first objective to 'Stop the Loss' (Stop Bleeding), which consists of six main strategies and 21 projects, and will continue to the next two objectives of 'Strengthening the competitiveness' (Strength Building) towards sustainable growth.

7. The Organization has identified and analyzed all types of risks that may affect the achievement of the objectives, covering the entire organization

The management and the risk management division have analyzed risk factors in various fields, both external such as competition situation in the airline industry, regional and global economic and political situations, terrorism, natural disasters, and pandemic, as well as internal such as the efficiency of work processes and management. Risks have been identified for various

key aspects such as strategic, operational, financial, standards, and rules and regulations. Various functions have identified their own risks by following the guide on risk management of the Company, and prepared Key Risk Indicators (KRI). If the level of risk reaches the Trigger and Threshold levels, control measures will be reviewed, and supporting plans written. In addition, risks associated with the 21 projects in the Transformation Plan have been identified and risk management framework applied, under the oversight of the Risk Management Committee appointed by the Board of Directors.

8. The Organization has considered the possibility of corruption in assessing risks that may affect the achievement corporate objectives

The Company has a policy to combat against corruption and misconduct to ensure transparency, fairness and honesty in performance, and has assessed risks of damages caused by fraud by including this risk at the corporate and divisional levels so that all units are assessed against this risk. Moreover, the Corporate Inspection Office and Human Resources have joined efforts in organizing seminars on the campaign against corruption and misconduct for employees to promote awareness of practices that are in breach of the laws, rules and regulations of the Company, whether intentional or unintentional. The Company has also set up a 'TG Joining Forces Against Corruption' network participated by employees from various units to maintain a surveillance over possible fraudulent acts and misconduct, which will bring the maximum benefit to the Company in creating a model of honesty and integrity in its operations.

9. The Organization is able to identify and assess changes that may have an impact on internal controls

The Company considers the impact of internal and external factors that may have an impact on the operations in making assessments and analyses in order to identify risks at the corporate and departmental

levels, such as the expansion of low-cost airline market, terrorism, natural disasters, pandemic, changes in law and regulations, and constantly tracks the progress and coordinate with the relevant functions in the preparation of a plan to control the risks to an acceptable level.

Control Activities

10. The Organization has control measures to reduce the risk of not achieving the objectives to an acceptable level

The Company has measures for reducing risks of the organization not meeting its objectives by defining policy, preparing operating and regulatory manual covering major areas such as financial authority and procurement, etc. There are various internal control guidelines that take into account the complexity and the nature of each function, such as preventative controls and risk reduction in the information system relating to access to information, authorized level of access, and cancellation of access when the employees no longer have responsibilities in those areas in order to prevent unauthorized access to information. Steps and timeframe are clearly defined for the implementation of risk control measures taking into account the environment, scope of work, and other relevant factors, and procedures are in place for updating and revising as appropriate to ensure risks are controlled and kept to an acceptable level.

11. The Organization applies technology in general system control to achieve objectives

The Company uses System Application and Products in Data Processing (SAP) to support the operations in various fields by linking multiple systems together such as accounting, finance, personnel and operational business units (SAP-BU) to streamline work processes to achieve higher efficiency and reduce operating cost. The SAP system also provides the most current and precise reporting information that enables effective decision making by management. There are policies and measures to maintain the security of information

(Security Policy & Standard), based on the ISO27001 standard requiring compliance from all work units of the Company. A statement issued by the Company provides a framework for controlling the information technology infrastructure that is secure and easy to modify and maintain. Development and maintenance of information technology systems have been prepared in the form of Project Management Handbook which is a master plan for prioritization of IT investments, reviewed annually to ensure compliance is in line with the Company's strategy.

12. The Organization has provided control activities through its policy which defines objectives and procedures so that the policy can be put into practice

The company has incorporated the law, rules and regulations of external organizations and government sectors, both Thai and foreign, into its own policy, rules and regulations and operational manuals, in both written and electronic documents. To ensure that these are put into practice, the Company has assigned the duty of implementing these plans and policy to the management by incorporating them into departmental plans, statements of duty and responsibility, Service Level Agreements and meeting resolutions providing orders and assignment according to the line of authority, as well as employee job description. Time frame is clearly defined and close follow-ups are conducted by the supervisors through meetings and documentation to ensure that any errors are immediately rectified so that targets are met. In addition, Executives and supervisors are to track the performance of the employees ensuring compliance with the rules and instructions, and conduct reviews and revision of policies and regulations in accordance to the regulatory policy, laws and regulations of the company.

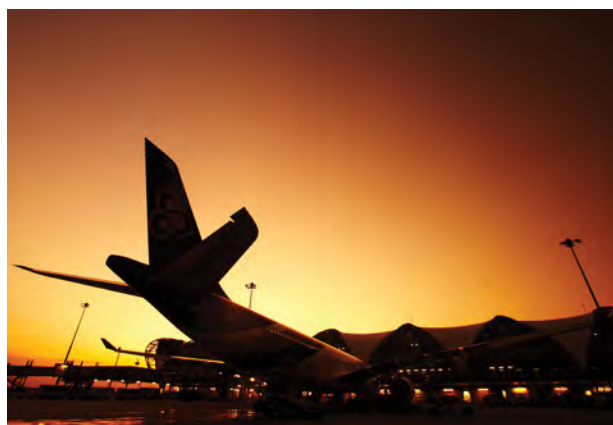
Information System and Communication

13. The Organization has relevant and quality information that facilitates internal control process

The Company has an information system that allows a study and analysis of information from internal and external sources concerning law, regulatory requirements, performance data, and information related to the airline industry. An IT system is in place that facilitates storing, searching and general operations of the Company, and has been developed to be up-to-date with changes in the information technology. The Data Warehouse systems maintains customer information that is used in improving products and services, and SAP system is used to optimize performance and link various functions of the Company, providing Management with access to information relevant to the administration of the Company.

14. The Organization has an internal communication system that includes objectives and responsibilities of internal control to ensure achievement of set objectives

The Company has an IT system that facilitates information and communication processes adequately and effectively. There are channels of communication between various departments allowing timely access of news and information through such means as conference calls, emails, intranet, public announcement system and mobile applications. In 2015, the progress of the Company transformation plan was constantly communicated to all employees via these channels. A guideline is available regarding classified information to determine the level of confidentiality of information in the Company, and reports on key management information such as financial results, budgets, accounting policy and estimates, debt position of the Company, as well as the observations from the audit and review of financial statements by the auditor. A communication channel has also been set up which employees can report instances of fraud and



misconduct (Whistle Blower Policy) in compliance with the rules and regulations and corporate good governance.

15. The Organization communicates with external agencies regarding issues that may have an impact on internal controls

The Company has prepared the annual report which is distributed to all shareholders, and published on the Company's website. The Company's news is released through various media, including the mobile application and a channel is available for receiving information and complaints from customers, airline customers, external organizations and agencies such as the Department of Civil Aviation and international aviation authorities via e-mail or Customer Relations online forms sent directly to the executives of the Company. The Company also conducts customer satisfaction surveys to listen to the problems and complaints including suggestions to improve services. Channels for communicating with government agencies and authorities, and for receiving reports of fraud and corruption from the public directly to the Company's Executives are also available via formal documentation or e-mails.

Monitoring and Assessment

16. The Organization monitors and evaluates internal controls to ensure that they are effectively carried out.

The Company evaluates internal controls with the acknowledgement of Executives at all levels, recognizing the responsibility of tracking performance

to set goals by holding internal meetings to monitor performance according to the set Key Performance Indicators (KPI), consistently preparing a report on performance against target or budget plans to be presented to management for further actions to meet goals. All divisions carry out assessments of their internal controls and provide reports annually. Internal auditing of safety, security and standards are conducted to ensure compliance. External auditors are also used which include the Office of the Auditor General (OAG), the Office of the Civil Aviation Authority of Thailand, IATA Operational Safety Audit (IOSA), EASA, FAA, and the International Standard Organization (ISO), etc. The management places high importance on these audits and are committed to taking actions to rectify and improve as recommended.

In 2015, the Company was affected by Thailand's credit rating being downgraded in the field of civil aviation by the International Civil Aviation Organization (ICAO) and the United States Aviation Administration (FAA), which resulted in more stringent flight inspections by various international agencies. However, the Company has consistently managed to maintain international safety standards by passing all inspections, as well as being licensed by the European Aviation Safety Agency (EASA) as an EU TCO (Third Country Operator) permitted to fly into the European region.

17. The Organization evaluates and communicates internal control discrepancies in a timely manner to the persons responsible.

The company, through the Office of Internal Audit has defined guidelines for the preparation of the audit report and suggestions for improvement, as well as follow up on the implementation of the recommendations to present to the executives for acknowledgement and action. The Office of Internal Audit monitors the progress of implementation of the recommendations through to completion, and provides a summary of progress for presentation to the Directors and Audit Committee on a quarterly basis. Also in the case of suspected transactions or actions that could potentially cause damage to the operating results of the Company, such as conflicts of interest, fraud, irregularity or deficiency, or a breach of rules, the head of the Office of Internal Audit will report to the Director-General and the Audit Committee immediately.

At the 2/2016 Extraordinary Meeting of the Board of Directors held on February 29, 2016 attended by 7 Independent Directors and 3 members of the Audit Committee, it was resolved that the internal controls of the Company are sufficient for the Company's operations.



Party Transactions

The following transactions include certain transactions that are deemed material related transactions with entities who may have conflicts of interest for the year ended December 31, 2015.

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Ministry of Finance (MOF) | <ul style="list-style-type: none"> The MOF is a major shareholder of THAI with 51.03% equity interest. THAI's Director, Mr. Rungson Sriworasat, was Permanent Secretary of the MOF until September 30, 2015. Mr. Somchai Sujjapongse became Permanent Secretary on October 1, 2015, and Mr. Pongpanu Svetarundra was Deputy Secretary until September 30, 2015. <p>Notes:</p> <ul style="list-style-type: none"> Mr. Rungson Sriworasat resigned from the Board of Directors on October 1, 2015. Mr. Somchai Sujjapongse was appointed as a Company Director on October 19, 2015. | 1. Loans taken via the MOF are as follows: <ul style="list-style-type: none"> Long-term loans: <ul style="list-style-type: none"> Outstanding balance 15,258.20 Interest expenses 351.85 | | 15,471.25 382.73 | The pricing, terms of transaction and interest rates are on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> Short-term loans: <ul style="list-style-type: none"> Outstanding balance 3,625.38 Interest expenses 18.62 | | 0.00 0.00 | |
| | | 2. THAI leased the lands from the Treasury Department as follows : <ul style="list-style-type: none"> Rayong Province Khon Kaen Province Udon Thani Province Surat Thani Province Krabi Province | 5.11 | 5.01 | |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Government Savings Bank (GSB) | - Mr. Pongpanu Sretarundra retired as a Company Director on April 24, 2015. | 3. THAI sold tickets to the MOF. - Total revenue - Outstanding balance | 0.16 0.00 | 1.04 0.00 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties. |
| | • GSB is controlled by the MOF, a major shareholder of THAI. | 1. THAI borrowed loans from GSB as follows: • Long-term loans: - Outstanding balance - Interest expense | 0.00 5.52 | 568.00 30.29 | The pricing, terms of transaction and interest rates are on an arms' length basis and on commercial terms as unrelated parties. |
| | | 2. THAI entered into the Committed revolving credit line with GSB, credit limit up to THB 7,000 million. - Commitment fees - Outstanding balance - Interest expense | 0.00 7,000.00 223.48 | 4.32 7,000.00 61.70 | The pricing, terms of transaction, interest rates and commitment fee are on an arms' length basis and on commercial terms as unrelated parties. |
| | | 3. THAI sold tickets, rent out space, and other services to GSB - Total revenue - Outstanding balance | 2.95 1.76 | 2.16 0.44 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties. |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Islamic Bank of Thailand (ISBT) | <ul style="list-style-type: none"> ISBT is controlled by the MOF, a major shareholder of THAI. | THAI borrowed loans from ISBT which there were still outstanding balance and the profits to be paid as follows. <ul style="list-style-type: none"> Short-term loans: <ul style="list-style-type: none"> Outstanding balance Profit payment | 0.00 17.18 | 3,000.00 42.04 | The pricing, terms of transaction and interest rates are on an arms' length basis and on commercial terms as unrelated parties. |
| Export - Import Bank of Thailand (EXIM) | <ul style="list-style-type: none"> EXIM is controlled by the MOF, a major shareholder of THAI. | 1. THAI entered into the Committed revolving credit line with EXIM amount of THB 3,600 million. <ul style="list-style-type: none"> Commitment fees Accrued commitment fees 2. THAI sold tickets to EXIM. <ul style="list-style-type: none"> Total revenue Outstanding balance | 3.60 0.02 | 3.60 0.50 | The pricing, terms of transaction, interest rates and commitment fee are on an arms' length basis and on commercial terms as unrelated parties. |
| | | | 0.05 0.00 | 1.12 0.00 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties. |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Krung Thai Bank Public Company Limited (KTB) | <ul style="list-style-type: none"> 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. One of THAI's Director, Mr. Areepong Bhoocha-oom, was a Chairman of KTB until October 2015, and Mr. Somchai Sujjapongse became a Chairman of KTB on November 17, 2015. | 1. THAI entered into the Committed revolving credit line with KTB amount of THB 3,000 million. | | | The pricing, terms of transaction, interest rates and commitment fees are on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> - Commitment fees - Outstanding balance - Interest expenses | 2.01 0.00 81.19 | 0.00 3,000.00 37.58 | |
| | | 2. THAI rent out its office and ATM space, utilities, and leased line to KTB. | | | |
| | | <ul style="list-style-type: none"> - Total revenue - Outstanding balance | 5.91 0.06 | 2.76 0.27 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties. |
| | | 3. THAI purchased cash delivery service from KTB and paid commitment fees to KTB. | | | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> - Total expenses - Outstanding balance | 0.50 0.01 | 0.00 0.00 | |
| | | | | | |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Thailand Post Company Limited | <ul style="list-style-type: none"> The MOF, a major shareholder of THAI is a major shareholder of Thailand Post Co., Ltd. One of THAI's Director, Mr. Rathapol Bhakdibhumii is a Director of Thailand Post Co., Ltd. | 1. THAI purchased postal services both domestic and abroad and related equipments, from Thailand Post Co., Ltd. <ul style="list-style-type: none"> - Total expenses 6.66 - Outstanding balance 0.08 | 14.80 | 0.08 | The pricing, terms of transaction is at the market price as well as 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"> - Total revenue 4.60 - Outstanding balance 0.89 | 5.54 | 0.91 | |
| Tourism Authority of Thailand (TAT) | <ul style="list-style-type: none"> TAT is controlled by the MOF, a major shareholder of THAI. One of THAI's Director, Mrs. Soithip Trisuddhi is a Director of TAT. <p>Notes: Mrs. Soithip Trisuddhi resigned from the Board of Directors of THAI on October 1, 2015.</p> | 1. THAI paid 5% of sales commission to TAT for selling THAI's tickets. <ul style="list-style-type: none"> - Total expenses 1.08 - Outstanding balance 0.83 | 1.72 | 0.51 | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | 2. THAI sold tickets and rent out its Trang office's space to TAT. <ul style="list-style-type: none"> - Total revenue 64.76 - Outstanding balance 8.11 | 76.92 | 8.60 | |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| PTT Public Company Limited (PTT) | <ul style="list-style-type: none"> The MOF, a major shareholder of THAI is a major shareholder of PTT. Two of THAI's Directors, Mr. Areepong Bhoocha-oom and Mr. Rungson Sriworasart are Directors of PTT. <p>Notes: Mr. Rungson Sriworasart resigned from the Board of Directors of THAI on October 1, 2015.</p> | 1. THAI purchased fuel and oil for its aircraft and vehicles from PTT. | 9,469.94 | 11,709.33 | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> - Total expenses - Outstanding balance | 658.38 | 970.67 | |
| Airports of Thailand Public Company Limited (AOT) | <ul style="list-style-type: none"> The MOF, a major shareholder of THAI is a major shareholder of AOT. | 2. THAI sold tickets and provided AC dielectric tester service to PTT | 63.92 | 156.14 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> - Total revenue - Outstanding balance | 5.44 | 39.65 | |
| Airports of Thailand Public Company Limited (AOT) | <ul style="list-style-type: none"> The MOF, a major shareholder of THAI is a major shareholder of AOT. | 1. THAI leased land, office building, and space areas at Suvarnabhumi Airport and other airports and purchased airport related services from AOT. | 8,642.93 | 8,357.55 | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> - Total expenses - Outstanding balance | 156.67 | 159.77 | |
| Airports of Thailand Public Company Limited (AOT) | <ul style="list-style-type: none"> The MOF, a major shareholder of THAI is a major shareholder of AOT. | 2. THAI sold tickets to AOT and received 2% income from collecting passenger service charges for AOT | 89.21 | 80.10 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> - Total revenue - Outstanding balance | 8.29 | 6.78 | |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| District Cooling system and Power Plant Company Limited (DCAP) | <ul style="list-style-type: none"> Electricity Generating Authority of Thailand (EGAT) is controlled by the MOF, a major shareholder of THAI. EGAT is a major shareholder of DCAP. | THAI purchased steam and chilled water from DCAP: <ul style="list-style-type: none"> - Total expenses - Outstanding balance | 132.93 11.58 | 136.98 12.03 | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| Civil Aviation Training Center (CATC) | <ul style="list-style-type: none"> CATC is controlled by the MOF, a major shareholder of THAI. | 1. CATC provided civil aviation training to THAI's pilots. <ul style="list-style-type: none"> - Total expenses - Outstanding balance 2. THAI sold tickets to CATC. <ul style="list-style-type: none"> - Total revenue - Outstanding balance | 55.67 0.00 | 50.47 8.05 | The pricing, terms of transaction is at the market price as well as 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"> THAI is a major shareholder with 55% equity interest. THAI's Executive Officer, Mr. Narongchai Wongthanavimok is a Director of Thai-Amadeus Southeast Asia Co., Ltd. <p>Notes: Mr. Narongchai Wongthanavimok became a Director of Thai-Amadeus Southeast Asia Co., Ltd. on October 30, 2015.</p> | 1. THAI received deposit for office space rental at Hat Yai and Phuket from Thai-Amadeus Southeast Asia Co., Ltd. <ul style="list-style-type: none"> - Outstanding balance 2. THAI sold tickets and rent out its office space and computer equipments to Thai-Amadeus Southeast Asia Co., Ltd. <ul style="list-style-type: none"> - Total revenue - Outstanding balance | 0.17 0.12 | 0.13 0.00 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties. |
| | | | 0.16 | 0.16 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties. |
| | | | 1.67 0.11 | 2.37 0.14 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties. |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Wingspan Services Company Limited (WSC) (Subsidiary Company) | <ul style="list-style-type: none"> THAI is a major shareholder with 49% equity interest and has control. THAI's Executive Officer, Flt.Lt. Kanok Thongpuk is the Chairman of the Board of WSC, Mrs. Charita Leelayudth, Sub Lt. Anussorn Naksrichum, Mrs. Ussanee Sangsingkeo and Mr. Raj Tanta-nanta, are Directors of WSC. <p>Notes: Mrs. Charita Leelayudth resigned from THAI on May 18, 2015. Sub Lt. Anussorn Naksrichum retired from THAI on September 30, 2015. Mrs. Ussanee Sangsingkeo and Mr. Raj Tanta-nanta, became Directors of WSC on December 9, 2015.</p> | 1. THAI lent a short-term loan to WSC. | | | The pricing, terms of transaction and interest rates are on an arms' length basis and on commercial terms as unrelated parties. |
| | | - Short-term loan | 0.00 | 20.00 | |
| | | - Interest income | 0.99 | 1.37 | |
| | | - Accrued interest income | 0.11 | 0.00 | |
| | | 2. THAI purchased outsource staff service from WSC. | | | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | - Total expenses | 860.06 | 863.52 | |
| | | - Outstanding balance | 286.36 | 412.10 | |
| | | 3. THAI rent out its office space and office equipments to WSC. | | | |
| | | - Total revenue | 4.13 | 6.59 | |
| | | - Outstanding balance | 1.80 | 0.33 | |
| | | 4. THAI paid advance labour expense to WSC. | | | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | - Outstanding balance | 209.55 | 320.26 | |
| | | | | | |
| | | | | | |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Thai Flight Training Company Limited (TFTA) (Subsidiary Company) | <ul style="list-style-type: none"> THAI is a major shareholder with 49% equity interest and has control. THAI's Executive Officer, Sqn.Ldr. Asdavut Watanangura is a Chairman of the Board, Flt.Lt. Kanok Thongpuk, Sqn.Ldr. Sathaporn Charoensiri and Ms. Wanida Thejatang are Directors of TFTA. Notes: Sqn. Ldr. Sathaporn Charoensiri and Ms. Wanida Thejatang retired from THAI on September 30, 2015. | 1. THAI purchased crew training courses for scheduled recurrent crew from TFTA. - Total expenses - Outstanding balance | 0.00 0.00 | 0.12 0.00 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties. |
| | | 2. THAI provided its training equipments and facilities and rent out its office space and office equipments to TFTA. - Total revenue - Outstanding balance | 9.03 0.71 | 18.18 4.46 | |
| Tour Eurmug Luang Company Limited (Subsidiary Company) | <ul style="list-style-type: none"> THAI holds 49% equity interest in Tour Eurmug Luang Co., Ltd. via Wingspan Services Co., Ltd. and has control. | 1. THAI paid commission to Tour Eurmug Luang for selling its products. - Total expenses - Outstanding Balance | 0.05 0.00 | 21.65 0.00 | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | 2. THAI sold holiday packages "Tour Eurmug Luang" to Tour Eurmug Luang Co., Ltd. - Total revenue - Outstanding balance | 49.46 8.08 | 50.72 9.56 | |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Thai Smile Airways Company Limited (Subsidiary Company) | <ul style="list-style-type: none"> THAI is a major shareholder with 100% equity interest. One of THAI's director, Mr. Kanit Sangsubhan is a Chairman of the Board of Directors, and THAI's Executive Officer, Mr. Charamporn Jotikasthira, Flt. Lt. Montree Jumrieng, Mr. Teerapol Chotichanapibal, are Directors of Thai Smile Airways Co., Ltd. <p>Notes: Mr. Charamporn Jotikasthira became Director of Thai Smile Airways Co.,Ltd. on March 12, 2015, and Mr. Teerapol Chotichanapibal became Director on December 23, 2015.</p> | 1. THAI paid for ordinary shares at 25% of authorized share capital of Thai Smile Airways Co.,Ltd. - Aggregate amount | 0.00 | 350.00 | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | 2. THAI purchased block space service from Thai Smile Airways Co.,Ltd. - Total expenses - Outstanding balance | 112.49 5,015.93 | 2,549.06 2,549.06 | |
| | | 3. THAI leased aircraft, sold jet fuel and related service such as ground services, parking space, aircraft insurance, boarding passes, flight simulator, and catering to Thai Smile Airways Co.,Ltd. - Total revenue - Outstanding balance | 5,514.59 8,104.09 | 2,736.79 2,825.91 | |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Donmuang International Airport Hotel Company Limited (Associated Company) | <ul style="list-style-type: none"> THAI holds 40% equity interest in Donmuang International Airport Hotel Co., Ltd. THAI's Executive Officer, Sub Lt. Anussorn Naksrichum, is a Chairman of the Board of Director, and Flg. Off. Chalermporn Intarawong, Mr. Niruj Maneepun and Flt. Lt. Kanok Thongpuk, are Directors of Donmuang International Airport Hotel Co., Ltd. | THAI purchased accommodation services for its passengers from Donmuang International Airport hotel Co., Ltd. <ul style="list-style-type: none"> - Total expenses - Outstanding balance | 0.15 | 0.06 | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | | 0.00 | 0.00 | |

Notes:

Mr. Niruj Maneepun became Director of Donmuang International Airport Hotel Co., Ltd. on May 14, 2015 and Flt. Lt. Kanok Thongpuk became Director on December 14, 2015. Sub Lt. Anussorn Naksrichum resigned from the Chairman of Board of Directors of Donmuang International Airport Hotel Co., Ltd. on October 1, 2015.

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Bangkok Aviation Fuel Services Public Company Limited (BAFS) (Associated Company) | <ul style="list-style-type: none"> THAI holds 22.59% equity interest in BAFS. THAI's Executive Officer, Flt. Lt. Montree Jumrieng, Flt. Off. Chalermpon Intharawong, and Squadron Leader Purit Sriwat are Directors of BAFS. Notes: Squadron Leader Purit Sriwat become a Director of BAFS on April 22, 2015. | 1. BAFS provided Jet Fuel services for THAI. | 310.50 | 301.32 | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> - Total expenses - Outstanding balance | 36.15 | 30.96 | |
| Royal Orchid Hotel (Thailand) Public Company Limited (ROH) (Associated Company) | <ul style="list-style-type: none"> THAI holds 24% equity interest in ROH. THAI's Executive Officer, Sub Lt. Anussorn Naksrichum, Mr. Teerapol Chotichanapibal are Directors of ROH. Notes: Sub Lt. Anussorn Naksrichum resigned from Director of ROH on May 1, 2015. Mr. Teerapol Chotichanapibal became a Director of ROH on May 7, 2015. | 2. THAI provided transportation and catering services to BAFS: | 0.02 | 0.03 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> - Total revenue - Outstanding balance | 0.00 | 0.00 | |
| Royal Orchid Hotel (Thailand) Public Company Limited (ROH) (Associated Company) | <ul style="list-style-type: none"> THAI holds 24% equity interest in ROH. THAI's Executive Officer, Sub Lt. Anussorn Naksrichum, Mr. Teerapol Chotichanapibal are Directors of ROH. Notes: Sub Lt. Anussorn Naksrichum resigned from Director of ROH on May 1, 2015. Mr. Teerapol Chotichanapibal became a Director of ROH on May 7, 2015. | THAI purchased accommodation services for its passengers from ROH. | 1.12 | 2.20 | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> - Total expenses - Outstanding balance | 0.02 | 0.01 | |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Phuket Air Catering Company Limited (PACCO) (Associated Company) | <ul style="list-style-type: none"> THAI holds 30% equity interest in PACCO. THAI's Executive Officer, Mrs. Usanee Sangsingkeo and Flg. Off. Suraphon Israngura Na Ayuthya, are Directors of PACCO. <p>Notes: Mrs. Usanee Sangsingkeo became a Director of PACCO on October 7, 2014. Flg. Off. Suraphon Israngura Na Ayuthya retired from THAI on September 30, 2015.</p> | 1. THAI purchased catering services from PACCO | | | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> - Total expenses - Outstanding balance | 19.06 0.00 | 26.70 0.07 | |
| | | 2. THAI had revenue from sales of raw materials and catering services to PACCO | | | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties |
| | | <ul style="list-style-type: none"> - Total revenue - Outstanding balance | 1.60 0.004 | 1.29 0.004 | |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Suvarnabhumi Airport Hotel Company Limited (Associated Company) | <ul style="list-style-type: none"> THAI holds 30% equity interest in Suvarnabhumi Airport Hotel Co., Ltd. THAI's Executive Officer, Flg. Off. Chalermpon Intarawong, Mr. Raj Tanta-nanta and Mrs. Usanee Sangsingkeo, are Directors of Suvarnabhumi Airport Hotel Co., Ltd. | THAI purchased accommodation services for its passengers from Suvarnabhumi Airport Hotel Co., Ltd. | 23.43 | 21.04 | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | <p>Notes: Flg. Off. Chalermpon Intarawong and Mr. Raj Tanta-nanta became Directors of Suvarnabhumi Airport Hotel Co., Ltd. on January 27, 2015. Mrs. Usanee Sangsingkeo became Director on April 29, 2015.</p> | <ul style="list-style-type: none"> Total expenses Outstanding balance | 0.34 | 0.43 | |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Nok Air Public Company Limited (Associated Company) | <ul style="list-style-type: none"> THAI holds 39.20% equity interest in Nok Air Plc. THAI's Executive Officer, Mr. Charamporn Jotikasthira, Flt. Lt. Montree Jumrieng, Flg.Off. Suraphon Israngura Na Ayuthya and Mr. Narongchai Wongthanavimok, are Directors of Nok Air Plc. <p>Notes: Mr. Charamporn Jotikasthira, Flt. Lt. Montree Jumrieng became Directors of Nok Air Plc. on April 9, 2015, and Mr. Narongchai Wongthanavimok became a Director on November 12, 2015. Flg. Off. Suraphon Israngura Na Ayuthya retired from THAI on September 30, 2015.</p> | 1. THAI paid for equipment and ground services at Ubon Ratchathani as well as engineer licence to Nok Air Plc. | 0.16 | 10.57 | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> - Total expenses - Outstanding balance | 0.03 | 0.08 | |
| | | 2. THAI has been leasing out aircraft and providing aviation operation services which mainly were overhaul and maintenance, equipments maintenance, jet fuel, and so forth to Nok Air Plc. | 195.49 | 70.96 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties |
| | | <ul style="list-style-type: none"> - Total revenue - Outstanding balance | 73.22 | 46.56 | |

| Name of entities 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, 2015 | For the year ended December 31, 2014 | |
| Aeronautical Radio of Thailand Limited (AEROTHAI) (Related Company and Joint Venture Company) | <ul style="list-style-type: none"> The MOF, a major shareholder of THAI is a major shareholder of AEROTHAI. THAI holds approximately 0.43% equity interest in AEROTHAI. THAI's Executive Officer, Sqn. Ldr. Sathaporn Charoensiri is a Director of AEROTHAI. <p>Notes: Sqn. Ldr. Sathaporn Charoensiri became a Director of AEROTHAI on March 17, 2015, and retired from THAI on September 30, 2015.</p> | 1. THAI purchased aeronautical navigation and leased equipments from AEROTHAI. | 1,716.48 | 2,001.61 | The pricing, terms of transaction is at the market price as well as on an arms' length basis and on commercial terms as unrelated parties. |
| | | <ul style="list-style-type: none"> - Total expenses - Outstanding balance | 132.99 | 85.88 | |
| | | 2. THAI sold tickets and provides transportation services to AEROTHAI. | 16.44 | 26.98 | The pricing, terms of transaction is on an arms' length basis and on commercial terms as unrelated parties |
| | | <ul style="list-style-type: none"> - Total revenue - Outstanding balance | 0.32 | 0.18 | |

THAI has related party transactions for utilities expenses, consisting of electricity, water and telephone charges, which related to those government agencies and/or state enterprised such utilities amount of THB 74.50 million for the year ended December 31, 2015 with outstanding balance of THB 2.13 million as of December 31, 2015.

Necessity and reasonableness of related parties transactions

Having scrutinized items on related parties transactions for the year ended December 31, 2015, 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 the transactions with related parties

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 or Executives with potential conflicts of interest in the respective matters 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 related parties 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 | | |
|--|------------------|--------------|----------|----------|
| | | 2015 | 2014 | 2013 |
| Statement of Income | | | | |
| Total Revenues* | (Million THB) | 192,591 | 203,889 | 207,711 |
| Total Expenses | (Million THB) | 206,707 | 220,627 | 220,640 |
| Profit (Loss) before Income Tax Expense | (Million THB) | (14,116) | (16,738) | (12,929) |
| Profit (Loss) attributable to owners of the parent | (Million THB) | (13,068) | (15,612) | (12,047) |
| Net Profit (Loss) | (Million THB) | (13,047) | (15,573) | (12,000) |
| Balance Sheets | | | | |
| Total Assets | (Million THB) | 302,471 | 307,267 | 307,085 |
| Total Liabilities | (Million THB) | 269,545 | 265,971 | 250,166 |
| Shareholder's Equity | (Million THB) | 32,926 | 41,296 | 56,919 |
| Shares | | | | |
| 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) | (5.99) | (7.15) | (5.52) |
| Dividend Per Share | (THB) | – | – | – |
| Financial Ratios | | | | |
| Net Profit (Loss) to Total Revenues ⁽¹⁾ | (%) | (6.9) | (8.1) | (5.7) |
| Return on Total Assets ⁽²⁾ | (%) | (2.7) | (3.5) | (2.3) |
| Return on Equity ⁽³⁾ | (%) | (35.2) | (31.7) | (19.0) |
| Interest Bearing Debt to Equity ⁽⁴⁾ | (Times) | 5.8 | 4.7 | 3.1 |

Remarks : ⁽¹⁾ Net Profit (Loss) to Total Revenues = Net Profit (Loss)/Total Revenues (Excluded gain on foreign currency exchange).

⁽²⁾ Return on Total Assets = Profit (Loss) before Interest and Tax/Average Total Assets

⁽³⁾ Return on Equity = Net Profit (Loss)/Average Shareholders' Equity

⁽⁴⁾ Interest Bearing Debt To Equity = (Short-Term Loan + Long-Term Loan including current portion of Long-Term Loan within 1 year)/Shareholders' Equity

* Total Revenues includes Gain (Loss) on foreign currency exchange.

Five-Year Financial Review

| | | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---------------|----------|----------|----------|---------|---------|
| Number of Aircraft | (Aircraft) | 95 | 102 | 100 | 95 | 89 |
| Flight Hours | (Block Hours) | 374,831 | 370,309 | 384,069 | 364,536 | 355,815 |
| Available Ton-Kilometers | (Million) | 11,883 | 12,346 | 12,728 | 12,023 | 11,987 |
| Revenue Ton-Kilometers ⁽¹⁾ | (Million) | 8,249 | 7,717 | 8,388 | 8,230 | 7,836 |
| Load Factor | (%) | 69.4 | 62.5 | 65.9 | 68.4 | 65.4 |
| Number of Passengers | (000) | 21,249 | 19,096 | 21,510 | 20,615 | 18,398 |
| Available Seat-Kilometers | (Million) | 83,479 | 82,969 | 85,655 | 79,231 | 78,533 |
| Revenue Passenger-Kilometers | (Million) | 60,893 | 57,194 | 63,479 | 60,679 | 55,267 |
| Cabin Factor | (%) | 72.9 | 68.9 | 74.1 | 76.6 | 70.4 |
| Available Dead Load Ton-Kilometers ⁽¹⁾ | (Million) | 3,514 | 3,812 | 5,019 | 4,892 | 4,919 |
| Revenue Freight Ton-Kilometers | (Million) | 2,091 | 2,458 | 2,565 | 2,653 | 2,766 |
| Freight Load Factor | (%) | 59.5 | 64.5 | 51.1 | 54.2 | 56.2 |
| Number of Personnel | (People) | 22,864 | 24,952 | 25,323 | 25,412 | 25,848 |
| Profit (losses) before Tax | (Million THB) | (14,116) | (16,738) | (12,929) | 7,104 | (7,917) |

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.

⁽¹⁾ In 2015, THAI has changes standard weight (Statistical calculation for average weight of passenger and free baggage allowance) from 90 kilograms per passenger to 100 kilograms per passenger for comparison purpose both to the industry and restate standard weight since 2014 for the same basis of this year.

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORT

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 2015 financial statements. The Board's priority has been to ensure the prevention of any corrupt act, prevention of unusual activities and ensure that the financial statements have been prepared in accordance with Thai Financial Reporting Standards by applying proper accounting policies and 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 2015 annual report. Moreover, the financial statements have been audited by an independent certified public accountant whose unqualified opinion are stated therein.

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 financial statements ending December 31, 2015, reviewed by the Audit Committee, management and the Company's auditor to be correct, complete, appropriate, in compliance with Thai Financial Reporting Standards and employs appropriate accounting policies on a consistent basis including careful consideration, together with prudent and reasonable estimation in preparation. 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
Chairman



Mr. Charamporn Jotikasthira
President



Summary of the 2015 annual activities of the Audit Committee

The Audit Committee of Thai Airways International Public Company Limited consists of four independent directors, qualified and experienced in areas of legal, human resource management, finance and budgeting, risk management and reviewing the reliability of financial statements. At present, the Audit Committee consists of Mr. Weerawong Chittmittrapap as Chairman, and General Chatudom Titthasiri, Mr. Somkiat Sirichatchai and Mr. Rathapol Bhakdibhumi as committee members.

During the year 2015, 10 meetings (8 meetings with a regular agenda and 2 meetings for special agendas) were organized between the Audit Committee, external auditors, internal auditors and the company's executive management. The Audit Committee has performed their duties independently and adhered to the practice guidelines of the Stock Exchange of Thailand and the guidelines for audit committees in state enterprises defined by the Ministry of Finance (2012 edition), and the Audit Committee's Good Governance Practice which are consistent with the Stock Exchange of Thailand's regulations. The audit committee's meeting attendance records during 2015 can be referred to in the Good Corporate Governance section. To this, the Audit Committee has reported important issues and the committee's opinions to the Board of Directors as deemed appropriate. Significant audit committee activities during the year 2015 are summarized herein as follows:

1. Financial Statement Audit : The Audit Committee, together with the finance and accounting executives, and external auditors have jointly reviewed company's quarterly financial reports, the annual 2015 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 supporting explanations

and analysis of the company's financial status and performance (MD&A). The committee has sought clarification from the auditors to ensure that the financial statements including accounting adjustments were correctly prepared and completed in Thai Financial Reporting Standards.

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

2. The audit of adequacies and effectiveness of internal control and risk management systems : The Audit Committee has reviewed and monitored through overseeing the Office of the Internal Audit's audit reports and results of the internal control self-assessment in accordance with the State Audit Commission's internal audit guidelines of B.E. 2544 with reference to the Committee of Sponsoring Organization of The Treadway Commission : COSO 2013 and has presented the observations based on a review of the internal control assessment of the internal auditors to the Board of Directors. The management should prepare the improvement plan with clear and concrete deadlines for completion.

In addition, one meeting was organized between the Audit Committee and the executive management of the company to discuss over the appropriate agenda in relation to company performance, significant audit findings which emphasized that the management should be aware of the responsibility for risk control including accelerating implementation improvements as recommended in the audit reports.

Moreover, the Vice President of the Risk Management Department has also participated in the Audit committee meeting to report on the company's

significant risks and providing instructions on how to mitigate and manage those risks on a regular basis every year.

3. Monitoring of Internal Audit activities : The Audit Committee has provided guidance on the preparation of the audit plan and has approved it. The Audit Committee has also acknowledged the performance and any issues from the Office of the Internal Audit on a quarterly basis.

The committee has suggested that the Office of the Internal Audit should improve the method for submitting recommendations from the audit reports more clearly so as to be used as a general guideline for senior management as a control method applied to other units of the company .

4. Legal and regulatory Compliance Audit : The audit committee has jointly discussed with the Human Resources & Compliance departments and acknowledged reports from the relevant departments, which served to monitor and ensure that each individual divisions operations within the company were compliant 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 of the company's connected transactions in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand to reassure it that connected transactions were performed in a transparent manner, such that the stakeholders did not have any involvement or manipulation of the decisions and that the decisions were made solely based on the company's interests as if the transactions were performed with external parties. The audit committee has acknowledged the connected transaction reports on a quarterly basis, and has ensured that the transactions were properly disclosed and sufficiently complete.

6. Charter and self-assessment of the Audit committee :

The Audit Committee has collated and reviewed the Charter of the Audit Committee, and performed the self-assessment as stipulated in the practice guidelines of the Stock Exchange of Thailand and the guidelines for audit committees in state enterprises defined by the Ministry of Finance (2012 edition), where the assessment was performed on the committee themselves both as a group and as individuals. The assessment deduced that the committee had prudently and independently performed their duties and were in-line with the required guidelines and practices as well as 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 approval from the shareholders' meeting for the appointment of the Auditor General as the company's 2016 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 respect of Thai Financial Reporting Standards. The company's connected transactions enlisted are appropriately 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.

The Audit Committee has performed their duties assigned from the Board of Directors with integrity, meticulous attention to detail, objectivity, independence and transparency to gain the greatest benefits for the company.



(Mr. Weerawong Chittmittrapap)

Chairman of Audit Committee

26 February 2016





Management's Discussion and Analysis

Management's Discussion and Analysis

for the year ended December 31, 2015

for Thai Airways International Public Company Limited and Its Subsidiaries

1. Executive summary

World economic in 2015 was rebounded from last year since the economy of many countries increased but still lower than anticipated. US's economy continued to grow up with the declining rate of unemployment. EU's economic still showed the sign of growth but still had the high unemployment rate. Japan's economy grew slightly as a result of the increase of the VAT rate. Unfortunately, the Chinese and ASEAN economic were in the slowdown stage.

However, Thai's economy had signaled the recession since the second and third quarter of 2015, in the fourth quarter, Thai's economic was recovered by the domestic spending from both domestic consumption and private investment which partly as a result of the economic measures the government has taken continuously. Moreover, the cost of government, especially the capital expenditure, has continued to expand at a high level which was a key factor supporting the economy resulting from the growing tourism sector from Chinese, South Korea and the United States tourists. The growth has been continued, even in the fourth quarter, the growth slightly slowed down as a result of the explosion at the Ratchaprasong intersection since August 2015. However, exports sector continued to shrink, which continued to reflex economic trading partner of Thailand which consisted of China, Japan, the US and ASEAN-5.

According to data from the International Air Transport Association (IATA), the passenger traffic and passenger production indicated the continued growth in which increased by 6.5% and 5.6% respectively resulting average cabin factor was 80.3%. However, Chinese economy slowdown reflecting the slowing down particularly in the export sector of the other economic partners made the decreasing freight load factor, the steady drop of crude oil prices, 47.2% falling from the previous year and fierce competition affecting the ticket price dropped both were beneficial to increase travel demand. In 2015, the world's aviation industry continued to face many challenges from economic and political uncertainty, the global economy recession which mainly from the over-anticipated Chinese economy slowdown weakening travel demand, especially in major markets including Europe, the US, harsh competition from the heavy expansion of low cost airlines and the Middle East airlines, and exchange rates fluctuations.

For the aviation industry of Thailand, the inspection results from the Federal Aviation Administration – FAA officially revealed that the safety oversight of civil aviation of the country did not meet international standards of the Convention on International Civil Aviation about the safety oversight of civil aviation which resulted in a downgrade of Thailand from Category 1 to Category 2. It did not affect the THAI flight to the United States since THAI had canceled flights to the city of Los Angeles since October 25, 2015. On December 10, 2015, European Commission announced that "No air carriers from Thailand, namely THAI, were added to the Air Safety List at this time". Moreover, THAI has passed safety standards audit by European Aviation safety Agency and allowed THAI as the airline's non – EU countries that could be flying into EU airspace following the effective date of December 15, 2015 onwards.

An overview of the aviation industry of Thailand was in line with the aviation industry in the region of Southeast Asia and the world which was expanding and corresponded to the number of 38.3 million flying passengers via Suvarnabhumi airport, an increase of 15.2% over last year. However, there were still risk factors from intensified competition, oversupply, the jet fuel price, and exchange rates fluctuations.

In 2015, THAI has implemented the Transformation Plans approved by State Enterprise Policy Committee on January 26, 2015 then, has started since the first quarter of 2015. The Transformation Plans in the first phase aimed to stop the bleeding by reducing flight frequency and/or discontinuing the non-profitable routes, cut unnecessary cost items, and generate revenue by adjusting selling strategy, increasing ancillary revenues, and enhancing product and services competitiveness as the following details

- Discontinuing these routes : Bangkok – Johannesburg, Bangkok– Moscow, Bangkok – Madrid, and Bangkok – Los Angeles.
- Adjusting flight frequency and/or adjusting in aircraft type was made to suit market demand. For instance, in order to suit the high passenger volume in the main routes, THAI changed current aircraft to A380-800 aircraft which are Bangkok – London, Bangkok – Frankfurt, Bangkok – Hong Kong, and Bangkok – Tokyo at Narita international airport. Moreover, THAI enhanced its product competition by using Boeing B787-8 in Bangkok-Haneda route. To deal with the low reason period, THAI reduced the day flight during the low season in Bangkok-Frankfurt and Bangkok-London routes.
- Increasing the domestic operation by ThaiSmile in the core domestic routes which were Bangkok – Chiang Mai and Bangkok-Phuket as well as replacing THAI operation in Bangkok – Chaing Rai and Bangkok – Hat Yai.
- Selling and delivering 8 aircraft including 7 Airbus A300-600R and 1 Boeing B747-400 aircraft while 16 aircraft were approved to sell by the Board of Directors and currently on processes of agreement and contract preparation. Other 12 aircraft were in the process of selling and 2 aircraft were negotiating to lease.
- Launching the Mutual Separation Plan (MSP) for general employees and Golden Handshake scheme for flight attendants to manage manpower affected by the reduction of flights and routes in order to improve the personnel and cost structure and reduce overall costs in the long term. The total staff joining the program were 1,401 staff, 1,277 staff was affective in 2015 and 124 staff in March 2016.
- Developing product and services such as business class service upgrading project, modern onboard communications systems and so forth. In 2015, THAI has been awarded in many areas. For example, THAI recently recognized by Smart Travel Asia 2015, for placement in three categories. THAI ranked the Third Best Cabin Service, Fifth Best Business Class, and Sixth Best Airline Overall Worldwide. THAI received the "Best International Airline of the Year 2015" from Today's Traveller Award as well.

In 2015, THAI received new 8 aircraft consisted of 3 Boeing B777-300ER, 2 Boeing B787-8, and 3 Airbus A320-200 aircraft and decommissioned total 15 aircraft including 5 Airbus A330-300, 6 Airbus A340-600, 2 Boeing B747-400, and 2 Boeing B747F(Freighter) aircraft based on Fleet strategy. These made the number of aircraft as of December 31, 2015 equaled to 95 aircraft which decreased from last year's where the fleet size was 102 aircraft. Nevertheless, adjusting the flight frequency and change of aircraft to match the passenger demand caused more effectiveness on aircraft utilization resulting the increase of passenger production by 0.6% while passenger traffic increased by 6.5%. Cabin factor was 72.9% higher than last year's 68.9%. The numbers of passengers carried were 21.25 million passengers, an increase of 11.3% from last year.

According to the strategic and Transformation plan which were closely monitored by the Management and Board of Director, THAI and its subsidiaries' financial performance for 2015 showed an operating loss of THB 1,304 million – a THB 21,715 million (94.3%) improving from the same period last year due mainly to total expense decreased by 11.2% primarily from decrease of fuel expense by 20.2% and non-fuel expense by 6.0% resulting from rigid cost controlling and management program. Total revenue declined THB 2,239 million (1.2%) from last year mainly from 1.5% reduction in passenger revenue and 21.0% reduction in cargo revenue. The main reasons were from the reduction of fuel surcharge, the strengthen value in Baht compared to the major currencies which made lower revenue when translated to the Baht term, and the high competition.

This year THAI had THB 3,512 million gain on foreign currency exchange, THB 4,167 million one-time cost occurred from the Transformation plan and THB 12,157 million aircraft and assets impairment. Including all these items, the total net loss for the 2015 was THB 13,047 million. Loss attributable to owners of the parent amounted to THB 13,068 million. Loss per share was THB 5.99 which was less loss by THB 1.16 (16.2%).

EBITDA was THB 19,560 million, THB 15,971 million (445.0%) higher than last year. EBITDA margin was 10.4%, as compared to last year's reported 1.9%.

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

In 2015, THAI changed in Accounting treatments as follows:

- The change in accounting policy regarding the valuation of the land from cost basis to revaluation basis, starting from accounting period year 2015 onward. It made the value of assets increased approximately THB 8,647 million. Liabilities (deferred tax liability) increased approximately THB 1,729 million while Shareholders' equity increased approximately THB 6,918 million.
- THAI has started to implement revenue hedging since April 1, 2015 using foreign currency borrowings to manage the variability in future cash flows on forecasted foreign currency revenue. Gains or losses on exchange differences arising from the translation, as a resulting from the different from rate at designate date (April 1, 2015) or drawdown rate (which one occur later) until the reporting date rate (December 31, 2015), arising on the effective portion of the hedges are deferred in other component of equity in equity and reclassified to profit or loss in the same period or periods during the hedged item affects profit or loss. Therefore as of December 31, 2015, there was loss on exchange differences transferred to Shareholders' equity net of income tax amount of THB 1,878 million.

The consolidated financial statements for the year 2015 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.

Financial Performance : THAI and its subsidiaries

| Unit : Million Baht | Jan - Dec | | | |
|--|-----------------|-----------------|----------------|--------------|
| | 2015 | 2014 | Variance | |
| | | | MTHB | % |
| Total operating revenues | 188,747 | 190,986 | -2,239 | -1.2 |
| - Passenger and excess baggage revenue | 152,488 | 154,881 | -2,393 | -1.5 |
| - Freight and mail revenue | 18,651 | 23,601 | -4,950 | -21.0 |
| - Revenue from other activities | 11,588 | 9,885 | +1,703 | +17.2 |
| - Other income | 6,020 | 2,619 | +3,401 | +129.9 |
| Total operating expenses | 190,051 | 214,005 | -23,954 | -11.2 |
| - Fuel and oil | 63,243 | 79,231 | -15,988 | -20.2 |
| - Non-fuel operating expenses | 121,242 | 128,981 | -7,739 | -6.0 |
| - Net finance cost | 5,566 | 5,793 | -227 | -3.9 |
| Operating Profit (Loss) | (1,304) | (23,019) | +21,715 | +94.3 |
| <u>Less</u> Expense from Transformation plan | 4,167 | - | +4,167 | - |
| <u>Less</u> Impairment loss of assets and aircraft | 12,157 | 6,342 | +5,815 | +91.7 |
| <u>Add</u> Gain (Loss) on foreign currency exchange | 3,512 | 12,623 | -9,111 | -72.2 |
| Profit (Loss) before tax | (14,116) | (16,738) | +2,622 | +15.7 |
| Net Profit(Loss) | (13,047) | (15,573) | +2,526 | +16.2 |
| Profit (Loss) attribute to owners of the parent | (13,068) | (15,612) | +2,544 | +16.3 |
| Net Profit (Loss) per share (THB) | (5.99) | (7.15) | +1.16 | +16.2 |
| Significant operating data | | | | |
| EBITDA (MTHB) | 19,560 | 3,589 | +15,971 | +445.0 |
| Number of passengers (Million) | 21.25 | 19.10 | +2.15 | +11.3 |
| Available Seat-Kilometers (Million) | 83,479 | 82,969 | +510 | +0.6 |
| Revenue Passenger-Kilometers (Million) | 60,893 | 57,194 | +3,699 | +6.5 |
| Cabin factor (%) | 72.9 | 68.9 | +4.0 | +4.0 |
| Passenger yield (THB/RPK) | 2.46 | 2.66 | -0.20 | -7.4 |
| Available Dead Load Ton-Kilometers (Million) | 3,514 | 3,812 | -298 | -7.8 |
| Revenue Freight Ton-Kilometers (Million) | 2,091 | 2,458 | -367 | -14.9 |
| Freight load factor (%) | 59.5 | 64.5 | -5.0 | -5.0 |
| Freight carried (Ton) | 559,283 | 613,915 | -54,632 | -8.9 |
| Freight yield (THB/RFTK) | 8.45 | 9.22 | -0.77 | -8.3 |
| Number of active aircraft/as at Dec31 (Aircraft) | 95 | 102 | -7 | -6.9 |
| Flight hours (Hours) | 374,831 | 370,309 | +4,522 | +1.2 |
| Aircraft utilization (Hours/Aircraft/Day) | 10.9 | 10.4 | +0.5 | +4.8 |
| Average foreign currency exchange rate | | | | |
| 1 USD : THB | 34.2861 | 32.4808 | +1.8053 | +5.6 |
| 1 EUR : THB | 38.0611 | 43.1386 | -5.0775 | -11.8 |
| 100 JPY : THB | 28.3389 | 30.7590 | -2.4201 | -7.9 |
| Average jet fuel price (USD/BBL) | 72.37 | 121.63 | -49.26 | -40.5 |

Note : 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 expenses)

: In 2015, THAI changed standard weight (statistical calculation for average weight of passenger and free baggage allowance) from 90 kilograms per passenger to 100 kilograms per passenger for comparison purpose both to the industry and restate standard weight in 2014 to be the same basis of this year.

Revenues of Thai Airways International PCL. and its subsidiaries

For the year 2015, total revenues decreased by THB 2,239 million (1.2%) from the same period last year with details as follows:

- Passenger and excess baggage revenue**

Passenger and excess baggage revenue decreased by THB 2,393 million (1.5%) since passenger traffic (Revenue Passenger – Kilometers – RPK) increased by 6.5% or approximately THB 9,800 million but average passenger yield (including fuel and insurance surcharge) was 2.46 THB/RPK, reduced by 0.20 THB/RPK (7.4%), approximately THB 12,180 million. The heavy drop of passenger yield was from strengthening Thai Baht when comparing to average rate of exchange of major currencies which lowered the yield by 0.10 THB/RPK or approximately THB 6,090 million. If excluded FX, average passenger yield decreased 0.10 THB or 3.8%, roughly THB 6,090 million resulting from the fierce competition and a reduction in fuel surcharge along with the dropping fuel price.

Passenger operation performance classified by region: THAI and its subsidiaries

| | Variance [%] | | Cabin Factor [%] | |
|------------------|--------------|-------|------------------|------|
| | ASK | RPK | 2015 | 2014 |
| Regional | +5.2 | +13.2 | 74.5 | 69.3 |
| Intercontinental | -4.8 | -0.6 | 71.8 | 68.7 |
| Domestic | +11.0 | +14.2 | 70.7 | 68.7 |

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

| Unit : Million Baht | 2015 | 2014 | Variance | |
|---|----------------|----------------|---------------|-------------|
| | | | MTHB | % |
| Passenger and excess baggage revenue | | | | |
| Regional | 82,118 | 78,297 | +3,821 | +4.9 |
| Intercontinental | 58,644 | 64,843 | -6,199 | -9.6 |
| Domestic | 11,095 | 11,370 | -275 | -2.4 |
| Non-schedule flight | 631 | 371 | +260 | +70.1 |
| Total Passenger and excess baggage revenue | 152,488 | 154,881 | -2,393 | -1.5 |

- *Regional passenger and excess baggage revenue* amounted to THB 82,118 million, an increase of THB 3,821 million (4.9%). In 2015, THAI increased traffic production by 5.2% for supporting the growth in Asia region. Passenger traffic by 13.2%, especially in Western and Northern routes. Cabin factor increased from 69.3% last year to 74.5% this year. However, the impacts from foreign currencies exchange fluctuation and the strong competition from the increase of low cost carriers caused the lower yield by 7.3%.

- *Intercontinental passenger and excess baggage revenue* amounted to THB 58,644 million, a decrease of THB 6,199 million (9.6%). In 2015, THAI cancelled these following routes : Bangkok – Johannesburg in January, Bangkok – Moscow and Phuket – Seoul in March, Bangkok-Madrid in September, and Bangkok – Los Angeles in October. Moreover, THAI reduced flight frequencies in some routes such as 1 flight for Bangkok – Frankfurt in May and 1 flight for Bangkok – London in July which both of them resumed to normal in

October resulting the production decreased by 4.8% while passenger traffic reduced merely 0.6%. Cabin factor increased from last year's 68.7% to 71.8% this year but passenger yield decreased by 9.0%.

- *Domestic passenger and excess baggage revenue* amounted to THB 11,095 million, a decrease of THB 275 million (2.4%) mainly due to decrease of yield by 14.1%. The passenger traffic increased by 14.2% resulting from the penetration from Low Cost Carriers using the discount fare as the strategy to expand their market shares. This year, THAI increased flight frequency in the high traffic demand by using THAISmile for additional flights and replacement flights in some routes including Bangkok – Chaing Rai in March, Bangkok – Khon Kaen and Bangkok – Hat Yai in May, respectively. As a result, Production traffic increased by 11.0% while cabin factor was 70.7% higher than last year's 68.7%.

- **Freight and mail revenue**

Freight and mail revenue decreased by THB 4,950 million (21.0%) due to the, 14.9% or THB 3,380 million, decrease of freight traffic (Revenue Freight Ton – Kilometers – RFTK) while average freight yield (including fuel and insurance surcharge) was 8.45 THB/RFTK, a decreased by 0.77 THB/RFTK (8.3%) equivalent to THB 1,610 million over last year, mainly due to the reduction of fuel surcharge. Also affected by the export decline due to the slowdown of partner countries' economy such as China and ASEAN and impacted directly on Thailand's exports in conjunction with Generalized System of Preferences (GSP) cut for all products to EU. Freight production (Available Dead – load Ton – Kilometers – ADTK), both belly and freighter services, was 7.8% lower than last year due to decommissioning of 2 Boeing B747F (freighter aircraft) in March 2015 resulting decrease in average freight load factor at 59.5% compare with 64.5% last year.

- **Revenue from other activities**

Consisted of Ground services, Catering, Cargo handling services, and other activities revenue increased by THB 1,703 million (17.2%) from last year. The increased revenues were mainly from Ground services and Catering due to increasing number of other customer airlines flights and number of passengers as well as an increase of income from maintenance services but revenue from cargo handling was decreased by the lower volume of cargo traffic compared to last year.

- **Other income**

Other income increased from last year, the amount of THB 3,401 million(129.9%) from last year due to the recognition of compensation from KI Holdings Co., Ltd. (Koito) for the delay delivery of economy class seats, an approximate amount of THB 3,968 million.

Expenses for Thai Airways International PCL. and its subsidiaries

Total expenses for 2015 was THB 23,954 million (11.2%) lower than the same period last year. A summary of operating expenses is as follows:

- **Fuel and oil expense** was THB 15,988 million (20.2%) lower than last year due to a decrease in average jet fuel price by 40.5%. However, depreciating THB against USD caused expense in THB to increase with the fuel hedging fee caused the company's expense with THB 18,154 million.

- **Non-fuel operating expense** was THB 7,739 million (6.0%) lower than last year. Details as follows:

| Unit : Million Baht | Jan - Dec | | | | | |
|---|----------------|--------------------|----------------|--------------------|---------------|-------------|
| | 2015 | % of Total Expense | 2014 | % of Total Expense | Variance | |
| | | | | | MTHB | % |
| Expense | | | | | | |
| Employee benefit expenses | 29,892 | 24.6 | 31,274 | 24.3 | -1,382 | -4.4 |
| Flight service expenses | 20,474 | 16.9 | 21,625 | 16.8 | -1,151 | -5.3 |
| Crew expenses | 5,313 | 4.4 | 5,832 | 4.5 | -519 | -8.9 |
| Aircraft maintenance and overhaul costs | 10,311 | 8.5 | 14,684 | 11.4 | -4,373 | -29.8 |
| Depreciation and amortization expenses | 19,133 | 15.8 | 20,535 | 15.9 | -1,402 | -6.8 |
| Lease of aircraft and spare parts | 8,950 | 7.4 | 6,593 | 5.1 | +2,357 | +35.8 |
| Inventories and supplies | 7,829 | 6.5 | 8,257 | 6.4 | -428 | -5.2 |
| Selling and advertising expenses | 9,499 | 7.8 | 8,920 | 6.9 | +579 | +6.5 |
| Insurance expense | 614 | 0.5 | 492 | 0.4 | +122 | +24.8 |
| Other expenses | 9,359 | 7.7 | 10,846 | 8.4 | -1,487 | -13.7 |
| Share of losses (profits) of associates | (132) | (0.1) | (77) | (0.1) | -55 | -71.4 |
| Non-fuel Operating Expense | 121,242 | 100.0 | 128,981 | 100.0 | -7,739 | -6.0 |

- Employee benefits expenses consisting of personnel expense, employee benefits, management benefits and board of directors' benefits decreased by THB 1,382 million (4.4%) due to the lower number of employees – both retired staff and employees with health issue participating in Mutual Separation Plan (MSP) in 2014. THAI also provided the Mutual Separation Plan – MSP for general employees and Golden Handshake scheme for flight attendants to manage manpower based upon THAI's transformation plan. The group of participants joining these programs this year, totaled 1,277 staff.

- Flight related expenses consisted of flight service expenses, crew expenses, and inventories and supplies decreased by THB 2,098 million (5.9%) due to the strengthen value of Baht compared to major currencies which consisted of EURO, Japanese Yen, and Australian dollar as well as the cost reduction policy.

- Maintenance and overhaul dropped THB 4,373 million (29.8%), mainly due to a decrease of THB 600 million in aircraft return condition provision under aircraft lease agreement and a decrease of THB 3,330 million for engine restoration maintenance reserve expense under Maintenance Reserve clause of aircraft lease agreements. The said engine restoration maintenance reserve expense amount is covered by another engine-manufacturers' maintenance agreement, a kind of Flight Hour Service Agreement, and is then classified as reclaimable money when maintenance activities meet the reimbursement condition, specified by aircraft lease agreement, which refer to standard scheduled engine maintenance program. As a result the Maintenance Reserve under lease agreement is no longer required under Maintenance Expense like what the treatment in 2014. In addition to the earlier mentioned causes, the decrease was driven by decommissioned aircraft both aircraft grounded in 2014 and additionally grounded in 2015.

- Depreciation and amortization decreased by THB 1,402 million (6.8%) due to decommissioning 6 Airbus A340-600 aircraft which still had useful life and aircraft that have already fully depreciated. Despite there were new aircraft under finance leases added to the fleet.

- Lease of aircraft and spare parts increased by THB 2,357 million (35.8%) due to increase of 11 operating lease aircraft since 2014 comprises of 6 Boeing B787-8 and 5 Airbus A320-200 aircraft while 3 operating lease aircraft had been returned.

- Selling and advertising expenses increased by THB 579 million (6.5%) due to increase in reservation expenses from the higher rate and weakening Thai Baht against US dollar.

Moreover, the implementation of new cargo revenue accounting system in August 2014 made changes in revenue recognition of freight and mail revenues which enabled to isolate commission expense while the old system recognized it as a net revenue. Thus, the commission expense for this period, roughly THB 413 million, THB 211 million higher than last year, was booked as part of the freight and mail revenues account, the same amount was booked in the selling and advertising expenses account. The simultaneous booking in the revenue and expense accounts bears no overall effect to THAI's profit and loss statement.

- Other expenses decreased by THB 1,487 million (13.7%) since loss of selling aircraft was THB 595 million lower than last year and from rigid cost management program based on transformation plan.

- Share of profits of associates increased by THB 55 million (71.4%) YoY. The details as follow:

- Royal Orchid Hotel (Thailand) PCL's gain of THB 7 million while last year's loss of THB 42 million,
- Bangkok Aviation Fuel Services PCL's gain of THB 193 million, an increase of THB 38 million,
- Nok Airlines PCL.'s amount of THB 143 million loss, decrease in loss of THB 18 million,
- Suvarnabhumi Airport Hotel Ltd.'s amount of THB 20 million profit, a decrease of THB 5 million,
- Donmuang International Airport Hotel Ltd.'s amount of THB 18 million profit, a decrease of THB 6 million, and
- Phuket Air Catering Ltd.'s amount of THB 37 million profit, a decrease of THB 39 million

- **Net finance cost** decreased by THB 227 million (3.9%) due to lower average interest rates this year and the strengthened THB against EUR and JPY also helped lower expense in Baht term.

Expense from Transformation plan totaled THB 4,167 million, which mainly consisted of the compensation of Mutual Separation plan and Golden Handshake following the transformation plan.

Impairment loss of assets and aircraft increased by THB 5,815 million (91.7%) with the following details:

- Impairment loss of aircraft increased by THB 5,680 million due to the provision for impairment loss of 26 aircraft which consisted of 6 Airbus A340-600, 4 Airbus A340-500, 2 Boeing B747-400, 2 Boeing B747F (freighter), 6 Airbus A330-300, 4 Boeing B737-400, and 2 ATR72 aircraft whose amount totaled THB 11,488 million combining with provision of spare engines of Airbus A340-600, amount of THB 388 million while last year there was the recognition of impairment loss of 19 aircraft which were 4 Airbus A340-500, 8 Airbus A300-600, 4 Boeing B737-400, 1 Boeing B747-400, and 2 ATR72 aircraft amount of THB 6,196 million.

- Impairment loss of assets increased by THB 135 million due to higher reserve for damaged rotatable spare parts which were unrepairable.

Gain on foreign currency exchange

Gain on foreign currency exchange was THB 3,512 million consisted of THB 1,740 million unrealized gain resulting from revaluation of foreign currency loans, assets and liabilities as of December 31, 2015 with realized gain of THB 1,772 million.

3. Financial Position and Liquidity

Capital Expenditures - The Company

| Unit : Million Baht | Jan - Dec | |
|-----------------------------------|---------------|---------------|
| | 2015 | 2014 |
| Aircraft and aircraft spare parts | 16,097 | 14,313 |
| Non-Aircraft | 522 | 1,404 |
| Total | 16,619 | 15,717 |

Capital expenditures for 2015 totaled THB 16,619 million as the following details

- Investment in aircraft and aircraft spare parts totaled THB 16,097 million included payment for 6 aircraft delivered, which were 3 Boeing B777-300ER and 3 Airbus A320-200 aircraft and related expenses of existing aircraft, total amount was THB 12,800 million. Prepayment for acquisition of aircraft and engines in which delivery will be taken in 2016-2018 totaled THB 2,785 million and THB 512 million for rotatable aircraft spare part and spare engine. The additional in aircraft increased by THB 1,784 million mainly due to aircraft deliveries this year over last year 1 aircraft.
- Investments in other fixed assets amounted to THB 522 million, a decrease of THB 882 million over last year. Most of them were invested in the Technical and Ground Support Equipment activities lower than last year.

Financing

In 2015, THAI financed in the total amount of THB 61,989 million as the following details

- acquired long-term financing through financial lease using the aircraft as collateral which were 3 Boeing B777-300ER and 3 Airbus A320-200 aircraft, totaled THB 20,124 million.
- issued THB 15,000 million new debentures: THB 7,000 million in April 2015 and THB 8,000 million in September 2015, divided into four series of bonds would pay interest every six month throughout the life. The objective is to repay loan with higher financial costs, repay the debentures at maturity, and / or use as an investment and / or working capital and supporting fund for transformation plan.
- draw down of its committed revolving credit line from domestic financial institution, foreign borrowings via the Ministry of Finance, and Bill of Exchange (B/E) to repay the loan at maturity and used as working capital, amount of THB 26,865 million.

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

| Unit : Million Baht | Jan - Dec | |
|--|----------------|---------------|
| | 2015 | 2014 |
| Net cash from operating activities | 18,567 | 6,019 |
| Net cash used in investing activities | (721) | (6,122) |
| Net cash from (used in) financing activities | (20,838) | 12,199 |
| Effect from changing in exchange rate on cash and cash equivalents increase (decrease) | 427 | (507) |
| Increase(decreases) in cash and cash equivalents | (2,565) | 11,589 |

In 2015, THAI's net cash used in financing activities amounted to THB 20,838 million due to both short-term and long-term repayments which were higher than last year. THAI's net cash from operating activities totaled THB 18,567 million, an increase of THB 12,548 million from last year because THAI's operating result showed the operating loss which was less loss than last year. Net cash used in investing activities, amount of THB 721 million this year, was reduced from last year. Consequently, cash and cash equivalents as of December 31, 2015 decreased from the end of last year, THB 2,565 million.

Fleet

According to the fleet development strategy which has been implementing since last year along with the fleet strategy aimed to streamline the number of aircraft and types of aircraft for improving efficiency and operation cost reduction, it is one of THAI's transformation plan.

In 2015, THAI's consolidated took delivery of total 8 new aircraft which consisted of 6 aircraft under finance lease: 3 Boeing B777-300ER and 3 Airbus A320-200 and 2 operating lease aircraft: Boeing B787-8. THAI also decommissioned 15 aircraft which were 6 Airbus A340-600, 5 Airbus A330-300, 2 Boeing B747-400, 2 Boeing B747F which were converted to freighter aircraft. When combined with 102 active aircraft as of December 31, 2014, these put THAI's net active aircraft fleet at 95 aircraft (including 5 Airbus A320-200 aircraft subleased and 10 Airbus A320-200 aircraft transferred the leasehold right to ThaiSmile.).

In 2015, THAI sold totally 8 grounded aircraft: 1 Boeing B747-400 and 7 Airbus A300-600R aircraft, and return 3 Boeing B737-400, operating lease aircraft, which were decommissioned in the previous years.

Assets of Thai Airways International PCL. and its subsidiaries

As of December 31, 2015, total assets decreased by THB 4,796 million (1.6%) from as at December 31, 2014.

| | Consolidated | | | | | |
|--|----------------|-------------------|----------------|-------------------|----------------|-------------|
| | Dec 31, 2015 | | Dec 31, 2014 | | Variance | |
| | MTHB | % of Total Assets | MTHB | % of Total Assets | MTHB | % |
| Current assets | | | | | | |
| Cash and cash equivalents | 20,781 | 6.9 | 23,346 | 7.6 | -2,565 | -11.0 |
| Non-current assets classified as held for sale | 15,099 | 5.0 | 4,826 | 1.6 | +10,273 | +212.9 |
| Other current assets | 34,596 | 11.4 | 36,113 | 11.7 | -1,517 | -4.2 |
| Current Assets | 70,476 | 23.3 | 64,285 | 20.9 | +6,191 | +9.6 |
| Property, plant and equipment | | | | | | |
| Prepaid aircraft and spare engine | 5,491 | 1.8 | 12,368 | 4.0 | -6,877 | -55.6 |
| Aircraft | 44,979 | 14.9 | 51,322 | 16.7 | -6,343 | -12.4 |
| Aircraft under finance leases | 126,251 | 41.8 | 134,611 | 43.8 | -8,360 | -6.2 |
| Aircraft spare parts | 12,465 | 4.1 | 13,191 | 4.3 | -726 | -5.5 |
| Work in process | 61 | - | 1,274 | 0.4 | -1,213 | -95.2 |
| Land, building and improvements | 14,733 | 4.9 | 6,449 | 2.1 | +8,284 | +128.5 |
| Other plant and equipment | 4,305 | 1.4 | 4,806 | 1.6 | -501 | -10.4 |
| Property, plant and equipment-net | 208,285 | 68.9 | 224,021 | 72.9 | -15,736 | -7.0 |
| Other non-current assets | 23,710 | 7.8 | 18,961 | 6.2 | +4,749 | +25.0 |
| Total Assets | 302,471 | 100.0 | 307,267 | 100.0 | -4,796 | -1.6 |

Current assets were THB 70,476 million or accounted for 23.3% of total assets, an increase of THB 6,191 million (9.6 %) from as of December 31, 2014. The significant items consisted of

- A decrease in cash and cash equivalents of THB 2,565 million (11.0%), mainly from net cash used in financial activities, amount of THB 20,838 million, which increased from last year due to short-term loans and long-term loans repayment.
- Non-current assets classified as held for sale increased by THB 10,273 million (212.9%) mainly due to the transferring 15 decommissioned aircraft as aircraft held for sale which were 5 Airbus A330-300, 6 Airbus A340-600, and 4 Boeing B747-400 aircraft while 8 aircraft were transfer aircraft ownership's right to buyers, which were 7 Airbus A300-600R and 1 Boeing B747-400 aircraft, and spare engines of decommissioned aircraft increased.
- A decrease in other current assets of THB 1,517 million (4.2%) mainly from the decrease of trade receivables, amount of THB 997 million due to the decrease of sales and the better ability to manage faster collection period by speeding up from 28 days in 2014 to 26 days this year which was lower than THAI's normal collecting period. Moreover, inventories and supplies declined by THB 473 million

THAI's trade receivables as of December 31, 2015 and December 31, 2014 classified by aging period as the following details

| Unit : Million Baht | DEC 31, 2015 | DEC 31, 2014 |
|-------------------------------------|---------------|---------------|
| Aging Periods: | | |
| Not over 6 months | 11,430 | 12,426 |
| Over 6 months to 1 year | 161 | 334 |
| Over 1 year to 2 years | 319 | 253 |
| Over 2 years | 941 | 849 |
| Total | 12,851 | 13,862 |
| Less Allowance for doubtful account | (1,155) | (1,169) |
| Trade receivables - net | 11,696 | 12,693 |

Property, plant and equipment-net totaled THB 208,285 million or represented 68.9 % of total assets, which saw a decrease of THB 15,736 million (7.0%) from December 31, 2014 resulting from

- The prepaid aircraft and spare engines decreased by THB 6,877 million (55.6%) due to the transfer from aircraft prepayment : 3 Boeing B777-300ER and 3 Airbus A320-200 aircraft to aircraft under finance lease however, there were additional aircraft prepayment of Airbus A350-900XWB aircraft this year.
- Aircraft decreased by THB 6,343 million (12.4%) due to the normal calculation of aircraft depreciation and transferring decommissioned aircraft to non-current assets classified as held for sales, totaling 9 aircraft : 5 Airbus A330-300 and 4 Boeing B747-400 aircraft which included 2 Boeing B747-400 Freighter aircraft.
- Aircraft under finance lease decreased by THB 8,360 million (6.2%) mainly due to transferring 6 decommissioned Airbus A340-600 aircraft to non-current assets classified as held for sales aircraft and the result of depreciation estimated. However, there were new aircraft delivered in 2015 which consisted of 3 Boeing B777-300ER and 3 Airbus A320-200 aircraft.
- Aircraft spare parts decreased by THB 726 million (5.5%) mainly due to transferring spare engines of grounded aircraft to non-current assets held for sell.
- Property, plant and improvements increased by THB 8,284 million (128.5%) mainly due to the change in accounting policy to measure the value of land from cost basis to the revaluation basis, effective for annual financial period of 2015, both in land and abroad where the new value increased THB 8,647 million.

Other non-current assets totaled THB 23,710 million or represented 7.8% of total assets, which increased by THB 4,749 million (25.0%) from as of December 31, 2014 resulting from

- increase of deferred tax assets THB 1,671 million due to the recording of deferred tax assets from the increase of allowance for impairment of aircraft and the effective portion of changes in fair value of cash flow hedges from application of hedge accounting to foreign currency borrowings and forecasted future revenue (Revenue Hedging)
- increase of maintenance reserve of aircraft under operating lease, approximately THB 3,330 million, which was able to claim from the lessor when actual maintenance occurred. (also see Maintenance and overhaul expense mentioned above)

Return on assets of 2015 was -2.7% compared to last year's -3.5% due to the less loss this year.

Liabilities of Thai Airways International PCL. and its subsidiaries

Total liabilities as of December 31, 2015 increased by THB 3,574 million (1.3%) from as of December 31, 2014. These comprise of :

| | Consolidated | | | | | |
|--|----------------|------------------------|----------------|------------------------|---------------|-------------|
| | DEC 31, 2015 | | DEC 31, 2014 | | Variance | |
| | MTHB | % of Total Liabilities | MTHB | % of Total Liabilities | MTHB | % |
| Current liabilities (excluding current Portion of long-term liabilities) | 73,592 | 27.3 | 80,432 | 30.2 | -6,840 | -8.5 |
| Long-term liabilities | | | | | | |
| Debentures | 56,600 | 21.0 | 44,600 | 16.8 | +12,000 | +26.9 |
| Liabilities under financial leases | 77,551 | 28.8 | 72,027 | 27.1 | +5,524 | +7.7 |
| Long term borrowings | 43,627 | 16.2 | 51,925 | 19.5 | -8,298 | -16.0 |
| Total long-term liabilities | 177,778 | 66.0 | 168,552 | 63.4 | +9,226 | +5.5 |
| Other non-current liabilities | 18,175 | 6.7 | 16,987 | 6.4 | +1,188 | +7.0 |
| Total Liabilities | 269,545 | 100.0 | 265,971 | 100.0 | +3,574 | +1.3 |

Current liabilities (excluding current portion of long term liabilities' amount of THB 22,430 million) or accounted for 27.3% of total liabilities, a decrease of THB 6,840 million (8.5%) from last year since the short-term loan decreased by THB 8,675 million resulting from the repayment of the loan at maturity.

Long-term liabilities as of December 31, 2015 (including current portion of long term liabilities' totaled THB 22,430 million) or represented 66.0 % of total liabilities, which was an increase of THB 9,226 million (5.5%) from December 31, 2014 primarily due to the weakening value of the Baht when compared to the end of 2014 affected from the escalation of long-term liabilities translated to Baht terms. When excluded foreign currency adjustment, the amount of THB 1,490 million, long-term liabilities increased by THB 7,736 million mainly due to

- acquiring the additional long-term financing increased by THB 20,124 million to pay for aircraft purchases, 3 Boeing B777-300ER and 3 Airbus A320-200 aircraft,
- issuing new debentures the amount of THB 15,000 million which segregated into 2 lots : THB 7,000 million in April 2015 and another THB 8,000 million in September 2015.
- long-term repayment, amount of THB 27,390 million, consisted of long-term repayment and the debentures at maturity.

At the end of 2015, interest bearing debt to equity was 5.8 times when compared to the end of 2014's 4.7 times.

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

As of December 31, 2015, shareholders' equity totaled THB 32,926 million, a decrease of THB 8,370 million (20.3%) from December 31, 2014 due to loss from operations. Even there was the surplus on revaluation of land to leverage the loss, THAI's return on equity of 2015 still decreased from -31.7% at the same period last year to -35.2% this year.

4. Factors affecting future operations

The forecast situation of the aviation industry in 2016 is expected to continue growing but lower than 2015 due to the slowdown of the Chinese economy which directly impacts trade partner countries, especially in Asia. The European economy is still recovering and beginning to confront immigrant resistance in many countries, including the issue of terrorism. Although oil prices are expected to decline from 2015 due to oversupply situation. Furthermore, the increase of interest rate from US Federal Reserve signaled the recovery of US economic. However, such measures affect the currency depreciates grow steadily.

For the aviation industry of Thailand in 2016, although Thailand was downgraded by the FAA aviation safety standards, the certified aviation safety standards from EASA also make the situation getting better and benefits the Thai airline industry which seems to grow. However, there is still a risk factors that will affect the aviation industry of Thailand, including terrorism, war, massive natural disasters, and global economic situation. However, the falling fuel price is considered to be the positive factor. The other critical factor that must continue to monitor is the issue of the safety oversight of civil aviation of the country, which is in the process of concrete editing by Committee of Civil Aviation which has been approved a security plan for National civil Aviation security Programme-NCASP, a plan states that the security system that is based on the framework and guidelines for the International Civil Aviation Organization – ICAO to set out and prepare for Universal security Audit Programme: USAP of the ICAO audit in 2017.

For the implementation of the reform plan, THAI proceeded the further steps as these summary below:

- More aggressive revenue generating by concentrating more on passenger, cargo and mail and all other revenues
- Effective non-fuel cash cost reduction program
- Capability for sustainability plan i.e. Network Management System enhancement, Agent Management System development, procurement process redesign, aircraft and engines maintenance reprocess, financial capability enhancement, and so on.
- Customer services excellency by improving customer's loyalty, the customer service excellency development and business class services improvement.

In addition, THAI has established a monitoring process closely to ensure that the transformation plans will be updated to reflect the change of circumstances promptly.

5. Financial Ratios

| | | Jan - Dec | |
|--|---------|-----------|---------|
| | | 2015 | 2014 |
| Liquidity Ratio | | | |
| Current Ratio | (times) | 0.78 | 0.75 |
| Profitability Ratio | | | |
| Profit (loss) before Gain on foreign currency exchange Tax and One-time Margin | % | (0.69) | (12.03) |
| Net Profit (loss) Margin | % | (6.90) | (8.14) |
| Return on Equity | % | (35.16) | (31.71) |
| Efficiency Ratio | | | |
| Return on Total Assets | % | (2.70) | (3.47) |
| Financial Policy Ratio | | | |
| Interest Bearing Debt to Equity | (times) | 5.84 | 4.65 |
| Total Debt to Equity | (times) | 8.19 | 6.44 |
| Interest Coverage Ratio | (times) | 3.32 | 0.59 |

GLOSSARY

Current Ratio

- = Current Assets (excluding non-current Assets classified as held for sale) / Current Liabilities
(Excluding Unearned Transportation Revenues)

Profit (loss) Margin (before gain on foreign currency exchange tax and one-time expense)

- = Profit (loss) before gain on foreign currency exchange tax and one-time expense /
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

Total Debts to Equity

- = Total debts / Shareholders' Equity

Interest Coverage ratio

- = EBITDA / interest



NO. 0025/0596

OFFICE OF THE AUDITOR GENERAL
OF THAILAND

Rama VI Road, Phayathai,

Bangkok 10400, Thailand

Tel : 66 2271 8053 ; Fax : 66 2618 5788

E-mail : audit4@oag.go.th

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, 2015 of Thai Airways International Public Company Limited and its subsidiaries and separate financial statements for the year ended December 31, 2015 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 4, 2016



(Pisit Leelavachirapas)
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, 2015, 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.

Office of the Auditor General of Thailand

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, 2015 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 5 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) *Poungchomnad Jariyajinda*
(Poungchomnad Jariyajinda)
Deputy Auditor General

(Signed) *Nipaporn Panyanon*
(Nipaporn Panyanon)
Director of Audit Office No.4

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

Unit : Baht

| | | CONSOLIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|----------------------------------|--------|-----------------------------------|-----------------|-------------------------------|-----------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Notes | | | | | |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | 7.1 | 20,781,350,721 | 23,346,551,299 | 18,875,817,868 | 22,605,700,442 |
| Temporary investments | | 85,000,000 | 120,000,000 | – | – |
| Trade receivables | 7.2 | 11,695,702,825 | 12,693,156,288 | 10,906,776,494 | 12,421,448,355 |
| Prepaid expenses and deposits | | 8,904,945,334 | 8,973,291,938 | 9,060,545,326 | 9,247,752,662 |
| Inventories and supplies | 7.3 | 5,920,786,454 | 6,394,407,798 | 5,902,724,322 | 6,390,435,351 |
| Other current assets | 7.4 | 7,989,028,240 | 7,931,830,092 | 16,176,770,720 | 11,118,182,978 |
| Non-current assets held for sale | 7.5 | 15,099,392,637 | 4,825,624,336 | 15,099,392,637 | 4,825,624,336 |
| Total Current Assets | | 70,476,206,211 | 64,284,861,751 | 76,022,027,367 | 66,609,144,124 |
| Non-Current Assets | | | | | |
| Investments in associates | 7.6.1 | 4,739,377,563 | 4,771,142,799 | 1,083,520,500 | 1,083,520,500 |
| Investments in subsidiaries | 7.6.1 | – | – | 810,209,893 | 810,209,893 |
| Other long-term investments | 7.6.2 | 75,575,920 | 80,940,004 | 72,440,719 | 80,940,004 |
| Property, plant and equipment | 7.8 | 208,285,363,102 | 224,021,451,558 | 208,262,819,695 | 224,013,693,009 |
| Intangible assets | 7.9 | 1,031,333,707 | 1,263,035,882 | 993,493,107 | 1,233,074,265 |
| Deferred tax assets | 7.10.1 | 8,680,325,679 | 7,008,807,127 | 8,653,240,176 | 6,991,941,202 |
| Other non-current assets | 7.11 | 9,182,875,582 | 5,836,938,847 | 9,179,744,325 | 5,831,235,015 |
| Total Non-Current Assets | | 231,994,851,553 | 242,982,316,217 | 229,055,468,415 | 240,044,613,888 |
| Total Assets | | 302,471,057,764 | 307,267,177,968 | 305,077,495,782 | 306,653,758,012 |

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, 2015

Unit : Baht

| Notes | CONSOLIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|--|-----------------------------------|------------------------|-------------------------------|------------------------|
| | 2015 | 2014 | 2015 | 2014 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| Current Liabilities | | | | |
| Trade payables | 4,242,439,990 | 4,874,561,680 | 4,095,515,853 | 4,856,382,197 |
| Accrued expenses | 21,386,197,260 | 20,762,483,571 | 21,577,714,868 | 24,095,946,587 |
| Current portion of long-term liabilities | | | | |
| Long-term borrowings from financial institutions 7.12 | 8,240,705,325 | 7,471,449,581 | 8,240,705,325 | 7,471,449,581 |
| Long-term borrowings from related parties 7.12 | - | 568,000,000 | - | 568,000,000 |
| Liabilities under finance leases 7.13 | 9,889,586,330 | 10,638,027,281 | 9,889,586,330 | 10,638,027,281 |
| Debentures 7.14 | 4,300,000,000 | 3,000,000,000 | 4,300,000,000 | 3,000,000,000 |
| Short-term borrowings from financial institutions | 4,000,000,000 | 13,300,000,000 | 4,000,000,000 | 13,300,000,000 |
| Short-term borrowings from related parties | 10,625,380,000 | 10,000,000,000 | 10,625,380,000 | 10,000,000,000 |
| Short-term provisions | - | 135,235,892 | - | - |
| Income tax payable | 87,452 | 10,420,267 | - | - |
| Other current liabilities | | | | |
| Accrued dividends | 54,881,143 | 54,901,142 | 54,728,143 | 54,809,341 |
| Unearned transportation revenues | 24,868,518,712 | 22,602,110,933 | 24,632,513,208 | 22,452,816,806 |
| Others 7.15 | 8,415,014,030 | 8,691,920,949 | 12,799,438,374 | 8,549,157,255 |
| Total Current Liabilities | 96,022,810,242 | 102,109,111,296 | 100,215,582,101 | 104,986,589,048 |
| Non-Current Liabilities | | | | |
| Long-term liabilities | | | | |
| Long-term borrowings from financial institutions 7.12 | 20,127,865,886 | 28,414,617,915 | 20,127,865,886 | 28,414,617,915 |
| Long-term borrowings from related parties 7.12 | 15,258,204,263 | 15,471,246,741 | 15,258,204,263 | 15,471,246,741 |
| Liabilities under finance leases 7.13 | 67,660,868,659 | 61,388,824,147 | 67,660,868,659 | 61,388,824,147 |
| Debentures 7.14 | 52,300,000,000 | 41,600,000,000 | 52,300,000,000 | 41,600,000,000 |
| Deferred tax liabilities 7.10.2 | 1,866,882,144 | 127,934,346 | 1,866,882,144 | 127,934,346 |
| Staff pension fund 7.16 | 3,880,258,506 | 4,763,145,821 | 3,880,258,506 | 4,763,145,821 |
| Employee benefit obligations 7.17 | 11,645,226,358 | 11,508,912,107 | 11,568,261,769 | 11,456,349,347 |
| Long-term provisions 7.18 | 619,309,937 | 412,959,915 | 619,309,937 | 410,519,111 |
| Other non-current liabilities | 163,940,945 | 174,493,302 | 162,867,915 | 172,982,273 |
| Total Non-Current Liabilities | 173,522,556,698 | 163,862,134,294 | 173,444,519,079 | 163,805,619,701 |
| Total Liabilities | 269,545,366,940 | 265,971,245,590 | 273,660,101,180 | 268,792,208,749 |
| Shareholders' Equity | | | | |
| Share capital 7.20 | | | | |
| Authorized share capital | | | | |
| 2,698.90 million ordinary shares par value of Baht 10 each | 26,989,009,500 | 26,989,009,500 | 26,989,009,500 | 26,989,009,500 |
| Issued and paid-up share capital | | | | |
| 2,182.77 million ordinary shares par value of Baht 10 each | 21,827,719,170 | 21,827,719,170 | 21,827,719,170 | 21,827,719,170 |
| Premium on ordinary shares | 25,545,316,308 | 25,545,316,308 | 25,545,316,308 | 25,545,316,308 |
| Retained earnings | | | | |
| Appropriated | | | | |
| Legal reserve 7.21 | 2,691,275,568 | 2,691,275,568 | 2,691,275,568 | 2,691,275,568 |
| Unappropriated | (22,247,804,409) | (8,849,195,269) | (23,686,357,373) | (12,202,761,783) |
| Other components of equity | 5,039,440,929 | - | 5,039,440,929 | - |
| Total Company Shareholders' Equity | 32,855,947,566 | 41,215,115,777 | 31,417,394,602 | 37,861,549,263 |
| Non-controlling interests | 69,743,258 | 80,816,601 | - | - |
| Total Shareholders' Equity | 32,925,690,824 | 41,295,932,378 | 31,417,394,602 | 37,861,549,263 |
| Total Liabilities and Shareholders' Equity | 302,471,057,764 | 307,267,177,968 | 305,077,495,782 | 306,653,758,012 |

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

(Signed)


(Charamporn Jotikasathira)
President

(Signed)


(Narongchai Wongthanavimok)
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, 2015

Unit : Baht

| | Notes | CONSOLIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|--|-------|-----------------------------------|-------------------------|-------------------------------|-------------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | |
| Revenues from Sales or Revenues from Services | | | | | |
| Passenger and excess baggage | | 152,487,688,487 | 154,881,181,131 | 147,915,338,841 | 154,135,518,653 |
| Freight | | 18,089,435,210 | 22,848,094,507 | 18,089,166,877 | 22,848,094,507 |
| Mail | | 562,089,100 | 753,212,553 | 562,089,100 | 753,212,553 |
| Other activities | | 11,588,144,224 | 9,885,122,984 | 12,375,582,617 | 10,040,759,899 |
| Total Revenues from Sales or Revenues from Services | | 182,727,357,021 | 188,367,611,175 | 178,942,177,435 | 187,777,585,612 |
| Other Income | | | | | |
| Interest income | | 331,925,784 | 279,968,103 | 320,659,030 | 268,615,608 |
| Gains on foreign currency exchange | | 3,511,781,612 | 12,622,952,932 | 3,488,587,347 | 12,644,844,956 |
| Other income – Others | 7.22 | 6,020,259,832 | 2,618,814,433 | 6,381,725,448 | 3,120,492,132 |
| Total Other Income | | 9,863,967,228 | 15,521,735,468 | 10,190,971,825 | 16,033,952,696 |
| Total Revenues | | 192,591,324,249 | 203,889,346,643 | 189,133,149,260 | 203,811,538,308 |
| Expenses | | | | | |
| Fuel and oil | | 63,242,833,143 | 79,231,321,984 | 61,794,040,481 | 78,101,938,927 |
| Employee benefit expenses | 7.23 | 30,678,620,518 | 31,274,209,959 | 30,248,536,927 | 31,123,370,184 |
| Termination benefit – Mutual Separation Plan | 7.24 | 3,381,266,844 | – | 3,381,266,844 | – |
| Flight service expenses | | 20,474,091,602 | 21,624,911,990 | 20,034,488,655 | 21,326,425,139 |
| Crew expenses | | 5,312,866,969 | 5,831,415,474 | 5,104,586,411 | 5,768,145,956 |
| Aircraft maintenance and overhaul costs | | 10,310,630,041 | 14,683,624,297 | 9,652,336,586 | 14,308,385,268 |
| Depreciation and amortisation expenses | | 19,132,779,761 | 20,534,528,787 | 19,117,961,142 | 20,530,221,460 |
| Lease of aircraft and spare parts | | 8,949,988,818 | 6,592,623,020 | 7,658,995,572 | 8,211,687,583 |
| Inventories and supplies | | 7,828,716,942 | 8,256,854,790 | 7,584,882,922 | 8,169,067,665 |
| Selling and advertising expenses | | 9,499,174,198 | 8,920,303,698 | 9,110,107,043 | 8,800,452,822 |
| Insurance expenses | | 613,989,442 | 492,742,174 | 577,639,909 | 477,957,195 |
| Impairment loss of assets | | 281,315,202 | 146,248,635 | 281,315,202 | 146,248,635 |
| Impairment loss of aircraft | 7.25 | 11,876,432,369 | 6,196,331,961 | 11,876,432,369 | 6,196,331,961 |
| Other expenses | 7.26 | 9,359,059,811 | 10,845,617,496 | 9,051,104,538 | 10,682,459,841 |
| Finance costs | | 5,897,739,737 | 6,073,282,906 | 5,897,739,737 | 6,073,282,906 |
| Share of profit of associates | | (131,877,881) | (77,276,813) | – | – |
| Total Expenses | | 206,707,627,516 | 220,626,740,358 | 201,371,434,338 | 219,915,975,542 |
| Loss before Income Tax Expense | | (14,116,303,267) | (16,737,393,715) | (12,238,285,078) | (16,104,437,234) |
| Income tax expense (income) | 7.27 | (1,069,374,783) | (1,164,836,464) | (1,075,235,656) | (1,208,436,049) |
| Loss for the Year | | (13,046,928,484) | (15,572,557,251) | (11,163,049,422) | (14,896,001,185) |
| Other Comprehensive Income | | | | | |
| Items that will not be reclassified to profit or loss in subsequent periods | | | | | |
| Actuarial gains on employee benefit obligations | | (400,682,710) | – | (400,682,710) | – |
| Income tax related to Actuarial gains on employee benefit obligations | | 80,136,542 | – | 80,136,542 | – |
| Revaluation surplus on assets | | 8,647,351,381 | – | 8,647,351,381 | – |
| Share of other comprehensive income from joint ventures and associates | | (10,391,031) | – | – | – |
| Income tax related to Revaluation surplus on assets | | (1,729,470,276) | – | (1,729,470,276) | – |
| Items that will be reclassified to profit or loss in subsequent periods | | | | | |
| Effective portion of changes in fair value of cash flow hedges | | (2,348,050,220) | – | (2,348,050,220) | – |
| Income tax related to Effective portion of changes in fair value of cash flow hedges | | 469,610,044 | – | 469,610,044 | – |
| Other Comprehensive Income for the Year – Net of Tax | | 4,708,503,730 | – | 4,718,894,761 | – |
| Total Comprehensive Income for the Year | | (8,338,424,754) | (15,572,557,251) | (6,444,154,661) | (14,896,001,185) |
| Profit (Loss) Attributable to | | | | | |
| Owners of the Parent | | (13,067,671,941) | (15,611,620,793) | (11,163,049,422) | (14,896,001,185) |
| Non-controlling interests | | 20,743,457 | 39,063,542 | – | – |
| | | (13,046,928,484) | (15,572,557,251) | (11,163,049,422) | (14,896,001,185) |
| Total Comprehensive Income Attributable to | | | | | |
| Owners of the Parent | | (8,359,168,211) | (15,611,620,793) | (6,444,154,661) | (14,896,001,185) |
| Non-controlling interests | | 20,743,457 | 39,063,542 | – | – |
| | | (8,338,424,754) | (15,572,557,251) | (6,444,154,661) | (14,896,001,185) |
| Loss per Share | 7.29 | | | | |
| Basic loss per share | | (5.99) | (7.15) | (5.11) | (6.82) |

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

(Signed)



(Charamporn Jotikasathira)
President

(Signed)



(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

FOR THE YEAR ENDED DECEMBER 31, 2015

| 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 | | | | | | |
| | | | Appropriated Legal reserve | Unappropriated | Other Comprehensive Income | | | | | | |
| | | | | | Effective portion of changes in fair value of cash flow hedges | Income tax related to Effective portion of changes in fair value of cash flow hedges | Revaluation surplus on assets | | | | Income tax related to Revaluation surplus on assets |
| Balance as at January 1, 2014 | 21,827,719,170 | 25,548,223,951 | 2,691,275,568 | 5,717,014,126 | - | - | - | - | 55,784,232,815 | 89,094,864 | 55,873,327,679 |
| Reclassification | | | | | | | | | | | |
| Actuarial gains on employee benefit and income tax | - | - | - | 1,045,411,398 | - | - | - | - | 1,045,411,398 | - | 1,045,411,398 |
| Changes in Shareholders' Equity | | | | | | | | | | | |
| 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 | - | - | - | (15,611,620,793) | - | - | - | - | (15,611,620,793) | 39,063,542 | (15,572,557,251) |
| Balance as at December 31, 2014 | 21,827,719,170 | 25,545,316,308 | 2,691,275,568 | (8,849,195,269) | - | - | - | - | 41,215,115,777 | 80,816,601 | 41,295,932,378 |
| Balance as at January 1, 2015 | 21,827,719,170 | 25,545,316,308 | 2,691,275,568 | (8,849,195,269) | - | - | - | - | 41,215,115,777 | 80,816,601 | 41,295,932,378 |
| Changes in Shareholders' Equity | | | | | | | | | | | |
| Less Dividends paid | - | - | - | - | - | - | - | - | - | (31,725,000) | (31,725,000) |
| Less Dividends paid to cumulative preferred shares | - | - | - | - | - | - | - | - | - | (91,800) | (91,800) |
| Add | - | - | - | (13,067,671,941) | - | - | - | - | (13,067,671,941) | 20,743,457 | (13,046,928,484) |
| Add | - | - | - | (330,937,199) | (2,348,050,220) | 469,610,044 | 8,647,351,381 | (1,729,470,276) | 4,708,503,730 | - | 4,708,503,730 |
| Total Other comprehensive income for the year | | | | | | | | | | | |
| Balance as at December 31, 2015 | 21,827,719,170 | 25,545,316,308 | 2,691,275,568 | (22,247,804,409) | (2,348,050,220) | 469,610,044 | 8,647,351,381 | (1,729,470,276) | 32,855,947,566 | 69,743,258 | 32,925,690,824 |

(Signed)  (Charamporn Jotikasathira)
President

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2015

Unit : Baht

| SEPARATE FINANCIAL STATEMENTS | | | | | | | | | |
|--|----------------------------------|----------------------------|----------------------------|------------------|--|--|-------------------------------|---|----------------------------|
| | Issued and Paid-up Share Capital | Premium on Ordinary Shares | Retained Earnings | | Other Components of Equity | | | | |
| | | | Appropriated Legal reserve | Unappropriated | Other Comprehensive Income | | | | Total Shareholders' Equity |
| | | | | | Effective portion of changes in fair value of cash flow hedges | Income Tax related to effective portion of changes in fair value of cash flow hedges | Revaluation Surplus on assets | Income tax related to Revaluation Surplus on assets | |
| Balance as at January 1, 2014 | 21,827,719,170 | 25,548,223,951 | 2,691,275,568 | 1,646,898,875 | - | - | - | - | 51,714,117,564 |
| Reclassification | | | | | | | | | |
| Actuarial gains on employee benefit and income tax | - | - | - | 1,046,340,527 | - | - | - | - | 1,046,340,527 |
| Changes in Shareholders' Equity | | | | | | | | | |
| Less Adjustment of share offering expense | - | (2,907,643) | - | - | - | - | - | - | (2,907,643) |
| Add Total comprehensive income for the year 2014 | - | - | - | (14,896,001,185) | - | - | - | - | (14,896,001,185) |
| Balance as at December 31, 2014 | 21,827,719,170 | 25,545,316,308 | 2,691,275,568 | (12,202,761,783) | - | - | - | - | 37,861,549,263 |
| Balance as at January 1, 2015 | 21,827,719,170 | 25,545,316,308 | 2,691,275,568 | (12,202,761,783) | - | - | - | - | 37,861,549,263 |
| Changes in Shareholders' Equity | | | | | | | | | |
| Add Profit (Loss) for the year 2015 | - | - | - | (11,163,049,422) | - | - | - | - | (11,163,049,422) |
| Add Total Other comprehensive income for the year | - | - | - | (320,546,168) | (2,348,050,220) | 469,610,044 | 8,647,351,381 | (1,729,470,276) | 5,039,440,929 |
| Balance as at December 31, 2015 | 21,827,719,170 | 25,545,316,308 | 2,691,275,568 | (23,686,357,373) | (2,348,050,220) | 469,610,044 | 8,647,351,381 | (1,729,470,276) | 31,417,394,602 |

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

(Signed)



(Charamporn Jotikasathira)
President

(Signed)



(Narongchai Wongthanavimok)
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, 2015

Unit : Baht

| Note | CONSOLIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash Flows from Operating Activities | | | | |
| Loss before income tax expenses | (14,116,303,267) | (16,737,393,715) | (12,238,285,078) | (16,104,437,234) |
| Adjustment to reconcile loss before income tax expense to cash received (paid) from operating activities : | | | | |
| Depreciation and amortisation expenses | 19,132,779,761 | 20,534,528,787 | 19,117,961,142 | 20,530,221,460 |
| Aircraft lease fee | 179,862,875 | 149,417,313 | 179,862,875 | 149,417,313 |
| Dividends received | (619,028) | (578,785) | (192,646,114) | (346,820,352) |
| Share of profits of investments by equity method | (131,877,881) | (77,276,813) | - | - |
| Interest income | (331,925,784) | (279,968,103) | (320,659,030) | (268,615,608) |
| Interest expenses | 5,897,739,737 | 6,073,282,906 | 5,897,739,737 | 6,073,282,906 |
| Gains on sales of assets | (76,968,024) | (27,415,792) | (77,002,834) | (27,023,244) |
| Loss on sales of aircraft | 69,941,260 | 688,434,938 | 69,941,260 | 688,434,938 |
| Gains on reversal of current liabilities in prior period | (2,341,400) | - | - | - |
| Gains on foreign currency exchange | (2,317,282,893) | (10,365,248,297) | (2,291,857,674) | (10,386,356,549) |
| Employee benefit obligations | 607,440,461 | 962,937,242 | 583,038,632 | 944,604,041 |
| Provision for obsolete inventories and supplies | 500,515,637 | 682,942,374 | 500,515,637 | 682,942,374 |
| Doubtful accounts | (122,420,638) | 293,635,222 | (123,814,144) | 290,248,654 |
| Impairment loss of aircraft | 11,876,432,369 | 6,196,331,961 | 11,876,432,369 | 6,196,331,961 |
| Impairment loss of assets | 281,315,202 | 146,248,635 | 281,315,202 | 146,248,635 |
| Operating profits before changes in operating assets and liabilities | 21,446,288,387 | 8,239,877,873 | 23,262,541,980 | 8,568,479,295 |
| Decrease (increase) in operating assets : | | | | |
| Trade receivables | 1,020,044,763 | 310,185,813 | 1,538,148,051 | 548,221,184 |
| Inventories and supplies | (26,894,294) | 444,021,802 | (12,804,608) | 447,994,249 |
| Prepaid expenses and deposits | 832,239,970 | (209,315,164) | 951,100,701 | (125,317,727) |
| Tax refund | 246,995,391 | 259,528,595 | 246,995,391 | 259,528,595 |
| Other current assets | (17,662,084) | 1,315,077,036 | (5,039,182,067) | (1,873,927,159) |
| Assets for sales | (46,047,514) | (2,327,359,628) | (46,047,514) | (2,327,359,628) |
| Other assets | (3,148,131,096) | 278,780,241 | (3,150,700,767) | 278,794,137 |
| Deferred charges | (938,187,742) | (1,352,677,207) | (938,187,742) | (1,352,677,207) |
| Increase (decrease) in operating liabilities : | | | | |
| Trade payables | (1,950,035,890) | (1,606,417,392) | (2,099,774,575) | (1,596,516,663) |
| Accrued expenses and other current liabilities | (2,944,691) | (975,508,332) | 1,376,175,348 | 1,408,612,196 |
| Staff pension fund | (882,887,315) | (111,266,552) | (882,887,315) | (111,266,552) |
| Unearned transportation revenues | 2,288,332,877 | 2,046,424,940 | 2,201,621,500 | 1,897,130,813 |
| Other non-current liabilities | 32,253,030 | (2,403,776) | 170,367,726 | (137,639,668) |
| Proceeds from operations | 18,853,363,792 | 6,308,948,249 | 17,577,366,109 | 5,884,055,865 |
| Payment of income tax | (286,728,622) | (290,349,666) | (240,413,637) | (241,759,589) |
| Net Cash provided by Operating Activities | 18,566,635,170 | 6,018,598,583 | 17,336,952,472 | 5,642,296,276 |

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, 2015

Unit : Baht

| | Notes | CONSOLIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|--|-------|-----------------------------------|------------------|-------------------------------|------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Cash Flows from Investing Activities | | | | | |
| Cash paid for acquisition of fixed assets | B | (3,821,977,306) | (7,983,652,715) | (3,799,297,409) | (7,980,857,431) |
| Cash paid for intangible assets | | (93,394,457) | (581,842,824) | (78,557,087) | (555,022,349) |
| Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment | | 1,511,303,492 | 980,996,468 | 1,511,303,492 | 980,996,468 |
| Proceeds from sales of assets | | 1,173,227,235 | 863,637,046 | 1,173,227,235 | 863,242,186 |
| Interest income | | 306,620,398 | 281,577,613 | 295,407,433 | 270,396,164 |
| Dividends received | | 153,871,114 | 289,011,555 | 192,646,114 | 346,820,351 |
| Investment decrease (increase) | | 14,243,428 | 48,418,798 | 17,378,628 | (351,581,202) |
| Temporary investment decrease (increase) | | 35,000,000 | (20,000,000) | – | – |
| Net Cash provided by (used in) Investing Activities | | (721,106,096) | (6,121,854,059) | (687,891,594) | (6,426,005,813) |
| Cash Flows from Financing Activities | | | | | |
| Proceeds from debentures | | 15,000,000,000 | 7,200,000,000 | 15,000,000,000 | 7,200,000,000 |
| Proceeds from short-term borrowings | | 26,864,550,000 | 49,923,830,000 | 26,864,550,000 | 49,923,830,000 |
| Proceeds from long-term borrowings | | 6,394,735,465 | 10,403,755,433 | 6,394,735,465 | 10,403,755,433 |
| Cash paid for repayment of short-term borrowings | | (35,685,795,000) | (26,623,830,000) | (35,685,795,000) | (26,623,830,000) |
| Cash paid for repayment of debentures | | (3,000,000,000) | (3,720,000,000) | (3,000,000,000) | (3,720,000,000) |
| Cash paid for repayment of long-term borrowings | | (24,389,907,445) | (19,365,652,291) | (24,389,907,445) | (19,365,652,291) |
| Cash paid for borrowings interest | | (5,989,435,254) | (5,571,741,777) | (5,989,435,254) | (5,571,741,777) |
| Dividends paid | | (81,198) | (259,534) | (81,198) | (198,334) |
| Dividends paid to non-controlling interests | | (31,786,200) | (47,280,604) | – | – |
| Net Cash provided by (used in) Financing Activities | | (20,837,719,632) | 12,198,821,227 | (20,805,933,432) | 12,246,163,031 |
| Net increase (decrease) in cash and cash equivalents | | (2,992,190,558) | 12,095,565,751 | (4,156,872,554) | 11,462,453,494 |
| Cash and cash equivalents at the beginning of the year | | 23,346,551,299 | 11,757,473,084 | 22,605,700,442 | 11,649,734,484 |
| | | 20,354,360,741 | 23,853,038,835 | 18,448,827,888 | 23,112,187,978 |
| Effect from changing in exchange rate on cash and cash at banks increase (decrease) | | 426,989,980 | (506,487,536) | 426,989,980 | (506,487,536) |
| Cash and Cash Equivalents at the End of the year | C | 20,781,350,721 | 23,346,551,299 | 18,875,817,868 | 22,605,700,442 |

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

(Signed)



(Charamporn Jotikasathira)
President

(Signed)



(Narongchai Wongthanavimok)
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, 2015

Note to Statements of Cash Flows

A. Tax Refund – Consolidated and Separate Financial Statements

Unit : Million Baht

| | 2015 |
|--|---------------|
| Proceeds from P.N.D.50 for the year 2013 | 257.34 |
| Adjustment of tax refund for the year 2014 | (10.34) |
| | 247.00 |

| | 2014 |
|--|---------------|
| Proceeds from P.N.D.50 for the year 2012 | 266.29 |
| Adjustment of tax refund for the year 2013 | (6.76) |
| | 259.53 |

B. Property, Plant and Equipment

Consolidated financial statements

During the year 2015, the Company bought property, plant and equipment under finance leases amount of THB 12,796.77 million and cash payment amount of THB 3,821.98 million, total cost amount of THB 16,618.75 million.

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 15,717.54 million.

Separate financial statements

During the year 2015, the Company bought property, plant and equipment under finance leases amount of THB 12,796.77 million and cash payment amount of THB 3,799.30 million, total cost amount of THB 16,596.07 million.

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.

C. Cash and Cash Equivalents

Unit : Million Baht

| | CONSOLIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash on hand and outstanding bank balances | 20,354.36 | 23,853.04 | 18,448.83 | 23,112.19 |
| Short-term investments | – | – | – | – |
| Cash and cash equivalents as previously reported | 20,354.36 | 23,853.04 | 18,448.83 | 23,112.19 |
| Effect of exchange rate changes | 426.99 | (506.49) | 426.99 | (506.49) |
| Cash and cash equivalents as reported | 20,781.35 | 23,346.55 | 18,875.82 | 22,605.70 |

(Signed)


(Charamporn Jotikasathira)
President

(Signed)


(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015, the Company has the routes network servicing to 63 destinations in 30 countries all over the world, whereas 4 routes are domestic (excluding Bangkok).

2. BASIS OF FINANCIAL STATEMENT PREPARATION

The consolidated and the separate financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act B.E. 2543 (2000) 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 | |
|--|---|-----------------|-----------------------------|------|
| | | | 2015 | 2014 |
| Held by the Company: | | | | |
| 1. Thai-Amadeus Southeast Asia Company Limited | Information technology for travel services | Thailand | 55% | 55% |
| 2. WingSpan Services Company Limited | Providing special personnel services to the Company | Thailand | 49% | 49% |
| 3. Thai Flight Training Company Limited | Aviation training services | Thailand | 49% | 49% |
| 4. Thai Smile Airways Company Limited | Air transportation services | Thailand | 100% | 100% |
| Held by the Subsidiary of the Company | | | | |
| A subsidiary held by WingSpan Services Company Limited | | | | |
| • Tour Eung Luang Company Limited | Tourism Business | Thailand | 49% | 49% |

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

3. FINANCIAL REPORTING STANDARD BEING EFFECTIVE IN THE FUTURE

The Financial Reporting Standard which will be effective for the fiscal years beginning on or after January 1, 2016 :

Conceptual Framework for Financial Reporting
(Revised 2015)

TAS No. 1 (Revised 2015)

TAS No. 2 (Revised 2015)

TAS No. 7 (Revised 2015)

TAS No. 8 (Revised 2015)

TAS No. 10 (Revised 2015)

TAS No. 11 (Revised 2015)

TAS No. 12 (Revised 2015)

TAS No. 16 (Revised 2015)

TAS No. 17 (Revised 2015)

TAS No. 18 (Revised 2015)

TAS No. 19 (Revised 2015)

TAS No. 20 (Revised 2015)

TAS No. 21 (Revised 2015)

TAS No. 23 (Revised 2015)

TAS No. 24 (Revised 2015)

TAS No. 26 (Revised 2015)

TAS No. 27 (Revised 2015)

TAS No. 28 (Revised 2015)

TAS No. 29 (Revised 2015)

TAS No. 33 (Revised 2015)

TAS No. 34 (Revised 2015)

TAS No. 36 (Revised 2015)

TAS No. 37 (Revised 2015)

TAS No. 38 (Revised 2015)

TAS No. 40 (Revised 2015)

TFRS No. 2 (Revised 2015)

TFRS No. 3 (Revised 2015)

TFRS No. 4 (Revised 2015)

TFRS No. 5 (Revised 2015)

TFRS No. 8 (Revised 2015)

TFRS No. 10 (Revised 2015)

TFRS No. 11 (Revised 2015)

TFRS No. 12 (Revised 2015)

TFRS No. 13 (Revised 2015)

TSIC No. 10 (Revised 2015)

Presentation of Financial Statements

Inventories

Statement of Cash Flows

Accounting Policies, Changes in Accounting

Estimates and Errors

Events After the Reporting Period

Construction Contracts

Income Taxes

Property, Plant and Equipment

Leases

Revenue

Employee Benefits

Accounting for Government Grants and Disclosure
of Government Assistance

The Effects of Changes in Foreign Exchange Rate

Borrowing Costs

Related Party Disclosures

Accounting and Reporting by Retirement Benefit Plans

Separate Financial Statements

Investments in Associates and Joint Venture

Financial Reporting in Hyperinflationary Economies

Earnings per Share

Interim Financial Reporting

Impairment of Assets

Provisions, Contingent Liabilities and Contingent Assets

Intangible Assets

Investment Property

Share-Based Payments

Business Combinations

Insurance Contracts

Non – current Assets Held for Sale and

Discontinued Operations

Operating Segments

Consolidated Financial Statements

Joint Arrangements

Disclosure of Interests in Other Entities

Fair Value Measurement

Government Assistance – No Specific Relation to
Operating Activities

| | |
|-----------------------------|---|
| TSIC No. 15 (Revised 2015) | Operating Leases – Incentives |
| TSIC No. 25 (Revised 2015) | Income Taxes – Changes in the Tax Status of an Entity or its Shareholders |
| TSIC No. 27 (Revised 2015) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TSIC No. 29 (Revised 2015) | Service Concession Arrangements : Disclosures |
| TSIC No. 31 (Revised 2015) | Revenue – Barter Transactions Involving Advertising Services |
| TSIC No. 32 (Revised 2015) | Intangible Assets – Web site Costs |
| TFRIC No. 1 (Revised 2015) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC No. 4 (Revised 2015) | Determining whether an Arrangement contains a Lease |
| TFRIC No. 5 (Revised 2015) | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC No. 7 (Revised 2015) | Applying the Restatement Approach under TAS 29 (Revised 2015) <i>Financial Reporting in Hyperinflationary Economies</i> |
| TFRIC No. 10 (Revised 2015) | Interim Financial Reporting and Impairment |
| TFRIC No. 12 (Revised 2015) | Service Concession Arrangements |
| TFRIC No. 13 (Revised 2015) | Customer Loyalty Programmes |
| TFRIC No. 14 (Revised 2015) | TAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| TFRIC No. 15 (Revised 2015) | Agreements for the Construction of Real Estate |
| TFRIC No. 17 (Revised 2015) | Distributions of Non-cash Assets to Owners |
| TFRIC No. 18 (Revised 2015) | Transfers of Assets from Customers |
| TFRIC No. 21 (Revised 2015) | Levies |

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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 |

4.2 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.

4.3 Investments

4.3.1 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.

4.3.2 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.

4.3.3 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.

4.4 Property, Plant and Equipment and Depreciation

4.4.1 Aircraft and aircraft under finance leases

4.4.1.1 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.

4.4.1.2 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.

4.4.1.3 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.

4.4.2 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.

4.4.3 The Land are stated at a revalued amount using Market Approach method, starting from accounting period year 2015 onward. The revaluation has been done by the professional appraisal qualified by the Securities and Exchange Commission, Thailand (SEC). The revaluation shall be made every five years or shall be considered if there are any changes that affect the fair value of land significantly. The revaluation surplus was recognized in other comprehensive income and accumulated in equity. The Company does not has a policy to pay dividend on revaluation surplus of assets.

4.4.4 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.

4.4.5 Leasehold buildings are amortized as expense over a lease term of 10–30 years.

4.4.6 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.

4.5 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.

4.6 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.

4.7 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's aircraft professional valuer has determined the recoverable amount of aircraft based on active market price announced by aircraft professional appraisers, and making adjustment for condition, age in accordance with aircraft assessment standard.

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.

4.8 Deferred Charges

4.8.1 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.

4.8.2 Loan guarantee premiums are recorded as deferred charge and amortized as expenses over the period of loans in each accounting period.

4.9 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.

4.10 Revenue Recognition

4.10.1 Passenger and excess baggage revenues:

4.10.1.1 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.

4.10.1.2 Unused tickets and service orders are recognized as revenue after 2 years.

4.10.2 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.

4.10.3 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.

4.10.3.1 Unredeemed awards are recognized as revenue after 3 years.

4.10.3.2 Redemptions with Star Alliance partners involve interline billing arrangements and costs per mile specified in partner agreements. Revenues are recognized when transportation is provided.

4.10.3.3 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.

4.10.4 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.

4.10.5 Other revenues are recognized on an accrual basis.

4.11 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.

4.12 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 using average buying and selling rate, starting from January 1, 2015 onward.

Assets and liabilities denominated in foreign currency at year-end are translated into Baht by the closing rate of the average buying and 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.

4.13 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.

4.14 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.

4.15 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, and surplus on revaluation of assets.

4.16 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.

4.17 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.

4.18 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.

5. GOING CONCERN

The Company took immediate steps to improve financial performance upon posting a loss in 2013 and the turnaround plan received approval from the Company's Board of Directors on August 5, 2014. At the core was the immediate push to enhance sales revenue and reduce costs to improve financial performance for the year 2014. Funding was also sought to ensure sufficient liquidity to support its ongoing operations. The ongoing transformation plan being implemented for the period 2015-2016 was approved by the Company's Board of Directors on December 22, 2014 and by the State Enterprise Policy Commission on January 26, 2015.

The launch of the 6 Transformation Plans began the first quarter of 2015 and activities undertaken as part of the transformation plan during the year 2015 include network rationalization by suspending service to weak markets and/or loss making routes; aircraft rationalization by reducing aircraft type to lower maintenance cost; enhancing commercial sales via strategic campaigns and diversifying channel of distribution while enhancing operational efficiency and lowering costs through launching of Mutual Separation Plan and Golden Handshake Program and reducing non-fuel cash cost; organization restructuring was also undertaken to enhance decision making process and establishing a more comprehensive approach to manage its business units. An assessment system has also been put in place to track progress of the transformation plan.

Despite the transformation plan, external factors including the weak global economy, the weak Thai economy and stiff competition especially on regional routes heavily served by low cost carriers with high frequency and the most recent unfortunate bombing that occurred downtown Bangkok, Ratchaprasong, has caused travel traffic on key routes including China, Japan, Hong Kong, South Korea and Singapore to drop by approximately 15-20%. Cost was kept in check and in-line with expectations, but was not significantly been decreased. Quick win initiatives have been initiated to further reduce costs, increase revenue and a more robust tracking program for senior management to achieve goals to ensure that the Company's financial performance is more in-line with the established target.

Liquidity management for the year 2015 was administered according to the Company's financing plan. This includes long-term aircraft financing for aircraft delivered in 2015, issuance of debentures in the total amount of THB 15,000 million, short-term financing obtained from the Ministry of Finance in the form of European Commercial Paper (ECP) program and management of revolving credit line. As a result, the Company was able to manage cash on hand for its normal operation throughout the year 2015. Cash flow projections for 2016 has been conservative with financing plan and management of revolving credit line, both committed and uncommitted, to ensure that the Company will be able to sustain its operation. With the continuous implementation of Transformation plan, the Company is confident that the operation result will be improved and will provide sufficient cash on hand for its normal operation, provided that there will be no uncontrollable circumstances.

6. POTENTIAL IMPACT FROM THE CIVIL AVIATION AUTHORITY OF THAILAND NOT PASSING ICAO'S SAFETY STANDARDS

On June 18, 2015, the Civil Aviation Organization, ICAO, reported on its WEB site about Significant Safety Concerns, SSC, for the Thai Department of Civil Aviation, DCA. The report said about the overall general safety concern under DCA supervision and did not impact to the Company's operation. Afterwards, US Federal Aviation Administration, FAA, had conducted International Aviation Safety Assessments (IASA) on the DCA and found deviation from the Convention on the International Civil Aviation. As a result, the FAA have downgraded Thailand's aviation safety rating from Category 1 to Category 2 disallowing Thai Carrier to increase its flight frequency on existing routes or prohibiting an establishment of new routes to the United State of America.

On December 10, 2015, the European Commission has updated the EU Air Safety List, the list of airlines that are subject to an operating ban or operational restrictions within the European Union. The update stated that "No air carriers from Thailand were added to the Air Safety List at this time", and also the Commission and the European Aviation Safety Agency (EASA) are willing to continue to work with the Thai authorities to enhance aviation safety in the country, and will closely monitor future developments. As a result, Thai carriers and Thai carriers with code share operations have been able to operating flights to 28 countries in the European Union. The Company would continue flying to European Countries as usual.

Besides, The Company has passed the European Aviation Safety Agency (EASA) Third Country Operator (TCO) Audit and received authorization for flight operations to countries in the European Union. The authorization has effective since December 15, 2015 onward. This is the first time for the European Union to grant TCO authorization to airlines outside of the European Union. TCO authorization is one of the requirements for Air Carriers outside the European Union needed to obtain the traffic rights or permit to fly to destinations in the EU from November 2016 onwards.

7. SUPPLEMENTARY INFORMATION

7.1 Cash and Cash Equivalents

Unit : Million Baht

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--------------------------|-----------------------------------|------------------|-------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash – Domestic | 10.32 | 10.96 | 9.51 | 10.96 |
| Cash – Abroad | 24.95 | 14.51 | 24.95 | 14.51 |
| Cash at Banks – Domestic | 8,587.59 | 11,982.90 | 6,716.47 | 11,242.05 |
| Cash at Banks – Abroad | 12,158.49 | 11,338.18 | 12,124.89 | 11,338.18 |
| Total | 20,781.35 | 23,346.55 | 18,875.82 | 22,605.70 |

7.2 Trade Receivables aging analysis is as follows:

Unit : Million Baht

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|------------------|-------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Aging Periods: | | | | |
| Not over 6 months | 11,429.69 | 12,425.82 | 10,641.45 | 12,156.81 |
| Over 6 months to 1 year | 160.60 | 334.55 | 160.58 | 328.69 |
| Over 1 year to 2 years | 319.46 | 252.65 | 313.47 | 252.65 |
| Over 2 years | 941.13 | 849.27 | 916.40 | 823.23 |
| | 12,850.88 | 13,862.29 | 12,031.90 | 13,561.38 |
| <u>Less</u> Allowance for doubtful accounts | (1,155.18) | (1,169.13) | (1,125.12) | (1,139.93) |
| Trade receivables – net | 11,695.70 | 12,693.16 | 10,906.78 | 12,421.45 |

7.3 Inventories and Supplies

Unit : Million Baht

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|-----------------|-------------------------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Aircraft spare parts | 4,316.68 | 4,412.40 | 4,316.68 | 4,412.40 |
| <u>Less</u> Allowance for obsolescence (10% of the year-end balance) | (431.67) | (441.24) | (431.67) | (441.24) |
| Aircraft spare parts - Net | 3,885.01 | 3,971.16 | 3,885.01 | 3,971.16 |
| Vehicle spare parts and ground support equipments | 322.35 | 318.82 | 322.35 | 318.82 |
| Slow moving aircraft spare parts and spare parts for sale | 3,477.03 | 3,564.59 | 3,477.03 | 3,564.59 |
| <u>Less</u> Allowance for obsolescence (33.33% of incurred balance during the period) | (2,979.30) | (2,500.87) | (2,979.30) | (2,500.87) |
| Slow moving aircraft spare parts and spare parts for sale - Net | 497.73 | 1,063.72 | 497.73 | 1,063.72 |
| Fuel and oil for aircraft | 649.57 | 375.51 | 649.04 | 374.70 |
| Goods for sales | 214.61 | 176.96 | 209.85 | 176.30 |
| Cabin supplies | 182.52 | 217.92 | 170.98 | 216.68 |
| Supplies and other consumables | 20.69 | 26.92 | 20.69 | 25.66 |
| Stationery and office supplies | 94.38 | 93.92 | 93.14 | 93.92 |
| Inventories and spare parts in transit | 53.93 | 149.48 | 53.93 | 149.48 |
| Total inventories and supplies | 1,215.70 | 1,040.71 | 1,197.63 | 1,036.74 |
| Obsolete and damaged inventories for disposal | 39.78 | 31.75 | 39.78 | 31.75 |
| <u>Less</u> Allowance for obsolescence (100%) | (39.78) | (31.75) | (39.78) | (31.75) |
| Obsolete and damaged inventories for disposal - Net | - | - | - | - |
| Total inventories and supplies - Net | 5,920.79 | 6,394.41 | 5,902.72 | 6,390.44 |
| Total inventories and supplies at year-end | 9,371.54 | 9,368.27 | 9,353.47 | 9,364.30 |
| <u>Less</u> Total allowance for obsolete inventories and supplies | (3,450.75) | (2,973.86) | (3,450.75) | (2,973.86) |
| Total inventories and supplies - Net | 5,920.79 | 6,394.41 | 5,902.72 | 6,390.44 |

7.4 Other Current Assets

Unit : Million Baht

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---------------------------------------|-----------------------------------|-----------------|-------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Tax refund | 357.56 | 390.99 | 357.56 | 390.99 |
| Cash and cash at bank of pension fund | 4,278.64 | 4,883.18 | 4,278.64 | 4,883.18 |
| Others | 3,352.83 | 2,657.66 | 11,540.57 | 5,844.01 |
| Total | 7,989.03 | 7,931.83 | 16,176.77 | 11,118.18 |

7.5 Non-current assets held for sale Separate financial statements

As at January 1, 2015, non-current assets held for sale composed of 8 A300-600, 4 A340-500, 4 B737-400, 1 B747-400, 2 ATR 72 and 3 A330-300 aircraft, totaling of 22 aircraft amount 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.

During the year 2015, non-current assets held for sale increased by THB 22,656.48 million which consisting of 6 A330-300, 6 A340-600 and 4 B747-400, totaling of 16 aircraft as well as other fixed assets increased by THB 566.72 million, the total increase in this period is THB 23,223.20 million.

During the year 2015, the Company has already transferred the eight title of aircraft, consisting of 7 A300-600 and 1 B747-400 aircraft amount of THB 1,054.63 million to the buyer, as well as sold out other fixed assets amount of THB 18.38 million, which made a grand total of THB 1,073.01 million.

During the year 2015, the Company recognized the impairment loss of aircraft and spare engines amount of THB 11,876.43 million.

As at December 31, 2015, non-current assets classified as held for sale composed of 1 A300-600, 4 A340-500, 6 A340-600, 4 B737-400, 4 B747-400, 2 ATR72, and 9 A330-300 aircraft, totaling of 30 aircraft in an aggregate of THB 14,904.65 million, as well as other fixed assets amount of THB 194.74 million, which made a grand total of THB 15,099.39 million.

7.6 Investments

Consolidated Financial Statements

Unit : Million Baht

| Name of Company | Percentage of Shareholding | | Investments | | | | Income on Investments | |
|---|----------------------------|---------|-------------|---------|---------------|----------|-----------------------|----------|
| | | | Cost Method | | Equity Method | | | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| 7.6.1 Investments in associated companies recorded by equity method | | | | | | | | |
| Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2015 amount of THB 720.00 million and for the year 2014 amount of THB 544.50 million) | 24.00 | 24.00 | 225.00 | 225.00 | 238.07 | 231.06 | 7.02 | (42.18) |
| Donmuang International Airport Hotel Company Limited | 40.00 | 40.00 | 48.00 | 48.00 | 111.87 | 115.08 | 18.39 | 24.21 |
| Bangkok Aviation Fuel Services Public Company Limited (Fair value for the year 2015 amount of THB 3,369.21 million and for the year 2014 amount of THB 3,599.58 million) | 22.59 | 22.59 | 115.19 | 115.19 | 1,001.51 | 920.66 | 182.49 | 155.50 |
| Phuket Air Catering Company Limited | 30.00 | 30.00 | 30.00 | 30.00 | 298.80 | 292.05 | 36.75 | 75.91 |
| Suvarnabhumi Airport Hotel Company Limited | 30.00 | 30.00 | 305.33 | 305.33 | 174.72 | 155.15 | 19.57 | 24.64 |
| Nok Airlines Public Company Limited (Fair value for the year 2015 amount of THB 1,666.00 million and for the year 2014 amount of THB 3,209.50 million) | 39.20 | 39.20 | 360.00 | 360.00 | 2,914.41 | 3,057.14 | (142.73) | (160.80) |
| Total investments recorded by equity method | | | | | 4,739.38 | 4,771.14 | 121.49 | 77.28 |
| 7.6.2 Other long-term investments recorded by cost method | | | | | | | | |
| Fuel Pipeline Transportation Limited | 0.00026 | 0.00026 | 0.00067 | 0.00067 | | | 0.0001 | - |
| Aeronautical Radio of Thailand Limited | 0.43 | 1.42 | 5.96 | 9.37 | | | - | - |
| SITA Investment Certificate | - | - | 31.28 | 36.06 | | | - | - |
| Trade Siam Company Limited (paid 25% of authorized share capital) | 3.50 | 3.50 | 1.75 | 1.75 | | | 0.33 | 0.33 |
| SITA Information Networking Computing | - | - | 32.85 | 30.00 | | | - | - |
| Other Shares | - | - | 2.74 | 2.76 | | | 0.28 | 0.25 |
| Investment in Debentures | - | - | - | - | | | - | - |
| Investment in Vayupak Fund | - | - | 1.00 | 1.00 | | | 0.01 | 0.0027 |
| Total other long-term investments | | | 75.58 | 80.94 | | | 0.62 | 0.58 |

Separate Financial Statements

Unit : Million Baht

| Name of Company | Percentage of Shareholding | | Investments Cost Method | | Dividend Income | |
|--|----------------------------|---------|----------------------------|-----------------|-----------------|---------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| 7.6.1 Investments recorded by cost method | | | | | | |
| Subsidiary Companies | | | | | | |
| Thai-Amadeus Southeast Asia Company Limited | 55.00 | 55.00 | 8.25 | 8.25 | 38.78 | 57.75 |
| Wing Span Services Company Limited | 49.00 | 49.00 | 0.98 | 0.98 | - | 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 | 800.00 | - | - |
| Total | | | 810.21 | 810.21 | 38.78 | 57.81 |
| Associated Companies | | | | | | |
| Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2015 amount of THB 720.00 million and for the year 2014 amount of THB 544.50 million) | 24.00 | 24.00 | 225.00 | 225.00 | - | 13.50 |
| Donmuang International Airport Hotel Company Limited | 40.00 | 40.00 | 48.00 | 48.00 | 21.60 | 12.00 |
| Bangkok Aviation Fuel Services Public Company Limited (Fair value for the year 2015 amount of THB 3,369.21 million and for the year 2014 amount of THB 3,599.58 million) | 22.59 | 22.59 | 115.19 | 115.19 | 101.65 | 112.88 |
| Phuket Air Catering Company Limited | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 |
| Suvarnabhumi Airport Hotel Company Limited | 30.00 | 30.00 | 305.33 | 305.33 | - | - |
| Nok Airlines Public Company Limited (Fair value for the year 2015 amount of THB 1,666.00 million and for the year 2014 amount of THB 3,209.50 million) | 39.20 | 39.20 | 360.00 | 360.00 | - | 120.05 |
| Total | | | 1,083.52 | 1,083.52 | 153.25 | 288.43 |
| Total investments recorded by cost method | | | 1,893.73 | 1,893.73 | 192.03 | 346.24 |
| 7.6.2 Other long-term investments recorded by cost method | | | | | | |
| Fuel Pipeline Transportation Limited | 0.00026 | 0.00026 | 0.00067 | 0.00067 | 0.0001 | - |
| Aeronautical Radio of Thailand Limited | 0.43 | 1.42 | 2.82 | 9.37 | - | - |
| SITA Investment Certificate | - | - | 31.28 | 36.06 | - | - |
| TRADESIAM Company Limited (paid 25% of authorized share capital) | 3.50 | 3.50 | 1.75 | 1.75 | 0.33 | 0.33 |
| SITA Information Networking Computing | - | - | 32.85 | 30.00 | - | - |
| Other Shares | - | - | 2.74 | 2.76 | 0.28 | 0.25 |
| Investment in Vayupak Fund | - | - | 1.00 | 1.00 | 0.01 | 0.0027 |
| Total other long-term investments | | | 72.44 | 80.94 | 0.62 | 0.58 |

7.6.3 Financial Information Summary of Subsidiaries

Unit : Million Baht

| Name of Company | Assets | Liabilities | Income | Gains (Losses) |
|---|----------|-------------|----------|----------------|
| Subsidiary Companies | | | | |
| Thai-Amadeus Southeast Asia Company Limited | 223.18 | 71.62 | 256.34 | 45.90 |
| WingSpan Services Company Limited | 436.46 | 326.28 | 914.54 | (43.51) |
| Thai Flight Training Company Limited | 26.43 | 2.75 | 46.45 | 17.43 |
| Tour Eung Luang Company Limited | 10.80 | 8.30 | 1.28 | (0.20) |
| Thai Smile Airways Company Limited | 7,906.92 | 9,530.77 | 4,762.23 | (1,843.26) |

The Company used the financial statements of subsidiary and associated companies, some of which are unaudited by the CPA, as at December 31, 2015 to record the investment by equity method in the consolidated financial statement and by cost method in the separate financial statement.

7.7 Significant Transactions with Related Parties

7.7.1 Related Transactions with Major Shareholders

7.7.1.1 Short-term borrowings from related parties

Unit : Million Baht

| | 2015 | 2014 |
|--|------------------|------------------|
| Foreign borrowings via the Ministry of Finance | 3,625.38 | - |
| Government Saving Bank | 7,000.00 | 7,000.00 |
| Islamic Bank of Thailand | - | 3,000.00 |
| Total | 10,625.38 | 10,000.00 |

7.7.1.2 Long-term borrowings from related parties

Unit : Million Baht

| | 2015 | 2014 |
|--|------------------|------------------|
| Foreign borrowings via the Ministry of Finance | 15,258.20 | 15,471.25 |
| Government Saving Bank | - | 568.00 |
| Total | 15,258.20 | 16,039.25 |

7.7.2 Related Transactions with Subsidiary Companies

7.7.2.1 Loans to Subsidiary

Unit : Million Baht

| | 2015 | 2014 |
|-----------------------------------|----------|--------------|
| WingSpan Services Company Limited | - | 20.00 |
| Total | - | 20.00 |

7.7.2.2 Sales and Purchases

Unit : Million Baht

| | 2015 | | 2014 | |
|---|----------|-----------|----------|-----------|
| | Sales | Purchases | Sales | Purchases |
| Thai-Amadeus Southeast Asia Company Limited | 1.67 | - | 2.37 | - |
| WingSpan Services Company Limited | 4.13 | 860.06 | 6.59 | 863.52 |
| Thai Flight Training Company Limited | 9.03 | - | 18.18 | 0.12 |
| Tour Eung Luang Company Limited | 49.46 | 0.05 | 50.72 | 21.65 |
| Thai Smile Airways Company Limited | 5,514.59 | 112.49 | 2,736.79 | 2,549.06 |

7.7.2.3 Account Receivables and Account Payables

Unit : Million Baht

| | 2015 | | 2014 | |
|---|---------------------|------------------|---------------------|------------------|
| | Account Receivables | Account Payables | Account Receivables | Account Payables |
| Thai-Amadeus Southeast Asia Company Limited | 0.11 | 0.16 | 0.14 | 0.16 |
| WingSpan Services Company Limited | 211.46 | 286.36 | 320.59 | 412.10 |
| Thai Flight Training Company Limited | 0.71 | - | 4.46 | - |
| Tour Eung Luang Company Limited | 8.08 | - | 9.56 | - |
| Thai Smile Airways Company Limited | 8,104.09 | 5,015.93 | 2,825.91 | 2,549.06 |

Related account receivables and account payables of WingSpan Service Co., Ltd. have included prepaid and accrued expenses amount of THB 209.55 million and THB 283.83 million.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. have included accrued income amount of THB 201.07 million and accrued expenses amount of THB 1,181.35 million.

7.7.2.4 Aircraft Lease Between Related Parties

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. for a period of 3 years for which such contracts can be extended for another 3 years. As at December 31, 2015, a total of such aircraft are 15 aircraft consisting of 10 of the A320-200 aircraft which were back to back operating leases while 5 were aircraft for which the Company acquired under finance leases and were quarterly subleased to Thai Smile Airways Co., Ltd.. On January 15, 2016, the Company signed sublease agreement for 1 more aircraft under operating leases with Thai Smile Airways Co., Ltd..

7.7.3 Related Transactions with Associated Companies

7.7.3.1 Sales and Purchases

Unit : Million Baht

| | 2015 | | 2014 | |
|---|--------|-----------|-------|-----------|
| | Sales | Purchases | Sales | Purchases |
| Royal Orchid Hotel (Thailand) Public Company Limited | - | 1.12 | - | 2.20 |
| Donmuang International Airport Hotel Company Limited | - | 0.15 | - | 0.06 |
| Bangkok Aviation Fuel Services Public Company Limited | 0.02 | 310.50 | 0.03 | 301.32 |
| Phuket Air Catering Company Limited | 1.60 | 19.06 | 1.29 | 26.70 |
| Suvarnabhumi Airport Hotel Company Limited | - | 23.43 | - | 21.04 |
| Nok Airlines Public Company Limited | 195.49 | 0.16 | 70.96 | 10.57 |

7.7.3.2 Account Receivables and Account Payables

Unit : Million Baht

| | 2015 | | 2014 | |
|---|---------------------|------------------|---------------------|------------------|
| | Account Receivables | Account Payables | Account Receivables | Account Payables |
| Royal Orchid Hotel (Thailand) Public Company Limited | - | 0.02 | - | 0.01 |
| Donmuang International Airport Hotel Company Limited | - | - | - | - |
| Bangkok Aviation Fuel Services Public Company Limited | - | 36.15 | - | 30.96 |
| Phuket Air Catering Company Limited | 0.004 | - | 0.004 | 0.07 |
| Suvarnabhumi Airport Hotel Company Limited | - | 0.34 | - | 0.43 |
| Nok Airlines Public Company Limited | 73.22 | 0.03 | 46.56 | 0.08 |

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

7.7.4 Key Executives Separate financial statements

Unit : Million Baht

| | 2015 | 2014 |
|--|---------------|--------------|
| Remuneration for Management Executives | 91.95 | 64.90 |
| Remuneration for Board of Directors | 16.54 | 14.97 |
| Total | 108.49 | 79.87 |

The Company's Executives are the same criteria as Note No. 7.23, employee benefits expenses.

7.8 Property, Plant and Equipment

Consolidated Financial Statements

As at December 31, 2015

| Unit : Million Baht | | | | | | | | | | | |
|---------------------------------|------------------------------------|-------------|-------------------------------|----------------------|------------------|----------|-----------|---------------------|----------------------|---------------------------|-------------|
| | Prepaid Aircraft and Spare Engines | Aircraft | Aircraft under Finance Leases | Aircraft Spare Parts | Work in Progress | Land | Buildings | Leasehold Buildings | Building Improvement | Other Plant and Equipment | Total |
| Cost | | | | | | | | | | | |
| As at January 1, 2015 | 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 |
| ● Adjust/Transfers | (9,501.61) | (19,143.25) | (40,638.87) | 15.20 | - | - | - | 0.26 | (12.72) | 58.34 | (69,222.65) |
| ● Revaluation Surplus | - | - | - | - | - | 8,647.35 | - | - | - | - | 8,647.35 |
| ● Additions | 2,625.20 | 42.47 | 17,846.70 | 928.38 | (1,212.50) | - | - | 13.72 | 39.29 | 979.70 | 21,262.96 |
| ● Disposals/Amortized | - | (44.30) | (643.00) | (1,257.04) | - | - | - | (0.26) | (35.16) | (457.53) | (2,437.29) |
| As at December 31, 2015 | 5,491.24 | 117,546.25 | 165,110.74 | 36,440.79 | 61.20 | 9,583.65 | 2,514.52 | 10,805.23 | 4,792.85 | 31,724.07 | 384,070.54 |
| Accumulated depreciation | | | | | | | | | | | |
| As at January 1, 2015 | - | 85,369.19 | 53,935.09 | 23,563.13 | - | - | 2,410.50 | 5,784.11 | 4,398.91 | 26,337.79 | 201,798.72 |
| ● Depreciation | - | 6,007.93 | 8,910.73 | 1,871.20 | - | - | 29.32 | 230.44 | 157.52 | 1,473.75 | 18,680.89 |
| ● Adjust/Transfers | - | (18,765.89) | (23,383.38) | (804.99) | - | - | - | 0.26 | (11.43) | 61.00 | (42,904.43) |
| ● Disposals/Amortized | - | (44.30) | (603.07) | (653.69) | - | - | - | (0.26) | (34.85) | (453.83) | (1,790.00) |
| As at December 31, 2015 | - | 72,566.93 | 38,859.37 | 23,975.65 | - | - | 2,439.82 | 6,014.55 | 4,510.15 | 27,418.71 | 175,785.18 |
| Net book value | | | | | | | | | | | |
| 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 |
| As at December 31, 2015 | 5,491.24 | 44,979.32 | 126,251.37 | 12,465.14 | 61.20 | 9,583.65 | 74.70 | 4,790.68 | 282.70 | 4,305.36 | 208,285.36 |

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 |
|---------------------------------|------------------------------------|-------------|-------------------------------|----------------------|------------------|--------|-----------|---------------------|----------------------|---------------------------|-------------|
| Cost | | | | | | | | | | | |
| 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 |
| Accumulated Depreciation | | | | | | | | | | | |
| As at January 1, 2014 | - | 93,365.17 | 45,243.35 | 22,375.17 | - | - | 2,368.20 | 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 |
| Net book value | | | | | | | | | | | |
| 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 |

Separate Financial Statements

As at December 31, 2015

Unit : Million Baht

| | Prepaid Aircraft and Spare Engines | Aircraft | Aircraft under Finance Leases | Aircraft Spare Parts | Work in Progress | Land | Buildings | Leasehold Buildings | Building Improvement | Other Plant and Equipment | Total |
|---------------------------------|------------------------------------|-------------|-------------------------------|----------------------|------------------|----------|-----------|---------------------|----------------------|---------------------------|-------------|
| Cost | | | | | | | | | | | |
| As at January 1, 2015 | 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 | 31,045.29 | 425,721.90 |
| • Adjust/Transfers | (9,501.61) | (19,143.25) | (40,638.87) | 15.20 | - | - | - | 0.26 | (12.72) | 58.34 | (69,222.65) |
| • Revaluation Surplus | - | - | - | - | - | 8,647.35 | - | - | - | - | 8,647.35 |
| • Additions | 2,625.20 | 42.47 | 17,846.70 | 928.38 | (1,212.50) | - | - | 13.72 | 25.62 | 969.60 | 21,239.19 |
| • Disposals/Amortized | - | (44.30) | (643.00) | (1,257.04) | - | - | - | (0.26) | (35.16) | (455.40) | (2,435.16) |
| As at December 31, 2015 | 5,491.24 | 117,546.25 | 165,110.74 | 36,440.79 | 61.20 | 9,583.65 | 2,514.52 | 10,805.23 | 4,779.18 | 31,617.83 | 383,950.63 |
| Accumulated depreciation | | | | | | | | | | | |
| As at January 1, 2015 | - | 85,369.19 | 53,935.09 | 23,563.13 | - | - | 2,410.50 | 5,784.11 | 4,398.91 | 26,247.28 | 201,708.21 |
| • Depreciation | - | 6,007.93 | 8,910.73 | 1,871.20 | - | - | 29.32 | 230.44 | 153.60 | 1,470.58 | 18,673.80 |
| • Adjust/Transfers | - | (18,765.89) | (23,383.38) | (804.99) | - | - | - | 0.26 | (11.43) | 61.00 | (42,904.43) |
| • Disposals/Amortized | - | (44.30) | (603.07) | (653.69) | - | - | - | (0.26) | (34.85) | (453.60) | (1,789.77) |
| As at December 31, 2015 | - | 72,566.93 | 38,859.37 | 23,975.65 | - | - | 2,439.82 | 6,014.55 | 4,506.23 | 27,325.26 | 175,687.81 |
| Net book value | | | | | | | | | | | |
| 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 |
| As at December 31, 2015 | 5,491.24 | 44,979.32 | 126,251.37 | 12,465.14 | 61.20 | 9,583.65 | 74.70 | 4,790.68 | 272.95 | 4,292.57 | 208,262.82 |

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 |
| Cost | | | | | | | | | | | |
| 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 | 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 | 31,045.29 | 425,721.90 |
| Accumulated depreciation | | | | | | | | | | | |
| 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 | - | 85,369.19 | 53,935.09 | 23,563.13 | - | - | 2,410.50 | 5,784.11 | 4,398.91 | 26,247.28 | 201,708.21 |
| Net book value | | | | | | | | | | | |
| 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 |

In this fiscal year, there are 95 aircraft represented in the Company's fleet consisting of 26 own aircraft, 36 aircraft under finance leases, and 33 aircraft under operating leases which excluded 30 aircraft for sales with a carrying amount of THB 14,904.65 million.

The Company repaid the entire borrowings and terminated the finance leases for A340-600 No. 1-6 on June 29, July 27, July 6, August 28, September 9, and July 29, 2015, respectively.

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 54,349.94 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 31, 2015, 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, 2015 to September 27, 2018, 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 measurement of the Company's domestic and abroad land have been changed from cost model amount of THB 936.30 million to revaluation model amount of THB 9,583.65 million, consisting of land in Bangkok, provinces and abroad amount of THB 8,007.24 million, THB 394.89 million and THB 1,181.52 million, respectively. The revaluation has been done in September 2015 using the professional appraisal qualified by the Securities and Exchange Commission, Thailand (SEC.).

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.

7.9 Intangible Assets

| | Unit : Million Baht | |
|---------------------------------|-----------------------------------|-------------------------------|
| | Consolidated Financial Statements | Separate Financial Statements |
| Cost | | |
| As at January 1, 2015 | 3,323.80 | 3,285.25 |
| ● Additions | 192.63 | 177.46 |
| As at December 31, 2015 | 3,516.43 | 3,462.71 |
| Accumulated amortization | | |
| As at January 1, 2015 | 2,060.76 | 2,052.18 |
| ● Amortization | 424.34 | 417.04 |
| As at December 31, 2015 | 2,485.10 | 2,469.22 |
| Net book value | | |
| As at December 31, 2014 | 1,263.04 | 1,233.07 |
| As at December 31, 2015 | 1,031.33 | 993.49 |

7.10 Deferred Tax Assets, Deferred Tax Liabilities

7.10.1 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 | |
|---|-----------------------------------|-----------------|-------------------------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Contribution to staff provident fund | 52.16 | 68.90 | 52.16 | 68.90 |
| Contribution to staff pension fund | 232.98 | 431.03 | 232.98 | 431.03 |
| Allowance for obsolete inventories | 690.15 | 594.77 | 690.15 | 594.77 |
| Allowance for doubtful accounts | 295.88 | 329.56 | 291.64 | 325.31 |
| Allowance for impairment in value of assets | 3,970.13 | 2,561.08 | 3,970.13 | 2,561.08 |
| Estimated accrual expenses | 600.57 | 659.48 | 594.73 | 658.99 |
| Intangible assets | 38.19 | 60.59 | 38.19 | 60.59 |
| Employee benefits obligation | 2,329.05 | 2,301.78 | 2,313.65 | 2,291.27 |
| Effective portion of changes in fair value of cash flow hedges | 469.61 | - | 469.61 | - |
| Others | 1.61 | 1.62 | - | - |
| Total | 8,680.33 | 7,008.81 | 8,653.24 | 6,991.94 |

7.10.2 Deferred Tax Liabilities

Unit : Million Baht

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Intangible assets | 137.41 | 127.93 | 137.41 | 127.93 |
| Revaluation surplus | 1,729.47 | - | 1,729.47 | - |
| Total | 1,866.88 | 127.93 | 1,866.88 | 127.93 |

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

7.11 Other Non-Current Assets

Unit : Million Baht

| | Consolidated Financial Statements | | Separate Financial Statements | |
|------------------|-----------------------------------|-----------------|-------------------------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Deferred charges | 5,306.10 | 5,108.29 | 5,306.10 | 5,108.29 |
| Others | 3,876.77 | 728.65 | 3,873.64 | 722.94 |
| Total | 9,182.87 | 5,836.94 | 9,179.74 | 5,831.23 |

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.

7.12 Long-Term Borrowings Consolidated and separate financial statements

| Currency | Loan Currency | | Baht Equivalent (Million) | |
|--|----------------|----------------|---------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| EUR | 466,239,306 | 496,371,133 | 18,556.09 | 20,031.15 |
| THB | 25,070,684,211 | 31,894,157,895 | 25,070.69 | 31,894.16 |
| Total long-term borrowings | | | 43,626.78 | 51,925.31 |
| Less Current portion of long-term borrowings | | | 8,240.71 | 8,039.45 |
| Net long-term borrowings | | | 35,386.07 | 43,885.86 |

As at December 31, 2015, long-term borrowings of the Company consist of the foreign loans borrowed via the Ministry of Finance amount of THB 15,258.20 million and local loans from the commercial banks as well as Government Saving Bank amount of THB 28,368.58 million. The total of long-term borrowings amounted to THB 43,626.78 million and have been transferred to be a current portion of long-term borrowing amount of THB 8,240.71 million, leaving the balance of long-term borrowings amount of THB 35,386.07 million.

7.13 Liabilities under Finance leases Consolidated and separate financial statements

Unit : Million Baht

| Liabilities under Finance Leases | 2015 | | 2014 | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | Book Value | Present Value | Book Value | Present Value |
| Within 1 year | 9,889.59 | 9,428.53 | 10,638.03 | 10,092.05 |
| More than 1 year – 5 years | 34,836.01 | 29,715.59 | 34,499.85 | 29,021.27 |
| More than 5 years | 32,824.86 | 22,287.71 | 26,888.97 | 17,481.22 |
| Total | 77,550.46 | 61,431.83 | 72,026.85 | 56,594.54 |

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 4.9. For the fiscal year 2015, the outstanding balance of obligations under finance leases for 36 aircraft is THB 84,031.40 million with maturities ranging from 2015 to 2028. After deducting interest expenses due amount of THB 6,480.94 million, the principal balance of obligations under the Company's finance leases is THB 77,550.46 million. As at December 31, 2015, the amount of THB 9,889.59 million has been transferred to a current portion of finance lease, leaving the balance of long-term liabilities under finance lease amount of THB 67,660.87 million.

7.14 Debentures

Unit : Million Baht

| Issuing | | | | | | | | | | Redemption | | | | | Balance as at |
|--|---------------|--------------|-------------------|------------------|------------|--|----------|--------|------|------------|------|------|-------------------|----------|---------------|
| Resolutions of Shareholders' Meeting /No./Date | Amount Issued | Time Issued | Year Issued | Due Date | Age (Year) | Interest Rate Paid Every 6 Months (Percentage) | Amount | 2015 | 2016 | 2017 | 2018 | 2019 | December 31, 2015 | | |
| Extraordinary / 1/2003 September 2, 2003 | 40,000 | 3 (Tranche3) | 2005 | May 12, 2015 | 10 | 5.19 | 3,000.00 | May 12 | | | | | - | | |
| | | | | | | | 3,000.00 | | | | | | | | |
| | 60,000 | 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 | |
| Ordinary /2005 December 23, 2005 | 40,000 | 1 (Tranche1) | 2011 | May 13, 2018 | 7 | Year 1-3 | 1,555.00 | | | | | | 1,555.00 | | |
| | | | | | | Year 4-6 | | | | | | | | | |
| | | | | | | Year 7 | | | | | | | | | |
| | | | | | | Year 1-4 | 833.00 | | | | | | | | |
| Ordinary /2010 April 28, 2010 | 1 (Tranche2) | 2011 | May 13, 2021 | 10 | Year 5-8 | 833.00 | | | | | | | 833.00 | | |
| | | | | | Year 9-10 | | | | | | | | | | |
| | | | | | 3.91 | 2,000.00 | | | | | | | | | |
| | | | | | 4.36 | 1,445.00 | | | | | | | | | |
| | 1 (Tranche3) | 2011 | May 13, 2016 | 5 | | 4.62 | 2,167.00 | | | | | | 2,000.00 | | |
| | | | | | | | 8,000.00 | | | | | | | | |
| | | | | | | 4.30 | 2,000.00 | | | | | | | | |
| | | | | | | | 2,000.00 | | | | | | | | |
| | 1 (Tranche1) | 2012 | February 16, 2019 | 7 | | 4.41 | 1,000.00 | | | | | | 1,000.00 | | |
| | | | | | | 4.75 | 2,000.00 | | | | | | | | |
| | | | | | | | 3,000.00 | | | | | | | | |
| | | | | | | | 1,500.00 | | | | | | | | |
| | 2 | 2012 | March 23, 2024 | 12 | | 4.98 | 1,500.00 | | | | | | 1,500.00 | | |
| | | | | | | | 1,500.00 | | | | | | | | |
| | | | | | | | 4,000.00 | | | | | | | | |
| | | | | | | | 1,500.00 | | | | | | | | |
| | 3 (Tranche1) | 2012 | October 11, 2017 | 5 | | 4.51 | 4,000.00 | | | | | | 4,000.00 | | |
| | | | | | | 4.70 | 1,500.00 | | | | | | | | |
| | | | | | | 4.90 | 1,500.00 | | | | | | | | |
| | | | | | | | 7,000.00 | | | | | | | | |
| During the year 2013 May 16, 2013 | 1 | 2013 | May 16, 2018 | 5 | | 4.18 | 5,000.00 | | | | | | 5,000.00 | | |
| | | | | | | | 5,000.00 | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |

Unit : Million Baht

| Issuing | | | | | | | Redemption | | | | | Balance as at December 31, 2015 |
|--|------------------|----------------|----------------|--------------------|---------------|--|------------|------|------|------|------|---------------------------------------|
| Resolutions of Shareholders' Meeting /No./Date | Amount Issued | Time Issued | Year Issued | Due Date | Age (Year) | Interest Rate Paid Every 6 Months (Percentage) | Amount | 2015 | 2016 | 2017 | 2018 | 2019 |
| August 30, 2013 | 2 | 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 | | Tranche 1 | 2014 | February 07, 2019 | 5 | 4.71 | 1,200.00 | | | | | 1,200.00 |
| February 07, 2014 | | 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 | | Tranche 1 | 2014 | December 26, 2019 | 5 | 4.46 | 1,230.00 | | | | | 1,230.00 |
| December 26, 2014 | | 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 | | | | | |
| During the year 2015 NO. 1/2015 | 7,000 | Tranche 1 | 2015 | April 30, 2017 | 2 | 3.75 | 1,200.00 | | | | | 1,200.00 |
| April 30, 2015 | | Tranche 2 | 2015 | April 30, 2020 | 5 | 4.32 | 1,500.00 | | | | | 1,500.00 |
| | | Tranche 3 | 2015 | April 30, 2022 | 7 | 4.62 | 2,000.00 | | | | | 2,000.00 |
| | | Tranche 4 | 2015 | April 30, 2025 | 10 | 4.92 | 2,300.00 | | | | | 2,300.00 |
| | | | | | | | 7,000.00 | | | | | |
| NO. 2/2015 | 8,000 | Tranche 1 | 2015 | September 30, 2018 | 3 | 3.46 | 1,000.00 | | | | | 1,000.00 |
| September 30, 2015 | | Tranche 2 | 2015 | September 30, 2020 | 5 | 4.14 | 1,500.00 | | | | | 1,500.00 |
| | | Tranche 3 | 2015 | September 30, 2022 | 7 | 4.44 | 2,500.00 | | | | | 2,500.00 |
| | | Tranche 4 | 2015 | September 30, 2025 | 10 | 4.74 | 3,000.00 | | | | | 3,000.00 |
| | | | | | | | 8,000.00 | | | | | |
| Total | | | | | | | | | | | | 56,600.00 |

As at December 31, 2015, the balance of debentures was THB 56,600 million, which the amount of THB 4,300 million was transferred to be a current portion of long-term liabilities, leaving the balance of long-term liabilities amount of THB 52,300.00 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).

7.15 Other Current Liabilities - Others

Unit : Million Baht

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|-----------------|-------------------------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Payable – airport fees | 3,965.09 | 4,641.41 | 3,965.09 | 4,641.41 |
| Deferred revenue | 77.31 | 100.56 | 76.74 | 100.06 |
| Tax payables | 418.07 | 213.76 | 416.47 | 211.82 |
| Payable – fringe benefits (field office staff) | 554.93 | 498.90 | 554.93 | 498.90 |
| Deposit received | 1,300.21 | 1,268.73 | 1,292.15 | 1,260.63 |
| Payable – employee | 1.89 | 2.29 | 1.89 | 2.29 |
| Accrued income | 191.66 | – | 191.66 | – |
| Payable – collected assets | 368.14 | 792.63 | 368.14 | 792.63 |
| Other payables | 1,537.71 | 1,173.64 | 5,932.37 | 1,041.42 |
| Total | 8,415.01 | 8,691.92 | 12,799.44 | 8,549.16 |

7.16 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

| | 2015 | 2014 |
|---------------------------|-----------------|-----------------|
| Current assets | 4,278.64 | 4,883.18 |
| Others | 55.14 | 73.87 |
| Total | 4,333.78 | 4,957.05 |
| Other current liabilities | 453.52 | 193.90 |
| Pension fund | 3,880.26 | 4,763.15 |
| Total | 4,333.78 | 4,957.05 |

As at December 31, 2015, the fund balance was THB 3,880.26 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 125.93 million, which came from contributions at a rate equivalent to 10% of employee salaries in the amount of THB 197.25 million less the amount to match the Company's obligation of THB 71.32 million.)

7.17 Employee Benefits Obligation Separate financial statements

Employee benefits obligations are classified into 5 projects as follows:

7.17.1 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.

7.17.2 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.

7.17.3 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.

7.17.4 Long Service Awards (Pin/Ring) will be rewarded to the employees who have been working with the Company for 15, 25 and 35 years.

7.17.5 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 | 3.2% |
| 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 | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Beginning Balance – Employee Benefits Obligation | 11,508.91 | 10,545.97 | 11,456.35 | 10,511.75 |
| Current service cost | 502.38 | 498.87 | 479.94 | 481.54 |
| Interest cost | 472.08 | 451.03 | 470.11 | 450.02 |
| Benefits paid | (1,238.82) | 13.04 | (1,238.82) | 13.04 |
| Actuarial loss (gain) | 400.68 | – | 400.68 | – |
| Ending Balance – Employee Benefits Obligation | 11,645.23 | 11,508.91 | 11,568.26 | 11,456.35 |

Actuarial gains and losses 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 2015, the actuarial assumptions has been changed on discount rates from 4.4% to 3.2%, therefore there is an effect on other comprehensive income.

7.18 Long-Term Provision

Changes in the present value of long-term provision

Unit : Million Baht

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|---------------|-------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Long-term provision at the beginning balance | 412.96 | 488.52 | 410.52 | 486.08 |
| Long-term provision for the period | 206.35 | (75.56) | 208.79 | (75.56) |
| Long-term provision at the ending balance | 619.31 | 412.96 | 619.31 | 410.52 |

Long-term provision as at December 31, 2015 (Separate financial statements) consist of:

7.18.1 The Case which the court has rendered a judgment ordering the Company to pay for severance pay to its employees in the amount of THB 10.93 million. At present, the case is under the Supreme Court's consideration.

7.18.2 The Court of First Instance and the Court of Appeal has rendered a judgment ordering the Company to pay for damages, return cash guarantee or fines in the amount of THB 55.95 million. At present, the case is under the Supreme Court 's consideration.

7.18.3 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, THB 372.11 million and THB 75.86 million in the financial statement of 2010, 2011, 2012, 2013 and 2014, respectively. In 2015, the Company has increased an amount of the reserve for damages and fines totaling THB 30.46 million, leaving the balance of THB 351.66 million.

7.18.4 The Board of Directors meeting no. 11/2558 dated November 11, 2015 has resolved the Company to reserve USD 6.77 million as a compensation in respect of the 1 year early termination of Aircraft operating Lease Agreements for 2 A330-300 (TEJ, TEL) to Aercap at the begin of 2017. This payment is for the early termination fee in the amount of USD 3 million or approximately THB 108.76 million and Retrofit Koito Seat fee in the amount of USD 2.54 million or approximately THB 92.01 million totaling THB 200.77 million.

In addition, this meeting estimated the aircraft rental fee in the amount of USD 1.23 million or approximately THB 44.66 million.

7.18.5 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.

7.19 Dividend Payment Separate financial statements

According to the Resolution of the 2015 Annual General Shareholders' Meeting held on April 24, 2015 approved the Company to abstain from dividend payment for 2014 operating result ended December 31, 2014.

7.20 Share Capital

As at December 31, 2015, 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.

7.21 Legal Reserve

As at December 31, 2015, the Company's legal reserve balance was THB 2,691.27 million.

7.22 Other Income - Others

Unit : Million Baht

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|-----------------|-------------------------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Gains on sales of assets | 76.97 | 27.02 | 77.00 | 27.02 |
| Dividends from associated and subsidiary companies | - | - | 192.65 | 346.82 |
| Revenue from other services of Aircraft | | | | |
| Maintenance Department | 641.91 | 485.08 | 641.91 | 485.08 |
| Compensation revenue from the delay delivery of aircraft | - | 7.86 | - | 7.86 |
| Compensation revenue from KOITO Co., Ltd. | 3,967.60 | - | 3,967.60 | - |
| Other fine revenues | 171.55 | 147.78 | 171.55 | 147.78 |
| Insurance compensation from the flood disaster | 208.05 | 164.70 | 208.05 | 164.70 |
| Insurance compensation from other cases | 144.85 | 727.06 | 144.85 | 727.06 |
| Revenue from Royal Orchid Lounge service | 117.46 | 100.95 | 117.46 | 100.95 |
| Revenue from service to Thai Smile Airways passenger | 188.43 | 125.19 | 188.43 | 125.19 |
| Revenue from in- flight Internet Service | 1.79 | 5.62 | 1.79 | 5.62 |
| Others | 501.65 | 827.55 | 670.43 | 982.41 |
| Total | 6,020.26 | 2,618.81 | 6,381.72 | 3,120.49 |

7.23 Employee Benefits Expenses

Unit : Million Baht

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---------------------------------|-----------------------------------|------------------|-------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Personnel expenses | 29,953.65 | 30,223.55 | 29,557.01 | 30,098.90 |
| Employee benefits | 608.09 | 962.94 | 583.04 | 944.60 |
| Executive remuneration | 97.51 | 70.13 | 91.95 | 64.90 |
| Board of directors remuneration | 19.37 | 17.59 | 16.54 | 14.97 |
| Total | 30,678.62 | 31,274.21 | 30,248.54 | 31,123.37 |

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 2015, they did not issue the tickets for themselves and their related parties but for the year 2014, they issued the tickets for themselves and their related parties amount of 153 tickets with the value of THB 13.41 million, calculating from the full fare tickets in those traveling classes.

7.24 Termination benefit – Mutual Separation Plan and Golden Handshake

At the Company's Board of Director meeting No. 6/2558 dated June 15, 2015 approved the Mutual Separation Plan and Golden Handshake. There are 1,401 employees have been authorized to join the plan in 4 periods of time, which are July 1, 2015, October 1, 2015, December 1, 2015 and March 1, 2016. The Company has to pay the benefit according such plans amount of THB 857.13 million, 1,111.56 million, 946.80 million and 465.77 million, respectively, in an aggregate of THB 3,381.26 million. The Company recognized the mentioned amount of Termination benefit in the statements of comprehensive income for the year ended December 31, 2015.

7.25 Impairment Loss of Aircraft Separate Financial Statements

The Company has non-current assets classified as held for sale (according to Notes 7.5) which composed of 1 A300-600, 4 A340-500, 6 A340-600, 4 B737-400, 4 B747-400, 2 ATR72 and 9 A330-300 aircraft, totaling 30 aircraft and 11 spare engines of such aircraft. 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 amount of THB 11,488.24 million. As well as the impairment losses of spare engines, amount of THB 388.19 million, which made a grand total of THB 11,876.43 million. Therefore, the Company recognized the impairment losses of such aircraft in the statements of comprehensive income for the year 2015.

7.26 Other Expenses

Unit : Million Baht

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Rentals and utilities | 2,718.82 | 2,880.95 | 2,718.82 | 2,880.95 |
| Office supplies | 161.96 | 182.62 | 161.96 | 182.62 |
| Repair of building and equipment | 538.02 | 690.84 | 538.02 | 690.84 |
| Outsource services | 1,515.17 | 1,295.81 | 1,515.17 | 1,295.81 |
| Consultant and service fees | 571.79 | 580.26 | 571.79 | 580.26 |
| Legal fee for Antitrust/ Competition Law | 28.62 | 59.61 | 28.62 | 59.61 |
| Computer service expenses | 555.63 | 547.98 | 555.63 | 547.98 |
| Rental of communication devices and office equipment | 219.10 | 378.20 | 219.10 | 378.20 |
| Travelling and transportation expenses | 512.35 | 580.23 | 512.35 | 580.23 |
| Concession fees | 388.67 | 398.41 | 388.67 | 398.41 |
| Passenger claim expenses | 253.34 | 229.02 | 253.34 | 229.02 |
| Damages from flood disaster | 7.66 | 69.96 | 7.66 | 69.96 |
| Obsolete inventories and supplies expenses | 500.52 | 682.94 | 500.52 | 682.94 |
| Service cargo expenses | 105.86 | 144.06 | 105.86 | 144.06 |
| Joint venture expenses in STAR Alliance | 46.51 | 112.97 | 46.51 | 112.97 |
| Company business and municipal taxes | 174.06 | 176.16 | 174.06 | 176.16 |
| Bad debts and provision for bad debts | (122.42) | 293.64 | (123.81) | 290.25 |
| Service fee for IT HOSTING system | 98.58 | 25.37 | 98.58 | 25.37 |
| Fine and interest expenses | 283.03 | 38.82 | 283.03 | 38.82 |
| Others | 801.79 | 1,477.77 | 495.22 | 1,318.00 |
| Total | 9,359.06 | 10,845.62 | 9,051.10 | 10,682.46 |

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 2015, the Company has increased the provision for such damages and fines according to Note 7.18.3.

7.27 Income Tax Expense (Income)

Unit : Million Baht

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|-------------------|-------------------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Tax expense from taxable profit for the period | 42.92 | 80.21 | 26.84 | 32.93 |
| Add(less): deferred tax asset/ liability from temporary different increase/ decrease | (1,112.29) | (1,245.05) | (1,102.08) | (1,241.37) |
| Net tax expenses (income) | (1,069.37) | (1,164.84) | (1,075.24) | (1,208.44) |

7.28 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 :

Unit : Million Baht

| 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, 2015 and 2014 are as follows:

Unit : Million Baht

| | Separate Financial Statements | |
|--|-------------------------------|-------------------|
| | 2015 | 2014 |
| Revenues from sales or services | | |
| Promoted activities | 89,361.60 | 77,083.69 |
| Non-promoted activities | 89,580.58 | 110,693.90 |
| Total revenues from sales or services | 178,942.18 | 187,777.59 |

7.29 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 | |
|---|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Profit (loss) attributable to owners of the parent | (13,067.67) | (15,611.62) | (11,163.05) | (14,896.00) |
| Number of issued ordinary shares as at January 1 | 2,182.77 | 2,182.77 | 2,182.77 | 2,182.77 |
| Number of weighted average ordinary shares | 2,182.77 | 2,182.77 | 2,182.77 | 2,182.77 |
| Basic earnings (loss) per share (THB) | (5.99) | (7.15) | (5.11) | (6.82) |

7.30 Financial Information by Segment Consolidated financial statements

7.30.1 Business segments

Statements of Income

For the year ended December 31, 2015

Unit : Million Baht

| | Air Transportation | | Business Units | | Other Activities | | Total | |
|--|--------------------|-------------|----------------|------------|------------------|------------|-------------|-------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| External Revenues | 171,139.21 | 178,482.49 | 8,871.28 | 7,697.14 | 2,716.86 | 2,187.98 | 182,727.35 | 188,367.61 |
| Inter - segment revenues | - | - | 8,753.76 | 8,686.84 | 4,159.39 | 5,356.44 | 12,913.15 | 14,043.28 |
| Interest income | 320.66 | 268.62 | - | - | 11.27 | 11.35 | 331.93 | 279.97 |
| Finance costs | (5,897.74) | (6,073.28) | - | - | - | - | (5,897.74) | (6,073.28) |
| Finance costs - net | (5,577.08) | (5,804.66) | - | - | 11.27 | 11.35 | (5,565.81) | (5,793.31) |
| Depreciation and amortization expenses | (17,313.50) | (18,952.55) | (799.41) | (772.72) | (1,019.87) | (809.26) | (19,132.78) | (20,534.53) |
| Fuel and oil | (61,794.04) | (78,101.94) | - | - | (1,448.79) | (1,129.38) | (63,242.83) | (79,231.32) |
| Employee benefits expenses | (21,812.33) | (18,420.05) | (7,045.38) | (7,679.56) | (5,202.17) | (5,174.60) | (34,059.88) | (31,274.21) |
| Tax income (expenses) | 1,075.23 | 1,208.44 | - | - | (5.86) | (43.60) | 1,069.37 | 1,164.84 |
| Profit on investment in associates | 131.88 | 77.28 | - | - | - | - | 131.88 | 77.28 |
| Gain (loss) on foreign currency exchange | 3,488.59 | 12,644.84 | - | - | 23.19 | (21.89) | 3,511.78 | 12,622.95 |
| Impairment loss of aircraft | (12,157.75) | (6,342.58) | - | - | - | - | (12,157.75) | (6,342.58) |
| Gain (loss) by segments | (12,475.19) | (18,380.60) | 3,662.27 | 1,646.34 | (5,303.38) | (3.13) | (14,116.30) | (16,737.39) |

Assets and Liabilities

As at December 31, 2015

Unit : Million Baht

| | Air Transportation | | Business Units | | Other Activities | | Total | |
|-------------------------------|--------------------|------------|----------------|----------|------------------|----------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current assets | 56,563.55 | 54,615.59 | 638.56 | 603.99 | 8,571.54 | 4,999.65 | 65,773.65 | 60,219.23 |
| Investments | 4,810.79 | 4,851.06 | - | - | 4.16 | 1.02 | 4,814.95 | 4,852.08 |
| Property, plant and equipment | 198,914.36 | 215,510.01 | 6,081.91 | 4,802.08 | 3,289.09 | 3,709.36 | 208,285.36 | 224,021.45 |
| Other non-current assets | 18,818.36 | 14,041.80 | 0.41 | 1.54 | 75.77 | 65.45 | 18,894.54 | 14,108.79 |
| Non-allocated assets | - | - | - | - | - | - | 4,702.56 | 4,065.63 |
| Total assets | | | | | | | 302,471.06 | 307,267.18 |
| Current liabilities | 85,001.33 | 96,252.69 | 238.80 | 234.67 | 9,884.47 | 4,403.09 | 95,124.60 | 100,890.45 |
| Non-current liabilities | 173,444.52 | 163,805.62 | - | - | 78.04 | 56.52 | 173,522.56 | 163,862.14 |
| Non-allocated liabilities | - | - | - | - | - | - | 898.21 | 1,218.66 |
| Total Liabilities | | | | | | | 269,545.37 | 265,971.25 |

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.

7.30.2 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 | Others Income | Gain (loss) on Foreign Currency Exchange | |
| For the year | | | | | | | | | | | | | |
| Jan-Dec 2015 | 11,608.79 | 8,871.28 | 2,716.86 | 92,082.11 | 48,076.09 | 2,148.16 | 16,247.27 | 55.81 | 920.98 | 331.93 | 6,020.26 | 3,511.78 | 192,591.32 |
| 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 |

7.31 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 1,230.30 million for this fiscal year.

The Company's provident fund is managed by UOB Asset Management (Thailand) Company Limited, Krungthai Asset Management Public Company Limited, One Asset Management Limited and MFC Asset Management Public Company Limited, which are permitted by the Securities and Exchange Commission, Thailand (SEC).

7.32 Contingent Liabilities

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

| Unit : Million Baht | | |
|---|-----------------|-----------------|
| | 2015 | 2014 |
| Letters of guarantee issued by banks – Domestic | 30.36 | 37.24 |
| Letters of guarantee issued by banks – Abroad | 314.58 | 357.37 |
| The Company as defendant in | | |
| Labor dispute cases | 1,356.00 | 1,321.01 |
| Damage claims cases | 512.64 | 2,247.42 |
| Total | 2,213.58 | 3,963.04 |

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

1. The case where British Airways, which is a defendant in Cargo Civil Class Action Case in the UK, issued a cross claim against the Company:

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

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

The Company has been informed by the branch office in the Republic of Korea on January 22, 2014 that LG Group Companies, including LG Chemical, LG Electronics, LG Display and LG Life Science, have filed a civil lawsuit against 12 airlines, including the Company, on November 27, 2013 in order to claim damages arisen from the conduct of conspiracy to fix fuel and security surcharges during 2003–2007. LG Group Companies have asserted the amount of claim at KRW 404,000,000 with interest or approximately THB 12.28 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.

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

In the early July 2015, the Company received the writs of summons from British Airways, Lufthansa and KLM-AF. Moreover, British Airways, Lufthansa and KLM-AF have served the writs of summons to the Company and more than other 20 airlines for the case where the plaintiff filed a lawsuit against Koninklijke Luchtvaart Maatschappij N.V., Martin Air Holland N.V., Societe Air France S.A. (collectively referred to as "KLM-AF"), Deutsche Lufthansa and Lufthansa Cargo A.G. (collectively referred to as "Lufthansa"),

Singapore Airlines and Singapore Airlines Cargo (collectively referred to as "Singapore Airlines") and British Airways as defendants since December 24, 2013 alleging surcharges fixing among such airlines. On June 25, 2014, such airlines requested that the court give them leave to implead other airlines involving in surcharges fixing arrangement. After that, on March 25, 2015, the court granted permission according to such airlines' request. However, the Company was not filed a lawsuit against as the defendant in the main case and currently the Company is preparing to attend the first hearing.

7.33 Actions Taken in Relation to Entering to Block Space Agreement With Southern Air Inc. (SAI)

Since Southern Air Inc. (SAI) has files 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.

At present, the Company has entered into settlement agreement with Southern Air Inc., (SAI) amounting to USD 2 million in order to settle the civil and bankruptcy case. The court has already approved the settlement between the Company and Southern Air Inc., (SAI) and the Company has already made a payment according to settlement agreement. The lawsuit is now concluded.

7.34 Actions Taken in Relation to Claiming for Damages Arising from the Delay of KOITO Economy Class Seats Delivery

On May 11, 2015 , the English Court has rendered a judgment ordering Koito to make a payment to the Company totaling USD 82,732,284 , EUR 19,857,165 and THB 4,640,417 or totaling in USD 105 million (Exchange Rate on May 11, 2015: USD 1 = 33.52 Baht and 1 Euro = 37.63 Baht) together with interest and partial litigation costs. Koito has already made the partial payment according to the judgment in the amount of USD 60 million and the litigation cost in the amount of GBP 2,436,415.90.

After that, the Board of Directors meeting no. 11/2558 held on November 11, 2015 has approved the settlement between the Company and Koito in the amount of USD 52.5 million as proposed by Koito. In this regard, all cases and claims the Company has or will have against Koito regarding the seats put or agreed to be put the company airplanes by Koito up to now including English case, will be deemed to be settled as soon as possible. The amount of USD 60 million and the litigation cost GBP 2,436,415.90 which has been already paid by Koito to the Company in the English Court proceeding, shall be deemed as the integral part of the settlement.

On 25 and 27 November 2015, Koito remitted the money totaling USD 52.5 million to the Company's account according to the Settlement Agreement. This shall be deemed as settlement by Koito in accordance with the Settlement Agreement.

7.35 Cash Flow Hedge

In 2015, The Company uses foreign currency borrowings to manage the variability in future cash flows on forecasted foreign currency revenue. Gains or losses on exchange differences arising from the translation, as a resulting from the different from rate at designate date or drawdown rate (which one occur later) until the reporting date rate, arising on the effective portion of the hedges are deferred in other component of equity in equity and reclassified to profit or loss in the same period or periods during the hedged item affects profit or loss.

For the year ended December 31, 2015, the Company recognized in profit and loss THB 156.10 million from application of hedge accounting to foreign currency borrowings and forecasted future foreign currency revenue.

As at December 31, 2015, the time periods in which cash flows of hedged items are expected to occur and affect profit or loss are as follows:

Consolidated and Company only

Year 2015

Unit : Million Baht

| | Within 3 months | Over 3 months to 1 year | Over 1 year to 5 years | Over 5 years | Total |
|--------------------------------|-----------------|-------------------------|------------------------|--------------|------------|
| Forecast receivable cash flows | 6,726.34 | 16,596.81 | 111,597.41 | 437,921.13 | 572,841.69 |

As at 31 December 2015, the amount deferred in other component of equity in relation to effective cash flow hedges is THB 2,348.05 million. This amount is expected to be recognized in profit or loss over the period of forecast future foreign currency revenues as referred to in the table above.

7.36 Disclosure of Financial Instruments Separate financial statements

7.36.1 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

| 2015 | | | | | | | | |
|-----------------------|--------------------------------|--|------------------|------------------|---|------------------|------------------|-------------------|
| 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 | 2.45 | 1,152.75 | 4,653.75 | 7,722.98 | 3,625.38 | - | - | 17,154.86 |
| JPY | 1.24 | 1,272.97 | 5,208.42 | 4,879.09 | - | - | - | 11,360.48 |
| EUR | 1.42 | 7,411.23 | 24,763.28 | 20,117.51 | 1,199.23 | 4,643.72 | 12,713.14 | 70,848.11 |
| THB | 4.23 | 14,094.11 | 17,578.23 | 766.82 | 8,300.00 | 28,230.00 | 24,070.00 | 93,039.16 |
| Total | | 23,931.06 | 52,203.68 | 33,486.40 | 13,124.61 | 32,873.72 | 36,783.14 | 192,402.61 |

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 |
| Total | | 39,762.51 | 54,062.81 | 30,593.59 | 5,214.96 | 32,517.35 | 29,700.95 | 191,852.17 |

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, 2015, the portion of the Company's debt after swap with floating to fixed interest rate is 48 : 52.

At the moment, the Company has the total of 9 IRS transactions, swapping debt with floating interest rate to fixed interest rate. Five of these transactions are in EUR and four transactions in THB. As at December 31, 2015, IRS transactions' total notional amount was THB 9,192.10 million of which interest exchange payments are done monthly and quarterly. The one 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 three transactions in THB currency will expire in 2017.

7.36.2 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 = 8 : 44 : 13 : 35. 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 17 CCS transactions. These debt swaps are 9 transactions of THB currency to EUR currency with fixed interest rate, 5 transactions of THB currency to JPY currency with fixed interest rate, 2 transactions of THB currency to JPY currency with floating interest rate, and 1 transaction of EUR currency to JPY currency with fixed interest rate. The notional amount as of December, 31 2015 is equivalent to THB 20,992.39 million of which payments, both principle and interest are done monthly, quarterly and every 6 months. These CCS transactions will terminate between the year 2017 and 2024.

Unit : Million Baht

| Foreign Currency Liabilities | | | | | | |
|------------------------------|-------------------|------------------|------------------|-------------------|------------------|------------------|
| Currency | 2015 | | | 2014 | | |
| | 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 | 4,778.13 | 4,653.75 | 7,722.98 | 165.74 | 700.64 | 1,385.32 |
| JPY | 1,272.97 | 5,208.42 | 4,879.09 | 1,675.61 | 4,023.06 | 4,156.90 |
| EUR | 8,610.46 | 29,407.00 | 32,830.65 | 10,012.65 | 34,410.39 | 35,527.70 |

7.36.3 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 2015, the Company's hedge portion account to 78 percent of its annual fuel consumption and as at December 31, 2015, the Company still has an obligation from fuel price hedging until December 2016 in portion account to 44 percent of total fuel consumption.

7.36.4 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.

7.37 Contractual Obligations

7.37.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase 4 A350 – 900XWB aircraft amount of THB 18,826.16 million, expected to take delivery during the year 2017–2018 which consisted of:

| Unit : Million Baht | |
|----------------------|-----------------------|
| Obligation | Over 1 year – 5 years |
| Purchase of aircraft | 18,826.16 |

7.37.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 43 aircraft amount of USD 4,371.70 million or approximately to THB 158,490.85 million consisting of 15 A320-200, 2 A330-300, 8 A350-900, 2 B777-200, 8 B777-300ER, 6 B787-8, and 2 B787-9 aircraft. As at December 31, 2015, there are 33 aircraft which have been already taken the delivery. In addition, there are the 10 aircraft which have not been taken deliver yet. Also, there are 2, 11 and 30 aircraft which the lease will expire in 2016, 2017 – 2020 and 2021 – 2030, respectively.

Lease obligation for 43 aircraft operating leases can be classified as follows:

| Unit : Million Baht | | | |
|---------------------|---------------|-----------------------|--------------|
| Obligation | Within 1 year | Over 1 year – 5 years | Over 5 years |
| Rent | 10,119.42 | 56,278.99 | 92,092.44 |

7.38 Damages from the Flood Disaster

On October 26, 2011, the flood reached Don Muang Airport and Head Quarter 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, 2015, the Company received the insurance compensation amount of THB 1,967.07 million. The Company recognized the insurance compensation from the flood disaster as an income amount of THB 1,967.07 million. Such compensation has been recognized in the statements of comprehensive income for the year 2011, 2012, 2013, 2014 and 2015 at the amount of THB 175 million, THB 284.23 million, THB 1,135.09 million, THB 164.70 million and THB 208.05 million, respectively. However, all the damaged assets which are covered by the insurance policy are under claiming process with the insurance company.

7.39 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. Eighty 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 an insurance compensation in related to the damage of the aircraft

from Insurers in the total amount of USD 33.54 million or approximately THB 1,087.28 million consisting of the full insured value of the aircraft agreed under the Insurance Policy at USD 32.45 million plus additional costs of working and inflight entertainment in the total amount of USD 1.09 million.

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.

7.40 Events after the Reporting Period

7.40.1 The Company has planned to request for the Roll-over of Euro Commercial Paper (ECP) loan within February 2016 from the Ministry of Finance.

7.40.2 The Company has planned to enter into Cross Currency Swap (CCS) and/or Interest Rate Swap (IRS) of Bangkok Bank (Public) Company Limited's loan. The swaps, not to exceed THB 6,244 million in total, are expected to be carried out during the third and fourth quarters of 2016 according to the approval of the Company Board of Directors on August 4, 2014. In order to coincide with the accounting policy that is currently being fine-tuned, the Company has requested to push back the swap transactions until no later than December 2016. The executions of swap will, however, depend on the financial market's condition at the time.

7.41 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on February 26, 2016.

Board of Directors

as of December 31, 2015



Mr. Areepong Bhoocha-oom

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 – April 24, 2015

Term 3 from April 24, 2015 – Present

Age : 58 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

Experiences

- 2014 – October, 2015 Chairman, Krungthai Bank PCL.
- 2015 – September, 2015 Permanent Secretary, Ministry of Tourism and Sports
- 2014 – May, 2015 Permanent Secretary, Ministry of Energy

- 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 of The Government Lottery Office Ministry of Finance
- 2010 – 2011 Chairman, TOT Corporation PCL

Other Positions

Listed company on Stock Exchange of Thailand

- 2014 – Present Director, PTT PCL

Companies or other entities

- October 1, 2015 – Present Permanent Secretary, Ministry of Energy

Percentage of Shareholding None



ACM Treetod Sonjance

Vice Chairman
Independent Director
Authorized Director
Chairman of Corporate Governance
and Social Responsibility Committee

Appointed Date : August 5, 2014

Age : 59 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

Experiences

- 2013 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 Headquarter
- Present Chairman, Thai Aviation Industries Co., Ltd.
- Present Members of National Council for Peace and Order.
- Present Members of the National Legislative Assembly
- Present Commander of Command, Center for Resolving Civil Aviation Issues

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 : 57 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)

Experiences

- March, 2009 – May, 2015 Director, Bank of Thailand

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 Expert in Finance, National Health Security Office (NHSO), Thailand

Percentage of Shareholding None



Pol. Gen. Chaktip Chaijinda

Director

Appointed date : 21 January, 2016

Age : 56 years

Education/Training

- BA, Public Administration (Class 36),
Royal Police Cadet Academy
- MPA, Kentucky State University, USA
- FBI National Academy, Quantico, VA, USA, Class 215
- Training Programme – Thai National Defence College 2006
- Senior Executive Programme on Justice Administration,
Institute of Administrative Justice Development, Class 14
- Leadership Programme, The Capital Market Academy, Class 13

Experiences

- 2014 Deputy Commissioner General,
Royal Thai Police
- 2012–2014 Assistant Commissioner General,
Royal Thai Police
- 2011 Commissioner of Provincial Police, Region 9,
Royal Thai Police
- 2010 Commissioner of Metropolitan Police Bureau,
Royal Thai Police

Other Positions

Listed company on Stock Exchange of Thailand None

Companies or other entities

- Present Police Commissioner, Royal Thai Police

Percentage of Shareholding 0.000009%
(held by related party)



Gen. Chatudom Titthasiri

Independent Director and Member of Audit Committee

Appointed Date : January 27, 2015 – Present

Age : 59 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
- DCP 211/2015,
Thai Institute of Directors Association (IOD)

Experiences

- 2014 Deputy Chief of Staff,
The Commander Royal Thai Army Office
- 2013 President,
Royal Thai Army Radio and Television Station
- 2011 Assistant Comptroller General

Other Positions

Listed company on Stock Exchange of Thailand None

Companies or other entities

- Present Director – General Office of Defence Budget
Ministry of Defense
- Present Members of the National Legislative Assembly
- Present Director, Provincial Electricity Authority

Percentage of Shareholding None



Mr. Damri Tunshevavong
Independent Director

Appointed Date : April 24, 2015
Age : 62 Years

Education/Training

- B. Engineering (Electical), Chulalongkorn University
- Advanced Management Program (AMP167), Harvard Business School, USA
- Insead Inno-Leadership Program, Insead, Singapore
- DAP SCC/2004, DCP 106/2008, ACP 24/2008, RCP 22/2009, RCC 10/2010
- Thai Institute of Directors Association (IOD)
- Capital Market Academy Leadership Program (CMA-8) Capital Market Academy The Stock Exchange of Thailand

Experiences

- 2012 - 2013 Director, Aira Capital PCL
- 2005 - 2015 Director, Thai Cane Paper PCL
- 2005 - 2011 Director, Thai Siam Kraft Paper Industry Co., Ltd.
- 2005 - 2011 Director, Siam Kubota Industry Co., Ltd.
- 2005 - 2011 Director, Siam Michelin Co., Ltd.
- 2005 - 2011 Director, Toyota Motor Thailand Co., Ltd.
- 2005 - 2011 President, Cementhai Holding Co., Ltd.

Other Positions

Listed company on Stock Exchange of Thailand

- Present Advisor, Office of the President & CEO, The Siam Cement PCL
- Present Director, Thai Rung Union Car PCL

Companies or other entities

- Present Director, Yamato Kogyo Co., Ltd., Japan
- Present Director, Iron and Steel Institute of Thailand

Percentage of Shareholding None



Mr. Peraphon Thavornsuphacharoen
Director

Appointed date : 28 December 2015
Age : 56 years

Education/Training

- Bachelor of Economics (Finance and Treasury), Thammasat University
- Master of Political Science, Thammasat University
- Middle Management Course (Class 1), Ministry of Transport
- Senior Management Course (Class 58), Office of the Civil Service Commission
- Senior Management Course 2 (Class 6), Office of the Civil Service Commission
- Advanced Certificate Course, Public Administration and Public Law
- The National Defence College Course 2012, National Defence College

Experiences

- 2014 Director, Office of Transport and Traffic Policy and Planning
- 2013 Deputy Director, Office of Transport and Traffic Policy and Planning
- 2008 Director of Planning, Office of Transport and Traffic Policy and Planning

Other Positions

Listed company on Stock Exchange of Thailand None

Companies or other entities

- Present Deputy Secretary of Transportation (Head of Infrastructure Development Group, Highway), Office of the Secretary, Ministry of Transport

Percentage of Shareholding None



Mr. Rathapol Bhakdibhumi

Independent Director and Member of Audit Committee

Appointed Date : August 5, 2014

Age : 48 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
- DAP 23/2004, DCP 52/2004, CDC 9/2015, Thai Institute of Directors Association (IOD)
- Politics and Democracy for Executive Class 13, King Prajadhipok's Institute
- 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.
- Present Director, Sahachai Sethakit Co., Ltd
- 2011 - Present Chairman, DX Innovation Co., Ltd
- August 2014 - Present Director, Audit Committee, Compensation Subcommittee, Business Development Subcommittee, Corporate Governance Subcommittee, Thailand Post 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 : 57 Years

Education/Training

- LL.B, Chulalongkorn University
- LL.M., University of Pennsylvania, USA
- Barrister at Law, Institution of Legal Education, Thai Bar Association
- DCP 0/2000, 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 Audit 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
- Present Director and Audit Committee, Bangkok Dusit Medical Services PCL

Companies or other entities

- Present Lawyer, Weerawong, Chinnavat and Peangpanor Ltd.
- Present Director and Chairman of Nomination and Remuneration Committee, Fraser Centrepoint Limited (Singapore)
- Present Director, National Power Supply Co., Ltd. (Thailand).

Percentage of Shareholding None



ACM Siwakiat Jayema

Director

Chairman of Labour Relations Committee

Appointed Date : April 29, 2014

Age : 59 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

- October 2014 – September 2015 Assistant Commander-in-Chief, Royal Thai Air Force
- 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

Other Positions

Listed company on Stock Exchange Of Thailand None

Companies or other entities

- October 2015 – Present Deputy Permanent Secretary, Office of the Permanent Secretary for Defence
- Present Member of National Legislative Assembly

Percentage of Shareholding None



Mr. Somkiat Sirichatchai

Independent Director and Member of Audit Committee

Appointed Date : August 28, 2014

Age : 51 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 Leader Program, Capital Market Academy
- Advanced Management Program, Harvard Business School, USA, 2015
- DCP Class 178/2013, DAP Class 84/2010, RCC Class 11/2010 Thai Institute of Directors Association (IOD)

Experiences

- April 2013 – December 2015 Director and Chairman of the Risk Management Committee, Kasikornbank PCL
- 2011 – 2012 Chairman, Kasikorn Asset Management Co., Ltd.
- 2011 – 2012 Chairman, Kasikorn Research Center Co., Ltd.
- 2010 – February 2013 Senior Executive Vice President, Kasikornbank PCL
- 2010 – February 2013 Member of the Management Committee, Kasikornbank PCL

Other Positions

Listed company on Stock Exchange Of Thailand

- Present Director, Executive Director and Chairman of the Risk Management Committee, Muang Thai Insurance PCL

Companies or other entities

- Present Director and Chairman of the Risk Management Committee, Chairman of the Advisory Panel to the Chief Executive officer, Vice Chairman of the Nomination and Remuneration Committee, Muang Thai Life Assurance PCL
- Present Director, Muangthai Group Holding Company Limited
- Present Member of the Workforce Management in Public Sector Sub-Committee, Office of the Civil Service Commission
- Present Member of the Risk Management Sub-Committee, The Stock Exchange of Thailand
- Present Chief of the Advisory Panel of the Human Resource Management Committee, The Thai Red Cross Society
- Present Adviser Executive Committee, Chulalongkorn Hospital, The Thai Red Cross Society

Percentage of Shareholding None



ACM M.L. Suprija Kamalasana

Independent Director

Authorized Director

Chairman of the Risk Management Committee

Appointed Date :

Term 1 from October 12, 2011 – April 25, 2012

Term 2 from April 25, 2012 – April 24, 2015

Term 3 from April 24, 2015 – Present

Age : 63 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

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. Somchai Sujjapongse

Director

Chairman of the Nomination and

Remuneration Committee

Appointed Date : October 19, 2015

Age : 54 Years

Education/Training

- B.A. (Economics) (Hons.), Chulalongkorn University
- M.A. (Economics), The Ohio State University, USA
- Ph.D. (Economics), The Ohio State University, USA
- DCP 75/2006 Thai Institute of Directors Association (IOD)

Experiences

- 2014 – 2015 Director-General, The Customs Department Ministry of Finance
- 2011 – 2014 Director-General, Fiscal Policy Office, Ministry of Finance
- 2010 – 2011 Director-General, State Enterprise Policy Office (SEPO), Ministry of Finance

Other Positions

Listed company on Stock Exchange Of Thailand

- Present Chairman, Krungthai Bank PCL

Companies or other entities

- Present Permanent Secretary, Ministry of Finance

Percentage of Shareholding None



ACM Amnart Jeeramaneemai

Director

Appointed date : 23 May 2015

Age : 52 years

Education/Training

- B.Sc. Mechanical Engineering,
Air Naval Academy

Experiences

- 2010 Deputy Chief of Office of HRH
The Crown Prince's General Staff,
Royal Security Command

Other Positions

Listed company on Stock Exchange Of Thailand None

Companies or other entities

- Present Chief of Office of HRH
The Crown Prince's Special
Operation Officer,
Royal Security Command

Percentage of Shareholding None



Mr. Charamporn Jotikasthira

Director

Authorized Director

Appointed Date : President December 4, 2014

Appointed Date :

Term 1 from January 27, 2015– April 24, 2015

Term 2 from April 24, 2015 – Present

Age : 58 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)
- The Executive Program of Energy Literacy for a Sustainable Future
Class 1/2012, Thailand Energy Academy (TEA)
- DAP 66/2007, DCP 185/2014,
Thai Institute of Directors Association (IOD)

Experiences

- 2011 – 2014 Member, The Financial Institutions Policy
Committee (FIPC), Bank of Thailand
- 2011 – 2014 Executive Chairman Electronic Transactions
Development Agency
- 2011 – 2014 Independent Director and Audit Committee
Singha Estate Public Company Limited
- 2010 – 2014 President, The Stock Exchange of Thailand
- 2010 – 2014 Chairman, Thailand Securities Depository Co., Ltd.
- 2010 – 2014 Chairman, Thailand Clearing House Co., Ltd.
- 2010 – 2014 Chairman, Settrade.com Co., Ltd.
- 2010 – 2014 Chairman, Family Know How Co., Ltd.

Other Positions

Listed company on Stock Exchange Of Thailand

- Present Director, Nok Air Plc.

Companies or other entities

- Present Director, Thai Smile Airways Co., Ltd.
- Present Director, Suksapattana Foundation
- Present Director, Foundation for Research in
Information Technology

Percentage of Shareholding None



Mr. Charamporn Jotikasthira

Director

Authorized Director

Appointed Date : President December 4, 2014

Appointed Date :

Term 1 from January 27, 2015– April 24, 2015

Term 2 from April 24, 2015 – Present

Age : 58 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)
- The Executive Program of Energy Literacy for a Sustainable Future Class 1/2012, Thailand Energy Academy (TEA)
- DAP 66/2007, DCP 185/2014, Thai Institute of Directors Association (IOD)

Experiences

- 2011 – 2014 Member, The Financial Institutions Policy Committee (FIPC), Bank of Thailand
- 2011 – 2014 Executive Chairman Electronic Transactions Development Agency
- 2011 – 2014 Independent Director and Audit Committee Singha Estate Public Company Limited
- 2010 – 2014 President, The Stock Exchange of Thailand
- 2010 – 2014 Chairman, Thailand Securities Depository Co., Ltd.
- 2010 – 2014 Chairman, Thailand Clearing House Co., Ltd.
- 2010 – 2014 Chairman, Settrade.com Co., Ltd.
- 2010 – 2014 Chairman, Family Know How Co., Ltd.

Other Positions

Listed company on Stock Exchange Of Thailand

- Present Director, Nok Air Plc.

Companies or other entities

- Present Director, Thai Smile Airways Co., Ltd.
- Present Director, Suksapattana Foundation
- Present Director, Foundation for Research in Information Technology

Percentage of Shareholding None

Flt. Lt. Montree Jumrieng

Executive Vice President,

Corporate Strategy and Sustainable Development

Appointed Date : September 9, 2014

Age : 58 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 Air 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 : 56 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

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%



Mr. Teerapol Chotichanapibal
Executive Vice President, Commercial

Appointed Date : September 1, 2015
Age : 58 Years

Education/Training

- Bachelor of Arts, Maths & Economics University College of Wales, Great Britain
- Master of Science, Operations Research University of Southampton, Great Britain

Experiences

- July 2014 – August 2015 Advisor to the President, Thai Airways International PCL
- 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
- February 2011 – June 2013 Executive Vice President, Products and Customer Service, Thai Airways International PCL
- 2010 – 2011 Vice President, Commercial Development and Support 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, Thai Smile Airways Co.Ltd.

Percentage of Shareholding 0.000995%



Flt. Lt. Kanok Thongpuk

Executive Vice President, Human Resources and Compliance
Vice President Legal Department

Appointed Date : September 9, 2014
Age : 58 Years

Education/Training

- Bachelor of 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 Dhammasakti
- The 6th Training Course Administrative Justice For Executive The Administrative Court

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.
- Present Director, Don Mueang International Airport Hotel Co., Ltd.

Percentage of Shareholding 0.000041%



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.
- Present Director, Suvarnabhumi Airport Hotel Co., Ltd.

Percentage of Shareholding 0.000023%



Mr. Narongchai Wongthnavimok
Executive Vice President, Finance and Accounting

Appointed Date : July 16, 2015
Age : 53 Years

Education/Training

- M.S. (Information Systems), Golden Gate University, San Francisco, CA, U.S.A.
- MBA (Finance), University of Pittsburgh, Pittsburgh, PA, U.S.A.
- BA. (Econ), Thammasat University
- Diploma, The Joint State – Private Sector Course (Class 24), The National Defence College (Class 2011)
- FGP Class 3/2011, DCP 131/2010 Thai Institute of Directors Association (IOD)
- CIMB-Insead Leaderships program, INSEAD Thai Institute of Directors
- CFO Becoming a Strategic Partners, University of Pennsylvania, USA
- Senior Finance Management Program, Executive Development International, UK
- Chulalongkorn University, Bangkok, Thailand : Certificate in System Analysis

Experiences

- May 2012–Jul 2015 Chairman, World Lease Co., Ltd.
- Dec 2009–Jul 2015 Senior Executive Vice President, CFO, CIMB Thai Bank Plc
- Aug 2010–May 2014 Director (Authorized Signatory), CIMB-Principal Asset Management Co., Ltd.

Other Positions

Listed company on Stock Exchange Of Thailand

- Present Director, Nok Air Plc.

Companies or other entities

- Present Director, Thai – Amadeus South – East Asia Co., Ltd.

Percentage of Shareholding None



Mrs. Usanee Sangsingkeo
Executive Vice President of Aviation Business

Appointed Date : September 1, 2015
Age : 57 Years

Education/Training

- Bachelor of Business Administration (BBA) 1980, Bangkok University
- Mini Master of Information Technology (MMIT) 2005
- Master of Business Administration (MBA) 1998, St. John University
- Advanced Security Management Program (ASMP)
- DCP 194/2014, Thai Institute of Directors Association (IOD)
- Executive Leadership Program, Capital Market Academy (Class 21)

Experiences

- 2012 – 2015 Managing Director of Ground Customer Service Department, Thai Airways International PCL
- 2009 – 2012 Director of In-Flight Equipment Planning & Control Department, Thai Airways International PCL

Other Positions

Listed company on Stock Exchange Of Thailand None

Companies or other entities

- Present Director, Suvarnabhumi Airport Hotel Co., Ltd.
- Present Director, Phuket Air Catering Co., Ltd.
- Present Director, Wingspan Services Co., Ltd.

Percentage of Shareholding 0.000023%



Sqn.Ldr. Bhurith Sriwatana

Executive Vice President,
Operations

Appointed Date : October 1, 2015

Age : 60 Years

Education/Training

- B.Sc Aeronautical Engineering,
Royal Thai Air Force

Experiences

- 2014-2015 Vice President, Flight Operations Department,
Thai Airways International PCL
- 2013-2014 Mission Commander, Flight Operations Department,
Deputy Vice President Level,
Thai Airways International PCL
- 2012-2013 Mission Commander, Flight Operations Department,
Assistant Vice President Level,
Thai Airways International PCL
- 2010-2012 Director, Pilot Administration 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 None

Percentage of Shareholding None

Mr. Danuj Bunnag

Advisor to the President

Appointed Date : July 25, 2014

Age : 52 Years

Education/Training

- Bachelor of Special Studies, Mathematics Cornell College, USA
- Bachelor of Science in Systems Science and Engineering,
Washington University at St. Louis, USA
- Master of Construction Management Washington University
at St. Louis, USA

Experiences

- 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 : 47 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

Experiences

- 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

- Present Director, Don Muang International Airport Hotel Co., Ltd.

Percentage of Shareholding None



Mrs. Suvimol Bualerd

Corporate Secretary

Vice President, Corporate Secretariat Department

Appointed Date : November 13, 2012

Age : 54 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

- 2011 – 2012 Vice President, General Administration Department, Thai Airways International PCL
- 2010 – 2011 Director, Cargo Terminal Operations Department, Thai Airways International PCL

Other Positions

Listed company on Stock Exchange Of Thailand None

Companies or other entities

- Present Director, 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

ATLANTIC
OCEAN

EUROPE

INDIAN
OCEAN



*Schematic scale only.

**Destinations are subject to change without prior notice, please refer
As of February 2016

A STAR ALLIANCE MEMBER





ASIA

PACIFIC
OCEAN

AUSTRALIA



FLIGHTS OPERATED BY

- THAI
- THAI Smile
- THAI and THAI Smile



THAI's On-line Offices

AUCKLAND, NEW ZEALAND

AKLAA : MR. KARUN SIRAROJANAKUL
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

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BJSNN : MR. SIRIPHONG MANGKALEE
UNITS 303-4, LEVEL 3, OFFICE TOWER W3
ORIENTAL PLAZA, NO.1 EAST CHANG AN AVENUE
DONG CHENG DISTRICT
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BRISBANE, AUSTRALIA

BNEAA : MR. TANAWAT HIRANYALEKHA
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TKT/RSVN : (91-80) 4098-0396/97
FAX : (91-80) 4098-0392
AIRPORT : (91-80) 6678-3191
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21, AVENUE DE LA TOISON D'OR
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AIRPORT : (91-44) 2256-1928 / 1929
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PEOPLE'S REPUBLIC OF CHINA

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8666-7171
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AIRPORT : (86-28) 8520-5842 / 8520
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CMBAA : MR. NARINTORN SUKKASEAM
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FAX : (94-11) 266-7891
AIRPORT : (94-11) 225-2057
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CPHAA : MR. PATAPONG NANAKORN
Mr. Pricha Nawongs (Acting CPHAA)
RAADHUSPLADSEN 16
DK-1550 COPENHAGEN V
DENMARK

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RSVN : (45-33) 750-120
FAX : (45-33) 750-180
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EXT 502
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DXBAA : MR. CHANTOUCH SRINILTA
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CANAA : MR. JUICKSAWAT KITISOOK
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PEOPLE'S REPUBLIC OF CHINA

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VIETNAM

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RSVN : (84-4) 3826-7922
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SOCIAL REPUBLIC OF VIETNAM

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24A UNITED CENTRE
95 QUEENSWAY, HONG KONG
PEOPLE'S REPUBLIC OF CHINA

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FAX : (852) 2529-0132
RSVN : (852) 2179-7777
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AIRPORT : (91-40) 6660-5022
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ISLAMABAD, PAKISTAN

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FAX : (92-51) 282-3735
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FAX : (62-21) 550-2442-3

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KHIAA : MR. NATTHAKORN CHUNHACHA
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KARACHI, PAKISTAN

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FAX : (92-21) 3279-1934
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PNHAA : Mr. NATTAKORN PIAMPROM
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FAX TKT : (886) 2-2776-7656
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UNIT C 23 RD FLOOR, INTERNATIONAL PLAZA,
NO.8 LUJIANG ROAD, XIAMEN, 361001
PEOPLE'S REPUBLIC OF CHINA

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FAX : (86-592) 226-1678
AIRPORT : (86-592) 573-0558
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YANGON, UNION OF MYANMAR

RGNA : MR. RATAPONG YANYONG
THAI AIRWAYS INTERNATIONAL PCL.
0101/1101 SAKURA TOWER,
339 BOGYOKE AUNG SAN ST.
KYAUKTADA 11182, YANGON
THE REPUBLIC OF THE UNION OF MYANMAR

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THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD.
BAHNHOFSTRASSE 67 / SIHLSTRASSE 1
8001 ZURICH, SWITZERLAND

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FAX : (41-44) 212-3408
AIRPORT : (41-43) 816-4323
FAX : (41-43) 816-4590

THAILAND DOMESTIC

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240 PRAPOKKLAO ROAD,
AMPHUR MUANG, CHIANGMAI 52000, THAILAND

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FAX : (053) 920-994
RSVN : (053) 920-999
FAX : (053) 920-995
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CHIANGRAI, THAILAND

CEISD : MRS. KANLAYAPHA PANICH
870 PHAHOLAYOTIN ROAD
AMPHURE MUANG, CHIANGRAI 57000
THAILAND

TKT/RSVN : (053) 711-179,
715-207, 715-734
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HDYSD : MR. KITTISAK PINMUANG (Acting)
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HAT YAI, SONGKHLA 90110, THAILAND

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FAX : (074) 233-114
AIRPORT : (074) 227-275
FAX : (074) 251-335

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HKTSD : MR. KITTISAK PINMUANG
78 RANONG ROAD, TABOM TALADNUE
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