

A STAR ALLIANCE MEMBER 



ANNUAL REPORT 2016

Thai Airways International Public Company Limited

A STAR ALLIANCE MEMBER 

OUR HEART **SMILES FOR YOU**

Fly with your heart fulfilled, and touched by our genuine, friendly and caring THAI hospitality. All is in our radiant smile and gentle service with unique grace and style. For over 50 years, our smile never cease to fulfill your journey with the new height of comfort and joy.

To New Heights of Flying

thaiairways.com

 **THAI**
Smooth as silk



Content

Message from the Chairman	3
Message from the President	4
Policy and Business Overview	6
Business Operations	14
Risk Factors	40
General Information	46
List of Major Shareholders	52
Dividend Policy	55
Management Structure	56
Corporate Governance	70
Corporate Governance and Social Responsibility	
Committee Report 2016	94
Corporate Social Responsibilities	96
Internal Control and Risk Management	98
Related Party Transactions	106
Essential Financial Information	124
Management's Discussion and Analysis	129
Financial Statements	142
Board of Directors	196
Management	204
THAI's On-line Offices	210

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

THAI has continued to move forward with the Transformation Plan Phase 2 "Building the Competitive Strength" embracing four main strategic plans to generate revenue, reduce costs, build competency for sustainable growth and create customer service excellence. To achieve its goals, THAI has focused on improving the major system as the foundation of its operation to further enhance the Company's potential. The new route network management system was improved to allow prompt TPI (Traffic Planning Information) organization, enabling THAI to develop a suitable network and bank structure in support of Suvarnabhumi Airport's position as the aviation hub of this region. THAI increased its network and flight frequencies on the European and Western routes (Tehran, Moscow, Phuket-Frankfurt), with added flight frequencies to London, Brussels and Oslo.

To further enhance THAI's competitive advantage, the pricing management system has been fine-tuned enabling THAI to make faster price adjustments to keep pace with the competition. Efficiency between ground services, in-flight services and aircraft maintenance was improved through installation of a connecting system supplying information to allow immediate services and appropriate solutions to problems, and as a foundation for future service improvement. As for sales via website, THAI has continuously enhanced the E-commerce system and is currently in the process of implementing the new system for use in 2017.

For the fleet enhancement and improvement of in-flight products, THAI took delivery of a new Airbus A350-900 XWB, a modern aircraft with state of the art facilities. Five more of the same type of aircraft will join THAI's fleet in 2017. To provide more flying comfort and an enhanced flying experience, Business Class service has been improved at every contact point to achieve service excellence or 'Magic Service Ring' focusing on providing a superior and uninterrupted flying experience for passengers from the start of their journey with THAI until reaching the final destination. THAI recruited 600 new flight attendants for the new aircraft and revised the training courses to focus on building the service-minded outlook in accordance with their role and responsibilities taking into consideration the highest level of safety and service quality. The on-going service improvement and concerted efforts have contributed to the results of opinion polls conducted among passengers and air travelers worldwide by various institutes

which showed that the changes taking place at THAI are being recognized. The improvements were reflected by the Company being named for many renowned awards including the World's Most Improved Airline for Service Quality and World's Best Airline Lounge Spa from Skytrax and "2016 People's Choice Awards Thailand Voted by Chinese Tourists" from the Tourism Authority of Thailand (TAT). The success and accolades in 2016 resulted from the concerted efforts and commitments of the Board of Directors, the Management and all members of staff to put the Transformation Plan into action and drive it forward. We also thank all THAI customers for their continued support of THAI's activities and for choosing THAI as their preferred choice of carrier, as well as all shareholders for their confidence in our operations and undertakings.

In 2016, THAI also adjusted operational procedures of various functions to enhance their performance efficiency while putting in place strict measures to control costs and expenses which will be continued into 2017. THAI also exercised rigorous financial management controls in order to maintain an optimum cash balance and adjust the loan structure to suit the cash balance for each of the various currencies, resulting in a long term cost reduction. Employees' key performance indicators (KPIs) have also been determined to be in line with the operation results according to the Transformation Plan to make sure that appropriate returns and rewards are given to the staff in recognition of their cooperation and efforts.

THAI will enter the third stage of its Transformation Plan "Sustainable Growth" in 2017 which involves further operations in order to position THAI on the global stage among the world's leading airlines.

On behalf of THAI's Board of Directors, Management and staff, I would like to extend our thanks and appreciation to those who continue to support THAI's operations and hope that you will extend your support into 2017. I can assure you that we will make every possible effort to ensure that THAI will continue to grow and expand into the future while THAI's Board of Directors, Management and staff will work closely together to ensure that our goals and missions are accomplished.



Mr. Areepong Bhoocha-oom
Chairman

Message from the Management

In 2016 THAI operated according to the Transformation Plan Phase 2, comprising four key strategies and 20 major plans which aimed to build THAI's competitive strength to compete in the global arena. Significant developments and improvements that have been introduced to enhance THAI's performance include reorganizing of the route network management system, expanding the route network and flight frequencies, revising the pricing management system, enhancing the Business class service, and improving THAI's "Service Ring" at every passenger contact point for all classes of service. In addition, work procedures have been streamlined to increase efficiency and productivity and effective financial management helped THAI achieve a net profit of THB 47 million for the first time after continuous losses since 2013. THAI will continue to move forward following its Transformation Plan and adjust its strategies in response to the changing business environment and closely monitor its performance accordingly. Functions that have been successful in implementation of the Transformation Plan are required to maintain their standard and performance in parallel with stepping up their development as role models for other functions.

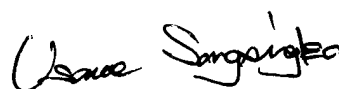
While THAI was undergoing corporate transformation, Thailand faced critical issues related to ICAO which led to the raising of Thailand's aviation security standards. THAI, as the national carrier, is prepared to develop and expand while providing support and cooperation to the Civil Aviation Authority of Thailand (CAAT) in the process of AOC Re-certification to be consistent with the rules, regulations and requirements of the new aviation standard established by CAAT and Civil Aviation Authority International (CAAI). This will enable Thailand to resolve the defect issues with safety

significance according to the safety control inspection project carried out by the International Civil Aviation Organization (ICAO). THAI has always placed special emphasis on maintaining the standards of aviation safety, security and operations in line with international requirements.

THAI is entering the Transformation Plan Phase 3 "Sustainable Growth" in 2017 focusing on generating revenue from passenger transportation and management of THAI Business Units, namely aircraft repair and maintenance, ground customer service, in-flight catering, and the cargo and mail transportation service while moving quickly to manage unnecessarily-occupied assets, both moveable properties and real estate.

THAI also has an important investment project in the Aircraft Maintenance Facility Development at U-Tapao International Airport. As a result of THAI's readiness in terms of operations and highly skilled human resources, THAI is entrusted with this significant business opportunity by the Royal Thai Government to spearhead the project which is one of the Eastern Seaboard Development Program (ESB) plans. THAI is dedicated to bringing success to this project in order to accommodate growth and expansion of the aviation industry in the Asia Pacific region while contributing to the development of other services such as ground handling services, cargo warehouse and transportation.

On behalf of the Management and staff at THAI, I would like to thank you all for the continued support of the Company's activities. I would like to assure you that THAI Management and staff are working closely together to reach our common goal of repositioning THAI as one of the top five airlines of the world.



(Mrs. Usanee Sangsingkeo)
Executive Vice President, Aviation Business Unit
Acting 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 prosperous. 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, 2016, 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 100% was paid-up at THB 1,800 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, 2016, Thai Smile Airways offered services from both Suvarnabhumi and Don Mueang Airports covering a total of 20 domestic and international routes from Suvarnabhumi, and 3 domestic routes from Don Mueang.

VISIONS

"The First Choice Carrier with Touches of Thai"

THAI is committed to be customers' 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 service excellence at every customer touch point.

MISSIONS

The Company's principle missions include the fulfillment 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 deliver the products of high value and credibility and 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 organization that encourages the **employees** to perform to their highest capacities, realize the importance of customers and enhance their capabilities, skills, levels of responsibilities and commitment to the organization.
- 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 3 core values:

- 1) To focus on customer satisfaction
- 2) To offer the world class services
- 3) To perform value creation

STRATEGIES

In 2014, THAI faced the problem of decreased competitiveness, having more unprofitable routes than the profitable ones, having too varieties of aircrafts resulting the higher maintenance cost than the industry average, the inefficient overall cost management and the inappropriate human resource management and development. Moreover, the intense and fast-changing competitive condition of airline business in the region caused the Company continued losses and the inability

to recover. The Board of Directors and the management of the Company therefore came up with the 3-Phase Corporate Transformation Plan (2015-2017) with the purpose to urgently stop bleeding and build competitive strength for the Company to operate under the airline industrial changes with sustained growing.

Phase 1 (2015)

Transformation Plan Phase 1 started in 2015 comprised 6 strategies and 21 implementation plans with the purpose to urgently stop the losses. The 6 strategies included :

1. Network Strategy
2. Fleet Strategy
3. Commercial Strategy
4. Operation and Cost Strategy
5. Organizational Strategy
6. Portfolio Strategy

The Company implemented Transformation Plan Phase 1 by shutting down stations and reducing consistently-unprofitable routes, downsizing aircrafts with higher lifetime than the industry average to simplify aircraft types, cutting human resource expenses and other expenses relating to station shutdown and flight reduction, selling decommissioned aircrafts, and defining key performance indicators (KPI) to give yielding in accordance with the operating results.

Phase 2 (2016)

The Company was in the process of Transformation Plan Phase 2 (2016) which included 4 strategies and 20 implementation plans, some of which were continued from the Transformation Plan Phase 1 with the purpose to build competitive strength building. The 4 strategies included generating aggressive revenues, reducing costs to increase the efficiencies, building capabilities for sustainable growth and creating excellent quality of service. The Company implemented Transformation Plan Phase 2 by improving the foundation system of the Company's operation to enhance the capabilities namely: laying the route network management system for the Company to build the route network that made Suvarnabhumi Airport the regional flight hub, the revenue management system to improve the effectiveness in generating revenues and improving the e-Commerce sale system; improving the services

Steps of Thai Airways International Pcl. Corporate Transformation Plan (2015-2017)

Shrink to grow approach			
	Step 1: "Stop the Bleeding"	Step 2: "Strength Building"	Step 3: "Sustainable Growth"
Purposes:	<ul style="list-style-type: none"> Urgently stop the losses. Hastily create incomes. 	<ul style="list-style-type: none"> Build the competitive strength. 	<ul style="list-style-type: none"> Expand the business.
Methods:	<ul style="list-style-type: none"> Discontinue the unprofitable routes. Decommission and sell unused aircrafts 	<ul style="list-style-type: none"> Continuously improve the efficiency for revenue generation, cost management and supervision Installing an up-to-date operating system and providing New IT Systems for commercial and service planning 	<ul style="list-style-type: none"> Expand the business after coming back to sustained profitability. Use the Organizational strength as the basis for growing.
	Operation: 2015-2016	Operation: 2015-2016	Operation: 2017 onwards

to excellent by upgrading the services, food and products served in business class; enhancing the operation procedure of each divisions and reducing the operating costs e.g. improving the service procedure in economy class and the work procedure of Cargo and Mail Commercial Unit to enhance the efficiency, manage the costs and strictly control the expenses; defining the employee's key performance indicators (KPI) in accordance with the operation results according to the Transformation Plan and rewarding the employees of department that was able to reduce non-fuel costs. The operations according to the Transformation Plan were closely and continuously controlled by the Strategies and Corporate Transformation Committee with the weekly follow-up by the Corporate

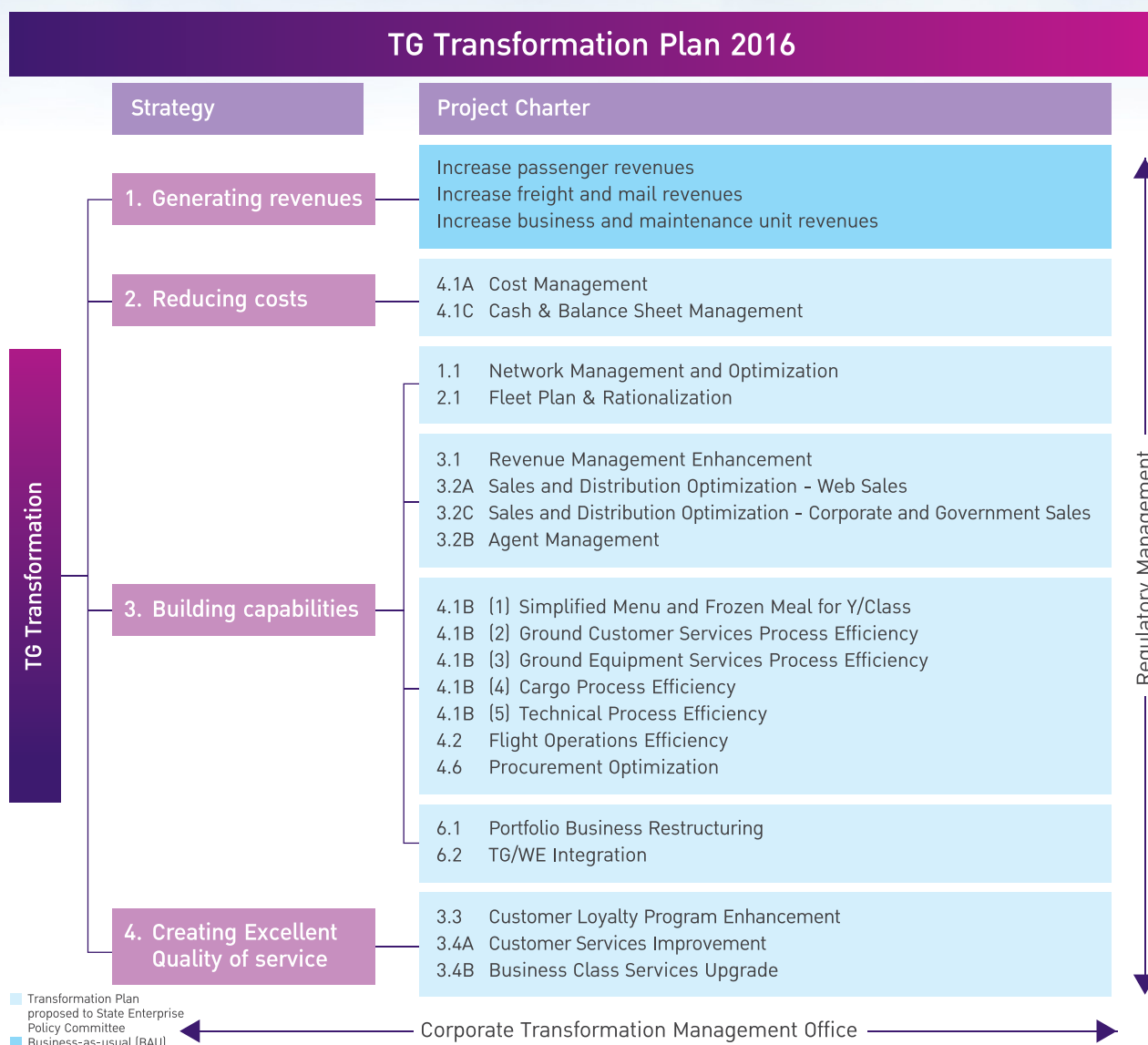
Transformation Management Office and the monthly follow-up by the Company's Board of Directors.

Phase 3 (2017)

The operation of Transformation Plan in Phase 3 (2017) aimed at sustainable growth and bringing back sustained profitability by focusing on generating revenues from air transportation services for passengers and business unit management i.e. aircraft maintenance service, ground customer services, in-flight catering and cargo terminal handling services, plus the decommissioned aircraft sale and the management of unnecessarily-occupied assets, both the real estate in Thailand and abroad. The operation of 2017 Transformation Plan would be a part of the

TG Transformation Plan

	Operation: 2015	Start operation: 2015-2016	Start operation: 2017 onwards
	Step 1: "Stop the Bleeding"	Step 2: "Strength Building" Comprising 4 main parts	Step 3: "Sustainable Growth"
Transformation Plan	<ol style="list-style-type: none"> 1. Network Strategy 2. Fleet Strategy 3. Commercial Strategy 4. Operation and Cost Strategy 5. Organizational Strategy 6. Portfolio Strategy 	<ol style="list-style-type: none"> 1. Generate aggressive revenues 2. Reduce costs / Increase efficiencies 3. Build capabilities for sustainable growth 4. Create excellent quality of service 	



Company's 5-year Strategic Plan. It was optimized by adjusting to 6 strategies and 16 implementation plans including 12 continued plans from 2016 and 4 major operation plans with close monitoring. The 6 strategies included:

1. Profitable and competitive advantage route development and aircraft type simplification strategy
2. Competitive capability increase and revenue generating strategy
3. Excellent service ring building strategy
4. Competitive cost and efficient operation strategy
5. Corporate culture building to sustainability and human resources development to excellence strategy
6. Portfolio management and new business development for sustainability strategy

Operational highlights in 2016

• Financial Management

- In the year 2016, the Company used a holistic approach to manage its finance by considering its cash management and loan structure, and flexibly managed the fuel price risks to coincide with the fuel price situations in the global market.
- In cash management, the Company managed to keep its outstanding cash flow at an appropriate level by using short-term loan from various financial institutions, narrowing down number of bank accounts resulting in the decrease in average cash on hand and making it more possible to pay off short-term loans which in turn caused a reduce in interest payments.

- The Company adjusted its loan structure so as to reflect the income and expenses in over 50 currencies by trying not to increase debt or expenses in USD in which the Company's expenses was already high. The Company managed the exchange rate risk by way of Natural Hedging: arranged to pay off its debts and expenses in the same currency as its income. Cross Currency Swap and Interest Rate Swap were some of the tools used in loan restructuring so that it can be beneficial to the Company to the full extent.
- Through these financial management tools, the Company was able to decrease its interest expenses by 10% from 5.9 billion Baht in 2015 to 5.3 billion Baht in 2016, while the Company's average loan decreased by 4% from 190 billion Baht to 182 billion Baht. In other words, the Company's Cost of Fund decreased by 0.40%

• Operations According to Transformation Plan

- The new flight route network management system was finished according to the plan, allowing the making of advance 4-season Traffic Program Information (TPI) and flight structure foundation to be the Bank Structure at New Suvarnabhumi Airport as the regional flight hub.
- In 2016, the Company operated more networks and frequencies of Europe and Western routes (Tehran, Moscow, Phuket-Frankfurt), plus more frequencies of flights to London, Brussels and Oslo.
- The new price management system network was finished, allowing the ticket comparison between the Company and the rival airlines, and the fast price adjustment. It was in the process of personnel training for the expert operation of this new revenue management system and the best use of the sale price management system.
- The Business-class service, product and food upgrading was done as planned and was well received by the passengers. This new Business-class service upgrade would soon be rolled out to all flights.
- The Company took a delivery of two new Airbus A350-900 XWB aircrafts to be served on routes to Rome, Milan and Australia.
- The Company supplied the information network system for in-flight service, ground service and technical department to avail the solutions to

service problem and compensate the affected passengers quickly and appropriately. The changes in the Company's online ticketing system were a bit delayed and would be continued through 2017.

- The improvement of operation process efficiency was successful at Cargo and Mail Commercial Unit, making the continuously decreased operating costs and would extend the results to the ground customer services and the ground equipment services and other departments, etc.

In 2016, Other operational highlights are listed below:

• Service Development and Improvement in Every Customer Touch Point according to Service Ring

The Company aimed at integrating services in every customer touch point to the all-in-one excellence to provide a smooth and seamless service with an impressive experience in all service points from the beginning until the end of the passengers' travel procedure with the customer service knowledge base of all service points as the standard of service provision, together with the mechanism connecting the integration of all service points to solve the problems for the passengers exactly, quickly, everywhere and anytime. To fulfill the passengers' need in the digital era, the Company increased online payment channels on the website and e-check-in channels at Novotel Bangkok Suvarnabhumi Airport Hotel (to be operated in other Novotel hotels), increased Bag Drop counters at Suvarnabhumi Airport for e-check-in customers. From July 2016, a Free Wi-Fi service of 20MB and 5MB was granted to First-class and Business-class passengers, respectively, on Airbus A380-800 and Airbus A350-900 aircraft.

• New Flight Attendant Training

New flight attendant training system was operated by networking the principle of Competency Base Training with the knowledge base of Safety, Security and Service in building the concept of service aimed at Customer Experience Management, the conscious of service focusing on the roles and duties of a safe and quality service provision, and the pride of being the flight attendants that helped pushing the Company to the global competitive capabilities.

• New Business Class Service

The Company's Transformation Plan included the new Business-class service improvement with the adjustment of system, personnel, food and beverage in the basis of concept that made the different services with the appropriate costs and served the customer's needs in order to maintain the competitive capability. The operation started from September 17, 2016 on Bangkok-Narita-Bangkok flight and took the customers' feedback for service improvement. It is currently operated on Europe, Japan, Middle East, Australia and New Zealand routes.

• Decommissioning of aircrafts

When determining the procurement, decommissioning and sale activities concerning the aircraft, engines, spare parts and rotatable aircraft spare parts, 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. In 2016, the Company received deliveries of 2 Airbus A350-900 and received approval for decommissioning 2 Charter Boeing 777-200.

In 2016, the Company delivered 5 aircraft to the buyers including 2 ATR72 with spare engines, 2 Airbus A330-300 and 1 Airbus A340-500. The Board of Directors approved the sale and sales contract in progress for 3 Airbus A330-300.

Other 22 aircrafts waiting for sale were 1 Airbus A300-600R, 3 Airbus A340-500, 6 Airbus A340-600, 2 Boeing 747-400, 2 Boeing 747-400 BCF and 8 aircraft formerly approved for sale in 2015 but cancelled by the buyers which included 4 Airbus A330-300 and 4 Boeing 737-400 are in reselling procedure.

• Mutual Separation Plan (MSP)

The Company has offered an early retirement option through MSP for employees aged 48 years and over with at least 15 years in service, not including pilots and flight attendants. Severance was approved for a total of 280 employees as detailed below:

Phase 1: June 1, 2016 – 11 employees

Phase 2: July 1, 2016 – 269 employees

Awards and Recognition

In 2016, THAI won various industry awards below:

The World's Best Airline Awards

- Best Airline in Southeast Asia from TTG Travel Awards 2016
- 2 Best Airline Awards from Skytrax:
 - No. 1 in the World's Most Improved Airline for Service Quality
 - No. 1 in the World's Best Airline Lounge Spa
- Top 3 for Best Airlines of Excellent Service by Skytrax in 3 categories:
 - Best Economy Class Onboard Catering
 - Best Airline Staff Service in Asia
 - The World's Best Airport Services
- "2016 People's Choice Awards Thailand Voted by Chinese Tourists" in Top Choice Award – Airline Category from Tourism Authority of Thailand
- Best Check-in Service Award-Waiting Time in Check-in Queue – Airlines from Hong Kong International Airport

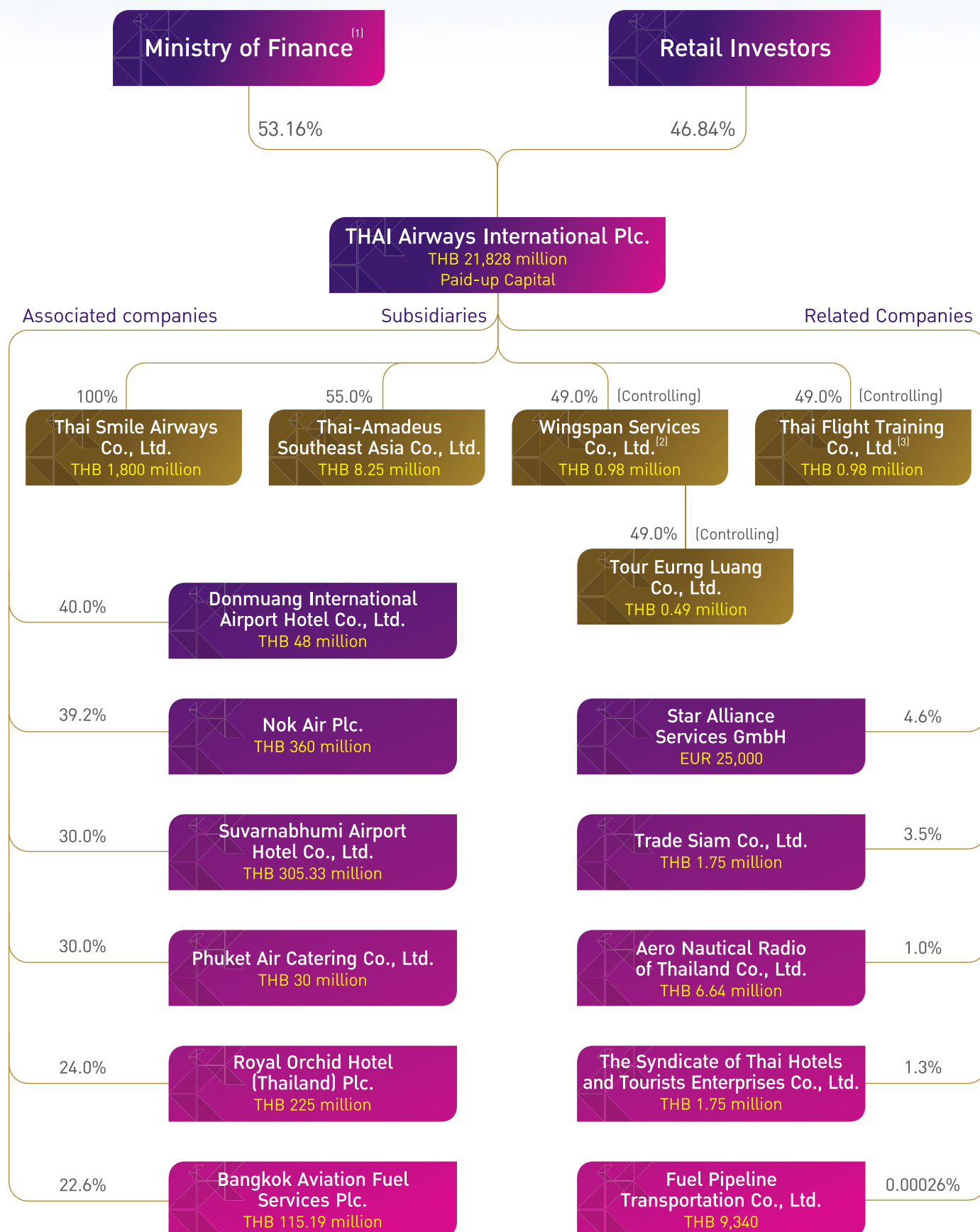
Safety and Environment Awards

- Excellence Award – Green Offices from Department of Environmental Quality Promotion
- National Occupational Safety, Health and Environment Excellence Award 2016 from Ministry of Labour for Commercial Cargo and Mail Department Building and Operation Center Building
- Award for Best Disabled Access Building from the Ministry of Social Development and Human Security

Other Awards

- Runner-up for Best Calendars Award, Type: Wall Calendar, Category: Best National Identity and Art/Culture Promotion, with the title "A Circle of Journey" from the 36th "Suriyasasithorn" Best Calendar Award 2016 by the Public Relations Society of Thailand
- Sustainability Report Award Type: Excellence, from Listed Companies Association of Thailand

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



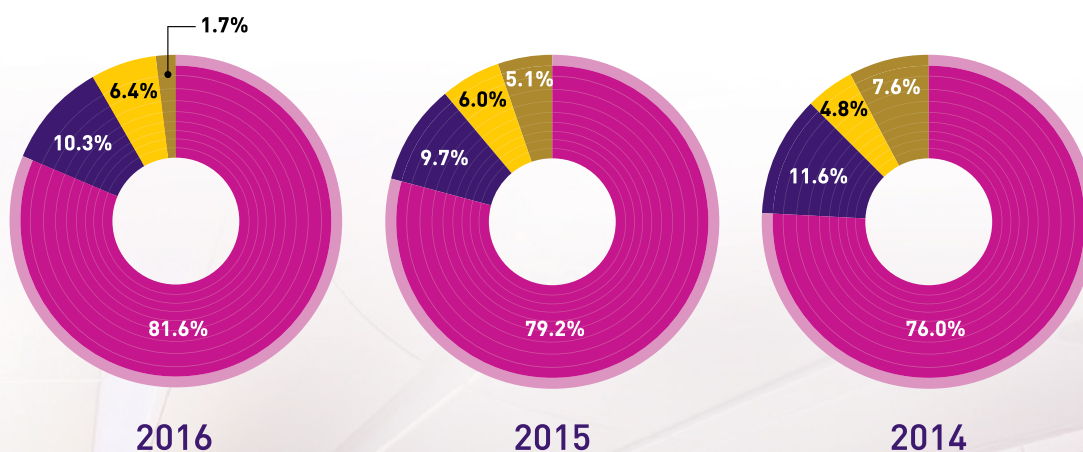
Revenue Breakdown for the Company and its Subsidiaries

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

	2016		2015		2014	
	MTHB	%	MTHB	%	MTHB	%
Revenue from Transportation Activities						
Passenger and excess baggage revenue	148,060	81.6	152,488	79.2	154,881	76.0
Freight and mail revenue	18,578	10.3	18,651	9.7	23,601	11.6
Total Revenue from Transportation Activities	166,638	91.9	171,139	88.9	178,482	87.6
Revenue from Other Activities ⁽¹⁾	11,674	6.4	11,588	6.0	9,885	4.8
Total Operating Revenue	178,312	98.3	182,727	94.9	188,367	92.4
Other incomes ⁽²⁾	3,134	1.7	9,864	5.1	15,522	7.6
Total Revenues	181,446	100.0	192,591	100.0	203,889	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, 2016, the Company and Thai Smile Airways owned a fleet of 95 aircraft, consisting of 38 long-haul aircraft serving intercontinental destinations, which are: Airbus A380-800, Airbus A350-900, Boeing 747-400 and Boeing 777-200ER/300ER; 35 medium-range aircraft serving regional destinations, which are: Boeing 777-200/300, Airbus A330-300, Boeing 787-8; and 22 narrow-body short haul aircraft including Boeing 737-400 and Airbus A320-200.

Operating Aircraft

Aircraft Type	Number of Aircraft	
	As of December 31, 2016	As of December 31, 2015
A380-800	6	6
A350-900	2	-
B747-400	10	10
B777-200ER	6	6
B777-300ER	14	14
B777-300	6	6
B777-200	6	8
A330-300	17	17
B787-8	6	6
B737-400	2	2
A320-200	20	20
Total	95	95

During 2016, the Company acquired 2 new Airbus A350-900 serving on regional and intercontinental routes.

Route Network Development

In 2016, the Company continued its route network according to the Business Transformation Plan with goal to strengthen the route network by 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 increasing new destinations and optimizing the cooperation with alliances to 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.

THAI still coordinated with Nok Air via code share flights on Don Mueang-Roi Ed route which helped to facilitate international travellers to all parts of Thailand and ensure coverage of all regions; while Thai Smile Airways served on the commissioned and additional flights in appropriate destinations and expanded the routes to cover ASEAN, China and India to strengthen the Company's route network which covered 10 domestic cities namely: Udon Thani, Ubon Ratchatani, Khon Kaen, Chiang Mai, Chiang Rai, Phuket, Krabi, Hat Yai, Surat Thani and Narathiwat; a cross-regional flight Chiang Mai-Phuket; and 10 international routes including Changsha, Chongqing, Penang, Mandalay, Yangon, Gaya, Varanasi, Jaipur, Siem Reap and Lucknow.

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, 2016 THAI and Thai Smile's route network covered 11 domestic destinations (excluding Bangkok) and 32 countries, totaling 78 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.

The Company operated 137 weekly flights from Bangkok to the North serving Chiang Mai; to the South serving Phuket, Krabi and Samui. As additional services, Thai Smile operated 378 weekly flights covering the major flights on the routes from Bangkok to Chiang Mai, Phuket, Krabi; the commissioned flights on the routes from Bangkok to Chiang Rai, Surat Thani, Hat Yai, Khon Kaen, Udon Thani, Ubon Ratchatani, Chiang Mai-Phuket and Bangkok-Narathiwat.

International Routes

THAI operates 670 weekly international flights spanning two geographical zones: Asia Pacific Region for 537 weekly flights to 50 destinations in 20 countries, and intercontinental routes for 133 weekly flights to 17 destinations in 12 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 50 destinations in 20 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 245 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, and Chengdu.

Thai Smile served on Changsha and Chongqing.

Southern Routes

The intensity of competition is highest on these Southern routes with many low cost carriers flying with high frequencies. THAI operates 71 weekly flights to 5 destinations in 3 countries; these are Singapore, Kuala Lumpur, Denpasar and Jakarta.

Thai Smile served on Penang route.



Western Routes

The volume of passengers travelling 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 137 weekly flights to 6 countries representing 18 destinations; Delhi, Mumbai, Kolkata, Hyderabad, Bangalore, Dhaka, Colombo, Kathmandu, Yangon, Chennai, Karachi, Islamabad, Lahore.

Thai Smile served on Mandalay, Yangon, Gaya, Varanasi, Jaipur, Lucknow.

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 14 weekly flights serving 3 destinations in 3 countries in the Middle East i.e. Muscat, Dubai and Tehran, the newest route added on October 1, 2016.

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 70 weekly flights serving 5 destinations in 3 countries, i.e. Vientiane, Phnom Penh, Hanoi, and Ho Chi Minh, while Thai Smile serves on flights to Siem Reap.

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 America and Canada.

THAI currently operates no direct flights to North America but 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.

THAI code shares with other airlines namely: Eva Airways from Taiwan to New York, San Francisco, Vancouver, Los Angeles, Seattle, Texas and Toronto; and Asiana Airlines on the Korea-North America route from Seoul to Los Angeles, San Francisco, New York and Seattle.

On the Atlantic route, THAI code shares with Lufthansa from Frankfurt to New York, Atlanta, Miami, Chicago, Dallas and Washington D.C.; Brussels Airlines from Brussels to New York, Washington D.C. and Toronto; with Air Canada from Frankfurt to Montreal and Toronto, from Hong Kong to Toronto and Vancouver, from London to Toronto, from Zurich to Toronto, from Tokyo to Vancouver, bringing the total destinations served by THAI and its partners to 14 destinations in USA and Canada.

The Company has increased revenues from the code-shared flights due to its policy to focus on expanding the network routes by making more co-promotions with the alliance so that the Company can generate more incomes in its operating flight and



connecting flights with other airlines in form of the code-shared flights.

Europe

THAI operates 89 weekly flights to 12 destinations in 10 countries including London, Frankfurt, Paris, Rome, Copenhagen, Stockholm, Zurich, Munich, Brussels, Milan, Oslo and Moscow, the newest route added on December 15, 2016.

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 46 destinations in 16 countries.

Australia and New Zealand

In Australia, the 5 destinations in 2 countries served by THAI include Sydney, Melbourne, Brisbane, and Perth in Australia, and Auckland in New Zealand with a total of 44 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 Wellington, Christchurch and the Hong Kong - Auckland route.

Customer Services

In 2016, 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 deemed customer service as the heart of business operations. The Company 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, plus the service quality monitoring to be in line with Service Operation Procedure via the Mystery Shopping and the Third Party Survey comparing the products and services for satisfactory assessment.

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 booking information, flight details, timetables, online ticketing, checking in with an SMS and 2D barcodes, and home-printed boarding pass functionality. To give the customers more convenience

and assistance, the Company developed the Website Live Chat for 24 Hours/7 Days, increased the online payment channels on website and the self-check-in channels at Novotel Bangkok Suvarnabhumi Airport Hotel (to be operated in other Novotel hotels), increased Bag Drop counters at Suvarnabhumi Airport for e-check-in customers while the customers can show the e-boarding pass to get 15% discount at TG's THAI Shop.

In-flight Services

The Company aims to develop and improve in-flight services of flight attendants by adjusting the service to be more personalized in both the First Class and the Business Class, and the quality and variety of food and beverages available on board to be more outstanding and interesting such as popular regional dishes, authentic Thai cuisine, herbal beverages and special festive menus. In addition, the menu was adjusted to Hot Snack for domestic routes and Hot Light Meal for Indochina routes.

Equipment and Services

THAI has improved its services to meet customers' expectation, enhance competitiveness and increase overall convenience for passengers. 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 to give satisfaction to the customers.

1.1 Passenger Seats

The Company is undertaking a retrofit program of passenger seats on three Airbus A330-300 aircraft and six Boeing 777-200ER aircraft to be modernized and more convenient with the Business-class seats that can be 180-degree reclined and the premium Economy-class seats on Boeing 777-200ER as a choice for the passenger, all of which are expected to be completed by 2019

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 on-board Internet known as Thai Sky Connect for the passengers to communicate on the ground using personal mobile equipment. In 2016, the service is provided on its 15 aircraft including 7 Airbus A330-300, 6 Airbus A380-800 and 2 Airbus A350-900. In addition, for more convenience of the passengers, the Company also provides 20-MB Free Wi-Fi for First-class passengers on Airbus A380-800 and 5-MB Free Wi-Fi for Business-class passengers on Airbus A380-800 and Airbus A350-900.

The new aircraft being delivered will have the In-flight Connectivity (IFC) already installed. In 2017 the Company will receive the delivery of 7 aircraft including five Airbus A350-900 and two Boeing 787-9 with the plan to install the IFC system in all aircraft.

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), the IATA Operational Safety Audit (IOSA) and the civil aviation authorities worldwide.

In 2016 the civil aviation authorities in many countries worldwide still increases the frequencies in the safety inspection of Thai airlines flying into each country. The

Company has passed 88 Ramp Inspections according to the international standard, no significant finding were found which proves the Company's aviation standard.

As the national airline, the Company is ready to improve the organization, including the support and cooperation with the Civil Aviation Authority of Thailand (CAAT) in the AOC Re-certification process which has been continuously operated as planned since 2016 to be in compliance with the new aviation rules, regulations and standards co-developed by CAAT and Civil Aviation Authority International (CAAi) so that Thailand can solve the Significant Safety Concern (SSC) according to the Universal Safety Oversight Audit Program (USOAP) by International Civil Aviation Organization (ICAO).

The Company focused on maintaining standards and best practices according to Standards and Recommended Practices (SARPs) set by ICAO requiring airlines to implement Safety Management System (SMS) and Compliance Management System (CMS) in order to comply with the regulations and continuously improve the operation efficiency. In addition, the Company has started, in 2015, "Safety Beyond Compliance Project" to elevate the Company safety standard to the World recognized standard of the European Aviation Safety Agency (EASA). To achieve best in class of safety standard, the Company created the corporate compliance and safety culture, and developed the capability of safety and quality management and safety performance indicator via an Information Technology Solution System. As a result, THAI is accredited with Third Country Operator (TCO) from EASA as approved by EU Air Safety Committee (ASC), allowing THAI to continue with flight operations to Europe from December 15, 2015 onwards, coupled with Thailand's Air Operator Certificate (AOC).

The Company is determined to dedicate resources for the development of aviation safety using four information technology systems to support the safety management and risk mitigation in controlling and

analyzing safety-related information below:

1. Safety Reporting & Information System is the safety report recording system allowing over 20,000 employees to participate in recording the report via various devices including desktop computer, laptop computer, tablet, mobile phone. It can be worked online/offline and sent the data back to the central system once the Internet is connected and then the data will be processed and displayed the statistics in dashboard which is directly sent to the Management.
2. Flight Data Monitoring & Animation Program is the program to observe, monitor and record the pilots' flying operations so that the pilots can evaluate operational risk at stations.
3. Flight Simulator System is a virtual simulating aircraft containing the programmed simulating situations for the pilots to practice dealing with various situations to be expert and efficient and prepared for all real-life situations e.g. thick fog, snow, engine fire, or bird strike.
4. Big Data System is the data storage program that links the data from various systems e.g. flight route data, aircraft operating system data, passengers' data, weather data to be stored for making data Intelligence. This is a collaboration between Thai Airways International and Scandinavian Airlines System (SAS) plus related aircraft and related hardware/software manufacturers to make use of these highly valuable data in the efficient risk analysis and safety-related consideration.

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.

A training course on Enhanced Safety Management System is 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. The Engagement Training Program is also arranged for the flight personnel to develop the bond with the organization, cooperate to perform their duties to help pushing forward the Company in designated direction aiming to create the safety with highest efficiency. 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, including the hazard prevention and health promotion as the highly important matter to be operated in parallel with the business operation and therefore has put in place a policy regarding safety, occupational health and working environment on the basis of humanity and the employee's benefits. 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 Authority of Thailand (CAAT), Transportation Security Administration (TSA) of Department of Homeland Security, USA, Office of Transport Security (OTS) of Australia, 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 Aviation security above and beyond international requirements. The audit result from these domestic and international organizations showed no significant findings.

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. In 2016, the Company still continuously joins the Crisis Management Exercise such as the C-MEX 16 at Phuket International Airport and SEMEX-16 at Suvarnabhumi International Airport to be able to deal with any possible crisis. 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 2016. For example, the flight management for Thai Muslims to attend the Hajj Pilgrimage in Saudi Arabia and during the bombing in Brussels and many European countries where the Company provided support to the government and the passengers to return home safely. During the crisis due to the outbreak of ZIKA virus, THAI complied with the recommendations of Ministry of Public Health and the World Health Organization (WHO), creating confidence above and beyond international standards. In the previous year, during the Nepalese earthquake crisis and volcanic eruptions

in Indonesia, 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, providing assistance to affected passengers and facilitated the travel of their friends and families. 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 any 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. The Company aims to maintain the high quality, safety, security and standard of aviation according to the international standards. The compliance with related rules and regulations is the major aspect in business operation that the Company always deems as the first priority in order to continuously operate the approach policy in the safety, security and standard of aviation.

Marketing and Competition

Policies and Market Segmentation

In 2016, 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 Airways 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.

Marketing Policy and Market Segmentation of Thai Smile

Thai Smile is positioning itself as a Light Premium Airline with a focus on improving the quality and standards of service excellence, valuing for money and covering all services, with the operations according to the following marketing policy:

1. Excellent Services

Increasing the value offered to the customers in all touch points based on the following guidelines:

- **Excellent Check-in:** Develop and improve the system and process of Internet check-in so that the passengers can make the advance check-in on their own, for example, choosing the seat and printing

the boarding pass, plus the provision of lounge for all passengers.

- **Excellent In-Flight Services:** Develop and improve the efficient method and process of in-flight service for the passengers to create great impressions, for example, the service and ambience in the passenger cabin, the in-flight catering.
- **Excellent Customer Relation:** Continuously develop the product delivery system by giving the highest satisfaction to the customers in all details such as the ticket booking system, the products in the passenger's cabin including the continuous customer service to build the highest satisfaction in all target groups, for example, the customer relations activities during festivals, the development of customer information and communication system.

2. Reasonable Price, High Value

- Adjust the pricing regulation structure to have wide selection of ticket price range to suit each market, building the opportunities to compete with other airlines (Right Price, Right Market).
- Create the Price Value to attract the customers and focus on more communication with the passengers via online or Internet channels.

3. Route Network Development

- Strengthen the route network by increasing the frequency or capacity of flights to suit the market's need and develop the flight connecting in appropriate time period to increase the number of passengers for both Point-to-Point and Connecting Traffic flights from the origin to the destination such as routes to China, India, Indochina and regional countries.
- Increase the flight network based on the cooperation with Thai Airways International to create Seamless Connectivity, for example, the Thai Smile's connecting routes from India with Thai Airways' route network to Australia having a lot of Indian passengers in need of travelling both the FIT and group travellers.

4. Strengthen Brand Communication

- Increase the advertising and market communication channels appropriately to access the target group precisely and inclusively, whether the general customers, organizational customers and online customers.
- Increase the frequency of communication and make use of the communication through online channels e.g. Facebook, LINE Official, Instagram, WeChat more efficiently.

5. Market Strategy Segmentation

- China routes: Focusing on the FIT (Fully Independent Traveller) with increased buying power through the Marketing Communication that reaches the Focus Group.
- India routes: Focusing on the FIT (Fully Independent Traveller), MICE (Meeting, Incentives Convention, Exhibition) travellers, Wedding group and Labor group.
- Domestic routes: Maintaining the existing customer base and increasing the new customer base through the sales and marketing strategies and creating the competitive edge of travelling experiences concerning more impressions and higher quality comparing to other airlines.

6. Strong and Sustainable Growth with High Profitability

- Customer Oriented
- Competitive
- Dynamic

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

In addition to the Company's principal business of transporting passengers by air travel, THAI offers products and services that yield additional revenue while adding value to the THAI brand. The Company continually seeks cooperation with external businesses in new areas that will strengthen and generate increased travel on THAI, and at the same time provide convenience for the modern traveller's lifestyle. The Company has embarked on a Customer Experience Management program for convenient online services through the Company's website for seat upgrades, car rentals, airport transfers to and from hotels, in addition to the existing products and services available that include online shopping for THAI-branded gift items at THAI Shop, Fast Track services, and Lounge access. In support of the government-initiated program and opening doors to the AEC market, the THAI online shop also offers high-quality, Thai-made products from OTOP (One Tumbol One Product) under the Ministry of Commerce.

As Thailand's cargo, tourism and logistics industry are attractive to customers within Thailand and neighboring countries, the Company is strategically positioned to offer customers complete service from start to finish, through the convenience of THAI's online ordering and payment services, and direct delivery.

Providing convenience and quality THAI ancillary products and services to the modern customers during the course of their journey can benefit THAI through the sharing of travel experiences via social media, which in turn can attract new potential customers to try THAI services.

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. With the marketing positioning as Premium Service Airline always providing full service, 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 consist of First class, Business class, Platinum member and Gold member
- Government officials
- Corporate/Business/SME (Small and Medium Enterprise) travellers
- Leisure travellers
- Students and VFR (Visiting Friends and Relatives)
- Special Interest and Life-Style
- Travellers attending overseas seminars or commercial expos, or under reward programs (MICE)
- Others

The Company offers All Segments Product Offering and employs different revenue management and pricing strategies as well as different travelling requirements and/or conditions when serving these groups of customers.

Network Sales and Star Alliance

In respond to increasing travel demands and preferred travel destinations, 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.

THAI Contact Center (TCC)

THAI Contact Center (02-356-1111) is 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 8% 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

With customers today turning more and more to their mobile or desktop devices to purchase airline tickets, check-in before arriving at the airport, request seats, or search for flight information, the Company is giving significant importance to the different digital tools and social media channels to reach and serve their needs. THAI has planned for continuous development and enhancement of online services through THAI's website on all digital devices to meet the rapid growth of digital applications and technology as well as offer new products in the highly-competitive aviation business. Aside from quick and easy searches for routes or suitable flights connecting with THAI's partner airlines, the Company also focuses on One Stop Services for all travel needs, including multiple options for safe and convenient payment channels through Counter Service, 7-Eleven, Tesco Lotus, PayPal, Line Pay, ATM, Bank Transfer and other channels.

Another approach to boost the Company's revenue is through THAI's social media channel for publicizing information and special promotions with content in formats such as digital banners, info-graphics, and video clips. THAI's Online Community can help publicize information and promotions, attracting potential customers by sharing with a wider group

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 (ROP) mileage program and tour packages (Royal Orchid Holiday: Eung Luang) 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 for the trips in both Thailand and abroad 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 Tours and Eung Luang Tours and support the government policy to promote Thailand as the Center of Tourism in Southeast Asia.

Thai Smile Airways Sale and Distribution Channels

Even though Thai Smile separated its Distribution and Passenger Service System (DPS) from THAI since October 2014 and operated on its own, the sales distribution is carried out under the Code Share Agreement in order to provide a seamless connection service between THAI and Thai Smile flights and strengthen the potentiality of THAI Group.

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 i.e. flight operations, safety standard control, customer service model and standard creation, in-flight customer service, brand management and market communication, and pricing and revenue management. However, Apart from Thai Smile's distribution via direct sales and electronic system, there are sales via Amadeus network and Online Travel Agent such as Expedia, TripAdvisor, Qunar, SkyScanner, JetRadar, MakeMyTrip, Cleartrip and Goibibo to increase the opportunities to expand the customer base and customer's awareness.

The Aviation Industry and Competitive Conditions

In 2016, there is a slow-down of growth in the global economy. The 3.1% growth is lower than the previous year, mainly because of the recovery in developed countries has been slow and fragile while the economies of emerging and developing economies have been slow down due to the sluggish global commerce, the financial policy being opposed to the major economic countries. Moreover, the uncertainty caused by the BREXIT and the change of leader of the USA as the world's largest economy might affect the changes of policies, including the terrorism and the 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 trading with many countries worldwide but China's economic growth dropped to 6.7%. For the United States, the growth is decreased to 1.6% due to the unexpected weak growth during the first half of the year and the strong USD value affecting the manufacturing and import sector plus the still-fragile financial instability. In the Euro Zone and Japan, estimated growth is at 1.7% and 0.9% respectively, with the economy recovering slowly there

still being a risk of deflation and a slowdown in consumption, especially the risk in Europe due to the BREXIT and immigrant crisis. Meanwhile, Russia has economic contraction reduced to 0.6%, resulting from the international oil price rise.

For Thailand, the economic forecast remains the lowest in ASEAN, but still sees some growth of 3.2% from last year. The outlook for 2017, IMF has predicted world economic growth to improve at about 3.4% on the back of improving recovery in the developed and developing economies, especially the countries with economic contraction such as Russia which is forecasted with 1.1% growth. As for Thailand, the growth is forecasted to increase at 3.3% (Source: IMF World Economic Outlook Update, January 2016)

The oil price which is the main cost of airlines have seen the average annual price for crude oil and jet fuel in 2016 which is a bit higher but still lower than in 2015 by 18% due to the global economic slowing down, oil demand fell, while the oversupply of crude oil still remains as OPEC, oil production remained at a high level. (The highest volume as of October 2016 is 33.64 million barrels per day.) The result of Iran's oil exports have increased continuously after sanction lifted and the unrest in some countries have been alleviated, allowing more exports, for example, Nigeria and Libia. 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 2016 at USD 45.06 and USD 52.83 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. Despite the resolution to reduce the production volume among OPEC countries to 32.5 – 33.0 million barrels per day and fix the production quota of each member country to maintain the oil price stability, such resolution is still not clearly concluded. Airlines are thus face with the risk of uncertainties having

an impact on the management and performance of airlines.

For the year 2017, Citigroup predicted the price of crude oil and jet fuel to still be lower than 2016 at below USD 60 and 70 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. (Source: Monthly Oil Price Update, Citigroup Oil Price Risk Management Document and Contract and Monthly Oil Price Forecast, January 2017)

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.

Passenger Transportation Industry

The International Air Transport Association (IATA) has summarized the volume of air passengers in each region in 2016 showing the overall global growth of 6.3%, or 9.2% higher than the overall industry in Asia Pacific and 4.6% lower than the overall industry in Europe. In 2017, it is expected by IATA that the overall passenger transport will grow by 5.1%, which is lower than that of 2016.

The region with highest passengers transport growth was the Middle East with a continuous growth of 11.2% in 2016. However, when comparing the proportion of passengers, it was only 9.6% which was 3 times lower than that of Asia Pacific which was 32.9% of the overall industry. Airlines in the Middle Eastern region still have 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, the year 2016 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 2016, there were 151 international and domestic airlines (scheduled & non-scheduled Flights) transporting 102.4 million passengers, an increase of 10.8% comparing to 2015, partly due to the expansion of both international and domestic flights, as well as the 8.9% growth of foreign tourists coming to Thailand comparing to the same period of the previous year which was 32.6 million persons. In 2016, there are 21.6 million passengers traveling with Thai Airways International and Thai Smile, an increase of 5.7%, equivalent to 20.8% market share. (Source: Airports of Thailand, Plc.)

Competition of Domestic Aviation Industry

The competitiveness in domestic market became more intense due to the rapid growth of the existing low-cost airlines and the new low-cost airlines seeking the opportunities from the continuously increasing demand in the domestic market, resulting in the high growth of market each year. For the first 9 months of 2016, there were 17 airlines operating domestic flights with the number of passengers in schedule & non-schedule flights rising to 35.1 million, 12.4% increase from the same period of the previous year. The Company (Thai Airways International and Thai Smile) transported 6.9 million passengers, 14.8% higher than that of last year or 19.6% of the market share in 2016.

Competition of International Aviation Industry

Environment and situation in 2016 continue to be major factors affecting the aviation industry and the volume of air travellers, 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 full service



airlines, especially Middle East airlines and low-cost airlines include an alliances between airlines. However, as domestic political unrest subsided, and the government continuously promotes tourism, the industry rebounded to grow again. Another factor that would have a positive effect for the industry to grow is that Thailand is the ideal connecting center between the ASEAN cities and other regions. The emergence of ASEAN Economic Community (AEC) in 2015 also provides the impetus for economic growth in the region in terms of trade and investment which helps 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, which affects Thailand's aviation industry, it is preferably in part of the small, chartered and newly operated airlines. For the big airlines, especially those operating flights into the European areas, any country failing the safety standard evaluation of ICAO-USOAP is most likely to be put in EU Air Safety List or the so-called EU Banned List. THAI therefore uses its license as Third Country Operator (TCO) to be exempted from being banned by EU in case of Thailand's solution measures on the safety standard is delayed or against the expectation

of EU Air Safety Committee (ASC). Moreover, the Company already implements the international safety standards and just changes this crisis into the opportunity by upgrading its aviation safety standard based on the standard of European Aviation Safety Agency (EASA) as the bedrock of the Company's aviation safety standard, assuring the confidence in providing services with great quality and safety standard.

However, there are risks that flights to major markets such as Japan and South Korea, etc. could not be increased. Moreover, the government's subjugation of 'Zero Dollar Tour' during the end of 2016 has caused a significant decrease in the number of Chinese tourists travelling to Thailand which used to be the largest market but the effect did not last long. For the first 9 months of 2016, the international passengers in schedule & non-schedule flights rose to 67.2 million, 9.9% increase from the same period of the previous year. The Company (Thai Airways International and Thai Smile) transported 14.7 million passengers, or 2.0% lower, but still held the largest market share of 21.9% for international passengers

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 Airways

The airline industry remains an industry with rapid and intense competition with the potential for continuous growth, especially in the Asian Region. As Thai Smile is currently operating 14 flight routes or 84.2% of the total production, it is facing the increased pricing and marketing competition from other rapidly-grown low-cost airlines such as Thai Air Asia, Lion Air, Nok Air

and Viet Jet as can be seen from the increased number of domestic flights and passengers of these low-cost airlines in 2015 from Don Mueang Airport which grew by 30.8% and 34.0%, respectively, and at Suvarnabhumi Airport which grew by 4.4% and 4.9%, respectively. (Sources: Air Transport Statistic Data from Airport Authority of Thailand 2015)

On the current International routes such as those to Myanmar, Cambodia, Malaysia, China, India and other future routes, Thai Smile was faced with intense competition from Full Service Airlines such as Bangkok Airways and low-cost airlines such as Thai Air Asia, Thai Lion Air, Nok Air, Viet Jet and foreign airlines, both schedule flights and charter flights. To be able to cope with the faced competition, Thai Smile has adjusted the strategies concerning flight route, sales and marketing and service, increasing sales and distribution channels to reach customers more easily, expanding customer base to increase market share, improving quality and services and continuously increasing brand awareness both domestically and internationally by focusing on improving outstanding service at an affordable price.

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

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

Cargo and Mail Services

The company provides world-class cargo transportation services with special categorization to serve the customer's need. For example, 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 condition. 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, by rental out Controlled Temperature Unit Loading Devices (ULD). The Company has planned to purchase more ULDs to support the increasingly-growing of medical and pharmaceutical products. 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 78 cities in 32 countries.

The company's marketing focuses on the product and service development concerning the cargo and mail transport and the pricings to avail the market challenge. The marketing also need to be adjusted to focus on the competition in the cargo and mail transport, the main factor of which is still the market challenge. Apart from

the sales adjustment to be in accordance with the market direction through aggressive strategy by providing services to serve the need of customers in each market for the sake of long-term business, the Company needs to build aviation partners to support the flying points apart from the current ones and at the same time to promote the sales by supplying the products of partner airlines on the Company's operating flight. This business exchange with partner airlines will create new markets and build competitive potential for the strength in the sustainable growth.

As a result of AEC establishment in 2015, all the AEC members have developed their trading and investment in both land and water transport routes. The company therefore comes up with the strategy to support the Multi-modal transport network by negotiating and signing contracts with the companies operating land transport, both domestic and international, to avail the transport network to other sales points apart from the flying point to reach more customer groups and make Suvarnabhumi International Airport the best air transport center in AEC.

Thailand's main competitive cargo and mail transport market was the Asian, Middle East and European routes which currently have more competitors so the pricing has been used as the important tool for market challenge and to increase the market share.

The company therefore starts the policy to appoint the potential General Sales and Service Agent (GSSA) or

the General Sales Agent (GSA) for THAI in certain flying points to increase the flow in the market and increase the efficiency in the sales management of product on the inbound flights to Thailand.

For the long-term business, the company still focuses on promoting the good relationship with the major manufacturers and exporters and the air transport agents operating the transport in the Company's operating flight to build the stability with the existing customer base having the potential to grow and continue the service with the Company. Apart from customer calls, the company regularly sets up activities to build the relationship with the air transport agents during the year.

Cargo Services Industry

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

The growth of new air flights has made the increase of Belly Hold Capacity to exceed the market need in certain routes, resulting in the pricing competition of general products. At the same time, the direct-selling business and e-Commerce have pushed the high growth of Door-to-Door service, causing the rapid growth of both normal and express cargo, especially in China's export market. Since the customer's need is focused more on the convenience of Door-to-Door ordering and delivery, the air cargo transportation is required to focus more on e-Commerce, apart from the cargo service of products and raw materials for supply chains worldwide by expanding the market and supply network using the cooperations between airlines to serve the customer's need.

In 2016, overall export of air cargo increased by 8% respectively, import increased by 2%, while transit air cargo increased by 0.6%, resulting in the total volume of cargo of 1.27 million tons, increasing from 2015 by 3%.

Business Units

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

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. Presently, 120 international airlines have been served, which is 12% increase from the previous year.

To achieve the customer satisfaction towards the operation of cargo handling service, the Company comes up with the Lean Management concept to be used to enhance the efficiency and improve the procedure of its cargo transportation service, starting from the cooperation and brainstorming between the employees and the executives for mutual understanding over the vivid goals and purposes to build the efficient working system and procedure, cut the loss from repetitive or unnecessary process and reduce the operation errors in order to provide fast service and on-time delivery without damages while maintaining the safety standard and ideal occupational environment which leads to the global standard services.

The Cargo Terminal Construction Project Phase 2 for the area of 22,125 square meters at the space next to the former Cargo Terminal would be able to support an increase of 1.3 million tons. The cargo transport volume in 2016 is about 900,000 tons, 510,000 tons of which belongs to THAI and 390,000 tons of which belongs to all customers' airlines.

The company planned to renovate the Cargo Contact Center (CCC) at Thai Cargo Terminal, Suvarnabhumi Airport Free Zone in 2017 to provide a one-stop information service, which can be contacted via 02-137-4200, 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.

In order to support the business operation, increase the competitive capability, enhance the operation efficiency, achieve the highest customer satisfaction and respond to the customer's need, the Company has developed a new information and communication system, CHORUS, replacing ORCHIDS.

CHORUS is an integrated system for cargo transport reservation, cargo management, ULD management and revenue account management for commercial goods and postal services. CHORUS was put in place in August 2014, and is in Phase 2 of the development involving Claim Management and Revenue Planning System (RPS), while currently developing MISBO system to assist the report making and data analysis for the executives to analyse, make plan and make decision. The Warehouse Automation System is also developed to link the data of all devices in the cargo to CHORUS as a tool to help enhancing the efficiency of cargo management and reducing the errors of cargo operation process. CHORUS is expected to be fully functional by the end of 2017.

Ground Customer 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, Phuket 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, plus outbound boarding gate services include verification of travel documents and managing aircraft boarding procedures while facilitating passenger disembarking from the aircraft.

Lounge services: 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, tracking and retrieving of on-board forgotten items.

Load control and weight balance services: consist 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 transit passengers and passengers affected by TG flight delays and other issues to avail the smoothest, safest and the most convenient travel to their destinations. Services include a coordination with government agencies and state enterprises such as Immigration, Customs and Airport Authority, and special services such as special service for VIPs, First Class passengers (advance First Class check-in via phone calls), Business Class passengers, Platinum and Gold card members (special check-in counter) along with passengers with special needs such as elderly passengers, passengers under 12 years of age travelling alone, passengers with disabilities and doctor approved medical patients.



Special Services for other private companies (Non-Customer Airline services); rendered special services as per agreed terms for customers of banks and private companies needing to give their customers special convenience, for example, travel 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.

Ground Customer Service Department aims to increase its market share at Suvarnabhumi Airport competing with two other competitors. THAI Ground Services currently serve 43 customer airlines with 35% market share while the other two airlines hold 38% and 27% respectively.

With only one competitor each 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 Airport and to increase overall revenue.

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

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. Provision of passenger stairs, passengers transfer 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, including passengers with illness or disability.

3. Provision of power, engine starting service, air-conditioning service in passenger cabin, waste transfer service, aircraft towing tractor service and replenishment of drinking water to aircraft meeting the standard of the International Air Transport Association (IDQP / IATA Drinking-Water Quality Pool) and in accordance with the regulations of WHO (World Health Organization).
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 and constantly received compliments from customers.
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 Unit Loading Devices (ULD) 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 VVIP and VIP flights by Royal Air Force aircraft or Hajj flights at Narathiwat Airport, equipment can be provided from Suvarnabhumi or a nearby airport.

Ground Equipment Service at Suvarnabhumi airport has one competitor. THAI serves 57 airlines accounted for 43% market share, while the competitor has 38% share, and 19% held by airlines with their own ground equipment service. Ground Equipment Service Unit continuously provides services to both existing customers and potential customers by incorporating information from both complaints and satisfaction survey in the process of analyzing and defining work plans to give standard services and highest satisfaction to the customers.

When approaching new customers, Ground Equipment Service Unit takes advantage of its strengths and potential in its standard staff training and its control unit with the capability to make decision under normal situation and in emergency to make the customers confident in taking our 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 provides theoretical and practical training to the outsourced labor according to the set standards and develops multi-skill capability. In addition, studies are undertaken to source advanced technology equipment suitable for the area of work and the aircraft of all types such as the electric towing tractor under Green Airport Project that serves to save operating cost and conserve the environment at the same time.

Catering Services

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 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 Middle Haul Caterer Award 2014 from All Nippon Airways (ANA), Excellent Catering Service Award Silver 2014 and Excellent Catering Service Award Gold 2015 from EVA Air (BR). 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, several crises including 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 customer base and production capacity while also developing authentic Thai frozen food products some return routes, growing the number of its bakery outlets, cutting cost to reduce operation cost, controlling the energy use to reduce electric/water expenses and introducing the "Lean Management" to streamline operating expense and lower the 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. Details are as follows:

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 bases 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. exterior aircraft painting, aircraft wash that would cause end result of environment saving above targeted objective of fuel consumption save. This type of services is introduced at Suvarnabhumi and Don Mueang bases.

Aircraft maintenance needs high cost of operations in order to maintain the personnel, supplies, repair shops and tools to always be standardized. It also needs constant development to always be updated with the fast-changing aviation technology for the passengers

and the aircraft users taking services from the Technical Department to meet the highest convenience and safety.

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 2016, 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 Suvarnabhumi Airport, and the Lak Si Office. THAI souvenirs are also 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 prioritize 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 analyzes undertaken regarding risks and correlations. Key Risk Indicator Index has been used to provide early warnings and enhance the effectiveness of the Enterprise-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 26% of the Company's operating costs. In an attempt to insure against the persistent 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 2016, forward fuel hedging accounted for an average proportion of

55% of overall fuel consumption. Throughout 2016, the Company made adjustments to the fuel hedging arrangements to closely conform to the global 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. 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 62% 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 the financial tools to properly aid funding and risk management strategies such as Cross Currency Swaps (CCS), CCS Restructuring and Forward Contracts whenever it is suitable to do so.

In 2016, the Company issued and sold the debentures at the total value of THB 7,000 million with the short-term loan from Ministry of Finance in the form of ECP at the value of USD 150 million and revolving credit line at the value of THB 2,000 million, entering into 8 CCS contracts and 4 restructured CCS contracts via a conversion of debts from Euros and Thai baht to Yen for 8 contract and from US dollars to Swiss francs for 4 contracts, including the use of spot and forward instruments to exchange foreign currencies held into the

US dollars to pay for fuel and aircraft lease expenses. As of December 31, 2016, the Company's outstanding long-term foreign currency borrowings post CCS were 39% in EUR, 19% in JPY, 34% in THB and 8% in CHF (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 (IRS) instruments by converting floating rates that are likely to rise, into fixed rates, or restructuring CCS arrangements to help reduce the cost of capital in the long term. As of December 31, 2016, the ratio of long-term debts after swap between floating interest rates and fixed rates was 38 to 62 (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 605 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 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 increasing Medium-haul flights i.e. China, Japan, Korea. The increasingly competitive long-haul routes operated by full-service airlines from the Middle East also operates intercontinental route from Europe to Australia without transit in Thailand and uses the Middle East as the intercontinental connecting point, causing the Company to lose its market share in Europe and Australia routes.

The Company responds to this competitive condition by closely following up on the operations of each route,





inspecting the suitability of offered passenger seats and the number of passengers taking services, improving the frequency of flights for the optimal benefits, improving the revenue and price management to enhance the efficiency to promptly respond to the competitive pricing according to the market need, developing the efficiency of cooperation with alliance airlines to connect the Company's routes with Star Alliance to expand the route network, improving the sales and distribution via websites to be more convenient and modernized, and operating the ancillary revenue management project through the sales of various products and services to meet the customer's need in all service points and the improvement of Royal Orchid Plus mileage point program to maintain and motivate the customers to regularly return to take service.

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.

Thai Airways International is currently in the process of Re-AOCR (Re Air Operator Certificate Requirements) by

The Civil Aviation Authority of Thailand (CAAT), which was formerly Department of Civil Aviation, which is expected to be completed with the new AOC for the Company, and undone the red-flag status from CAAT, around the beginning of 2017.

Risks from External Crisis and Natural Disasters

Airlines Business which is the Company's major business includes the transportation service of passengers, cargo and mail to both domestic and international destinations, which are all directly related to the tourism industry. Therefore, the deceleration of tourism industry could affect the Company as a result of the risks from domestic and international situations, for example, natural disasters, epidemics, terrorism, including international and domestic political conflicts which would halt the Company's business operation.

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 (BCM) 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 has many activities related to aviation business within the same organization, making up to a large number of personnel for the whole organization. However, these employees only have knowledge in their specific fields so the performance management system cannot set the best indicators, resulting in the non-standardized employee assessment. The employees therefore lack motivation and cannot push to achieve the Company goals. For many years, the Company has tried to limit the number of employees by recruiting no new employees to fill the emptied positions except for real necessary case but it in turn causes the lack of manpower in some departments. In addition, some operation procedure contains complicated processes and delayed approval which causes the Company the inability to adjust to the competitive condition of the business.

The Company is committed to developing its personnel, their capability, productivity and loyalty toward the organization, developing the organization, reprocess and manpower to align with business strategy, improving the performance management, implementing the new pay structure, the management of high-potential employees, the Talent Management and Succession Planning, the soft-skill and hard-skill potential development project, while embedding Corporate Culture and Core Values in THAI DNA as the basis to develop the employee's practice manners as the organization of learning.





Risks Related to the Quality of Products and Services


Due to the fast-changing consumer behavior in the context of aviation business competition, the cost-effectiveness is the major mechanism for the customers to choose the airlines, together with their expectation to get Individualized Service.

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. The Company undertook major projects that aimed to create customer loyalty and improve customer service

excellence such as the Service Beyond: New Business Class Service Project, the ground service development project, the First-class and Business-class improvement project and the In-Cabin Product Development and Aircraft Retrofit Programme. The Company also conducts the customer satisfaction assessment and compares its products and services with the rival airlines for continual product and service improvement.

Risks Related to the Shareholding Structure

As of December 31, 2016, 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, Chatuchak, Bangkok 10900
Registration Number	: 0107537001757
Home Page	: www.thaiairways.com
Telephone	: +66 2545 1000, +66 2025 1000
THAI Contact Center	: +66 2356 1111
Cargo Contact Center	: +66 2137 4200
Royal Orchid Holiday	: +66 2356 2888

As of December 31, 2016, 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 2207 9090 Fax: +66 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 2627 2678 Fax: +66 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 2545 1267 Fax: +66 2545 1535	Human Resources Management Services	Ordinary Preferred	0.98 1.02	49.00 (with controlling authority)
Thai Flight Training Co., Ltd. 89 Vibhavadi-Rangsit Rd., Jompol, Chatuchak, Bangkok 10900 Tel: +66 2545 4603 Fax: +66 2545 4602	Aviation Training Services	Ordinary Preferred	0.98 1.02	49.00 (with controlling authority)
Tour Eurng Luang Co., Ltd 89 Vibhavadi-Rangsit Rd., Jompol, Chatuchak, Bangkok 10900 Tel: +66 2356 2888 Fax: +66 2288 7158	Tourism Services and Related-tourism Activities	Ordinary Preferred	0.49 0.51	49.00 % of shares held by Wingspan (with controlling authority)
Thai Smile Airways Co., Ltd. 17th Floor, Unit 1704, 1705-1708A, AIA Capital Center Building 89 Ratchadaphisek Road, Dindaeng, Bangkok 10400 Tel: +66 2117 8800 Fax: +66 2117 8895-6	Passenger and Cargo Air Transportation Services	Ordinary	1,800.00	100.00

Company Name	Type of Business	Type of Shares	Paid-up Authorized Shares (Million Baht)	Equity Ratio (%)
Don Muang International Airport Hotel Co., Ltd. 333 Moo 10, Chert Wudthakas Rd., Don Mueang, Bangkok 10210, Tel: +66 2566 1020-1 Fax: +66 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: +66 76 327 497-502 Fax: +66 76 327 123-4	Airline Catering	Ordinary	100.00	30.00
Royal Orchid Hotel (Thailand) Plc. 2 Captain Bush Lane, Charoen Krung Rd., Bangrak Bangkok 10500 Tel: +66 2266 0123 Fax: +66 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 2834 8900 Fax: +66 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 2131 1111 Fax: +66 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. The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel. : +66 2009 9000 Fax : +66 2009 9991 SET Contact Center: +662 009 9999 E-mail: SETContactCenter@set.or.th Website: http://www.set.or.th/tsd
Auditor		OFFICE OF THE AUDITOR GENERAL OF THAILAND Rama 6 Road, Phayathai, Bangkok 10400 Tel. +66 2271 8000 Ext. 2405 Fax. +66 2618 5783
Debenture Registrar	1/2012 1/2013 2/2013 1/2014	TMB BANK PLC. Securities Operation and Investment Banking Floor 5A, 3000 Phahonyothin Road Jompol, Chatuchak, Bangkok 10900 Tel. +66 2299 1824, +66 2299 1536 Fax. +66 2242 3270
	1/2011 2/2012	CIMB THAI BANK PLC. Stock Market Operations Department and Cashier 15 th Floor, 44 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330 Tel. +66 2626 7503-4 Fax. +66 2626 7543
	3/2012 2/2014 1/2015 2/2015 1/2016	BANK OF AYUDHYA PLC. Security Services Operation Department Floor AA, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120 Tel. +66 2296 5690 Fax. +66 2683 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. +66 2626 7591, +662 626 7508 Fax. +66 2626 7543





List of
Major Shareholders

Shareholding and Shareholders Information

As of December 31, 2016, 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 as of March 10, 2016 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	54,983,316	2.52
5	GOVERNMENT SAVINGS BANK	46,409,885	2.13
6	MR. PRATEEP TANGMATITHAM	18,146,400	0.83
7	EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD	17,820,211	0.82
8	MRS. SOMSONG LAPANANRAT	15,400,800	0.71
9	MR. VICHAI KANATHANAVANICH	14,724,100	0.68
10	MR. EIAM ACHAVAKULTHEP	13,689,400	0.63
11	OTHER SHAREHOLDERS	557,591,580	25.53
	Total Paid up Capital	2,182,771,917	100.00
	Thai Shareholders	2,071,436,391	94.90
	Foreign Shareholders	111,335,526	5.10

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 net worth investors, issues no. 1/2012, 2/2012, 3/2012, 1/2013, 2/2013, 1/2014, 2/2014, 1/2015, 2/2015 and 1/2016.

The Company's Bill of Exchange

As of December 31, 2016, the Company had no outstanding bills of exchange.



Dividend Policy

The Company's policy is to pay out 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. However, the Company may consider paying out the annual dividend at different rate from that policy or not paying out the annual dividend altogether as the Company's Board of Directors deem appropriate. After the Company's Board of Directors has resolved to pay or not to pay out the annual dividends, it is then subject to the approval of the Annual General Meeting of Shareholders.

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, 2016 the Company's Board of Directors consists of the following members:

Board of Directors ⁽¹⁾		Number of Attendance/ Total Meeting (times)	Period of Time ⁽²⁾
1.	Mr. Areepong Bhoocha-oom Chairman	21/21	24 Apr 15 – Apr 18
2.	ACM Treetod Sonjance Vice Chairman	9/21	5 Aug 14 – Apr 17
3.	Mr. Kanit Sangsubhan Director	16/21	22 Apr 16 – Apr 19
4.	Pol. Gen. Chakthip Chaijinda Director	12/19	22 Apr 16 – Apr 19
5.	Gen. Chatudom Titthasiri Director	13/21	27 Jan 15 – Apr 17
6.	Mr. Damri Tunshevavong Director	19/21	24 Apr 15 – Apr 18
7.	Mr. Peraphon Thawornsupacharoen Director	16/21	28 Dec 15 – Apr 17
8.	Mr. Rathapol Bhakdibhumi Director	12/21	22 Apr 16 – Apr 19
9.	Mr. Weerawong Chittmittrapap Director	17/21	22 Apr 16 – Apr 19
10.	ACM Siwakiat Jayema Director	13/21	29 Apr 14 – Apr 17
11.	Mr. Somkiat Sirichatchai Director	19/21	22 Apr 16 – Apr 19
12.	Mr. Somchai Sujjapongse Director	13/21	19 Oct 15 – Apr 17
13.	ACM M.L. Suprija Kamalasana Director	20/21	24 Apr 12 – 31 Jan 17
14.	ACM Amnart Jeeramaneemai Director	0/21	23 Nov 15 – Apr 18
15.	Mr. Charamporn Jotikasthira Director	21/21	24 Apr 15 – 10 Feb 17

Note: ⁽¹⁾ No directors hold the Company's shares.

⁽²⁾ Only the current term is specified.



Executive Management

As of December 31, 2016 the Company has 12 Executive Management⁽¹⁾ positions: 1 President, 9 Executive Vice Presidents, and 2 Vice Presidents, comprising:

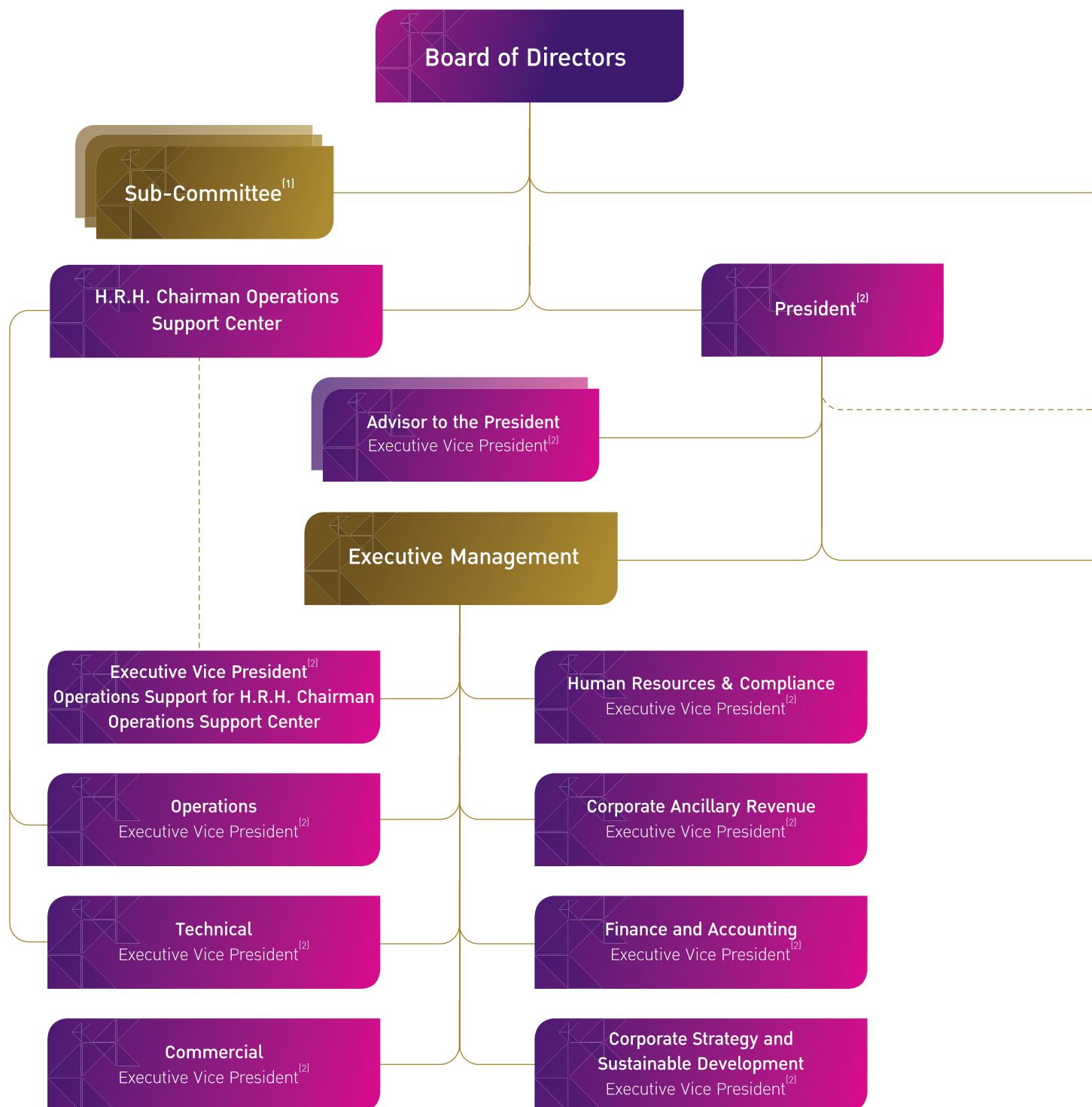
Name ⁽¹⁾	Position
1. Mr. Charamporn Jotikasthira	President
2. Mrs. Usanee Sangsingkeo	Executive Vice President, Aviation Business Unit
3. Flt. Lt. Montree Jumrieng	Executive Vice President, Corporate Strategy and Sustainable Development
4. Mr. Teerapol Chotichanapibal	Executive Vice President, Commercial
5. Flt. Lt. Kanok Thongpurk	Executive Vice President, Human Resources and Compliance
6. Mr. Narongchai Wongthanavimok	Executive Vice President, Finance and Accounting Acting Vice President, Corporate Finance Department
7. Flt. Lt. Werasak Wiroonpetch	Executive Vice President, Operations
8. Flg. Off. Somboon Limwathnapong	Executive Vice President, Technical Department
9. Mr. Danuj Bunnag	Advisor to the President ⁽²⁾
10. Mr. Niruj Maneepun	Advisor to the President ⁽²⁾
11. Mr. Arichai Numlamun	Vice President, Comptroller Department
12. Miss Piyanee Sungtong	Vice President, Management Accounting and MIS Department

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

⁽²⁾ Equivalent to Executive Vice President

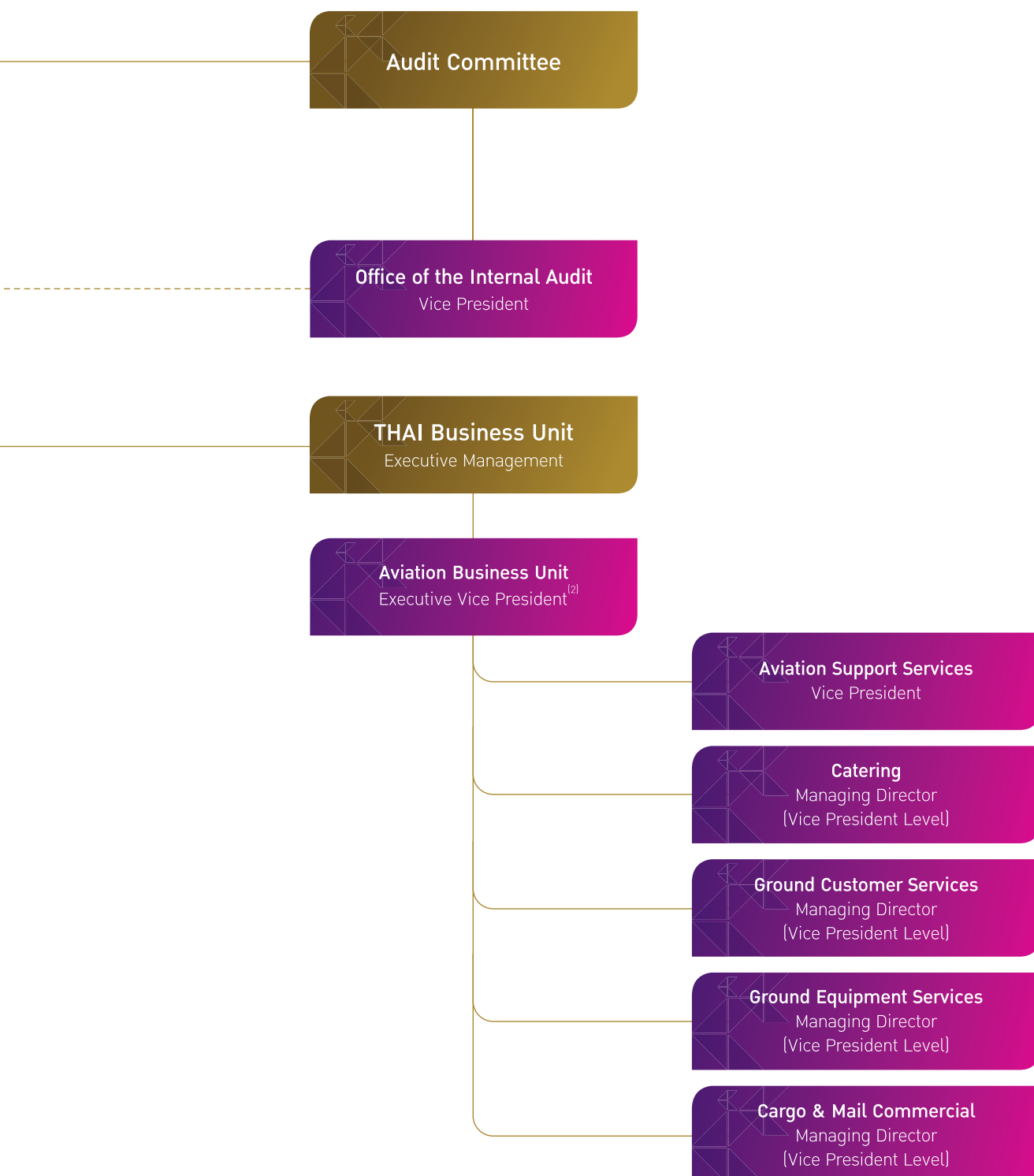
Management Structure

As of December 31, 2016 the Company's management structure consists of the Board of Directors, sub-committees and the Executive Management team.



Note: ⁽¹⁾ The subordinate committees consist of Executive Board, Risk Management Committee, Nomination and Remuneration Committee, Corporate Governance and Corporate Social Responsibility Committee, Strategy and Transformation Committee and other committee assigned by the company's Board of Directors.

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



The Corporate Secretary

The Board of Directors, recognizes 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, Senior 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 Complete notice of the Board of Directors meetings, meeting documents, and the minutes of meetings.
 - 1.3 Complete notice of Shareholders' meetings, meeting documents, and the minutes of meetings within the legal timeframe.
 - 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.

During the year 2016, 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.

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 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 orientation, 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 2016 on April 22, 2016 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. However, the maximum allowance paid is THB 30,000 per month regardless of the number of Board Meetings held. The Chairman and the Vice Chairman shall receive that meeting allowance at the rate of 25% and 12.5% higher than other Board members, respectively. The board members shall shoulder their own income tax payment. This is in line with the payment approved in 2015.
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 per Committee. 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 2015.
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 of 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 2015.
4. The Board of Directors has resolved not to submit a proposal for an annual bonus for the fiscal year 2016 to the Annual General Meeting of Shareholders 2016.

Compensation for Executive Management for the year 2016 Ending December 31, 2016

Unit: THB million

Board of Directors	Number (People)	Remuneration	Meeting Allowance (Board of Directors)	Meeting Allowance (Sub-Committee)	Bonus	Total
Board of Directors ⁽¹⁾	15	9.04	4.68	1.62	Omitted	15.34
Audit Committee ⁽²⁾	4	1.53	-	-	-	1.53
Executive Management ⁽³⁾	15	76.60	-	-	-	76.60

Note: ⁽¹⁾ Compensation for the Board including remunerations, meeting allowance for the Board meeting and sub-committee. The Company omitted annual bonus for the fiscal year 2016

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

⁽³⁾ Executive Management of 15 persons, including those retiring and resigning before December 31, 2016

Remuneration for the Board of Directors for the year ending December 31, 2016

Board of Directors	Position Held	Remunerations and Meeting Allowance Board of Directors (THB)	Meeting Allowance Other Committee (THB)	Meeting Allowance Audit Committee (THB)	Total Remuneration (THB)
1. Mr. Areepong Bhoocha-oom	<ul style="list-style-type: none"> - Chairman - Chairman of the Strategy and Transformation Committee 	1,050,000.00	20,000.00	-	1,070,000.00
2. ACM Treetod Sonjance	<ul style="list-style-type: none"> - Vice Chairman - Chairman of the Corporate Governance and Social Responsibility Committee - Member of the Recruitment of THAI's President 	903,750.00	40,000.00	-	943,750.00
3. Mr. Kanit Sangsubhan	<ul style="list-style-type: none"> - Member of the Board of Directors - Chairman of the Executive Board - Member of the Strategy and Transformation Committee - Member of the Nomination and Remuneration Committee - Member of the Risk Management Committee - Chairman of the Procurement Improvement Committee - Member of the Recruitment of THAI's President 	960,000.00	250,000.00	-	1,210,000.00
4. Pol. Gen. Chakthip Chaijinda	<ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Corporate Governance and Social Responsibility Committee 	837,741.94	-	-	837,741.94

Remuneration for the Board of Directors for the year ending December 31, 2016

Board of Directors	Position Held	Remunerations and Meeting Allowance Board of Directors (THB)	Meeting Allowance Other Committee (THB)	Meeting Allowance Audit Committee (THB)	Total Remuneration (THB)
5. 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 - Member of the Procurement Improvement Committee 	870,000.00	80,000.00	360,000.00	1,310,000.00
6. Mr. Damri Tunshevavong	<ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Executive Board - Member of the Risk Management Committee - Member of the Strategy and Transformation Committee - Chairman of the Human Resource Development Committee - Member of the Recruitment of THAI's President 	960,000.00	340,000.00	-	1,300,000.00
7. Mr. Peraphon Thawomsupacharoen	<ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Corporate Governance and Social Responsibility Committee - Member of the Recruitment of THAI's President 	936,451.61	30,000.00	-	966,451.61
8. Mr. Rathapol Bhakdibhumii	<ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Audit Committee - Member of the Strategy and Transformation Committee - Member of the Nomination and Remuneration Committee - Member of the Procurement Improvement Committee 	870,000.00	170,000.00	360,000.00	1,400,000.00
9. Mr. Weerawong Chittmittrapap	<ul style="list-style-type: none"> - Member of the Board of Directors - Chairman of the Audit Committee - Chairman of Legal Committee 	960,000.00	60,000.00	450,000.00	1,470,000.00

Remuneration for the Board of Directors for the year ending December 31, 2016

Board of Directors	Position Held	Remunerations and Meeting Allowance Board of Directors (THB)	Meeting Allowance Other Committee (THB)	Meeting Allowance Audit Committee (THB)	Total Remuneration (THB)
10. ACM Siwakiat Jayema	<ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Strategy and Transformation Committee - Chairman of the Labor Relations Committee - Member of the Executive Board 	900,000.00	160,000.00	-	1,060,000.00
11. Mr. Somchai Sujjapongse	<ul style="list-style-type: none"> - Member of the Board of Directors - Chairman of the Nomination and Remuneration Committee - Chairman of the Recruitment of THAI's President 	930,000.00	80,000.00	-	1,010,000.00
12. Mr. Somkiat Sirichatchai	<ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Audit Committee - Member of the Strategy and Transformation Committee - Member of the Human Resource Development Committee - Member of the Procurement Improvement Committee 	960,000.00	210,000.00	360,000.00	1,530,000.00
13. 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
14. ACM Amnart Jeeramaneeimai	<ul style="list-style-type: none"> - Member of the Board of Directors 	663,333.33	-	-	663,333.33
15. Mr. Charamporn Jotikasthira	<ul style="list-style-type: none"> - Member of the Board of Directors 	960,000.00	-	-	960,000.00

Other Remunerations

Ticket Privilege

Board of Directors

The Company has cancelled 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 again.

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 year of services is less than 20 years while those with years of services greater than 20 years receive a 10%

contribution. Each employee is required to make contributions from 2% to 15% of monthly salary.

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 2016 ending December 31, 2016

	Provident Fund		Pension Fund	
	Number of Persons	Total Amount (THB million)	Number of Persons	Total Amount (THB million)
Executive Management ⁽¹⁾	13	3.57	1	0.25

Note: ⁽¹⁾ Executive Management of 15 persons, including those retiring and resigning before December 31, 2016

Human Resource

As of December 31, 2016, THAI had in total 21,998 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 employees reach 60. The guidelines observed within the Company are in line with that of the Country's labor laws.

Total Number of Employees

	Number of Employees		
	2016	2015	2014
Total Number of Employees	21,998	22,864	24,952
By locations			
• Bangkok	19,347	19,938	21,829
• Other places in Thailand	1,202	1,436	1,559
• Foreign country	1,449	1,490	1,564
By duties			
• Flight crew			
– Pilot	1,280	1,321	1,343
– Cabin crew	5,725	5,859	6,286
• Technical department	3,724	3,884	4,242
• Commercial department	1,715	1,794	2,141
• Ground services department	7,430	7,813	8,426
• Other departments	2,124	2,193	2,514

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:

Short-term incentive

In 2016, the Board of Directors approved incentive payments for performance efficiency. The condition of the incentive was based on On-Time Arrival Performance of flights during January to December 2016 with monthly target set on either a certain percentage of on-time arrivals of all flights completed during that month, or a Top 10 ranking among the leading airlines in the Asia Pacific region.

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, for the Management positions, 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	2016	2015	2014
General Staff	19,465	23,195	21,514
Pilot	5,716	5,851	5,710
Cabin Crew	7,591	8,398	8,169
Total	32,772	37,444	35,393

Employee Development

It is the Company's policy to increase the standard of quality and capabilities of its work force, both in Core and Business Unit, 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/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 increase the training opportunities for employees and 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	2016	2015	2014
General Staff	55	28	58
Pilot	411	452	427
Cabin Crew	10	1	5
Total	476	481	490

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 Relations 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 organized by the employees have also been given full support by the Company.

Policy on Labour Protection

The Company recognizes 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 and Business Ethics

The Company's Board of Directors has set the policies on good corporate governance and business ethics, based on the international framework, for all levels of employees to hold on to and strictly follow, believing that it is a way to upgrade the Company's business operation to be justified, transparent and verifiable, creating the long-term confidence for the shareholders, investors and customers. In 2016, these policies were reviewed and updated to conform to the Company's strategies and made public on the Company's website, www.thaiairways.com to avail the data access for all shareholders and stakeholders.

The good corporate governance policies consist of 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

THAI's Ethical Principles for Employees are as follows:

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.

THAI's Principles of Good Corporate Governance

The Company published the Manual of Good Corporate Governance and Ethics which was effective on September 28, 2010 and has made public in 2016 via the Company's website, [www.thaiairways.com/AboutTHAI/Public Information Center](http://www.thaiairways.com/AboutTHAI/Public%20Information%20Center) for the employee's mutual understanding and tangible practice.

- **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.

- **Responsibility:** 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.

Compliance with the Good Corporate Governance

The Company's Board of Directors has the will and purposes to perform the business operations in compliance with the Principle of Good Corporate Governance as accepted by International Best Practice, Stock Exchange of Thailand (SET) and ASEAN CG Scorecard through the continuous development on the belief that it can help the company's business to grow with stability, wealth and sustainability.

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 AGM is 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 2/2016 held on February 17, 2016, a resolution was reached by the Company's Board of Directors to hold the 2016 AGM on April 22, 2016, which was 4 months from the end of fiscal year. The Notice to shareholders was disclosed on the Company's website from March 15, 2016. The 2016 AGM was held at the Chaipayruk Hall, Air Force Auditorium (Thong Yai Building), Phahonyothin Road, Sai Mai, Bangkok. A total of 3,327 shareholders and proxies attended the meeting representing a total of 1,595,489,723 shares which is 73.09 % of the Company's paid-up capital constituting a quorum. The Chairman of the Board of Directors, Chairman of the Sub-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 2016 AGM, to ensure abidance with the guidelines of good corporate governance and recognizing shareholder's rights, THAI invited its shareholders to propose meeting agenda and to submit name(s) of qualified candidates to be considered for election to the Company's Board of Directors. The time frame allowing such proposal was from October to December 2015. Details on the rules and procedures were revealed on the Company's website, and published newspapers during October 5-11, 2016 as well as notified the Stock Exchange of Thailand in such matters. A shareholder did submit the name of candidate to be considered for election to the Company's Board of Directors but it turned out to be unqualified.

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 annual report was published within 120 days from the ending date of the annual accounting period.) 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. All Shareholders, elderly 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 2016 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. 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. The Company had no policies to prevent or obstruct the intercommunication between the shareholders.

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. The Company sent invitation letters and meeting documents in English to the foreign shareholders and after the meeting, the Management appointed the related departments to consider taking the shareholders' suggestions into practice. The Company had no records of financial support to other companies which are not the Company's own subsidiaries and in the previous year the Company did not commit any breach of asset trading regulations.

Section 3: Stakeholders' Rights

The Company realizes the importance of all stakeholders in enhancing the competitiveness of competitive capability, building added value and generating profits to the Company. The Company therefore has the

practice guideline to treat all stakeholders with equity based on the sustainable mutual benefits.

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. Therefore, the Company's Good Corporate Governance and Ethics Code were drafted 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.

In 2016, the Company regulated the employee's salary in accordance with both short-term and long-term operation results of the whole company, the details of which can be found in page 66

In addition, the Company had the policies pertaining to the occupational health, safety and environment and the staff training about the environment, the details of which can be found in Sustainability Report 2016.

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 96

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 (Form 56-2) 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).

Disclosure of Information through Investor Relations

The Company sees the importance of investors, shareholders and stakeholders and therefore set up the Investor Relations Department to promote a good relationship, communicate accurate and reliable information. To ensure that all stakeholders are treated equally and fairly and have the way for data access and appropriate communication with the Company, 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 the 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 launching event of A340-600, Boeing

Activity	Time(s) per annum
Domestic Road Show	2 times
International Road Show	10 times
One on one corporate visits/ teleconference	26 times
Phone calls and internet enquiries	292 times
Quarterly pre and post disclosure analyst briefings	4 times
Company visit (site visit)	4 times

777-200/300 and Boeing777-300ER and activities for securities analyzers and representatives from financial institutions at the head office of Thai Airways International, plus the in-flight catering business at Suvarnabhumi International Airport. In the past year, the Company's investor relations activities included:

Disclosure of information through website

For the shareholders, investors or interested people to know the Company's information without delay, the Company has disseminated the Company's information to all related persons through the website, www.thaiairways.com including the Company's background, the Board of Directors, services, news, financial performance, financial statement, shareholder information, Shareholders' Meetings, minutes of the meetings, a list of major shareholders, operational statistics, 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 distributed 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 2016, the Company's Public Information Center has been in existence for 18 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. The Official Information Commission, Office of the Permanent Secretary, Prime Minister Office granted the Company a plaque for an outstanding compliance with the benchmark indicators of transparency of government agencies designated under the Official Information 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 2016, the Public Information Center continues to cooperate with the Office of the Public Sector Development in publishing guide for the public according to the Facilitation of Government Approval Act B.E. 2558 (2015) through the Public Information Center's website, <http://publicinfothaairways.com>, as the 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 for 2017, the Public Information Center prepares to apply for the certification of Government Easy Contact Center (GECC) standard with the operations in compliance with the GECC regulations and guidelines as regulated by Office of the Permanent Secretary, the Prime Minister's Office to enhance the efficiency and facilitate the public service provision for the promptly tangible effectiveness.

Company Secretary

The Company has established the Corporate Secretariat Department supervised by Senior 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. For more details about the Company Secretary, please see page 60

Direct and Indirect Disclosure of the Management's Shareholding Information

The Company has disclosed the Management's shareholding information, both directly and indirectly. For more details, please see page 196-209

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 Management 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 Strategic Plan and Transformation Plan, which in turn was approved by the State Committee for Foreign Policy on January 26, 2015.

The Board of Directors has regulated the ethical standards, encouraged the committees, Management and employees to strictly comply by communicating and revealing the practice guideline in the Company's Manual of Corporate Good Governance and Ethics. All levels of management are also required to take it as their duties to monitor and control the practice in compliance with these business ethics.

Structure of the Board

The structure of board is in accordance with THAI Articles of Association (AOA), regulations of Public Limited Companies Act (B.E. 2536), Standard Qualifications of State Enterprises Directors and Employees Act (B.E. 2518), Securities Exchange Act (B.E. 2535) and (B.E. 2551), and related rules and regulations.

The Board appointed subcommittees to study and screen the issues as detailed in page 83-90.

Composition of the Board

Directors are appointed as per the resolution of the Annual General Meeting of Shareholders as proposed by the Nomination and Remuneration Committee and the Board of Directors, respectively, according to the company's AOA, the Board must consist of at least 5 directors but not more than 15 directors. As of December 31, 2016 the Company's Board consisted of 15 directors including 14 non-executive directors, 11 independent directors, and 1 executive director.

This structure equates to 93.33% non-executive directors and 73.33% independent directors which is sufficient to balance the power of the Board of Directors, so the stakeholders can be assured that the Board of Directors can act on behalf of the shareholders independently with a proper balance.

The Board of Directors is responsible for the performance in accordance with the laws, objectives and AOA of the Company as well as the resolutions of the General Meeting of shareholders with honesty and 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 as an independent director should have leadership, be unprejudiced, promote Good Governance and have responsibility for the 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.

The President plays a crucial role in taking responsibility of all of the Company's administration works to achieve the Company's objectives and policies or the Board's meeting resolutions and supervising the Management and all employees within the limit of authority defined in the Company's AOA or by the Board.

Board of Directors Meetings

Board meetings are scheduled ahead of the fiscal year with monthly meetings and special meetings called as necessary with a clear agenda and a follow up round to evaluate performance on a regular basis. Seven days prior to the Board meeting, the Corporate Secretariat Department will send invitation, agenda and supporting documents to each director for review. In 2016, the Board convened 21 times in total, including 9 special meetings. The Company Secretary has made the written records and minutes of all meetings to be presented to the Boards for review and approval in the next meeting and made the approved minutes available for further inspection by the Company's Board of Directors and other related agencies.

The details of subcommittees are as follows:

Meeting Attendance of Subcommittee in 2016

Board of Directors	Meetings held in 2016					
	Executive Boards 15 times	Audit Committee 10 times	Risk Management Committee 7 times	Nomination and Remuneration Committee 6 times	Corporate Governance and Social Responsibilities Committee 2 times	Strategy and Transformation Committee 37 times
1. Mr. Areepong Bhoocha-oom						3 / 37 ^{/1}
2. ACM Treetod Sonjance					2 / 2 ^{/1}	
3. Mr. Kanit Sangsubhan	13 / 15 ^{/1}		3 / 7	5 / 6		3 / 37
4. Pol. Gen. Chakthip Chaijinda					1 / 2	
5. Gen. Chatudom Titthasiri		6 / 10	6 / 7			
6. Mr. Damri Tunshevavong	14/15		7 / 7			12 / 22 ^{/2}
7. Mr. Peraphon Thawornsuphacharoen					2 / 2	
8. Mr. Rathapol Bhakdibhum		9 / 10		4 / 6		30 / 37
9. Mr. Weerawong Chittmittrapap		10 / 10 ^{/1}				
10. ACM Siwakiat Jayema	5/15					0 / 37
11. Mr. Somkiat Sirichatchai		10 / 10				31 / 37
12. Mr. Somchai Sujjapongse				6 / 6 ^{/1}		
13. ACM M.L. Suprija Kamalasana	14/15		7 / 7 ^{/1}			
14. ACM Amnat Jeeramaneamai						
15. Mr. Charamporn Jotikasthirai	15/15		7 / 7		2 / 2	37 / 37

Note : ^{/1} the chairman of the meeting

^{/2} Mr Damri Tunshevavong has joined the meeting since May 2016

For more details on the subcommittees, please see page 83

The Remuneration of Directors

For the details of the remuneration of directors, please see page 61

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 approved by Corporate Governance Committee and present to the Board for 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 and approved by the Board are as follows:

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

The evaluation result was reported to the Company's Board of Directors in order to organize activities to enhance knowledge and efficiency of the Committee. In 2016, from the results of Board Evaluation, it is concluded that a very good level – excellent.

However, the chairman's evaluation result remains confidential and cannot be made public.

The Company assigned the Nomination and Remuneration Committee to evaluate the performance of the President as pre-conditioned in the Contract of Employment. The evaluation result is then presented to the Board of Directors for consideration. However, the president's evaluation result remains confidential and cannot be made public.

Determination 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 management to present Company's information, aviation business, shareholding structure, rules and related regulations including privileges of the Directors, to allow the Directors to receive related information beneficial for managing the Company. 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 Executives

The Board of Directors and 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, 2016 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	Courses Attended
1. 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)
2. ACM Treetod Sonjance	Vice Chairman and Independent Director	-
3. Mr. Kanit Sangsubhan	Independent Director	<ul style="list-style-type: none"> Director Accreditation Program (DAP 21/2004)
4. Pol. Gen. Chakthip Chaijinda	Independent Director	-
5. Gen. Chatudom Titthasiri	Independent Director Member of Audit Committee	<ul style="list-style-type: none"> Director Certification Program (DCP 211/2015)
6. 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)
7. Mr. Peraphon Thawornsupacharoen	Director	-
8. 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)
9. 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)
10. ACM Siwakiat Jayema	Director	<ul style="list-style-type: none"> Director Certification Program (DCP 227/2016)

Board of Directors	Position	Courses Attended
11. 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)
12. Mr. Somchai Sujjapongse	Director	<ul style="list-style-type: none"> Director Certification Program (DCP 75/2006)
13. ACM M.L. Suprija Kamalasana	Independent Director	<ul style="list-style-type: none"> Director Accreditation Program (DAP 54/2006)
14. ACM Amnart Jeeramaneemai	Independent Director	-
15. 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 with other members of the 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, 2016 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. Pol. Gen. Chakthip Chaijinda
Independent Director
5. Gen. Chatudom Titthasiri
Independent Director and Audit Committee
6. Mr. Damri Tunshevavong
Independent Director
7. Mr. Peraphon Thawornsupacharoen
Director
8. Mr. Rathapol Bhakdibhumi
Independent Director and Audit Committee
9. Mr. Weerawong Chittmittrapap
Independent Director and Audit Chairman
10. ACM Siwakiat Jayema
Director
11. Mr. Somkiat Sirichatchai
Independent Director and Audit Committee
12. Mr. Somchai Sujjapongse
Director

13. ACM M.L. Suprija Kamalasana
Independent Director
14. ACM Amnart Jeeramaneemai
Independent Director
15. Mr. Charamporn Jotikasthira
Director
Mrs. Suvimol Bualerd (Vice President, Corporate
Secretariat Department) – Company Secretary

In 2016, 21 meetings were called to consider 126 issues and acknowledge 88 issues.

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 are required to sign, with the Company's seal affixed.

Independent Directors

To ensure the compliance with 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 Association (IOD), the Board of Directors appointed the Independent Directors. As of December 31, 2016 directors are:

1. Mr. Areepong Bhoocha-oom
Independent Director
2. ACM Treetod Sonjance
Independent Director
3. Mr. Kanit Sangsubhan
Independent Director
4. Pol. Gen. Chakthip Chaijinda
Independent Director
5. Gen. Chatudom Titthasiri
Independent Director
6. Mr. Damri Tunshevavong
Independent Director
7. Mr. Rathapol Bhakdibhumii
Independent Director
8. Mr. Weerawong Chittmittrapap
Independent Director
9. Mr. Somkiat Sirichatchai
Independent Director
10. ACM M.L. Suprija Kamalasana
Independent Director
11. ACM Amnart Jeeramaneemai
Independent Director

The qualifications of Independent Directors as announced by Thai Capital Market Supervisory Board are as follows:

1. Must hold no more than 1 percent of the total outstanding voting shares of THAI and its parent company, subsidiaries, affiliates, major shareholder or the controlling person of the Company. Shareholding of the Independent Director includes shares held by persons related to that particular Director.
2. Is not or has never been a part of the management, staff, employee, consultant earning salary or controlling person of the Company, parent company, subsidiaries, affiliates or affiliates of the same level, of the major shareholder or the controlling person of the Company unless the position has been terminated for over 2 years. However, this restriction does not include the case of Independent Directors having been the government official or consultant of the government unit which is the Company's major shareholder or the controlling person of the Company.
3. Is not related by blood or through legal bonding which includes father, mother, spouses, siblings, children, spouses of children, to the management, the major shareholder, the controlling person of the Company or any person being nominated to the management or controlling position of the Company or its subsidiary.
4. Does not or never have business relationships with the Company, parent company, subsidiaries, affiliates, major shareholder or controlling person of the Company which may distract one's independent judgment. This also includes not having been a shareholder of significance or the controlling person of the entity having business relationship with the Company, parent company, subsidiaries, affiliates, major shareholder or the controlling person of the Company unless the person's term has been terminated for at least 2 years.
5. Is not or has never been the auditor of the Company, parent Company, subsidiaries, affiliates, major shareholder or controlling person of the Company, and is not a shareholder of significance, a controlling person or a partner of an audit firm where the auditor of the Company, parent company, subsidiaries, affiliates, major shareholder or

controlling person of the Company is subject to, unless the position has been terminated for at least 2 years.

6. Is not or has never been a professional service provider that includes being a legal advisor or financial advisor receiving remuneration for over 2 million baht per annum from the Company, parent company, subsidiaries, affiliates, major shareholder or controlling person of the Company, and is not a shareholder of significance, a controlling person or a partner of a professional service provider of that type unless that position has been terminated for at least 2 years.
7. Is not an appointed director acting as the proxy of the Board, the major shareholder or the shareholder as a related person to the major shareholder
8. Must not operate or own a similar type of business that is a direct competitor to the Company or its subsidiary; is not a major partner in a limited partnership, a Director with management authority, staff, employee, a consultant earning salary or holding more than 1% of total voting shares of other companies operating similar type of business and regarded as direct competitor to the Company or subsidiary.
9. Have no other characteristics that would prevent the provision of independent point of view concerning 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 being qualified with all of the above requirements may be given authority from the Company's Board of Directors to make collective decision concerning the business operations of the Company, parent company, subsidiaries, affiliates, and affiliates of the same level, major shareholders or controlling persons of the Company.

In case the person being appointed as Independent Director has or has had business relationship or a relationship with a professional service provider with remuneration exceeding the requirements in Item 4 or 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 causing this candidate to fail to meet the stipulated criteria
- (2) Reason and necessity for still appointing such person as the Company's Independent Director
- (3) Comments by the Company's Board of Directors regarding the proposed candidate to be appointed as Independent Director

Independent Directors' Authority and Responsibilities

1. Independently provide comments and/or progress reports as assigned by the Board of Directors to ensure that the Company has good corporate governance in compliance with the good governance of the Stock Exchange of Thailand and the regulations of good governance evaluation, which is a part of the Company's annual business operation evaluation and the international best practices.
2. Have the authority to obtain relevant documents and summon relevant persons to provide information in regards to the assigned tasks.
3. Perform other tasks as assigned by the Board of Directors.

In 2016, the Independent Directors performed their assigned duties and commented independently in order to retain the interests of all shareholders equally.

In 2016, the Company also organized one meeting among the independent committee (the non-executive committee) to discuss the roles of independent committee concerning the Company's supervision in 2016 and the guidelines for the independent committee over the Company's supervision in 2017.

In 2016, the Board of Directors appointed several sets of Committees to study and scrutinize specific matters as of December 31, 2016 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 Office
Deputy Secretary

The Executive Board's Authority and Responsibilities

1. Screen issues to be submitted to the Board of Directors' consideration.
2. Follow-up on 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 policies of the Board of Directors.
4. Have the 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 of over 500 million Baht up to 800 million Baht.
 - 4.2 Have the authority to approve non-budgeted investments of over 50 million Baht and up to 100 million Baht and 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. Perform other tasks 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 2016, 15 meetings were called to consider 104 issues and acknowledge 50 issues .

Audit Committee

To ensure the compliance 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 independent and non-executive Board members as follow:

1. Mr. Weerawong Chittmittrapap
Chairman
2. Mr. Somkiat Sirichatchai
Member
3. Mr. Rathapol Bhakdibhumi
Member
4. Gen. Chatudom Titthasiri
Member
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 must not be directors authorized by THAI's Board of Directors to make any decisions in the business operations of the Company, a parent company, its subsidiary company or a subsidiary at the same level as the Company, or its majority shareholders or controlling persons.
3. Members must not be directors of a parent company, its subsidiary company or a subsidiary of the same level, only in the cases of registered companies.
4. Members must have sufficient knowledge and experience to perform their duties as Audit Committee members.

Audit Committee's Authority and Responsibilities

1. Review the Company's financial statements and ensure sufficient and correct disclosure of financial information.
2. Ensure the adequacy and effectiveness of internal control measures and internal audit processes while ensuring the independence of the Internal Audit Department and providing consent on the appointment, transfer of or the dismissal of the head of the Internal Audit Department.
3. Ensure that the Company adheres to all Stock Exchange of Thailand laws 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 laws 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 subject to the Audit Committee approval.
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
 - (3) Breaking rules or guidelines set by the Stock Exchange of Thailand or any legal guidelines governing the Company's business
9. Have the authority to summon relevant staff and documents to clarify matters under consideration.
10. Appoint subcommittees and working groups to perform as necessary and appropriate.
11. Perform other tasks as assigned by the Board of Directors.

In 2016, 10 meetings were called to consider 37 issues and acknowledge 30 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 and aviation 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 staff and documents to clarify matters under consideration.
6. Appoint subcommittees and working groups to perform as necessary and appropriate.
7. Perform other tasks as assigned by the Board of Directors.

In 2016, 7 meetings were called to acknowledge 36 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 Director and Executive Vice President and higher.
2. Select recruitment procedures performed in accordance with criteria to obtain a decent person as a Director, Vice 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 Vice 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. Have the authority to summon relevant staff and documents to clarify matters under consideration.
 7. Appoint subcommittees and working groups to perform as necessary and appropriate.
 8. Perform other tasks as assigned by the Board of Directors.
 6. Executive Vice President, Human Resources and Compliance Member
 7. Vice President, Corporate Image & Communications Department Member
 8. Vice President, The Corporate Secretariat Department Member
 9. Vice President, Legal Department Secretary
 10. Director, Corporate Inspection Office Deputy Secretary
 11. Director, Corporate Branding, Social Responsibility & Environment Department Deputy Secretary

In 2016, 6 meetings were called to acknowledge 16 issues.

Corporate Governance and Social Responsibility 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 consists of:

1. ACM Treetod Sonjance
Chairman
2. Pol. Gen. Chakthip Chaijinda
Member
3. Mr. Peraphon Thawornsupacharoen
Member
4. President
Member
5. Executive Vice President, Commercial
Member
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 international best 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 viewpoint 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 for the customers, shareholders, employees and other stakeholders.
7. Identify policies and guidelines in regards with social and environmental responsibilities
8. Undertake projects and activities and make reports in relation to the CSR and promote knowledge and involvement of shareholders,

customers, business partners, employees and other stakeholders regularly.

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 in accordance with the policies of the CSR committee and the supervision of budget-based expense approval.
11. Appoint subcommittees and working groups to perform as necessary and appropriate.
12. Perform other tasks as assigned by the Board of Directors.

In 2016, 2 meetings were called to consider 3 issues.

Strategy and Transformation Committee

To drive strategies and reorganize the company, the Board of Directors appointed Strategy and Transformation Committee consists 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. Damri Tunshevavong
Member
7. Mr. Kasama Punyagupta
Member
8. President
Member
9. Vice President, Corporate Secretariat
Department
Secretary

Authority of the Strategy and Transformation Committee

1. Direct the Executive to 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 tasks as assigned by the Board of Directors.

In 2016, 37 meetings were called to consider 76 issues.

Nomination and Appointment of the Board and Top Management Nomination of the Company's Board of Directors

According to the Company's regulations, the Board of Directors consists of between 5 and 15 persons, depending on the resolutions of Annual General Meeting of Shareholders in each year. The requirement is also that no less than half of the Directors must reside in Thailand. Each director must possess the required qualifications without the restrictions as defined by the law. At the Company's annual general meeting of shareholders, new Directors will be elected to replace one-third or the closest number to one-third of the Board which are duly retired.

Board of Directors defined the nomination regulation of the Company's directors as the operation guideline for the Nomination and Remuneration Committee to perform the recruitment of directors with transparency and in compliance with the good corporate governance principles of both the Ministry of Finance and the Stock Exchange of Thailand. The nomination regulation of the Company's directors is concluded as follows:

1. Define the qualifications of the Company's directors being recruited.

- 1.1 The overall appropriateness of knowledge, experiences and proficiency of the directors: for the Board of Directors to have the ideal members, assign the strategies and policies, and supervise for the effective practice of the strategies
- 1.2 The qualifications of each director: to ensure that the recruited persons would be able to perform the director's duties according to the important Fiduciary Duty, that is, to perform duties with prudence, integrity, morals and responsibilities, and making decision based on fact and logic.
- 1.3 No restrictions as defined by the other related law, rules and regulations
- 1.4 The independence of each Independent Director
- 1.5 The director's ability to make time dedication: considering from the number of companies in which the director is holding a position, for example, so that they have enough time to join the Board Meeting regularly and are able to control and monitor the Company's operations

2. Nomination procedure

- 2.1 Nomination Committee recruits appropriate persons to take up the position of company's directors.

Case 1: In the case that the director's positions are vacant due to the term complete in the Annual General Meeting of Shareholders where one-third of the directors must be retired, the short-listed candidates can be considered as from: (1) the former directors who were previously retired being nominated to resume the position; (2) the list of state enterprise directors as announced by the Ministry of Finance as the practice guideline from which, in the case where the non-official directors see out their term or retire prior to the end of term, the new directors must be elected to fill the vacant positions for at least one-third of the Board; (3) the shareholders' nomination (if any); (4) the nomination by chairman, directors, etc.; and (5) the recruitment of the knowledgeable, skillful and experienced persons ideal for the Company.

Case 2: In the case that the director's positions are vacant from the other causes apart from Case 1, the Nomination Committee shall operate

the recruitment once the Board of Directors resolve to appoint the new directors as replacement and the short-listed candidates can be considered from: (1) the list of state enterprise directors as announced by the Ministry of Finance as the practice guideline from which, in the case where the non-official directors see out their term or retire prior to the end of term, the new directors must be elected to fill the vacant positions for at least one-third of the Board; (2) the shareholders' nomination (if any); (3) the nomination by chairman, directors, etc.; and (4) the recruitment of the knowledgeable, skillful and experienced persons ideal for the Company.

2.2 Nomination Committee screens for the qualified candidates as regulated.

2.3 The Company Secretary inspects the qualifications of those being nominated as the Company's directors in compliance with the regulated methods of director nomination.

2.4 Nomination Committee considers and presents the list of candidates to the Board of Directors.

The directors are appointed by the majority votes of the Annual General Meeting of Shareholders based on the following regulations and methods:

1. One shareholder has their votes equal to the share amount they hold, that is, one share per one vote.
2. Each shareholder must use all their votes for one or more of the nominated directors but cannot allot no matter what amount of their votes to any other shareholder.
3. The top-voted candidates will be elected equal to the number of directors being obtained or elected for that occasion. Should there be a tie in the votes of any top-voted order; a lucky draw will be used to break the tie.

In the case that the director's positions are vacant from the other causes apart from the duly retirement when the term ends, the committee can elect any qualified persons having no restrictions according to the law to be the replacement directors in the next Board Meeting with the vote of at least three-fourth of the remaining directors, except that the director's term remains less than 2 months, then the new replacement director shall

be in the position for as long as the remaining period of that retired one in such term.

The Annual General Meeting of Shareholders might resolve for any director to retire before the term ends with the majority vote of at least three-fourth of all shareholders attending the meeting holding the right to vote and the combined share amount of not less than half of the share amount held by the shareholders attending the meeting holding the right to vote in such meeting.

In each Annual General Meeting, at least one-third or the closest number to one-third of the Board must be retired. The directors to be retired for the year and second year following the company registration shall be selected by means of the lucky draw. For the later years, the directors being at term for the longest period shall retire while the duly-retired directors can be re-elected into the position.

Appointment of Top Management

The appointment of the President, which is the Company's top management position, is made by the Nomination Committee, appointed by the Board of Directors to select the President, consisting of 5 Board members and Executive Vice President of Human Resources and Compliance served as secretary. The President's Nomination Committee has authority to define principles, procedures for recruiting, and to recruit the qualified person with ideal knowledge, abilities and experiences and without the restrictions as defined by the Standard Qualifications of State Enterprises Directors and Employees Act B.E 2518 (1975) and the amendment and other related laws to take the position of President. The names of the nominee will be proposed to the Board of Directors to consider.

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 SET and 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 Department is responsible for notifying both the Board of Directors and the Executive Management every 3 months 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 Audit Fee

The Company and its subsidiaries paid audit fees to the Auditor General for undertaking financial audit work for the 2016 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 Fee

The Company and its Subsidiaries paid fees for other services, including the BOI-based audit work fee, the audit work on its business units, the 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 total money of THB 660,000 but no fees were paid to any other person or entity associated with OAG or future expenditure arising from the agreement of uncompleted service.

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 2016 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 B.E 2518 (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 Department 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 persons. According to company regulations, the Board of Directors shall consist of not less than 5 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 half of the total number of directors, but do not set a minimum number of quorums as the board voted.
7. The Company shall disclose the voting right of each class of share in case the Company holds more than one class of share. However, in this case, the Company has only one class of share i.e. the ordinary share.

Corporate Governance and Social Responsibility Committee Report 2016

The Corporate Governance and Social Responsibility Committee consists of the Company's Board of Directors and the Management with the current members including ACM Treetod Sonjance as the Chairman, Pol. Gen. Chakthip Chaijinda, Mr. Peraphon Thawornsupacharoen, the President and the Management as the committee. In 2016, the Corporate Governance and Social Responsibility Committee conducted 2 meetings to consider the social activity promotion agenda as concluded in the following:

1. The educational support for employees' children 2016

The Corporate Governance and Social Responsibility Committee supported and promoted the education for the lower employees' children by assigning the selection subcommittee to screen the list of eligible persons to receive the educational fund and submit to the Corporate Governance and Social Responsibility Committee for approval. In 2016 the Corporate Governance and Social Responsibility Committee approved the educational fund for 69 persons valued THB 965,000 in total.

2. The selection of employees and projects beneficial to the Company and society

The Corporate Governance and Social Responsibility Committee supported and promoted the employees who conduct the projects and activities beneficial to the Company and society. In 2016, the Company considered the list of employees and projects presented for approval and selected Mr. Wacharapong Mekphueng, who originated "THAI Catering for Career Path Project", operated the project in corporation with Suan Dusit Rajabhat University to produce the catering

personnel for airline service and initiated the project to certify the personnel capability by career standard, as the employee beneficial to the Company and society. There were 2 projects approved by the Board as being beneficial to the Company and society i.e. "Clinical Resources Management: From Aviation to Medicine", a volunteer project, and "Toastmaster Caravan Project" which aimed to develop the potentials for leadership and English communication in all skills (listening, speaking, reading and writing) by setting up trainings for the youth, the disabled persons and the Buddhist novices to help the society about language use and develop as a career in the future.

3. The science, mathematics and technology learning promotion and support

The Corporate Governance and Social Responsibility Committee approved of signing the Memorandum of Understanding (MOU) on STEM Education Promotion and Support between Institute for the Promotion of Teaching Science and Technology (IPST), the Company and Rolls-Royce to promote and support the organization of learning activities based on STEM (Science / Technology / Engineering / Mathematics) Education.

4. The service for people traveling to show condolences to King Bhumibol Adulyadej at Dusit Maha Prasat Throne Hall

The Corporate Governance and Social Responsibility Committee acknowledged the Company's operation to give service for the people by giving out food, drinks, juices and other stuffs at THAI's Lan Luang Office Service Point, the government public service point by Ministry of Transport in front of Silpakorn University

and THAI Service Point opposite to Wiset Chaisri Gate plus the free SAWASDEE magazine and transfer service from THAI head office on Vibhavadi Rangsit Road to Sanam Luang.

5. The helps to flood victims in the South of Thailand

The Corporate Governance and Social Responsibility Committee acknowledged the Company's operation in offering helps to the flood victims in the South of Thailand by using the company's potentials like the free cargo service in transporting the donation stuffs for flood victims, inviting the Corporate Account to join the donation, taking the group of authority to deliver the donation stuffs to the flood victims in Krabi and supporting the air tickets for the government official and the staffs of Thai Red Cross or other agencies traveling to perform the duties in helping the flood victims. The Company also donated THB 1,000,000 (one million Baht) to help the flood victims in the South of Thailand.

6. The operation plan revision for more efficiency

The Corporate Governance and Social Responsibility Committee acknowledged the operation according to the Company's rules and regulations which were outdated and could obstruct being the Good Governance and therefore assigned the Management to revise the Company's rules and regulations to be articulate and correct as the current practice.

7. The complaint management

The Corporate Governance and Social Responsibility Committee was aware of all the complaints and, to make it fair to all parties, therefore assigned the responsible department to manage these complaints according to the Company's regulations and with fairness to persons in both ends of the complaints.



ACM Treetod Sonjance
Chairman of the Corporate Governance and
Social Responsibility Committee
March 10, 2017



Corporate Social Responsibilities: **CSR**

In 2016, the Company emphasized on the social and environmental development and deems social responsibilities as a part of the business operation for the Company's sustainable growth by operating align with the international standard for both the CSR in Process and the CSR after Process.

In this year, THAI has continued the CSR operations, for example, the educational promotion in "TG Science and Math Camp for Kids" activity, the environmental and innovative promotion in "Travel Green Innovation Contest", the health promotion in "Flying Doctors and Nurses Project", the social promotion in Children-friendly Business Operation Promotion Project according to "Children's Rights and Business Principles (CRBP)" and the community promotion in "OTOP Thai Fly to the Sky Project".

For the strength and excellence of business operations, the Company has carried out the safety policy at the maximum level according to the Safety Beyond Compliance Project. For customer satisfaction improvement, the Company has continuously executed the New Royal Skill Service Project and focused on the service improvement in all service points according to the Service Ring.

In addition, the Company humbly applied King Rama IX's Royal Project in our business by using the

products from the Royal Project served onboard. As our pride and prestige, once Thai Airways, the national carrier, had a good chance to serve on the Royal Rainmaking Project, taking part in develop the national economy as well as the people's wellbeing, the details of which can be found in Sustainable Development Report 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 since 2010. 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 by setting up the training aimed for the employees to know the corruption preventive measures and joining the seminars and discussions with the Office of the National Anti-Corruption, conforming 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 the 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 services, technical, ground customer services, etc., which resulted in the high decrease of complaints in 2016 comparing to 2015.

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 out of 100, showing the operation with high level of ethics and transparency. In Fiscal Year 2015, the company received the total score of 79.30 out of 100, showing the operation with high level of ethics and transparency as well. This led to the efficient performance improvement/development, 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.

In 2016, the Company took part in the national strategic plan for anti-corruption carried out by the Ministry of Transport by finding the personnel who worked with honesty, integrity and transparency. The project was aimed to praise and honor the persons while supporting and inspiring the faith in making good deeds and holding on to the moralities and ethics. As for the Company, Mr. Kornprom Saengaram, M.D., the captain pilot of Line Pilot Group (OS-O) team was nominated and awarded "Best Transport Personnel 2016" the Ministry of Transport.

The Company confirms its determination to perform the business operation with transparency with no exceptions for all forms of the corruption, and the readiness to cooperate and support the work of various inspection agencies in all cases to the last.

Internal Control and **Risk Management**



The Company provides proper internal control system for the business operation and regular assessments to ensure successful system operation under the changing environment and in acceptable level of risk. The internal control structure is in place with all 5 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 a commitment to integrity and ethical values

The Company has the guidelines about integrity and ethics in several levels for the employees to treat the stakeholders fairly, with the rules and regulations pertaining to personnel management, and the manual for corporate governance and ethical approach as the guidelines in performing duties and decision making on various matters while protecting the stakeholders' rights without seeking personal benefits for themselves or others, avoiding conflict of interest, and refraining from the happening of corruption in their responsible works. A proper disciplinary procedure is posed in case of breaching the Company's regulations, disseminated to all executives and employees and included in the orientation pack for new employees. In case of breaching the Company's code of ethics, the corporate inspectors reserves the duty and authority to consider and decide within the determined timeframe as stipulated in the Company's regulations on the complaints towards corruption activities or the breach of Company's rules, regulations, requirements, orders, corporate governance and ethics and related laws.

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

The Company has defined the roles of Board of Directors and executive directors in the director's manual, the Table of Authority base on Public Limited Company Act B.E.2535 (1992), the relevant provisions in the Civil and Commercial Code, Securities and Stock Exchange Act B.E.2535 (1992), the rules and regulations

related to the Securities and Exchange Commission in order to comply with the principles Good Corporate Governance set out by the Ministry of Finance and the Stock Exchange of Thailand (SET). The Company has made a memorandum of business operation assessment with the government sector through the State Enterprise Policy Office (SEPO), defining a clear set of KPIs, weights, measure values/operation goals according to the Company's annual strategic plan which includes the products and services, the customer focus, the finance and marketing, the human resource focus, the procedure efficiency and the corporate leading to be used to the assessment of the Company's business operation achievement, with a regular follow-ups by the Board of Directors and various committees such as Audit Committee, Risk Management Committee, Corporate Governance and Social Responsibilities Committee, and so on. The Board of Directors consists of experts from diverse business fields 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 the independent directors for at least one-third of the Board, as required by SET and SEPO, and as much as 50% of the Board at times. All directors would be verified as being properly independent to perform the duty of independent directors prior to their appointment.

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

The Board of Directors has approved the revised organizational structure that is both financially and legally suitable by defining lines of report, command units, authority and responsibility according to Function Description and Job Description documents with clear segregation of major duties between the aviation operation and business unit for the Company to achieve the goals. In addition, the aviation safety, security and standards department has the duty to perform the policy planning and management in corporate level to ensure the Company's safety aviation standards. The compliance department has the duty to disseminate, advertise and maintain compliance records and information used as the

performance verification system to be in accordance with the international rules, regulations, requirements and standards related to the aviation and other business. The corporate inspection office handles all complaints and takes 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 the duties independently and impartially.



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

The Company has the recruitment process/method in accordance with the requirements in Standard Qualifications of Directors and State Enterprise Employees Act B.E.2518 (1975) and the Company's regulations on human resource management by defining the recruitment criteria and qualifications to get the employees having matching knowledge and ability for the position, plus the process/method for the employee's annual performance assessment by setting the standard indicators and goals with the assessment criteria linking to the fair payment of remunerations and incentives with the same standard across the organization. This will have a positive impact on the overall employees' morale.

In 2016, the Company has changed the mission in part of the employee as the organization of learning to build the strength for the employees to work with their full potential, realizing to give importance to the customers, enhancing the capabilities, skills and responsibilities and increasing the bonding to the organization. It has changed the Core Value as the guide for

organization and employee's compliance and the support for various decision making affecting the operation results which all employees shall understand, hold onto and comply with, so that all departments of the Company heading in the same direction and achieving the corporate visions, missions and goals. Forced Distribution Curve / Forced - Ranking Model has been used in the performance assessment of all employee levels so that the performance result is in accordance with the Company's business operation.

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

To ensure the Company's achievement according to the corporate objectives, the Company assigns the internal control policy for executives and employees to use as guidelines in carrying out their duties to meet the goals by following the carefully-designed work processes and the Key Performance Indicators (KPIs) conveying the goals of each reporting line down to their employees in hierarchical order. At the same time, the Company has taken care to ensure a good work-life balance, avoid placing undue pressure on the personnel and motivating by linking performance assessments directly with monetary rewards in form of salary raise and incentives to give positive impact on the overall employees' morale.

Risk Assessment

6. The Organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objective

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 based on the unique charm of Thai culture as the customer's first choice. On the aspect of safety, the aim is to fully meet the requirements of international aviation standards.

During the Company's ongoing Business Transformation Plan with its main goal of achieving as an organization of opportunities and a proud and magnificent national airline, after completing the first objective to 'Stop the

Loss' (Stop Bleeding). In 2016, the Company began implementation of the second objective to 'Strengthen the competitiveness' (Strength Building), one of the 4 implementation plans which is Service Ring Improvement Project to create the excellence of customer service by using the IT system to link the information in the same platform via the mobile devices to all service points. This is an integration of service work to the excellence in all touch points, starting from the beginning of the journey to the end of all-in-one passenger care procedure, apart from being the preparations for Step 3 of the reformation towards sustainable growth in 2017 which is an important strategy to make THAI capable of the competition in premium level. .

In addition, the Company has set up the Risk Appetite as the framework to regulate the strategies appropriately to achieve the purposes of business operations.

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

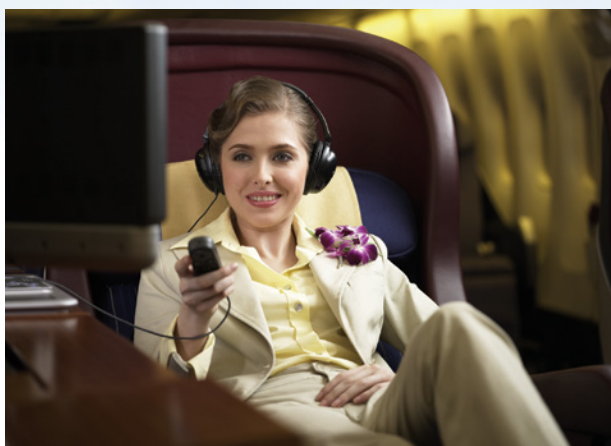
The Company's Management have analyzed the risk factors in various fields, both the external factors such as the competitive situations in the airline industry, the regional and global economic and political situations, the terrorism, the natural disasters and the pandemic, and the internal factors such as the efficiency of work process and management and the information technology. Risks have been identified for various key aspects such as strategic, operational, financial, standards, and rules and regulations. Various departments have identified their own risks by following the company's risk management manual and regulating Key Risk Indicators (KRI). If the risk reaches the Trigger and Threshold levels, the control measures will be reviewed and the supporting plans written. In addition, risks that might affect the projects in the Transformation Plan have been identified and the close control and supervision measures have been set up. The Company's risk management is under the supervision of Risk Management Committee appointed by the Board of Directors.

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

The Company has a policy to combat against corruption and misconduct to ensure transparency, fairness and honesty in work operations. The annual Integrity & Transparency Assessment (ITA) has been carried out to assess the integrity and transparency of government operations according to the MOU of 3 parties including NACC, SEPO and 55 state enterprises to help driving the national strategy concerning the Anti-Corruption operations. In 2015, the Company had the total average score of 79.30 percent, meaning the high level of integrity and transparency in the business operation. Moreover, the Corporate Inspection Office and the Personnel Development and Training Department have joined the efforts in organizing seminars on the campaign against corruption and misconduct for the employees to promote and build conscious and be careful not to breach the Company's rules, regulations, requirements and related law, either intentionally or unintentionally. The Company has made the monthly bulletin giving knowledge about the anti-corruption and 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, bringing maximum benefit to the Company in creating a model of honesty and integrity in its operations.

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

The Company has considered both internal and external factors affecting the operations to consider and analyze all changes in order to identify the risks in corporate and departmental levels, for example, the expansion of low-cost airlines, the terrorism, the natural disasters and pandemic, the changes in law and regulations, and constantly tracks the progress on risk management and coordinate with related sectors in the planning to control the risks to an acceptable level.



Control Activities

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

The Company has the control measures to reduce the risks of failing to achieve the corporate objectives by defining the policy, making the operational and regulatory manuals for the Company's major activities, for example, the Company's regulations on the financial authorization, on the procurement, etc. Various measures have been set up to control the risks of each department based on the complexity and nature of work such as the preventative controls and risk reduction in the IT work by developing SIEM (Security Incident and Event Management) system and SOC (Security Operations Center) to monitor and watch out for the security incidents from cyber treats. The procurement process has been continuously improved through the revision of the Company's Procurement Regulations 2012, the founding of committees and subcommittees with separated duties in form of the Company's order such as the appointment of total 8 committees and subcommittees on the aircraft procurement. The Company's Procurement Regulations 2012 regulate that the supplies having the financial amount of THB 50 million and up must be reported for an observation by the representative from the Office of Internal Audit. Also, for the procurement of supplies having the value of over THB 100 million, the Company's contractors must declare the expenses paid to the third parties related to the distributing agents and the coordination, and the expenses paid to the

third parties subcontracting and cooperating in the contracted jobs. The standard price must be provided and announced prior to the procurement of the supplies having the financial value of over THB 100,000. The Company has the policies and campaigns of anti-corruption by educating all staffs to continuously have knowledge and awareness of corruption actions. Steps and timeframe are clearly defined for the implementation of risk control measures taking into account the environment, scope of work, and other related factors, including the making, review and revision of various regulations and practice guidelines to reduce the possible risk to an acceptable level.

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

In 2016 the Company uses the technology to support the achievement, for example, the Network Management System (NMS), the Revenue Management System (RMS), the Automatic Fare Benchmarking, the Customer Relationship Management (CRM), the New World Class Web/Mobile Platform, including the integrative IT system to link each service point in the same platform in Service Ring Improvement Project to give all-in-one excellent service in all touch points using the mobile phones as the main tool sending information to the responsible departments in order to promptly solve the passengers' problem of inconvenience.

The Company's IT service department has made the IT fundamental structure and the policies and measures on IT security maintenance (Security Policy & Standard), based on the ISO27001 standard and set as the Company's order, requiring mutual practice and compliance from all departments in order to be used as the framework for the control of standardized IT system infrastructure to be standardized, easy to be modified and maintained, and ensure the safety and security. The control has been made over the acquisition, development and maintenance procedure of IT system in the form of Project Management Handbook which is a master plan for prioritization of IT investments to develop the Company's IT system with an annual review to ensure the compliance with the Company's strategy.

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

The company has brought the law, rules and regulations of external organizations/agencies related to aviation business, both the government sectors and private organizations in Thailand and abroad, incorporated into its own policy, rules, regulations and operation manuals, in both written forms and electronic files. To ensure the actual practice, the Company has assigned the Management with the duty of implementing these plans and policy by incorporating into departmental plans, statements of duty and responsibility, Service Level Agreements and meeting resolutions providing orders and assignments according to the line of authority with the appropriate employee's job description. Time frame is clearly defined and close follow-ups are conducted by the supervisors through the meetings and documentation to ensure that any errors are immediately rectified to achieve the goals. In addition, Executives and supervisors are to monitor and control the employee's performance in compliance with the rules and instructions, also reviewing and improving the policies and regulations to suite the situations, in accordance with the company's policy on the compliance control.

Information System and Communication

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

The Company has an information system to study, analyze, scrutinize and compare the information from internal and external sources concerning law, regulatory requirements, performance data, and information related to the aviation business. An IT system is in place to support the data storing/searching and the operations. IT system has been updated to meet the changes in the IT world. The Data Warehouse system is developed for customer data storing to be used in the development and improvement of products and services quality. The SAP-DE/WISE SAP-HCM and SAP-BU

systems are used to optimize the performance, helping the Executives in determining the cost-effectiveness. Feasibility Study is made to study, analyze and assess the surrounding factors in considering the worthiness of operation or investment through the committee or the operation team to administrate the investment projects to the achievement and the highest benefits. In addition, the Information Center is set up to control and manage the Company's information work strictly according to Official Information Act B.E.2540 (1997).

14. The Organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of other components of internal control

The Company has an adequate and effective IT system and communication processes. There are communication channels in and between the departments, allowing timely and quick access of news and information through such means as conference calls, emails, intranet, internal broadcast and mobile applications. For the efficient up-to-date communication within the company and reaching to all employees which is the vital factor in maintaining the unity, the Company has the questionnaires for the employees to give suggestion and ideas for the improvement of the corporate communication operation for the highest benefits of the employees and the Company later on. A guideline is available regarding the archives and classified information work in determining the confidentiality level of the Company's inside information, plus the regular reports on key management information such as financial reports, information disclosure in financial budget, major accounting and estimation policy as well as the auditor's observations from the financial statements audit and review, the financial fluidity and Company's debt report, the operation result of subsidiary and affiliated companies, etc. In addition, a communication channel has been set up for the employee to report about fraud and misconduct (Whistle Blower Policy) in compliance with the Company's regulations on the complaints towards corruption activities or the breach of Company's rules, regulations, requirements, orders, corporate governance and ethics and related laws.

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

The Company has prepared the annual report which is distributed to all shareholders, and published on the Company's website. The Corporate Image and Communications Department has released the Company's news through various media, including the mobile application and provided channels for receiving information and complaints from the customers, the customer's airline and the external organizations/agencies such as Department of Civil Aviation and/or the aviation authorities of other countries via e-mail or Customer Relations online forms sent directly to the Company's top management. The Company also conducts customer satisfaction surveys to listen to the problems and complaints including the suggestions to improve services for more efficiency. The communication channels have been set up to report and take the policies from related government agencies and for the outsiders to report about fraud and corruption to the Company's Executives directly via formal documentation or e-mails.

Monitoring and Assessment

16. The Organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

The Company evaluates internal controls with the acknowledgement of Executives at all levels and the recognition of responsibility to monitor the performance according to the set plans and goals by, for example, organizing the department meeting to monitor the work performance to achieve the goals as per the Key Performance Indicators (KPI), preparing a report on performance results against goals or budget plans to be presented to Management for further actions to always meet goals. All divisions carry out the assessments of their internal controls and provide the internal control reports annually, as regulated by Office of Ombudsman Thailand. The internal control efficiency verification and assessment of each department has been carried out by the internal auditors from the Company's Office of Internal Audit, according to the annual audit plan, plus the operational inspection of the aviation safety, security

and standards department to ensure the compliance with international standards. External auditors include the Office of Auditor General (OAG), the Office of Civil Aviation Authority of Thailand, IATA Operational Safety Audit (IOSA), EASA, FAA, the International Standard Organization (ISO), etc. The management places high importance on these audits and is committed to taking actions to rectify and improve as recommended.

In 2016, the civil aviation control units in many countries worldwide still increase the frequencies in the safety inspection of Thai airlines flying into each country. The Company passes the Ramp Inspection according to the international safety standards, finding no significant defects, which proves the Company's aviation standard.

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

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 the follow-up on the implementation as recommended and presented to the executives for acknowledgement and approval. The Office of Internal Audit monitors the progress of those implementations through to completion, and provides a summary of progress for presentation to the Directors and Audit Committee on a quarterly basis to ensure the effective practice as per the recommendations. Also, in the case of suspected transactions or actions that could potentially cause damage to the company's operating results such as conflicts of interest, fraud, major irregularity or deficiency in the internal control system or a breach of rules, the head of Office of Internal Audit will report to the President and the Audit Committee immediately.

At the 2/2017 Meeting of the Board of Directors held on February 28, 2017 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.



Related 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, 2016.

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, 2016	For the year ended December 31, 2015	
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. Somchai Sujjapongse, holds the position of Permanent Secretary of the MOF. 	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 14,620.53 Interest expenses 358.90 Short-term loans: <ul style="list-style-type: none"> Outstanding balance 5,400.38 Interest expenses 52.39 	15,258.20	351.85	The pricing, terms of transaction and interest rates are on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI leased the lands from the Treasury Department.	5.12	5.11	
		3. THAI sold tickets to the MOF. <ul style="list-style-type: none"> Total revenue 0.00 Outstanding balance 0.00 	0.00	0.16	
				0.00	The pricing and terms of transaction are 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, 2016	For the year ended December 31, 2015	
Government Savings Bank (GSB)	<ul style="list-style-type: none"> GSB is controlled by the MOF, a major shareholder of THAI. 	1. THAI borrowed loans from GSB as follows: <ul style="list-style-type: none"> Long-term loans: <ul style="list-style-type: none"> Outstanding balance 0.00 Interest expenses 0.00 	0.00	0.00	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, with the credit used in 2016 as follows: <ul style="list-style-type: none"> Commitment fees 9.71 Accrued commitment fees 3.86 Outstanding balance 0.00 Interest expenses 94.56 	9.71	0.00	
		3. THAI sold tickets, rent out space, and other services to GSB <ul style="list-style-type: none"> Total revenue 3.02 Outstanding balance 0.17 	3.02	2.95	
				1.76	The pricing and terms of transaction are 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, 2016	For the year ended December 31, 2015	
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 0.00 Profit payment 0.00 	0.00	0.00	The pricing, terms of transaction and interest rates are on an arms' length basis and on commercial terms as unrelated parties.
			0.00	17.18	
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 borrowed the long-term loans from EXIM as follows: <ul style="list-style-type: none"> Outstanding balance 1,271.50 Interest expenses 3.59 	1,271.50	0.00	The pricing, terms of transaction and interest rates are on an arms' length basis and on commercial terms as unrelated parties.
			3.59	0.00	
		2. THAI entered into the Committed revolving credit line with EXIM amount of THB 3,000 million. <ul style="list-style-type: none"> Commitment fees 3.50 Accrued commitment fees 0.02 	3.50	3.60	
			0.02	0.02	
		3. THAI sold tickets to EXIM. <ul style="list-style-type: none"> Total revenue 1.10 Outstanding balance 0.00 	1.10	0.05	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
			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, 2016	For the year ended December 31, 2015	
Krung Thai Bank Public Company Limited (KTB)	<ul style="list-style-type: none"> MOF controlled via the Bank of Thailand and Financial Institutions Development Fund, which is the majority shareholder of KTB. THAI's Director, Mr. Somchai Sujjapongse holds the position of Chairman of the Board of KTB. 	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 fee 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 	7.52 0.00 0.00	2.01 0.00 81.19	
		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 	6.54 0.60	5.91 0.06	The pricing and terms of transaction are 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 and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total expenses - Outstanding balance 	0.43 0.008	0.50 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, 2016	For the year ended December 31, 2015	
Thailand Post Company Limited	<ul style="list-style-type: none"> MOF, a major shareholder of THAI is a major shareholder of Thailand Post Co., Ltd. One of THAI's Director, Mr. Rathapol Bhakdibhummi holds the position of 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 4.32 - Outstanding balance 0.08 	6.66	0.08	The pricing and terms of transaction are 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 2.92 - Outstanding balance 0.58 	4.60	0.89	
Tourism Authority of Thailand (TAT)	<ul style="list-style-type: none"> TAT is controlled by the MOF, a major shareholder of THAI. 	1. THAI paid 5% of sales commission to TAT for selling THAI's tickets. <ul style="list-style-type: none"> - Total expenses 0.65 - Outstanding balance 0.00 	1.08	0.83	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and rent out its office space to TAT. <ul style="list-style-type: none"> - Total revenue 71.05 - Outstanding balance 4.13 	64.76	8.11	

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, 2016	For the year ended December 31, 2015	
PTT Public Company Limited (PTT)	<ul style="list-style-type: none"> MOF, a major shareholder of THAI is a major shareholder of PTT. Chairman of the Board of THAI's Director, Mr. Areepong Bhoocha-oom held the position of a Director of PTT. <p>Notes: Mr. Areepong Bhoocha-oom resigned from the Board of Directors of PTT being effective from February 8, 2016 onwards.</p>	1. THAI purchased fuel and oil for its aircraft and vehicles from PTT.	6,903.63	9,469.94	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total expenses - Outstanding balance 	208.90	658.38	
Airports of Thailand Public Company Limited (AOT)	<ul style="list-style-type: none"> MOF, a major shareholder of THAI is a major shareholder of AOT. 	2. THAI sold tickets and provided AC dielectric tester service to PTT	49.21	63.92	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total revenue - Outstanding balance 	7.75	5.44	
Airports of Thailand Public Company Limited (AOT)	<ul style="list-style-type: none"> MOF, a major shareholder of THAI is a major shareholder of AOT. 	1. THAI leased land, office building, and space areas at several airports for parking of aircrafts/ vehicles, cargo loading/ unloading, storing ground service equipment, storing cargo containers, setting up airline offices and purchased other airport related services from AOT.	9,161.31	8,642.93	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total expenses - Outstanding balance 	167.18	156.67	

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, 2016	For the year ended December 31, 2015	
Civil Aviation Training Center (CATC)	<ul style="list-style-type: none"> CATC is controlled by the MOF, a major shareholder of THAI. 	2. THAI sold tickets to AOT and received 2% income from collecting passenger service charges for AOT <ul style="list-style-type: none"> - Total revenue 93.89 - Outstanding balance 11.16 		89.21 8.29	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		1. CATC provided civil aviation training for THAI's pilots. <ul style="list-style-type: none"> - Total expenses 46.73 - Outstanding balance 0.00 		55.67 0.00	
		2. THAI sold tickets to CATC. <ul style="list-style-type: none"> - Total revenue 0.06 - Outstanding balance 0.00 		0.17 0.12	

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, 2016	For the year ended December 31, 2015	
Thai-Amadeus Southeast Asia Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> THAI is a major shareholder of Thai-Amadeus Southeast Asia Co., Ltd. with 55% equity interest. THAI's Executive Officer, Mr. Narongchai Wongthanavimok holds the position of Chairman of the Board of Thai-Amadeus Southeast Asia Co., Ltd. 	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 - Deposit for office rental 	1.35 0.15 0.16	1.67 0.11 0.16	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
Wingspan Services Company Limited (WSC) (Subsidiary Company)	<ul style="list-style-type: none"> THAI is a major shareholder of WSC with 49% equity interest and has control. THAI's Executive Officer, Flt.Lt. Kanok Thongpuk holds the position of Chairman of the Board of WSC, Mrs. Usanee Sangsingeo holds the position of Vice Chairman of the Board of WSC, Miss Piyanee Sungtong holds the position of a Director of WSC. 	1. THAI lent a short-term loan to WSC. <ul style="list-style-type: none"> - Short-term loans - Interest income - Accrued interest income 2. THAI purchased outsource staff service from WSC. <ul style="list-style-type: none"> - Total expenses - Outstanding balance 	0.00 0.00 0.00	0.00 0.99 0.11	The pricing, terms of transaction and interest rates are on an arms' length basis and on commercial terms as unrelated parties.
			950.70 277.68	860.06 286.36	The pricing and terms of transaction are 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, 2016	For the year ended December 31, 2015	
Thai Flight Training Company Limited (TFTA) (Subsidiary Company)	Notes: Miss Piyanee Sungtong became a Director of WSC on March 30, 2016.	3. THAI rent out its office space and office equipments to WSC. - Total revenue - Outstanding balance	2.72 1.58	4.13 1.80	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		4. THAI paid advance labour expense to WSC. - Outstanding balance	249.04	209.55	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
	• THAI is a major shareholder of TFTA with 49% equity interest and has control. • THAI's Executive Officer, Flt. Lt. Werasak Wiroonpetch holds the position of Chairman of the Board of TFTA, Flt.Lt. Kanok Thongpurk and Mr. Arichai Numlamun hold the position of Directors of TFTA. Notes: Flt. Lt. Werasak Wiroonpetch became the Chairman of the Board of TFTA on December 16, 2016.	THAI provided its training equipments and facilities and rent out its office space and office equipments to TFTA. - Total revenue - Outstanding balance	13.85 1.17	9.03 0.71	The pricing and terms of transaction are 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, 2016	For the year ended December 31, 2015	
Tour Eurm Luang Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> THAI holds 49% equity interest in Tour Eurm Luang Co., Ltd. via WSC and has control. <p>Notes: THAI's Executive Officer, Flt.Lt. Kanok Thongpuk is appointed by WSC to hold the position of Chairman of the Board of Tour Eurm Luang Co., Ltd.</p>	1. THAI paid commission to Tour Eurm Luang for selling its products.			The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total expenses 0.06 - Outstanding balance 0.00 		<ul style="list-style-type: none"> 0.05 0.00 	
Thai Smile Airways Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> THAI is a major shareholder with 100% equity interest. THAI's director, Mr. Kanit Sangsubhan holds the position of Chairman of the Board of Thai Smile Airways Co., Ltd. THAI's Executive Officers, Mr. Charamporn Jotikasthira, Flt. Lt. Montree Jumrieng and Mr. Teerapol Chotichanapibal hold the position of Directors of Thai Smile Airways Co., Ltd. 	2. THAI sold "Tour Eurm Luang" holiday packages to Tour Eurm Luang Co., Ltd.			The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total revenue 30.01 - Outstanding balance 1.16 		<ul style="list-style-type: none"> 49.46 8.08 	
Thai Smile Airways Company Limited (Subsidiary Company)		1. THAI paid for ordinary shares to Thai Smile Airways Co.,Ltd.			The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Aggregate amount 1,000.00 		0.00	
Thai Smile Airways Company Limited (Subsidiary Company)		2. THAI purchased block space service from Thai Smile Airways Co.,Ltd.			The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total expenses 143.10 - Outstanding balance 1,363.65 		<ul style="list-style-type: none"> 112.49 5,015.93 	

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, 2016	For the year ended December 31, 2015	
		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	8,183.20 6,060.39	5,514.59 8,104.09	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
Donmuaeng International Airport Hotel Company Limited (Associated Company)	<ul style="list-style-type: none"> THAI holds 40% equity interest in Donmuaeng International Airport Hotel Co.,Ltd. THAI's Executive Officer, Flt.Lt. Kanok Thongpuk holds the position of Chairman of the Board, Mr. Niruj Maneepun and Flg. Off. Somboon Limwathnapong, hold the position of Directors of Donmuaeng International Airport Hotel Co., Ltd. 	THAI purchased accommodation services for its passengers from Donmuaeng International Airport hotel Co., Ltd. - Total expenses - Outstanding balance	0.05 0.00	0.15 0.00	The pricing and terms of transaction are 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, 2016	For the year ended December 31, 2015	
	Notes: Flg. Off. Somboon Limwathnapong became the director of Donmuang International Airport Hotel Co., Ltd. on December 23, 2016.				
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. Lt. Werasak Wiroonpetch and Flg. Off. Somboon Limwathnapong hold the position of Directors of BAFS. Notes: Flt. Lt. Werasak Wiroonpetch became the Director of BAFS on December 14, 2016 and Flg. Off. Somboon Limwathnapong became the Director of BAFS on November 9, 2016.	1. BAFS provided Jet Fuel services for THAI.	386.12	310.50	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		- Total expenses - Outstanding balance 2. THAI provided transportation and catering services to BAFS: <ul style="list-style-type: none"> - Total revenue - Outstanding balance 	43.45	36.15	
			0.02	0.02	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
			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, 2016	For the year ended December 31, 2015	
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, Mr. Teerapol Chotichanapibal holds the position of Director of ROH. 	THAI purchased accommodation services for its passengers from ROH. <ul style="list-style-type: none"> - Total expenses - Outstanding balance 	2.22	1.12	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
			0.003	0.02	
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 holds the position of Chairman of the Board of PACCO. 	1. THAI purchased catering services from PACCO <ul style="list-style-type: none"> - Total expenses - Outstanding balance 2. THAI had revenue from sales of raw materials and catering services to PACCO <ul style="list-style-type: none"> - Total revenue - Outstanding balance 	15.99	19.06	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
			5.05	0.00	
			0.18	1.60	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
			0.02	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, 2016	For the year ended December 31, 2015	
Suvarnabhumi Airport Hotel Company Limited (Associated Company)	<ul style="list-style-type: none"> THAI holds approximately 30% equity interest in Suvarnabhumi Airport Hotel Co., Ltd. THAI's Executive Officers, Mrs. Usanee Sangsingeo holds the position of Vice Chairman of the Board and Miss Piyanee Sungtong holds the position of a Director of Suvarnabhumi Airport Hotel Co., Ltd. 	1. THAI purchased accommodation services for its passengers from Suvarnabhumi Airport Hotel Co., Ltd. <ul style="list-style-type: none"> - Total expenses 23.43 - Outstanding balance 0.34 	14.01	23.43	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
	Notes: Miss Piyanee Sungtong became the Director of Suvarnabhumi Airport Hotel Co., Ltd on April 4, 2016.	2. THAI had revenue from sales of advertisements in the commercial leaflets of Tour Eumg Luang Co., Ltd. <ul style="list-style-type: none"> - Total revenue 0.00 	0.80	0.34	
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 Officers, Mr. Charamporn Jotikasthira, Flt. Lt. Montree Jumrieng, Mr. Teerapol Chotichanapibal and Mr. Narongchai Wongthanavimok hold the position of Directors of Nok Air Plc. 	1. THAI paid for equipment and ground services at Ubon Ratchathani as well as engineer licence to Nok Air Plc. <ul style="list-style-type: none"> - Total expenses 0.09 - Outstanding balance 0.00 	0.02	0.16	The pricing and terms of transaction are 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, 2016	For the year ended December 31, 2015	
Aeronautical Radio of Thailand Limited (AEROTHAI) (Related Company and Joint Venture Company)	<u>Notes:</u> Mr. Teerapol Chotichanapibal became the Director of Nok Air Plc. on April 7, 2016.	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.	127.66	195.49	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		- Total revenue			
	<ul style="list-style-type: none">• MOF, a major shareholder of THAI is a major shareholder of AEROTHAI.• THAI holds approximately 1.01% equity interest in AEROTHAI.• THAI's Executive Officer, Flt. Lt. Werasak Wiroonpetch holds the position of a Director of AEROTHAI. <u>Notes:</u> Flt. Lt. Werasak Wiroonpetch became the Director of AEROTHAI on October 31, 2016.	1. THAI purchased aeronautical navigation and leased equipments from AEROTHAI.	1,638.95	1,716.48	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		- Total expenses			
		2. THAI sold tickets and provides transportation services to AEROTHAI.	11.50	16.44	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		- Total revenue			
		- Outstanding balance	0.04	0.32	

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, 2016	For the year ended December 31, 2015	
Royal Thai Police (RTP)	<ul style="list-style-type: none"> THAI's Director, Pol. Gen. Chakthip Chaijinda holds the position of a Commissioner-General of RTP. 	1. THAI paid for Thailand E/D Card printing service for its passengers. <ul style="list-style-type: none"> - Total expenses 6.72 - Outstanding balance 1.52 	5.76	0.76	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI provided helicopter maintenance and renovation service, 2016 Annual Mechanical Training and other services. <ul style="list-style-type: none"> - Total revenue 526.01 - Outstanding balance 0.06 	582.45	0.64	
Royal Thai Air Force (RTAF)	<ul style="list-style-type: none"> THAI's Director, ACM Treetod Sonjance holds the position of a Commander-in-Chief of RTAF. <p><u>Notes:</u> ACM Treetod Sonjance retired on September 30, 2016.</p>	THAI sold one A340-500 aircraft and provided maintenance service of aircrafts, engines, aircraft spare parts and others for RTAF. <ul style="list-style-type: none"> - Sale of assets and maintenance service 1,033.30 - Total revenue 582.89 - Outstanding balance 460.00 	0.00	514.54	The pricing and terms of transaction are on an arms' length basis and on commercial terms as unrelated parties.
			95.97		

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 63.73 million for the year ended December 31, 2016 with outstanding balance of THB 3.89 million as of December 31, 2016.

Necessity and reasonableness of related parties transactions

For the above related parties transactions, the Company has the purpose to bring the highest benefits as per THAI's regular business procedures and the agreeable buying/selling prices or service providing/ utilizing fees from the related companies, which gives benefits to both THAI and related companies with no purpose to transfer the benefits to each other or no transactions in particular.

Approval procedures for the transactions with related parties

Related parties transactions were undertaken as per THAI'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		
		2016	2015	2014
Statement of Income				
Total Revenues*	(Million THB)	181,446	192,591	203,889
Total Expenses	(Million THB)	182,863	206,707	220,627
Profit (Loss) before Income Tax Expense	(Million THB)	(1,417)	(14,116)	(16,738)
Profit (Loss) attributable to owners of the parent	(Million THB)	15	(13,068)	(15,612)
Net Profit (Loss)	(Million THB)	47	(13,047)	(15,573)
Balance Sheets				
Total Assets	(Million THB)	283,124	302,471	307,267
Total Liabilities	(Million THB)	249,536	269,545	265,971
Shareholder's Equity	(Million THB)	33,588	32,926	41,296
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)	0.01	(5.99)	(7.15)
Dividend Per Share	(THB)	-	-	-
Financial Ratios				
Net Profit (Loss) to Total Revenues ⁽¹⁾	(%)	0.03	(6.9)	(8.1)
Return on Total Assets ⁽²⁾	(%)	1.3	(2.7)	(3.5)
Return on Equity ⁽³⁾	(%)	0.1	(35.2)	(31.7)
Interest Bearing Debt to Equity ⁽⁴⁾	(Times)	5.0	5.8	4.7

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

		2016	2015	2014	2013	2012
Number of Aircraft	(Aircraft)	95	95	102	100	95
Flight Hours	(Block Hours)	388,727	374,831	370,309	384,069	364,536
Available Ton-Kilometers	(Million)	12,103	11,883	12,346	12,728	12,023
Revenue Ton-Kilometers ⁽¹⁾	(Million)	8,451	8,249	7,717	8,388	8,230
Load Factor	(%)	69.8	69.4	62.5	65.9	68.4
Number of Passengers	(000)	22,262	21,249	19,096	21,510	20,615
Available Seat-Kilometers	(Million)	85,042	83,479	82,969	85,655	79,231
Revenue Passenger-Kilometers	(Million)	62,442	60,893	57,194	63,479	60,679
Cabin Factor	(%)	73.4	72.9	68.9	74.1	76.6
Available Dead Load Ton-Kilometers ⁽¹⁾	(Million)	3,591	3,514	3,812	5,019	4,892
Revenue Freight Ton-Kilometers	(Million)	2,132	2,091	2,458	2,565	2,653
Freight Load Factor	(%)	59.4	59.5	64.5	51.1	54.2
Number of Personnel	(People)	21,998	22,864	24,952	25,323	25,412
Profit (losses) before Tax	(Million THB)	(1,417)	(14,116)	(16,738)	(12,929)	7,104

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 2016 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 2016 annual report. Moreover, the financial statements have been audited by an independent certified public accountant whose unqualified opinion are stated therein.

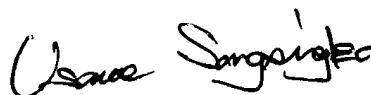
To better reflect the Company's financial status and operating performance to our stakeholders in the most transparent and informative manner while ensuring their confidence in this report, the Board appointed an Audit Committee comprising Independent Directors with qualifications as stipulated by the 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 for the year ended December 31, 2016, 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



Mrs. Usanee Sangsingkeo
Executive Vice President, Aviation Business Unit
Acting President

Summary of the 2016 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 2016, 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 Ministry of Finance's regulations for Audit Committee and Internal Audit Unit of state enterprises AD 2012, 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 2016 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 2016 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 and annual financial statements, consolidated financial statements this year and connected transaction 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 Audit Committee has asked the external auditors about the accuracy and completeness of financial statements

to ensure that the financial statements including accounting adjustments were accurate, complete, in Thai Financial Reporting Standards.

In addition, 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. Moreover, the committee has discussed about the new Auditor Reporting Standards being effective for audits of financial statements for periods ending on or after December 31, 2016.

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 AD 2001 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 Audit Committee has recommended the audit team implement smarter working to reduce unnecessary internal audit working process, but without affecting to the quality of work. Additionally, the Audit Committee has given suggestions for the Audit Report's the significant points, so that the management concerned with those points will improve their operations to ensure sufficient internal control, and also reported those points to the Board of Directors for acknowledgement.

Furthermore, the Audit Committee reviewed the annual budget of Office of the Internal Audit, the Office's adequacy and suitability of resource consumption, KPIs, and the annual merit consideration for the Vice President of Office of the Internal Audit, including support for the quality assessment of internal audit by the external audit.

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 2017 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
23 February 2017

Management's Discussion and Analysis

for the year ended December 31, 2016

for Thai Airways International Public Company Limited and Its Subsidiaries

1. Executive summary

The world economy in 2016 was insubstantially recovered. However, the US economy continued to regain, the European economy was still uncertain after the Brexit. The Japanese economy tended to improve in the export sector while its Government decided to delay the increasing in the value-added tax, there was still the weakness in domestic consumption which made the economy vulnerable; meanwhile, the overall economy China and Asia remained sluggish. Oil prices also remained low, although it began to rise in late 2016 because OPEC's oil production capacity remains at a high level.

The Thai economy in 2016 improved due to the sponsorship from private consumption and Government's investing activities of small investment disbursement and transport infrastructure. The tourism sector still well expanded from foreign tourists, primarily Chinese and the CLMV tourists, who continued to visit Thailand steadily. However, it was temporarily affected by cracking down on zero-dollars tourism and the impact of the bombings in the Southern part of Thailand. Export sector recovered from the favorable economy of major trading partners: ASEAN and CLMV countries which have a progressive economic direction.

According to IATA (International Air Transport Association) 2016 data, the passenger traffic and passenger production indicated the continued growth in which increased by 6.3% and 6.2% respectively resulting average cabin factor was 80.5%. Airlines in the Middle East and the Asia-Pacific region had the highest growth rate at 11.8% and 8.3% respectively due to the global economic upturn. Oil prices were still in the low level which caused the fare decreased. However, the global aviation industry continued to face economic and political improbability while various terrorist incidents occurred during the first half i.e. bombings in Jakarta, Indonesia, bombing the airport in Brussels, Belgium, terrorism event in Nice, France, and the attack at the Istanbul's Atatürk international airport, Turkey, etc. Fortunately, the degree of terrorist activities was eased during the second half of 2016. The export sector also continued to recess due to the slowdown of world trade volume but began to improve in the second half of 2016, resulting in the freight load factor went down from 44.1% last year to 43.0% this year.

Overview of Thailand's aviation industry was likely to grow in a better direction by the affirmative factors from more demand in emerging markets and the emergence of low cost carriers, including the readiness of infrastructure to support the expansion. The number of inbound foreign passengers visiting Thailand in 2016 proved by 32.6 million passengers, 8.9% increasing from last year which indicated the expansion of Thai aviation industry was in line with the growth of both South East Asia and the world aviation industries.

In 2016, THAI entered into the second phase of the transformation plan "Strength Building" by embarking on 4 main strategies: 1) generating aggressive revenue 2) reducing cost and increasing efficiencies 3) building capabilities for sustainable growth; 4) creating excellent quality of service. This year, THAI had implemented these main tasks by

- Using information technology to enhance revenue management effectiveness and other services such as Automated Fare Management System to rapidly establish more competitive fares, Customer Relationship Management (CRM) including the Service Ring to integrate all touch points for service excellence, and Route Network Management System for better route connectivity.

- Network expansion: in 2016, THAI inaugurated these following routes: Bangkok – Tehran, Iran on October 1, 2016, Phuket – Frankfurt on November 16, 2016 while resuming Bangkok–Moscow on December 15, 2016. Moreover, THAI added flight frequencies in European routes such as London, Brussels, and Oslo on October 30, 2016 while enlarging regional routes: ASEAN, China, and India via ThaiSmile as the efficient instrument for carry connecting passengers of THAI via the base at Suvarnabhumi airport.

- Increasing the fleet capacity by taking delivery of 2 Airbus 350-900XWB which were planned to operate in mainly intercontinental route such as Bangkok – Rome, Bangkok – Milan.

- Sales of aircraft and delivering them to buyers totaled 5 aircraft which consisted of 2 ATR72, 2 Airbus A330-300, and 1 Airbus A340-500 aircraft.

- New flight attendants (TQV 2016), totaling 565 positions, were enlisted to support the future growth and compensate for the absence of the flight attendant, participating MSP and retirement. The first group started working in November 2016, which is expected to reach the full by the middle of next year.

- Continuing the Mutual Separation Plan (MSP) from last year for general employees (excluded cockpit personnel and flight attendants). The total staff joining the program were 280 staff, 11 and 269 staff were effective on June 1, 2016 and July 1, 2016, respectively.

- New business class service improvement including the service of cabin crew, meals and beverage aimed to create services differentiate with the appropriate cost structure, and meet customer's needs. The program had begun since September 17, 2016 in Bangkok – Narita route. It is currently operated on European, Japan, Middle East, Australia and New Zealand route.

According to these development programs which were proven their successes indicated by better financial status and in other areas resulting the improving customer satisfactions. THAI has been awarded in many areas. For example, THAI was awarded by 2 institutions: Skytrax(Skytrax Awards) in 2016 in 2 categories which were the first World's Most Improved Airline in service quality and the World's Best Airline Lounge Spa. THAI also received the Best South-East Asian Airline 2016 Award at the TTG Travel Awards for 10 consecutive years.

In 2016, the Group took delivery of 2 Airbus A350-900XWB; simultaneously, decommissioned 2 operating lease aircraft: Boeing B777-200 resulting unchanged in total number of 95 active aircraft in THAI's fleet as of December 31, 2016 which was equal to December 31, 2015. Aircraft utilization increased from 10.9 hours last year to 11.5 hours this year. Production traffic (ASK) increased by 1.9% while passenger traffic (RPK) increased by 2.5%. Average cabin factor was 73.4% higher than last year's 72.9% with 22.3 million passengers carried representing 4.8% increasing from last year.

THAI and its subsidiaries' financial performance of 2016 showed an operating profit of THB 4,071 million while last year was a loss of THB 1,304 million or 412.2% a leap of improvement from last year mainly because total expense decreased by THB 13,565 million (7.1%) resulting from the decrease of fuel expense by THB 17,907 million (28.3%) resulting from the falling jet fuel prices by 21.6% and better fuel risk management. Net finance cost reduced by THB 431 million (7.7%) because of the efficient cash management and financial restructure engagement but non-fuel operating expense increased by THB 4,773 million (3.9%) mostly due to increase in maintenance and overhaul expenses. Total revenues decreased by THB 8,190 million (4.3%). Passenger and excess baggage revenue reduced by THB 4,428 million (2.9%) due to the fuel surcharge adjustment while other revenues reduced by THB 3,775 million since last year THAI received the insurance compensation from the delay delivery of economy class seats, the amount of THB 3,968 million.

This year THAI and its subsidiaries had one-time cost item occurred from maintenance provision based on actual conditions of aircraft and maintenance contractual obligations, amount of THB 1,317 million, then expense from Transformation plan, the amount of THB 1,228 million, and impairment loss of assets and aircraft, amount of THB 3,628 million but had THB 685 million gain on foreign currency exchange. Consequently, THAI and its subsidiaries reported the net profit of THB 47 million. Profit attributable to owners of the parent amounted to THB 15 million. Profit per share was THB 0.01 or 100.2% higher than last year's loss per share of THB 5.99.

EBITDA was THB 24,856 million, THB 5,296 million (27.1%) higher than last year. EBITDA margin was 13.8%, as compared to last year's reported 10.3%.

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

The consolidated financial statements for 2016 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) ThaiSmile Airways Co., Ltd.

Financial Performance: THAI and its subsidiaries

Unit : Million Baht	Jan - Dec			
	2016	2015	Variance	
			MTHB	%
Total operating revenues	180,557	188,747	-8,190	-4.3
- Passenger and excess baggage revenue	148,060	152,488	-4,428	-2.9
- Freight and mail revenue	18,578	18,651	-73	-0.4
- Revenue from other activities	11,674	11,588	+86	+0.7
- Other income	2,245	6,020	-3,775	-62.7
Total operating expenses	176,486	190,051	-13,565	-7.1
- Fuel and oil	45,336	63,243	-17,907	-28.3
- Non-fuel operating expenses	126,015	121,242	+4,773	+3.9
- Net finance cost	5,135	5,566	-431	-7.7
Operating profit (loss)	4,071	(1,304)	+5,375	+412.2
<u>Less</u> Maintenance provision for operating lease aircraft	1,317	-	+1,317	-
<u>Less</u> Expense from Transformation plan	1,228	4,167	-2,939	-70.5
<u>Less</u> Impairment loss of assets and aircraft	3,628	12,157	-8,529	-70.2
<u>Add</u> Gain (Loss) on foreign currency exchange	685	3,512	-2,827	-80.5
Loss before income tax	(1,417)	(14,116)	+12,699	+90.0
Net Profit (Loss)	47	(13,047)	+13,094	+100.4
Profit (Loss) attribute to owners of the parent	15	(13,068)	+13,083	+100.1
Net Profit (Loss) per share (THB)	0.01	(5.99)	+6.00	+100.2
Significant operating data				
EBITDA (MTHB)	24,856	19,560	+5,296	+27.1
Number of passengers (Million)	22.26	21.25	+1.01	+4.8
Available Seat-Kilometers (Million)	85,042	83,479	+1,563	+1.9
Revenue Passenger-Kilometers (Million)	62,442	60,893	+1,549	+2.5
Cabin factor (%)	73.4	72.9		+0.5
Passenger yield (THB/RPK)	2.35	2.46	-0.11	-4.5
Available Dead Load Ton-Kilometers (Million)	3,591	3,514	+77	+2.2
Revenue Freight Ton-Kilometers (Million)	2,132	2,091	+41	+2.0
Freight load factor (%)	59.4	59.5		-0.1
Freight carried (Ton)	589,829	559,283	+30,546	+5.5
Freight Yield (THB/RFTK)	8.18	8.45	-0.27	-3.2
Number of aircraft (As of December 31) (Aircraft)	95	95	-	-
Flight hours (Hours)	388,727	374,831	+13,896	+3.7
Aircraft utilization (Hours/Aircraft/Day)	11.5	10.9	+0.6	+5.5
Average foreign currency exchange rate				
1 USD : THB	35.2897	34.2861	+1.0036	+2.9
1 EUR : THB	39.0348	38.0611	+0.9737	+2.6
100 JPY : THB	32.5435	28.3389	+4.2046	+14.8
Average jet fuel price (USD/BBL)	56.73	72.37	-15.64	-21.6

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)

Revenues of Thai Airways International PCL. and its subsidiaries

For the year 2016, total revenues decreased by THB 8,190 million (4.3%) from the same period last year with details as follows:

- **Passenger and excess baggage revenue**

Passenger and excess baggage revenue decreased by THB 4,428 million(2.9%) since

- Average passenger yield (including fuel and insurance surcharge) was 2.35 THB/RPK, decreased by 0.11 THB/RPK(4.5%) resulting the lower passenger revenues by THB 6,870 million; whereas, the weakening Thai Baht against the major revenue currencies partially benefited more revenue. When excluding such effect, the approximate passenger yield was 2.31 THB/RPK which decreased by 0.15 THB/RPK (6.1%) or approximately THB 9,366 million due to the reduction of fuel surcharge in line with the falling fuel prices and the heavier competition.

- Passenger traffic (Revenue Passenger-Kilometers – RPK) increased by 2.5% or approximately THB 3,810 million since the traffic increased in almost all routes, especially intercontinental routes: Australia and Europe, including the domestic routes by ThaiSmile. Production traffic (Available Seat-Kilometers:ASK) increased by 1.9% resulting average cabin factor was 73.4% compared to last year's 72.9%.

Passenger operation performance classified by region: THAI and its subsidiaries

	Variance (%)		Cabin Factor (%)	
	ASK	RPK	2016	2015
Regional	+4.2	+0.4	71.8	74.5
Intercontinental	-1.3	+3.7	75.4	71.8
Domestic	+11.7	+13.6	71.8	70.7

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

Unit : Million Baht	2016	2015	Variance	
			MTHB	%
Passenger and excess baggage revenue				
Regional	79,350	82,118	-2,768	-3.4
Intercontinental	55,916	58,644	-2,728	-4.7
Domestic	12,427	11,095	+1,332	+12.0
Non-schedule flight	367	631	-264	-41.8
Total Passenger and excess baggage revenue	148,060	152,488	-4,428	-2.9

- *Regional passenger and excess baggage revenue* amounted to THB 79,350 million, a decrease of THB 2,768 million (3.4%). In 2016, THAI increased traffic production for supporting the growth in Asia region by launching the new route, Bangkok – Tehran, Iran on October 1, 2016 and expanding the new routes operated by ThaiSmile throughout ASEAN, China, and India regions resulting the traffic production increased by 4.2% while passenger traffic increased only by 0.4% since the impact from zero-tourist dollar and the fierce competition in Japan and Middle East routes caused the lower passengers than last year's but increased in ThaiSmile instead. Cabin factor decreased from 74.5% last year to 71.8% this year. The fuel surcharge adjustment and the strong competition from the increase of low cost carriers, especially long-haul operation, caused the lower yield by 2.8%.

- *Intercontinental passenger and excess baggage revenue* amounted to THB 55,916 million, a decrease of THB 2,728 million (4.7%) since THAI decreased traffic production by 1.3% according to the termination of many routes due to the first phase of transformation plan during 2015. In 2016, THAI adjusted flight schedule by increase the traffic production in Australia and Europe including Phuket – Frankfurt on November 16, 2016 while resuming Bangkok-Moscow on December 15, 2016 due to the recovery of Russian economy resulting overall passenger traffic increased by 3.7%. Cabin factor increased from last year's 71.8% to 75.4% this year but passenger yield decreased by 7.5%.

- *Domestic passenger and excess baggage revenue* amounted to THB 12,427 million, an increase of THB 1,332 million (12.0%) since the passenger traffic increased by 13.6% while yield decreased by 1.2% 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 such as Bangkok – Surat Thani, Chiang Mai – Phuket, and so forth. As a result, Production traffic increased by 11.7% while cabin factor was 71.8% higher than last year's 70.7%.

- **Freight and mail revenue**

Freight and mail revenue decreased by THB 73 million (0.4%) because average freight yield was 8.18 THB/RFTK, a decrease of 0.27 THB/RFTK(3.2%) or around THB 575 million over last year mainly due to the reduction of fuel surcharge. Freight traffic (Revenue Freight Ton-Kilometers: RFTK) increased by 2.0 % or around THB 345 million because of the recovery of export sector, especially the second half of 2016. Average freight load factor was 59.4%, slightly changed from last year's 59.5%.

- **Other income**

Other income decreased from last year, the amount of THB 3,775 million (62.7%) 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 2016 was THB 13,565 million (7.1%) lower than the same period last year. A summary of operating expenses is as follows:

- **Fuel and oil expense** was THB 17,907 million (28.3%) lower than last year due to a decrease in average jet fuel price by 21.6%. Depreciating THB against USD caused expense in THB increased. The fuel hedging fee of THB 6,604 million or 63.6% was lower than last year.

- **Non-fuel operating expense** was THB 4,773 million (3.9%) higher than last year. Details as follows:

Unit : Million Baht	Jan - Dec					
	2016	% of Total Expense	2015	% of Total Expense	Variance	
					MTHB	%
Expense						
Employee benefit expenses	28,767	22.8	29,892	24.6	-1,125	-3.8
Flight service expenses	20,818	16.5	20,474	16.9	+344	+1.7
Crew expenses	5,353	4.2	5,313	4.4	+40	+0.8
Aircraft maintenance and overhaul costs	15,670	12.4	10,311	8.5	+5,359	+52.0
Depreciation and amortization expenses	17,991	14.3	19,133	15.8	-1,142	-6.0
Lease of aircraft and spare parts	9,871	7.8	8,950	7.4	+921	+10.3
Inventories and supplies	8,151	6.5	7,829	6.5	+322	+4.1
Selling and advertising expenses	9,404	7.5	9,499	7.8	-95	-1.0
Insurance expense	570	0.5	614	0.5	-44	-7.2
Other expenses	8,841	7.0	9,359	7.7	-518	-5.5
Share of losses (profits) of associates	579	0.5	(132)	(0.1)	+711	+538.6
Non-fuel Operating Expense	126,015	100.0	121,242	100.0	+4,773	+3.9

- Employee benefits expenses consisting of personnel expense, employee benefits, management benefits and board of directors' benefits decreased by THB 1,125 million (3.8%) due to the lower number of employees – both retired staff, 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 totalled 1,277 in 2015 and 404 staff in 2016, respectively.

- Flight related expenses consisted of flight service expenses, crew expenses, and Inventories and supplies increased by THB 706 million (2.1%) due to the depreciation of Baht compared to major currencies which consisted of EURO, Japanese Yen, and Australian dollar and additional number of flights.

- Maintenance and overhaul increased by THB 5,359 million (52.0%), mainly due to a decrease of THB 3,330 million for engine restoration maintenance reserve expense under Maintenance Reserve clause of aircraft lease agreements in 2015. 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, if excluded this item maintenance and overhaul would increase by THB 2,029 million which mainly from maintenance provision for operating aircraft based on actual conditions of aircraft and maintenance contractual of obligation and aircraft return conditions provision under aircraft lease agreement and the higher engine maintenance rate.

- Depreciation and amortization decreased by THB 1,142 million (6.0%) due to the decrease in average number of active aircraft and engines and fully depreciated aircraft. Despite there were new aircraft under finance leases added to the fleet last year.

- Lease of aircraft and spare parts increased by THB 921 million (10.3%) due to increase in 4 operating lease aircraft during 2015 – 2016 comprises of 2 Boeing B787-8 and 2 Airbus A350-900XWB aircraft while 3 Boeing B737-400 operating lease aircraft had been returned in 2015 and 1 Boeing B777-200 in December 2016.

- Other expenses decreased by THB 518 million (5.5%) since this year provision of deteriorating aircraft spare parts was lower than last year and from continuing cost management program based on transformation plan.

- Share of loss of associates increased by THB 711 million(538.6%) from last year. The details as follow:
 - Nok Airlines PCL.'s amount of THB 1,051 million loss, increase in loss of THB 908 million,
 - Bangkok Aviation Fuel Services PCL's amount of THB 320 million profit, an increase of THB 127 million,
 - Phuket Air Catering Ltd.'s amount of THB 63 million profit, an increase of THB 26 million,
 - Royal Orchid Hotel (Thailand) PCL's amount of THB 30 million profit, an increase of THB 23 million,
 - Donmuang International Airport Hotel Ltd.'s amount of THB 33 million profit, an increase of THB 14 million, and
 - Suvarnabhumi Airport Hotel Ltd.'s amount of THB 26 million profit, an increase of THB 7 million.
- **Net finance cost** decreased by THB 431 million (7.7%) due to lower average interest rates this year, applying cash management policy to optimize cash balance, and financial restructuring while the weakening THB against EUR and JPY, major currencies of long-term liabilities, also increased higher expense in Baht term.

Expense from Transformation plan totaled THB 1,228 million, which mainly consisted of the compensation of Mutual Separation plan and special incentive provision to employees as a reward for collaborating to changes due to the transformation plan.

Maintenance provision for operating lease aircraft totaled THB 1,317 million mainly due to the maintenance provision based on the actual conditions of aircraft and maintenance contractual obligation.

Impairment loss of assets and aircraft was THB 3,628 million, a decrease of THB 8,529 million (70.2%) with the following details:

- Impairment loss of aircraft, consisted of 6 Airbus A340-600, 4 Airbus A340-500, 2 Boeing B747-400F (freighter), 2 Boeing B747-400 and 3 Boeing B737-400 aircraft, totaled THB 2,893 million and the provision for impairment loss for engines of these aircraft: Airbus A340-500 and A340-600 aircraft, were THB 325 million.
- Impairment loss of assets increased by THB 129 million due to higher reserve for damaged rotatable spare parts which were unrepairable from last year.

Gain on foreign currency exchange was THB 685 million consisted of THB 613 million unrealized gain resulting from revaluation of foreign currency loans, assets and liabilities as of December 31, 2016 with realized gain of THB 72 million.

3. Financial Position and Liquidity

Capital Expenditures - The Group

Unit : Million Baht	Jan - Dec	
	2016	2015
Aircraft and aircraft spare parts	6,607	16,097
Non-Aircraft	303	522
Total	6,910	16,619

Capital expenditures for 2016 was THB 6,910 million, a decrease of THB 9,709 million from last year since there is none of financial lease aircraft added to the fleet this year while there were 6 aircraft consisted of 3 Boeing B777-300ER aircraft and 3 Airbus A320-200 aircraft during last year. Capital expenditures in this year were

- Investment in aircraft and aircraft spare parts totalled THB 6,607 million which was the prepayment for acquisition of 4 Airbus A350-900XWB aircraft and 3 TRENT XWB-84 spare engines used for Airbus A350-900XWB aircraft.
- Investments in other fixed assets amounted to THB 303 million.

Financing

In 2016, THAI financed in the total amount of THB 40,604 million as the following details

1. Issuing THB 7,000 million new domestic debentures on December 23, 2016, for offering placement to institutional investors and/or accredited investors. 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.
2. Acquiring long-term financing from EXIM bank totaled JPY 4,084 million, or approximate THB 1,386 million to use for refinance 2 Airbus A330-300 aircraft, and
3. Withdrawing the financing loan from Ministry of Finance by issuing Euro Commercial Paper (ECP) in foreign currency and drawing down of its committed revolving credit line from domestic financial institution to roll-over for short-term loan repayment at maturity and use as working capital, a total of 32,218 million baht.

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

Unit : Million Baht	Jan - Dec	
	2016	2015
Net cash from operating activities	24,559	18,567
Net cash used in investing activities	(3,826)	(721)
Net cash used in financing activities	(28,171)	(20,838)
Effect from changing in exchange rate on cash and cash equivalents increase	47	427
Decreases in cash and cash equivalents	(7,391)	(2,565)

In 2016, THAI's net cash used in financing activities amounted to THB 28,171 million due to both short-term and long-term repayments which were higher than last year due to the fewer financing this year. Net cash used in investing activities, amount of THB 3,826 million which increased from last year due to aircraft prepayment including 4 Airbus A350-900XWB and 3 spare engines, Trent XWB-84 used for A350-900XWB. THAI's net cash from operating activities totaled THB 24,559 million, an increase of THB 5,992 million from last year because THAI's operating result showed the operating profit while last year's loss. Consequently, cash and cash equivalents as of December 31, 2016 decreased from the end of last year, THB 7,391 million.

Fleet

In 2016, THAI's consolidated had 2 new operating lease aircraft: Airbus A350-900XWB, but grounded 2 operating lease aircraft: Boeing B777-200 aircraft resulting, as of December 31, 2016, THAI's net active aircraft fleet was 95 aircraft which equaled to at the end of last year including 20 Airbus A320-200 aircraft operated under ThaiSmile.

Assets of Thai Airways International PCL. and its subsidiaries

As of December 31, 2016, total assets decreased by THB 19,347 million (6.4%) from as at December 31, 2015.

	Consolidated					
	Dec 31, 2016		Dec 31, 2015		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	13,390	4.7	20,781	6.9	-7,391	-35.6
Non-current assets classified as held for sale	12,322	4.4	15,099	5.0	-2,777	-18.4
Other current assets	33,662	11.9	34,596	11.4	-934	-2.7
Current Assets	59,374	21.0	70,476	23.3	-11,102	-15.8
Property, plant and equipment						
Prepaid aircraft and spare engine	9,647	3.4	5,491	1.8	+4,156	+75.7
Aircraft	44,686	15.8	44,979	14.9	-293	-0.7
Aircraft under finance leases	112,917	39.9	126,251	41.8	-13,334	-10.6
Aircraft spare parts	10,228	3.6	12,465	4.1	-2,237	-17.9
Work in process	371	0.1	61	-	+310	+508.2
Land, building and improvements	13,872	4.9	14,733	4.9	-861	-5.8
Other plant and equipment	3,170	1.1	4,305	1.4	-1,135	-26.4
Property, plant and equipment-net	194,891	68.8	208,285	68.9	-13,394	-6.4
Other non-current assets	28,859	10.2	23,710	7.8	+5,149	+21.7
Total Assets	283,124	100.0	302,471	100.0	-19,347	-6.4

Current assets were THB 59,374 million or accounted for 21.0% of total assets, a decrease of THB 11,102 million (15.8 %) from as of December 31, 2015. The significant items consisted of

- A decrease in cash and cash equivalents of THB 7,391 million (35.6%), mainly from net cash used in financial and investing activities which were higher than net cash from operating activities combined with the cash management policy to hold cash at the appropriate level.

- Non-current assets classified as held for sale decreased by THB 2,777 million (18.4%) mainly due to additional provision of aircraft impairment and sale of 5 aircraft: 2 ATR-72, 2 Airbus A330-300, and 1 Airbus A340-500 aircraft.

Property, plant and equipment-net totaled THB 194,891 million or represented 68.8 % of total assets, which saw a decrease of THB 13,394 million (6.4%) from December 31, 2015 resulting from the normal calculation of aircraft depreciation and the prepaid aircraft and spare engines which increased by THB 4,156 million resulting from aircraft prepayment of 4 Airbus A350-900XWB and spare engines prepayment of 3 TRENT XWB-84 used for A350-900XWB fleet.

Other non-current assets totaled THB 28,859 million or represented 10.2% of total assets, which increased by THB 5,149 million (21.7%) from as of December 31, 2015 resulting from

- increase of deferred tax assets, THB 1,335 million, was from the tax for increasing maintenance provision of operating lease aircraft, and

- increase, approximately THB 4,913 million, in maintenance reserve corresponds to an increase in maintenance provision to plan for aircraft maintenance according to its utilization and maintenance condition. Once after THAI will perform the maintenance according to criteria under lease agreement, THAI can reimburse from lessors the maintenance reserves deposit.

Return on assets of 2016 was 1.3% compared to last year's -2.7%.

Liabilities of Thai Airways International PCL. and its subsidiaries

Total liabilities as of December 31, 2016 decreased by THB 20,009 million (7.4%) from as of December 31, 2015. These comprise of:

	Consolidated					
	Dec 31, 2016		Dec 31, 2015		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities (excluding current Portion of long-term liabilities)	64,555	25.9	73,592	27.3	-9,037	-12.3
Long-term liabilities						
Debentures	59,300	23.8	56,600	21.0	+2,700	+4.8
Liabilities under financial leases	64,750	25.9	77,551	28.8	-12,801	-16.5
Long term borrowings	35,933	14.4	43,627	16.2	-7,694	-17.6
Total long-term liabilities	159,983	64.1	177,778	66.0	-17,795	-10.0
Other non-current liabilities	24,998	10.0	18,175	6.7	+6,823	+37.5
Total Liabilities	249,536	100.0	269,545	100.0	-20,009	-7.4

Current liabilities (excluding current portion of long term liabilities' amount of THB 22,966 million) or accounted for 25.9% of total liabilities, a decrease of THB 9,037 million (12.3%) from last year since the short-term loan and accrued expense both decreased THB 7,225 million and THB 4,540 million, respectively. The main reason was from whose major amount in accrued expense was accrued fuel hedging and accrued compensation for staff joined the MSP program at the end of last year.

Long-term liabilities as of December 31, 2016 (including current portion of long term liabilities' totaled THB 22,966 million) or represented 64.1% of total liabilities, which was a decrease of THB 17,795 million (10.0%) from December 31, 2015 partially resulting from the strengthening against EUR and USD as of December 31, 2016 when compared to the end of 2015 but depreciation of Thai Baht against JPY affected the overall escalation of long-term liabilities translated to Baht terms. When excluded foreign currency adjustment at the end of the year, the amount of THB 1,770 million, long-term liabilities decreased by THB 16,025 million mainly due to long-term repayment and the debentures at maturity.

Other non-current liabilities totaled THB 24,998 million or represented for 10.0% of total liabilities, an increase of THB 6,823 million (37.5%) due to the maintenance provision for operating lease aircraft based on actual conditions of aircraft and maintenance contractual obligations. Such expense can be refunded from lessor when maintenance activities meet the reimbursement condition.

At the end of 2016, interest bearing debt to equity was 5.0 times when compared to the end of 2015's 5.8 times.

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

As of December 31, 2016, shareholders' equity totaled THB 33,588 million, an increase of THB 662 million (2.0%) from December 31, 2015 due to the gain from the change in fair value of the effective portion cash flow hedges and the positive results of THAI and its subsidiaries. Consequently, THAI's return on equity of 2016 increased from -35.2% at the same period last year to 0.1% this year.

4. Factors affecting future operations

The global aviation industry forecast 2017 is expected to grow by the third consecutive year since the global economy is recovering; however, the profit this year trends to a slight decrease from 2016 resulting from the rising oil prices and strong competition. In addition, the US economic policy is under fluctuating.

For the situation of Thailand's aviation industry in 2017 is continue to develop due to the expansion of the tourism industry and the policy of the Ministry of Tourism and Sport to promote Thailand as a hub to increase the flight path of the low-cost airlines. From this expansion would accelerate the higher degree of competition within the aviation industry. However, the ability to solve the safety standard concerns of Thailand's Civil Aviation is still a major obstruction to the growth of the aviation industry. About the accomplishment to solve Significant Safety Concern(SSC) issue of Thailand is the vital matter for Federal Aviation Administration (FAA) in term of elevating the standard of Thailand's aviation compliance organization back from Category 2 to Category 1 which will be positive to Thailand.

In 2017, THAI proceeded the third phase of transformation plan, "Sustainable Growth", which consists of 6 strategies as follows:

- Profitable and competitive advantage route development and aircraft type simplification strategy
- Competitive capability increase and revenue generating strategy
- Excellent service ring building strategy
- Competitive cost and efficient operation strategy
- Corporate culture building to sustainability and human resources development to excellence strategy
- Portfolio management and new business development for sustainability strategy

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.

Also, there are significant action plans as follows.

- ThaiSmile at Don Muang international airport will be terminated operation of since January 16, 2017 onward by combing the operation between HAI and ThaiSmile at Suvarnabhumi international airport as a single home-base airport. This is a part of the strategic plan for the forthcoming expansion to the new markets which focus on the fresh international destinations in India, China, and ASEAN. This plan will make more convenient for better connecting passengers between THAI and ThaiSmile.

- Increasing fleet efficiency by taking delivery of 7 new aircraft in 2017 which consists of 5 Airbus A350-900 XWB aircraft and 2 Boeing 787-9 aircraft. They are principally aim to fly in intercontinental routes.

- The New Web and Mobile Platform Projects are intend to focus on the new digital distribution channels to provide high performance at the same level with the world's leading airlines and meet customer expectation.

- Retrofitting of passenger seats and entertainment system mainly aim to achieve a consistency in design of seats and entertainment system across an entire passenger class to give satisfaction to the customer.

- Maintenance, Repair, and Overhaul(MRO) Center at the U-Tapao International Airport project is one of the development areas on the East coast which THAI has been entrusted by the Government to take action on this project because of the readiness and concrete expertise of staff. After project deployment not only supports the growth of the aviation industry in Asia-Pacific region but also benefits the development of applications to other services of THAI such as ground services, cargo handling and cargo transportation which will diversify the proportion revenue to be more balance without relying merely on specific revenue from passenger transportation.

5. Financial Ratios

		Jan - Dec	
		2016	2015
Liquidity Ratio			
Current Ratio	(times)	0.78	0.78
Profitability Ratio			
Operating Profit (loss) Margin	%	2.25	(0.69)
Net Profit (loss) Margin	%	0.03	(6.90)
Return on Equity	%	0.14	(35.16)
Efficiency Ratio			
Return on Total Assets	%	1.34	(2.70)
Financial Policy Ratio			
Interest Bearing Debt to Equity	(times)	4.98	5.84
Total Debt to Equity	(times)	7.43	8.19
Interest Coverage Ratio	(times)	4.66	3.32

GLOSSARY

Current Ratio

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

Operating profit(loss) Margin

- = Operating profit (loss) / 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 debt to equity ratio

- = Total liabilities/Shareholders' Equity

Interest Coverage ratio

- = EBITDA/interest

Financial Statements



No. 0025/0686

OFFICE OF THE AUDITOR GENERAL
OF THAILAND

Rama VI Road, Phayathai,

Bangkok 10400, Thailand

Tel : 66 2271 8053 ; Fax : 66 2618 5790

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, 2016 of Thai Airways International Public Company Limited and its subsidiaries and separate financial statements for the year ended December 31, 2016 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 16, 2017



(Pisit Leelavachirapas)
Auditor General



AUDITOR'S REPORT

To: The Shareholders of Thai Airways International Public Company Limited

Opinion

The Office of the Auditor General of Thailand has audited the accompanying consolidated financial statements of Thai Airways International Public Company Limited and its subsidiaries (the Group) and separate financial statements of Thai Airways International Public Company Limited (the Company), which comprise the consolidated and separate statements of financial position, as at December 31, 2016, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, and a summary of significant accounting policies.

In the Office of the Auditor General of Thailand's opinion, the above mentioned consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of the Group and separate financial position of the Company, respectively, as at December 31, 2016, and their consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing (TSAs). The Office of the Auditor General of Thailand's responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of the Office of the Auditor General of Thailand's report. The Office of the Auditor General of Thailand is independent of the Group and the Company in accordance with the State Audit Standards issued by the State Audit Commission and the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to the Office of the Auditor General of Thailand's audit of the consolidated and separate financial statements, and has fulfilled other ethical responsibilities in accordance with these requirements. The Office of the Auditor General of Thailand believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's opinion.

Key Audit Matters

Key audit matters are those matters that, in the Office of the Auditor General of Thailand's professional judgment, were of most significance in the audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of the Office of the Auditor General of Thailand's audit of the consolidated and separate financial statements as a whole, and in forming the Office of the Auditor General of Thailand's opinion thereon, and the Office of the Auditor General of Thailand does not provide a separate opinion on these matters.

The Office of the Auditor General of Thailand identifies the followings as key audit matters:

1. Impairment of aircraft

Refer to note to the financial statement no. 7.5 "Non-current assets held for sale", no. 7.25 "Impairment loss of aircraft" and no. 4.5 Summary of significant accounting policy: "Non-Current asset classified as held for sale" for the relevant accounting policy.

According to TFRS it determines that the recognition of assets held for sale should be measured at the lower price between its carrying value and its fair value less cost to sell. Consequently, the Company has to perform the impairment assessment of the decommissioned aircraft under the aircraft management plan and review of impairment loss of such decommissioned aircraft and shows them as Non-current asset held for sale.

As the complexity of the revaluation of asset's condition for fair value assessment based on significant judgment applied under the assumptions that affect from global economy and aircraft secondhand market uncertainty, the Company performed impairment test of aircraft by internal staff conformed with the industry's principle of The International Society of Transport Aircraft Trading (ISTAT) and under the use of significant judgment in the assessment of major component of aircraft to adjust an aircraft value upon the information from the used aircraft price magazine. As a result, the valuation may inappropriate and unfairly disclosed. Therefore, the Office of the Auditor General of Thailand considers these as a key audit matter.

To address the matter, the Office of the Auditor General of Thailand performed the following;

The Office of the Auditor General of Thailand inquired to the executive about the appropriateness of assumptions used in determination of fair value of aircraft held for sale. The calculation test was performed by reviewing the major components of aircraft life time and compared the carrying value and fair value less cost to sell. The fair value of aircraft was based on market price quoted by a magazine which provides second hand aircraft value adjusted by the technical status and maintenance condition of aircraft conformed to the **ISTAT** practice. Also, it examined the aircraft decommission approval process and recognition of impairment loss by authorized person.

2. Fare Management System

In 2016, the Company implemented the new Fare Management System to manage their passenger selling price structure. It was the basis of passenger revenue recognition process. Since, the passenger selling price structures as well as the distribution channels were various and the consideration of its implementation risk for the first time usage including the determination of passenger revenue for each flight including sale commission and discount were complex, any error from Fare Management System would impact to the recognition of revenue and other relevant account balance.

The Office of the Auditor General of Thailand understands the guidebook of Fare Management System and performed test of control on fare input and processing of Fare Management System.

To address the accuracy of the output from Fare Management System, the Office of the Auditor General of Thailand tested the relevant IT general controls which include authorization for access to system and data file, program change security and test of system operation. The selected controls testing were performed to ensure that the controls were operated as they were designed and could prevent from unauthorized data amendment which could lead to an inaccurate of accounting record in regard with the passenger sale revenue.

The selected application controls were covering the fare approval process and input process of Fare Management System accompanied with the examination of accuracy of approved fair in system and ticket fare. Those controls were designed to identify any possible error of information and to ensure that the controls were operated effectively.

Emphasis of Matter

The Office of the Auditor General of Thailand would like to draw attention to Note 5 to the financial statements, which describes Corporate Transformation Plan on funding and liquidity plan of Thai Airways International Public Company Limited. In conclusion, the Office of the Auditor General of Thailand's opinion is not qualified in respect of these matters.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and auditor's report thereon. Management expects that the annual report is made available to the Office of the Auditor General of Thailand after the date of this auditor's report.

The Office of the Auditor General of Thailand's opinion on the consolidated and separate financial statements does not cover the other information and the Office of the Auditor General of Thailand will not express any form of assurance conclusion thereon.

In connection with the audit of the consolidated and separate financial statements, the Office of the Auditor General of Thailand's responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or the Office of the Auditor General of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the Office of the Auditor General of Thailand reads the annual report, if the Office of the Auditor General of Thailand concludes that there is a material misstatement therein, the Office of the Auditor General of Thailand is required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with **TFRSs**, 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.

In preparing the consolidated and separate financial statements, the management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing matters relates to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

The Office of the Auditor General of Thailand's objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the Office of the Auditor General of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with **TSAs** will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with **TSAs**, the Office of the Auditor General of Thailand exercises professional judgment and maintain professional skepticism throughout the audit. The Office of Auditor General of Thailand also:

- Identifies and assesses the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Concludes on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If the Office of the Auditor General of Thailand concludes that a material uncertainty exists, the Office of the Auditor General of Thailand is required to draw attention in the Office of the Auditor General of Thailand auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify the Office of the Auditor General of Thailand's opinion. The Office of the Auditor General of Thailand's conclusions are based on the audit evidence obtained up to the date of the Office of the Auditor General of Thailand auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Office of the Auditor General of Thailand is responsible for the direction, supervision and performance of the group audit. The Office of the Auditor General of Thailand remains solely responsible for the Office of the Auditor General of Thailand's audit opinion.

The Office of the Auditor General of Thailand communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the Office of the Auditor General of Thailand identifies during the Office of the Auditor General of Thailand's audit.

The Office of the Auditor General of Thailand also provides those charged with governance with a statement that the Office of the Auditor General of Thailand has complied with the State Audit Standards and relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the Office of the Auditor General of Thailand's independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the Office of the Auditor General of Thailand determines those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. The Office of the Auditor General of Thailand describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the Office of the Auditor General of Thailand determines that a matter should not be communicated in the Office of the Auditor General of Thailand's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Signed) *Poungchomnad Jariyajinda*
(Poungchomnad Jariyajinda)
Deputy Auditor General

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

Unit : Baht

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
ASSETS					
Current Assets					
Cash and cash equivalents	7.1	13,389,710,774	20,781,350,721	11,925,036,967	18,875,817,868
Temporary investments		130,419,289	85,000,000	-	-
Trade receivables	7.2	10,358,261,388	11,695,702,825	10,444,175,323	10,906,776,494
Prepaid expenses and deposits		7,979,056,576	8,904,945,334	8,217,149,112	9,060,545,326
Inventories and supplies	7.3	4,986,775,103	5,920,786,454	4,961,626,437	5,902,724,322
Other current assets	7.4	10,208,355,227	7,989,028,240	14,987,088,746	16,176,770,720
Non-current assets held for sale	7.5	12,321,891,869	15,099,392,637	12,321,891,869	15,099,392,637
Total Current Assets		59,374,470,226	70,476,206,211	62,856,968,454	76,022,027,367
Non-Current Assets					
Investments in associates	7.6.1	3,890,765,534	4,739,377,563	1,083,520,500	1,083,520,500
Investments in subsidiaries	7.6.1	-	-	1,810,209,893	810,209,893
Other long-term investments	7.6.2	77,763,005	75,575,920	74,767,805	72,440,719
Property, plant and equipment	7.8	194,891,347,457	208,285,363,102	194,863,785,314	208,262,819,695
Intangible assets	7.9	709,855,682	1,031,333,707	673,082,159	993,493,107
Deferred tax assets	7.10.1	10,014,948,163	8,680,325,679	10,000,049,684	8,653,240,176
Other non-current assets	7.11	14,164,714,939	9,182,875,582	13,649,568,370	9,179,744,325
Total Non-Current Assets		223,749,394,780	231,994,851,553	222,154,983,725	229,055,468,415
Total Assets		283,123,865,006	302,471,057,764	285,011,952,179	305,077,495,782

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

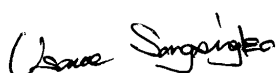
STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

Unit : Baht

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
Notes					
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables		4,951,411,552	4,242,439,990	4,746,744,517	4,095,515,853
Accrued expenses		16,846,320,892	21,386,197,260	16,910,539,096	21,577,714,868
Current portion of long-term liabilities					
Long-term borrowings from financial institutions	7.12	8,305,108,457	8,240,705,325	8,305,108,458	8,240,705,325
Liabilities under finance leases	7.13	9,461,231,562	9,889,586,330	9,461,231,562	9,889,586,330
Debentures	7.14	5,200,000,000	4,300,000,000	5,200,000,000	4,300,000,000
Short-term borrowings from financial institutions		2,000,000,000	4,000,000,000	2,000,000,000	4,000,000,000
Short-term borrowings from related parties		5,400,375,000	10,625,380,000	5,400,375,000	10,625,380,000
Income tax payable		11,280,480	87,452	-	-
Other current liabilities					
Accrued dividends		54,836,876	54,881,143	54,653,276	54,728,143
Unearned transportation revenues		27,111,129,396	24,868,518,712	26,624,698,720	24,632,513,208
Others	7.15	8,179,071,068	8,415,014,030	9,768,399,457	12,799,438,374
Total Current Liabilities		87,520,765,283	96,022,810,242	88,471,750,086	100,215,582,101
Non-Current Liabilities					
Long-term liabilities					
Long-term borrowings from financial institutions	7.12	13,006,551,881	20,127,865,886	13,006,551,881	20,127,865,886
Long-term borrowings from related parties	7.12	14,620,533,660	15,258,204,263	14,620,533,660	15,258,204,263
Liabilities under finance leases	7.13	55,289,234,923	67,660,868,659	55,289,234,923	67,660,868,659
Debentures	7.14	54,100,000,000	52,300,000,000	54,100,000,000	52,300,000,000
Deferred tax liabilities	7.10.2	1,854,236,084	1,866,882,144	1,854,236,084	1,866,882,144
Staff pension fund	7.16	3,710,083,100	3,880,258,506	3,710,083,100	3,880,258,506
Employee benefit obligations	7.17	11,920,072,997	11,645,226,358	11,903,855,344	11,568,261,769
Long-term provisions	7.18	7,365,831,672	619,309,937	7,034,078,456	619,309,937
Other non-current liabilities		148,363,624	163,940,945	148,080,624	162,867,915
Total Non-Current Liabilities		162,014,907,941	173,522,556,698	161,666,654,072	173,444,519,079
Total Liabilities		249,535,673,224	269,545,366,940	250,138,404,158	273,660,101,180
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		(22,167,172,423)	(22,247,804,409)	(20,794,927,497)	(23,686,357,373)
Other components of equity		5,604,235,654	5,039,440,929	5,604,164,472	5,039,440,929
Total Company Shareholders' Equity		33,501,374,277	32,855,947,566	34,873,548,021	31,417,394,602
Non-controlling interests		86,817,505	69,743,258	-	-
Total Shareholders' Equity		33,588,191,782	32,925,690,824	34,873,548,021	31,417,394,602
Total Liabilities and Shareholders' Equity		283,123,865,006	302,471,057,764	285,011,952,179	305,077,495,782

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



(Usanee Sangsingkeo)
Executive Vice President Aviation Business Unit
and Acting President



(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

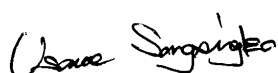
STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Revenues				
Revenues from Sales or Revenues from Services				
Passenger and excess baggage	148,060,309,853	152,487,688,487	140,763,944,730	147,915,338,841
Freight	17,963,345,043	18,089,435,210	17,954,991,320	18,089,166,877
Mail	615,301,846	562,089,100	615,301,846	562,089,100
Other activities	11,673,542,694	11,588,144,224	13,092,261,363	12,375,582,617
Total Revenues from Sales or Revenues from Services	178,312,499,436	182,727,357,021	172,426,499,259	178,942,177,435
Other Income				
Interest income	204,313,537	331,925,784	177,991,509	320,659,030
Gain on foreign currency exchange	684,970,854	3,511,781,612	691,942,292	3,488,587,347
Other income - Others	2,244,421,749	6,020,259,832	2,542,775,237	6,381,725,448
Total Other Income	3,133,706,140	9,863,967,228	3,412,709,038	10,190,971,825
Total Revenues	181,446,205,576	192,591,324,249	175,839,208,297	189,133,149,260
Expenses				
Fuel and oil	45,335,913,346	63,242,833,143	43,430,926,167	61,794,040,481
Employee benefit expenses	29,568,433,554	30,678,620,518	29,071,181,741	30,248,536,927
Termination benefit - Mutual Separation Plan	427,122,345	3,381,266,844	427,122,345	3,381,266,844
Flight service expenses	20,817,778,532	20,474,091,602	20,187,150,836	20,034,488,655
Crew expenses	5,352,676,217	5,312,866,969	5,091,799,359	5,104,586,411
Aircraft maintenance and overhaul costs	16,986,636,235	10,310,630,041	14,982,573,579	9,652,336,586
Depreciation and amortisation expenses	17,990,828,445	19,132,779,761	17,968,888,669	19,117,961,142
Lease of aircraft and spare parts	9,871,541,115	8,949,988,818	8,586,755,064	7,658,995,572
Inventories and supplies	8,150,778,440	7,828,716,942	7,811,569,276	7,584,882,922
Selling and advertising expenses	9,404,409,793	9,499,174,198	8,872,874,727	9,110,107,043
Insurance expenses	569,951,467	613,989,442	509,843,895	577,639,909
Impairment loss of assets	410,161,132	281,315,202	410,161,132	281,315,202
Impairment loss of aircraft	3,217,748,674	11,876,432,369	3,217,748,674	11,876,432,369
Other expenses	8,841,036,057	9,359,059,811	8,537,773,485	9,051,104,538
Finance costs	5,339,160,850	5,897,739,737	5,339,160,850	5,897,739,737
Share of (profit) loss of associates	579,446,279	(131,877,881)	-	-
Total Expenses	182,863,622,481	206,707,627,516	174,445,529,799	201,371,434,338
Profit (loss) before Income Tax Expense	(1,417,416,905)	(14,116,303,267)	1,393,678,498	(12,238,285,078)
Tax income	(1,464,238,106)	(1,069,374,783)	(1,487,902,283)	(1,075,235,656)
Profit (loss) for the Year	46,821,201	(13,046,928,484)	2,881,580,781	(11,163,049,422)
Other Comprehensive Income (loss)				
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains on employee benefit obligations	78,051,581	(400,682,710)	-	(400,682,710)
Income tax related to Actuarial gains on employee benefit obligations	(15,610,316)	80,136,542	-	80,136,542
Share of other comprehensive income from joint ventures and associates	(5,788,532)	(10,391,031)	-	-
Revaluation surplus on assets	-	8,647,351,381	-	8,647,351,381
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	718,215,797	(2,348,050,220)	718,215,797	(2,348,050,220)
Income tax related to Effective portion of changes in fair value of cash flow hedges	(143,643,159)	469,610,044	(143,643,159)	469,610,044
Unrealized gain on available for sale investments	88,984	-	-	-
Income tax related to unrealized gain on available for sale investments	(17,798)	-	-	-
Other Comprehensive Income (loss) for the Year - Net of Tax	631,296,557	4,708,503,730	574,572,638	4,718,894,761
Total Comprehensive Income (loss) for the Year	678,117,758	(8,338,424,754)	3,456,153,419	(6,444,154,661)
Profit (Loss) Attributable to				
Owners of the Parent	15,139,579	(13,067,671,941)	2,881,580,781	(11,163,049,422)
Non-controlling interests	31,681,622	20,743,457	-	-
	46,821,201	(13,046,928,484)	2,881,580,781	(11,163,049,422)
Total Comprehensive Income (loss) Attributable to				
Owners of the Parent	645,426,711	(8,359,168,211)	3,456,153,419	(6,444,154,661)
Non-controlling interests	32,691,047	20,743,457	-	-
	678,117,758	(8,338,424,754)	3,456,153,419	(6,444,154,661)
Profit (loss) per Share				
Basic profit (loss) per share	0.01	(5.99)	1.32	(5.11)

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



(Usanee Sangsingkeo)
Executive Vice President Aviation Business Unit
and Acting President



(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

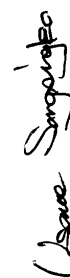
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS														
	Owners of the parent													
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Other Components of Equity							Total Owners of the Parent	Non-controlling Interests	Total Shareholders' Equity
			Appropriated Legal reserve	Unappropriated	Other Comprehensive Income									
					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	Unrealized gain on available for sale investment	Income tax related to unrealized gain on available for sale investment	Total Other Components of Equity			
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	-	-	-	-	-	-	-	-	-	-	-	-	(31,725,000)	(31,725,000)
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(91,800)	(91,800)
Less Dividends paid to cumulative preferred shares	-	-	-	(13,067,671,941)	-	-	-	-	-	-	-	(13,067,671,941)	20,743,457	(13,046,928,484)
Add Profit (Loss) for the year 2015	-	-	-	(330,937,199)	(2,348,050,220)	469,610,044	8,647,351,381	(1,729,470,276)	-	-	5,039,440,929	4,708,503,730	-	4,708,503,730
Add Total Other comprehensive income (loss) for the year	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)	-	-	5,039,440,929	32,855,947,566	69,743,258	32,925,690,824
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)	-	-	5,039,440,929	32,855,947,566	69,743,258	32,925,690,824
Balance as at January 1, 2016	-	-	-	-	-	-	-	-	-	-	-	-	(15,525,000)	(15,525,000)
Changes in Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(91,800)	(91,800)
Add Profit for the year 2016	-	-	-	15,139,579	-	-	-	-	-	-	-	15,139,579	31,681,622	46,821,201
Less Transfer of revaluation surplus on disposed assets	-	-	-	9,849,095	-	-	(12,311,369)	2,462,274	-	-	(9,849,095)	-	-	-
Add Total Other comprehensive income (loss) for the year	-	-	-	55,643,312	718,215,797	(143,643,159)	-	-	88,977	(17,795)	574,643,820	630,287,132	1,009,425	631,296,557
Balance as at December 31, 2016	21,827,719,170	25,545,316,308	2,691,275,568	(22,167,172,423)	(1,629,834,423)	325,966,885	8,635,040,012	(1,727,008,002)	88,977	(17,795)	5,604,235,654	33,501,374,277	86,817,505	33,588,191,782

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



(Usanee Sangsingkeo)
Executive Vice President Aviation Business Unit
and Acting President



(Narongchai Wongthanavimok)
Executive Vice President Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

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, 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									
Less Loss for the year 2015	-	-	-	(11,163,049,422)	-	-	-	-	(11,163,049,422)
Add Total Other comprehensive income (loss) for the year 2015	-	-	-	(320,546,168)	(2,348,050,220)	469,610,044	8,647,351,381	(1,729,470,276)	4,718,894,761
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
Changes in Shareholders' Equity									
Add Profit for the year 2016	-	-	-	2,881,580,781	-	-	-	-	2,881,580,781
Less Transfer of revaluation surplus on disposed assets	-	-	-	9,849,095	-	-	(12,311,369)	2,462,274	(9,849,095)
Add Total Other comprehensive income (loss) for the year 2016	-	-	-	-	718,215,797	(143,643,159)	-	-	574,572,638
Balance as at December 31, 2016	21,827,719,170	25,545,316,308	2,691,275,568	(20,794,927,497)	(1,629,834,423)	325,966,885	8,635,040,012	(1,727,008,002)	34,873,548,021

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

Usanee Sangsingkeo

(Usanee Sangsingkeo)
Executive Vice President Aviation Business Unit
and Acting President

Narongchai

(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, 2016

Unit : Baht

Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Cash Flows from Operating Activities				
Profit (loss) before income tax expenses	(1,417,416,905)	(14,116,303,267)	1,393,678,498	(12,238,285,078)
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :				
Depreciation and amortisation expenses	17,990,828,445	19,132,779,761	17,968,888,669	19,117,961,142
Aircraft lease fee	199,731,140	179,862,875	199,731,140	179,862,875
Dividends received	(472,274)	(619,028)	(282,824,492)	(192,646,114)
Share of loss (profit) of investments by equity method	579,446,279	(131,877,881)	-	-
Interest income	(204,313,537)	(331,925,784)	(177,991,509)	(320,659,030)
Interest expenses	5,339,160,850	5,897,739,737	5,339,160,850	5,897,739,737
Loss (Gain) on sales of assets	40,335,750	(76,968,024)	40,335,750	(77,002,834)
Loss on sales of aircraft	69,256,925	69,941,260	69,256,925	69,941,260
Gain on reversal of current liabilities in prior period	-	(2,341,400)	-	-
Gain on foreign currency exchange	(610,722,744)	(2,317,282,893)	(613,502,567)	(2,291,857,674)
Gain on investment valuation	(330,305)	-	-	-
Employee benefit obligations	(518,910,700)	607,440,461	(536,215,345)	583,038,632
Provision for obsolete inventories and supplies	310,166,610	500,515,637	310,166,610	500,515,637
Doubtful accounts	(59,947,994)	(122,420,638)	(60,217,870)	(123,814,144)
Impairment loss of aircraft	3,217,748,674	11,876,432,369	3,217,748,674	11,876,432,369
Impairment loss of assets	410,161,132	281,315,202	410,161,132	281,315,202
Operating profits before changes in operating assets and liabilities	25,344,721,346	21,446,288,387	27,278,376,465	23,262,541,980
Decrease (increase) in operating assets :				
Trade receivables	1,461,368,172	1,020,044,763	615,822,512	1,538,148,051
Inventories and supplies	623,844,742	(26,894,294)	630,931,275	(12,804,608)
Prepaid expenses and deposits	557,850,762	832,239,970	472,099,388	951,100,701
Tax refund	102,810,706	246,995,391	102,810,706	246,995,391
Other current assets	(1,979,921,313)	(17,662,084)	1,481,074,205	(5,039,182,067)
Assets held for sales	(1,145,813,326)	(46,047,514)	(1,145,813,326)	(46,047,514)
Maintenance Reserve	(4,815,659,622)	(3,331,300,680)	(4,483,906,405)	(3,331,300,680)
Other assets	(221,040,496)	183,169,584	(196,080,331)	180,599,913
Deferred charges	(477,657,008)	(938,187,742)	(361,321,646)	(938,187,742)
Increase (decrease) in operating liabilities :				
Trade payables	919,164,453	(1,950,035,890)	840,697,432	(2,099,774,575)
Accrued expenses and other current liabilities	(3,932,882,575)	(2,944,691)	(6,895,622,702)	1,376,175,348
Staff pension fund	(264,217,187)	(882,887,315)	(264,217,187)	(882,887,315)
Unearned transportation revenues	2,184,967,326	2,288,332,877	1,934,542,154	2,201,621,500
Other non-current liabilities	6,765,251,389	32,253,030	6,434,288,203	170,367,726
Proceeds from operations	25,122,787,369	18,853,363,792	26,443,680,743	17,577,366,109
Payment of income tax	(564,257,545)	(286,728,622)	(522,572,261)	(240,413,637)
Net Cash provided by Operating Activities	24,558,529,824	18,566,635,170	25,921,108,482	17,336,952,472

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

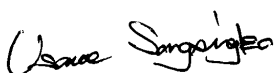
STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Cash Flows from Investing Activities				
Cash paid for acquisition of fixed assets b	(5,663,038,902)	(3,821,977,306)	(5,645,983,640)	(3,799,297,409)
Cash paid for intangible assets	(34,481,222)	(93,394,457)	(25,645,048)	(78,557,087)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment	-	1,511,303,492	-	1,511,303,492
Proceeds from sales of assets	1,464,450,042	1,173,227,235	1,464,450,042	1,173,227,235
Interest income	189,648,033	306,620,398	162,615,785	295,407,433
Dividends received	263,910,692	153,871,114	282,824,492	192,646,114
Investment decrease (increase)	(1,837,420)	14,243,428	(1,001,977,420)	17,378,628
Temporary investment decrease (increase)	(45,000,000)	35,000,000	-	-
Net Cash used in Investing Activities	(3,826,348,777)	(721,106,096)	(4,763,715,789)	(687,891,594)
Cash Flows from Financing Activities				
Proceeds from debentures	7,000,000,000	15,000,000,000	7,000,000,000	15,000,000,000
Proceeds from short-term borrowings	32,218,480,000	26,864,550,000	32,218,480,000	26,864,550,000
Proceeds from long-term borrowings	1,385,931,851	6,394,735,465	1,385,931,851	6,394,735,465
Cash paid for repayment of short-term borrowings	(39,479,085,000)	(35,685,795,000)	(39,479,085,000)	(35,685,795,000)
Cash paid for repayment of debentures	(4,300,000,000)	(3,000,000,000)	(4,300,000,000)	(3,000,000,000)
Cash paid for repayment of long-term borrowings	(20,111,373,426)	(24,389,907,445)	(20,111,373,426)	(24,389,907,445)
Cash paid for borrowings interest	(4,868,787,156)	(5,989,435,254)	(4,868,787,156)	(5,989,435,254)
Dividends paid	(74,867)	(81,198)	(74,867)	(81,198)
Dividends paid to non-controlling interests	(15,647,400)	(31,786,200)	-	-
Net Cash used in Financing Activities	(28,170,555,998)	(20,837,719,632)	(28,154,908,598)	(20,805,933,432)
Net decrease in cash and cash equivalents	(7,438,374,951)	(2,992,190,558)	(6,997,515,905)	(4,156,872,554)
Cash and cash equivalents at the beginning of the year	20,781,350,721	23,346,551,299	18,875,817,868	22,605,700,442
	13,342,975,770	20,354,360,741	11,878,301,963	18,448,827,888
Effect from changing in exchange rate on cash and cash at banks increase	46,735,004	426,989,980	46,735,004	426,989,980
Cash and Cash Equivalents at the End of the year c	13,389,710,774	20,781,350,721	11,925,036,967	18,875,817,868

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



(Usanee Sangsingkeo)
Executive Vice President Aviation Business Unit
and Acting President



(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, 2016

Note to Statements of Cash Flows

A. Tax Refund – Consolidated and Separate Financial Statements

Unit : Million Baht	
	2016
Proceeds from P.N.D.50 for the year 2014	252.00
Adjustment of tax refund for the year 2015	(149.19)
	102.81
	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

B. Property, Plant and Equipment

Consolidated financial statements

During the year 2016, the Company bought property, Plant and equipment under cash payment amount of THB 5,663.04 million, total cost amount of THB 6,910.04 million.

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.

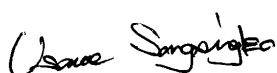
Separate financial statements

During the year 2016, the Company bought property, Plant and equipment under cash payment amount of THB 5,645.98 million, total cost amount of THB 6,893.79 million.

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.

C. Cash and Cash Equivalents

Unit : Million Baht				
	CONSOLIDATED FINANCIAL		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Cash on hand and outstanding bank balances	13,342.97	20,354.36	11,878.30	18,448.83
Short-term investments	-	-	-	-
Cash and cash equivalents as previously reported	13,342.97	20,354.36	11,878.30	18,448.83
Effect of exchange rate changes	46.74	426.99	46.74	426.99
Cash and cash equivalents as reported	13,389.71	20,781.35	11,925.04	18,875.82



(Usanee Sangsingkeo)
 Executive Vice President Aviation Business Unit
 and Acting President



(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, 2016

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, 2016, the Company has the routes network servicing to 61 destinations in 32 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	
			2016	2015
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 Eurng Luang Company Limited	Tourism Business	Thailand	49%	49%

Thai Smile Airways Co., Ltd. received the Airline Operator License (AOL), Airline Operator Certificate (AOC) as well as Airline Designator Code from IATA on January 10, March 31 and April 1, 2014, respectively. 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. THAI ACCOUNTING STANDARDS (TASs), THAI FINANCIAL REPORTING STANDARDS (TFRSs), THAI ACCOUNTING STANDARD INTERPRETATIONS AND THAI FINANCIAL REPORTING STANDARD INTERPRETATIONS WHICH ARE NOT CURRENTLY EFFECTIVE ARE AS FOLLOWS:

The Financial Reporting Standard which will be effective for the fiscal years beginning on or after January 1, 2017 :

TAS No. 1 (Revised 2016)	Presentation of Financial Statements
TAS No. 2 (Revised 2016)	Inventories
TAS No. 7 (Revised 2016)	Statement of Cash Flows
TAS No. 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS No. 10 (Revised 2016)	Events After the Reporting Period
TAS No. 11 (Revised 2016)	Construction Contracts
TAS No. 12 (Revised 2016)	Income Taxes
TAS No. 16 (Revised 2016)	Property, Plant and Equipment
TAS No. 17 (Revised 2016)	Leases
TAS No. 18 (Revised 2016)	Revenue
TAS No. 19 (Revised 2016)	Employee Benefits
TAS No. 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS No. 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rate
TAS No. 23 (Revised 2016)	Borrowing Costs
TAS No. 24 (Revised 2016)	Related Party Disclosures
TAS No. 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS No. 27 (Revised 2016)	Separate Financial Statements
TAS No. 28 (Revised 2016)	Investments in Associates and Joint Venture
TAS No. 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS No. 33 (Revised 2016)	Earnings per Share
TAS No. 34 (Revised 2016)	Interim Financial Reporting
TAS No. 36 (Revised 2016)	Impairment of Assets
TAS No. 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS No. 38 (Revised 2016)	Intangible Assets
TAS No. 40 (Revised 2016)	Investment Property
TAS No. 41 (Revised 2016)	Agriculture
TAS No. 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS No. 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS No. 107 (Revised 2016)	Financial Instruments Disclosure and Presentation
TFRS No. 2 (Revised 2016)	Share-Based Payments
TFRS No. 3 (Revised 2016)	Business Combinations
TFRS No. 4 (Revised 2016)	Insurance Contracts

TFRS No. 5 (Revised 2016)	Non – current Assets Held for Sale and Discontinued Operations
TFRS No. 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS No. 8 (Revised 2016)	Operating Segments
TFRS No. 10 (Revised 2016)	Consolidated Financial Statements
TFRS No. 11 (Revised 2016)	Joint Arrangements
TFRS No. 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS No. 13 (Revised 2016)	Fair Value Measurement
TSIC No. 10 (Revised 2016)	Government Assistance – No Specific Relation to Operating Activities
TSIC No. 15 (Revised 2016)	Operating Leases – Incentives
TSIC No. 25 (Revised 2016)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC No. 27 (Revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC No. 29 (Revised 2016)	Service Concession Arrangements : Disclosures
TSIC No. 31 (Revised 2016)	Revenue – Barter Transactions Involving Advertising Services
TSIC No. 32 (Revised 2016)	Intangible Assets – Web site Costs
TFRIC No. 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC No. 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC No. 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC No. 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC No. 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC No. 12 (Revised 2016)	Service Concession Arrangements
TFRIC No. 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC No. 14 (Revised 2016)	TAS 19 (Revised 2016) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC No. 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC No. 17 (Revised 2016)	Distributions of Non – cash Assets to Owners
TFRIC No. 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC No. 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC No. 21 (Revised 2016)	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 Temporary 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 the statements of comprehensive income. 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 carrying amount 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 has considered to impair decommissioned aircraft and spare engine, only. 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 the statements of comprehensive income whenever the carrying amount 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

Short-term employee benefits are recognized as expenses in the statements of comprehensive income.

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. CORPORATE TRANSFORMATION PLANS

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.

For the year 2016, the Company has proceeded the transformation plan, dated February 4, 2016, in the second phase "Competitiveness Strength Building" comprising 4 strategies including proactive revenue boost, effective cost reduction, capability enhancement and service excellence provision. The strategies are supported by 20 implementation plans with clear scope, objective, responsible party and execution plan under the closely monitoring process. The Company has already implemented transformation plan such as Network Management System, Revenue Management System, Upgrading of Business Class meals and services, and Improving work process for better efficiency.

Liquidity management for the year 2016 includes long-term loan management by way of debenture issuance in the amount of THB 7,000 million. As for short-term loan, the Company has obtained a roll over from the Ministry of Finance in the form of Euro Commercial Paper (ECP) by pushing back the maturity date for another 180 days to allow for the sale of six A340-600 aircraft. Revolving credit line has been managed by returning Promissory Note that has matured and rolling over some that has not. As a result, the Company was able to manage cash on hand for its normal operation throughout the year 2016.

Cash flow projection for 2017 has been conservative with financing plan of funding for payments of aircraft that will be delivered during 2017, due loan, and management of revolving credit line, both committed and uncommitted. The Company is confident that a positive turnover with sufficient cash on hand will be the direct result of a continuously and strictly carried out Transformation Plan, provided that there will be no uncontrollable circumstances.

6. POTENTIAL IMPACT FROM THE CIVIL AVIATION AUTHORITY OF THAILAND (RENAMED DEPARTMENT OF AIRPORTS) 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.

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.

According to the European Union Air Safety Committee (EU-ASC) meeting that held on December 8, 2016, stated that No air carriers from Thailand were added to the EU Air Safety List in its latest update. The Company would continue flying to European Countries as usual.

7. SUPPLEMENTARY INFORMATION

7.1 Cash and Cash Equivalents

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Cash - Domestic	10.61	10.32	9.97	9.51
Cash - Abroad	26.27	24.95	26.27	24.95
Cash at Banks - Domestic	6,770.25	8,587.59	5,374.54	6,716.47
Cash at Banks - Abroad	6,582.58	12,158.49	6,514.26	12,124.89
Total	13,389.71	20,781.35	11,925.04	18,875.82

7.2 Trade Receivables

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Aging Periods:				
Not over 6 months	9,922.07	11,429.69	10,007.96	10,641.45
Over 6 months to 1 year	175.24	160.60	175.22	160.58
Over 1 year to 2 years	98.48	319.46	98.45	313.47
Over 2 years	1,096.24	941.13	1,065.99	916.40
	11,292.03	12,850.88	11,347.62	12,031.90
Less Allowance for doubtful accounts	(933.77)	(1,155.18)	(903.44)	(1,125.12)
Trade receivables - net	10,358.26	11,695.70	10,444.18	10,906.78

7.3 Inventories and Supplies

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Aircraft spare parts	3,244.29	4,316.68	3,244.29	4,316.68
<u>Less</u> Allowance for obsolescence (10% of the year-end balance)	(324.43)	(431.67)	(324.43)	(431.67)
Aircraft spare parts - Net	2,919.86	3,885.01	2,919.86	3,885.01
Vehicle spare parts and ground support equipments	360.64	322.35	360.64	322.35
Slow moving aircraft spare parts and spare parts for sale	4,459.99	3,477.03	4,459.99	3,477.03
<u>Less</u> Allowance for obsolescence (33.33% of incurred balance during the period)	(3,373.08)	(2,979.30)	(3,373.08)	(2,979.30)
Slow moving aircraft spare parts and spare parts for sale - Net	1,086.91	497.73	1,086.91	497.73
Fuel and oil for aircraft	127.06	649.57	126.03	649.04
Goods for sales	213.79	214.61	210.47	209.85
Cabin supplies	162.65	182.52	143.99	170.98
Supplies and other consumables	23.33	20.69	23.21	20.69
Stationery and office supplies	87.80	94.38	85.78	93.14
Inventories and spare parts in transit	4.74	53.93	4.74	53.93
Total inventories and supplies	619.37	1,215.70	594.22	1,197.63
Obsolete and damaged inventories for disposal	59.94	39.78	59.94	39.78
<u>Less</u> Allowance for obsolescence (100%)	(59.94)	(39.78)	(59.94)	(39.78)
Obsolete and damaged inventories for disposal - Net	-	-	-	-
Total inventories and supplies - Net	4,986.78	5,920.79	4,961.63	5,902.72
Total inventories and supplies at year-end	8,744.23	9,371.54	8,719.08	9,353.47
<u>Less</u> Total allowance for obsolete inventories and supplies	(3,757.45)	(3,450.75)	(3,757.45)	(3,450.75)
Total inventories and supplies - Net	4,986.78	5,920.79	4,961.63	5,902.72

7.4 Other Current Assets

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Tax refund	762.13	357.56	762.13	357.56
Cash and cash at bank of pension fund	3,908.30	4,278.64	3,908.30	4,278.64
Others	5,537.93	3,352.83	10,316.66	11,540.57
Total	10,208.36	7,989.03	14,987.09	16,176.77

7.5 Non-current assets held for sale Separate financial statements

As at January 1, 2016, non-current assets held for sale comprised 1 A300-600, 4 A340-500, 6 A340-600, 4 B737-400, 4 B747-400, 2 ATR 72 and 9 A330-300 aircraft, totaling 30 aircraft amount of THB 14,904.65 million. As well as spare engines amount of THB 128.81 million and other fixed assets amount of THB 65.93 million, which made a grand total of THB 15,099.39 million.

During the year 2016, the total increase of non-current assets held for sale is THB 1,732.01 million comprising spare engines amount of THB 1,224.75 million, and other fixed assets amount of THB 507.26 million which consist of land revaluation in year 2015 amount of THB 506.13 million (historical cost amount of THB 32.04 million) and other assets amount of THB 1.13 million.

During the year 2016, the Company has already transferred the title of 2 ATR72 amount of THB 64.96 million, 2 A330-300 amount of THB 500.80 million and 1 A340-500 amount of THB 721.40 million to the buyer, as well as sold out spare engines amount of THB 1.30 million and other fixed assets amount of THB 3.30 million, which made a grand total of THB 1,291.76 million.

During the year 2016, The Company recognized impairment of aircraft and spare engines amount of THB 2,892.51 million and THB 325.24 million, respectively, totaling THB 3,217.75 million. There is no additional decommissioned aircraft since December 31, 2015. Therefore, there are 25 decommissioned aircrafts in selling process.

As at December 31, 2016, the total increase of non-current assets classified as held for sale is THB 12,321.89 million which consist of 1 A300-600, 3 A340-500, 6 A340-600, 4 B737-400, 4 B747-400 and 7 A330-300 aircraft, totaling 25 aircrafts in an aggregate of THB 10,724.98 million, spare engines amount of THB 1,027.02 million, as well as other fixed assets amount of THB 569.89 million which consist of land revaluation in year 2015 amount of THB 506.13 million (historical cost amount of THB 32.04 million) and other assets amount of THB 63.76 million.

7.6 Investments

Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
			Cost Method		Equity Method			
	2016	2015	2016	2015	2016	2015	2016	2015
7.6.1 Investments in associated companies recorded by equity method								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2016 amount of THB 703.13 million and for the year 2015 amount of THB 720.00 million)	24.00	24.00	225.00	225.00	268.53	238.07	30.46	7.02
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	120.62	111.87	32.75	18.39
Bangkok Aviation Fuel Services Public Company Limited (Fair value for the year 2016 amount of THB 4,175.51 million and for the year 2015 amount of THB 3,369.21 million)	22.59	22.59	115.19	115.19	1,126.71	1,001.51	319.58	182.49
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	316.70	298.80	62.90	36.75
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	201.09	174.72	26.37	19.57
Nok Airlines Public Company Limited (Fair value for the year 2016 amount of THB 1,813.00 million and for the year 2015 amount of THB 1,666.00 million)	39.20	39.20	360.00	360.00	1,857.12	2,914.41	(1,057.29)	(142.73)
Total investments recorded by equity method					3,890.77	4,739.38	(585.23)	121.49
7.6.2 Other long-term investments recorded by cost method								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00067			0.0002	0.0001
Aeronautical Radio of Thailand Limited	1.01	0.43	9.63	5.96			-	-
SITA Investment Certificate	-	-	30.07	31.28			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			0.25	0.33
SITA Information Networking Computing	-	-	32.60	32.85			-	-
Other Shares	-	-	2.70	2.74			0.21	0.28
Investment in Vayupak Fund	-	-	1.00	1.00			0.006	0.01
Total other long-term investments			77.76	75.58			0.47	0.62

Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments Cost Method		Dividend Income	
	2016	2015	2016	2015	2016	2015
7.6.1 Investments recorded by cost method						
Subsidiary Companies						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	18.97	38.78
Wing Span Services Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Flight Training Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Smile Airways Company Limited	100.00	100.00	1,800.00	800.00	-	-
Total			1,810.21	810.21	18.97	38.78
Associated Companies						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2016 amount of THB 703.13 million and for the year 2015 amount of THB 720.00 million)	24.00	24.00	225.00	225.00	-	-
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	24.00	21.60
Bangkok Aviation Fuel Services Public Company Limited (Fair value for the year 2016 amount of THB 4,175.51 million and for the year 2015 amount of THB 3,369.21 million)	22.59	22.59	115.19	115.19	194.38	101.65
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	45.00	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 2016 amount of THB 1,813.00 million and for the year 2015 amount of THB 1,666.00 million)	39.20	39.20	360.00	360.00	-	-
Total			1,083.52	1,083.52	263.38	153.25
Total investments recorded by cost method			2,893.73	1,893.73	282.35	192.03
7.6.2 Other long-term investments recorded by cost method						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00067	0.0002	0.0001
Aeronautical Radio of Thailand Limited	1.01	0.43	6.64	2.82	-	-
SITA Investment Certificate	-	-	30.07	31.28	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	0.25	0.33
SITA Information Networking Computing	-	-	32.60	32.85	-	-
Other Shares	-	-	2.70	2.74	0.21	0.28
Investment in Vayupak Fund	-	-	1.00	1.00	0.006	0.01
Total other long-term investments			74.77	72.44	0.47	0.62

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	270.20	80.72	270.34	72.43
WingSpan Services Company Limited	538.51	349.62	1,105.82	79.35
Thai Flight Training Company Limited	38.53	3.29	37.60	11.62
Tour Eung Luang Company Limited	7.26	4.19	2.19	0.60
Thai Smile Airways Company Limited	4,451.65	7,149.33	7,531.54	(2,064.30)

The Company used the financial statements of subsidiary and associated companies, some of which are unaudited by the CPA, as at December 31, 2016 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		
	2016	2015
Foreign borrowings via the Ministry of Finance	5,400.38	3,625.38
Government Saving Bank	-	7,000.00
Total	5,400.38	10,625.38

7.7.1.2 Long-term borrowings from related parties

Unit : Million Baht		
	2016	2015
Foreign borrowings via the Ministry of Finance	14,620.53	15,258.20
Total	14,620.53	15,258.20

7.7.2 Related Transactions with Subsidiary Companies

7.7.2.1 Sales and Purchases

Unit : Million Baht				
	2016		2015	
	Sales	Purchases	Sales	Purchases
Thai-Amadeus Southeast Asia Company Limited	1.35	-	1.67	-
WingSpan Services Company Limited	2.72	950.70	4.13	860.06
Thai Flight Training Company Limited	13.85	-	9.03	-
Tour Eung Luang Company Limited	30.01	0.06	49.46	0.05
Thai Smile Airways Company Limited	8,183.20	143.10	5,514.59	112.49

7.7.2.2 Account Receivables and Account Payables

Unit : Million Baht				
	2016		2015	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	0.15	0.16	0.11	0.16
WingSpan Services Company Limited	250.62	277.68	211.46	286.36
Thai Flight Training Company Limited	1.17	-	0.71	-
Tour Eung Luang Company Limited	1.16	-	8.08	-
Thai Smile Airways Company Limited	6,060.39	1,363.65	8,104.09	5,015.93

Related account receivables and account payables of WingSpan Service Co., Ltd. have included prepaid and accrued expenses amount of THB 249.04 million and THB 264.15 million.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. have included accrued income amount of THB 161.75 million and accrued expenses amount of THB 1,207.14 million.

7.7.2.3 Aircraft Lease Between Related Parties

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. As at December 31, 2016, a total of such aircraft are 20 aircraft consisting of 15 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.. The sublease term shall continue for the entire term of the head lease agreement.

7.7.3 Related Transactions with Associated Companies

7.7.3.1 Sales and Purchases

Unit : Million Baht

	2016		2015	
	Sales	Purchases	Sales	Purchases
Royal Orchid Hotel (Thailand) Public Company Limited	-	2.22	-	1.12
Donmuang International Airport Hotel Company Limited	-	0.05	-	0.15
Bangkok Aviation Fuel Services Public Company Limited	0.02	386.12	0.02	310.50
Phuket Air Catering Company Limited	0.18	15.99	1.60	19.06
Suvarnabhumi Airport Hotel Company Limited	0.02	14.01	-	23.43
Nok Airlines Public Company Limited	127.66	0.09	195.49	0.16

7.7.3.2 Account Receivables and Account Payables

Unit : Million Baht

	2016		2015	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.003	-	0.02
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	43.45	-	36.15
Phuket Air Catering Company Limited	0.02	5.05	0.004	-
Suvarnabhumi Airport Hotel Company Limited	-	0.80	-	0.34
Nok Airlines Public Company Limited	40.54	-	73.22	0.03

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

7.8 Property, Plant and Equipment

Consolidated Financial Statements

As at December 31, 2016

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, 2016	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
• Adjust/Transfers	-	8,701.22	(8,701.22)	(2,744.55)	(222.59)	(506.13)	(386.91)	-	(12.66)	(21.71)	(3,894.55)
• Additions	4,155.71	502.12	239.21	1,205.58	532.60	-	-	-	52.56	222.26	6,910.04
• Disposals/Amortized	-	(414.70)	(255.44)	(1,610.00)	-	(14.15)	(3.37)	-	(38.72)	(588.91)	(2,925.29)
As at December 31, 2016	9,646.95	126,334.89	156,393.29	33,291.82	371.21	9,063.37	2,124.24	10,805.23	4,794.03	31,335.71	384,160.74
Accumulated depreciation											
As at January 1, 2016	-	72,566.93	38,859.37	23,975.65	-	-	2,439.82	6,014.55	4,510.15	27,418.71	175,785.18
• Depreciation	-	5,922.19	8,371.14	1,601.32	-	-	14.12	230.61	131.97	1,292.70	17,564.05
• Adjust/Transfers	-	3,550.08	(3,550.08)	(1,537.67)	-	-	(386.91)	-	0.47	(14.30)	(1,938.41)
• Disposals/Amortized	-	(390.23)	(203.80)	(975.41)	-	-	(3.37)	-	(36.81)	(531.81)	(2,141.43)
As at December 31, 2016	-	81,648.97	43,476.63	23,063.89	-	-	2,063.66	6,245.16	4,605.78	28,165.30	189,269.39
Net book value											
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
As at December 31, 2016	9,646.95	44,685.92	112,916.66	10,227.93	371.21	9,063.37	60.58	4,560.07	188.25	3,170.41	194,891.35

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

Separate Financial Statements

As at December 31, 2016

As at December 31, 2016										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, 2016	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
● Adjust/Transfers	-	8,701.22	(8,701.22)	(2,744.55)	(222.59)	(506.13)	(386.91)	-	(12.66)	(21.71)	(3,894.55)
● Additions	4,155.71	502.12	239.21	1,205.58	532.60	-	-	-	41.02	217.55	6,893.79
● Disposals/Amortized	-	(414.70)	(255.44)	(1,610.00)	-	(14.15)	(3.37)	-	(38.72)	(588.91)	(2,925.29)
As at December 31, 2016	9,646.95	126,334.89	156,393.29	33,291.82	371.21	9,063.37	2,124.24	10,805.23	4,768.82	31,224.76	384,024.58
Accumulated depreciation											
As at January 1, 2016	-	72,566.93	38,859.37	23,975.65	-	-	2,439.82	6,014.55	4,506.23	27,325.26	175,687.81
● Depreciation	-	5,922.19	8,371.14	1,601.32	-	-	14.12	230.61	131.97	1,292.70	17,564.05
● Adjust/Transfers	-	3,550.08	(3,550.08)	(1,537.67)	-	-	(386.91)	-	(5.01)	(20.05)	(1,949.64)
● Disposals/Amortized	-	(390.23)	(203.80)	(975.41)	-	-	(3.37)	-	(36.81)	(531.81)	(2,141.43)
As at December 31, 2016	-	81,648.97	43,476.63	23,063.89	-	-	2,063.66	6,245.16	4,596.38	28,066.10	189,160.79
Net book value											
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
As at December 31, 2016	9,646.95	44,685.92	112,916.66	10,227.93	371.21	9,063.37	60.58	4,560.07	172.44	3,158.66	194,863.79

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

In this fiscal year, there are 96 aircraft represented in the Company's fleet consisting of 28 own aircraft, 34 aircraft under finance leases, and 34 aircraft under operating leases which excluded 25 aircraft held for sales with a carrying amount of THB 10,724.98 million.

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

The Company uses buildings and equipment that are now fully depreciated with historical cost of THB 70,557.97 million including the leasehold buildings amount of THB 3,924.94 million.

Leasehold buildings are leased from Airports of Thailand Public Company Limited at Suvarnabhumi Airport with a lease term of 30 years starting from September 28, 2006 to September 29, 2036 and at Donmuang Airport with a lease term of 3 years starting from September 27, 2009 to September 28, 2012. The title of the buildings and elements will be passed to the Ministry of Finance at the end of the lease term. On August 10, 2012, the Company had issued the letter of intent to Airports of Thailand Public Company Limited for such leasehold buildings at Donmuang Airport with a lease term of 3 years starting from September 28, 2012 to September 27, 2015. 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.

In the year 2015, the measurement of the Company's domestic and abroad land have been changed from historical 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.).

In the year 2016, the Company has sold out domestic land for THB 14.15 million comprising land in Trang Province amount of THB 3.66 million (the historical cost amount of THB 0.88 million), and land in Suratthani Province amount of THB 10.49 million (the historical cost amount of THB 0.96 million).

Assets under finance leases are aircraft under finance leases which the acquisition contracts were made in USD currency but the finance leases were made in EUR, USD, and JPY currency.

7.9 Intangible Assets

	Unit : Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
Cost		
As at January 1, 2016	3,516.43	3,462.71
● Additions	40.18	30.55
As at December 31, 2016	3,556.61	3,493.26
Accumulated amortization		
As at January 1, 2016	2,485.10	2,469.22
● Amortization	361.65	350.96
As at December 31, 2016	2,846.75	2,820.18
Net book value		
As at December 31, 2015	1,031.33	993.49
As at December 31, 2016	709.86	673.08

7.10 Deferred Tax Assets, Deferred Tax Liabilities

7.10.1 Deferred tax assets arising from the temporary differences between the carrying amount 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	
	2016	2015	2016	2015
Contribution to staff provident fund	44.71	52.16	44.71	52.16
Contribution to staff pension fund	167.98	232.98	167.98	232.98
Allowance for obsolete inventories	751.49	690.15	751.49	690.15
Allowance for doubtful accounts	279.21	295.88	274.98	291.64
Allowance for impairment in value of assets	4,316.20	3,970.13	4,316.20	3,970.13
Estimated accrual expenses	1,723.87	600.57	1,718.03	594.73
Intangible assets	19.92	38.19	19.92	38.19
Employee benefits obligation	2,384.01	2,329.05	2,380.77	2,313.65
Effective portion of changes in fair value of cash flow hedges	325.97	469.61	325.97	469.61
Others	1.59	1.61	-	-
Total	10,014.95	8,680.33	10,000.05	8,653.24

7.10.2 Deferred Tax Liabilities

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Intangible assets	127.23	137.41	127.23	137.41
Revaluation surplus	1,727.01	1,729.47	1,727.01	1,729.47
Total	1,854.24	1,866.88	1,854.24	1,866.88

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	
	2016	2015	2016	2015
Deferred charges	5,153.88	5,306.10	4,998.58	5,306.10
Maintenance Reserve	8,244.32	3,331.30	7,912.57	3,331.30
Others	766.51	545.47	738.42	542.34
Total	14,164.71	9,182.87	13,649.57	9,179.74

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.

Maintenance reserves deposit is placed to lessor by lessee to ensure lessor the aircraft maintenance requirement as specified by lease agreement.

7.12 Long-Term Borrowings Consolidated and Separate financial statements

Currency	Loan Currency		Baht Equivalent (Million)	
	2016	2015	2016	2015
EUR	436,107,479	466,239,306	16,631.48	18,556.09
JPY	4,084,029,808	-	1,271.50	-
THB	18,029,210,526	25,070,684,211	18,029.21	25,070.69
Total long-term borrowings			35,932.19	43,626.78
Less Current portion of long-term borrowings			8,305.11	8,240.71
Net long-term borrowings			27,627.08	35,386.07

As at December 31, 2016, long-term borrowings of the Company consist of the foreign loans in EUR currency borrowed via the Ministry of Finance amount of THB 14,620.53 million acquired through Export - Import Bank of Thailand, JPY currency loan for A330-300 (TEN, TEO) prepayment amount of THB 1,271.50 million and local loans from the commercial banks amount of THB 20,040.16 million. The total of long-term borrowings amounted to THB 35,932.19 million and have been transferred to be a current portion of long-term borrowing amount of THB 8,305.11 million, leaving the balance of long-term borrowings amount of THB 27,627.08 million.

7.13 Liabilities under Finance leases Consolidated and Separate financial statements

Unit : Million Baht

Liabilities under Finance Leases	2016		2015	
	Carrying Value	Present Value	Carrying Value	Present Value
Within 1 year	9,461.23	8,969.69	9,889.59	9,428.53
More than 1 year - 5 years	29,582.78	24,782.47	34,836.01	29,715.59
More than 5 years	25,706.46	17,080.46	32,824.86	22,287.71
Total	64,750.47	50,832.62	77,550.46	61,431.83

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 2016, the outstanding balance of obligations under finance leases for 34 aircraft is THB 69,890.14 million with maturities ranging from 2017 to 2028. After deducting interest expenses due amount of THB 5,139.67 million, the principal balance of obligations under the Company's finance leases is THB 64,750.47 million. As at December 31, 2016, the amount of THB 9,461.23 million has been transferred to a current portion of finance lease, leaving the balance of long-term liabilities under finance lease amount of THB 55,289.24 million.

7.14 Debentures

Unit : Million Baht

Issuing										Redemption					Balance as at December 31, 2016
Resolutions of Shareholders’ Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2016	2017	2018	2019	2020			
Ordinary/2005 December 23, 2005	60,000	1 (Tranche3)	2009	January 20, 2016	7	5.60	300.00	Jan 20					-		
		1 (Tranche4)	2009	January 20, 2019	10	6.00	3,600.00							3,600.00	
Ordinary/2010 April 28, 2010	40,000	1 (Tranche1)	2011	May 13, 2018	7	Year 1-3 4% Year 4-6 4.5% Year 7 5.25%	1,555.00	May 13					833.00		
		1 (Tranche2)	2011	May 13, 2021	10	Year 1-4 4.25% Year 5-8 4.75% Year 9-10 5.35%	833.00								
		1 (Tranche3)	2011	May 13, 2016	5	3.91	2,000.00								
		1 (Tranche4)	2011	May 13, 2018	7	4.36	1,445.00								
		1 (Tranche5)	2011	May 13, 2021	10	4.62	2,167.00								
							8,000.00								
							2,000.00								
During the year 2013 May 16, 2013		2	2011	December 28, 2016	5	4.30	2,000.00	Dec 28					-		
		1 (Tranche1)	2012	February 16, 2019	7	4.41	1,000.00								
		1 (Tranche2)	2012	February 16, 2022	10	4.75	2,000.00								
			2012	March 23, 2024	12	4.98	3,000.00								
							1,500.00								
							1,500.00								
							4,000.00								
							1,500.00								
							1,500.00								
							7,000.00								
August 30, 2013		1	2013	May 16, 2018	5	4.18	5,000.00						5,000.00		
		2					5,000.00								
		2 (Tranche 1)	2013	August 30, 2018	5	4.58	1,250.00						1,250.00		
		2 (Tranche 2)	2013	August 30, 2020	7	4.88	1,250.00								
		2 (Tranche 3)	2013	August 30, 2023	10	5.16	1,500.00								
							4,000.00								

Unit : Million Baht

Issuing							Redemption					Balance as at December 31, 2016
Resolutions of Shareholders' Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2016	2017	2018	2019	2020
During the year 2014 NO. 1/2014 February 07, 2014		Tranche 1	2014	February 07, 2019	5	4.71	1,200.00					1,200.00
		Tranche 2	2014	February 07, 2021	7	5.14	1,000.00					1,000.00
		Tranche 3	2014	February 07, 2024	10	5.58	1,000.00					1,000.00
							* 3,200.00					
NO. 2/2014 December 26, 2014		Tranche 1	2014	December 26, 2019	5	4.46	1,230.00					1,230.00
		Tranche 2	2014	December 26, 2021	7	4.76	1,340.00					1,340.00
		Tranche 3	2014	December 26, 2024	10	4.98	1,430.00					1,430.00
							4,000.00					
During the year 2015 NO. 1/2015 April 30, 2015	7,000	Tranche 1	2015	April 30, 2017	2	3.75	1,200.00					1,200.00
		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 September 30, 2015	8,000	Tranche 1	2015	September 30, 2018	3	3.46	1,000.00					1,000.00
		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					
During the year 2016 NO. 1/2016 December 23, 2016	7,000	Tranche 1	2016	December 23, 2019	3	2.97	500.00					500.00
		Tranche 2	2016	December 23, 2021	5	3.45	500.00					500.00
		Tranche 3	2016	December 23, 2023	7	3.66	1,000.00					1,000.00
		Tranche 4	2016	December 23, 2026	10	4.35	3,000.00					3,000.00
		Tranche 5	2016	December 23, 2028	12	4.66	2,000.00					2,000.00
							7,000.00					
Total												59,300.00

As at December 31, 2016, the balance of debentures was THB 59,300 million, which the amount of THB 5,200 million was transferred to be a current portion of long-term liabilities, leaving the balance of long-term liabilities amount of THB 54,100.00 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	
	2016	2015	2016	2015
Payable – airport fees	5,400.97	3,965.09	5,400.97	3,965.09
Deferred revenue	4.60	77.31	4.14	76.74
Tax payables	549.36	418.07	547.42	416.47
Payable – fringe benefits (field office staff)	576.24	554.93	576.24	554.93
Deposit received	1,238.41	1,300.21	1,230.38	1,292.15
Payable – employee	5.25	1.89	5.25	1.89
Accrued income	–	191.66	–	191.66
Payable – collected assets	133.24	368.14	133.24	368.14
Other payables	271.00	1,537.71	1,870.76	5,932.37
Total	8,179.07	8,415.01	9,768.40	12,799.44

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

	2016	2015
Current assets	3,908.30	4,278.64
Others	22.08	55.14
Total	3,930.38	4,333.78
Other current liabilities	220.30	453.52
Pension fund	3,710.08	3,880.26
Total	3,930.38	4,333.78

As at December 31, 2016, the fund balance was THB 3,710.08 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 95.36 million, which came from contributions at a rate equivalent to 10% of employee salaries in the amount of THB 164.99 million less the amount to match the Company's obligation of THB 69.63 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)

Actuarial assumption analysis of discount rate used in determining the present value of employment benefits obligation under the defined benefit plan and other long- term benefits are as follows:

Unit : Million Baht

	Increase (decrease) in present value of the obligation	
	Increase 1%	Decrease 1%
Discount Rate	(1,428.59)	1,769.99

Changes in Present Value of the Employee Benefits Obligation

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Beginning Balance – Employee Benefits Obligation	11,645.23	11,508.91	11,568.26	11,456.35
Current service cost	543.27	502.38	527.45	479.94
Interest cost	362.60	472.08	359.91	470.11
Benefits paid	(552.98)	(1,238.82)	(551.77)	(1,238.82)
Actuarial loss (gain)	(78.05)	400.68	–	400.68
Ending Balance – Employee Benefits Obligation	11,920.07	11,645.23	11,903.85	11,568.26

Actuarial gains and losses incur due to the changes in present value of the employee benefits obligation under the defined benefit plan and other long-term benefits, which is an effect from the change of principal actuarial assumptions. For the fiscal year 2016, the actuarial assumptions remain unchanged, therefore there is no 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	
	2016	2015	2016	2015
Long-term provision at the beginning balance	619.31	412.96	619.31	410.52
Long-term provision for the period	6,746.52	206.35	6,414.77	208.79
Long-term provision at the ending balance	7,365.83	619.31	7,034.08	619.31

Long-term provision as at December 31, 2016 (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 4.66 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 14.62 million. At present, the case is under the Supreme Court 's consideration.

7.18.3 The Board of Directors meeting no. 11/2558 dated November 11, 2015 has resolved the Company to reserve money 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 108.01 million and Retrofit Koito Seat fee in the amount of USD 2.54 million or approximately THB 91.37 million totaling THB 199.38 million.

7.18.4 The Company recognized long term provision for future repair and maintenance of aircraft as of 31 December 2016 amounting to THB 6,815.42 million. This represented the obligation under operating lease as to major overhaul of aircrafts, engines, and other major components over the leasing periods and the obligation to restore aircraft conditions at the end of the lease period. The measurement of the provision based on the assumptions of flight hours, flight cycles, maintenance schedules and period of operating lease. The estimated overhaul costs were recorded over the period that the aircrafts have been used which comprised aircraft restoration costs (D-Check) and other major components restoration costs of THB 3,702.61 million, engine restoration costs of THB 3,026.31 million and return conditions cost of THB 86.5 million.

7.19 Dividend Payment Separate financial statements

According to the Resolution of the 2016 Annual General Shareholders' Meeting held on April 22, 2016 approved the Company to abstain from dividend payment for 2015 operating result.

7.20 Share Capital

As at December 31, 2016, the Company has authorized ordinary shares amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.00 million, issued and paid-up ordinary shares amount of THB 21,827.72 million.

7.21 Legal Reserve

As at December 31, 2016, 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	
	2016	2015	2016	2015
Gains on sales of assets	-	76.97	-	77.00
Dividends from subsidiary, associated and other companies	-	-	282.82	192.65
Revenue from other services of Aircraft Maintenance Department	723.33	641.91	723.33	641.91
Compensation revenue from the delay delivery of aircraft	23.48	-	23.48	-
Compensation revenue from KOITO Co., Ltd.	-	3,967.59	-	3,967.59
Other fine revenues	334.79	171.56	334.79	171.56
Insurance compensation from the flood disaster	-	208.05	-	208.05
Insurance compensation from other cases	355.11	144.86	355.11	144.86
Revenue from Royal Orchid Lounge service	119.43	110.70	119.43	110.70
Revenue from service to Thai Smile Airways passenger	-	-	79.24	195.71
Others	688.28	698.62	624.58	671.70
Total	2,244.42	6,020.26	2,542.78	6,381.73

7.23 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Personnel expenses	29,112.09	29,953.65	28,642.33	29,557.01
Employee benefits	354.11	608.09	335.59	583.04
Executive remuneration	82.87	97.51	76.60	91.95
Board of directors remuneration	19.36	19.37	16.66	16.54
Total	29,568.43	30,678.62	29,071.18	30,248.54

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.

7.24 Termination benefit - Mutual Separation Plan and Golden Handshake

According to the Board of Director meeting No. 4/2559 held on April 20, 2016 approved the Mutual Separation Plan for the year 2016. There are 280 employees have been authorized to join the plan in 2 periods, which are June 1, 2016 and July 1, 2016. The Company has to pay the benefit according such plans amount of THB 13.54 million and 413.58 million, respectively, in an aggregate of THB 427.12 million. The Company recognized the mentioned amount of Termination benefit in the statements of comprehensive income for the year ended December 31, 2016.

7.25 Impairment Loss of Aircraft Separate Financial Statements

The Company has compared the net carrying value of decommissioned aircraft with the fair value less cost to sell, it appears that the fair value less cost to sell is lower than the net carrying value. Therefore, the Company recognized the impairment losses of aircraft in the statements of comprehensive income for the year 2016 amount of THB 3,217.75 million, which consist of 4 A340-500, 6 A340-600, 3 B737-400 and 4 B747-400, totaling 17 aircraft in an aggregate of THB 2,892.51 million, as well as the impairment losses of 17 spare engines amount of THB 325.24 million.

7.26 Other Expenses

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Rentals and utilities	2,614.61	2,718.82	2,614.61	2,718.82
Office supplies	178.25	161.96	178.25	161.96
Repair of building and equipment	562.25	538.02	562.25	538.02
Outsource services	1,672.84	1,515.17	1,672.84	1,515.17
Consultant and service fees	497.92	571.79	497.92	571.79
Legal fee for Antitrust/ Competition Law	26.64	28.62	26.64	28.62
Computer service expenses	584.62	555.63	584.62	555.63
Rental of communication devices and office equipment	231.52	219.10	231.52	219.10
Travelling and transportation expenses	557.86	512.35	557.86	512.35
Concession fees	406.38	388.67	406.38	388.67
Passenger claim expenses	220.25	253.34	220.25	253.34
Obsolete inventories and supplies expenses	310.17	500.52	310.17	500.52
Service cargo expenses	99.64	105.86	99.64	105.86
Joint venture expenses in Star Alliance	70.88	46.51	70.88	46.51
Company business and municipal taxes	89.81	174.06	89.81	174.06
Bad debts and provision for bad debts	(59.94)	(122.42)	(60.22)	(123.81)
Service fee for T Hosting system	76.49	98.58	76.49	98.58
Fine and interest expenses	19.56	283.03	19.56	283.03
Others	681.29	809.45	378.30	502.88
Total	8,841.04	9,359.06	8,537.77	9,051.10

7.27 Income Tax Expense (Income)

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Tax expense from taxable profit for the period	42.30	42.92	15.20	26.84
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(1,506.54)	(1,112.29)	(1,503.10)	(1,102.08)
Net tax expenses (income)	(1,464.24)	(1,069.37)	(1,487.90)	(1,075.24)

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 :

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, 2016 and 2015 are as follows:

	Unit : Million Baht	
	Separate Financial Statements	
	2016	2015
Revenues from sales or services		
Promoted activities	92,564.11	89,361.60
Non-promoted activities	79,862.39	89,580.58
Total revenues from sales or services	172,426.50	178,942.18

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	
	2016	2015	2016	2015
Profit (loss) attributable to owners of the parent	15.14	(13,067.67)	2,881.58	(11,163.05)
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)	0.01	(5.99)	1.32	(5.11)

7.30 Operating Segments

Segments Information

The Company determines reportable segments based on the nature of the products and services provided, which the management has considered the organization structure in relation to commercial airline operation.

The Company has 3 reportable segments, consisting of air transportation activities segment, business units segment, and other activities segment. Air transportation activities segment composed of passenger, freight, and mail services. The business units segments related directly to transportation activities, which include cargo and mail commercial, ground customer services, ground support equipment services, and catering services. Other activities segment are transportation supporting activities, which include dispatch services, sales on board, THAI shop, technical services and operation of subsidiaries

Measurement Criteria

The Company records 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 recorded at budget cost. Those transferred transaction will be eliminated in consolidated financial statements.

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

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

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

7.30.1 Financial Information by Segment Consolidated financial statements

Statements of Income

For the year ended December 31, 2016

Unit : Million Baht

	Air Transportation		Business Units		Other Activities		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
External Revenues	166,638.96	171,139.21	9,493.09	8,871.28	2,180.45	2,716.86	178,312.50	182,727.35
Inter - segment revenues (expenses)	(13,781.44)	(12,913.15)	8,991.60	8,753.76	4,789.84	4,159.39	-	-
Interest income	177.99	320.66	-	-	26.32	11.27	204.31	331.93
Gain (loss) on foreign currency exchange	691.94	3,488.59	-	-	(6.97)	23.19	684.97	3,511.78
Other income	2,238.79	6,143.96	30.72	36.84	(25.09)	(160.54)	2,244.42	6,020.26
Total Revenue	155,966.24	168,179.27	18,515.41	17,661.88	6,964.55	6,750.17	181,446.20	192,591.32
Fuel and oil	(43,430.92)	(61,794.04)	-	-	(1,904.99)	(1,448.79)	(45,335.91)	(63,242.83)
Employee benefits expenses	(17,497.03)	(21,812.33)	(7,145.91)	(7,045.38)	(5,352.61)	(5,202.17)	(29,995.55)	(34,059.88)
Flight service expenses	(20,140.75)	(19,965.70)	(46.40)	(68.79)	(630.63)	(439.60)	(20,817.78)	(20,474.09)
Depreciation and amortization expenses	(16,232.63)	(17,313.50)	(730.34)	(799.41)	(1,027.86)	(1,019.87)	(17,990.83)	(19,132.78)
Impairment loss of assets and aircraft	(3,627.91)	(12,157.75)	-	-	-	-	(3,627.91)	(12,157.75)
Other expenses	(47,232.15)	(41,845.28)	(6,379.57)	(6,086.03)	(5,565.31)	(3,943.12)	(59,177.03)	(51,874.43)
Finance costs	(5,339.16)	(5,897.74)	-	-	-	-	(5,339.16)	(5,897.74)
Share of profit (loss) on investment in associates	(510.27)	131.88	-	-	(69.18)	-	(579.45)	131.88
Total Expenses	(154,010.82)	(180,654.46)	(14,302.22)	(13,999.61)	(14,550.58)	(12,053.55)	(182,863.62)	(206,707.62)
Profit (loss) before Income Tax Expense	1,955.42	(12,475.19)	4,213.19	3,662.27	(7,586.03)	(5,303.38)	(1,417.42)	(14,116.30)
Tax Income (expense)	1,487.90	1,075.23	-	-	(23.66)	(5.86)	1,464.24	1,069.37
Gain (loss) by segments	3,443.32	(11,399.96)	4,213.19	3,662.27	(7,609.69)	(5,309.24)	46.82	(13,046.93)

Assets and Liabilities

As at December 31, 2016

Unit : Million Baht

	Air Transportation		Business Units		Other Activities		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Current assets	48,594.54	56,563.55	668.73	638.56	4,764.94	8,571.54	54,028.21	65,773.65
Investments	3,964.51	4,810.79	-	-	4.02	4.16	3,968.53	4,814.95
Property, plant and equipment	186,605.78	198,914.36	5,410.34	6,081.91	2,875.23	3,289.09	194,891.35	208,285.36
Other non-current assets	24,318.95	18,818.36	0.07	0.41	570.50	75.77	24,889.52	18,894.54
Non-allocated assets	-	-	-	-	-	-	5,346.26	4,702.56
Total assets							283,123.87	302,471.06
Current liabilities	78,489.43	85,001.33	327.72	238.80	7,512.99	9,884.47	86,330.14	95,124.60
Non-current liabilities	161,666.66	173,444.52	-	-	348.25	78.04	162,014.91	173,522.56
Non-allocated liabilities	-	-	-	-	-	-	1,190.62	898.21
Total Liabilities							249,535.67	269,545.37

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 2016	13,797.02	9,493.09	2,180.45	89,124.33	47,106.44	0.26	16,243.65	0.16	367.10	204.31	2,244.42	684.97	181,446.20
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

7.31 Staff Provident Fund

The Company contributes to the provident fund at the rate of 9% of a salary for members having not more than 20 years of services and 10% of a salary for members having more than 20 years of services, representing amount of THB 1,158.57 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	
	2016	2015
Letters of guarantee issued by banks – Domestic	49.96	30.36
Letters of guarantee issued by banks – Abroad	451.70	314.58
The Company as defendant in		
Labor dispute cases	1,399.91	1,356.00
Damage claims cases	460.30	512.64
Total	2,361.87	2,213.58

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., Société 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. The case is currently undergoing the court procedures. 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 Cash Flow Hedge

In 2016, 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, 2016, the Company recognized loss THB 578.04 million from application of hedge accounting to foreign currency borrowings and forecasted future foreign currency revenue.

As at December 31, 2016, the time periods in which cash flows of hedged items are expected to occur and affect profit or loss are as follows:

Consolidated and Separate financial statements

Year 2016

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	6,185.21	15,046.59	99,723.19	349,444.76	470,399.75

As at 31 December 2016, the amount deferred in other component of equity in relation to effective cash flow hedges is THB 1,629.83 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.

7.34 Disclosure of Financial Instruments Separate financial statements

7.34.1 Interest rate risk

Interest rate risk in financial statements arises from changes in market interest rates which have an effect on the Company's operating results at present and in the future.

The following tables show weighted average interest rates and the amount of financial liabilities.

Unit : Million Baht

2016								
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	2.64	1,149.00	4,638.87	6,503.07	5,400.38	-	-	17,691.32
JPY	1.00	1,292.95	5,255.61	3,861.50	-	-	-	10,410.06
EUR	1.40	7,228.17	20,487.72	15,289.25	1,149.11	4,519.89	10,962.48	59,636.62
THB	4.36	9,547.11	10,745.29	52.64	5,200.00	29,370.00	24,730.00	79,645.04
Total		19,217.23	41,127.49	25,706.46	11,749.49	33,889.89	35,692.48	167,383.04

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

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, 2016, the portion of the Company's debt after swap with floating to fixed interest rate is 38 : 62.

At the moment, the Company has the total of 8 IRS transactions, swapping debt with floating interest rate to fixed interest rate. Five of these transactions are in EUR and three transactions in THB. As at December 31, 2016, IRS transactions' total notional amount was THB 4,788.46 million of which interest exchange payments are done monthly and quarterly. The one transactions in EUR currency will expire in 2017, the other four transactions in EUR currency will expire in 2018, and three transactions in THB currency will expire in 2017.

7.34.2 Foreign Currency Exchange Rate Risk

The Company generates revenues in THB and more than 50 currencies, mainly in USD, THB, EUR and JPY while incurring liabilities mainly in 4 major currencies : USD, EUR, THB and JPY as well as expenses mainly in USD and THB. Fluctuations in exchange rates affect on long-term liabilities and operating expenses denominated in foreign currencies. Therefore, the Company has adopted "Natural Hedging" strategy to manage this risk by increasing the matching of currency between the revenues and expenses and to arrange for loan and restructure loan to coincide with net operating cash flow, and at the same time, to decrease foreign currency debt risk partially by relying on Thai baht loan in order to decrease the fluctuation of gain or loss from foreign exchange in the financial statements. In addition, the Company has a policy to enter into Cross Currency Swap (CCS) when the financial market benefits to the Company. As at December 31, 2016, the proportion of the Company's debts after swap in each currency i.e. USD : EUR : JPY : CHF : THB = 0 : 39 : 19 : 8 : 34. 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 25 CCS transactions. These debt swaps are 5 transactions of THB currency to EUR currency with fixed interest rate, 12 transactions of THB currency to JPY currency with fixed interest rate, 2 transactions of THB currency to JPY currency with floating interest rate, 2 transactions of EUR currency to JPY currency with fixed interest rate, and 4 transactions of USD currency to CHF currency. The notional amount as of December,31 2016 is equivalent to THB 36,376.18 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 2028.

Unit : Million Baht

Foreign Currency Liabilities						
Currency	2016			2015		
	Due within 1 year	1 to 5 years	Due over 5 years	Due within 1 year	1 to 5 years	Due over 5 years
USD	6,549.38	4,638.87	6,503.07	4,778.13	4,653.75	7,722.98
JPY	1,292.95	5,255.61	3,861.50	1,272.97	5,208.42	4,879.09
EUR	8,377.28	25,007.61	26,251.73	8,610.46	29,407.00	32,830.65

7.34.3 Fuel Price Risk

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

This was in accordance with the Company's policy, specifying that fuel hedging be conducted on a regular basis at not lower than 20 percent and not more than 80 percent of annual fuel consumption. Whereby the tenor of each contract would be for a period of not more than 18 months. The Company selected a financial tool that was suitable for the market situation by establishing the lowest and highest prices of jet fuel, whereby the Company would incur the difference in USD currency, should the price of jet fuel falls below the lowest price. On the contrary, the Company would be compensated should the price of jet fuel rises higher than the highest price. In this fiscal year 2016, the Company's hedge portion account to 57 percent of its annual fuel consumption and as at December 31, 2016, the Company still has an obligation from fuel price hedging until December 2017 in portion account to 46 percent of total fuel consumption.

7.34.4 Fair Value of Financial Instruments

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

The methods and assumptions that the Company uses to estimate the fair value of 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 carrying value net of allowance of impairment. Investments in marketable equity securities are stated at fair value.
- Trade receivables are stated at carrying value net of allowances for doubtful accounts.
- Financial derivative transaction is a fair value derived from value adjustment of contract between the Company and the bank with market price as at the report release date to more currently reflect the value of the contract.

7.35 Contractual Obligations

7.35.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase 4 A350 – 900XWB aircraft amount of THB 15,361.54 million, expected to take delivery during the year 2017–2018 which consisted of:

Unit : Million Baht		
Obligation	Within 1 year	Over 1 year – 5 years
Purchase of aircraft	7,187.89	8,173.65

7.35.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 42 aircraft amount of USD 4,150.49 million or approximately to THB 149,428.04 million consisting of 15 A320-200, 2 A330-300, 8 A350-900, 1 B777-200, 8 B777-300ER, 6 B787-8, and 2 B787-9 aircraft. As at December 31, 2016, there are 34 aircraft which have been already taken the delivery, and there are 8 aircraft which have not been taken deliver yet. The Company has returned 1 aircraft under operating leases to lessor in 2016. Also, there are 3, 9 and 30 aircraft which the lease will expire in 2017, 2018 – 2021 and 2022 – 2030, respectively.

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

Unit : Million Baht			
Obligation	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	11,896.79	59,112.12	78,419.13

7.36 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, 2016, 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.

7.37 Damages from the Aircraft Flights TG679

On September 8, 2013, Flight TG697 (Aircraft Type Airbus A330-300/Registration HS-TEF) skidded off run-way after landing at Suvarnabhumi International Airport. 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 The Company 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.

Now, The Company has already paid compensation to all injured passengers and could settle all claim cases. The total claim compensation in relation to this incident is THB 11.07 million.

7.38 Events after the Reporting Period

7.38.1 The Company has returned 1 B777-200 aircraft under operating leases to lessor on January 12, 2017.

7.38.2 The Company has planned to request for the Roll-over of Euro Commercial Paper (ECP) loan within the first quarter of 2017 from the Ministry of Finance.

7.39 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on February 23, 2017.

Board of Directors

as of December 31, 2016



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 : 59 Years

- Pillars for Kingdom Program
- The Rule of Law for Democracy (Class 1), The Constitutional Court of the Kingdom of Thailand
- The 5th Training Course on Administrative Justice for Executives the Administrative Court

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
- Training Programs Organized by Thai Institute of Directors Association (IOD)
 - Director Certification Program (DCP) Class 3/2000
 - DCP Refresher Course (Re DCP) Class 2/2009
- Other Training Programs
 - 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 (Class 4), Capital Market Academy, The Stock Exchange of Thailand
 - The Programme for Senior Executive on Justice Administration Batch (Class 14), National Justice Academy, office of Judiciary
 - The National Defence College Course (Class 46), National Defence College
 - Thailand Energy Academy Executive Program Class 1 (TEA1), Thailand Energy Academy, Thailand
 - Advanced Management Program (BMA1), Urban Green Development Institute, Bangkok Metropolitan Administration and King Prajadhipok's Institute

Experiences

- 2014 – February 2016 Director, PTT PCL.
- 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

Other Positions

Listed company on Stock Exchange of Thailand None

Companies or other entities

- October 1, 2015 – Present Permanent Secretary, Ministry of Energy
- 2016 – Present Chairman of Board of Directors, Electric Generating Authority of Thailand
- 2016 – Present The Council of State, Office of the Council of State

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 : 60 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

- 2015-October, 2016 Commander-in-Chief,
Royal Thai Air Force
- 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 Member of the National Legislative Assembly

Percentage of Shareholding None

Mr. Kanit Sangsubhan

Independent Director

Authorized Director

Chairman of the Executive Board

Appointed Date :

Term 1 from April 22, 2009 – April 28, 2010

Term 2 from April 28, 2010 – April 24, 2013

Term 3 from April 24, 2013 – April 22, 2016

Term 4 from April 22, 2016 – Present

Age : 58 Years

Education/Training

- Bachelor of Arts (Economics), Thammasat University
- M.A. (Economics) English Program, Thammasat University
- Ph.D. (Economics), University of Toronto, Canada
- Director Accreditation Program (DAP) Class 21/2004, Thai Institute of Directors Association (IOD)

Experiences

- March, 2009 – May, 2015 Director, Bank of Thailand
- April, 2012 – November, 2015 Expert in Finance,
National Health Security Office
(NHSO), Thailand

Other Positions

Listed company on Stock Exchange of Thailand None

Companies or other entities

- Present Member, Board of Commissioners,
State Railway of Thailand
- Present Member of the Board,
Fiscal Policy Research Institute Foundation
- Present Chairman of the Board,
Thai Smile Airways Co.,Ltd.
- Present Chairman of the Executive Board,
Office of Knowledge Management and Development

Percentage of Shareholding None

Board of Directors



Pol. Gen. Chakthip Chaijinda

Independent Director

Director of Corporate Governance and Social Responsibility Committee

Appointed date :

Term 1 from January 21, 2016 – April 22, 2016

Term 2 from April 22, 2016 – Present

Age : 57 years

Education/Training

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

Experiences

- 2014 Deputy Commissioner General, Royal Thai Police
- 2012–2014 Assistant Commissioner General, 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 None



Gen. Chatudom Titthasiri

Independent Director

Member of Audit Committee

Member of Risk Management Committee

Appointed Date : January 27, 2015

Age : 60 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
- Director Certification Program (DCP) Class 211/2015, Thai Institute of Directors Association (IOD)

Experiences

- 2016 Director – General Office of Defence Budget, Ministry of Defence
- 2014 Deputy Chief of Staff, The Commander Royal Thai Army Office
- 2013 President, Royal Thai Army Radio and Television Station

Other Positions

Listed company on Stock Exchange of Thailand None

Companies or other entities

- Present Deputy Permanent Secretary for Defence, Ministry of Defence
- Present Member of the National Legislative Assembly
- Present Director, Provincial Electricity Authority

Percentage of Shareholding None



Mr. Damri Tunshevavong

Independent Director

Member of Risk Management Committee

Member of the Executive Board

Member of Strategy and Transformation Committee

Appointed Date : April 24, 2015

Age : 63 Years

Education/Training

- B. Engineering (Electrical), Chulalongkorn University
- Advanced Management Program (AMP167), Harvard Business School, USA
- Training Programs Organized by Thai Institute of Directors Association (IOD)
 - Director Accreditation Program (DAP) Class SCC/2004
 - Director Certification Program (DCP) Class 106/2008
 - Audit Committee Program (ACP) Class 24/2008
 - Role of the Chairman Program (RCP) Class 22/2009
 - Role of the Compensation Committee (RCC) Class 10/2010
- Other Training Programs
 - 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.

Other Positions

Listed company on Stock Exchange of Thailand

- 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 Thawornsupacharoen

Director of Corporate Governance

and Social Responsibility Committee

Appointed date : December 28, 2015

Age : 57 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

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

Board of Directors



Mr. Rathapol Bhakdibhumi

Independent Director

Member of Audit Committee

Member of Nomination and Remuneration Committee

Member of Strategy and Transformation Committee

Term 1 from August 5, 2014 – April 22, 2016

Term 2 from April 22, 2016 – Present

Age : 49 Years

Education/Training

- Bachelor of Science, 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
- Training Programs Organized by Thai Institute of Directors Association (IOD)
 - Director Accreditation Program (DAP) Class 23/2004
 - Director Certification Program (DCP) Class 52/2004
 - Charter Director Class (CDC) Class 9/2015
- Other Training Programs
 - Thailand National Defence College (58)
 - Top Executive Program in Commerce and Trade (TEPCoT8) Commerce Academy, University of Thai Chamber of Commerce
 - Executive Program "Bhumipalung Phandin" Chulalongkorn University
 - 2013 Southeast Asia Regional Program Fellows, Eisenhower Fellowships
 - Administrative Law for Executive Class 5, (ALE 5), National Intelligence Agency, Thailand
 - Administrative Law Course for Executive Class 1, The Administrative Court
 - Thailand Energy Academy Executive Program Class 1 (TEA 1) Thailand Energy Academy, Thailand
 - Member of Government Civil Aviation Training Royal Thai Air Force Class 65
 - Politics and Democracy for Executive Class 13, King Prajadhipok's Institute
 - 2009 Directors' Consortium Stanford Graduate School of Business, USA
 - Electronic Business and Commerce Executive Program
 - e-Business and Supply Chain Management Program, Graduate School of Business Stanford University, USA
 - Enrolled as a special student at the Sloan School of Management for two academic term. Course work includes Operation and Financial Management Massachusetts Institute of Technology Cambridge, MA, USA

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 – April 22, 2016

Term 5 from April 22, 2016 – Present

Age : 58 Years

Education/Training

- LL.B, Chulalongkorn University
- LL.M., University of Pennsylvania, USA
- Barrister at Law, Institution of Legal Education, Thai Bar Association
- Training Programs Organized by Thai Institute of Directors Association (IOD)
 - Director Certification Program (DCP) Class/2000
 - The Executive Director Course (EDC) Class 1/2012
- Other Training Programs
 - 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 Member of Audit Committee, Siam Food Products PCL.
- 2006 – 2014 Director and Member of Audit Committee, GMM Grammy PCL.

Other Positions

Listed company on Stock Exchange Of Thailand

- Present Director and Member of Nomination and Remuneration Committee, Siam Commercial Bank PCL.
- Present Director and Chairman of Nomination and Remuneration Committee, SCB Life Assurance PCL.
- Present Director, Berli Jucker PCL.
- Present Director and Member of Audit Committee, Bangkok Dusit Medical Services PCL.
- Present Director, Big C Supercenter PCL.

Companies or other entities

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

Percentage of Shareholding None

ACM Siwakiat Jayema

Director

Member of the Executive Board

Member of Strategy and Transformation Committee

Chairman of Labour Relations Committee

Appointed Date : April 29, 2014

Age : 60 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, (Class 21),
National Defence Studies Institute
- Director Certification Program (DCP)
Class 227/2016, Thai Institute of Directors
Association (IOD)

Experiences

- October 2014 Assistant Commander-in-Chief,
Royal Thai Air Force
- April 2014 Senior Royal Thai Air Force Expert,
Royal Thai Air Force
- October 2013 Deputy Chief of the Air Staff RTAF,
Royal Thai Air Force
- October 2012 Assistance Chief of the Air Staff for Personal,
RTAF, Royal Thai Air Force

Other Positions

Listed company on Stock Exchange Of Thailand None

Companies or other entities

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

Percentage of Shareholding None

Mr. Somkiat Sirichatchai

Independent Director

Member of Audit Committee

Member of Strategy and Transformation Committee

Member of Procurement Improvement Committee

Member of Human Resources Committee

Appointed Date : August 28, 2014

Age : 52 Years

Education/Training

- Bachelor of Engineering (with Honors), Chulalongkorn University, 1985
- MBA (Finance), University of Pennsylvania (Wharton), USA, 1991
- Diploma, Regular for the Joint State-Private Sector Course,
National Defence College, 2010
- Certificate of Leader Program, Capital Market Academy, 2014
- Advanced Management Program, Harvard Business School ,USA, 2015
- Training Programs Organized by Thai Institute of Directors
Association (IOD)
 - Role of the Chairman Program (RCP) Class 39/2016
 - Director Certification Program (DCP) Class 178/2013
 - Director Accreditation Program (DAP) Class 84/2010
 - Role of the Compensation Committee (RCC) Class 11/2010
- Other Training Programs
 - Advanced International Training Program for Bank Management,
SIDA, Stockholm, Sweden, 2011
 - High Performance Leadership, IMD, Lausanne, Switzerland, 2008
 - Advanced HR Executive, Michigan Ross, School of business, USA, 2007

Experiences

- April 2013 – December 2015 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.

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, B. Grimm Power Public Company Limited
- 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 Co., Ltd.
- Present Adviser to Executive Committee, Chulalongkorn Hospital,
The Thai Red Cross Society
- Present Chief of the Advisory Panel of the Human Resource
Management Committee, The Thai Red Cross Society
- Present Member of the Risk Management Sub-Committee,
The Stock Exchange of Thailand
- Present Human Resources Committee, Chulalongkorn University Council
- Present Member of the Workforce Management in Public Sector
Sub-Committee, Office of the Civil Service Commission

Percentage of Shareholding None

Board of Directors



Mr. Somchai Sujjapongse

Director

Chairman of Nomination and Remuneration Committee

Appointed Date : October 19, 2015

Age : 55 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
- Director Certification Program (DCP) Class 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 M.L. Suprija Kamalasana

Independent Director

Authorized Director

Chairman of Risk Management Committee

Member of the Executive Board

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 - January 31, 2017

Age : 64 Years

Education/Training

- B.A. in Aerospace Engineering, Royal Thai Air Force Academy (Class 17)
- Squadron Officer School (Class 46)
- Air Command and Staff College 30
- Air War College (Class 29)
- National Defence College (Class 46)
- Director Accreditation Program (DAP) Class 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



ACM Amnart Jeeramaneemai

Independent Director

Appointed date : November 23, 2015
Age : 53 years

Education/Training

- Bachelor of Science, Mechanical Engineering,
Royal Thai Air Force Academy

Experiences

- 2016 Chief of Office of HRH The Crown Prince's
Special Operation Officer,
Royal Security Command
- 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

Member of the Executive Board

Member of Risk Management Committee

Member of Corporate Governance

and Social Responsibility Committee

Member of Strategy and Transformation Committee

Appointed Date : President December 4, 2014 – February 10, 2017
Appointed Date :
Term 1 from January 27, 2015– April 24, 2015
Term 2 from April 24, 2015 – February 10, 2017
Age : 59 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
- Training Programs Organized by Thai Institute of Directors
Association (IOD)
 - Director Accreditation Program (DAP) Class 66/2007
 - Director Certification Program (DCP) Class 185/2014
- Other Training Programs
 - 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)

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 Member of 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

- April 9, 2016 – February 10, 2017 Director, Nok Air PCL.

Companies or other entities

- March 12, 2015 – February 10, 2017 Director, Thai Smile Airways Co., Ltd.
- Present Director, Suksapattana Foundation
- Present Director, Foundation for Research in
Information Technology

Percentage of Shareholding None

Management

as of December 31, 2016



Mr. Charamporn Jotikasthira President

Appointed Date : President December 4, 2014 – February 10, 2017
Age : 59 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
- Training Programs Organized by Thai Institute of Directors Association (IOD)
 - Director Accreditation Program (DAP) Class 66/2007
 - Director Certification Program (DCP) Class 185/2014
- Other Training Programs
 - 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)

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 Member of 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

- April 9, 2016 – February 10, 2017 Director, Nok Air PCL.

Companies or other entities

- March 12, 2015 – February 10, 2017 Director, Thai Smile Airways Co., Ltd.
- Present Director, Suksapattana Foundation
- Present Director, Foundation for Research in Information Technology

Percentage of Shareholding None



Mrs. Usanee Sangsingkeo Executive Vice President of Aviation Business

Appointed Date : September 1, 2015
Age : 58 Years

Education/Training

- Bachelor of Business Administration (BBA)
- Mini Master of Information Technology (MMIT)
- Master of Business Administration (MBA)
- Joint Government-Private Sector Administration of Society's Peace and Order Course Session 3
- Executive Leadership Program, Capital Market Academy (Class 21)
- Certificate in Director Certification Program (DCP) Class 194/2014 by Thai Institute of Directors Association (IOD)
- Advanced Security Management Program (ASMP)

Experiences

- 2012 – 2015 Managing Director of Ground Customer Services 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 Chairman of the Board, Phuket Air Catering Co., Ltd.
- Present Vice Chairman of the Board, Suvarnabhumi Airport Hotel Co., Ltd.
- Present Chairman of the Executive Board, Suvarnabhumi Airport Hotel Co., Ltd.
- Present Vice Chairman of the Board, Wingspan Services Co., Ltd.

Percentage of Shareholding 0.000023%



Flt. Lt. Montree Jumrieng

Executive Vice President,
Corporate Strategy and Sustainable Development

Appointed Date : September 9, 2014

Age : 59 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.
- Director Certification Program (DCP) Class 216/2016, Thai Institute of Directors Association (IOD)

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 PCL.
- Present Director, Bangkok Aviation Fuel Services PCL.

Companies or other entities

- Present Director, Thai Smile Airways Co., Ltd.

Percentage of Shareholding 0.000029%



Mr. Teerapol Chotichanapibal

Executive Vice President,
Commercial

Appointed Date : September 1, 2015

Age : 59 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 Services, Thai Airways International PCL.

Other Positions

Listed company on Stock Exchange Of Thailand

- Present Director, Royal Orchid Hotel (Thailand) PCL.
- Present Director, Nok Air PCL.

Companies or other entities

- Present Director, Thai Smile Airways Co.Ltd.

Percentage of Shareholding 0.000995%



Mr. Danuj Bunnag

Advisor to the President

Appointed Date : July 25, 2014
Age : 53 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.

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 : 48 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.

Other Positions

Listed company on Stock Exchange Of Thailand None

Companies or other entities

- Present Director, Don Mueang International Airport Hotel Co., Ltd.

Percentage of Shareholding None



Ftl. Lt. Kanok Thongpurk
Executive Vice President,
Human Resources and Compliance

Appointed Date : September 9, 2014
Age : 59 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
- Training Programs Organized by Thai Institute of Directors Association (IOD)
 - Director Certification Program (DCP Segment 1-6)
 - Director Accreditation Program (DAP)
 - Developing CG Policy Statement (DGC)
- Other Training Programs
 - 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 (Class 4), Institute of Defence and the National Counter Corruption Sanya Dhamasakti
 - The 6th Training Course Administrative Justice for Executives 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 Chairman, Don Mueang International Airport Hotel Co., Ltd.
- Present Chairman, Tour Eung Luang Co., Ltd.

Percentage of Shareholding 0.000041%

Management



Mr. Narongchai Wongthanavimok
Executive Vice President, Finance and Accounting

Appointed Date : July 16, 2015
Age : 54 Years

Education/Training

- BA. (Econ), Thammasat University
- M.S. (Information Systems), Golden Gate University, San Francisco, CA, USA
- MBA (Finance), University of Pittsburgh, Pittsburgh, PA, USA
- Capital Market Academy (Class 23) Year 2016
- Diploma, The Joint State - Private Sector Course (Class 24), The National Defence College (Class 2011)
- Financial Institutions Governance Program (FGP Class) Class 3/2011, Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP) Class 131/2010, Thai Institute of Directors Association (IOD)
- CIMB-Insead Leaderships program, INSEAD, Thai Institute of Directors Association (IOD)
- 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

- December 2009 - July 2015 Senior Executive Vice President, CFO, CIMB Thai Bank Plc
- August 2010 - May 2014 Director (Authorized Signatory), CIMB-Principal Asset Management Co.,Ltd.
- May 2012 - July 2015 Chairman, World Lease Co.,Ltd

Other Positions

Listed company on Stock Exchange Of Thailand

- Present Director, Chairman of Risk Committee, Nok Air PCL.

Companies or other entities

- Present Chairman, Thai - Amadeus South - East Asia Co., Ltd.

Percentage of Shareholding None



Ftl. Lt. Werasak Wiroonpetch

Executive Vice President,
Operations

Appointed Date : October 1, 2016
Age : 59 Years

Education/Training

- Aeronautical Engineer The National Defense Academy of Japan

Experiences

- 2014 – 2016 Vice President, Flight Operations Support Department, Thai Airways International PCL.
- 2013 – 2014 Mission Commander, Flight Operations Support Department Deputy Vice President, Level, Thai Airways International PCL.
- 2007 – 2013 Director, Flight Operations Safety 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, Aeronautical Radio of Thailand Ltd.
- Present Chairman, Thai Flight Training Co., Ltd.

Percentage of Shareholding None



Flg. Off. Somboon Limwathnapong

Executive Vice President,
Technical

Appointed Date : October 1, 2016
Age : 60 Years

Education/Training

- Bachelor in Electrical Engineering, Royal Thai Air Force Academy

Experiences

- October 2015 – September 2016 Vice President, Heavy Maintenance, BKK Base, Thai Airways International PCL.
- November 2014 – September 2015 Vice President, Aircraft Maintenance Center, BKK Base, Thai Airways International PCL.
- October 2011 – October 2014 Director, Aircraft Overhaul (Utapao), Thai Airways International PCL.

Other Positions

Listed company on Stock Exchange Of Thailand

- Present Director, Bangkok Aviation Fuel Services PCL.

Companies or other entities

- Present Director, Don Mueang International Airport Hotel Co., Ltd.

Percentage of Shareholding None



Mrs. Suvimol Bualerd

Corporate Secretary

Senior Vice President, Corporate Secretariat Department

Corporate Secretary

Appointed Date: November 13, 2012

Senior Vice President, Corporate Secretariat Department

Appointed Date : January 18, 2017

Age : 55 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 (Visionary Leaders), Administrator College, Office of the Civil Service Commission
- Company Secretary Program (CSP), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP) Class 195/2014, Thai Institute of Directors Association (IOD)
- Transport Management for Chief Executive Program, Ministry of Transport

Experiences

- November 13, 2012 – January 17, 2017 Vice President, Corporate Secretariat Department
- 2011 – 2012 Vice President, General Administration 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'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

BANGALORE, REPUBLIC OF INDIA

BLRAA : MR. ATHIWAT KRISNAMPOK
THAI AIRWAYS INTERNATIONAL
305, 3RD FLOOR EMBASSY SQUARE
148 INFANTRY ROAD
BANGALORE- 560 001, INDIA

TKT/RSVN : (91-80) 4098-0396 / 97
FAX : (91-80) 4098-0392
AIRPORT : (91-80) 6678-3191
FAX : (91-80) 6678-3192

BEIJING, PEOPLE'S REPUBLIC OF CHINA

BJSNN : MR. KITTIPOHNG SANSOMBOON
UNITS 303-4, LEVEL 3, OFFICE TOWER W3
ORIENTAL PLAZA, NO.1 EAST CHANG AN AVENUE
DONG CHENG DISTRICT
BEIJING, 100738 PEOPLE'S REPUBLIC OF CHINA

TKT : (86-10) 8515-0088
RSVN : (86-10) 8515-1142
FAX : (86-10) 8515-1134
AIRPORT : (86-10) 6459-8899
FAX : (86-10) 6459-0012

BRISBANE, AUSTRALIA

BNEAA : MR. CHAWARIT THANASOMBATNANTH
THAI AIRWAYS INTL BRISBANE
LEVEL 10, 380 QUEEN STREET
BRISBANE QUEENSLAND 4000, AUSTRALIA
9/300 ANN ST. BNE QLD4000

TKT/RSVN : (61-7) 3215-4700
FAX : (61-7) 3215-4737
AIRPORT : (61-7) 3860-4163
FAX : (61-7) 3860-4328

BRUSSELS, BELGIUM

BRUSD : MRS. KATRIEN DEPAUW
THAI AIRWAYS INTERNATIONAL
21, AVENUE DE LA TOISON D'OR
1050 BRUSSELS, BELGIUM

TEL : (32-2) 502-4447
FAX : (32-2) 502-6947
e-mail : reservations@thaiairways.be
TKT/RSVN : (32-2) 502-4447
FAX : (32-2) 502-6947
e-mail : reservations@thaiairways.be

BUSAN, REPUBLIC OF KOREA

PUSAD : ** VACANT **
6TH FL. HYUNDAI MARINE & FIRE INSURANCE B/D,
240 JUNGANG-DAERO, DONG-GU,
BUSAN, REPUBLIC OF KOREA 601-713

TKT : (82) 51-600-8183 / 84
RSVN : (82) 51-600-8183 / 84
FAX : (82) 51-463-8564
AIRPORT : (82) 51-941-8182
FAX : (82) 51-941-8183

BODHGAYA, REPUBLIC OF INDIA (TEMPORARY OFFICE)

INPAC TRAVELS (INDIA) PVT LTD.
C/O MR CB SINGH
GF, HOTEL THE ROYAL RESIDENCY
DUMUHAN ROAD, BODHGAYA
DISTT GAYA, BIHAR, REPUBLIC OF INDIA

TEL : (91-0631) 220-0124 /
220-1156
FAX : (91-0542) 250-5353

CHENNAI, REPUBLIC OF INDIA

MAAAA : MR. NATAPOL VANICHKUL
THAI AIRWAYS INTERNATIONAL PLC., LTD.
KGN TOWERS, 4th FLOOR, B WING
62 ETHIRAJ SALAI, EGMORE
CHENNAI 600 015, REPUBLIC OF INDIA

TKT/RSVN : (91-44) 4206-3311
FAX : (91-44) 4206-3344
AIRPORT : (91-44) 2256-1928 / 1929
FAX : (91-44) 2256-1930

CHENGDU, PEOPLE'S REPUBLIC OF CHINA

CTUAA : MISS PIRANUJ SOMBURANADHIRA
ROOM 02-03, 12TH FLOOR OF TOWER 1,
CENTRAL PLAZA 8 SHUNCHENG AVENUE,
CHENGDU, SICHUAN PEOPLE'S REPUBLIC
OF CHINA

TKT/RSVN : (86-28) 8666-7575 / 8666-7171
FAX : (86-28) 8666-9371
AIRPORT : (86-28) 8520-5842 / 8520
FAX : (86-28) 8520-5840

COLOMBO, SRI LANKA

CMBAA : MR. NARINTORN SUKKASEAM
NBR 03, SIR EARNEST DE SILVA MAWATHA
COLOMBO 3, SRI LANKA

TKT/RSVN : (94-11) 730-7100-05
FAX : (94-11) 266-7891
AIRPORT : (94-11) 225-2057
FAX : (94-11) 225-2861

COPENHAGEN, DENMARK

CPHAA : MR. PATAPONG NA NAKORN
RAADHUSPLADSEN 16
DK-1550 COPENHAGEN V
DENMARK

TKT : (45-33) 750-190
RSVN : (45-33) 750-120
FAX : (45-33) 750-180
AIRPORT : (45-32) 521-225
FAX : (45-32) 523-052

DELHI, REPUBLIC OF INDIA

DELNN : MR. VISET SONTICHA
THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD.
THE AMERICAN PLAZA
HOTEL INTERCONTINENTAL EROS, NEHRU PLACE
NEW DELHI 110 019, REPUBLIC OF INDIA

TKT/RSVN : (91-11) 4149-7777
FAX : (91-11) 4149-7788
AIRPORT : (91-11) 2565-2413 / 2565-2796
FAX : (91-11) 2565-2788

DENPASAR, INDONESIA

DPSAD : MR. NARONGRAT SITTHI
THAI AIRWAYS INTERNATIONAL PCL
INNA GRAND BALI BEACH HOTEL,
GROUND FLOOR JL. HANG TUAH,
SANUR - BALI 80032 INDONESIA

TKT/RSVN : (62-361) 288-141
FAX : (62-361) 288-063
AIRPORT : (62-361) 935-5064
FAX : (62-361) 935-5063

DHAKA, BANGLADESH

DACAA : MR. SATIT DUMRERNG
THAI AIRWAYS INTERNATIONAL PUBLIC CO.LTD
SPL WESTERN TOWER, LEVEL-9, SPACE-903,
186 BIR UTTAM MIR SHAWKAT ALI ROAD,
TEJGAON INDUSTRIAL AREA, DHAKA-1208,
BANGLADESH

TKT : (88-02) 887-9131-45 EXT 502
RSVN : (88-02) 887-9131-45 EXT 501
FAX : (88-02) 887-9146
AIRPORT : (88-02) 890-1807 / 1809 / 1812
FAX : (88-02) 890-1813

DUBAI, U.A.E.

DXBAA : MR. CHANTOUCH SRINILTA
THAI AIRWAYS INTERNATIONAL PCL
NO.1 BU HALEEBA PLAZA, SHOP NO. 1
AL MURAAQABAT ROAD, DEIRA
P.O. BOX 13142, DUBAI - U.A.E.

TKT/RSVN : (971-4) 268-1701
FAX : (971-4) 266-5498
AIRPORT : (971-4) 224-4305
FAX : (971-4) 224-5716

FRANKFURT, GERMANY

FRANN : MR. JESADA CHANDREMA
THAI AIRWAYS INTERNATIONAL PCL
ZEIL 127
60313 FRANKFURT, GERMANY

TKT : (49-69) 92874-446
RSVN : (49-69) 92874-444
FAX : (49-69) 92874-222
AIRPORT : (49-69) 69070-931
FAX : (49-69) 692-981

FUKUOKA, JAPAN

FUKAD : ** VACANT **
HINODE FUKUOKA BUILDING
12-1, TENJIN 1, CHUO-KU
FUKUOKA, 810-0001 JAPAN

TKT/RSVN : 0570-064-015
(Call Center for local calls only)
FAX : (81-92) 734-9480
AIRPORT : (81-92) 477-7870
FAX : (81-92) 477-0345

GUANGZHOU, PEOPLE'S REPUBLIC OF CHINA

CANAA : MR. JUCKSAWAT KITISOOK
G3, WEST WING, THE GARDEN HOTEL
368 HUANSI DONGLU, GUANGZHOU 510064
PEOPLE'S REPUBLIC OF CHINA

TKT/RSVN : (86-20) 8365-2333 EXT 5
FAX : (86-20) 8365-2300 / 2488
AIRPORT : (86-20) 8613-5310 /
8612-3866
FAX : (86-20) 8613-5315

HANOI, SOCIALIST REPUBLIC OF VIETNAM

HANAD : MR. VUTICHAH KAMPANARTSANYAKORN
1st & 3rd FLOOR, HANOI LAKE VIEW BUILDING
28 THANH NIEN ROAD, TAY HO DISTRICT, HANOI
VIETNAM

TKT : (84-4) 3826-7921
RSVN : (84-4) 3826-7922
FAX : (84-4) 3826-7394
AIRPORT : (84-4) 3884-0530
FAX : (84-4) 3886-5574

HO CHI MINH CITY, SOCIAL REPUBLIC OF VIETNAM

SGNAA : MR. WEERAWAT SWASDIBUDTRA
UNITE 102, SAIGON TOWER OFFICE BUILDING
29 LE DUAN BOULEVARD, BEN NGHE WARD,
DIST. 1, HO CHI MINH CITY,
SOCIAL REPUBLIC OF VIETNAM

TKT/RSVN : (84-8) 3822-3365 EXT 5117
FAX : (84-8) 3824-3361
AIRPORT : (84-8) 3547-0300
FAX : (84-8) 3547-0301

HONG KONG, PEOPLE'S REPUBLIC OF CHINA

HKGAA : MR. CHETSENI DHANARAJATA
24A UNITED CENTRE
95 QUEENSWAY, HONG KONG
PEOPLE'S REPUBLIC OF CHINA

TKT : (852) 2179-7700
FAX : (852) 2529-0132
RSVN : (852) 2179-7777
FAX : (852) 2179-7661
AIRPORT : (852) 2769-7421
FAX : (852) 2382-4595

HYDERABAD, REPUBLIC OF INDIA

HYDAA : **VACANT**
THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD.
6-3-249/6, ROAD NO. 01, BANJARA HILLS
HYDERABAD - 500034, REPUBLIC OF INDIA

TKT/RSVN : (91-40) 2333-3030 EXT 110
FAX : (91-40) 2333-3003
AIRPORT : (91-40) 6660-5022
FAX : (91-40) 6662-2003

ISLAMABAD, ISLAMIC REPUBLIC OF PAKISTAN

ISBAA : ** VACANT **
OFFICE NO 3, 4 HOLIDAY INN ISLAMABAD HOTEL
ISLAMABAD, PAKISTAN

RSVN : (92-51) 227-2140
(92-51) 227-2141
FAX : (92-51) 282-3735
AIRPORT : (92-51) 578-1409 / 411
FAX : (92-51) 578-1410

JAKARTA, REPUBLIC OF INDONESIA

JKTAA : MR. ANAN BUDKAEW
WISMA NUSANTARA BUILDING 26TH FLR
JL. MH. THAMRIN NO. 59
JAKARTA 10350 INDONESIA

TKT/RSVN : (62-21) 390-3588
FAX : (62-21) 390-4318 /
316-2144
AIRPORT : (62-21) 550-2442-3
FAX : (62-21) 550-2442-3

KARACHI, PAKISTAN

KHIAA : MR. NATTHAKORN CHUNHACHA
TECHNOLOGY PARK
7 TH FLOOR SHAHREH-E-FAISAL
KARACHI, PAKISTAN

TKT/RSVN : (92-21) 3279-2294 /
3278-8000
FAX : (92-21) 3279-1934
AIRPORT : (92-21) 457-0847 /
907-1472
FAX : (92-21) 457-3009

KATHMANDU, NEPAL

KTMAA : MR. PEERAPONG JUTAGANOON
ANNAPURNA ARCADE, DURBAR MARG
KATHMANDU, NEPAL

TKT/RSVN : (977-1) 422-4387/
3565/ 5084
FAX : (977-1) 422-1130
AIRPORT : (977-1) 411-3293
FAX : (977-1) 411-3287

KOLKATA, REPUBLIC OF INDIA

CCUAA : MR. VICHAYA SINGTOROJ
APEEJAY HOUE, 6TH FLOOR, BLOCK-A
15 PARK STREET
KOLKATA - 700016, REPUBLIC OF INDIA

TKT/RSVN : (91-33) 3982-7000
FAX : (91-33) 3982-7197
AIRPORT : (91-33) 2511-8931
FAX : (91-33) 2511-8033
e-mail : tgkilkata@thaiccu.com

KUALA LUMPUR, MALAYSIA

KULAA : MR. NIVAT CHANTARACHOTI
SUITE 30.01, 30TH FLOOR, WISMA GOLDHILL
67 JALAN RAJA CHULAN
50200 KUALA LUMPUR, MALAYSIA

TKT/RSVN : (60-3) 2034-6900,
2034-6999
FAX : (60-3) 2034-6891
AIRPORT : (60-3) 8787-3522
FAX : (60-3) 8787-3511

KUNMING, PEOPLE'S REPUBLIC OF CHINA

KMGAD : MR. NOPPORN KANCHANAMANE
2ND, FLOOR, ATTACHED BUILDING OF
JINJIANG HOTEL NO. 98 BEIJING ROAD,
KUNMING, YUNNAN PEOPLE'S REPUBLIC
OF CHINA

TKT/RSVN : (86-871) 6351-1515
FAX : (86-871) 6316-7351
AIRPORT : (86-871) 6708-5520
FAX : (86-871) 6708-5519

LAHORE, ISLAMIC REPUBLIC OF PAKISTAN

LHEAA : MR. LAWIT SAWADIRAK
THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD.
9-A, DAVIS ROAD, GRAND HOTEL &
TOWER BUILDING LAHORE, ISLAMIC REPUBLIC
OF PAKISTAN

TKT : (92-042) 3630-9791-4
RSVN : (92-042) 3637-3377
FAX : (92-042) 3636-8690
AIRPORT : (92-042) 3661-1514 / 15
FAX : (92-042) 3661-1513

LONDON, UNITED KINGDOM

LONAA : MISS NONTHAKORN TRAKULPA
41 ALBEMARLE STREET
LONDON, W1S 4BF, UNITED KINGDOM

TKT : (44) 207-491-7953
FAX : (44) 207-907-9555
RSVN : (44) 330-400-4022
FAX : (44) 207-409-1463
AIRPORT : (44-208) 976-7915
FAX : (44-208) 976-7911

MANILA, PHILIPPINES

MNLAA : MR. POLAPAT NEELABHAMORN
COUNTRY SPACE 1 BUILDING SEN. GIL J.
PUYAT AVENUE MAKATI CITY, PHILIPPINES

TKT : (63-2) 580-8446-8
RSVN : (63-2) 580-8441
FAX : (63-2) 580-8484
AIRPORT : (63-2) 834-0366-68
FAX : (63-2) 879-5265

MELBOURNE, AUSTRALIA

MELAA : MR. ARNUPHAP KITTIKUL
3RD FLOOR, 250 COLLINS STREET
MELBOURNE, VICTORIA 3000
AUSTRALIA

TKT : (61-3) 8662-2200
RSVN : (61-3) 8662-2255
FAX : (61-3) 9650-7003
AIRPORT : (61-3) 9338-8954
FAX : (61-3) 9335-3608

MILAN, REPUBLIC OF ITALY

MILAA : MRS. APHITHAYA SAISA-ARD
VIA AMEDEI, 15
20123 MILAN, REPUBLIC OF ITALY

TKT/RSVN : (39-02) 864-51710
FAX : (39-02) 864-51711
AIRPORT : (39-02) 748-67911
FAX : (39-02) 748-60470

MUMBAI, REPUBLIC OF INDIA

BOMAA : MR. TANAWAT HIRANYALEKHA
THAI AIRWAYS INTERNATIONAL PCL
MITTAL TOWERS, A WING, GROUND FLOOR 2A
NARIMAN POINT, MUMBAI - 400021
REPUBLIC OF INDIA

TKT/RSVN : (91-22) 6637-3777
FAX : (91-22) 6637-3738
AIRPORT : (91-22) 6685-9219 /
20 / 21

MUNICH, GERMANY

MUCAA : MR. THONGCHAI TUNGKASAREERUK
BAYER KARREE BAYERSTRASSE 83
80335 MUNICH, GERMANY

TKT/RSVN : (49-89) 2420-7010
FAX : (49-89) 2420-7070
AIRPORT : (49-89) 9759-2670 / 71
FAX : (49-89) 9759-2676

MUSCAT, SULTANATE OF OMAN

MCTAA : ** VACANT **
THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD.
GSA BAHWAN TRAVEL AGENCIES
ALRAWAQ BUILDING NO. 10/1 BLOCK 205,
PLOT 20 WAY NO. 207 STREET 7, ALQURUM
MUSCAT SULTANATE OF OMAN

TKT/RSVN : (968) 2465-4195-96 / 79
FAX : (968) 2465-9765
AIRPORT : (968) 2451-9874
FAX : (968) 2451-0524

NAGOYA, JAPAN

NGOAA : MR. WEERAWAT RATTANA
SOUTH HOUSE 9F, 6-29, NISHIKI 3-CHOME
NAKA-KU, NAGOYA 460-0003, JAPAN

TKT/RSVN : (81-52) 963-8586
FAX : (81-52) 963-8588
AIRPORT : (81-56) 938-1024
FAX : (81-56) 938-1023

OSAKA, JAPAN

OSAAA : MR. WAROTE INTASARA
SUMITOMOSEIMEI YODOYABASHI BUILDING
4-1-21 KITAHAMA, CHUO-KU
OSAKA 541-0041, JAPAN

RSVN : (81-06) 6202-5161
FAX : (81-06) 6202-4758
AIRPORT : (81-072) 456-5140
FAX : (81-072) 456-5144

OSLO, NORWAY

OSLAA : MR. KANAPORN APINONKUL
AKERSGT. 32 4TH FLOOR
0180 OSLO, NORWAY

TKT/RSVN : (47) 2311-8888
FAX : (47) 2311-8880
AIRPORT : (47) 9481-0985
FAX : (47) 6482-0590

PARIS, FRANCE

PARAA : MR. VIRUJ RUCHIPONGSE
TOUR OPUS 12
77 ESPLANADE DU GENERAL DE GAULLE
92914 LA DEFENSE CEDEX
FRANCE

TKT : (33-1) 5568-8060
FAX : (33-1) 4090-7165
AIRPORT : (33-1) 4862-4130
FAX : (33-1) 4864-6267

PENANG, MALAYSIA

PENAD : ** VACANT **
 LEVEL 3 BURMAH PLACE
 142-L BURMAH ROAD
 10050 PENANG, MALAYSIA

TKT : (604) 226-7000
 FAX : (604) 226-6821
 RSVN : (604) 226-6000
 FAX : (604) 226-1857
 AIRPORT : (604) 643-9491
 FAX : (604) 644-3657

PERTH, AUSTRALIA

PERAA : MS. PATSAMON SINGHA-UDOM
 LEVEL 4, ST MARTINS TOWER
 44 ST GEORGE'S TERRACE
 PERTH, WESTERN AUSTRALIA 6000

TKT : (61-8) 9265-8201
 RSVN : (61-8) 9265-8202
 FAX : (61-8) 9265-8260
 AIRPORT : (61-8) 9477-1099
 FAX : (61-8) 9479-2113

PHNOM PENH, KINGDOM OF CAMBODIA

PNHAA : MRS. CHATIYA APINYANUKUL
 THAI AIRWAYS INTERNATIONAL PCL
 9-14B, REGENCY BUSINESS COMPLEX B
 294 MAO TSE TOUNG BLVD.
 PHNOM PENH, KINGDOM OF CAMBODIA

TKT/RSVN : (855-23) 214-359-61
 FAX : (855-23) 214-369
 AIRPORT : (855-23) 303-868
 FAX : (855-23) 890-239

ROME, REPUBLIC OF ITALY

ROMAA : MR. THAMANON KUPRASERT
 50, VIA BARBERINI
 00187 ROME, REPUBLIC OF ITALY

TKT/RSVN : (39-6) 4781-3304
 FAX : (39-6) 4746-449
 AIRPORT : (39-6) 6501-0703 / 773
 FAX : (39-6) 6501-0297

SEOUL, REPUBLIC OF KOREA

SELAA : MR. SUTTICHOKE RODLEECHIT
 15TH FL., HANHWA FINANCE CENTER-
 TAEPYUNGRO 92 SEJONG DAERO, JUNG-GU
 SEOUL, REPUBLIC OF KOREA, 04525

TKT : (82-2) 3707-0133
 FAX : (82-2) 3707-0155
 RSVN : (82-2) 3707-0011
 FAX : (82-2) 755-5251
 AIRPORT : (82-32) 744-3571-4
 FAX : (82-32) 744-3577

SHANGHAI, PEOPLE'S REPUBLIC OF CHINA

SHAAA : MISS CHONNAKARN AKRAPREEDEE
 THAI AIRWAYS INTERNATIONAL PCL.
 SHANGHAI OFFICE UNIT 2302,
 CHONG HING FINANCE CENTER,
 288 NANJING ROAD (WEST) SHANGHAI 200003,
 PEOPLE'S REPUBLIC OF CHINA

TKT/RSVN : (86-21) 3366-4111
 FAX TKT : (86-21) 3366-4020
 FAX RSVN : (86-21) 3366-4010
 AIRPORT : (86-21) 6834-6803
 FAX : (86-21) 6834-6802

SINGAPORE

SINN : MR. SIRIPHONG MANGKALEE
 100 CECIL STREET #02-00
 THE GLOBE, SINGAPORE 069532

TKT/RSVN : (65) 6210-5000
 FAX : (65) 6223-9005
 AIRPORT : (65) 6542-8333
 FAX : (65) 6542-0179

STOCKHOLM, SWEDEN

STOAA : MRS. PORNSRI CHOTIWIT
 DROTNINGGATAN 33, BOX 1118
 STOCKHOLM, SWEDEN

TKT/RSVN : (46-8) 5988-3600
 FAX : (46-8) 5988-3690
 AIRPORT : (46-8) 5988-3680
 FAX : (46-8) 5988-3693

SYDNEY, AUSTRALIA

SYDNN : MR. PRIN YOOPRASERT
 75 PITT STREET, SYDNEY
 NEW SOUTH WALES 2000
 AUSTRALIA

TKT : (61-2) 1300-651-960 /
 9844-0929
 FAX : (61-2) 9844-0936
 RSVN : (61-2) 1300-651-960 /
 9844-0999
 FAX : (61-2) 9844-0936
 AIRPORT : (61-2) 9844-0939 /
 9669-3033
 FAX : (61-2) 8339-1176

TAIPEI, TAIWAN

TPEAA : MR. WIT KITCHATHORN
 7F, NO. 308, SEC. 2, BADE ROAD,
 TAIPEI 10492 TAIWAN

TKT : (886) 2-8772-5222 EXT. 711
 FAX TKT : (886) 2-2776-7656
 RSVN : (886) 2-8772-5111
 FAX RSVN : (886) 2-8772-7200
 AIRPORT : (886) 3383-4131
 FAX : (886) 3383-4395

TEHRAN, IRAN

THRAA : MR. PICHEST LAEIETPIBOON
 THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD.
 NO. 114, KAJABADI ST., JORDAN ST.,
 TEHRAN, IRAN

TKT/RSVN : (98-0) 21 4296-7700
 FAX : (98-0) 21 2266-1067
 AIRPORT :
 FAX :

TOKYO, JAPAN

TYONN : MR. NOND KALINTA
 1-5-1 YURAKUCHO, CHIYODA-KU
 TOKYO 100-0006, JAPAN

TKT/RSVN : (81-3) 3503-3311
 FAX : (81-3) 3503-3323
 AIRPORT : (81-4) 7634-8329
 (NRT)
 FAX : (81-4) 7634-8328
 AIRPORT : (81-3) 3747-0327
 (HND)
 FAX : (81-3) 3747-0318

VIENTIANE, LAO PEOPLE'S DEMOCRATIC REPUBLIC

VTEAD : MISSS PARINEE CHANTHRAKUPT
 M & N BUILDING, GROUND FLOOR
 ROOM NO. 70/101-103
 SOUPHANOUVONG AVENUE
 VIENTIANE, LAO PEOPLE'S DEMOCRATIC REPUBLIC

TKT/RSVN : (856-21) 222-527
 FAX : (856-21) 216-143
 AIRPORT : (856-21) 512-024
 FAX : (856-21) 512-096

VARANASI, REPUBLIC OF INDIA (TEMPORARY OFFICE)

TOP TRAVEL AND TOURS (P) LTD.
 GF-3, R.H. TOWERS, THE MALL
 VARANASI CANTT, VARANASI - 221001
 UTTAR PRADESH, REPUBLIC OF INDIA

TEL : (91-0542) 329-5158
 FAX : (91-0542) 250-5353

XIAMEN, PEOPLE'S REPUBLIC OF CHINA

XMNAA : MR. PRASERT TANHANSA
 UNIT C 23 RD FLOOR, INTERNATIONAL PLAZA,
 NO.8 LUJIANG ROAD, XIAMEN, 361001
 PEOPLE'S REPUBLIC OF CHINA

TKT/RSVN : (86-592) 226-1688
 FAX : (86-592) 226-1678
 AIRPORT : (86-592) 573-0558
 FAX : (86-592) 573-0578

YANGON, UNION OF MYANMAR

RGNA : MR. RATAPONG YANYONG
 THAI AIRWAYS INTERNATIONAL PCL.
 UNIT 01.03, LEVEL11, TOWER 1,
 HAGL MYANMAR CENTRE
 192 KABA AYE PAGODA ROAD, BAHAN TOWNSHIP
 THE REPUBLIC OF THE UNION OF MYANMAR

TKT/RSVN : (95-9) 541-9549
 AIRPORT : (95-1) 533-173
 FAX : (95-1) 533-172

ZURICH, SWITZERLAND

ZRHAA : MR. SERN CHUPIKULCHAI
 THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD.
 BAHNHOFSTRASSE 67 / SIHLSTRASSE 1
 8001 ZURICH, SWITZERLAND

TKT/RSVN : (41-44) 215-6500
 FAX : (41-44) 212-3408
 AIRPORT : (41-43) 816-4323
 FAX : (41-43) 816-4590

THAILAND DOMESTIC

CHIANGMAI, THAILAND

CNXSD : MRS. PUANGPETCH KULTHAWEE
 240 PRAPOKKLAO ROAD,
 AMPHUR MUANG, CHIANGMAI 52000, THAILAND

TKT : (053) 920-920
 FAX : (053) 920-990
 RSVN : (053) 920-999
 FAX : (053) 920-995
 AIRPORT : (053) 201-286
 FAX : (053) 922-162

CHIANGRAI, THAILAND

CEISD : ** VACANT **
 870 PHAHOLAYOTIN ROAD
 AMPHURE MUANG, CHIANGRAI 57000
 THAILAND

TKT/RSVN : (053) 711-179,
 715-207
 FAX : (053) 713-663

HAT YAI, THAILAND

HDYSD : MR. KITTISAK PINMUANG (Acting)
 180, 182, 184 NIPHAT UTHIT 1 ROAD
 HAT YAI, SONGKHLA 90110, THAILAND

TKT/RSVN : (074) 233-433
 FAX : (074) 233-114

PHUKET, THAILAND

HKTSD : MR. KITTISAK PINMUANG
 78 RANONG ROAD, TABOM TALADNUE
 MUANG DISTRICT, PHUKET 83000, THAILAND

TKT : (076) 360-400
 FAX : (076) 360-482,485
 RSVN : (076) 360-444
 FAX : (076) 360-485-6
 AIRPORT : (076) 351-216
 FAX : (076) 327-423

KRABI, THAILAND

KBVSD : MR. KARNT LOHSUWAN
 KRABI INTERNATIONAL AIRPORT
 133 MOO 5 PETKASEM RD. T.NUAKLONG
 A.NUAKLONG KRABI 81130, THAILAND

TKT/RSVN : (075) 701-591-3 (AIRPORT)
 FAX : (075) 701-594

KHONKAEN, THAILAND

KKCS : ** VACANT **
 HOTEL PULLMAN KHONKAEN RAJA ORCHID
 9/9 PRACHASUMRAN ROAD,
 NAI MUANG, MUANG, KHONKAEN 40000, THAILAND

TKT/RSVN : (043) 227-701-04
 FAX : (043) 227-708

PATTAYA, THAILAND

PYXSD : ** VACANT **
 DUSIT THANI, 240/2 PATTAYA BEACH ROAD,
 PATTAYA CITY, CHOLBURI 20150, THAILAND

TKT/RSVN : (038) 420-995-7
 FAX : (038) 420-998

SAMUI INTERNATIONAL AIRPORT

99 MOO 4, BO BHUD
 KOH SAMUI DISTRICT, SURATTHANI 84320,
 THAILAND

AIRPORT : (077) 601-331-2
 FAX : (077) 601-381

A STAR ALLIANCE MEMBER 

Good Start



JOURNEY FROM **YOUR LAND** TO **MANY LANDS**

From Thailand and neighboring countries, the many lands of Europe are just a direct flight away from Bangkok. Choose from 11 cities, each with its own unique history, culture, sights, and cuisine. With legendary service, non-stop in-flight entertainment, and unforgettable cuisine, wherever you're flying to in Europe, a good start to your journey is on THAI.

thaiairways.com

 **THAI**
Smooth as silk



Thai Airways International Public Company Limited
89 Vibhavadi Rangsit Rd., Jompol, Chatujak, Bangkok 10900
Tel : +66 2545 1000, +66 2025 1000
thaiairways.com