



A STAR ALLIANCE MEMBER 

Annual Report **2017**
Thai Airways International
Public Company Limited



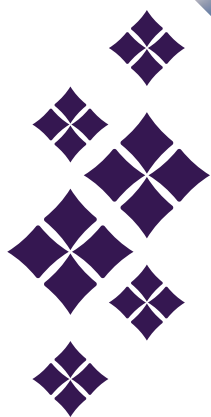
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Touch of Travel Excellence

Serving more than 80 worldwide destinations





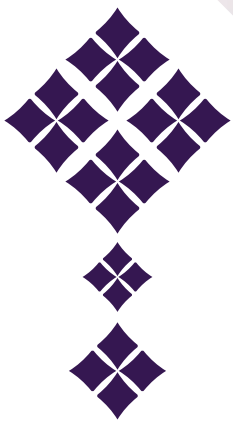
AIRBUS A 350-900

Touch of Unique Services
Making convenience as a priority





Touch of Impression on All Routes
Bringing warm smiles and happiness





Message from the Chairman

In 2017, THAI entered the third stage of its Transformation Plan “Sustainable Growth” comprising six key strategies: 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, and portfolio management and new business development for sustainability strategy.

This year, THAI carried out several significant activities. For example, Thai Smile coordinated with THAI to merge their aviation base at Suvarnabhumi Airport to facilitate flight connections and accommodate the expansion of new overseas routes. THAI also increased its fleet efficiency by taking delivery of 5 Airbus A350 XWB and 2 Boeing 787 Dreamliner, the world’s latest aircraft powered by cutting-edge technologies with innovations and cabin designs featuring convenience. In addition, THAI developed a flight attendant training course for the new aircraft by embracing the Competency Base Training and Customer Experience Management and fostering flight attendants’ pride in being part of the enhancement of THAI’s competitiveness in the global arena. As such, THAI received a number of global service excellence awards including the World’s Best Economy Class for being the most improved airline from Skytrax. Moreover, THAI was awarded the Best South-East Asian Airline for the 10th executive year from TTG Travel Awards 2017 and the Most Influential Thai Company in Belgium and Luxembourg from the Belgian-Luxembourg/Thai Chamber of Commerce.

Furthermore, THAI conducted a feasibility study for the investment in TG MRO Campus at U-Tapao International Airport to create future revenue generating opportunities. The investment project, which was integral to the Eastern Economic Corridor Development Plan, marked THAI’s important phenomenon to transform U-Tapao International Airport to become the aircraft maintenance and air cargo and logistics center which was well-equipped with innovations and cutting-edge digital technologies in accordance with global quality standards.

On behalf of THAI’s Board of Directors, Management and staff, I can assure you that we will make all of our heartfelt efforts to uphold good corporate governance principles while ensuring transparency and fairness in conjunction with global service excellence. In the previous year, THAI received “1st Honorable Mention Corporate Transparency Award” (Integrity Culture) from the National Anti-Corruption Commission (NACC). Moreover, Mrs. Usanee Sangsingkeo, Acting President, was recognized as “Transport Role Model” for the year 2017 for being the official of the Ministry of Transport who performed duties with integrity and transparency under the National Anti-Corruption Strategy Steering Project. Such award and recognition can best demonstrate that THAI is more than ready to become the well-managed airline and steer itself back to the leading position with the pride of all Thais as Thailand’s national airline.

Air Chief Marshal



Treetod Sonjance
Vice Chairman

Acting Chairman of the Board of Directors
March 14, 2018





Message from the Management

In 2017, THAI has continued to move ahead with its Transformation Plan Phase 3 “Sustainable Growth” comprising six key strategies, focusing on generating revenue, effective cost management, expediting the management of unnecessary assets, both movable and immovable property, to further enhance THAI’s service excellence and sustainable growth. Work processes have been adjusted to increase competitiveness. Innovative IT systems have been adopted to help develop various management systems including Network Management System (NMS), Revenue Management System (RMS) and Customer Relationship Management (CRM). THAI personnel in every function are committed to creating improvements at every customer contact point (Magic Service Ring) in order to create and deliver a truly world class service for THAI passengers, giving them a memorable traveling experience.

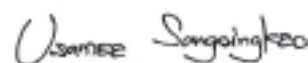
Key investment projects included the feasibility study for the development of TG MRO Campus at U-Tapao International Airport. The project is part of the Royal Thai Government’s Eastern Economic Corridor Development Plan 2017-2021 to drive Thailand as the most modern Maintenance, Repair and Overhaul (MRO) Center in the Asia Pacific region. TG MRO Campus will be fully equipped with innovations and cutting-edge technologies of international standards. At the same time, THAI will help promote other aviation-related industries in response to the government’s policies. THAI also signed a Memorandum of Understanding (MOU) on development of Aircraft Maintenance Center Phase 1 and Air Cargo and Logistics Center Phase 1 with the Royal Thai Navy, which is part of the Eastern Economic Corridor Development Plan, to position Thailand as the aviation and logistics hub. This development would significantly transform U-Tapao International Airport into the Aircraft Maintenance Center and Air Cargo and Logistics Center, fully equipped with state-of-the art technologies and innovations of global quality and standard.

This year, THAI took delivery of two Boeing 787-9 and five Airbus A350 XWB aircraft to enhance its fleet efficiency for operations on both long and medium-haul flights, as well as recruiting over 200 new flight attendants in preparation for service and route expansion. THAI also launched a direct service to Vienna, Austria, a gateway to Central Europe where passengers can make easy connection to other European cities. Ticket sales and distribution channels have been developed to meet the demand in the digital age to expedite revenue generation. A codeshare MOU was signed between THAI and Bangkok Airways to increase sale channels and strengthen both airlines’ competitive advantage.

The International Civil Aviation Organization (ICAO)’s removal of red flag status against Thailand on the ICAO website over significant safety concerns has helped Thailand regain the confidence of safety regulatory agencies in various countries in the safety standards of Thai carriers and eliminated the problems related to suspension of flight operations and launch of new destinations, and the ban on change of aircraft operating into the destinations in various countries. As a result, Thai carriers are able to continue normal operations according to the Air Service Agreement (ASA), benefitting Thai tourism, especially from China, Japan and South Korea which are the key tourist markets for Thailand where flight increases from Thailand were previously suspended. Negotiations between aviation authorities to add more services into those countries were made possible. Following the removal of red flag status, THAI was able to effectively adjust its aircraft types in line with passenger volume for each route, especially Japan and South Korea.

As we move into 2018, THAI is still committed to operating its business in accordance with the Transformation Plan to reposition itself at the forefront of the commercial airline industry by continually generating satisfactory returns to all supporters. THAI has also adjusted its work processes and methods to increase work flow and efficiency, thus further strengthening THAI’s position in a sustainable manner.

On behalf of the Management and staff, I am confident that our dedication and commitment to carrying out our duties to the best of our ability, and with our knowledge and accumulated skills, will help make THAI even stronger and reinforce THAI’s position as a well-managed company, bringing pride to the Thai people and Thailand as a national flag carrier once again.



Mrs. Usanee Sangsingkeo
Executive Vice President

Corporate Strategy and Sustainable Development

Acting President

March 19, 2018

Summary of the 2017 Annual Activities of the Audit Committee

The Audit Committee of Thai Airways International Public Company Limited consists of three independent directors, qualified and experienced in areas of human resource management, risk management, information technology, finance and reviewing the reliability of financial statements. At present, the Audit Committee consists of ACM Johm Rungswang as Chairman, Mr. Somkiat Sirichatchai and Mr. Rathapol Bhakdibhumi as committee members. Mr. Somnerk Thumrongthammavong, Vice President, Office of the Internal Audit, serves as secretary to the Committee.

During the year 2017, 11 meetings (8 meetings with a regular agenda and 3 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 2017 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 2017 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, 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' opinion about the accuracy and completeness of financial statements, adequacy and suitability of the account recording methods and information disclosure including adjustment entries materially affecting the statements to ensure that the financial statements were accurate and completed to 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 discussed key audit matters which were of most concern in the audit of the financial statements for the period in question.

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.

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 and significant audit findings.

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. These include the committee approving individual development

plans and also encouraging continuous development to gain further knowledge and efficiency when performing audit activities. 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 given suggestions for the Audit Report's 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 assessors. In 2017, the company approved the hiring of the external assessors, who commenced their duties in early 2018.

4. Legal and Regulatory Compliance Audit : The Audit Committee has jointly discussed with the Corporate Secretariat department and acknowledged reports from the relevant department, 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.

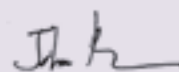
7. Proposal of an Appointment of External Auditor:

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 2018 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 system. 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.

Air Chief Marshal



John Rungswang
Chairman of Audit Committee
12 March 2018

Corporate Governance and Social Responsibility Committee Report 2017

In 2017, the Corporate Governance and Social Responsibility Committee comprising the Company's Directors and the Management performed their duties assigned by the Board of Directors to their full capacity. The Committee recommended good corporate governance and social responsibility practices to the Board of Directors, approved and supervised concerned functions to develop annual corporate governance and social responsibility plans, i.e. the promotion of good corporate governance and ethics, complaint handling and prevention of corruption, compliance, and promotion of CSR activities. In 2017, the Committee held 13 meetings to consider 40 issues and acknowledge 33 issues as concluded in the following:

1. Promotion of Good Corporate Governance and Ethics

In 2017, the Corporate Governance and Social Responsibility Committee places high importance on the Company's good corporate governance by recommending good corporate governance practice guidelines to the Board of Directors, supervising and assigning concerned functions to develop the Company's Code of Conduct which embraces good corporate governance principles, business ethics and practice guidelines in different areas. The Company also ensured the review and update of the good corporate governance policy along with other policies, oversaw compliance with the assessment criteria of the Corporate Governance Report developed by the Thai Institute of Directors (IOD), reviewed the scope of authority and duties of the Corporate Governance and Social Responsibility Committee as in accordance with international best practices and endorsed the activities to promote good corporate governance and ethics for the Company's employees, i.e. employee surveys on good corporate governance practices within the organization, a slogan and video clip contest in relation to good corporate governance, new employee orientation and training courses for employees at supervisory level to create employees' awareness on good corporate governance.

2. Complaint Handling and Prevention of Corruption

The Corporate Governance and Social Responsibility Committee recognizes the importance of complaints and corruption prevention practices which pose a serious threat to the Company and employees. Therefore, when concerns or suspicions on instances of any unethical or unlawful acts are raised, the Committee will submit those concerns or suspicions to the responsible unit to proceed according to the Company's regulations regarding the lodging of complaints on corruption or non-compliance with the laws, rules, regulations, management bulletin, Corporate

governance principles or ethics, in accordance with the Good Governance and Ethics Code Act, B.E. 2553, without exception. The Committee also took preventive measures against corruption by regularly communicating with employees through various channels, i.e. Bulletin, Intranet, Facebook, Line, E-mail of employees and the Company's website, and continuously encouraged the Corporate Inspection Office to participate in the anti-corruption events held by the office of the National Anti-Corruption Commission (NACC) and the Anti-Corruption Organization of Thailand.

Moreover, in 2017, the Corporate Governance and Social Responsibility Committee encouraged the Directors and executives to attend anti-corruption training courses, improved the Company's regulations regarding the lodging of complaints on corruption or non-compliance with the laws, rules, regulations, management bulletin, Corporate governance principles or ethics in accordance with the Good Governance and Ethics Code Act, B.E. 2553, and defined practice guidelines for the offering or accepting of gifts, hospitality or other benefits.

3. Compliance

The Corporate Governance and Social Responsibility Committee approved the operation plan to oversee compliance with the laws, rules and regulations in relation to the Company's business operations and endorsed the revision of compliance policy and the review of compliance framework to raise the standards for overseeing the employees' work performance and the Company's operations in comparison with the listed company and leading airline counterparts.

4. Promotion of CSR Activities

The Corporate Governance and Social Responsibility Committee endorsed and approved the CSR activities, i.e. offering scholarships for employees' children, encouraging the employees to undertake projects and activities beneficial to the Company and society, sponsoring air tickets for Thai delegates joining the Academics Olympics, and supporting development projects to restore mangrove forests in reserved forest areas in the Wain Estuary, Tambon Bo, Amphoe Khlung, Chantaburi Province.

Air Chief Marshal



Treetod Sonjance
Chairman of the Corporate Governance and
Social Responsibility Committee
6 February 2018

Nomination and Remuneration Committee Report 2017

The Nomination and Remuneration Committee comprises of three members from the Board of Directors and a member from the Management acting as the Secretary. In 2017, the Committee was chaired by Mr. Somchai Sujjapongse with Mr. Kanit Sangsubhan and Mr. Rathapol Bhakdibhumi as Committee members.

However, Mr. Kanit Sangsubhan later resigned from the director position in October 2017. The Company, therefore, appointed Mr. Vachara Tuntariyanond as a Director in replacement. In 2017, the Committee held 14 meetings in total deliberating 43 agendas concerning the nomination of directors, the determination of director remuneration, and the nomination of senior executives as follows:

1. Nomination of Directors

The Nomination and Remuneration Committee has nominated the Company's Directors in accordance to the Human Resources and Corporate Secretariat Management in verification of the qualifications of directors which complies with the Standard Qualifications of State Enterprise Directors and Officials Act B.E. 2518 (1975) and its amendment and the Regulations of the Office of the Prime Minister 2014. In 2017, the Company proceeded to nominate and appoint 9 Directors as follows:

1.1 Nominate directors to fill the vacant positions due to the completion of term of office in the 2017 Annual General Meeting of Shareholders. There were 5 Directors who have completed their terms, including:

- 1.1.1 Mr. Somchai Sujjapongse
Re-appointed as a Director for another term of office
- 1.1.2 ACM Treetod Sonjance
Re-appointed as a Director for another term of office

1.1.3 Mr. Peraphon Thawornsupacharoen
Re-appointed as a Director for another term of office

1.1.4 ACM Siwakiat Jayema
Appoint ACM Johm Rungswang as a Director in replacement

1.1.5 Gen. Chatudom Titthasiri
Appoint Mr. Vachara Tuntariyanond as a Director in replacement

1.2 Nominate Mrs. Pratana Mongkolkul as the new director to fill the vacant director position formerly hold by ACM M.L. Suprija Kamalasana who reached the compulsory retirement age of 65 years.

1.3 Nominate three new directors to replace those who resigned, including:

1.3.1 Mr. Distat Hotrakitya
Appointed as Director replacing Mr. Weerawong Chittmittrapap

1.3.2 Mr. Pitipan Tepartimargorn
Appointed as Director replacing Mr. Areepong Bhoocha-oom

1.3.3 Mr. Pinit Puapan
Appointed as Director replacing Mr. Damri Tunshevavong

Furthermore, the State Enterprise Policy Committee of the State Enterprise Policy Office dispatched a letter No. GorKhor0806.18/374 dated July 17, 2017 Re: Guidelines for the Appointment of State Enterprise Directors, stipulating that the Skill Matrix shall be taken into consideration for the nomination and appointment of state enterprise directors in order to acquire the required directors who will drive and develop their respective state enterprises. The Company has adhered to guidelines in the appointment of its directors since July 2017 onwards.

1.4 Determine the remuneration of directors and the persons holding the positions higher than Vice President and propose such remuneration to the Board of Directors for consideration. In 2017, the Committee's performance is as follows:

1.4.1 Determine the remuneration for directors to be proposed to the Board of Directors' for consideration before further submitting to the 2017 Annual General Meeting of Shareholders.

1.4.2 Determine the remuneration for the Executive Vice President, Human Resources and General Administration, through negotiations with the Legal and General Administration (A1) which is in the process.

1.5 Performance evaluation of the President, of which in 2017, two meetings were held to consider the matter.

2. Nomination of the Executive Vice President

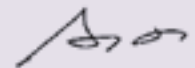
The Nomination and Remuneration Committee has proceeded to nominate the Executive Vice Presidents in accordance with the stipulated nomination criteria and methodology, as per the Company's Articles of Association and regulations along with relevant laws to properly acquire knowledgeable, capable and experienced persons. In 2017, the Committee nominated three Executive Vice Presidents, details are as follows:

2.1 Executive Vice President, Commercial: the Company completed the nomination process but later revoked the nomination due to the lack of qualified persons. It is now in the nomination renewal process.

2.2 Executive Vice President, Corporate Strategy and Sustainable Development: the Company completed the nomination process but later revoked the nomination due to the lack of qualified persons and appointed Mrs. Usanee Sangsingkeo, Executive Vice President, Commercial, to be Executive Vice President, Corporate Strategy and Sustainable Development.

2.3 Executive Vice President, Human Resources and General Administration: the Company completed the nomination process and is now in the remuneration negotiations process.

However, after the reorganization in January 2018, the Human Resources and General Administration group was renamed as the Human Resources and Corporate Secretariat management.



Mr. Somchai Sujjapongse
Chairman of the Nomination
and Remuneration Committee
March 13, 2018

Executive Board Report 2017

In 2017, the Executive Board convened 16 times in total, including 13 scheduled meetings and 3 special meeting to screen agenda items before submission to the Board of Directors for consideration, and also approve of various matters within the scope of its authority granted by the Board of Directors, including monitoring the implementation of policies and resolutions of the Board of Directors. Details can be concluded as follows:

1. **Screen Agenda Items Before Submission to the Board of Directors for Consideration:** The Executive Board has screened agenda items by adhering to the Company's related rules and regulations and ensuring transparency and accountability.

2. **Monitor the Implementation of Policies and Resolutions of the Board of Directors as well as the Implementation of Strategic Goals:** The Executive Board has overseen, recommended and monitored the operations of different functions, especially in terms of revenue generation and cost reduction as follows:

- Monitor the performance of the Cargo and Mail Commercial Department to ensure satisfactory returns.
- Monitor the performance of the Technical Department, in terms of engine maintenance, repair and overhaul, internal management and manpower planning to reduce costs according to defined goals.

- Monitor the performance of the Commercial Department, in terms of revenue increasing from ticket sales via various distribution channels.
- Monitor the progress of the establishment of aircraft maintenance, repair and overhaul (MRO) center at U-Tapao Airport, which is one of the activities under the Government's Eastern Economic Corridor (EEC) Development Project aiming at elevating Thailand's competitiveness.

3. **Consider and Approve Various Matters within the Scope of its Authority Granted by the Board of Directors:** The Executive Board has considered and approved of various agenda items within its approval authority, i.e. increased manpower requests, changes in employment types and substitute vacancies of different departments to be filled with both outsource staff and permanent staff by careful consideration to the necessity of various functions to increase manpower.



Mr. Peraphon Thawornsupacharoen
Chairman of the Executive Board
February 1, 2018

Strategy and Transformation Committee Report 2017

In 2017, the Strategy and Transformation Committee, comprising the Company's Directors and the Management, performed their duties assigned by the Board of Directors to their full capacity. The Committee recommended and directed the Management to set up strategic plans and organizational transformation plans in order that the Company can compete effectively and generate reasonable and sustainable returns. In 2017, the Company proceeded the Transformation Plan Phase 3 aimed at achieving sustainable growth and bringing back sustained profitability. The Transformation Plan in 2017, which was part of the Company's five-year strategic Plan, was appropriately improved by implementing 6 strategies and 17 major plans. In 2017, the Committee held 32 meetings to consider 104 issues as concluded in the following:

1. Competitive & Profitable Network and Fleet Simplification

The Company monitored, supervised and advised the Management to increase network optimization and flight connectivity (network) in line with its fleet plan so that permanent revenue was generated. The strategy was implemented by adjusting flight schedules for connecting flights at Suvarnabhumi Airport, maximize aircraft utilization, increase flight frequencies, change flight routes, optimize the assignment of aircraft types, operate new routes and initiate an aircraft plan 10 year Long - term Fleet (2018 - 2021) according to the development plan aimed at simplifying aircraft types and engines by means of the Network Management System (NMS).

2. Competitive & Revenue Enhancement

The Company monitored, supervised and advised the Management to streamline and strengthen long-term revenue management processes with reference to international standards, and improve

connected and integrated work procedures of departments in relation to revenue generation, i.e. the Pricing Dept, Space Control Dept and the Sales Department. To achieve a proactive pricing system in accordance with international standards, the potential and capacity of personnel in revenue management was enhanced by arranging ongoing trainings, improving more attractive returns and increasing efficiency in revenue management. In addition, revenue was increased due to the sales via the Internet, improvement of service convenience and attractive pricing and promotional activities, continued from the Transformation Plan 2016. Sales representatives and corporate customers were also contributors to the increase in revenue, extended from the Transformation Plan 2016, by providing them with a Sale Support and Reporting which was an information system enabling more effective sales and customer service management and quicker preparation of reports in varied forms.

3. Service Excellence (Service Ring)

The Company monitored, supervised and advised the Management to upgrade its services, products and meals. Some improvements were made to inflight services, ground services, the Catering Department and the Customer Relations Unit by seamlessly linking passenger data to the employees at all touch points, which firstly began with the A380 aircraft. Business-class services, in terms of inflight meals, beverage and equipment, were upgraded in all flights that took more than 3 hours and focus was placed on different needs and tastes of individual passenger. First-class services were also upgraded to enhance the Company's competitiveness and passengers' satisfaction by improving inflight products and equipment under the product concept which required same

product standards and consistency in all flights, i.e. new seats, inflight entertainment system and inflight Wi-Fi connectivity.

4. Competitive Cost and Operation Efficiency

The Company monitored, supervised and advised the Management to direct the Ground Customer Service Department and Ground Equipment Service Department to adjust and improve systems, equipment, work procedures, cost management and cost control of ground services for the maximum efficiency equivalent to international standards as well as monitor and assess the study on work procedures and organizational structure of the consultants.

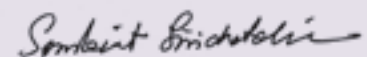
The Company monitored, supervised and advised the Management to develop personnel of the Technical Department by using the cost reduction system as well as oversee the set up of the working group on Cost and Efficiency Improvements of the Technical Department responsible for

collecting the information of all the costs incurred to the Technical Department and reporting directly to the Strategy and Transformation Committee.

5. Corporate Culture Building to Sustainability and Human Resources Development to Excellence Strategy (monitored and overseen by the Human Resources Committee)

6. Portfolio and New business Strategy for Sustainability

The Company monitored, supervised and advised the Management to make improvements to THAI and THAI Smile services for an efficient and seamless integration of services to strengthen network and THAI services in 3 aspects including joint sales and marketing activities, the shift from THAI Smile's passenger service system to the same system as THAI's as well as smooth services provided by both airlines.



Mr. Somkiat Sirichatchai
Chairman of the Strategy and Transformation Committee
January 31, 2018

Policy and Business Overview



THAI is committed to be customers' first choice carrier by creating maximum satisfaction beyond their expectations and establishing sustainable relationships with its customers



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 proved highly successful. On March 30, 1977, the joint venture came to an end when SAS transferred all of its shares to 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 ongoing 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, 2017, 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 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 International Airport adding 3 domestic flight routes. On October 25, 2014, Thai Smile Airways began its coverage of international routes.

As of December 31, 2017, Thai Smile Airways's fleet of 20 aircraft operated flights to 28 destinations with frequency of 388 flights per week, consisting of 11 domestic and 17 regional routes for destinations in ASEAN countries, China, India and Taiwan.

Vision

"The First Choice Carrier with Touches of Thai"

THAI is committed to becoming customers' first choice carrier by creating maximum satisfaction beyond their expectations and establishing sustainable relationships 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 good impression and relationships with the **customers**.
- To enhance good corporate governance practices to meet international standards, thereby ensuring sustainable growth and high returns on investment for the **shareholders**.
- To build on its strengths of being a learning organization that encourages the **employees** to perform at their highest capacities, realize the importance of customers and enhance their capabilities, skills, responsibilities and commitment to the organization.
- To provide support and assistance and demonstrate responsibilities to the **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 promotes and upholds the following 3 core values:

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

Strategies

In 2014, Thai Airways International Public Company Limited (hereinafter referred to as "the Company") faced various problems including decreased competitiveness, unprofitable routes outnumbering profitable ones, a wide range of aircraft types resulting the higher maintenance cost than the industry average, inefficient overall cost management and 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 sustainable growth.

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

Shrink to grow approach



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 executed 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 to excellent by upgrading the services, products and meals 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 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 Strategy and Transformation Committee with the weekly follow-up by the Transformation Management Office and the monthly follow-up by the Company's Board of Directors.

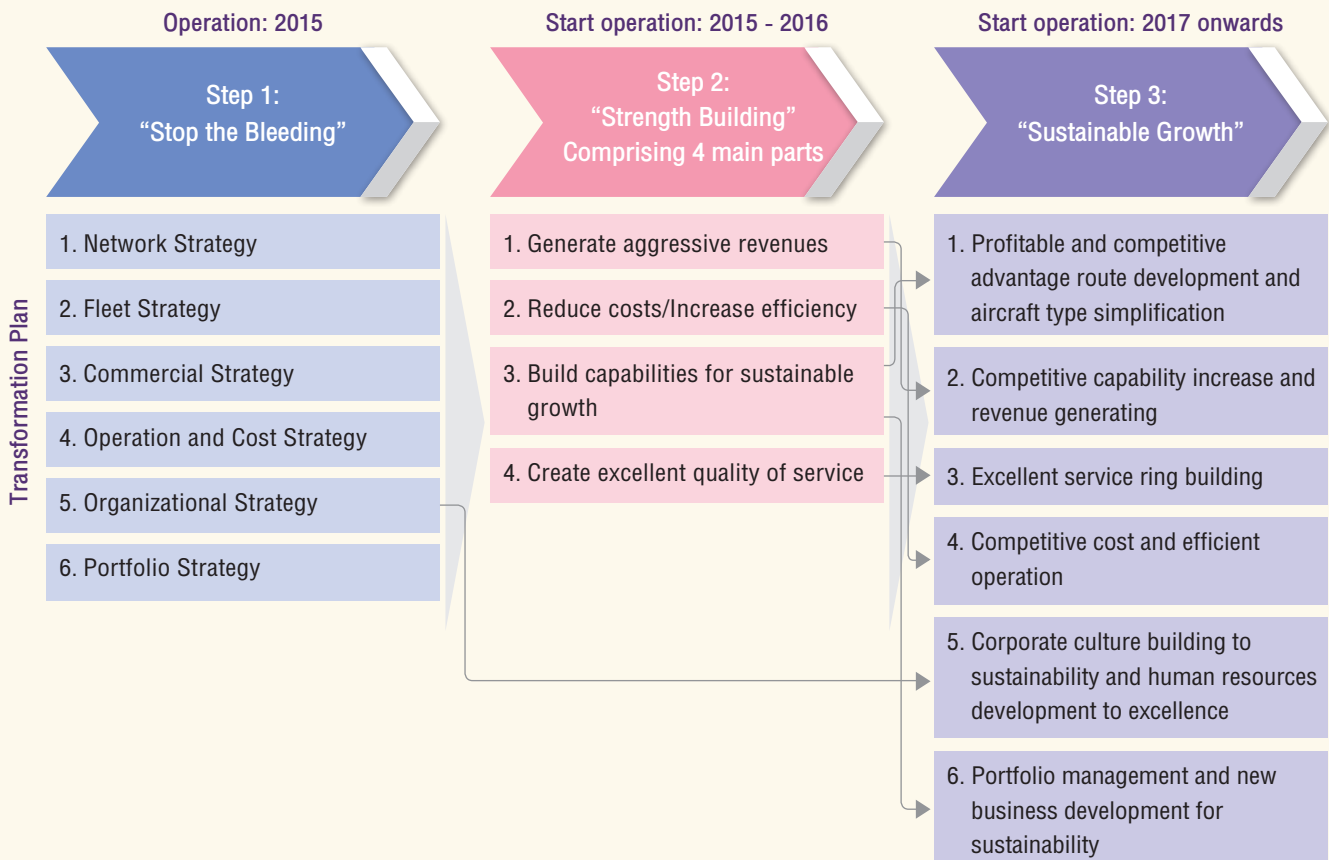
Phase 3 (2017)

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, namely ground customer services, in-flight catering and cargo terminal handling services to increase the Company's liquidity, efficiency and revenues; increasing efficiency and controlling aircraft maintenance and repair costs appropriately; improving ground customer services and ground equipment services; improving efficiency in procurement of materials and 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 Company's 5-year Strategic Plan. It was optimized by adjusting to 6 strategies and 17 implementation plans including 12 continued plans from 2016 and 5 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

THAI Transformation Plan



Transformation Plan: Step 3 in 2017

1. Profitable and competitive advantage route development and aircraft type simplification

- 1.1 Bank Structure Implementation at Suvarnabhumi Airport
- 1.2 Fleet Plan & Rationalization

2. Competitive capability increase and revenue generating

- 2.1 Revenue Management Enhancement
- 2.2 Sales Distribution & Optimization - Web Sales
- 2.3 Agent Management
- 2.4 Sales Distribution & Optimization - Corporate Sales

3. Excellent service ring building

- 3.1 Customer Services Excellence - System Integration
- 3.2 Premium Class Service Upgrade
- 3.3 Retrofit Program

4. Competitive cost and efficient operation

- 4.1 Procurement Optimization
- 4.2 Ground Customer Service & Ground Equipment Process Efficiency
- 4.3 Technical Process Efficiency
- 4.4 Cabin Crew New Per diem System
- 4.5 THAI Operations Control Center (TOCC)

5. Corporate culture building to sustainability and human resources development to excellence

- Development of Human Resource Management System and Quality Human Resource
- High-potential Employee Management and Succession Plan

6. Portfolio management and new business development for sustainability

- 6.1 TG/WE Integration

Company's Strategic Plan supervised by the Human Resources Development Committee

Company's Strategic Plan supervised by the Strategy and Transformation Committee

Transformation project continued from Phase 2

New Project in 2017

In 2017, apart from the aforementioned Transformation Plan, the Company outlined a 10-year long-term strategic framework (2017 - 2026) to continue driving the organization forward from the Transformation Plan Phase 3 so as to ensure consistency of business directions within the same framework as follows:

1) Corporate Business Direction

To manage business and production volume appropriately to increase major and extra revenues in a sustainable manner by developing fleet and route network that is potentially profitable as well as regularly improve the quality and standards of products and services to accommodate market changes and needs of each customer group efficiently.

2) Corporate Portfolio Direction

To strengthen the Company's business units by developing and improving business potential of supporting businesses and other businesses to make continuous profits as well as seek business opportunities, foster cooperation and take advantage from business partnership and public sector.

3) Human Resource & Internal Process Direction

To develop and manage human resource as well as improve shortened work process to increase efficiency, cut HR costs and enhance competitiveness.

4) Financial Direction

To manage cash flow and financial ratio and control appropriate operating costs as well as develop financial and accounting information management systems to support executives' decisions and create investors and shareholders' confidence.

Additional strategic plans under such framework were developed to be in line with the National Strategy, the 12th National Economic and Social Development Plan, Thailand 4.0 Policy, State Enterprise Strategic Plan, Ministry of Transport Strategic Plan and others to drive and stimulate Thailand's economy, thus contributing to prosperity,

via significant investments such as the Maintenance Repair and Overhaul (MRO) project, Air Freight and Logistics Center project at U-Tapao International Airport, etc. The expansion of potential businesses such as Chiang Mai and Phuket Catering projects has continuously increased revenues and profits. Moreover, the development of organizational chart, the improvement of work process and manpower in alignment with the corporate strategies, the development of human resource competency in terms of both hard and soft skills, and the cultivation of excellent safety culture, have all contributed to the Company's long-term growth with quality, stability and sustainability.

Operational highlights in 2017

Financial Management

- In 2017, the Company continued its accounting and financial management approach taken last year by focus on the increased efficiency of all functions, the cash management and the ongoing loan restructuring, and flexible fuel price risk management as in conjunction with the global fuel prices.
- With respect to cash management, the Company managed cash flow by keeping the lowest cash balance in each currency at an appropriate level along with the use of the credit balances held by financial institutions. Also, its bank accounts were properly managed by, for example, opening additional foreign currency accounts carried in EUR and USD to get higher returns, with an aim to pay off short-term loans which in turn caused a reduction in interest expenses.
- With respect to loan restructuring, the Company increasingly used financial tools, e.g., Cross Currency Swap (CCS) and/or Interest Rate Swap (IRS) but within the authorized amount of the Board of Directors and the Risk Management Committee in line with revenue and expenses in over 50 currencies. The Company managed the exchange rate risk by way of natural hedge and considered using additional currencies such as Swiss Franc

and Swedish Krona to avoid incurring debts or raising expenses carried in USD as the Company did not have enough revenue carried in USD to pay for those expenses. By virtue of the exchange rate risk management within the mentioned framework, the Company was then awarded the Adam Smith Awards Asia 2017 for Best Risk Management Solution, organized by the Treasury Today Asia in last November.

- Through these financial management tools, the Company was able to decrease its interest expenses by 12% from THB 5.3 billion in 2016 to THB 4.7 billion in 2017, while the Company's average loan decreased by 9% from THB 182 billion to THB 166 billion. In other words, the Company's cost of funds decreased by 0.46%.
- Regarding the Company's accounting management, the accounting department was restructured by setting up additional department responsible for accounting policies and procedure which defined accounting guidelines with focus on more efficient controls, and adjusting management accounting practices implemented by the overseas offices to ensure same practice standards, initially applicable to the offices in China as model practices for those in other regions.
- In regard to the, fuel price risk management, although fuel prices have risen by 24% per barrel (from an average of USD 56.73 per barrel in 2016 to USD 70.48 per barrel in 2017), the total fuel expenses increased by only 8.7%, due to more efficient and flexible fuel price risk management.
- To offer passengers modern and convenient services, the Company received deliveries of 7 new aircraft consisting of 5 Airbus A350-900 XWB for operating regional routes, e.g., Bangkok - Singapore, Bangkok - Dubai, Bangkok - Narita, Bangkok - Sapporo, Bangkok - Incheon and Bangkok - Haneda, and intercontinental routes, e.g., Bangkok - Phuket - Frankfurt, Bangkok - London, Bangkok - Brussels,

Bangkok - Rome, Bangkok - Milan and Bangkok - Australia, and 2 Boeing B787-9 for operating Bangkok - Singapore, Bangkok - Taipei and Bangkok - Auckland routes.

- The Company signed a Memorandum of Understanding (MOU) with the Royal Thai Navy to develop the Maintenance, Repair and Overhaul Center at U-Tapao International Airport, which is part of the Eastern Economic Corridor (EEC) development plan 2017 - 2021. The MRO Center provides maintenance services ranging from minor repairs to full overhauls for different aircraft types while applying the latest digital technologies along with advanced auditing techniques in analyzing aircraft maintenance data and developing itself into the modern air cargo and logistics hub of global standards in the ASEAN region, especially in the CLMV countries

Other developments and improvements in 2017 are listed below:

• New Business Class Service

The Company's Transformation Plan included the improvement of new business-class service in terms of human resource, food and beverage based on the concept of service differentiation, appropriate operating costs and customer response in order to maintain the competitive capability. The operation started from September 17, 2016 on Bangkok - Narita - Bangkok flight and the customers' feedbacks were taken for service improvement. It is currently operated on Europe, Australia and New Zealand routes and regional routes.

• New First Class Service

To enhance its service in line with the new business class service, the Company uplifted the first class service with a focus on quality, good appearance of food and beverage as well as service types that met customers' needs on Europe, Australia and Japan 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 2017, the Company received deliveries of 7 aircraft consisting of 5 Airbus A350-900 and 2 Boeing B787-9 and received approval for decommissioning 2 Airbus A330-300.

In 2017, the Company delivered 4 aircraft to the buyers including 3 Boeing B747-400 and Boeing B737-400 which were sold in 2017, and 1 Airbus A330-300 sold in 2015.

Moreover, as of December 31, 2017, other 21 aircraft waiting for sale were 2 Airbus A330-300 and 1 Boeing 737-400 which were already sold and in the delivery process; and 1 Airbus A300-600 R, 4 Airbus A330-300, 3 Airbus A340-500, 6 Airbus A340-600, 2 Boeing 737-400 and 2 Boeing 747-400 BCF which were in the selling and leasing process.

- **Recruitment and Selection of THAI Quality & Value (TQV) Flight Attendants**

The Company recruited and selected new flight attendants with a 3-year employment contract. If their performance passed the Company's assessment criteria, the Company might renew the contract which would expire on September 30, 2023. The Company paid attention to the qualifications apart from general qualifications such as personality and interpersonal relations, a good command of spoken and written English, multilingual skills, teamwork, service mind, good health and eyesight, IT knowledge and skills, responsibility, morality and integrity. Selection procedures were in place to screen flight attendants with qualifications, i.e. weight-height measurement and personality consideration, paper test and group test conducted by experts from

the Scandinavian Institute of Aviation Psychology (SIAP), individual interview, swimming test, body check-up at the Institute of Aviation Medicine, RTAF and criminal record checking at the Royal Thai Police.

- **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.

- **Expansion of Distribution Channels for Products and Services to Increase Revenue from On Ground Catering Services Domestically**

At present, the THAI Catering Department (Don Mueang) has focused on improving new products and packaging to accommodate changing needs of consumers which will lead to revenue generation as well as developing and expanding new product distribution channels by operating a Puff & Pie Food Truck to serve premium food and bakery at different places. Designed to accommodate a new generation's modern and convenient lifestyle, the Puff & Pie Food Truck was initially launched on November 13, 2017 at THAI's Head Office and attracted much attention from the public.

Awards and Recognition

In 2017, THAI won various awards below:

The World's Best Airline Awards

- 3 Best Airline Awards from Skytrax
 - No. 1 in the World's Best Economy Class
 - No. 1 in the World's Best Airline Lounge Spa
 - No. 1 in the Best Economy Class Onboard Catering
 - Top 3 for Best Economy Class Airline Seats

- Best South-East Asian Airline for 10 consecutive years, from TTG Travel Awards 2017
- The 8th place under the Best Long-haul Airlines, from Telegraph Travel Awards 2017
- The Most Influential Thai Company in Belgium and Luxembourg Award, from the Belgian-Luxembourg/Thai Chamber of Commerce (BeLuThai)
- People's Choice Awards - Top Choice - Airline Category, voted by over 3.7 million Chinese tourists
- Corporate Service Excellence Award 2016 in Suvarnabhumi Service Excellence 2016, organized by Airports of Thailand Public Company Limited
- "Honorable Award for Excellent Service" for Ground Service Department for its excellent ground customer and equipment services, from China Eastern Airlines
- "Outstanding Catering Performance Awards 2016" due to its high quality and food safety standards, in addition to meal production and in-flight meal delivery standards to its customer Air Macau at Suvarnabhumi Airport
- "Honorable Award for Excellent Service" for Catering Department for its excellent meal preparation, inflight meal delivery, and in-flight catering equipment management provided, from China Eastern Airlines.
- Best Inflight Food 2017, voted by International Flight Service Association (IFSA) members

Corporate Social Responsibility Awards

- "Corporate Social Responsibility Award" Type: Customer Choice Awards, from Payload Asia Awards 2017
- THAI was selected by the Financial Times and London Stock Exchange (FTSE) to be a member in the FTSE4Good Index Series, designed to identify

companies that demonstrate strong environmental, social and governance practices measured against globally recognized standards.

- Sustainability Report Award Type: Recognition, from Thai Listed Companies Association

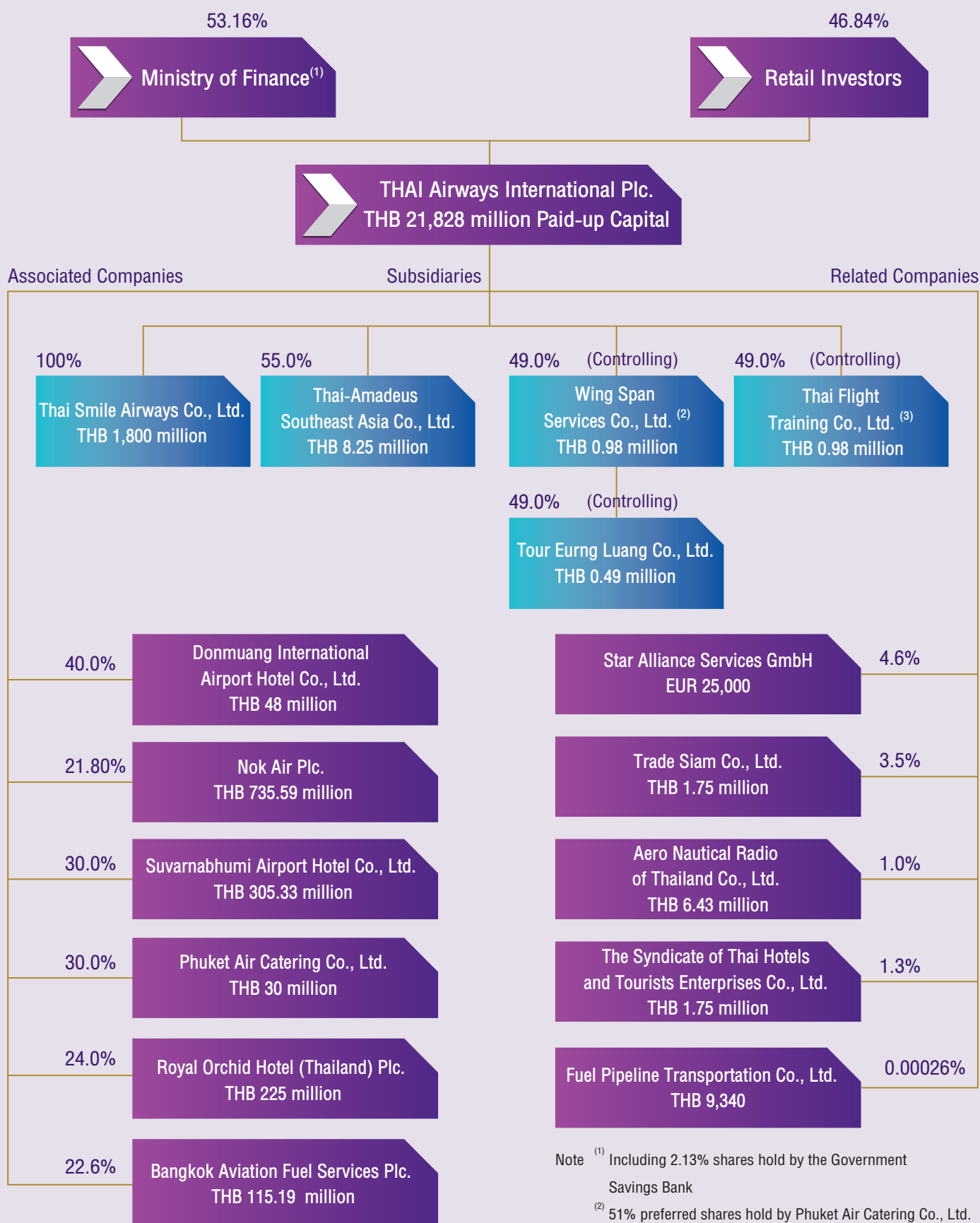
Safety and Environment Awards

- National Occupational Safety, Health and Environment Excellence Award 2017: Diamond Level for Commercial Cargo and Mail Department and Operation Center Building, from the Ministry of Labour
- Carbon Neutral Certificate, from Thailand Greenhouse Gas Management Organization (Public Organization)
- Corporate Carbon Footprint Certificate, from Thailand Greenhouse Gas Management Organization (Public Organization)

Other Awards

- Adam Smith Awards Asia 2017 (Best Risk Management Solution), organized by Treasury Today Asia
- Outstanding Suriya Sasithorn Award for THAI's wall calendar and the second place Suriya Sasithorn Award for THAI's notebook, both based on the theme "Samrab Thai", under the support of national identity and national culture category at the 37th Suriya Sasithorn Award Ceremony 2017, organized by the Public Relations Association of Thailand.
- A THAI Catering Chef received a Bronze Medal in an international inflight meal cooking competition at the "Sky Delight Awards 2017", held during the Sky Service Forum 2017 in Moscow, Russia. He also received the honor to be listed as a chef in the Russian Chefs Association.

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



THAI operates both domestic and international flights and provides a comprehensive air transport service.



AIRBUS A 350-800

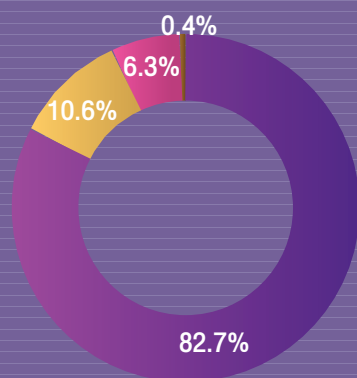
Revenue Structure of the Company and its Subsidiaries

Revenue of the Company and its subsidiaries over the past 3 years is as follows:

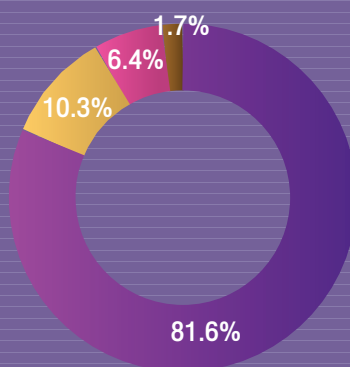
	2017		2016		2015	
	MTHB	%	MTHB	%	MTHB	%
Revenue from Transport Business						
Passenger and excess baggage charges	157,475	82.7	148,060	81.6	152,488	79.2
Freight and mail charges	20,272	10.6	18,578	10.3	18,651	9.7
Total Revenue from Transport Business	177,747	93.3	166,638	91.9	171,139	88.9
Revenue from other services ⁽¹⁾	12,111	6.3	11,674	6.4	11,588	6.0
Total Revenue from Sales or Services	189,858	99.6	178,312	98.3	182,727	94.9
Other Revenue ⁽²⁾	677	0.4	3,134	1.7	9,864	5.1
Total Revenue	190,535	100.0	181,446	100.0	192,591	100.0

Notes: ⁽¹⁾ Revenue from other services consists of revenue from business units and other supporting businesses.

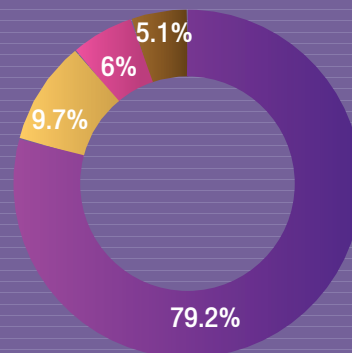
⁽²⁾ Other revenue includes interest income, gain (loss) on foreign currency exchange and others.



2017



2016



2015

- Passenger and excess baggage charges
- Freight and mail charges
- Revenue from other services
- Other Revenue

THAI, as a state enterprise under the Ministry of Transport, is the national carrier of the Kingdom of Thailand which operates both domestic and international flights. The Company provides a comprehensive air transport service, divided into three business segments: Air Transport Business (Core Business), Business Units and other Businesses.

The air transport business consists of the transport of passengers, cargo and mail. Business Units directly related to air transport include cargo handling services, ground customer services, ground equipment services and catering services. Other transport support businesses comprise aircraft maintenance services, dispatch services, onboard duty free sales, souvenir sales, flight simulation training services, and its subsidiaries' operations.

Air Transport Business

The Company is the national carrier of the Kingdom of Thailand which provides air transport services all over the world consisting of:

- Passenger Transport Business
- Cargo and Mail Transport Business

Details of products and services are as follows:

Passenger Transport Business

Passenger transport business's goal is to continuously develop its market and route network so that the Company can compete effectively. Focus is placed on the capacity utilization and the development of Suvarnabhumi Airport into a major hub in the region.

Characteristics of Products or Services

Aircraft Fleet

As of December 31, 2017, the Company and Thai Smile Airways owned a fleet of 100 aircraft, consisting of 43 long-haul aircraft serving intercontinental destinations including Airbus A380-800, Airbus A350-900, Boeing 747-400 and Boeing 777-200ER/ 300ER; 35 medium-haul aircraft serving regional destinations including Boeing 777-200/300, Airbus A330-300, Boeing 787-8/-9; and 22 narrow-body aircraft for short-haul routes including Boeing 737-400 and Airbus A320-200.

Number of operated aircraft

Aircraft Type	Number of Aircraft	
	As of December 31, 2017	As of December 31, 2016
Airbus A380-800	6	6
Airbus A350-900	7	2
Boeing 747-400	10	10
Boeing 777-200ER	6	6
Boeing 777-300ER	14	14
Boeing 777-300	6	6
Boeing 777-200	6	6
Airbus A330-300	15	17
Boeing 787-8	6	6
Boeing 787-9	2	-
Boeing 737-400	2	2
Airbus A320-200	20	20
Total	100	95

In 2017, the Company acquired 7 new aircraft, comprising 5 Airbus A350-900 and 2 Boeing 787-9 serving on regional and intercontinental routes and returned 2 Airbus A330-300 upon the termination of the lease agreements.

Flight Route and Destination Development

In 2017, the Company was committed to improving its route network according to THAI's Transformation Plan to achieve sustainable growth and maximize long-term profits by rescheduling flights or assigning suitable types of aircraft for each market condition, developing the market by focusing on readjusting the frequency of flights to potential destinations, strengthening route network by increasing new destinations and optimizing the cooperation with alliances to enhance route network covering the demands from every customer target group, increasing flexibility in adjustments of flight schedules to suit seasonal demands and competition, as well as developing Thailand into an aviation hub for the ASEAN region in preparedness for the opening of the ASEAN Economic Community (AEC).

The Company established the THAI Group consisting of the Company, Thai Smile Airways and Nok Air to cooperate in developing codeshare flights, strengthening competitiveness and serving all customer target groups. For Thai Smile Airways, as it ceased its operations at Don Mueang International Airport on January 16, 2017, therefore, it has been primarily based at Suvarnabhumi Airport to operate the commissioned flights and additional flights in appropriate destinations and expanded the routes to cover ASEAN, China and India to strengthen the Company's route network and accommodate market expansion. Thai Smile Airways operated 10 domestic routes including 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 18 international routes including Guangzhou, Changsha, Chongqing, Penang, Zhengzhou, Kaohsiung, Kuala Lumpur, Mandalay, Yangon, Mumbai, Gaya, Varanasi, Jaipur, Siem Reap, Phnom Penh, Luang Prabang, Vientiane and Lucknow.

The Company signed a codeshare agreement with Bangkok Airways Public Company Limited to strengthen

their respective route networks in flight connections between the two air carriers and elevate Thailand as the aviation hub of ASEAN. The codeshare agreement was for 10 roundtrip domestic flights on the routes from Bangkok to Samui, Chiang Mai, Chiang Rai, Phuket, Krabi, Lampang, Sukhothai, Trat, Chiang Mai-Mae Hong Son and Samui-Phuket, and 4 roundtrip international flights on the routes from Bangkok to Danang, Luang Prabang, Maldives (Malé) and Siem Reap.

In addition, the Company divided its flight schedule into two seasons which were 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, 2017, the Company and Thai Smile's route network covered 82 destinations in total in 33 countries, 11 of which were domestic destinations (excluding Bangkok).

Domestic Routes

The Company developed domestic flights with an emphasis on primary routes, while cooperating with partner airlines on secondary and feeder routes to maintain its market share.

The Company operated 131 weekly flights from Bangkok to the North serving Chiang Mai; to the South serving Phuket, Krabi and Samui. For additional services, Thai Smile operated 263 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

The Company operated 731 weekly international flights spanning two geographical zones: Asia Pacific Region for 590 weekly flights to 53 destinations in 20 countries, and intercontinental routes for 141 weekly flights to 18 destinations in 13 countries. Details were as follows:

Asia Pacific Region

The Company adjusted its route network in line with its strategy to develop Thailand into Asia's aviation hub covering 53 destinations in 20 countries. The five geographical zones served in the region were the North, the South, the West, the Middle East and Indochina.

Northern Routes

These overcrowded routes continued to make the Company profitable earnings. The Company operated 270 weekly flights to 21 destinations in 5 countries including 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 and added new destinations, namely Zhengzhou on January 27, 2017 and Kaohsiung on October 1, 2017, and a new route Phuket-Guangzhou on October 29, 2017.

Southern Routes

The intensity of competition was highest on these Southern routes with many low-cost carriers flying with high frequencies. THAI operated 84 weekly flights to 5 destinations in 3 countries including Singapore, Kuala Lumpur, Denpasar and Jakarta.

Thai Smile served on Penang and Kuala Lumpur.

Western Routes

The volume of passengers travelling on Western routes remained high and there was a high growth rate especially to and from India. At the same time, competition became tense due to the proliferation of India-based airlines targeting services to Thailand. The Company operated 144 weekly flights to 6 countries representing 18 destinations, namely Delhi, Mumbai, Kolkata, Hyderabad, Bangalore, Dhaka, Colombo, Kathmandu, Yangon, Chennai, Karachi, Islamabad and Lahore.

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

Middle East Routes

The Middle East routes were highly competitive as they had strong capital base which could expedite the Company's fleet and route expansion.

The Company operated 14 weekly flights serving 3 destinations in 3 countries in the Middle East - Dubai, Muscat, and Tehran.

Indochinese Routes

The Indochinese routes were the strong point of regional route network due to a healthy rate of growth and high profit potential. Competition was on the rise with a larger number of low-cost carriers as well as long-haul carriers operating more direct flights from the Middle East and Europe to Indochina. The Company operated 78 weekly flights serving 6 destinations in 3 countries including Vientiane, Phnom Penh, Hanoi, and Ho Chi Minh, while Thai Smile served on flights to Siem Reap, Vientiane, Phnom Penh and Luang Prabang.

Intercontinental Routes

North America

North America was a large and highly competitive market. The North American routes highly depended on the connecting route network in USA and Canada.

The Company currently operates no direct flights to North America but operates via a codeshare agreement 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 had codeshare agreements with other airlines namely: Eva Airways from Taiwan to New York, San Francisco, Vancouver, Los Angeles, Seattle, Houston, Chicago and Toronto; and Asiana Airlines on the Korea-North America route from Seoul to Los Angeles, San Francisco, New York, Seattle, Honolulu and Chicago.

On the Atlantic route, THAI had codeshare agreements with Lufthansa from Frankfurt to New York, Atlanta, Miami,

Chicago, Dallas and Washington D.C.; with 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 and from Taipei to Vancouver, bringing the total destinations served by the Company and its partners to 15 destinations in USA and Canada.

The Company could increase its revenue from the codeshare flights due to its policy to focus on expanding the network routes by making more co-promotions with the partner airlines so that the Company could generate more revenues in its operating flights and connecting flights with other airlines in the form of the codeshare flights.

European Routes

THAI operated 95 weekly flights to 13 destinations in 11 countries including London, Frankfurt, Paris, Rome, Copenhagen, Stockholm, Zurich, Munich, Brussels, Milan, Oslo, Moscow and Vienna which was the newest route added on November 16, 2017.

For other destinations in Europe and the UK that were not directly served by THAI, codeshare agreements with partner airlines were in place covering 46 destinations in 16 countries.

Australia and New Zealand Routes

The 5 destinations in 2 countries served by THAI included Sydney, Melbourne, Brisbane, and Perth in Australia, and Auckland in New Zealand with a total of 46 weekly flights. Also, a codeshare agreement was made with Air New Zealand to reach several cities in the 2 destinations in 1 country including Wellington, Christchurch and the Hong Kong-Auckland route.

Customer Services

In 2017, the Company was still committed to continuously developing and improving the quality of products and services so that each target group of customers could

experience 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, the Company had a clear operation plan, concept and image under the policy of 'Service from the Heart' which had been the modus operandi for THAI employees for over five decades of successful service and a means which continued to be the Company's competitive edge.

To demonstrate service excellence and consistency in line with the agreed standard, the Company deemed customer service as the heart of business operations. The Company established comprehensive service operation procedures and service level agreements (SLA) encompassing all points of customer contact starting from reservation through reaching the destination, and actively assessed and monitored 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 helped to enhance customer experience which was 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 developed services that were 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 further operated in other Novotel hotels), increased Bag Drop counters at Suvarnabhumi Airport for e-check-in customers while the customers could show the e-boarding pass to get 15% discount at TG's THAI Shop.

In-flight Services

The Company aimed 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

The Company adjusted its service strategies and plans to better meet customers' expectation, enhance competitiveness and increase overall convenience for passengers. Some of these upgrades included the following:

1. Retrofitting of Passenger Seats and Entertainment System

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

1.1 Retrofitting of Passenger Seats

The Company was in the process of undertaking a retrofit program of passenger seats on 3 Airbus A330-300 aircraft to be more modernized and convenient with the Business class seats that could be 180-degree reclined, all of which were expected to be completed by 2018.

1.2 Development of In-flight Entertainment System

The Company upgraded both visual and audio entertainment system on all aircraft operating international flights. Every seat on all classes was fitted with a personal screen providing choices in music, movies (such as Thai movies, New Release, Favorite and World Cinema), games, news and flight information. The Company also developed and improved software to support more contents, e.g., e-Menu and e-Shopping.

2. Installation of Business and Communication Facilities

The Company provided onboard Internet known as Thai Sky Connect for the passengers to communicate on the ground using personal mobile equipment. In 2017, the service was provided on its 22 aircraft including 7 Airbus A330-300, 6 Airbus A380-800, 7 Airbus A350-900 and 2 Boeing 787-9. In addition, for more convenience of the passengers, the Company also provided 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, Airbus A350-900 and Boeing 787-9.

The new aircraft being delivered will have the In-flight Connectivity (IFC) already installed. In 2018, the Company will receive the delivery of 5 Airbus A350-900 and the aircraft in the process of improvement, including 3 Airbus A330-300 and 6 Boeing 787-8 with the plan to install the IFC system in all aircraft.

Flight Operations, Aviation Safety, Security and Standards

Safety lies at the heart of the 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 2017, the civil aviation authorities in many countries worldwide still increased the frequencies in the safety inspection of Thai airlines flying into each country. The Company passed 105 Ramp Inspections according to the international standard, no significant finding was found, thus proving the Company's aviation standard.

As the national airline, the Company was ready to improve the organization and provide support and cooperation with the CAAT to help Thailand solve the Significant Safety Concern (SSC) according to the Universal Safety Oversight Audit Program (USOAP) by the ICAO. The Company also underwent the AOC Re-certification process which has been continuously operated as planned since 2016 and finally received a new Air Operator Certificate (AOC) and Dangerous Goods Certificate on May 8, 2017. This demonstrated the Company's capacity to provide comprehensive transport services for passengers, agricultural goods, fresh food and other materials or goods which required special safety, underpinning the Government's strategy to develop Thailand into an aviation and logistics hub.

The Company placed focus on maintaining standards and recommended practices (SARPs) set by the 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 started, in 2015, "Safety Beyond Compliance Project" to elevate the Company safety standard to the world recognized standard of the 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, the Company was accredited with Third

Country Operator (TCO) from the EASA as approved by EU Air Safety Committee (ASC), allowing it to continue with flight operations to Europe from December 15, 2015 onwards, coupled with Thailand's 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 and 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 well prepared for all real 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, and weather data to be stored for making data Intelligence. This is a collaboration between THAI 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 decision making.

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 had to qualify in the physical and psychological capacity in the aspects of knowledge, skills, and behavior. All pilots were required to pass an aptitude test set by Scandinavian Institute of Aviation Psychology (SIAP), whose high standard in pilot selection was 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). The Company also emphasized 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 was arranged for flight personnel and related staff to ensure that they were ready to perform flight operations safely and in accordance with the ICAO's regulations. The Engagement Training Program was 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 were provided to promote knowledge sharing among groups of personnel, which would lead to customer service excellence.

The Company recognized 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 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 provided 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.

The Company established an Occupational Health and Safety Committee (OHSC) comprising representatives from related units to draw up plans and define policies and procedures in accordance with the requirements under relevant laws. The meetings were held to monitor the Company's overall operation in the area of safety, occupational health and working environment for the maximum efficiency.

In the area of aviation security, the Company strictly followed international security standard practices and regulations of the ICAO, the CAAT, the Office of Transport Security (OTS) of Australia, the European Union Regulations (EU Regulations), the German Civil Aviation Authority (LBA), the Department for Transport (Dft), the Federal Office of Civil Aviation (FOCA), the Japan Civil Aviation Bureau (JCAB) and the IOSA as well as relevant safety regulations of all the countries that the Company flew to. The Company also had in place an effective Security Management System (SeMS) that was applied consistently across the organization to ensure its aviation security above and beyond international requirements. The audit result from these domestic and international organizations showed no significant findings.

In addition, the Company strictly implemented the Emergency and Crisis Response Management while adhering to the laws and international regulations and applying it in the management of its internal departments and all stations so that the Company was always ready to handle any emergency or crisis as it occurs. In 2017, the Company joined the Full-Scale Emergency Exercise 2017 (PEMEX 17) at Phuket International Airport, the Full-Scale Emergency Exercise according to Suvarnabhumi Airport Emergency Plan (SEMEX 17) and the Full-Scale Medical Emergency Exercise - Communicable Disease and Quarantine at Don Mueang International Airport to be able to cope with any possible emergencies. The Crisis Management & Operations

Center (CMOC) carried out 24-hour surveillance to monitor any possible threats to the operations of the Company. The Family Assistance & Support Team (FAST Center) was also 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 its effective aviation security management and emergency and crisis management standards, the Company was able to efficiently manage and handle the incidents that occurred during 2017. For example, the participation in the ICAO Universal Security Audit Programme Continuous Monitoring Approach (ICAO USAP-CMA), the handling of terrorist attacks in many European countries and worldwide whereby the Company provided support to the government sector and the passengers to return home safely, the flight management for Thai Muslims to attend the Hajj Pilgrimage in Saudi Arabia as well as the outbreak of Middle East Respiratory Syndrome (MERS) during the Hajj flights. The Company strictly complied with the recommendations of the World Health Organization (WHO) and the Ministry of Public Health. Natural disasters, such as the eruption of Bali's Mount Agung volcano, Indonesia and heavy smog in New Delhi, India, were effectively handled by the Company by coordinating with government agencies in providing personal protective equipment to the passengers and the officers based at the station where the crisis took place, thus enhancing confidence in THAI's safety standards that were above international standards and ensuring THAI's continued operations in all circumstances.

Overall, THAI placed focus 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 aimed to maintain the high quality, safety, security and standard of aviation according to the international standards. The compliance with related rules and



regulations was the major aspect in business operation that the Company always deemed as the first priority in order to continuously operate the proactive policy in the safety, security and standard of aviation.

Marketing and Competition

Policies and Market Segmentation

In 2017, the Company implemented a 5-year business plan (2014 - 2018) with some adjustments according to market segmentation. They were divided into 4 groups as follows:

Market group where the Company is the leader in such markets as Scandinavian countries, China and Japan, etc. The Company aimed at maintaining market leadership and making strategic adjustments to maintain market share and profitability in operations, primarily by increasing flights, retrofitting aircraft with up-to-date equipment to prevent the loss of customers to other airlines.

Market group 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 the number of transit passengers at Suvarnabhumi Airport, including appointing Thai Smile Airways to maintain market share in short-haul regional routes.

Market group with strong competitors such as Russia and the United Arab Emirates, the Company focused on continuously monitoring the transport volume together with profit and loss in order to adjust the strategy in response to dynamic markets. Changes were 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 and Orissa; (b) secondary cities in China such as Hangzhou, Shenzhen and Shantou; (c) new markets such as Eastern Europe like Vienna as well as (d) potential new regions such as Iran, Turkey and Israel.

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

Marketing Policy and Market Segmentation of Thai Smile Airways

Thai Smile Airways has positioned itself as a full service 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.
- Expand 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 and New Zealand having a lot of Indian passengers as FIT and GIT travelers.

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 Traveler) with increased buying power through the Marketing Communication that reaches the Focus Group.
- India routes: Focusing on the FIT (Fully Independent Traveler), MICE (Meeting, Incentives Convention, Exhibition) travelers, 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 organization
- Competitive organization
- Dynamic organization

Revenue Management and Distribution Channels Development

Revenue Management Plan

To maintain and enhance revenue under global economic downturn, political unrest, market volatility, intense competition, and aviation safety evaluation by various regulatory bodies, the Company's plan is to focus on sales and revenue through:

- Improve products & services offering through fleet management by using newer and better aircraft in key trunk routes, adjusting production capacity for certain markets, increasing aircraft utilization.

- Increase sales 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

Besides the Company's principal business of air passenger transport, the Company also offered ancillary products and services that yielded additional revenue by providing online shopping services on its website such as seat upgrades, car rentals, and airport transfers to and from hotels as well as existing products and services, e.g. THAI Shop products, Fast Track services and Lounge access. Both domestic and international high-quality products, e.g. products under the Ministry of Commerce and OTOP (One Tambol One Product) products, were also presented. This not only promoted domestic products but also supported the government policy and opened doors to the AEC market. In addition, the Company had capacity to generate extra revenue from other sources apart from its aviation business by seeking more related-business cooperation and negotiations and continuing its business with new business partners, which would strengthen the aviation business to respond to fast and convenient lifestyles of next generation customers, add value to the brand, improve the performance of the Company's website and enhance THAI's customer experience and satisfaction based on their different needs.

As Thailand's air transportation, tourism and logistics businesses were attractive to customers within Thailand and neighboring countries, the Company was strategically positioned to offer customers full services 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 could benefit THAI through the sharing of travel experiences via social media, which in turn could attract new potential customers to try THAI services.

Customer Segments and 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, the Company continued 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 were divided into:

- Premium customers consist of First class, Business class, Platinum member and Gold member
- Government officials
- Corporate/Business/SME (Small and Medium Enterprise) travelers
- Leisure travelers
- Students and VFR (Visiting Friends and Relatives)
- Special interest and lifestyle travelers
- Travelers attending overseas seminars or commercial exhibitions, or under reward programs (MICE)
- Others

The Company was ready to serve all segments by offering a wide range of products and employing different revenue management and pricing strategies that suit each customer group having different travel needs.

Network Sales and Star Alliance

The Company aimed to increase the number of inbound flights to Thailand, place emphasis on flight frequencies serving potential destinations, increase and 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 had access to additional routes covered by Star Alliance which had 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) was the first contact point between the Company and customers, where the Company placed a top priority on. The Service Level Agreement (SLA) target was 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 was hired to supervise this function to ensure full compliance and customer satisfaction.

Contacts could be made via telephone calls, email, fax, and special phone numbers serving specific groups of customers, whether premium customers, government customers and corporate customers.

Digital Commerce

With the proliferation of digital channels and ongoing technological changes causing intense competition in the global aviation industry and business, consumers increasingly played a critical role in engaging with their smart phones and social network, thus welcoming the world of Socialnomics - where consumers used online self-service channels to purchase airline tickets and communicate with the Company. Focus was placed on digital channels to accommodate growth trends in technology and fast-changing innovations. The Company constantly improved online services through THAI website on all digital devices such as smart phones.

With focus on quick and easy searches for routes and flights connecting with its partner airlines, the Company provided One Stop Services for customers, 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. Moreover, the Company improved communication and information flows to attract wider attention from customers, managed its corporate image, expanded network and enhanced online communication through THAI social media channels in a variety of formats such as banner, infographic, VDO, etc., that yielded additional revenue to the Company.

Marketing and Promotion Activities

The Company 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, in terms of economy, politics and market competition. Marketing activities included the Royal Orchid Plus (ROP) mileage program and tour packages (Royal Orchid Holidays: Eung Luang) which offered a variety of holidays and accommodation packages as an extension to the flight services for the passengers.

Royal Orchid Holiday packages were sold through its offices and distributors, and over the Internet. Tour packages were developed for the trips in both Thailand and abroad to suit market demands and promoted via advertisements, public relations, promotional events and trade exhibitions, and out of season packages are also available. These promotional activities served to promote Royal Orchid Holidays and Tour Eung Luang and support the government policy to promote Thailand as the Center of Tourism in Southeast Asia.

Thai Smile Airways Sales 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 was carried out under the codeshare agreement in order to provide a seamless connection service between THAI and Thai Smile flights and strengthen the potentiality of THAI Group.

Thai Smile focused on controlled and effective cost management by maintaining a low fixed cost on specific operational activities directly related to the core business - 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 were sales via Amadeus selling platform and online travel agents such as Expedia, TripAdvisor, Qunar, SkyScanner, JetRadar, MakeMyTrip, Cleartrip and Goibibo to increase the opportunities to expand the customer base and increase customer's awareness.

The Aviation Industry and Competitive Conditions

In 2017, the world economy enjoyed a recovery, with a 3.6% growth higher than the previous year which recorded a 3.2% growth, mainly due to the economic recovery in the developed, emerging and developing economies following the expansion of global commerce and the enhancement of consumer confidence. The emerging and developing economies were key driving forces. In particular, China, as the world's second-largest economy, traded with many countries and experienced a growth rate of 6.8% higher than the previous year. The economic growth of the US, Eurozone countries and Japan was higher than the previous year at the rate of 2.2%, 2.1% and 1.5%, respectively. Thailand's economy grew by 3.7%, driven by an expansion of the export sector following the global economic recovery, especially China and US markets along with increased tourism expansion. For the 2018 economic outlook, the International Monetary Fund (IMF) has projected the ongoing recovery of the world economy at an estimated 3.7% and the ongoing growth of emerging and developing economies, whereas the economic growth of the developed countries is expected to slightly slow down, except for the US with the projected growth of 2.3%.

However, unexpected deflation where high interest rates tending to lower inflation, lower repayment capacity of the emerging and developing economies due to increased costs, China's debt accumulation resulting in its ongoing economic slowdown, risks of trade barriers and geopolitical issues of Korean Peninsula, were all potential factors contributing to the global economic slowdown (Source: IMF World Economic Outlook Update, October 2017)

The oil price was the main cost of airlines. The average crude oil and jet fuel prices in 2017 were USD 54.89 and USD 65.40 per barrel, respectively, which were a bit higher than in 2016 by 20% due to the global economic recovery, oil demand increased, while the supply of crude oil remained low as OPEC and Non-OPEC producers agreed to cut oil output by 1.8 million barrels per day until the end of March 2018. However, oil prices remained volatile depending on situations, such as unrest in oil producing countries, economic conditions, exchange rates and speculation on oil prices. For the year 2018, Citigroup predicted that crude oil and jet fuel prices would be higher than in 2017 at USD 65 and USD 75 per barrel, respectively. (Source: Monthly Oil Price Update, Citigroup Oil Price Risk Management Document and Contract and Monthly Oil Price Forecast, October 2017)

However, competition between airlines remained 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 had a direct impact on changing the landscape of the competition in many regions in the aviation industry. Therefore, the ability to adjust coupled with clear and prudent management strategies for keeping abreast of the situations, were all essential for the airlines' sustainable operations.

Passenger Transport Situation

The IATA summarized the revenue passenger kilometers (RPK) in each region for the first 9 months in 2017 showing

the overall global growth of 7.7%, due to the global economic growth and lower airfares to attract more travelers. In 2017, it was forecasted that the overall passenger transport would grow by 7.4%, which was the same rate as that of 2016.

The top 3 regions with the highest RPK for the first 9 months in 2017 were the Asia Pacific, followed by Europe and Latin America, respectively. The Asia Pacific region had the highest growth and higher double digit growth than the overall industry by 10.0% (the proportion of the highest RPK was at 32.9% of the overall industry) due to strong economic growth in the region attracting more travelers in the region, especially the emerging economies - India and China. Europe and Latin America experienced economic growth of 8.5% and 7.5, respectively. In 2017, it was forecasted that the airlines in the Asia Pacific, Europe and Latin America would grow at 10.4%, 7.0 and 7.5%, respectively.

In Thailand, the year 2017 saw the ongoing expansion of tourism due to the government's tourism promotion measures coupled with the supporting factors including the expansion of domestic and international routes. During January - September 2017, there were 26.1 million foreign tourists traveling to Thailand, an increase of 5.1% compared to the same period of 2016. The Tourism Authority of Thailand forecasted the annual passenger number to reach 35 million people, an increase of 7.6%. Chinese tourists still made up the largest group of travelers visiting Thailand, albeit at a slower pace at the beginning of the year and a positive growth since last May. For an overview of the growth during January - August 2017, there were 154 airlines operating schedule and non-schedules flights on domestic and international routes, transporting a total of 74.6 million passengers, an increase of 8.1% compared to the same period of the previous year. THAI and Thai Smile passengers accounted for 16.1 million people, an increase of 11.1%, equivalent to 21.5% market share. (Source: Airports of Thailand Public Company Limited)

Competition of Domestic Aviation Industry

Today's domestic competition has increasingly become 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 high market growth each year. For the period during January - August 2017, there were 20 airlines operating domestic flights with the number of passengers in schedule & non-schedule flights rising to 25.1 million, 8.1% increase from the same period of the previous year. The Company (THAI and Thai Smile) transported 4.7 million passengers, 2.0% higher than that of last year or 18.6% of the market share.

Competition of International Aviation Industry

Various environments and situations in 2017 continued to be major factors affecting the aviation business and the volume of air travelers, such as oil prices dropping, economic issues in the region, fluctuations in foreign currency exchange rates, political unrest in many countries, and more intense competition from network expansion and opening of new routes of full service airlines, Middle East airlines and low-cost airlines and alliance partnership between airlines. Especially, low-cost airlines adjusted themselves by moving from operating point-to-point services to long-haul services, which were then developed into connecting flight services between partner airlines, and upgraded products and services to resemble their full service rivals. For Middle East airlines, Thailand continued to be the popular destination where their operations base was located. The Middle East airlines also increased production capacity and opened direct flights to Indochina countries. For example, Emirates operated Dubai-Yangon-Phnom Penh route and Qatar Airways expanded its services to serve Doha-Rangoon route. This might have a negative impact on Thailand's capacity to become an aviation hub in the Indochina region in the long run.

However, factors including the government's implementation of economy and tourism promotion

policies; the increase of confidence and reliability on Thailand's aviation business as the ICAO removed Thailand's red flag on October 7, 2017; and the government's strategies to develop the aviation industry into the driving force behind the Eastern Economics Corridor Development (EEC) through the Aerotropolis project in which U-Tapao Rayong-Pattaya International Airport was positioned as an air transportation hub, all contributed to the ongoing growth of Thailand's inbound and outbound travel volumes. The Company viewed that there were still positive factors for Thailand market opportunities to expand in potential and thriving markets, Japan, South Korea and ASEAN countries, due to its central location suitable for the connection between cities in ASEAN and neighboring regions. During January - August 2017, the volume of passengers of the airlines operating scheduled and non-scheduled flights on international routes reached to 49.4 million, which was 8.1% higher than the previous year. The Company (THAI and Thai Smile) transported 114.4 million passengers or 15.3% higher, but still held the largest market share of 23.0% for international passengers.

However, the Company continuously assessed the situation and other relevant factors in order to keep up strategies to suit all ongoing changes of events and customer behaviors as well as to strengthen and improve its competitiveness services to build a good image and maintain its status as a leading airline.

Industry and Competition Conditions of Thai Smile Airways

In 2017, Thailand's aviation business continued to experience ongoing growth and faced with intense competition based on the data from the AOT for 9 months (January 2017 - September 2017). The aircraft movements at Suvarnabhumi Airport and Don Mueang International Airport accounted for 450,808 flights, a 4.3% increase compared to the same period of the previous year, consisting of 202,481 flights operated by low-cost airlines, a 12% increase compared to the same period of the

previous year. The passenger movements at Suvarnabhumi Airport and Don Mueang International Airport amounted to 73.5 million passengers, a 7.6% increase compared to the same period of the previous year, consisting of 31.5 million passengers of low-cost airlines, a 12.9% increase compared to the same period of the previous year. The data showed that aviation business growth, especially the growth of low-cost airlines, for example, Thai AirAsia, Nok Air, Thai VietJet and NewGen Airways, that mostly operated their flights with short-haul aircraft and focused on the CLMV market (Cambodia, Lao PDR, Myanmar and Vietnam), China and India which were the same target markets as Thai Smile's. Thai Smile was then faced with intense competition from low-cost airlines domestically and foreign airlines, contributing to greater price competition.

Moreover, the ICAO removed a red flag against Thailand over the SSC in October 2017 after its audit conducted in last September. The removal of the red flag would allow Thai-registered airlines to launch new routes, increase flight frequencies, change aircraft types and provide chartered flight services in the countries that once placed flight restrictions. Thailand then enjoyed higher aviation growth while the competition among airlines became increasingly intense due to the opening of new routes and there was a lack of human

resources. In addition, the increased number of flights led to the competition for aviation personnel, e.g., pilots, flight attendants, engineers and technical staff. Time slot and airport capacity constraints, both domestically and internationally, might impose some obstacles to the increase of flight frequencies and the opening of new routes. At present, various airports in Thailand, such as Suvarnabhumi Airport, Don Mueang International Airport and Phuket International Airport, are experiencing the lack of available time slots and the number of passengers exceeding the passenger handling capacity of the airports. Likewise, international airports are facing the same problems which has made the increase of flight frequencies and route expansion a bit difficult.

Procurement of Products or Services

Fleet Plan

The Company's main investment plan spanning the period of four years from 2015-2018 was to acquire 22 aircraft (which was part of the procurement of new aircraft, already approved by the Cabinet according to the Strategic Plan 2013 - 2018) to accommodate business growth and decommission 29 aircraft, thus enhancing fleet efficiency and maintain competitiveness. A detailed fleet plan was as follows:

Procured Aircraft	2015	2016	2017	2018	Total (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⁾ Airbus postponed the delivery of Airbus A350-900 from previously in 2017 to 2018.

Cargo and Mail Transport Business

Cargo and Mail Services

The cargo and mail services are classified according to customer and market need since there is currently a rise in demand for the transportation of temperature-sensitive goods such as vaccines or pharmaceuticals increasing and the transportation of Thai produces exports which may be affected by global warming, climate change and high temperatures throughout the year. All of these factors can adversely affect the cargo quality and transportation services for those types of cargo.

The Company has therefore undergone a training program in its effort to receive a Good Distribution Practice (GDP) certification for the storage of pharmaceutical products and purchased own temperature controllers to accommodate ongoing growth of the pharmaceutical products and medical supplies transportation. Upon the completion of the GDP training programs in 2019, THAI cargo at Suvarnabhumi Airport will proudly be called the cargo hub for pharmaceuticals and medical supplies in the region. The procured temperature controllers are also available for rentals, the service called as Control Temperature Product, which can be made directly to the Company. The Company has also provided TGKool (TGK) services for the transportation of fresh or chilled goods, such as vegetables, fruits and frozen food as well as TGFresh (TGF) services for the transportation of fresh or perishable goods such as orchids flower. Moreover, in case of customers' urgent needs for fast and on-time international air freight services, the TGForce (TGX) is another available option.

At present, the Company is in the process of improving and developing its TEC (THAI Express Cargo) service which is the 24 Hours delivery product between domestic airports - Phuket International Airport, Krabi International Airport, Chiang Mai International Airport, Mae Fah Luang Chiang Rai International Airport, Surat Thani International Airport, Hat Yai International Airport, Narathiwat Airport, Khon Kaen Airport, Ubon Ratchathani International Airport and Udon Thani International Airport.

THAI product enhances company's response to the domestically E-commerce business.

Currently, the Company provides cargo and mail services to 76 cities in 33 countries.

Marketing and Competition in Cargo and Mail Services

The Company's growth is mainly highlighted by the optimization of the passenger aircraft's belly space on flight routes. The Company has also planned to enter air transportation-related business partnerships with airlines and charter freighters to increase cargo space on high-density flight routes. With long-lasting business relationships with partner airlines, the cooperation has therefore been enhanced and extended to include the routes that are not operated by the Company or offline routes through special proration agreements and the partner airlines can use the Company's aircraft's belly space and vice versa. By virtue of the principles and procedures of this type of business partnership, the potential to expand flight network covering all customers' needs is enhanced by flexibility and bound for tightened relationships, increased cooperation and mutual investments in scheduled route network.

The Company has paid close attention and searched for opportunities to expand its service offerings into the E-commerce businesses by using the destination network as its competition edges to tap into South Asia and Southeast Asia 1,500 million people's B2C business potential. The Company also has a plan to leverage its cargo terminal services at Suvarnabhumi Airport to meet world class standards. Aside from the ongoing GDP Certificate program, the Company has also invested in the expansion of 1,800 square meters for the first phase and the installation of an additional Dual View X-ray to increase safety services efficiency.

Air Transport Conditions

The IATA forecasted an average growth of 4.3% in international freight volumes in 2018.

Due to the intensely competitive air cargo business, the Company therefore placed focus on more flexible pricing strategy with customers in order to meet swift changes

in the world market. Besides its common sales management, the Company undertook a project to develop new services to outperform its competitors, such as the development and improvement of the Perishable Center in the cargo terminal at Suvarnabhumi Airport (SBIA) so that THAI has become one of the leading air cargo professional airline in the regional. Moreover, emphasis was placed on the transport of goods via belly space in passenger aircraft with the partner airlines as well as via trucks by entering into partnerships to be able to compete in the offline markets.

Business Units

The Company's business units supporting THAI's air transport business included Cargo Terminal Handling Services, Ground Customer Services, Ground Equipment Services and Catering Services. Details were as follows:

Cargo Terminal Handling Services

The Company had a policy to consistently increase service quality and develop products that met quality standards at every service point by taking into account of customers' needs and suggestions to ensure their utmost satisfaction. The Company undertaken the Build Up project to provide cargo loading services operated by the Company's employees instead of exporter's representatives, thus enhancing customers' satisfaction and ensured the Company's efficient safety management in line with international standards. The Company also relocated the office building that was previously located in the Cargo Terminal area to a new location. The relocation of the office building increased extra storage space of up to 650 square meters. At the same time, the Company was in the process of increase more vertical storage space to operate cargo terminal at full capacity. Moreover, the Company consistently adhered to the policies, goals and procedures to be in line with the certification of IATA's Safety Audit for Ground Operations (ISAGO).

With its strong commitment to transport service improvements, the Company developed the area of the Perishable Center (2,000 square meters) near the truck dock into a temperature-controlled area through the use of Cool Chain Management System by controlling

temperature specifically during transportation to enhance the capacity to handle an increased number of the products that were in great need and increase an opportunity for market expansion of perishable goods. In addition, the Company developed its employees' skills by encouraging employees to attend the Good Distribution Practice (GDP) course to provide air transportation services for medical supplies in accordance with the WHO's GDP standard.

For the transportation of goods requiring special care or temperature control and higher use of tools and equipment than the general products such as perishable goods, the Company had in place a Temperature Control or ULDS Blanket to handle cargo requiring temperature control from the warehouse facility until the delivery at the destination, thus ensuring special care of cargo throughout the whole process.

A new information and communication system, called as "CHORUS" to replace the existing system "ORCHIDS), was also developed to increase its competitiveness, enhance the operational efficiency, achieve the highest customer satisfaction and respond to the customer's need. The Company is currently in Phase 2 of the development with the three newly-developed systems in place, including:

1. The Claim Management: a system to manage all claims
2. The Revenue Planning System (RPS): a system to support the Company's transportation analysis and sales planning
3. The MISBO system: a system to assist the report making and data analysis for the executives to analyse, make plans and make decisions.

Moreover, the Warehouse Automation System was 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 was expected to be fully functional by the end of 2018. Tablets were also used in the cargo operation process to reduce the errors during transportation and increase efficiency in cargo management.

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 the AOT under the contract 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 AOT, except Krabi International Airport which is under the authorization of Department of Civil Aviation.

- **Types of Services**

Passenger Services: consisting 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 was reserved for THAI's First and Business Class passengers. Also the Exclusive Service was another lounge service for passengers travelling in groups.

Luggage 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. Loading and Unloading

Load control and weight balance services: consisting of weight calculation planning, load control and the loading and unloading of passenger luggage as well as cargo and mail.

Support services: consisting 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 included a coordination with government agencies and state enterprises such as Immigration, Customs and Department of Airports, 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 with disabilities, doctor approved medical patients and passengers under 12 years of age travelling alone, etc.

Special Services for other private companies (Non-Customer Airline services): rendering 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: involving passenger and baggage service, load control and weight balance services along with lounge and special services as per the agreement.

Marketing and Competition

The marketing policy of the Ground Customer Service Department focused on increasing the Company's market share at Suvarnabhumi Airport competing with two other competitors. The Ground Customer Service Department currently serves 38 customer airlines with 36% market share while the other two competitors and the airlines operating their own ground handling services hold 56% and 8%, respectively. The airlines operating their own ground handling services are the Company's new potential customers.

With only one competitor each in Chiang Mai, Hat Yai, Phuket, Krabi and Chiang Rai airports. The Company holds 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 handling services as requested by the airlines to be rendered at domestic airports will be based on the facilities at a given airport, related agencies engaging in services facilitation as well as special assignment flights as in line with the AOT's Don Mueang International Airport Utilization Policy, implemented since 2014, which is deemed to be an opportunity to expand ground equipment services at Don Mueang Airport and to increase overall revenue.

Procurement of Products and Services

Workforce was one critical factor affecting ground customer services at all airports. The lack of workforce was mainly due to the aviation business growth which urged workforce in the aviation industry or business seek higher returns from other airlines or even workforce flow to other industries offering a bit higher or lower wage rates but being free from persistent fatigue caused by work shifts and work pressure. In essence, both the Company and its competitors were affected by this situation.

In dealing with this issue, the Company resorted to outsourcing and out-jobs, and employed part-time workers to sufficiently serve customers at every airport. The Company also converted outsourced workers of Wingspan Services Company Limited, in which the Company held shares, to contract workers to ensure them job security for these people.

Ground Equipment Services

Ground Equipment Service was granted approval from the AOT 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.

For more than 55 years of experience and expertise in ground equipment services, the Ground Equipment

Services Department has been providing its services to all aircraft types belonging to both the Company and customer airlines.

Types of services consist of the following:

1. Handling of all types of luggage including passengers' luggage, 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. The Ground Equipment Services Department provides services to VIP passengers using luxurious and modern vehicles appropriate to each type of passengers, including passengers with illness or disability.
3. Provision of power, engine starting service, air-conditioning service in passenger cabin, waste transfer service, replenishment of drinking water to aircraft meeting the standard of the International Air Transport Association (IDQP / IATA Drinking-Water Quality Pool) and in accordance with the regulations of the WHO, and aircraft towing tractor service.
4. Aircraft interior cleaning services both transit and deep clean. Both types of services are classed as Secure Clean which includes cleaning along with aviation security checks. Due to the dedication and continuous development, aircraft interior cleaning service won awards from Skytrax and constantly received compliments from customers.
5. Emergency response for medical emergencies against epidemics, fire emergencies and in cases where a relocation of operational base is required due to discontinued services at Suvarnabhumi Airport. Prevention plans have been put in place, and drills are carried out in conjunction with the AOT at least once a year.

In addition to the services mentioned above, The Ground Equipment Services Department had a capacity to maintain ground service equipment and Unit Loading Devices (ULD) as certified by Civil Aviation Authority of Thailand.

The services operated by the Ground Equipment Services Department passed the safety standard assessment from the IOSA (by the standards of the 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 ensured customers' confidence in the safety and security of services provided.

In addition to ground equipment service operation at Suvarnabhumi Airport, the Ground Equipment Services Department also provided services at 10 regional airports, namely Don Mueang, Chiang Mai, Chiang Rai, Phuket, Hat Yai, Krabi, Udon Thani, U-Tapao, Khon Kaen, and Surat Thani Airports. However, if the airports other than those mentioned above were in need of ground equipment services, such as VVIP and VIP flights operated by the aircraft of Royal Thai Air Force and Hajj flights at Narathiwat Airport, the Ground Equipment Services Department could use ground equipment from Suvarnabhumi Airport or nearby airports to provide services at its full capacity.

Marketing and Competition

Ground equipment services at Suvarnabhumi airport has one competitor. The Ground Equipment Services Department currently serves 52 airlines accounting for 46% market share, while the competitor has 53% share, and 1% held by airlines with their own ground equipment service. The Ground Equipment Services Department 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 deliver standard services and highest satisfaction to the customers.

When approaching new customers, the Ground Equipment Services Department 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.

Procurement of Products and Services

Key factors in providing the ground equipment service are equipment and workforce. In terms of equipment, a ground equipment services fleet plan was put in place to cater for the Company fleet and the customer airlines to ensure availability of up-to-date equipment that was most cost effective. In terms of workforce, the Company outsourced and provided theoretical and practical training to the outsourced workers according to the airport standards and international standards and developed existing workers' multi-skill capability to increase efficiency in ground equipment services and ensure an adequate number of workers and the optimal levels of capital. The Ground Equipment Services Department also arranged a team of engineers to conduct studies and supply advanced technology equipment suitable for the area of work and the aircraft of all types such as the electric towing tractor under the Green Airport Project that served 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 has yielded profits for more than 10 years. It operates from 2 bases as follows:

- THAI Catering at Suvarnabhumi Airport located in the duty-free zone on 120,000 square meters, dedicated to preparing in-flight meals for THAI on international flights and for over 60 customer airlines.
- THAI Catering at Don Mueang International Airport operates on a 40,200 square meter facility, preparing meals mainly for domestic flight passengers and passengers of other major airlines that operate at Don Mueang International Airport. It also operates restaurants at, for example, Don Mueang International Airport and other regional airports, Puff & Pie bakery house run by the Catering Department and distributors as well as provide in-house and outside catering and employees' canteen. THAI Catering operates restaurants in Krabi, Chiang Mai, and

Phuket airports and prepares in-flight meals for THAI and several other airlines. At present, THAI Catering at Don Mueang International Airport has paid attention to the improvement of new products and packaging to respond to the changing customers' needs, thus generating higher revenues. Puff & Pie Food Truck as a distribution channel for new products has also been developed to serve premium food and bakery at different sites.

THAI Catering is a leader in the production of food and service to airlines with flights departing from Suvarnabhumi Airport by serving more than 70,000 flights per year and producing more than 70,000 sets of meals a day. The proportion of raw materials purchased is 72% domestic and 28% imported raw materials.

THAI Catering's food processing and catering services were certified according to international standards recognized by the IATA and the WHO consisting of the Quality Management System (ISO 9001: 2015), the Hazard Analysis and Critical Control Point (HACCP), the Good Manufacturing Practice (GMP) certification, all of which were integrated into the Quality-Hygiene-Safety (QHS) system. THAI Catering was also certified by the Halal & Hal-Q, OHSAS 18001, the Occupational Health and Safety Management System (OHSAS 18001) and the Environmental Management System (ISO 14001)

With its international standards and over 50 years of experience in its catering services, THAI received several international awards and accolades, namely the Best Economy Class Onboard Catering from Skytrax; Gold Prize Best Middle Haul Caterer Award of 2014 from All Nippon Airways (ANA), Japan; Excellent Catering Service Award for 3 consecutive years, namely Gold Award in 2015 and Silver Award in 2014 and 2016, from EVA Air (BR), Taiwan; Outstanding Catering Performance Awards 2016 from Air Macau (NX); and Best Inflight Food 2017 from IFSA Compass Awards. 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 rising operating costs and raw material

prices, 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 serving some return routes, growing the number of its bakery outlets, cutting expenses to reduce operating costs, 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 restructuring of the cost structure to better meet the challenges of competition and a good part of this cost improvement was through reducing waste and loss from raw materials enabling THAI Catering to continue to post a positive bottom line.

Other Businesses

The Company also had other air transport support businesses which included aircraft maintenance services, dispatch services, onboard duty free sales and souvenir sales. Details were 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.

Transport Support Services

Transport support services consisted of dispatch services, onboard duty free sales, and souvenir sales.

- Dispatch services included 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 requirements and safe arrivals to destinations of flights.
- Onboard duty free sales: in 2017, King Power Marketing and Management Co., Ltd. won the concession to operate onboard duty free sales to provide shopping convenience for the passengers.
- THAI Shop; the Company operated 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 Lak Si Office. THAI souvenirs were also available for online purchase via the Company's website to expand more distribution channels and accommodate the needs of international customers. The Company's comprehensive online shopping services started from the moment an order was placed and payment was made until the product was completely delivered to the customer.

Risk Factors



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.



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 the Committee of Sponsoring Organization of the Treadway Commission (COSO), 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 executives 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, 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 27.5% 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 2017, the Company managed the risk of jet fuel price fluctuation by controlling the jet fuel cost within the approved budget. The forward fuel hedging accounted for an average proportion of 66% of overall fuel consumption. Throughout 2017, 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 63% of total revenues, the Company has adopted the

practice of Natural Hedging to reduce the risk of foreign currency exchange rate fluctuation by ensuring that as many cash expenses are paid for in the same currencies as revenues as practically possible. The net cash flow is then managed to better match its major expenses such as fuel payment, aircraft operating lease payment, and employee salaries. Borrowings are then made in the currencies with the highest net operating cash flow. To ensure that the Company does not incur too much foreign currency debt, it also took on Thai baht debts to mitigate the foreign currency gain/loss impact on the Company's profit and loss statement. The Company also uses the financial tools to properly aid funding and risk management strategies such as Cross Currency Swaps (CCS) whenever it is suitable to do so and Forward Contracts to earn money to pay for expenses and future liabilities.

In 2017, the Company took long-term loans for purchasing 2 Airbus A350-900, one denominated in JPY and the other in USD, issued debentures worth THB 8,000 million by entering into 2 CCS transactions, swapping debts in THB currency to JPY currency. The Company also took short-term loans from the Ministry of Finance in the form of ECP at the value of USD 130 million and used spot and forward transactions, swapping other currencies into USD currency to pay for fuel and aircraft lease expenses. As of December 31, 2017, the Company's outstanding long-term foreign currency borrowings after CCS were 2% in USD, 38% in EUR, 21% in JPY, 32% in THB and 7% 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, 2017, the ratio of long-term debts after swap between floating interest rates and fixed interest 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 583 million.

Competition in the Airlines Business

The Open Skies 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 fares. Low-cost airlines have also adapted to the market by offering point-to-point flight services creating networks within their own group of airline. The ICAO's removal of a red flag status against Thailand has also enabled Thai carriers to increase medium haul flights including China, Japan and 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.

ICAO Risks as a Result of the ICAO's Safety Audits

Following a safety audit previously conducted on the Civil Aviation Authority 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 on June 18, 2015, 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 and Quality Management System of a high standard. Consequently, the audit results have consistently been satisfactory for the Company 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 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.

The Company prepared the Re Air Operator Certificate Requirements (Re-AOCR) by The Civil Aviation Authority of Thailand (CAAT) and received the new AOC on May 8, 2017. The Re-AOCR was part of the lifting of CAAT's red-flag status.

On October 6, 2017, the ICAO Headquarters in Montreal, Canada, convened a meeting of the ICAO SSC Committee to consider and approve that Thailand should be removed from a list of countries demonstrating significant safety concerns. By virtue of such resolution, the ICAO removed Thailand's red-flag status as shown in Safety Audit Results on its website. The lifting of the red-flag status has then enabled Thailand to win back the confidence of the civil aviation safety agencies in different countries on Thai aviation safety standards.

Risks from External Crisis and Natural Disasters

The airline 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, and international and domestic political conflicts which would have direct and indirect effects on the Company's business operations.

In order to prepare itself to effectively cope with those situations, the Company has set up a Crisis Management Operation Center (CMOC) and a Crisis Management Center (CMC) to closely monitor and follow up on various situations, take actions to return to a normal situation, conduct a risk assessment, establish surveillance and preventive measures on an ongoing basis to reduce the severity of risks and potential effects on the Company. The risk assessment is conducted on a yearly basis to address new emerging risks, factors and trends, both domestic and overseas, that have been predicted to have significant effects on the Company's business operations. It can also be helpful for the Management in making strategic changes to accommodate the changing situations, i.e. the opening of new operating bases, the operation of codeshare flights, etc. A crisis management plan has also been outlined to prepare for and respond to emergencies with plans and handbooks made available for reference, and training sessions conducted with cooperation from other business alliances, agencies under the supervision of the Ministry of Transport and related government agencies. 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, the Company has placed importance on speedy communications and effective public relations, especially for the case of emergencies and natural disasters having adverse effects on the Company, i.e. the case of Mount Agung volcano in Bali, Indonesia.

Risks Related to the Quality and Efficiency of Personnel

The Company operates many activities related to its aviation business, thus requiring a large number of personnel for the whole organization. However, most employees are specialists rather than multi-skilled ones, which has obstructed the organization workflow and the maximum exploitation of personnel. In addition, the employees cannot get a chance for competency development and may not be ready for higher-level positions in an efficient manner. As the performance management system, that is closely related to compensation, has not yet been made applicable to all employees and is still not subject to the same standards, the employees have then become less motivated and may not be able to perform their best to achieve the Company's goals. Over the past few years, the Company has strived to improve work process, including the reduction, combination or adjustment of work process in each function, allowing for appropriate staff allocation before considering the recruitment of new employees. However, some operating procedures contain complicated processes and have 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 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

Today, all types of businesses, especially the airline business, have taken a customer-centric approach.

Customer behavior determines airline service techniques and service satisfaction which are critical factors for ensuring customers' repeated use of services. Hence, the quality of services and customer satisfaction rate are essential to the increase of revenues for the airlines. Moreover, the cost-effectiveness is the major mechanism for the customers to choose the airlines, together with their expectation to get personalized services/offers.

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 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 corrective actions can be taken to ensure complete customer satisfaction. The Company has consistently undertaken several projects to promote brand loyalty of regular customers and enhanced its service excellence with the use of technologies to ensure efficiency at every service point and maximize worldwide customer satisfaction, for example, the System Integration for Customer Service Excellence. The Service Development and Improvement Committee has also been established to make service improvements at every service point as well as develop ongoing plans under the Service Ring strategy to introduce new services satisfying the customers, thus supporting the Company's goals and strategic plans and enhancing its competitive advantage.

Cyber Threats

The Company needs to rely on information technology and Internet in its business operations, especially the reservation system, the ground services support system, the Royal Orchid Plus system, the cargo services system, the flight operation system and Internet sales.



If those systems have been exposed to cyber threats to the extent that they fail to provide services or confidential information, i.e. customer data are stolen and disclosed without a valid authorization, or the information is modified, the Company's business operations will be exposed to adverse and significant impact in terms of revenue losses, reputation, and customers' satisfaction and confidence in the Company's services.

The Company has recognized the severity and effects of cyber threats and then defined those matters as corporate-level risks. Risk management measures have also been established to deal with different matters, i.e. prevention and detection of malware from the Internet and emails, prevention and surveillance of network attacks and application of Cyber Security Framework by developing a Cyber Security Roadmap within such framework to increase efficiency in the measures taken, covering prevent, detect, response and recover measures. For the recover measures, the Company has provided computer backups by designing the backups according to level of impacts of those given systems on the Company's business operations as well as establishing two replaceable computer centers. However, since both computer centers are in the same area, one computer center has therefore been moved to the outside area to mitigate risks. Both are under the implementation of improvement plans.

Risks from Laws and Regulations that May Have an Effect on the Company's Operation

The Company's business operations are subject to the rules and regulations relating to the airline business along with other related rules and regulations which are beyond the Company's control. Therefore, any changes in the interpretation of new rules and regulations or the enactment of new relevant laws or rules and regulations may have an effect on the Company's business operations and incur increased costs to the Company. For example, the European Union (EU) promulgated the law on General Data Protection Regulation (GDPR) to safeguard personal data, grant the information owner the rights and freedom and ensure that all EU member countries implemented the same standards for safeguarding the personal data. Such law will come into force on May 25, 2018 and impose penalties on non-compliant businesses in the form of fines, with the ceiling of fines of up to EUR 20 million or 4% of the Company's total annual revenues. The Company has recognized the risks from compliance with such law and then established a working committee to conduct a study, assess the effects, and develop improvement plans as in line with GDPR.

Risks Related to the Shareholding Structure

As of December 31, 2017, 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 and Significant 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, 2017, the Company has:

Registered Capital of 2,698,900,950 shares with a par value of THB 10 per share or a total of THB 26,989,009,500

Paid-up Capital of 2,182,771,917 shares with a par value of THB 10 baht per share or a total of THB 21,827,719,170

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

Company Name	Type of Business	Type of Shares	Paid-up Share Capital (MTHB)	Equity Ratio (%)
Thai-Amadeus Southeast Asia Co., Ltd. 89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2207 9090 Fax: +66 2207 9180	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 Road, Yannawa, Sathorn, Bangkok 10120 Tel: +66 2627 2678 Fax: +66 2286 6944	Passenger Air Transportation Services	Ordinary	2,272.00	21.80
Wing Span Services Co., Ltd. 89 Vibhavadi-Rangsit Road, 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 Road, 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 Road, 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 Services Co., Ltd. (with controlling authority)
Thai Smile Airways Co., Ltd. 89 Vibhavadi-Rangsit Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2118 8888 Fax: +66 2117 8895	Passenger and Cargo Air Transportation Services	Ordinary	1,800.00	100.00

Company Name	Type of Business	Type of Shares	Paid-up Share Capital (MTHB)	Equity Ratio (%)
Don Muang International Airport Hotel Co., Ltd. 333 Moo 10, Chert Wudthakas Road, 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 Road, 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 Road, Bangrak, Bangkok 10500 Tel: +66 2266 0123 Fax: +66 2236 6646	Hotel and Restaurant	Ordinary	937.50	24.00
Bangkok Aviation Fuel Services Plc. 171/2 Kamphaeng Phet 6 Road, Don Mueang, Don Mueang, Bangkok 10210 Tel: +66 2834 8900 Fax: +66 2834 8999	Aviation Fuel Services, including Aviation Depot and 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 1035-46 Fax: +66 2131 1189	Hotel and Restaurant	Ordinary	1,017.78	30.00

References

References	Type of Securities	Contact
Securities Registrar	Ordinary Shares	THAILAND SECURITIES DEPOSITORY CO., LTD. 93 The Stock Exchange of Thailand Building, 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 1/2017	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

Shareholding and Shareholders Information

Amount of Registered Capital and Paid-up Capital

As of December 31, 2017, 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

List of Major Shareholders

The top ten shareholders of the Company, along with the number of shares held and the shareholding ratios as of March 23, 2017 are as listed below:

Ranking	Name of Shareholders	Number of Shares	Percentage (%)
1	MINISTRY OF FINANCE	1,113,931,061	51.033
2	VAYUPAK FUND 1 BY MFC ASSET MANAGEMENT PCL.	165,037,582	7.561
3	VAYUPAK FUND 1 BY KRUNG THAI ASSET MANAGEMENT PCL.	165,037,582	7.561
4	THAI NVDR COMPANY LIMITED	59,897,356	2.744
5	GOVERNMENT SAVINGS BANK	46,409,885	2.126
6	STATE STREET BANK EUROPE LIMITED	17,580,944	0.805
7	MR. EIAM ACHAVAKULTHEP	17,281,400	0.792
8	MR. VICHAI KANATHANAVANICH	13,225,500	0.606
9	HSBC (SINGAPORE) NOMINEES PTE LTD	12,943,100	0.593
10	CHASE NOMINEES LIMITED	12,396,271	0.568
11	OTHER SHAREHOLDERS	559,031,236	25.611
	Total Paid up Capital	2,182,771,917	100.00
	Thai Shareholders	2,055,672,408	94.18
	Foreign Shareholders	127,099,509	5.82

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 no. 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, 1/2016 and 1/2017.

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



The Company's policy
to increase the standard
of quality and capabilities
of its work force



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, 2017 the Company's Board of Directors consists of the following members:

Board of Directors ⁽¹⁾		Number of ⁽²⁾ Attendance / Total Meeting (times)	Period of Time ⁽³⁾
1. ACM Treetod Sonjance	Vice Chairman	12/12	21 Apr 17 - Apr 20
2. ACM Johm Rungswang	Director	6/8	21 Apr 17 - Apr 20
3. Mr. Distat Hotrakitya	Director	6/7	14 Jun 17 - Apr 19
4. Mrs. Pratana Mongkolkul	Director	9/10	28 Feb 17 - Apr 18
5. Mr. Pitipan Tepartimargorn	Director	1/1	20 Dec 17 - Apr 18
6. Mr. Peraphon Thawornsupacharoen	Director	9/12	21 Apr 17 - Apr 20
7. Mr. Pinit Puapan	Director	1/1	20 Dec 17 - Apr 18
8. Mr. Rathapol Bhakdibhumi	Director	10/12	22 Apr 16 - Apr 19
9. Mr. Vachara Tuntariyanond	Director	8/8	21 Apr 17 - Apr 20
10. Mr. Somchai Sujjapongse	Director	6/12	21 Apr 17 - Apr 20
11. Mr. Somkiat Sirichatchai	Director	10/12	22 Apr 16 - Apr 19
12. ACM Amnart Jeeramaneemai	Director	2/12	23 Nov 15 - Apr 18

Notes:

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

⁽²⁾ Only the Board of Directors regular meetings are specified.

⁽³⁾ Only the current term is specified.

Executive Management

As of December 31, 2017 the Company has 11 Executive Management⁽¹⁾

Name ⁽¹⁾	Position
1. Mrs. Usanee Sangsingkeo	Executive Vice President, Corporate Strategy and Sustainable Development Acting President
2. Flt. Lt. Kanok Thongpurk	Executive Vice President, Legal Management
3. Mr. Narongchai Wongthanavimok	Executive Vice President, Finance and Accounting Acting Vice President, Corporate Finance Department
4. Sqn. Ldr. Pongtorn Thepkanjana	Executive Vice President, Operations
5. Mr. Surachai Piencharoensak	Executive Vice President, Technical Department
6. Mrs. Phakkhra Ruangsiradecho	Executive Vice President, Aviation Business Unit
7. Mr. Danuj Bunnag	Advisor to the President ⁽²⁾
8. Mrs. Suvimol Bualerd	Senior Vice president, Corporate Secretariat Department Acting Executive Vice President, Human Resources and General Administration
9. Mr. Wiwat Piyawiroj	Assistant Executive Vice President, Commercial Acting Executive Vice President, Commercial
10. Mr. Arichai Numlamun	Vice President, Comptroller Department
11. Miss Piyanee Sungtong	Vice President, Management Accounting and MIS Department

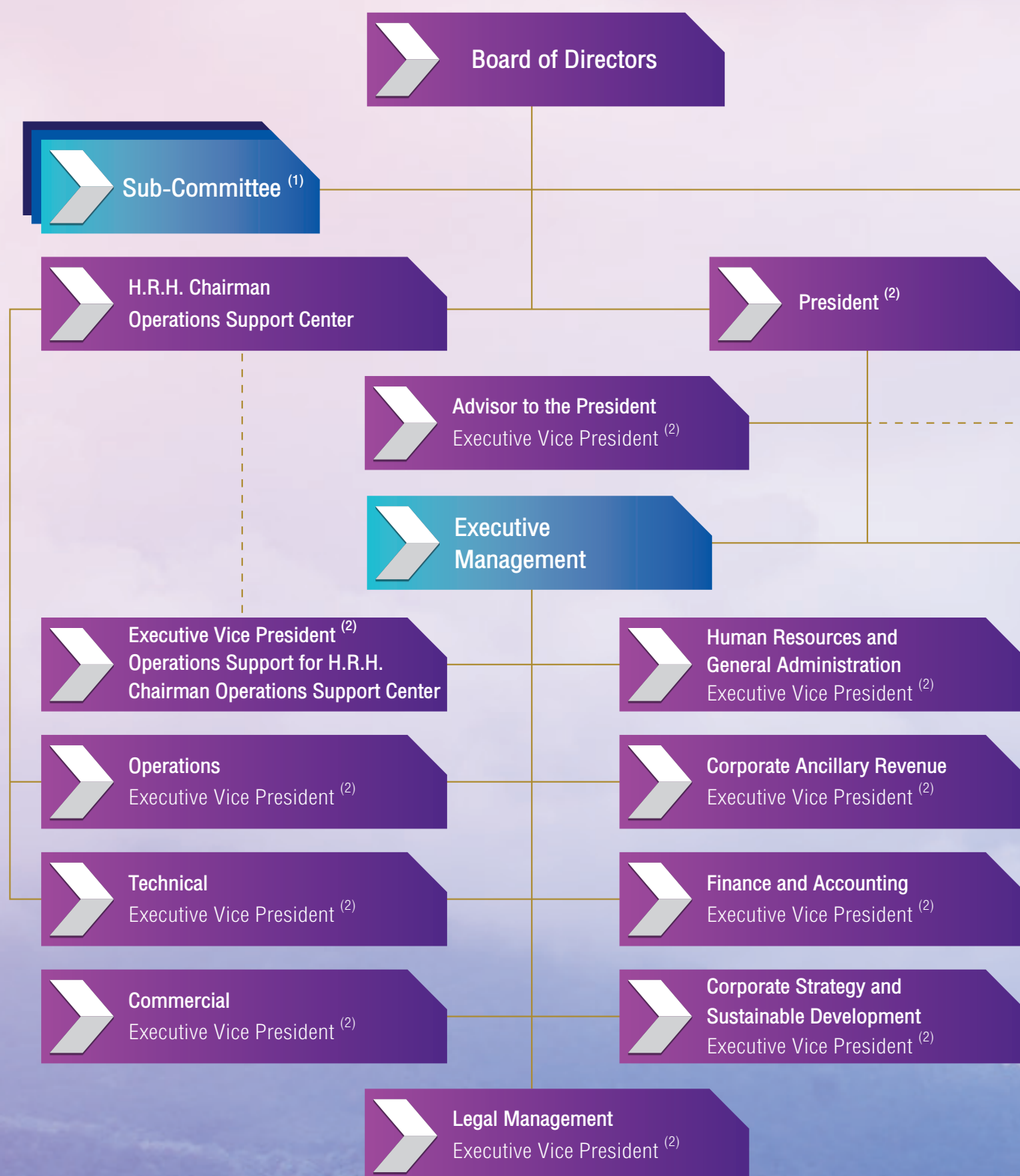
Note :

⁽¹⁾ Executive Management are as per the definition of "Management" denoted by the Securities and Exchange Commission (SEC)

⁽²⁾ Equivalent to Executive Vice President

Management Structure

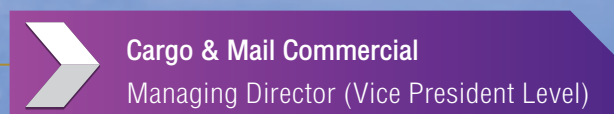
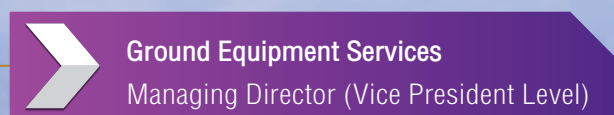
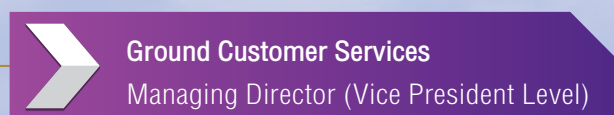
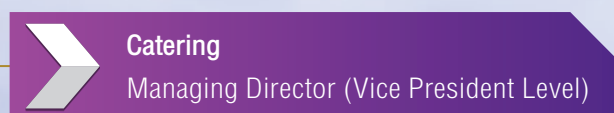
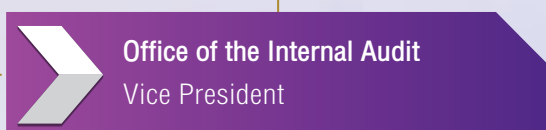
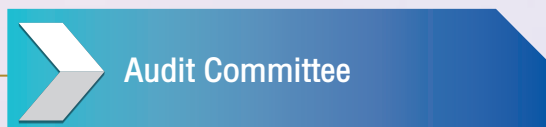
As of December 31, 2017 the Company's management structure consists of the Board of Directors, sub-committees and the Executive Management team.



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 committees 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 minutes of meetings.
 - 1.3 Complete notice of Shareholders' meetings, meeting documents, and 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 2017, other functions of the Company Secretary included the following:

1. To act as Secretary to the Sub-committees as assigned by the Board of Directors such as the Executive Board, Executive Management Committee, THAI Business Unit Committee, Strategy and Transformation Committee, and Corporate Governance and Social Responsibility 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, along with the resolutions of the Board of Directors and shareholders' meeting, with an exception of financial reporting.
5. To ensure the Company's adherence to good corporate governance principles and best practices of regulatory agencies, i.e. the Ministry of Finance, the SEC and institutions responsible for the Company's performance evaluation.
6. 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.
7. To oversee and provide help and advice, and facilitate the registration of shares to Shareholders.
8. To oversee the arrangements of the Shareholders' meetings and preparations of the necessary documents in accordance with the law and Good Governance Practice.
9. To oversee the preparation of the Annual Registration Statement (Form 56-1) and the Annual Report 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.
10. To coordinate with legal counsel in respect of the securities laws.
11. To provide basic advice to company directors and executives to ensure compliance with the rules and regulations of the SET and the SEC.
12. 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.

13. To oversee Regulatory Document Management.
14. 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.
15. To prepare the Directors' Manual, organize an orientation, and give advice to newly appointed Directors.
16. To maintain relevant information regarding the Company's subsidiary companies.
17. 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 2017 on April 21, 2017 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 2016.

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 2016.
3. The Audit Committee shall receive monthly remuneration equal to the meeting allowance of the Board of Directors. The Chairman of the Audit Committee shall receive remuneration at the rate of 25% higher than an audit committee member, and shall receive remuneration in the months when there are no meetings. This is in line with the payment approved in 2016.
4. The Board of Directors has resolved not to submit a proposal for an annual bonus for the fiscal year 2017 to the Annual General Meeting of Shareholders 2017.

Compensation for Board of Directors and Executive Management for the year 2017 ending December 31, 2017

Unit : THB million

Board of Directors	Number (People)	Remuneration	Meeting Allowance (Board of Directors)	Meeting Allowance (Sub-Committee)	Bonus	Total
Board of Directors ⁽¹⁾	19	7.68	4.38	2.35	บริษัทฯ งดจ่าย	14.41
Audit Committee ⁽²⁾	5	1.27	-	-	-	1.27
Executive Management ⁽³⁾	16	70.22	-	-	-	70.22

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, 2017

Remuneration for the Board of Directors for the year 2017 ending December 31, 2017

Board of Directors	Position Held	Remunerations and Meeting Allowance Board of Directors (THB)	Meeting Allowance Other Committees (THB)	Meeting Allowance Audit Committee (THB)	Total Remuneration (THB)
1. ACM Treetod Sonjanace	<ul style="list-style-type: none"> - Acting Chairman of the Board of Directors - Vice Chairman of the Board of Directors - Chairman of the Corporate Governance and Social Responsibility Committee - Chairman of the Procurement Efficiency Improvement Committee - Member of the Recruitment of THAI's President 	1,001,250.00	220,000.00	-	1,221,250.00
2. ACM Johm Rungswang	<ul style="list-style-type: none"> - Member of the Board of Directors - Chairman of the Audit Committee - Member of the Senior Executive Complaints Investigation Committee - Member of the Corporate Affairs Committee 	656,666.66	80,000.00	275,806.46	1,012,473.12
3. Mr. Distat Hotrakitya	<ul style="list-style-type: none"> - Member of the Board of Directors - Chairman of the Legal Committee 	538,333.34	30,000.00	-	568,333.34
4. Mrs. Pratana Mongkolkul	<ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Executive Board - Member of the Human Resources Development Committee - Member of the THAI's Strategy and Transformation Committee 	801,785.72	270,000.00	-	1,071,785.72
5. Mr. Peraphon Thawornsupacharoen	<ul style="list-style-type: none"> - Member of the Board of Directors - Chairman of the Executive Board - Member of the Corporate Governance and Social Responsibility Committee - Member of the Recruitment of THAI's President - Member of the Senior Executive Allegations Investigation Committee - Member of the Senior Executive Complaints Investigation Committee 	930,000.00	220,000.00	-	1,150,000.00
6. Mr. Rathapol Bhakdibhumi	<ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Audit Committee - Member of the THAI's Strategy and Transformation Committee - Member of the Nomination and Remuneration Committee - Member of the Recruitment of THAI's President - Member of the Human Resources Development Committee - Member of the Procurement Efficiency Improvement Committee 	960,000.00	290,000.00	360,000.00	1,610,000.00

Board of Directors	Position Held	Remunerations and Meeting Allowance Board of Directors (THB)	Meeting Allowance Other Committees (THB)	Meeting Allowance Audit Committee (THB)	Total Remuneration (THB)
7. Mr. Vachara Tuntariyanond	<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 Nomination and Remuneration Committee 	656,666.66	120,000.00	-	776,666.66
8. Mr. Somchai Sujiapongse	<ul style="list-style-type: none"> - Member of the Board of Directors - Chairman of the Nomination and Remuneration Committee - Chairman of the Risk Management Committee - Chairman of the Recruitment of THAI's President 	870,000.00	220,000.00	-	1,090,000.00
9. Mr. Somkiat Sirichatchai	<ul style="list-style-type: none"> - Member of the Board of Directors - Member of the Audit Committee - Chairman of the THAI's Strategy and Transformation Committee - Chairman of the Human Resources Development Committee - Member of the Procurement Efficiency Improvement Committee 	960,000.00	280,000.00	360,000.00	1,600,000.00
10. ACM Amnart Jeeramaneechai	<ul style="list-style-type: none"> - Member of the Board of Directors 	690,000.00	-	-	690,000.00
11. ACM M.L. Suprija Kamalasana	<ul style="list-style-type: none"> - Former Member of the Board of Directors - Former Member of the Executive Board - Former Chairman of the Risk Management Committee 	80,000.00	20,000.00	-	100,000.00
12. Mr. Charamporn Jotikasthira	<ul style="list-style-type: none"> - Former Member of the Board of Directors 	126,071.43	-	-	126,071.43
13. ACM Siwakiat Jayema	<ul style="list-style-type: none"> - Former Member of the Board of Directors - Former Member of the THAI's Strategy and Transformation Committee - Former Chairman of the Corporate Affairs Committee - Former Member of the Executive Board - Former Member of the Senior Executive Allegations Investigation Committee 	305,000.00	60,000.00	-	365,000.00
14. Gen. Chatudom Titthasiri	<ul style="list-style-type: none"> - Former Member of the Board of Directors - Former Member of the Audit Committee - Former Member of the Risk Management Committee 	305,000.00	10,000.00	111,000.00	426,000.00
15. Mr. Weerawong Chittmittrapap	<ul style="list-style-type: none"> - Former Member of the Board of Directors - Former Chairman of the Audit Committee 	374,193.54	-	168,145.16	542,338.70

Board of Directors	Position Held	Remunerations and Meeting Allowance Board of Directors (THB)	Meeting Allowance Other Committees (THB)	Meeting Allowance Audit Committee (THB)	Total Remuneration (THB)
16. Mr. Damri Tunshevavong	<ul style="list-style-type: none"> - Former Member of the Board of Directors - Former Member of the Executive Board - Former Member of the Risk Management Committee - Former Member of the THAI's Strategy and Transformation Committee - Former Chairman of the Human Resources Development Committee - Former Member of the Recruitment of THAI's President 	438,333.33	210,000.00	-	648,333.33
17. Pol. Gen. Chakthip Chaijinda	<ul style="list-style-type: none"> - Former Member of the Board of Directors - Former Member of the Corporate Governance and Social Responsibility Committee - Former Chairman of the Senior Executive Complaints Investigation Committee - Former Chairman of the Senior Executive Allegations Investigation Committee 	690,000.00	110,000.00	-	800,000.00
18. Mr. Kanit Sangsubhan	<ul style="list-style-type: none"> - Former Member of the Board of Directors - Former Chairman of the Executive Board - Former Member of the THAI's Strategy and Transformation Committee - Former Member of the Nomination and Remuneration Committee - Former Member of the Risk Management Committee - Former Member of the Recruitment of THAI's President 	796,774.19	200,000.00	-	996,774.19
19. Mr. Areepong Bhoocha-oom	<ul style="list-style-type: none"> - Former Chairman of the Board of Directors - Former Chairman of the THAI's Strategy and Transformation Committee 	875,000.00	10,000.00	-	885,000.00

Other Remunerations

Ticket Privilege

Board of Directors

The Company has cancelled air ticket benefits for members of the Board of Directors effective from 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, under supervision of the Provident Fund Committee. 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 monthly salary. 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 2017 ending December 31, 2017

	Provident Fund		Pension Fund	
	Number of Persons	Total Amount (THB million)	Number of Persons	Total Amount (THB million)
Executive Management ⁽¹⁾	15	3.19	1	0.19

Note: ⁽¹⁾ Executive Management of 16 persons, including those retiring and resigning before December 31, 2017

Human Resource

As of December 31, 2017, THAI had in total 22,370 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 by Locations and Duties as of the Specified Date

	Number of Employees		
	2017	2016	2015
Total Number of Employees	22,370	21,998	22,864
By locations			
• Bangkok	19,717	19,347	19,938
• Other places in Thailand	1,216	1,202	1,436
• Foreign Country	1,437	1,449	1,490
By duties			
• Flight crew			
- Pilot	1,371	1,280	1,321
- Cabin Crew	6,081	5,725	5,859
• Technical department	3,682	3,724	3,884
• Commercial department	1,674	1,715	1,794
• Ground services department	7,447	7,430	7,813
• Other departments	2,115	2,124	2,193

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

The operating loss in 2015 led the Company to implement a recovery program and carry out a transformation plan, enabling the Company to finally made profits in 2016. The recovery was largely due to extra efforts, patience and sacrifice exerted by employees as well as their support of the transformation plan to continuously adjust work process, improve quality of services and reduce operating costs and expenses. In 2017, the Board of Directors thus approved a reward for reforming performance for the year 2016 to boost employee morale and engagement in the transformation plan to further strengthen competitiveness and sustain profitability.

Long-term incentive

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	2017	2016	2015
General Staff	18,551	19,465	23,195
Pilot	6,319	5,716	5,851
Cabin Crew	8,250	7,591	8,398
Total	33,120	32,772	37,444

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 a variety of

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 their future career advancement. This also helps support the Company's business operations and further propel its strategies.

Expenses for Employee Development

Unit : THB million

Expenses for Employee Development	2017	2016	2015
General Staff	52	55	28
Pilot	399	411	452
Cabin Crew	7	10	1
Total	458	476	481

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



Acknowledgement of good corporate governance practice guidelines, the Board of Directors then reviewed good corporate governance policies to be in line with the CG Code 2017



Policies on Good Corporate Governance and Business Ethics

Good Corporate Governance Policies

The Company's Board of Directors is committed to operating business in compliance with the Good Corporate Governance Principles as accepted by International Best Practices, the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), and the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) on the belief that they can help the Company's business to grow with efficiency, excellent management, transparency and accountability while paying close attention to all stakeholder groups and building shareholders' confidence and benefits. The Company has then improved its good corporate governance on a continuous basis by adhering to good corporate governance principles, code of conduct and business ethics as well as relevant laws, rules, regulations and best practices.

In 2017, the Corporate Secretariat Department made a summary of Corporate Governance Code (CG Code) for listed companies 2017, issued by the SEC, for the Board of Directors' acknowledgement of good corporate governance practice guidelines. The Board of Directors then reviewed good corporate governance policies to be in line with the CG Code 2017 as practice guidelines for the Board of Directors' performance of duties as follows:

- 1) Establish Clear Leadership Roles and Responsibilities of the Board of Directors to Achieve Sustainable Value Creation.

The Board of Directors shall determine objectives, goals, strategies, policies, business plans and budgets as well as ensure that all Directors and Executives carry out their roles and responsibilities with duty of care and duty of loyalty to the organization and in accordance with the laws, regulations and resolutions of shareholders' meetings.

- 2) Define the Company's Objectives and Goals that Promote Sustainability

The Board of Directors shall define the Company's objectives in harmony with the goals to achieve sustainable value creation for the Company, stakeholders and society at large.

- 3) Strengthen Board Effectiveness

The Board of Directors shall be responsible for determining and reviewing the Board structure and the proportion of Independent Directors, overseeing the nomination process, determining the remuneration, and conducting a performance evaluation of the Board of Directors and Subcommittees. The Board of Directors shall also ensure that there are mechanisms to oversee the operations of subsidiaries and its annual performance evaluation is conducted to be used as a framework for auditing and for development and enhancement of efficiency in the performance of duties.

- 4) Nomination and Development of Top Management and Personnel Management

The Board of Directors shall ensure that an appropriate, transparent and fair nomination, development, compensation, performance evaluation of top executives as well as a succession plan are in place.

- 5) Promote Innovation and Commitment to Responsible Business

The Board of Directors shall give precedence and provide support to building innovation that creates value for the business, stakeholders and responsibility to society and the environment, allocate and manage

the Company's resources in an efficient manner, establish an information technology security policy, and procedure, and apply information technology to increase business opportunities, and performance.

- 6) Ensure Proper Risk Management and Internal Control

The Board of Directors shall ensure that the Company has in place risk management, internal control and internal audit systems as well as prevention of conflict of interest. The Board of Directors shall also establish a clear anti-corruption policy and guidelines by determining processes and procedures of whistleblowing and complaint handling and communicating them to everyone in the organization and outsiders.

- 7) Ensure Disclosure and Financial Integrity.

The Board of Directors shall monitor the adequacy of financial liquidity and abilities to pay debts to ensure that the Company has plans to reduce the financial problems while taking into account the shareholders' rights as well as disclosing both financial and non-financial information in an adequate, reliable, thorough, and timely manner. The Board of Directors shall also establish a unit responsible for communicating or disseminating the information to the general public, investors and shareholders via different channels and applying communication technology appropriately.

- 8) Enhance Stakeholder Engagement and Communication

The Board of Directors shall place importance on shareholders engagement, provide non-discriminating treatment to the shareholders in facilitating their exercise of rights on significant matters as well as oversee the correctness and completeness of the disclosure of shareholder meeting resolutions and the preparation of the minutes of shareholders' meetings.

Business Ethics

THAI's Ethical Principles for Employees are as follows:

1. To adhere to the democratic regime - support and uphold 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 wrongdoing 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 via the Company's website: <http://publicinfo.thaiairways.com/> for the employee's mutual understanding and concrete action.

- **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. The Management must comply with transparency and fairness guidelines in regard to nominations, appointments, transfers and consideration for promotions.
- **Transparency:** The Company must 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 Department and the Investor 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 Principles of Good Corporate Governance

In 2017, the Company's good corporate governance practices can be summarized as follows:

1) Rights of Shareholders

The Company recognizes the importance of shareholders and their rights to build confidence and trust to invest in the Company. To this end, the Company 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 be able to nominate the appropriate individuals for consideration to be appointed to the Company's Board of Directors. Shareholders shall also have the right to participate in important decisions such as electing directors of the Company, approving transactions that bear effect on the direction of the business, and making amendments to the Memorandum of Association and the Articles of Association.

Annual General Shareholders' Meeting

The Company held the AGM according to the Public Limited Companies Act B.E. 2535 (1992), in accordance with the guidelines of the SET and the Thai Institute of Directors (IOD) and monitored that the AGM was fully complied with the requirements stated in the Annual General Meeting Checklist (AGM Checklist) based on the assessment of AGM of listed companies by the Thai Investors Association, the Thai Listed Companies Association and the SEC to raise the quality of the Company's AGM as follows:

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

At the Board of Directors' meeting 2/2017 held on February 28, 2017, a resolution was reached by the Company's Board of Directors to hold the 2017 AGM on April 21, 2017, which was within 4 months from the end of fiscal year. The Notice to shareholders was disclosed on the Company's website from March 21, 2017. The 2017 AGM was held at the Chaipayruk Hall, Air Force Auditorium (Thong Yai Building), Phahonyothin Road, Sai Mai, Bangkok. A total of 1,024 shareholders and proxies attended the meeting representing a total of 1,617,527,455 shares which is 74.10% of the Company's paid-up capital constituting a quorum. The Chairman of the Board,

Chairman of the Sub-Committees, 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 2017 AGM, to ensure abidance with the guidelines of good corporate governance and recognizing shareholder's rights, the Company 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 timeframe allowing such proposal was from October to December 2016. Details on the rules and procedures were revealed on the Company's website, published in newspapers during October 9 - 12, 2016 as well as notified the Stock Exchange of Thailand in such matters. None of the shareholders submitted the name of candidate to be considered for election to the Company's Board of Directors.

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

The shareholders' meeting invitation letter 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 (AOA) requiring sufficient background information of each agenda must be included in the information packet 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 of the previous AGM, a copy of the Annual Report, all necessary documents to be used for the AGM along with proxy forms and relevant instructions. All the above documents were sent 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 packet was also posted on the Company's website for more than 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 venue was selected to ensure maximum security for shareholders. All shareholders, elderly and 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. The participating shareholders were treated for lunch, snacks and refreshments.

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

Prior to commencing the 2017 AGM, the Company Secretary provided attendees with a summary of the Quorum, explained how to use the voting ballot, 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 comments that shareholders might have. In regard to the voting and vote counting process, the Company strictly adhered to the Company's AOA allowing one vote per share held. The resolutions of shareholders' meeting were passed by a simple majority vote of the shareholders attending the meeting and having voting rights. In the event of a tie vote, the Chairman of the meeting shall have a casting vote. In counting votes for the general agenda, only disapprove and abstain from votes were counted and the rest was regarded as approve

votes. Except for the agenda on election of Directors, all votes were counted by dividing into approve, disapprove and abstain from votes while the rest was regarded as non-submission of ballots.

A comprehensive minute of the AGM was 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 were disclosed to the general public via the SET's information channel within the period of the time at the end of the day after the meeting. Details regarding the approved/disapproved resolution and the vote counts (approve/disapprove/abstain from votes) had been clearly indicated for each agenda item 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/abstain from votes) on agenda items posed for shareholders' consideration along with major issues posed by shareholders and the response made by the Company were submitted to the SET and the minutes of the AGM had also been posted on Company's website within 14 days post the AGM and submitted to the relevant government bodies within the time frame. 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.

2) **Equitable Treatment of Shareholders**

The Company's policy 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 Thailand Securities Depository Co., Ltd (TSD) 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 Company's website 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.

3) Role of Stakeholders

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 set practice guidelines 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's directors, executives and employees reflecting the following guidelines:

Country

The Company operates its business based on transparency and accountability while ensuring sustainable growth and maximizing benefits to the country.

Society and the General Public

The Company is aware of its CSR role, emphasizes conservation of natural resources and environment, and has the interest of the general public at heart. The Company is supportive of activities that are beneficial to the society or communities.

Shareholders

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

Customers

The Company will render quality services while emphasizing customer safety and convenience and seeking means to better meet customer needs to build their confidence and satisfaction.



Business Partners, Creditors, Debtors and Competitors

The Company strives to build confidence for Business Partners, Creditors and Debtors that they will be equally and fairly treated based upon business relationship and fair returns to both parties. The Company will 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.

Moreover, for competitors, the Company has a policy to conduct business on a fair play basis, not seeking confidential information of competitors in a dishonest or inappropriate way and not damaging reputation of competitors by way of false allegation.

Employees

The Company 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 2017, 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 item Human Resource page 75.

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 Sustainable Development Report 2017.

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 are implemented on employees to create awareness on such matters, including verification by both internal and external agencies.

Practices on anti-corruption policy

Please see the information in item Additional Practice Guidelines on Prevention of Involvement in Corruption page 105.

4) Information Disclosure and Transparency

The Company gives priority to the principles of information disclosure and transparency according to the requirements set by the Ministry of Finance (MOF), the SET, and the SEC. 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 SET, report of the Company's information through Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) to the SEC, report on financial information, directors and employees information including other information through the 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/conference calls with the executives, questions and answers and information provided via the telephone and/or email, and meetings between executives, institutional investors and securities analysts to report the financial performance on a quarterly basis. In addition, securities analysts and stakeholders were invited to visit the Company and meet the executives to exchange opinions. This year, the stakeholders were invited to visit the THAI Aircraft Overhaul Department (U-Tapao) to assure them of the potential and capacity of THAI to establish the Maintenance, Repair, and Overhaul (MRO) Center in the Asia-Pacific region in preparedness for the Eastern Economic Corridor (EEC). Moreover, several activities were conducted for the securities analysts and stakeholders. In the past year, the Company's investor relations activities included:

Activity	Time (s) per annum
Domestic Road Show	3
International Road Show	6
One on one corporate visits/ teleconference	21
Phone calls and internet enquiries	329
Quarterly pre and post disclosure analyst briefing	4
Company visit (site visit)	3

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, Board of Directors, services, news, operating results, financial statements, shareholder information, shareholders' meetings, minutes of shareholders' meetings, a list of major shareholders, operational statistics, good corporate governance, procurement reports, the Company's AOA, and information reported to SET, 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 has properly considered a potential conflict of interest or connected 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 Supervisory Board and the SET to be reliable and trustable for all stakeholders. The main criteria are as follows:

Since September 2004, a guideline was announced in regard to disclosure of connected transactions based on the rules and procedures of the SET 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 for acknowledgement. A list of related persons and entities is distributed to Management and coordinators of each department to monitor connected transactions and report to the Management or the Board of Directors. If there is a connected transaction, the Company will follow the procedures with reference to the relevant laws including the disclosure in the annual report (Form 56-2) and annual registration statement (Form 56-1).

To ensure that disclosure on related party transactions is in compliance with the SET's regulations and procedures and that of accounting standards in a correct and complete manner, the Company then released an announcement in January of 2005 on "Transfer Pricing



Guidelines for Thai Airways International Pcl.” For the transactions carried out between the Company and related parties, the transfer pricing guidelines for the setting of prices of goods and services that are exchanged between the Company and related businesses shall be applicable by setting average transfer prices similar to the Company’s, setting transfer prices for other unrelated parties or businesses first and using irregular conditional pricing guidelines that do not conform to the market prices if necessary.

In addition, in the monthly meeting of the Board of Directors and Executives of the Company, the Corporate Secretariat Department will prepare the agenda on “Connected Transactions of Thai Airways International Pcl.” to disclose to the Board of Directors and the Executives whether the Company has any related transactions each month, and also proposes the matter to the Audit Committee on a quarterly basis. The Company has improved its performance procedure to comply with the changing requirements of the relevant authorities in order to manage the conflict, and the benefits in accordance with the principles of Good Corporate Governance and accuracy according to the requirements.

Compliance with the Official Information Act B.E. 2540 (1997)

The Official Information Act B.E. 2540 (1997) guarantees the people’s right to have full access to information relating to the operation of the State and encourages public participation in examining the use of State power, which will lead to efficient and transparent state administration while maximizing the public interests.

THAI has established a Public Information Centre 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 practice guidelines of the Company’s regulations on the Company’s disclosure of information in accordance with the Official Information Act B.E. 2540 (1997) by adhering to the principle “Disclosure is the Norm and Non-disclosure is the 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 website: www.thaiairways.com in Public Information Centre.

Public Information Centre was 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 (1997) from 1999 to 2014. The Public Information Centre has also received a certificate of excellence from the Official Information Commission for the 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 (1997). It is the pride of the Company that the Public Information Centre 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 the operation of the Company.”

In 2017, the Public Information Centre continues to cooperate with the Office of the Public Sector Development according to the Licensing Facilitation Act B.E. 2558 (2015) to achieve public service quality enhancement and increase efficiency in public service provision for tangible outcomes.

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 details in The Corporate Secretary page 70.

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 details in Board of Directors page 208 - 223.

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. The 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 yearly basis to accommodate changes in current situations. The Board of Directors has regulated the ethical standards, encouraged the Board of Directors, Management and employees to strictly comply by communicating and disclosing the practice guidelines in the Company's Good Corporate Governance and Ethics Code through the Company's website. 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.

Board Structure

The board structure is in accordance with the Company's AOA, regulations of the Public Limited Companies Act B.E. 2535 (1992), the Standard Qualifications for Directors and Employees of State Enterprises Act B.E. 2518 (1975), the Securities and Exchange Act B.E. 2535 (1992) and B.E. 2551 (2008), and related rules and regulations.

The Board of Directors appointed subcommittees to study and screen specific matters as detailed in Subcommittees page 95 - 100.

Board Composition

Directors are appointed as per the resolution of the AGM as proposed by the Nomination and Remuneration Committee and the Board of Directors, respectively, according to the Company's AOA, the Board of Directors must consist of at least 5 directors but not more than 15 directors. The Company has also determined Skill Matrix of Directors to be aligned with the Company's missions and strategic plans.

As of December 31, 2017, the Company's Board of Directors consisted of 12 directors, all of whom were non-executive directors or 100% and 7 of whom were independent directors or 58.33% of the total number of Directors. The number of non-executive directors was sufficient enough 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.

Authority and Responsibilities of Directors

The Board of Directors has authority and responsibility to oversee the Company's operations to be strictly in line with the objectives and resolutions of the AGM without violations of the laws, rules, regulations, good corporate governance principles and best practices for directors of companies listed in the SET. The Board of Directors has authority and responsibilities to approve the following matters:

1. Perform duties with care, safeguard the interests of the Company and abide by business ethics.
2. Formulate policies and directions of the Company's operations and supervise and monitor the Management to execute the policies efficiently and effectively.
3. Protect shareholders' interests and disclose information to investors in a correct, complete, standardized and transparent manner.
4. Monitor the Company's operations and shall acknowledge compliance with the laws and requirements in the Company's related agreements.
5. Ensure that the Company's internal control, internal audit and good corporate governance systems are in place.
6. May appoint other persons to manage the Company's operations under the supervision of the Board of Directors or the President.
7. Have the authority to specify names of Directors who are authorized signatories of the Company and establish Subcommittees.
8. Independent Directors shall exercise their own discretion independently to consider the matters.
9. Refrain from operating a similar type of business that is a direct competitor to the Company. It is required to notify the Company without delay in case of 1) having direct or indirect interests in any agreements reached by the Company 2) holding shares or debentures in the Company or subsidiary companies.
10. Have the authority to approve an authorized amount of budget exceeding the authority of the Executive Board.

Roles of Chairman of the Board and President

The Chairman of the Board plays a crucial role in deciding the direction and policies of the major operations of the Company. The Chairman of the Board, as an independent director, shall 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 actions and 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 of Directors.

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 item 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 an invitation letter along with agenda items and supporting documents to each director, thus giving him/her adequate time to study on the information before attending the meeting.

In 2017, the Board of Directors convened 12 times in total, excluding 15 special meetings. The Company Secretary made the written records and minutes of all meetings to be presented to the Board of Directors 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. Details of meeting attendance of Subcommittees are as follows:



Meeting Attendance of Subcommittees in 2017						
	Meetings held in 2017					
Board of Directors	Executive Board 13 times	Audit Committee 11 times	Risk Management Committee 7 times	Nomination and Remuneration Committee 14 times	Corporate Governance and Social Responsibility Committee 13 times	Strategy and Transformation Committee 32 times
1. ACM Treetod Sonjance					13/13 ^{/1}	
2. ACM Johm Rungswang ^{/2}		6/6 ^{/1}				
3. Mr. Distat Hotrakitya						
4. Mrs. Pratana Mongkolkul ^{/3}	10/11					23/26
5. Mr. Peraphon Thawornsupacharoen ^{/4}	6/8 ^{/1}				7/13	
6. Mr. Rathapol Bhakdibhumi		8/11		12/14		21/32
7. Mr. Vachara Tuntariyanond ^{/4, /5}	5/8		5/7	2/2		
8. Mr. Somchai Sujjapongse			7/7 ^{/1}	14/14 ^{/1}		
9. Mr. Somkiat Sirichatchai		11/11				28/32 ^{/1}
10. ACM Amnart Jeeramaneemai						
11. Mr. Pitipan Tepartimargorn ^{/6}						
12. Mr. Pinit Puapan ^{/6}						

Note :

^{/1} The Chairman of the Committee

^{/2} Appointed as Member of the Audit Committee on May 21, 2017

^{/3} Appointed as Member of the Executive Board on February 28, 2017

^{/4} Appointed as Member of the Executive Board on May 25, 2017

^{/5} Appointed as Member of the Nomination and Remuneration Committee on November 13, 2017

^{/6} Appointed as Director on December 20, 2017

Please see details of Subcommittees in page 95.

Remuneration of Directors

For the details of the remuneration of directors, please see in Remuneration for Members of the Board of Directors and the Executives page 71.

Performance Evaluation of the Board of Directors

The Company has determined that the performance of the Board should be evaluated annually. The performance evaluation serves as an audit tool for the Board of Directors' performance of duties. The Corporate Secretariat Department will present an evaluation form approved by the Corporate Governance and Social Responsibility Committee to the Board of Directors 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 Accountability and Responsibility
 - 1.5 Committee Activities
 - 1.6 Development of Organization
2. Cross Evaluation :
 - 2.1 Core Competency
 - 2.2 Independence
 - 2.3 Preparedness
 - 2.4 Accountability and Responsibility
 - 2.5 Committee Activities
 - 2.6 Development of Organization
3. Board Evaluation :
 - 3.1 Structure and Qualifications
 - 3.2 Roles, and Responsibilities
 - 3.3 Board meetings
 - 3.4 Fulfillment of duties
 - 3.5 Relationship with the Management

The evaluation result is reported to the Company's Board of Directors in order to organize activities to enhance

knowledge and efficiency of the Directors. In 2017, from the results of Board Evaluation, it was concluded excellent.

However, the Chairman's evaluation result remained confidential and could not 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 was then presented to the Board of Directors for consideration. However, the President's evaluation result remained confidential and could not be made public.

Determination of Terms of the Directors

Directors' fixed term of office is set according to the Company's AOA prescribing that at every AGM, one-third of the directors shall retire from office. The Directors who have been in office longest shall retire from office.

Determination of Terms of the Independent Directors

The Independent Directors shall not hold office for a term up to nine consecutive years from the day they are appointed as Independent Directors. After completion of aforesaid term, those directors can be re-appointed by the Board of Directors, but they will no longer be regarded as independent.

Directors' Orientation

The Company holds an orientation for new Directors by presenting the Company's information, aviation business, shareholding structure, related rules and regulations including privileges of the Directors, to allow the Directors to receive related information beneficial for managing the Company. In addition, the Directors are encouraged to attend training courses organized by the Thai Institute of Directors (IOD) to develop, support and promote the performance of the Board of Directors.

Knowledge and Skill Development for Directors and Executives

The Board of Directors and Executives are encouraged to attend training courses, seminars and activities organized by the IOD, the SET, and the SEC in order to continuously enhance their knowledge and exchange

experience in various fields related to the roles of Directors and Subcommittees. The majority of the Directors have been trained in courses organized by the IOD as follows:

1. Ethical Leadership Program (ELP)
2. Director Certification Program (DCP)
3. Director Accreditation Program (DAP)
4. Advance Audit Committee Program (AACP)
5. Diploma Examination (Exam)
6. Charter Director Class (CDC)
7. Audit Committee Program (ACP)

8. Corporate Governance for Capital Market Intermediaries (CGI)
9. Role of Compensation Committee (RCC)
10. Role of the Chairman Program (RCP)
11. Driving Company Success with IT Governance (ITG)
12. Anti-Corruption Executive Program (ACEP)

Board and Management Training

As of December 31, 2017, the Board of Directors and the Management have been trained in courses organized by the IOD as follows:

Board of Directors	Position	Courses Attended
ACM Treetod Sonjance	Acting Chairman Vice Chairman And Independent Director	- Ethical Leadership Program (ELP 10/2017)
ACM Johm Rungswang	Independent Director Chairman of the Audit Committee	-
Mr. Distat Hotrakitya	Director	- Director Certification Program (DCP 94/2007)
Mrs. Pratana Mongkolkul	Independent Director	- Director Accreditation Program (DAP 2/2003) - Director Certification Program (DCP 34/2003) - Advance Audit Committee Program (AACP 22/2016) - Diploma Examination (Exam 11/2003)
Mr. Peraphon Thawornsupacharoen	Director	-
Mr. Rathapol Bhakdibhumi	Independent Director and Member of the Audit Committee	- Director Accreditation Program (DAP 23/2004) - Director Certification Program (DCP 52/2004) - Charter Director Class (CDC 9/2015)
Mr. Vachara Tuntariyanond	Independent Director	- Audit Committee Program (ACP 41/2012) - Director Certification Program (DCP 94/2007) - Corporate Governance for Capital Market Intermediaries (CGI 6/2015)

Board of Directors	Position	Courses Attended
Mr. Somchai Sujjapongse	Director	- Director Certification Program (DCP 75/2006)
Mr. Somkiat Sirichatchai	Independent Director and Member of the Audit Committee	<ul style="list-style-type: none"> - Director Accreditation Program (DAP 84/2010) - Role of Compensation Committee (RCC 11/2010) - Director Certification Program (DCP 178/2013) - Role of the Chairman Program (RCP 39/2016) - Driving Company Success with IT Governance (ITG 4/2017)
ACM Amnart Jeeramaneemai	Independent Director	-
Mr. Pitipan Teparitarn	Director	<ul style="list-style-type: none"> - Director Certification Program (DCP 138/2010) - Anti-Corruption Executive Program (ACEP 4/2012)
Mr. Pinit Puapan	Director	<ul style="list-style-type: none"> - Audit Committee Program (ACP 2/2004) - Director Accreditation Program (DAP 25/2004) - Corporate Governance for Capital Market Intermediaries (CGI 2/2015)

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 the President. The Chairman of the Board has no relationship with other members of the Management. There is a clear written differentiation between the roles and responsibilities of the Company's Board of Directors and that of the Management.

Compliance

In 2017, the Company established the Compliance Department under the Corporate Compliance and Governance Department to oversee the compliance of the Directors, executives and employees with the laws,

rules and regulations relating to the Company's operations. The Compliance Department was mainly responsible for disseminating and enhancing knowledge and understanding of compliance practices for the Directors, executives and employees as well as developing the Company's compliance programs in accordance with international standards and standards of listed companies and airline businesses. The Company also improved the compliance policy to cover compliance with the laws, rules and regulations relating to the Company's business and those issued by the Company.

Board of Directors

The Board of Directors has ultimate responsibility for the administration of The Company's affairs. The Company's

AOA prescribes that the Board of Directors shall consist of not less than 5 but not more than 15 directors as decided by the AGM from time to time and not less than half of all Directors shall have residence in the Kingdom. At every AGM, one-third of the Directors shall retire from office and new Directors shall be elected. Retiring Directors are eligible for re-election.

As of December 31, 2017, the Company's Board of Directors consists of the following members:

1. ACM Treetod Sonjance
Acting Chairman, Vice Chairman and Independent Director
2. ACM Johm Rungswang
Independent Director and Chairman of the Audit Committee
3. Mr. Distat Hotrakitya
Director
4. Mrs. Pratana Mongkolkul
Independent Director
5. Mr. Peraphon Thawornsupacharoen
Director
6. Mr. Rathapol Bhakdibhumi
Independent Director and Member of the Audit Committee
7. Mr. Vachara Tuntariyanond
Independent Director
8. Mr. Somchai Sujjapongse
Director
9. Mr. Somkiat Sirichatchai
Independent Director and Member of the Audit Committee
10. ACM Amnart Jeeramaneemai
Independent Director
11. Mr. Pitipan Tepartimargorn
Director
12. Mr. Pinit Puapan
Director
Mrs. Suvimol Bualerd
(Senior Vice President, Corporate Secretariat Department) - Company Secretary, Secretary of the Board of Directors

Authorized Signatories of the Company

ACMTreetod Sonjance or Mr. Peraphon Thawornsupacharoen or Mrs. Pratana Mongkolkul, three of whom are required to sign, with the Company's seal affixed.

In 2017, the Board of Directors convened 12 meetings consisting of 84 agendas for consideration and 123 agendas for acknowledgment.

Independent Directors

To ensure the compliance with the principles of good corporate governance as stipulated by the SEC, similar guidelines of the SEPO and that of the IOD, the Board of Directors appointed the Independent Directors. As of December 31, 2017, directors are:

1. ACM Treetod Sonjance
Independent Director
2. ACM Johm Rungswang
Independent Director
3. Mrs. Pratana Mongkolkul
Independent Director
4. Mr. Rathapol Bhakdibhumi
Independent Director
5. Mr. Vachara Tuntariyanond
Independent Director
6. Mr. Somkiat Sirichatchai
Independent Director
7. ACM Amnart Jeeramaneemai
Independent Director

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

1. Must hold no more than 1 percent of the total outstanding voting shares of the Company, parent company, subsidiaries, associated companies, major shareholder or 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, associated companies or subsidiaries of the same level, major shareholder or 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 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 other directors, management, major shareholder, controlling person of the Company or any person being nominated to the director, management or controlling position of the Company or its subsidiary.
4. Does not or never have business relationships with the Company, parent company, subsidiaries, associated companies, 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 a controlling person of the entity having business relationship with the Company, parent company, subsidiaries, associated companies, major shareholder or 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, associated companies, 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, associated companies, 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 THB 2 million per annum from the Company, parent company, subsidiaries, associated companies, 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 Company's Board of Directors, major shareholder or 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 subsidiaries; 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 percent of total voting shares of other companies operating similar type of business and regarded as direct competitor to the Company or subsidiaries.
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 in Item 1 which is more stringent than the requirement set by the Capital Market Supervisory Board and the SET of not exceeding 0.5 percent of shareholding.

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, associated companies, and subsidiaries of the same level, major shareholder or controlling person of the Company.

In case the person being appointed as Independent Director has or has had business relationship or a relationship in Item 4 and provides professional services with remuneration exceeding the requirements in Item 6 of the requirements, the Company's Board of Directors may consider relaxing the requirements 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.

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 corporate governance principles of the SET and the evaluation criteria for good corporate governance, 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 regard to the assigned tasks.

3. Perform other tasks as assigned by the Board of Directors.

In 2017, the Independent Directors performed their assigned duties and commented independently in order to retain the interests of all shareholders equally.

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 2017 and the guidelines for the independent committee over the Company's supervision in 2018.

The Independent Directors performed their duties well by giving opinions independently and safeguarding the interests of the organization and all shareholders.

In 2017, the Board of Directors appointed several sets of Committees to study and scrutinize specific matters as of December 31, 2017 as follows:

Subcommittees

Executive Board

The Executive Board has been established to ensure that the Company is run with maximum efficiency while ensuring maximum benefit to the Company. The Company's Board of Directors appointed 3 Directors and 1 executive to the Executive Board Committee as follows:

1. Mr. Peraphon Thawornsupacharoen
Chairman
2. Mrs. Pratana Mongkolkul
Member
3. Mr. Vachara Tuntariyanond
Member
4. President
Member
5. Senior Vice President of Corporate Secretariat
Department
Secretary
6. Director of Corporate Secretariat Office
Assistant Secretary

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 THB 500 million up to THB 800 million.

4.2 Have the authority to approve non-budgeted investments of over THB 50 million and up to THB 100 million and report such authorizations to the Board of Directors.

5. Have the authority to summon relevant staff and request relevant 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 of the Board is not present in the meeting or cannot perform the duty, the Chairman of the Board shall appoint a Board member to chair the meeting on his behalf. In case that the Chairman of the Board 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 do 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 2017, 13 meetings were called to consider 81 issues and acknowledge 10 issues.

Audit Committee

To ensure the Company's compliance with the principles of good corporate governance stipulated by the MOF and the SET, and 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 follows:

1. ACM Johm Rungswang
Chairman
2. Mr. Somkiat Sirichatchai
Member
3. Mr. Rathapol Bhakdibhumi
Member
4. 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 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 the Company's Board of Directors to make any decisions in the business operations of the Company, parent company, subsidiaries, associated companies or major shareholder or controlling person of the Company.
3. Members must not be directors of parent company, subsidiaries 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 the Law on Securities and Exchange, the SET's regulations and other laws related 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 SET 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 SET, 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 transactions 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) Violation of the Law on Securities and Exchange, the SET's regulations or other laws related to the Company's business.

9. Have the authority to summon relevant staff and request relevant documents to clarify matters under consideration.
10. Appoint working groups to perform as necessary and appropriate.
11. Perform other tasks as assigned by the Board of Directors.

In 2017, 11 meetings were called to consider 29 issues and acknowledge 27 issues.

Risk Management Committee

To ensure the Company's compliance with the principles of good corporate governance stipulated by the SET and international best practices and risk management is a useful management tool, the Company's Board of Directors has appointed the Risk Management Committee consisting of the following members:

1. Mr. Somchai Sujjapongse
Chairman
2. Mr. Kanit Sangsubhan
Member
3. Mr. Vachara Tuntariyanond
Member
4. President
Member
5. Executive Vice President, Corporate Strategy and Sustainable Development
Member
6. Executive Vice President, Finance and Accounting
Member
7. Vice President, Petroleum Corporate Insurance & Aviation Environmental Department
Member
8. Vice President, Risk & Management Department
Secretary
9. Director, Departmental Risk & Internal Control Management Department
Assistant Secretary

Note: Mr. Kanit Sangsubhan resigned on October 30, 2017.

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 laws, rules, regulations, income and other financial goals, effectiveness of manpower, planning, strategy implementation and aviation security.
2. Determine policies, approaches to risk management, practice framework, other risk managements that may cause obstacles to sustainable business operation and to the target goals comprising of foreign exchange, cash balance management, fuel price risk management, revenue earning, costs of operations, maintenance, personnel and labor disputes, etc.
3. Approve fuel 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 or request relevant documents to clarify matters under consideration.
6. Appoint working groups to perform as necessary and appropriate.
7. Perform other tasks as assigned by the Board of Directors.

In 2017, 7 meetings were called to consider 31 issues.

Nomination and Remuneration Committee

Following the good corporate governance principles of both the MOF and that of the SET and in observance of international best practices, the Company's Board of Directors appointed Nomination and Remuneration Committee consisting of:

1. Mr. Somchai Sujjapongse
Chairman
2. Mr. Rathapol Bhakdibhumi
Member

3. Mr. Vachara Tuntariyanond
Member
4. Executive Vice President, Human Resources and
General Administration
Secretary
5. Vice President, Human Resources Department
Assistant Secretary
6. Vice President, Office of the Internal Audit
Assistant 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 to clarify matters and request relevant documents or other necessary items to assist in decision making.
7. Appoint working groups to perform as necessary and appropriate.
8. Perform other tasks as assigned by the Board of Directors.

In 2017, 14 meetings were called to consider 43 issues.

Corporate Governance and Social Responsibility Committee

Following the good corporate governance principles of both the MOF and that of the SET and in observance of international best practices, the Company's Board of Directors appointed the Corporate Governance and Social Responsibility 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
6. Executive Vice President, Human Resources and
General Administration
Member
7. Vice President, Corporate Image and Communications
Department
Member
8. Vice President, Legal Department
Member
9. Senior Vice President, Corporate Secretariat
Department
Member and Secretary
10. Director, Corporate Inspection Office
Assistant Secretary
11. Director, Corporate Social Responsibility
and Environmental Department
Assistant Secretary
12. Director, Corporate Compliance and Governance
Department
Assistant Secretary

Note: Pol. Gen. Chakthip Chaijinda resigned on October 1, 2017.

Corporate Governance and Social Responsibility Committee's Authority and Responsibilities

1. Recommend practices of good corporate governance to the Board of Directors in accordance with the principles of the MOF and the SET.

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 summon employees or other related persons to clarify matters and request relevant documents or other necessary items to assist in decision making.
6. Define policies and public relation framework to create good corporate image for the customers, shareholders, employees and other stakeholders.
7. Define 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, public benefits 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 working groups to perform as necessary and appropriate.
12. Perform other tasks as assigned by the Board of Directors.

In 2017, 13 meetings were called to consider 40 issues and acknowledge 33 issues.

Strategy and Transformation Committee

To drive strategies and reorganize the Company, the Board of Directors appointed the Strategy and Transformation Committee consisting of:

1. Mr. Somkiat Sirichatchai
Chairman
2. Mr. Rathapol Bhakdibhumi
Member
3. Mrs. Pratana Mongkolkul
Member
4. Mr. Charnporn Jotikasthira
Member
5. President
Member
6. Senior Vice President, Corporate Secretariat
Department
Secretary

Strategy and Transformation Committee's Authority and Responsibilities

1. Direct the Management 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 Management to implement the strategic plans and organizational transformation plans including supervising the Management 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 Company's business operations from all departments as appropriate.

6. Perform other tasks as assigned by the Board of Directors.

In 2017, 32 meetings were called to consider 104 issues and acknowledge 79 issues.

Nomination and Appointment of Board of Directors and Top Management

Nomination of the Company's Board of Directors

According to the Company's AOA, the Board of Directors shall consist of not less than 5 but not more than 15 directors as decided by the general meeting from time to time and not less than half of all directors shall have residence in the Kingdom. The Company's director shall have the qualifications and not be under the prohibition prescribed by the law. At every AGM, one-third of the Directors shall retire from office. If the number is not a multiple of three, then the number nearest to one-third shall retire from office.

The Board of Directors defined the nomination criteria 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 MOF and the SET. The nomination criteria of the Company's Directors is concluded as follows:

1. Define the qualifications of the Company's Directors being recruited.
 - 1.1 Possess the Skill Matrix determined by the Company to ensure that the Board of Directors has the ideal members, assigns the strategies and policies, and supervises for the effective practice of the strategies.
 - 1.2 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 make decisions based on fact and logic.
 - 1.3 No restrictions as defined by the other related laws, 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 The Nomination and Remuneration 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 AGM where one-third of the directors must retire, the short-listed candidates can be considered as from: (1) the former directors who previously retired being nominated to resume the position; (2) List of Directors (Directors' Pool) as announced by the MOF 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 from Directors' Pool 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 the Chairman of the Board, 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 and Remuneration 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 Directors (Directors' Pool) as announced by the MOF 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 the Chairman of the Board, Directors, etc.; and (4) the recruitment of the knowledgeable, skillful and experienced persons ideal for the Company.

2.2 The Nomination and Remuneration Committee screens for the qualified candidates in accordance with the qualification criteria.

2.3 The Secretary of the Nomination and Remuneration Committee inspects the qualifications of those being nominated as the Company's Directors in compliance with the criteria of director nomination.

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

The directors are appointed by the majority vote of the AGM based on the following criteria and methods:

- (1) One shareholder shall have one vote for each share;
- (2) Each shareholder shall exercise all the votes he or she has to elect one or several person(s) to be directors but cannot divide the votes for any person to any extent;
- (3) Persons receiving the most votes, in descending order, are those who are elected directors, to the number of directors who are to be elected. If there is a tie in the last to be elected and this would exceed the said number of directors, lots shall be drawn to meet the required number.

In the case that the director's positions are vacant from the other causes apart from the duly retirement when the term ends, the Board of Directors 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-fourths 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 AGM might resolve for any Director to retire before the term ends with the majority vote of at least three-fourths of all shareholders attending the meeting and holding the rights to vote and the combined share amount of not less than half of the share amount held by the shareholders attending the meeting and holding the rights to vote in such meeting.

At every AGM, at least one-third or the closest number to one-third of the Directors must retire. The Directors to retire 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 President's Nomination Committee, appointed by the Board of Directors, consisting of 5 Board members and 1 Executive Vice President of Human Resources and General Administration. The President's Nomination Committee has authority to define criteria and methods for recruiting the qualified persons with ideal knowledge, abilities and experiences and without the restrictions as defined by the Standard Qualifications for Directors and Officials of State Enterprises 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 for further consideration.

The Board of Directors has set a clear policy limiting the number of directorships in other companies where the President can hold office as follows:

1. Must not appoint the President and the Management to be a Director in other state enterprises except for the case of prescription of law or appointment of directorship in the companies where the Company holds stakes.
2. Be a director in public agencies that have not been established for political interests
3. Be a director in private organizations that have been established for mutual interests, i.e. the Federation of Thai Industries, the Thai Chamber of Commerce and Thailand Management Association.

The President's directorships in other companies shall be proposed for the Board of Directors' approval.

Supervision of Subsidiaries, Associated Companies, and Related Companies

To supervise the operations of Subsidiaries, Associated Companies and Related Companies, The Company as a shareholder has sent representatives to supervise the interests as well as coordinated cooperation between Subsidiaries, Associated Companies and Related Companies. The Company's representatives are those who have been approved by the Management and the Executive Board or the Board of Directors 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 can contribute positively to that business and must be qualified according to the Criteria for the Appointment of Representatives as Directors of Subsidiaries, Associated Companies and Related Companies of Thai Airways International Pcl.

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 determines the code of conduct of representative Directors, precautions, duties and responsibilities abided by laws, objectives and regulations as well as resolutions of the General Meeting of shareholders to safeguard the Company's interests in Subsidiaries, Associated Companies and Related Companies. In a major policy, a representative of the Company obtains 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 the Company's Management and the Board of Directors.

In addition, the Company has arranged analysis, monitoring, and report on the performance of Subsidiaries,

Associated Companies and Related Companies on a quarterly or yearly basis to allow the Management and the Board of Directors to use the information in making decisions and determining direction and guidance to regulate investment Subsidiaries, Associated Companies and Related Companies.

Policies on Insider Information

The Company strictly adheres to and abides by the regulations of the SET and the SEC as the emphasis is placed on good corporate governance. In 2017, the Company's Board of Directors approved to improve the policies on insider information to be in line with the Securities and Exchange Act (No. 5) B.E. 2559 (2016), prescribing that no Director, Executive and employee who knows or possesses inside information shall trade securities by resorting to inside information, which is material non-public information, in such a manner that it is likely to have an effect on the price or value of securities, and has known or possessed while holding a position or the line of work responsible for or capable of accessing inside information. Any actions, either for the benefit of oneself or other persons or to pass on such information to others, are prohibited. No Director, Executive and employee, who has terminated employment during the period of 6 months and who has known or possessed inside information, shall trade securities during the period of 1 month prior to and 3 days post the disclosure of the Company's financial statements.

Such policy also stipulates that all units shall has insider information and confidentiality management system in place to prevent information leakage which will damage the Company or be used for unlawful interests causing disadvantages to investors.

In addition, a monthly shareholding report is provided to both the Board of Directors and Executive Management summarizing changes in shareholding of THAI shares by the Board of Directors, Executive Management as well as their spouses and minor children. 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.

Auditor's Fee

Audit Fee

The Company and its Subsidiaries paid audit fees to the Office of the Auditor General of Thailand (OAG) for undertaking financial audit work for the past fiscal year in the amount of THB 4,670,000. No other payment was made to any person or business related to the OAG.

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 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 the OAG or future expenditure arising from the agreement of uncompleted service.

Compliance with Good Corporate Governance in other areas

The result of the Corporate Governance Report of Thai Listed Companies 2016 (CGR 2016) survey on 601 listed companies conducted by the IOD showed that the Company earned a "Very Good" level of recognition. The Company has continuously improved and uplifted its operation to be in line with the principles of good corporate governance. However, in 2017, there were issues in CGR which could not be covered. Details are as follows:

1. Does the board of directors state a policy that limit of five board seats in publicly listed companies that a director can hold?

In this case, the Company complies with the Standard Qualifications for Directors and Employees of State Enterprises Act B.E 2518 (1975), Section 7, which requires that a director shall hold office in no more than three state enterprises.

2. Does the board of directors comprise of at least 5 members and no more than 12 members?

Article 15 of the Company's AOA, the Board of Directors shall consist of not less than 5 but not more

than 15 directors to suit the size and nature of business.

3. Does the company require a minimum quorum of at least 2/3 for board decisions?

Article 24 of the Company's AOA only prescribes that at the meeting of the Board of Directors, there must be not less than half of the total number of directors present to constitute a quorum but does not specify the minimum quorum to pass resolutions.

4. Where the company has more than one class of shares, does the company publicize the voting rights attached to each class of shares?

In this case, the Company has only one class of share - the ordinary share. Articles 4 of the Company's AOA stipulates that all shares in the Company shall be ordinary shares in the form of a name certificate.

5. Does the company use cumulative voting in the election of board members?

The Company cannot use Cumulative Voting as the procedure of voting for the Company's Directors. As Article 16 of the Company's AOA stipulates that one shareholder shall have one vote for each share. Each shareholder shall exercise all the votes he or she has, to select one or several person(s) to be directors but cannot divide the votes for any person to any extent.

6. Does the board of directors have a CEO succession plan in place?

The Company, as a state enterprise, shall comply with the Standard Qualifications for Directors and Employees of State Enterprise Act, stipulating that top management shall be selected from the outsiders.

7. Does at least one of the Audit Committee members have accounting expertise, accounting qualification or experience?

The Company shall appoint the Audit Committee comprising Independent Directors and one member who possesses adequate knowledge, expertise and experience to perform an audit of the financial statements.

Corporate Social Responsibilities (CSR)



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



The Company is committed to conducting its business by taking into account environmental, social and governance factors based on the UN Sustainable Development Goals (SDGs), otherwise known as 17 Global Goals. In 2017, the Company undertook social and environmental activities as follows:

- The project to assist Thai farmers in a variety of ways, i.e. by purchasing processed and unprocessed agricultural products from all regions across Thailand to produce inflight meals such as winter vegetables and fruits from the Royal Projects, unprocessed agricultural products of the Southern Farmer Group, processed agricultural products from Doi Kham, shrimp from the Ta Tong Basin Shrimp Farm Cooperative in Surat Thani province, and white sea bass from the Thai Marine Finfish Farmers Association. The Company also supported the sale of OTOP or local products on board and served OTOP local meals to passengers at THAI Passenger Lounges, Suvarnabhumi Airport.
- The public health project has been constantly carried out since 1996 to offer a surgical team from the Thai Red Cross Society Organ Donation Center free tickets for the transportation of organs and provide shipping service waivers for the transportation of blood and organs to all provinces across Thailand where THAI operated its domestic routes. The charity event "Run for Life" was also held among the employees of the Operations Department fundraising for cancer patients.

- The educational projects included the support of air transportation for Thai representative competing in the International Mathematics and Science Olympiad, the enhancement of student learning outside the classroom, i.e. the “TG Taking Kids to the Sky” project, the “MSDHS Taking Kids to Movies” activity, the “Fulfilling the Dreams of Underprivileged and Disabled Children in Foster Homes” activity, the TG Science and Math Camp for students in the communities where THAI placed great emphasis on and remote areas, the Young Pilot Camp and Field Trip to the Rolls-Royce jet engine manufacturing plants for the students winning the awards in the STEM Young Pilot Challenge 2017 in Singapore, and the collaboration with 5 aviation agencies to hold the “Airport of Learning” project to provide youths surrounding Don Mueang International Airport, Suvarnabhumi Airport, and Phuket International Airport with knowledge on aviation business.
- The project to assist flood victims in the southern and northeastern regions by raising flood relief fund donations, providing joint transport assistance of consumable goods, supporting air transportation for the volunteers who were helping flood victims, and presenting monetary donations in support of the Office of Prime Minister’s Flood Relief Fund.
- The public-sector projects included the activities for Children’s Day by giving gifts, scholarships and bicycles to students at THAI Border Police School in Srakaew province, the “THAI Shares the Love with Thai Veterans” activity, the “THAI Shares the Love

with Elders” activity for the elders surrounding the airports, the “Sharing the Love with Soldiers and Police Officers Based in Narathiwat province” activity by delivering monetary donations and essential supplies for soldiers and police officers in the area, the arrangement of special flights for Thai Muslims to attend the Hajj Pilgrimage in Saudi Arabia, the support of air transportation for Thai Paralympic athletes, and the “Happy World Tour for Happy Child Foundation” project as a fundraising event for disaster victims in the southern region of Thailand.

- Environmental projects such as the “Carbon Footprint Assessment and Carbon Offset Program” at THAI’s Head Office to identify measures to reduce and manage greenhouse gas emissions generated by the Company, the “THAI Breathes Life Back on Earth - Mangrove Forests for the Communities” project by planting mangrove forests and releasing freshwater fish and crabs into the water, Chantaburi province, the “THAI’s 7th Annual Smart Energy Fair” activity to raise awareness of efficient energy consumption and good working environment, the “Star Alliance Free the Sea Turtles” activity to release the sea turtles back into their natural habitat, the “THAI Revives Canal Water Along Vibhavadi Rangsit Road” activity to revive the quality of water that runs through the canal located next to Vibhavadi Rangsit Road, and the support of air transportation for the Utopakat Foundation to execute their mission in ensuring Thailand’s sustainable water development.

Anyone interested in this topic can find more details in the Sustainability Report 2017 which was distributed to all shareholders and disclosed to the public on the Company’s website at www.thaiairways.com.



Additional Practice Guidelines on Prevention of Involvement in Corruption

The Company realizes the importance of prevention of corruption and misconduct and has then implemented the ‘Whistle Blower’ policy to counteract corruption and misconduct. THAI has also enforced corporate

regulations regarding the lodging of complaints on corruption and non-compliances against the laws, rules, regulations, corporate orders, good governance and ethics, in accordance with the Governance and Ethics Code B.E. 2553 (2010), 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 become confident in the safety of their information disclosure and willing to provide information that will further result in fairness, transparency and accountability of the Company's operations.

The Company pays close attention to all stakeholders by accepting opinions and recommendations and offering them an opportunity to lodge complaints related to unfair treatment or to whistleblow suspected acts of corruption of the Company's personnel. Whistleblowing channels are as follows:

1. Via E-mail address: tgchairman@thaiairways.com, tgpresident@thaiairways.com and good.gov@thaiairways.com
2. Letter to the Chairman of the Board/Directors/President/Company Secretary, Thai Airways International PCL., 89 Vibhavadi Rangsit Road, Chompol, Chatuchak, Bangkok, 10900. The Company will handle all complaints and comments and will contact you as quickly as possible.

The Movement towards the Prevention and Suppression of Corruption and Misconduct

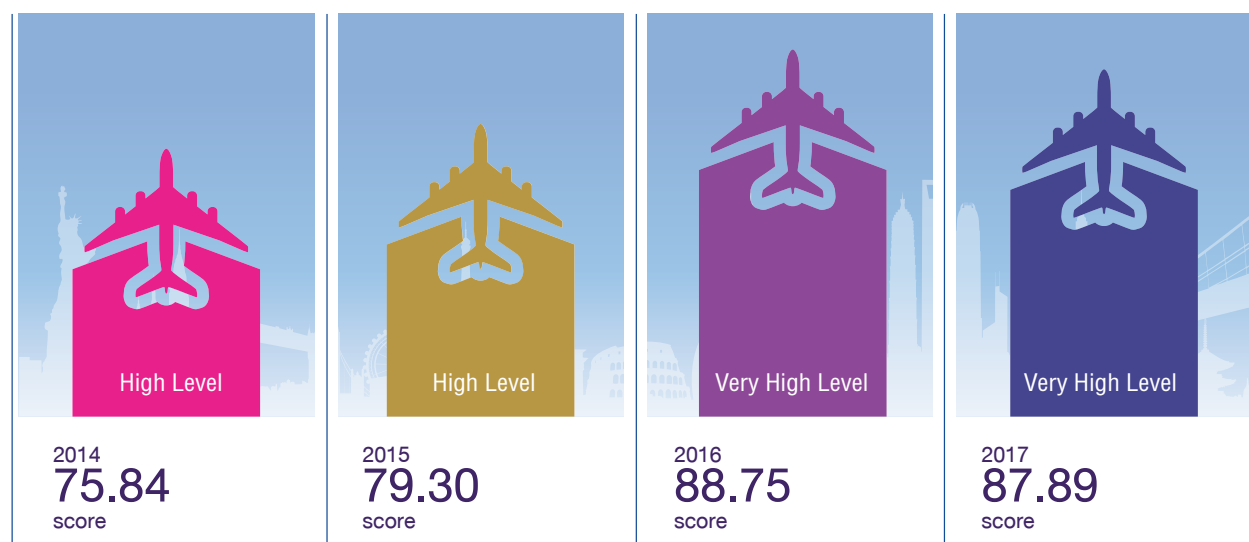
1. On May 28, 2014, the Company signed a tri-party Memorandum of Understanding (MOU) on the Movement towards the Prevention and Suppression of Corruption Phase 2 (2013 - 2017) between the Office of the National Anti-Corruption Commission (NACC), the State Enterprise Policy Office (SEPO) and 55 state enterprises. Then, on September 27, 2017, the Company signed a tri-party Memorandum of Understanding (MOU) on the Movement towards



the Prevention and Suppression of Corruption Phase 3 (2017 - 2021) between the NACC, the SEPO and 54 state enterprises. The MOUs are the mutual commitment for all parties to execute the National Anti-Corruption Strategy and guidelines on the development of solutions to the corruption problem.

2. The Company developed a strategic plan on the Prevention and Suppression of Corruption and Misconduct (2017 - 2021) and a strategic plan on the Prevention and Suppression of Corruption and Misconduct for the year 2017 to be aligned with the National Anti-Corruption Strategy Phase 3 (2017 - 2021) and the NACC's annual action plan.
3. The Company held seminars on the prevention of corruption and misconduct for employees at all levels, ranging from new employees to employees at the department manager/general manager levels, and included this topic in the Company's basic training courses.
4. The Company issued a THAI's order No. 10/2015 on the Prevention of Corruption and Misconduct of Thai Airways International PCL.
5. The Company issued a THAI's Notification No.006/2017 on the Duty of Good Faith in the Management of Thai Airways International PCL. towards Becoming a Transparent Organization.
6. The Company communicated bulletins relating to the prevention of corruption and misconduct, i.e. related laws, complaints which were completely settled for employees' acknowledgement via the

Integrity & Transparency Assessment (ITA)



Company's website and e-mails to the employees, via the department's internal website on a monthly basis.

7. The Company established the TG Anti-Corruption Network with 531 members to jointly monitor oversee, prevent and combat corruption and misconduct.
8. The Company has joined the NACC's Integrity & Transparency Assessment (ITA) since 2014. The Company's assessment results are as follows:
 - In 2014, the Company received a score of 75.84 out of 100, showing the operation with a high level of integrity and transparency.
 - In 2015, the Company received a score of 79.30 out of 100, showing the operation with a high level of integrity and transparency.
 - In 2016, the Company received a score of 88.75 out of 100, showing the operation with a very high level of integrity and transparency.
 - In 2017, the Company received a score of 87.89 out of 100, showing the operation with a very high level of integrity and transparency.

At present, the ITA has been set as a critical strategy for the National Anti-Corruption Strategy Phase 3 (2017 - 2021). All agencies in the public sector are required to take proactive measures against the

assessment results for more efficient performance improvement/development, which are factors leading to an increase in the Corruption Perception Index (CPI) of Thailand as a whole.

9. In 2017, 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, Mrs. Usanee Sangsingkeo, Acting President, was awarded "Best Transport Personnel 2017".

In addition, the Company received the 1st Honorable Mention in the "State-owned Enterprise with Excellence in Transparency Index Award" (Integrity Culture), in the project to promote and support the the National Anti-Corruption Strategy Phase 3 (2017 - 2021) under the MOU 2017 of the NACC.

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 has a policy to combat against corruption and misconduct to ensure transparency, fairness and honesty in work operations.



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 and transparently, with the rules and regulations pertaining to personnel management, and the good corporate governance and ethics code 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 Inspection Office 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 the Company's rules, regulations, requirements, orders, corporate governance and ethics and related laws.

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

The Company has defined the roles of the Board of Directors and the Management in the director's manual, the Table of Authority based on the Public Limited Companies Act B.E. 2535 (1992), the relevant provisions in the Civil and Commercial Code, the Securities and Exchange Act B.E. 2535 (1992), the regulations and notifications related to the Securities and Exchange Commission (SEC), and the Company's regulations and policies, in order to comply with the principles of 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) by defining a clear set of Key Performance Indicators (KPIs), weights, measure values/operation goals according to the Company's annual strategic plan to be used in the assessment of the Company's business operation achievement, with a regular follow-ups by the Board of Directors and subcommittees such as the Executive Board, the Corporate Transform Steering Committee, the Audit Committee, the Risk Management Committee, the Corporate Governance and Social Responsibility 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 the SEC and the 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, a reporting structure, and appropriate authority and responsibilities in pursuit of the corporate objectives.

The Board of Directors has approved the revised organizational structure that is both financially and legally suitable by defining reporting lines, command units, authority and responsibilities according to the 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 at the corporate level to ensure the Company's safety aviation standards. The Corporate Inspection Office handles all complaints and takes actions on the issues of corruption and misconduct. There is also Office of the 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.

The Company has the recruitment process/method in accordance with the requirements in the Standard Qualifications of State Enterprises Directors and Officials Act (No.7) B.E. 2558 (2015) 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 which will have a positive impact on the overall employees' morale. The employee retention policies are also developed, i.e. by promoting employee competency development via domestic and overseas trainings and remote working, with the purpose to enhance their experience which will respond to the Company's business operations as in line with the international standards.

In 2017, the Company carried out its personnel development by developing and improving a Learning Development Roadmap and Training Program for new employees - in specific positions and undertaking a Soft Skills Development project, i.e. the design and development of Executive Development Program (EDP) for a Vice President and higher, and a Leadership Development Program (LDP) for a Director and higher to increase competency of executives listed in the succession plan.

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

To ensure the Company's achievement according to the corporate objectives, the Company has assigned 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 KPIs conveying the goals of each reporting line down to their employees in hierarchical order. At the same time, the Company has strived to ensure a good work-life balance, avoid placing undue pressure and motivate 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 the achievement of corporate objectives.

One of the Company's main objectives focuses on safety and provision of superior customer services under the vision "First Choice Carrier with Touches of THAI," an excellent service 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. The corporate goals for a timeline of five years have also been changed to "Be the World's Top 5 Leading Airlines by 2021 with Regular Earnings".

In 2017, the Company proceeded the third phase of transformation plan, "Sustainable Growth" by developing



and improving to accommodate its business expansion and enhance its organizational strengths.

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

7. The Organization identifies a comprehensive list of risks that might have an impact on the achievement of corporate objectives.

The Company has 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 the Risk Management Committee appointed by the Board of Directors.

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

The Company has a policy to combat against corruption and misconduct to ensure transparency, fairness and honesty in work operations. The annual Integrity and Transparency Assessment (ITA) has been carried out by the office of the National Anti-Corruption Commission (NACC) to assess the integrity and transparency of government operations. In 2017, the Company had the total average score of 87.89 percent, meaning the high level of integrity and transparency in the business operation (ITA criterion level: 80 - 100 = Very high).

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 laws, 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 at 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 has in place risk control measures that contribute to the mitigation of risks to the achievement of objectives to an acceptable level.

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. The risk analysis and assessment process is in place to identify risk control activities and timeframe by considering both internal and external factors. Forecasts of future situations that may have an impact on the achievement of corporate objectives are also made. In addition, the Company ensures the establishment, review and improvement of techniques to reduce risks at an acceptable level, for example, the Company has established risk mitigation measures in preparation for the inspection conducted

by the Civil Aviation Authority of Thailand (CAAT) to apply for a new Air Operator's Certificate (AOC). On May 8, 2017, the Company received its AOC recertification to ICAO standards. The Company was also awarded Adam Smith Awards Asia 2017 for "Best Risk Management Solution" organized by Treasury Today Asia which reflected its excellent risk management plan on financial statements that the Company had constantly implemented by using a variety of innovations and financial instruments to mitigate FX translation risk at an acceptable level, thus further reducing its financial costs. Moreover, the Company was in the process of providing the most up-to-date Table of Authority (TOA).

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

The Company has adopted technologies to support the achievement of corporate objectives, i.e. the increase in e-ticket payment options via PayPal (Payment Gateway), a secure online payment system guaranteed by international standards and responding to customer behaviors in the digital age and facilitating the its passengers. This is regarded as raising services equivalent to worldwide aviation standards.

The Company has made the IT fundamental structure and the policies and measures on IT security maintenance, 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 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 laws, rules and regulations of external agencies/organizations 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. A timeframe 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 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 uses relevant and 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 and has been updated to meet the changes in the IT world. The Network Management System (NMS) is developed for long-term flight planning and route network and fleet assignment analysis and planning. The SAP-DE/ WISE SAP-HCM and SAP-BU systems are used to optimize the performance, helping the Executives in determining the cost-effectiveness. A feasibility Study is made to study, analyze and assess the surrounding factors in considering the worthiness of operation or investment through the committees or the working groups to administrate the investment projects for the achievement of goals and the highest benefits. In addition, the Public Information Center is set up to control and manage the Company's information to strictly comply with the 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 meetings, emails, intranet, internal broadcast and social media such as Government Chat (G-Chat), Line Group of operating lines, etc., thus ensuring the efficient up-to-date communication within the Company and reaching to all employees which is the vital factor in maintaining the unity.

In 2017, the Company set up a DD Command Center to cooperate and exchange news and information, whereby its Top Executives of all operating lines will meet altogether to listen to and catch up with the situations in Thailand and abroad as well as report other matters to related units via Teleconference by networking the meetings held at Headquarters to other operation buildings to react to various situations affecting the Company's business operations in a promptly manner.

In addition, the Company prepared regular reports on key management information to the Board of Directors, 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, etc. A communication channel was also 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, good corporate governance and ethics code and related laws. The complaints were to be forwarded to the Chairman of the Board, Directors, President, Secretary of the Board or Executive Vice Presidents, who were in the top chain of command in any operating lines in question.

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

The Company has prepared the annual report and the sustainable development report which are distributed to all shareholders, and published on the Company's website. The Company's news has been released through various media, including the mobile application and provided channels for receiving information and complaints from the customers, the customer airlines and the external organizations/agencies such as the Department of Civil Aviation and/or the aviation authorities of other countries via e-mails 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 monitors and evaluates its internal controls to ascertain whether they have still been implemented completely and appropriately.

The Company monitors and evaluates its 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 KPIs, 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 the Auditor General of 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 Office of the Auditor General of Thailand (OAG), the Civil Aviation Authority of Thailand, IATA Operational Safety Audit (IOSA), EASA, FAA, the International Organization for Standardization (ISO), etc. The Management places high importance on these audits and is committed to taking actions to rectify and improve as recommended.

In 2017, the International Civil Aviation Organization (ICAO) considered that Thailand should be exempted from the list of Red Flag countries having significant safety concerns. The lifting of Thailand's red-flag status represented the Company's international aviation safety standards. The Company passed the Ramp Inspection according to the international safety standards, finding no significant defects, which proved the Company's aviation standards.

17. The Organization evaluates and communicates internal control deficiencies in a timely manner to those responsible parties.

The Company, through Office of the 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 Executives for acknowledgement and approval. The Office of the Internal Audit monitors the progress of those implementations through to completion, and provides a summary of progress for presentation to the President 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 the Internal Audit will report to the President and the Audit Committee immediately.

At the Meeting of the Board of Directors held on March 12, 2018 attended by 5 Independent Directors and 3 members of the Audit Committee, it was resolved that the internal controls of the Company were sufficient for the Company's business operations.

Related Party Transactions

Significant related party transactions carried between the Company and major shareholders and entities that may have conflicts of interest for the year ended December 31, 2017 are detailed as follows:

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
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 consist of: <ul style="list-style-type: none"> Long-term loans with outstanding balance and interest expenses as follows: <ul style="list-style-type: none"> Outstanding long-term loans Interest expenses Accrued Interests Commitment fees/Accrued commitment fees 	15,102.67 360.48 162.25 47.25	14,620.53 358.90 156.97 61.91	The pricing, terms of transaction and interest rates are on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> Short-term loans with outstanding balance and interest expenses as follows: <ul style="list-style-type: none"> Outstanding short-term loans Interest expenses Prepaid interest expenses Commitment fees/Accrued commitment fees 	4,270.14 73.43 9.02 6.83	5,400.38 52.39 6.61 3.13	
		2. THAI leased the lands from the Treasury Department. 3. THAI sold tickets to the MOF. <ul style="list-style-type: none"> Total revenue Outstanding balance 	5.12 0.12 0.03	5.12 0.00 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties. The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
Government Savings Bank (GSB)	■ GSB is controlled by the MOF, a major shareholder of THAI.	1. THAI entered into the Committed revolving credit line with GSB, credit limit up to THB 7,000 million. - Commitment fees - Accrued commitment fees - Interest expenses	17.50 4.36 0.00	9.71 3.86 94.56	The pricing, terms of transaction, interest rates and commitment fees are on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets, rent out space, and other services to GSB - Total revenue - Outstanding balance	8.23 1.23	3.02 0.17	
Export - Import Bank of Thailand (EXIM)	■ EXIM is controlled by the MOF, a major shareholder of THAI.	1. THAI borrowed the long-term loans from EXIM as follows: - Outstanding balance - Interest expenses - Accrued interests	952.54 22.55 0.10	1,271.50 3.59 0.00	The pricing, terms of transaction and interest rates 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 Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
		2. THAI entered into the Committed revolving credit line with EXIM amount of THB 3,000 million, with the credit of THB 2,000 million used in 2017. - Commitment fees - Accrued commitment fees - Outstanding balance - Interest expenses - Accrued interests	4.89 0.02 2,000.00 1.02 0.43	3.50 0.02 0.00 0.00 0.00	The pricing, terms of transaction, interest rates and commitment fees are on an arms' length basis and on commercial terms as unrelated parties.
		3. THAI sold tickets to EXIM. - Total revenue - Outstanding balance	0.07 0.00	1.10 0.00	

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
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. 	1. THAI entered into the Committed revolving credit line with KTB in the amount of THB 3,000 million. - Commitment fees	7.35	7.52	The pricing, terms of transaction, interest rates and commitment fees are on an arms' length basis and on commercial terms as unrelated parties.
	<ul style="list-style-type: none"> THAI's Directors: Mr. Somchai Sujjapongse and Mr. Distat Hotrakitya hold the positions of Chairman and Director of the Board of KTB, respectively. Note Mr. Distat Hotrakitya was appointed as THAI's Director on June 14, 2017. 	2. THAI rent out its office and ATM space, utilities, and leased line to KTB. - Total revenue - Outstanding balance	3.92 0.20	3.86 0.60	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
		3. THAI purchased cash delivery service from KTB and paid commitment fees to KTB. - Total expenses - Outstanding balance	6.05 0.03	0.43 0.008	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
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. THAI's Directors: Mr. Rathapol Bhakdibhumii and Mrs. Pratana Mongkolkul hold the positions of Directors of Thailand Post Co., Ltd <p><u>Note</u> Mrs. Pratana Mongkolkul was appointed as THAI's Director on February 28, 2017.</p>	1. THAI purchased postal services both domestic and abroad and related equipment from Thailand Post Co., Ltd. - Total expenses - Outstanding balance	1.63 0.09	4.32 0.08	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to Thailand Post Co., Ltd. - Total revenue - Outstanding balance	2.79 0.65	2.92 0.58	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
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. - Total expenses - Outstanding balance	0.70 0.001	0.65 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and rent out its office space to TAT. - Total revenue - Outstanding balance	64.43 5.89	71.05 4.13	
PTT Public Company Limited (PTT)	<ul style="list-style-type: none"> MOF, a major shareholder of THAI, is a major shareholder of PTT. THAI's Director: Mr. Somchai Sujjapongse holds the position of PTT's Director. 	1. THAI purchased fuel and oil for its aircraft and vehicles from PTT. - Total expenses - Outstanding balance	9,020.95 567.00	6,903.63 638.95	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and provided AC dielectric tester service to PTT - Total revenue - Outstanding balance	86.07 21.98	49.21 7.75	

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
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.	5,855.42	5,557.91	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total expenses - Outstanding balance 	174.66	167.18	
		2. THAI sold tickets to AOT and received 2% income from collecting passenger service charges for AOT	96.95	93.89	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total revenue - Outstanding balance 	11.51	11.16	
Civil Aviation Training Center (CATC)	<ul style="list-style-type: none"> CATC is controlled by the MOF, a major shareholder of THAI. 	1. CATC provided civil aviation training for THAI's pilots.	66.12	46.73	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
		2. THAI sold tickets to CATC. - Total revenue	0.44	0.06	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Thai-Amadeus Southeast Asia Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> THAI is a major shareholder 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. - Total revenue - Outstanding balance - Deposit for office rental	0.59 0.01 0.16	1.35 0.15 0.16	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
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 Executives Officer: Flt.Lt. Kanok Thongpuk holds the position of Chairman of the Board of WSC, Mrs. Usanee Sangsingkeo holds the position of Vice Chairman of the Board of WSC, Miss Piyanee Sungtong and Mrs. Phakkhra Ruangsiradecho hold the positions of Directors of WSC. Note The Company appointed Mrs. Phakkhra Ruangsiradecho as WSC's Director on September 14, 2017 and Mrs. Usanee Sangsingkeo resigned from the position of WSC's Director, effective from February 28, 2017 onwards. 	1. THAI lent a short-term loan to WSC.	45.00	0.00	The pricing, terms of transaction and interest rates are on an arms' length basis and on commercial terms as unrelated parties.
		- Short-term loans		0.00	
		- Interest income	0.52	0.00	
		- Accrued interest income	0.00	0.00	
		2. THAI purchased outsource staff service from WSC.	910.54	950.70	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		- Total expenses	427.69	277.68	
		- Outstanding balance			
		3. THAI rent out its office space and office equipment to WSC.	49.63	2.72	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		- Total revenue	47.96	1.58	
		- Outstanding balance			
		4. THAI paid advance labour expense to WSC.	345.22	249.04	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		- Outstanding balance			

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
Thai Flight Training Company Limited (TFTA) (Subsidiary Company)	<ul style="list-style-type: none">THAI is a major shareholder of TFTA with 49% equity interest and has control.THAI's Executives Officer:<ul style="list-style-type: none">Sqn.Ldr. Pongtorn Thepkanjana holds the position of Chairman in replacement of Flt.Lt. Werasak Wiroonpetch and Flt.Lt. Kanok Thongpurk and Mr. Arichai Numlamun hold the positions of Directors of TFTA. <p><u>Note</u> Flt.Lt. Werasak Wiroonpetch retired on September 30, 2017 and Flt.Lt. Kanok Thongpurk vacated the position of TFTA's Director on October 9, 2017.</p>	1. THAI provided its training equipment and facilities and rent out its office space and office equipment to TFTA. <ul style="list-style-type: none">- Total revenue- Outstanding balance	12.75 0.10	13.85 1.17	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI paid for flight attendant training services on Differences Training with Door B737 from TFTA. <ul style="list-style-type: none">- Total expenses- Outstanding balance	0.82 0.18	0.00 0.00	

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
Tour Eurmng Luang Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> THAI holds 49% equity interest in Tour Eurmng Luang Co., Ltd. via WSC and has control. THAI's Executive Officer: Flt.Lt. Kanok Thongpurk was appointed by WSC to hold the position of Chairman of the Board of Tour Eurmng Luang Co., Ltd. 	1. THAI paid commission to Tour Eurmng Luang for selling its products.			The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total expenses - Outstanding balance 	0.09 0.004	0.06 0.00	
		2. THAI sold "Tour Eurmng Luang" holiday packages to Tour Eurmng Luang Co., Ltd.			The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total revenue - Outstanding balance 	59.02 0.45	30.01 1.16	

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
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 Executives Officer: Mr. Charamporn Jotikasthira, Flt.Lt. Montree Jumrieng and Mr. Teerapol Chotichanapibal and Mrs. Usanee Sangsingkeo hold the positions of Directors of Thai Smile Airways Co., Ltd. <p><u>Note</u> Mr. Kanit Sangsubhan resigned from the THAI's Director position, effective from October 30, 2017 onwards. THAI appointed Mrs. Usanee Sangsingkeo to hold the position of Thai Smile Airways' Director on February 22, 2017.</p> <p>Mr. Charamporn Jotikasthira resigned from the position of Thai Smile Airways' Director, effective from February 10, 2017 onwards. Mr. Teerapol Chotichanapibal and Flt.Lt. Montree Jumrieng retired on September 30, 2017.</p>	1. THAI paid for ordinary shares to Thai Smile Airways Co.,Ltd. - Aggregate amount	0.00	1,000.00	
		2. THAI purchased block space service from Thai Smile Airways Co., Ltd. - Total expenses - Outstanding balance	1,284.51 2,016.47	143.10 1,363.65	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		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	8,942.06 7,951.12	8,183.20 6,060.39	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
Don Mueang International Airport Hotel Company Limited (Associated Company)	<ul style="list-style-type: none"> THAI holds 40% equity interest in Don Mueang International Airport Hotel Co., Ltd. THAI's Executives Officer: Flt.Lt. Kanok Thongpurk holds the position of Chairman of the Board, Mr. Niruj Maneepun, Flg.Off. Somboon Limwathnapong and Mr. Surachai Piencharoensak hold the positions of Directors of Don Mueang International Airport Hotel Co., Ltd. <p>Notes THAI appointed Mr. Surachai Piencharoensak to become a Director of Don Mueang International Airport Hotel Co., Ltd. on October 9, 2017. Flg.Off. Somboon Limwathnapong retired on September 30, 2017 and Mr. Niruj Maneepun resigned from the Director of Don Mueang International Airport Hotel Co., Ltd., effective from August 21, 2017 onwards.</p>	THAI purchased accommodation services for its passengers from Don Mueang International Airport hotel Co., Ltd. - Total expenses - Outstanding balance	0.04	0.05	The pricing is 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 Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 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 Executives Officer: Flt.Lt. Montree Jumrieng, Flt.Lt. Werasak Wiroonpetch, Flt.Off. Somboon Limwathnapong, Mrs. Usanee Sangsingkeo, Sqn.Ldr. Pongtorn Thepkanjana and Mr. Surachai Piencharoensak hold the positions of Directors of BAFS. 	1. BAFS provided Jet Fuel services for THAI. - Total expenses - Outstanding balance	338.02 0.00	386.12 43.45	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
	<p>Note THAI appointed Mrs. Usanee Sangsingkeo, Sqn.Ldr. Pongtorn Thepkanjana and Mr. Surachai Piencharoensak to become Directors of BAFS on October 9, 2017.</p> <p>Flt. Lt. Werasak Wiroonpetch, Flt. Off. Somboon Limwathnapong retired on September 30, 2017, Flt.Lt. Montree Jumrieng retired on September 30, 2017 however, his position of Director of BAFS ended on November 15, 2017.</p>	2. THAI provided transportation and catering services to BAFS: - Total revenue - Outstanding balance	0.08 0.06	0.02 0.00	

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
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 Executives Officer: Mr. Teerapol Chotichanapibal and Mr. Narongchai Wongthananvimok hold the positions of Directors of ROH. 	1. THAI purchased accommodation services for its passengers from ROH.			The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total expenses - Outstanding balance 	2.90 0.04	2.22 0.003	
	<u>Note</u> THAI appointed Mr. Narongchai Wongthananvimok to become the Director of ROH on October 9, 2017. Mr. Teerapol Chotichanapibal retired on September 30, 2017.	2. THAI sales of advertisements in the commercial leaflets of Tour Eung Luang Co., Ltd.			The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total revenue - Outstanding balance 	0.13 0.00	0.00 0.00	

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
Phuket Air Catering Company Limited (PACCO) (Associated Company)	<ul style="list-style-type: none"> THAI holds 30% equity interest in PACCO. THAI's Executives Officer: Mrs. Usanee Sangsingkeo holds the position of Chairman of the Board and Mrs. Phakkhra Ruangsiradecho holds the position of Director of PACCO. <p>Note THAI appointed Mrs. Phakkhra Ruangsiradecho to hold the position of Director of PACCO on October 9, 2017 and Mrs. Usanee Sangsingkeo resigned from the position of Director of PACCO on October 19, 2017.</p>	1. THAI purchased catering services from PACCO	79.39	15.99	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total expenses - Outstanding balance 	7.95	5.05	
		2. THAI had revenue from sales of raw materials and catering services to PACCO			The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total revenue - Outstanding balance 	0.39 0.03	0.18 0.02	
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. 	1. THAI purchased accommodation services for its passengers from Suvarnabhumi Airport Hotel Co., Ltd.	27.15	14.01	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total expenses - Outstanding balance 	0.30	0.80	

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
Nok Air Public Company Limited (Associated Company)	<ul style="list-style-type: none"> THAI's Executives Officer: Mrs. Phakkhra Ruangsiradecho holds the position of Vice Chairman in replacement of Mrs. Usanee Sangsingkeo and Flg. Off. Somboon Limwathnapong and Miss Piyanee Sungtong hold the positions of Directors of Suvarnabhumi Airport Hotel Co., Ltd. <p>Note Mrs. Usanee Sangsingkeo resigned from the position of Director of Suvarnabhumi Airport Hotel Co., Ltd. on April 5, 2017. Flg.Off. Somboon Limwathnapong held the position of Director of Suvarnabhumi Airport Hotel Co., Ltd. on April 5, 2017 and retired on September 30, 2017.</p>	<p>2. THAI had revenue from sales of advertisements in the commercial leaflets of Tour Eurng Luang Co., Ltd.</p> <p>- Total revenue</p>	0.00	0.02	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
	<ul style="list-style-type: none"> THAI holds 21.80% equity interest in Nok Air Plc. THAI's Director: Mr. Rathapol Bhakdibhumhi holds the position of Director of Nok Air Plc. THAI's Executives Officer: Mr. Charamporn Jotikasthira, Flt.Lt. Montree Jumrieng, Mr. Narongchai Wongthanavimok, 	<p>1. THAI paid for equipment and ground services at Ubon Ratchathani as well as engineer licence to Nok Air Plc.</p> <p>- Total expenses</p> <p>- Outstanding balance</p>	0.06 0.00	0.09 0.00	

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
	<p>Mr. Teerapol Chotichanapibal and Mrs. Usanee Sangsingkeo hold the position of Directors of Nok Air Plc.</p> <p>Note Mr. Rathapol Bhakdibhumi held the position of Director of Nok Air Plc. on April 19, 2017.</p> <p>Mr. Teerapol Chotichanapibal retired on September 30, 2017, however, his position was extended until it was filled with a suitable person. THAI appointed Mrs. Usanee Sangsingkeo to hold the position of Director of Nok Air Plc. on February 22, 2017.</p> <p>Mr. Charamporn Jotikasthira resigned from the position of Director of Nok Air Plc., effective from February 10, 2017 onwards.</p> <p>Mr. Narongchai Wongthanavimok resigned from the position of Director of Nok Air Plc., effective from August 1, 2017 onwards.</p> <p>Flt. Lt. Montree Jumrieng retired on September 30, 2017.</p>	<p>2. THAI provided aviation operation services, e.g., aircraft maintenance, equipment maintenance, jet fuel, and so forth to Nok Air Plc.</p> <p>- Total revenue - Outstanding balance</p>	<p>142.64 53.14</p>	<p>127.66 40.54</p>	<p>The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p>

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
Aeronautical Radio of Thailand Limited (AEROTHAI) (Related Company and Joint Venture Company)	<ul style="list-style-type: none"> MOF, a major shareholder of THAI is a major shareholder of AEROTHAI. THAI holds approximately 0.97% equity interest in AEROTHAI. 	1. THAI purchased aeronautical navigation and leased equipment from AEROTHAI. - Total expenses - Outstanding balance	1,600.60 135.95	1,638.95 133.78	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
	<ul style="list-style-type: none"> THAI's Executives Officer: Flt.Lt. Werasak Wiroonetch and Sqn.Ldr. Pongtorn Thepkanjana hold the positions of Directors of AEROTHAI. <p>Note Sqn.Ldr. Pongtorn Thepkanjana held the position of Director of AEROTHAI on December 18, 2017. Flt. Lt. Werasak Wiroonetch retired on September 30, 2017.</p>	2. THAI sold tickets and provided transportation services to AEROTHAI. - Total revenue - Outstanding balance	19.26 0.17	11.50 0.04	

Name of entities who may have conflicts of interest	Relationship	Type of Transaction	Value of Related Party Transactions (Million Baht)		Conditions/Pricing Policy
			For the year ended December 31, 2017	For the year ended December 31, 2016	
Royal Thai Police (RTP)	<ul style="list-style-type: none"> THAI's Director: Pol.Gen. Chakthip Chaijinda holds the position of Commissioner-General of RTP. <p>Note Pol.Gen. Chakthip Chaijinda resigned from the position of THAI's Director, effective from October 1, 2017 onwards.</p>	1. THAI paid for Thailand E/D Card printing service for its passengers.			The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total expenses 5.16 - Outstanding balance 1.21 		<ul style="list-style-type: none"> 6.72 1.52 	
Royal Thai Air Force (RTAF)	<ul style="list-style-type: none"> THAI's Director: ACM John Rungswang holds the position of Commander-in-Chief of RTAF. <p>Note ACM John Rungswang was appointed as THAI's Director on April 21, 2017.</p>	2. THAI provided helicopter maintenance and renovation service, 2017 Annual Mechanical Training and other services.			The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Total revenue 631.87 - Outstanding balance 0.03 	<ul style="list-style-type: none"> 526.01 0.06 		
Royal Thai Air Force (RTAF)	<ul style="list-style-type: none"> THAI's Director: ACM John Rungswang holds the position of Commander-in-Chief of RTAF. <p>Note ACM John Rungswang was appointed as THAI's Director on April 21, 2017.</p>	THAI provided aircraft retrofit of cabin interior for Boeing 737-800 as well as maintenance service of aircrafts, engines, aircraft spare parts and others for RTAF.			The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<ul style="list-style-type: none"> - Sale of assets and maintenance service 0.00 - Total revenue 506.20 - Outstanding balance 275.02 	<ul style="list-style-type: none"> 1,033.30 582.89 460.00 		

THAI has related party transactions for utilities expenses (consisting of electricity, water and telephone charges) with government agencies and/or state enterprises operating such utilities, amount of THB 56.89 million for the year ended December 31, 2017 with outstanding balance of THB 1.01 million as of December 31, 2017.

Necessity and reasonableness of related party transactions

For the above related party transactions, THAI 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, thus yielding benefits to both THAI and related companies with no purpose to transfer the benefits to each other or no transactions in particular.

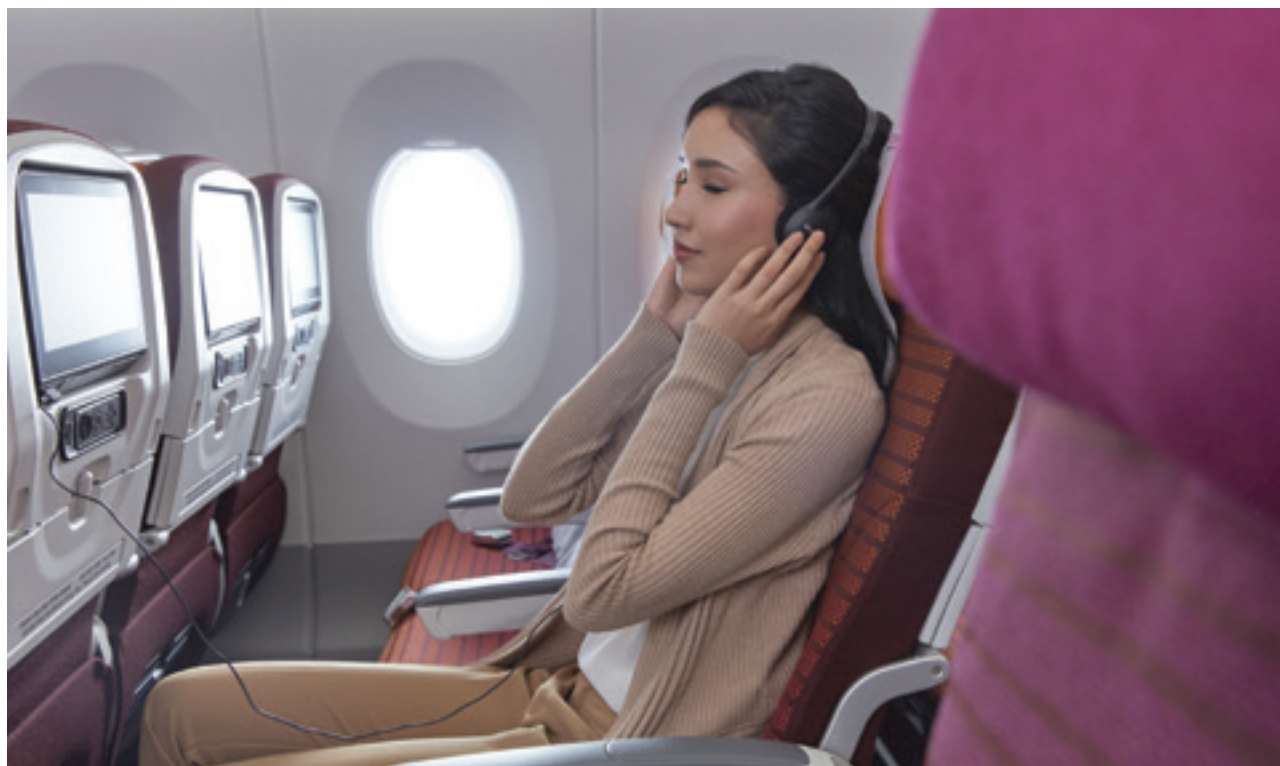
Approval procedures for the transactions with related parties

Those related party 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 were involved in the approval process.

Policies on future related party transactions

The Audit Committee will oversee future related party 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 party 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).



Key Financial Information

Financial Highlights

		Consolidated Financial Statements		
		2017	2016	2015
Statement of Income				
Total Revenues *	(Million THB)	190,535	181,446	192,591
Total Expenses	(Million THB)	193,430	182,863	206,707
Profit (Loss) before Income Tax Expense	(Million THB)	(2,895)	(1,417)	(14,116)
Profit (Loss) attributable to owners of the parent	(Million THB)	(2,107)	15	(13,068)
Net Profit (Loss)	(Million THB)	(2,072)	47	(13,047)
Balance Sheets				
Total Assets	(Million THB)	280,775	283,124	302,471
Total Liabilities	(Million THB)	248,762	249,536	269,545
Shareholders' Equity	(Million THB)	32,013	33,588	32,926
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)	(0.97)	0.01	(5.99)
Dividend Per Share	(THB)	-	-	-
Financial Ratios				
Net Profit (Loss) to Total Revenues ⁽¹⁾	(%)	(1.1)	0.03	(6.9)
Return on Total Assets ⁽²⁾	(%)	0.65	1.3	(2.7)
Return on Equity ⁽³⁾	(%)	(6.3)	0.1	(35.2)
Interest Bearing Debt to Equity ⁽⁴⁾	(Times)	5.0	5.0	5.8

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 Summary

		2017	2016	2015	2014	2013
Number of Aircraft	(Aircraft)	100	95	95	102	100
Flight Hours	(Block Hours)	409,024	388,727	374,831	370,309	384,069
Available Ton-Kilometers	(Million)	12,982	12,103	11,883	12,346	12,728
Revenue Ton-Kilometers ⁽¹⁾	(Million)	9,631	8,451	8,249	7,717	8,388
Load Factor	(%)	74.2	69.8	69.4	62.5	65.9
Number of Passengers	(000)	24,562	22,262	21,249	19,096	21,510
Available Seat-Kilometers	(Million)	90,498	85,042	83,479	82,969	85,655
Revenue Passenger-Kilometers	(Million)	71,634	62,442	60,893	57,194	63,479
Cabin Factor	(%)	79.2	73.4	72.9	68.9	74.1
Available Dead Load Ton-Kilometers ⁽¹⁾	(Million)	3,832	3,591	3,514	3,812	5,019
Revenue Freight Ton-Kilometers	(Million)	2,377	2,132	2,091	2,458	2,565
Freight Load Factor	(%)	62.0	59.4	59.5	64.5	51.1
Number of Personnel	(People)	22,370	21,998	22,864	24,952	25,323
Profit (Loss) before Tax	(Million THB)	(2,895)	(1,417)	(14,116)	(16,738)	(12,929)

Definition of Aviation Terms

- Available Ton-Kilometers (ATK) refers to the aircraft payload multiplied by kilometers flown.
- Revenue Ton-Kilometers (RTK) refers to the actual traffic load (passengers, excess baggage, freight and mail) multiplied by kilometers flown.
- Load Factor refers to a ratio of Revenue Ton-Kilometers (RTK) to Available Ton-Kilometers (ATK).
- Available Seat-Kilometers (ASK) refers to the number of seats on an aircraft multiplied by kilometers flown.
- Revenue Passenger-Kilometers (RPK) refers to the number of passengers carried multiplied by kilometers flown.
- Cabin Factor refers to a ratio of Revenue Passenger-Kilometers (RPK) to Available Seat-Kilometers (ASK).
- Available Dead Load Ton-Kilometers (ADTK) refers to the aircraft payload after deduction of weight of the load of passengers multiplied by kilometers flown.
- Revenue Freight Ton-Kilometers (RFTK) refers to the weight of freight carried multiplied by kilometers flown.
- Freight Load Factor refers to a ratio of Revenue Freight Ton-Kilometers (RFTK) to Available Dead Load Ton-Kilometers (ADTK).
- Aircraft Payload refers to the total weight of passengers, excess baggage, freight and mail that an aircraft can carry.

⁽¹⁾ In 2015, THAI changed the standard weight for free baggage allowance from 90 kilograms per passenger to 100 kilograms per passenger in comparison with the changing aviation industry. As such, the statistics for 2014 were adjusted to ensure the same comparison standard, however, no adjustments were made on the retrospective statistics for 2013.

Report of the Board of Directors' Responsibilities for Financial Report

The Company's Board of Directors is responsible for the consolidated financial statements of Thai Airways International Public Company Limited and its subsidiaries and the separate financial statements of Thai Airways International Public Company Limited. The aforementioned financial statements are prepared in accordance with Thai Financial Reporting Standards under appropriated accounting policies and applied consistently by using careful judgment and the best estimation. Important information is adequately and transparently disclosed in the notes to financial statements and financial information in the Company's 2017 annual report for the company's shareholders and investors. Moreover, the financial statements have been audited by an independent certified public accountant whose unqualified opinion is stated therein.

The Board of Directors provides good corporate governance and maintains the risk management system and internal controls. The Board of Directors has appointed an Audit Committee comprising independent directors to be responsible for reviewing the reliability and correctness of financial reports as well as evaluating the effectiveness of internal control system, risk

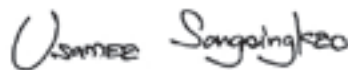
management system and internal audit to ensure that it is sufficient to maintain the Company's assets and prevent fraud and irregularities with material implications. The audit committee's comments on these issues are presented in the audit committee report included in this annual report.

The Board of Directors believes that the consolidated financial statements of Thai Airways International Public Company Limited and its subsidiaries and the separate financial statements of Thai Airways International Public Company Limited for the year ended December 31, 2017, reviewed by the Audit Committee, management and the Company's auditor are fairly presented in all material respects and in accordance 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 compliance with all the relevant legal guidelines and policies.

Air Chief Marshal



Treetod Sonjance
Vice Chairman
Acting Chairman



Mrs. Usanee Sangsingkeo
Executive Vice President, Corporate Strategy
and Sustainable Development
Acting President

Management's Discussion and Analysis

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Overview of Thai aviation industry continues to grow. After the International Civil Aviation Organization (ICAO) announced the release of red flag on October 6, 2017, it would benefit a positive impact on confidence to both the Thai aviation authorities and tourists in choosing a Thai-flag airline.

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Management's Discussion and Analysis for the year ended December 31, 2017 for Thai Airways International Public Company Limited and Its Subsidiaries

1. Executive summary

Global economic in the year 2017 continued to grow with the expansion of the US, EU and Japanese economies at a faster pace as the economic fundamentals improved. Labor market recovering and consumer confidence were also in good atmosphere resulting from the increase of world trade volume while the emerging economies in Asia continued to improve due to improved exports following global demand. Private consumption has also improved in better direction. Meanwhile, the Chinese economy was likely to slow down due to the reform of economic structure; simultaneously, 2017's crude oil prices were higher than the previous year as the production of oil producing countries reduced their production capacity.

Thai economy in 2017 improved significantly, driven by the continued strong export growth following the global economic recovery, especially the trade partner countries such as India, China, Indochina known as (CLMV), the United States and Japan, etc., Private consumption also expanded well. Tourism continued to expand due to higher amount of main foreign tourists from China, Russia, India, Cambodia, Laos and South Korea. The number of foreign tourists arriving in Thailand in 2017 was 35.4 million, an increase of 8.9% from the previous year.

The global aviation industry continued to grow in 2017 due to a stronger global economy. Combined with intense competition, fare prices had declined, especially at the beginning of the year which supported for increased travel demand. Overall passenger traffic had grown significantly over the past 10 years, especially in Asia Pacific and Europe. Average cabin factor remains in the high figure. According to IATA (International Air Transport Association) 2017's data, the passenger traffic and passenger production indicated the continued growth in which increased by 7.6% and 6.3% respectively resulting average cabin factor was 81.4%. Cargo business had grown the most since 2010 in all regions since the volume of world trade continued to grow. Freight load factor increased to 45.5% from last year's 43.0%.

Overview of Thai aviation industry continues to grow. After the International Civil Aviation Organization (ICAO) announced the release of red flag on October 6, 2017, it would benefit a positive impact on confidence to both the Thai aviation authorities and tourists in choosing a Thai-flag airline. Other key contributing factors included the demand for air transport in emerging markets and the emergence of low-cost airlines including the readiness of relevant infrastructures to support the economic expansion. However, other risk factors that might cause negative impacts on the Thai aviation industry, such as the price of jet fuel increased from last year, fierce competition, terrorism both inside and outside the country, and the threat to aviation. These were the challenge facing the aviation industry.

In 2017, THAI has implemented the third phase of its transformation plan; "Sustainable Growth." consisted of 6 strategies in operation: 1) Develop a competitive flight network, increase profitability and reduce complexity of the fleet; 2) Increase competitiveness and revenue; 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.

In 2017, there were other significant implications. Details as follows:

- Network Expansion with direct flight to Vienna since November 16, 2017. In addition, adding more frequencies on potential routes, such as Brussels, Oslo and Auckland, have been increased. Moreover, THAI expanded its routes in the ASEAN region operated under the tail of ThaiSmile as an important tool in the strategic plan to expand the route and connect the airline network with THAI by opening several route from Bangkok to Kaohsiung, main port of Taiwan, Zhengzhou, China, and Phuket - Guangzhou. ThaiSmile also had canceled all flights operated at Don Mueang Airport since January 16, 2017, and operated only at Suvarnabhumi Airport for better connecting passengers from THAI more comfortably. THAI also signed a codeshare agreement with Bangkok Airways to strengthen the network.

- Fleet capacity enhancement by adding 7 new aircraft to the fleet comprising of 2 Airbus A350-900 XWB aircraft under finance lease, and 3 A350-900 XWB aircraft and 2 Boeing B787-9 aircraft which were operating lease aircraft. These aircraft would served on intercontinental routes and regional routes such as Bangkok - Rome, Bangkok - Brussels. Bangkok - Auckland, and Bangkok - Singapore. In addition, THAI started to install the Crew Rest and In-flight Connectivity (IFC) program on the Boeing 787-8 aircraft. 2 of them were completed in 2017.

- Sales of aircraft and delivering them to buyers totaled 4 aircraft which consisted of 1 Airbus A330-300, 2 Boeing B747-400, and 1 Boeing B737-400 aircraft.

- New flight attendants (TQV 2017), totaling more than 200 positions were enlisted to support the future growth.

- Continuing Implementation of Automated Fare Management System aimed to manage fare prices and revenue more concretely which would be fully utilized in late 2016. The system would be able to set price effectively and to compete with competitors at the same level in time to generate revenue.

- Network Management Systems implementation aimed to schedule, analyze, review and plan routes faster and more accurately and integrate with other services system for the best performance. After finishing the first phase, the new system started to use new procedures for check-in service of the crew, maintenance since April 2017. In addition, ThaiSmile had introduced the Amadeus Alta on August 1, 2017. The system, in addition, to make the connection between THAI and ThaiSmile more comfortable. It could also be connected with travel agents and airlines around the world. This enabled THAI to offer a wide range of passenger services and other services as well as to enhance our employees' performance. In addition, it would expand the customer base to buy tickets online, codeshare to expand its customer service network around the world.

- According to the ongoing financial management focusing on enhancing the efficiency, fuel hedging efficiency with flexibility in line with world oil price, cash management and restructuring of loans since the end of last year, THAI was awarded by Adam Smith Awards Asia 2017 Award for Best Risk Management Solution organized by Treasury Today Asia Magazine.

- THAI signed a Memorandum of Understanding (MOU) on March 8, 2017 for the feasibility study of the Maintenance, Repair, and Overhaul (MRO) Center project at U-Tapao International Airport and signed a Memorandum of Understanding(MOU) to development the 1st Phase of the Air Cargo and Logistics Center on April 5, 2017 with Royal Thai Navy. Also, these projects are parts of the Special Eastern Economic Corridor to drive Thailand as a center of aviation industry and logistics in this region. This is a phenomenal milestone for THAI to reinvent U-Tapao International Airport as aircraft Maintenance, Repair, and Overhaul center and air cargo and logistics hub to furnish with innovations, modern digital technology with the international quality standards.

- THAI had been passed an Air Operator Certificate (AOC) by the International Civil Aviation Organization (ICAO), which is operated by the Civil Aviation Authority of Thailand. On May 8, 2017, ThaiSmile was also re-certified to be the new air operator on July 20, 2017.

- Nok Airline Public Co.,Ltd. (NOK Air) allocated new ordinary shares to the existing shareholders in proportion to their shareholding (Rights Offering) in May 2017. However, THAI did not exercise the right to purchase such newly issued shares resulting the proportion of THAI's shareholding in Nok Air was reduced from 39.20% as at December 31, 2016 to 21.57%. In October 2017, THAI exercised the right to purchase 250.39 million shares or equivalent to THB 375.59 million resulting the increase proportion of shares from 21.57% to 21.80%.

- THAI finished the revision of the enterprise plan 2017-2021 whose objectives were to support the twelfth national economic and social development plan and to establish the framework for good performance in aviation business operation. THAI had full confident that this enterprise plan would be seriously deployed and directed to the future accomplishment including the competitiveness that could handle the changes in world aviation business both in present and future with efficiency.

In 2017, THAI has received three prestigious awards at the Skytrax 2017 World Airline Awards Ceremony as the World's Best Economy Class, World's Best Airline Lounge Spa - for the third consecutive year, and Best Economy Class Onboard Catering. In addition, THAI's continuing product and services improvement made THAI awarded by TTB travel as Best South-East Asian Airline for 10 consecutive years. THAI also won the Best Inflight Food 2017 from IFSA Compass Awards which was based on votes submitted by International Flight Service Association (IFSA). These awards are in recognition for excellent products and services as a premium and overall customer satisfaction.

In addition, ThaiSmile Airways Ltd. received world-class award from Trip Advisor, 3 prizes including Best Airline in Thailand, Best Regional airline in Asia Pacific, and World's Best airline - Top 10. The awards came from the reviews from passengers around the world for the year 2017. According to these awards, they indicated that ThaiSmile airline is the "Good value for the money" airline which provides full service regional airline and reflects the satisfaction of the passengers in the services of ThaiSmile.

In 2017, the Group took delivery of 7 aircraft while decommissioned 2 operating lease aircraft: Airbus A330-300, resulting total number of 100 active aircraft in THAI's fleet as of December 31, 2017 which was 5 aircraft higher than as of December 31, 2016. Aircraft utilization increased from 11.5 hours last year to 12.0 hours this year. Production traffic (ASK) increased by 6.4% while passenger traffic (RPK) increased by 14.7%. Average cabin factor was 79.2% higher than last year's 73.4% which was the highest level in the last 10 years with 24.6 million passengers carried representing 10.3% increasing from last year.

The Rolls-Royce's TRENT1000 engines were installed on 6 Boeing 787-8 aircraft, the first aircraft was delivered in 2014. Their turbo blades were cracks and breakage which might affect the safety of flight operations. Not only did THAI faced this difficulty but all airlines throughout the globe used the engine encountered the same problem as well. Hence, to continue the operation by using Boeing 787-8, THAI had to gradually switch the engines to repair. THAI solved both short and long term problems by taking into account the impact on passengers was important. As a result of this incident, the service had caused the delays in flight and impacting flight schedule. This resulted in the increasing cost and revenue loss from plans.

In 2017 THAI and its subsidiaries had the total revenue of THB 191,946 million, increased by THB 11,389 million (6.3%) resulting from the increase in passenger and excess baggage revenue, freight and mail revenue, and revenue from other activities. The total expense of THB 189,090 million showed an increase of THB 12,604 million (7.1%) resulting from the increase in fuel expense by THB 4,879 million (10.8%) affected by the 24.2% rising jet fuel prices and increase of traffic production. However, fuel risk management performed better than last year. Non-fuel operating expense increased by THB 8,313 million (6.6%) due to the increase of traffic production and passenger traffic. Maintenance and overhaul expenses also increased. Net financial cost decreased by THB 588 million (11.5%) resulting from cash management and financial restructure started from last year. Consequently, THAI and its subsidiaries' had an operating profit of THB 2,856 million, THB 1,215 million (29.8%) lower than last year.

This year THAI and its subsidiaries had one-time cost item occurred from maintenance provision based on the additional recognition of maintenance for aircraft return condition, amount of THB 550 million, then expense from loss on changes in Ownership interest, the amount of THB 429 million, which occurred from THAI reduced proportion of shares in NOK Airlines PCL., impairment loss of assets and aircraft, amount of THB 3,191 million, and loss on foreign currency exchange, amount of THB 1,581 million. Consequently, THAI and its subsidiaries reported the net loss of THB 2,072 million. Loss attributable to owners of the parent amounted to THB 2,107 million. Loss per share was THB 0.97 while last year's profit per share of THB 0.01.

EBITDA was THB 24,045 million, THB 811 million (3.3%) lower than last year. EBITDA margin was 12.5%, as compared to last year's reported 13.8%.

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

The consolidated financial statements for 2017 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			
	2017	2016	Variance	
			MTHB	%
Total operating revenues	191,946	180,557	+11,389	+6.3
- Passenger and excess baggage revenue	157,475	148,060	+9,415	+6.4
- Freight and mail revenue	20,272	18,578	+1,694	+9.1
- Revenue from other activities	12,111	11,674	+437	+3.7
- Other income	2,088	2,245	-157	-7.0
Total operating expenses	189,090	176,486	+12,604	+7.1
- Fuel and oil	50,215	45,336	+4,879	+10.8
- Non-fuel operating expenses	134,328	126,015	+8,313	+6.6
- Net finance cost	4,547	5,135	-588	-11.5
Operating profit	2,856	4,071	-1,215	-29.8
<u>Less</u> Maintenance provision for operating lease aircraft	550	1,317	-767	-58.2
<u>Less</u> Expense from Transformation plan	-	1,228	-1,228	-100.0
<u>Less</u> Loss from change in ownership interest	429	-	+429	-
<u>Less</u> Impairment loss of assets and aircraft	3,191	3,628	-437	-12.0
<u>Add</u> Gain (Loss) on foreign currency exchange	(1,581)	685	-2,266	-330.8
Loss before income tax	(2,895)	(1,417)	-1,478	-104.3
Net Profit (Loss)	(2,072)	47	-2,119	-
Profit (Loss) attribute to owners of the parent	(2,107)	15	-2,122	-
Net Profit (Loss) per share (THB)	(0.97)	0.01	-0.98	-
<u>Significant operating data</u>				
EBITDA (MTHB)	24,045	24,856	-811	-3.3
Number of passengers (Million)	24.56	22.26	+2.30	+10.3
Available Seat-Kilometers (Million)	90,498	85,042	+5,456	+6.4
Revenue Passenger-Kilometers (Million)	71,634	62,442	+9,192	+14.7
Cabin factor (%)	79.2	73.4	+5.8	+5.8
Passenger yield (THB/RPK)	2.17	2.35	-0.18	-7.7
Available Dead Load Ton-Kilometers (Million)	3,832	3,591	+241	+6.7
Revenue Freight Ton-Kilometers (Million)	2,377	2,132	+245	+11.5
Freight load factor (%)	62.0	59.4	+2.6	+2.6
Freight carried (Ton)	654,915	589,829	+65,086	+11.0
Freight Yield (THB/RFTK)	7.98	8.18	-0.20	-2.4
Number of aircraft (As of December 31) (Aircraft)	100	95	+5	+5.3
Flight hours (Hours)	409,024	388,727	+20,297	+5.2
Aircraft utilization (Hours/Aircraft/Day)	12.0	11.5	+0.5	+4.3
Average foreign currency exchange rate				
1 USD : THB	33.9380	35.2897	-1.3517	-3.8
1 EUR : THB	38.2778	39.0348	-0.7570	-1.9
100 JPY : THB	30.2696	32.5435	-2.2739	-7.0
Average jet fuel price (USD/BBL)	70.48	56.73	+13.75	+24.2

Note : EBITDA = Total Revenue (Exclude gain/loss on foreign currency) - Total Expenses (exclude finance cost, tax, depreciation and amortization, impairment loss of assets and aircraft expenses, and loss from change in ownership interest)

Revenues of Thai Airways International PCL. and its subsidiaries

For the year 2017, total revenues increased by THB 11,389 million (6.3%) from the same period last year with details as follows:

- **Passenger and excess baggage revenue**

Passenger and excess baggage revenue increased by THB 9,415 million (6.4%) since

- Passenger traffic (Revenue Passenger-Kilometers - RPK) increased by 14.7% or approximately THB 21,600 million since the traffic increased in Intercontinental and Regional routes including routes operated by ThaiSmile but decreased in the domestic route operated by ThaiSmile. Production traffic (Available Seat-Kilometers:ASK) increased by 6.4% resulting average cabin factor was 79.2% compared to last year's 73.4%.

- Average passenger yield (including fuel and insurance surcharge) was 2.17 THB/RPK, decreased by 0.18 THB/RPK(7.7%) resulting the lower passenger revenues by THB 12,895 million; whereas, the strengthen Thai Baht against the major revenue currencies partially harmed less revenue. When excluding such effect, the approximate passenger yield was 2.23 THB/RPK which decreased by 0.12 THB/RPK (5.1%) or approximately THB 8,595 million due to the heavier competition and the average fuel surcharge which had decreased since last year.

Passenger operation performance classified by region: THAI and its subsidiaries

	Variance (%)		Cabin Factor (%)	
	ASK	RPK	2017	2016
Regional	+8.8	+16.3	76.9	71.8
Intercontinental	+5.4	+15.3	82.5	75.4
Domestic	-4.9	-1.8	74.2	71.8

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

Unit : Million Baht	2017	2016	Variance	
			MTHB	%
Passenger and excess baggage revenue				
Regional	86,322	79,350	+6,972	+8.8
Intercontinental	59,263	55,916	+3,347	+6.0
Domestic	11,633	12,427	-794	-6.4
Non-schedule flight	257	367	-110	-30.0
Total Passenger and excess baggage revenue	157,475	148,060	+9,415	+6.4

- *Regional passenger and excess baggage revenue* amounted to THB 86,322 million, an increase of THB 6,972 million (8.8%). In 2017, THAI increased traffic production for supporting the growth in Asia region by launching the new routes operated by ThaiSmile starting with Bangkok - Zhengzhou, People's Republic of China inaugurated on January 27, 2017 and Bangkok-Kaohsiung, Taiwan launching on October 1, 2017 while adding more flights from Phuket - Guangzhou on October 29; simultaneously, adding more flight frequency in high density demand resulting traffic production increased by 8.8% while the passenger traffic increased by 16.3%. Cabin factor increased from 71.8% last year to 76.9% this year. Average passenger yield decreased by 7.2% since the fierce competition, especially from low-cost carriers with adaptation and development of new service strategy from point-to-point strategy to network strategy by developing a network between airlines within the group which served longer distance as well as upgrading the products and services to the nearest full service airline. Therefore, the reduction of fuel surcharge and the strength Thai Baht reflexed the reducing revenue when translated into Baht term.

- *Intercontinental passenger and excess baggage revenue* amounted to THB 59,263 million, an increase of THB 3,347 million (6.0%) since THAI increased traffic production by 5.4% due to the expansion of European routes. In 2017, THAI launched the direct flight to Vienna on November 16. Passenger traffic increased by 15.3%. Cabin factor increased from last year's 75.4 % to 82.5% this year. Average yield reduced by 8.3% from last year due to the reduction of fuel surcharge since last year, the appreciation of Baht affecting the decrease revenue in Baht term, and the fierce competition.

- *Domestic passenger and excess baggage revenue* amounted to THB 11,633 million, a decrease of THB 794 million (6.4%) since production traffic decreased by 4.9%. The passenger traffic decreased by 1.8% while yield decreased by 4.6% resulting from high competition from Low Cost Carriers using the discount fare as the strategy to expand their market shares. This year, THAI increased flight frequency by using ThaiSmile for more replacement flights in these routes from Bangkok which were Bangkok - Chiang Rai, Bangkok - Surat Thani, Bangkok - Hat Yai, Bangkok - Khon kaen, Bangkok - Udon thani, Bangkok - Ubon Ratchathani, and Bangkok - Narathiwat and other routes such as Chiang Mai -Phuket and so forth. As a result, cabin factor was 74.2% higher than last year's 71.8%.

- **Freight and mail revenue**

Freight and mail revenue increased by THB 1,694 million (9.1%) because freight traffic (Revenue Freight Ton-Kilometers: RFTK) increased by 11.5% or around THB 2,005 million from the recovering export sector, according to the recovery of the world economy. Average freight load factor was 62.0%, increased from last year's 59.4%. Average freight yield was 7.98 THB/RFTK, a decrease of 0.20 THB/RFTK(2.4%) or around THB 475 million.

- **Revenue from other activities**

Revenues from other activities consists of revenues from business units which are Ground services, Catering, Cargo handling services, and other activities increased by THB 437 million (3.7%) from last year's mainly due to more revenue from maintenance service, catering service from higher number of passenger and cargo handling services from greater freight traffic. However, income from Ground services was lower than last year due to the decreaseing number of customer airlines' flight.

Expenses for Thai Airways International PCL. and its subsidiaries

Total expenses for 2017 was THB 12,604 million (7.1%) higher than the same period last year. A summary of operating expenses is as follows:

- **Fuel and oil** expense was THB 4,879 million (10.8%) higher than last year due to the rise of the average jet fuel price by 24.2%. Appreciating THB against USD caused decreased expense in Baht term. The fuel hedging revenue of THB 303 million indicated more efficiency and flexibility while last year's hedging fee was THB 6,604 million.

- **Non-fuel operating expense** was THB 8,313 million (6.6%) higher than last year. Details as follows:

Unit : Million Baht	Jan - Dec					
	2017	% of Total Expense	2016	% of Total Expense	Variance	
					MTHB	%
Expense						
Employee benefit expenses	29,702	22.1	28,767	22.8	+935	+3.3
Flight service expenses	22,354	16.6	20,818	16.5	+1,536	+7.4
Crew expenses	5,604	4.2	5,353	4.2	+251	+4.7
Aircraft maintenance and overhaul costs	17,247	12.8	15,670	12.4	+1,577	+10.1
Depreciation and amortization expenses	17,022	12.7	17,991	14.3	-969	-5.4
Lease of aircraft and spare parts	11,282	8.4	9,871	7.8	+1,411	+14.3
Inventories and supplies	9,009	6.7	8,151	6.5	+858	+10.5
Selling and advertising expenses	11,215	8.4	9,404	7.5	+1,811	+19.3
Insurance expense	512	0.4	570	0.5	-58	-10.2
Other expenses	10,219	7.6	8,841	7.0	+1,378	+15.6
Share of loss of associates	162	0.1	579	0.5	-417	-72.0
Non-fuel Operating Expense	134,328	100.0	126,015	100.0	+8,313	+6.6

- Employee benefits expenses consisting of personnel expense, employee benefits, management benefits and board of directors' benefits increased by THB 935 million (3.3%) due to the number of employees and annual salary increase.

- Flight related expenses consisted of flight service expenses, crew expenses, and Inventories and supplies increased by THB 2,645 million (7.7%) due to the increase of traffic production and passenger traffic while the appreciation of Baht compared to major currencies which consisted of EURO and Japanese Yen recovered some expense amounts.

- Maintenance and overhaul increased by THB 1,577 million (10.1%), mainly due to the increase of traffic production and maintenance provision for aircraft and engine based on actual maintenance condition and the higher engine maintenance rate.

- Depreciation and amortization decreased by THB 969 million (5.4%) due to fully depreciated aircraft and assets. Despite there were new 2 aircraft under finance leases: Airbus A350-900XWB aircraft, added to THAI's fleet this year.

- Lease of aircraft and spare parts increased by THB 1,411 million (14.3%) due to the net increase in 3 operating lease aircraft from the new delivery of 5 operating lease aircraft comprises of 3 Airbus A350-900XWB aircraft and 2 Boeing B787-9 while 2 operating lease aircraft: Airbus A330-300 aircraft, had been returned.

- Selling and advertising expenses increased by THB 1,811 million (19.3%) resulting from greater reservation expense which increased from the higher number of passenger and reservation service rate.

- Other expenses increased by THB 1,378 million (15.6%) due to the increase of outsourcing wages, the subsidiary from Fund for Empowerment of Persons with Disabilities, and related expenses to the difficulty from Trent1000 mentioned above i.e. passenger compensation, hotel accommodations and food refreshment.

- Share of loss of associates decreased by THB 417 million (72.0%) from last year. The details as follow:
 - Nok Airlines PCL.'s amount of THB 549 million loss, decrease in loss of THB 502 million,
 - Suvarnabhumi Airport Hotel Co. Ltd.'s amount of THB 45 million profit, an increase of THB 18 million,
 - Phuket Air Catering Co. Ltd.'s amount of THB 64 million profit, an increase of THB 1 million,
 - Royal Orchid Hotel (Thailand) PCL's amount of THB 30 million profit, equal to last year's profit,
 - Donmuang International Airport Hotel Co. Ltd.'s amount of THB 13 million profit, a decrease of THB 20 million , and
 - Bangkok Aviation Fuel Services PCL's amount of THB 235 million profit, a decrease of THB 84 million.

• **Net finance cost** decreased by THB 588 million (11.5%) since average short-term and long-term loans were lower than last year and resulting from cash management and financial restructure since last year. Moreover, the strengthen Thai Baht compared to EURO, Japanese Yen, and US dollar benefited the lower financial cost.

Maintenance provision for operating lease aircraft totaled THB 550 million based on the additional maintenance for aircraft return conditions of two Airbus A330-300 aircraft due to the premature return of the aircraft operating lease.

Loss from change in ownership interest totaled THB 429 million, resulting from the dilution of THAI's shareholding in Nok Airlines PCL. from 39.20% to 21.80%. (Please see Notes to the Financial Statement No.6.36.2)

Impairment loss of assets and aircraft was THB 3,191 million, a decrease of THB 437 million (12.0%) with the following details:

- Impairment loss of aircraft totaled THB 2,721 million, THB 497 million lower than last year. This year impairment loss comprised of 16 aircraft which were of 6 Airbus A340-600, 3 Airbus A340-500, 2 Boeing B747-400, 2 Boeing B747-400F(freighter), 1 Boeing B737-400 and 2 Airbus A330-300 aircraft, totaled THB 2,514 million and the provision for impairment loss for 5 engines of these aircraft: Airbus A340-500 and A340-600 aircraft, totaled THB 207 million.
- Impairment loss of assets totaled THB 470 million, increased by THB 60 million due to higher reserve for damaged rotatable spare parts which were unrepairable from last year.

Loss on foreign currency exchange was THB 1,581 million consisted of THB 1,316 million unrealized loss resulting from revaluation of foreign currency loans, assets and liabilities as of December 31, 2017 with realized loss of THB 265 million.

3. Financial Position and Liquidity

Capital Expenditures - The Group

Unit : Million Baht	Jan - Dec	
	2017	2016
Aircraft and aircraft spare parts	9,317	6,607
Non-Aircraft	672	303
Total	9,989	6,910

Capital expenditures for 2017 was THB 9,989 million, an increase of THB 3,079 million from last year since there is none of financial lease aircraft added to the fleet last year while there were 2 Airbus A350-900XWB aircraft during this year. Capital expenditures in this year were

- Investment in aircraft and aircraft spare parts totalled THB 9,317 million which mainly was from the delivery of 2 Airbus A350-900XWB aircraft under finance lease and the prepayment for acquisition of Airbus A350-900XWB aircraft and TRENT XWB-84 spare engines used for Airbus A350-900XWB aircraft.

- Investments in other fixed assets amounted to THB 672 million mainly from the investment in ground service equipment.

Financing

In 2017, THAI financed in the total amount of THB 29,771 million as the following details

1. Rolling over the financing loan from Ministry of Finance by issuing Euro Commercial Paper (ECP) in foreign currency, a total of THB 9,594 million,
2. Withdrawing the short-term loan in the form of promissory note totaled THB 4,000 million,
3. Acquiring long-term financing through hire purchase which used the aircraft as collateral for payment of 2 A350-900XWB aircraft totaling approximately THB 8,177 million, and
4. Issuing THB 8,000 million new domestic debentures in June, 2017, to repay the debentures at maturity, to repay loan with higher financial costs, and / or use as an investment and / or working capital.

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

Unit : Million Baht	Jan - Dec	
	2017	2016
Net cash from operating activities	23,692	24,559
Net cash used in investing activities	(3,106)	(3,826)
Net cash used in financing activities	(18,677)	(28,171)
Effect from changing in exchange rate on cash and cash equivalents increase (decrease)	(69)	47
Increase (decreases) in cash and cash equivalents	1,840	(7,391)

In 2017, THAI's net cash used in financing activities amounted to THB 18,677 million due to short-term repayments which were lower than last year as well as net cash used in investing activities, amount of THB 3,106 million which decreased from last year due to less investment in property, plant and equipment. However, THAI's net cash from operating activities totaled THB 23,692 million, which decreased from last year. Consequently, cash and cash equivalents as of December 31, 2017 increased from the end of last year, THB 1,840 million.

Fleet

In 2017, THAI's consolidated had 7 new aircraft, consisted of 2 aircraft under finance lease which were Airbus A350-900XWB aircraft and 5 operating lease aircraft: 3 Airbus A350-900XWB and 2 Boeing 787-9 aircraft, but returned 2 operating lease aircraft: Airbus A330-300 aircraft resulting, as of December 31, 2017, THAI's net active aircraft fleet was 100 aircraft (including 20 Airbus A320-200 aircraft operated under ThaiSmile) which were more 5 aircraft than last year's. Decommissioned aircraft and held for sale as of December 31, 2017 totaled 21 aircraft.

Assets of Thai Airways International PCL. and its subsidiaries

As of December 31, 2017, total assets decreased by THB 2,349 million (0.8%) from as at December 31, 2016.

	Consolidated					
	Dec 31, 2017		Dec 31, 2016		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	15,230	5.4	13,390	4.7	+1,840	+13.7
Non-current assets held for sale	201	0.1	12,322	4.4	-12,121	-98.4
Other current assets	36,085	12.8	33,662	11.9	+2,423	+7.2
Current Assets	51,516	18.3	59,374	21.0	-7,858	-13.2
Property, plant and equipment						
Prepaid aircraft and spare engine	6,124	2.2	9,647	3.4	-3,523	-36.5
Aircraft	42,186	15.0	44,686	15.8	-2,500	-5.6
Aircraft under finance leases	113,220	40.3	112,917	39.9	+303	+0.3
Aircraft spare parts	9,592	3.4	10,228	3.6	-636	-6.2
Work in process	599	0.2	371	0.1	+228	+61.5
Land, building and improvements	13,554	4.9	13,872	4.9	-318	-2.3
Other plant and equipment	2,828	1.0	3,170	1.1	-342	-10.8
Property, plant and equipment-net	188,103	67.0	194,891	68.8	-6,788	-3.5
Other non-current assets	41,156	14.7	28,859	10.2	+12,297	+42.6
Total Assets	280,775	100.0	283,124	100.0	-2,349	-0.8

Current assets were THB 51,516 million or accounted for 18.3% of total assets, a decrease of THB 7,858 million (13.2 %) from as of December 31, 2016. The significant items consisted of

- The increase in cash and cash equivalents of THB 1,840 million (13.7%), mainly from net cash from operating activities higher than net cash used in financial and investing activities.
- Non-current assets held for sale decreased by THB 12,121 million (98.4%) since this year THAI classified new type of account by transferring current assets held for sale, the amount of THB 11,263 million, to other non-current assets under the tile of asset held for sale. These kinds of assets mainly consisted of grounded aircraft and engines held for sale, and other assets which were unused and holding for sale as well as there were 4 aircraft, engine spare parts, lands, and other assets, total of THB 882 million, were sold.

The ending balance as of December 31, 2017, totaled THB 201 million, were properties both domestic and foreign which were approved to trade by the Board of Director on January 30, 2018.

- Other current assets increased by THB 2,423 million (7.2%) mainly from trade receivables increased by THB 1,347 million due to the greater amount of trade volume in December 2017 which was higher than the same period last year. It should be noted that this year THAI has been able to better manage faster collection period by speeding up from 24 days in 2016 to 23 days this year which was lower than THAI's normal collecting period.

Property, plant and equipment-net totaled THB 188,103 million or represented 67.0 % of total assets, which saw a decrease of THB 6,788 million (3.5%) from December 31, 2016 resulting from the normal calculation of aircraft depreciation; however, there were deliveries of 2 aircraft under finance lease: Airbus A350-900XWB in 2017.

Other non-current assets totaled THB 41,156 million or represented 14.7% of total assets, which increased by THB 12,297 million (42.6%) from as of December 31, 2016 resulting from

- Assets held for sale increased by THB 8,626 million mainly from the new categorizing types of account that explained on the above as well as the increase of provision impairment loss of aircraft and engine spare parts this year.

Assets held for sale comprised of decommissioned aircraft and held for sale totaled 21 aircraft, engines and spare parts, lands unnecessary to hold both domestic and international based on new valuation in 2015 and insignificantly useful assets.

- Deferred refurbishment of operating lease aircraft increased THB 2,060 million from the retrofit operating lease project of 6 Boeing B787-8 by installing crew rest and in-flight connectivity, and installing buyer-furnished equipment for 3 Airbus A350-900XWB and 2 Boeing B787-9 aircraft.

- An increase, approximately THB 2,144 million, in maintenance reserve corresponds to an increase in maintenance provision to aircraft maintenance plan 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 under the maintenance reserves deposit.

- Investment in associate decreased by THB 496 million, was from the investment in Nok Airlines PCL reduced THB 603 million (32.5%) due to the decrease in ownership interest and the loss from operation in 2017.

Return on assets of 2017 was 0.65% compared to last year's 1.34%.

Liabilities of Thai Airways International PCL. and its subsidiaries

Total liabilities as of December 31, 2017 decreased by THB 774 million (0.3%) from as of December 31, 2016. These comprise of:

	Consolidated					
	Dec 31, 2017		Dec 31, 2016		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities (excluding current portion of long-term liabilities)	68,031	27.4	64,555	25.9	+3,476	+5.4
Long-term liabilities						
Debentures	62,100	25.0	59,300	23.8	+2,800	+4.7
Liabilities under financial leases	62,517	25.1	64,750	25.9	-2,233	-3.4
Long term borrowings	27,480	11.0	35,933	14.4	-8,453	-23.5
Total long-term liabilities	152,097	61.1	159,983	64.1	-7,886	-4.9
Other non-current liabilities	28,634	11.5	24,998	10.0	+3,636	+14.5
Total Liabilities	248,762	100.0	249,536	100.0	-774	-0.3

Current liabilities (excluding current portion of long term liabilities' amount of THB 24,825 million) or accounted for 27.4% of total liabilities, an increase of THB 3,476 million (5.4%) from last year since unearned revenue increased by THB 4,299 million in line with the increase of sale volume.

Long-term liabilities as of December 31, 2017 (including current portion of long term liabilities' totaled THB 24,825 million) or represented 61.1% of total liabilities, which was a decrease of THB 7,886 million (4.9%) from December 31, 2016 partially resulting from the depreciation of EUR but slightly strengthening against JPY as of December 31, 2017 when compared to the end of 2016 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 444 million, long-term liabilities decreased by THB 8,330 million mainly due to long-term repayment.

Other non-current liabilities totaled THB 28,634 million or represented for 11.5% of total liabilities, an increase of THB 3,636 million (14.5%) due to the obligation under operating lease as to major overhaul of aircraft, engine and major component over the leasing period and the obligation to store aircraft condition at the end of the leased period which increased from last year's THB 2,489 million and employee benefits obligation which increased THB 674 million.

At the end of 2017, interest bearing debt to equity was 5.0 times equaled to last year's. Debt to equity ratio was 7.8 times, higher than last year's 7.4 times.

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

As of December 31, 2017, shareholders' equity totaled THB 32,013 million, a decrease of THB 1,575 million (4.7%) from December 31, 2016 due to the negative results of THAI and its subsidiaries. Consequently, THAI's return on equity of 2017 decreased from 0.1% at the same period last year to -6.3% this year.

4. Factors affecting future operations

The situation of the aviation industry in 2018 is projected to continue to grow as the world economy continues to expand. The global economy in 2018 is also driven by four key factors: 1) continued global trade volume, 2) rising wage and inflation both expect to increase in low rate, and 3) strong economic environment in emerging market countries and 4) Political uncertainty is expected not to be volatile. The oil price in 2018 is expected to increase, but still limited.

For the Thai aviation industry, after the International Civil Aviation Organization (ICAO) released the red flag on October 6, 2017, it would be beneficial for the aviation industry and tourism. It is expected that the aviation industry in Thailand in 2018 will expand from the tourism sector and promote tourism sector. The volume of tourists arriving to Thailand increased with the rapid expansion of low cost airlines. In particular, the expansion of the international market to potential and preferred destinations such as Japan, South Korea, China and India. However, the price competition between airlines is likely to intensify. In addition the Thai development plan leads Thailand to become the aviation hub (Aeropolis) and Maintenance, Repair and Overhaul (MRO) are likely to be more successful after the release of red flag helped build more confidence and attract foreign entrepreneurs to invest in both projects even more.

For the progress of solving the problem that the Federal Aviation Administration (FAA) reduced the level of aviation safety in Thailand from Category 1 to Category 2 since October 2015, the Civil Aviation Authority of Thailand is expected that the FAA will be invited to complete the review by mid-2018. If passed the inspection, all airlines under Thai flag would ask for the permission to open the routes into the United States in late 2018.

In 2018, THAI will implement the revised Company's 2017 - 2021 plan to continually drive from the third phase of its transformation plans. By establishing the direction of business operation in the same framework, practice which are reliable on the business situation as well as enhance the efficiency. There will be 5 strategies in 2018 as follows:

- Aggressive Profit - to accelerate profit generation for aggressive sale with competitive cost
- Business Portfolio - to pursue and improve new business opportunities
- Customer Experiences - to deliver good travel experience
- Digital Technology - to innovate and implicate digital technology
- Efficient Human Capital Management - to develop efficient human capital

Also, there are significant action plans as follows.

- Increasing fleet efficiency by taking delivery of 5 new Airbus A350-900XWB aircraft in 2018 which consists of 3 operating lease aircraft and 2 aircraft under finance lease. They are principally aim to fly in Intercontinental and Regional routes.

- Preparation of aircraft acquisition plan as a part of THAI's long-term fleet plan.
- Sale of shares in Royal Orchid Hotel (Thailand) PCL. The Board of Directors Meeting held on January 24, 2018 had a consensus to sell of 22.5 million shares, representing 24% of registered capital at THB 41 per share, approximate THB 922.5 million. Moreover, there is a plan to sell more unexploited assets. These implementations are part of operation plan of THAI.

5. Financial Ratios

		Jan - Dec	
		2017	2016
Liquidity Ratio			
Current Ratio	(times)	0.84	0.78
Profitability Ratio			
Operating Profit (loss) Margin	%	1.49	2.25
Net Profit (loss) Margin	%	(1.08)	0.03
Return on Equity	%	(6.32)	0.14
Efficiency Ratio			
Return on Total Assets	%	0.65	1.34
Financial Policy Ratio			
Interest Bearing Debt to Equity	(times)	4.98	4.98
Total Debt to Equity	(times)	7.77	7.43
Interest Coverage Ratio	(times)	5.10	4.66

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



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, 2017, the consolidated and separate statements of profit or loss and other 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, including 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, as at December 31, 2017, 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 ethical requirements set out in the State Audit Standards issued by the State Audit Commission and the Federation of Accounting Professions' Code of Ethics for Professional Accountants 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 the Office of the Auditor General of Thailand has obtained is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's 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 has the following key audit matters to communicate:

1. Aircrafts and Related Equipment

The carrying amount of the Group's aircraft and related equipment as at December 31, 2017 was THB 173,279.82 million, contributed to 61.71% of the Group's total assets and 60.62% of the Company's total assets. The aircraft and related equipment was presented in property, plant and equipment in amount of THB 164,997.38 million (refer to note 6.8 to the financial statements), and non-performing asset in amount of THB 8,282.44 million (refer to note 6.11 to the financial statements). Depreciation and impairment loss of aircraft and related equipment for the year 2017 was THB 18,080.30 million. Depreciation rates and the carrying amount of aircraft and related equipment are reviewed annually that the carrying amount of aircraft and related equipment does not exceed its recoverable amount, taking into consideration factors such as changes in fleet composition, current and forecast market values and technical factors which may affect the useful life expectancy of the assets. The Office of the Auditor General of Thailand has focused on the carrying amount of aircraft and related equipment as a key audit matter because management shall make significant judgement to determine assumptions and related factors in estimating useful lives and impairment of aircraft and related equipment, which is a process related to uncertainty. The use of different models, assumptions used in the calculation and the quality of the data may have a material impact on impairment loss or depreciation for the year.

The Office of the Auditor General of Thailand's key audit procedures include understanding and assessing the effectiveness of the key controls, including test of controls over the following:

- 1.1 The identification of circumstances which indicate that the aircraft and related equipment is likely to be impaired, and may have effect on consideration of depreciation rates and impairment;
- 1.2 The governance over the estimating useful lives and impairment of aircraft and related equipment by management that models, assumptions used in the calculation are still reasonable, including comparing models, assumptions used in the calculation with external sources or guidelines of the aviation industry;
- 1.3 The review and approval process that management have in place for the models, assumptions used in the calculation, outputs from such models, and recording the accounting transactions;
- 1.4 The accuracy, completeness and quality of data input to the estimation.

2. Passenger Revenue

When a flight booking is made, passenger revenue is initially deferred on the statement of financial position and is measured based on the sales price to the customer, net of commissions and discounts. Passenger revenue is recognized as revenue in the statement of profit or loss and other comprehensive income when transportation is provided. (refer to note 4.11 to the financial statements). The determination of the amount of revenue to be recognized for each flight requires complicated information technology systems and involves the high volume of transactions.

In addition, the timing of revenue recognition for unused tickets requires significant management's judgement due to the timeframe over which tickets can be utilized varying due to the large number of fare types. Management has determined the value

of unused revenue documents that will not be utilized based on ticket validity and historical expiry trends. The Office of the Auditor General of Thailand has focused on passenger revenue as a key audit matter because effect of the complexity of the information technology systems and the significant level of judgement required by management on timing and accuracy of revenue recognition.

The Office of the Auditor General of Thailand's key audit procedures include:

- 2.1 Assessing the effectiveness of key controls over operational and financial processes surrounding the revenue system, and performing detailed end-to-end walkthroughs of the processes that affect the revenue recognition;
- 2.2 Evaluating management's processes and key controls regarding the fare pricing, performing tests of controls for the authorization of a sample of new or amended fares, and reviewing that the approved fares agreed to the financial information;
- 2.3 Performing substantive tests of journal entries and non-routine transactions posted into relevant revenue accounts;
- 2.4 Applying analytical procedures to each significant individual revenue stream by comparing revenue recognized in the statement of profit or loss and other comprehensive income against budget, prior year, and assessing the correlation to movements in passenger numbers;
- 2.5 Comparing a sample of revenue transactions from the financial information against the contract terms and conditions, the Company's accounting policies and related requirements of Thai financial reporting standards to ascertain whether they were accurately recorded in the revenue system;
- 2.6 Reviewing a sample of the terms and conditions attached to revenue documents by fare class, and evaluating management's judgements

used to determine the timing of recognition of unused revenue documents;

- 2.7 Assessing the reasonableness of obtained data supporting historical expiry trend in respect of unused revenue documents, and comparing with actual events.

Emphasis of Matter

The Office of the Auditor General of Thailand draw attention to Note 5 to the financial statements, which describes the operation strategies of the year 2017 on Corporate Transformation Plan and the future action plan of Thai Airways International Public Company Limited, and note 6.12 to the financial statements, which describes the liquidity management that provides information about detailed financing activities and cash flows for the year 2017.

The Office of the Auditor General of Thailand's opinion is not modified 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. The annual report is expected to be 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, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related 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 maintains 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 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 auditor's report of the Office of the Auditor General of Thailand 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 auditor's report of the Office of the Auditor General of Thailand. 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 communicates 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 of the Office of the Auditor General of Thailand 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) *Pongchomnad Jariyajinda*
(Pongchomnad Jariyajinda)
Deputy Auditor General

(Signed) *Balloon Sirisingsongchai*
(Balloon Sirisingsongchai)
Director of Financial Audit Office No.4

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

Unit : Baht

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Notes	2017	2016	2017	2016
ASSETS					
Current Assets					
Cash and cash equivalents	6.1	15,229,686,324	13,389,710,774	14,022,787,581	11,925,036,967
Temporary investments		160,037,864	130,419,289	-	-
Trade receivables	6.2	11,704,953,905	10,358,261,388	11,560,770,758	10,444,175,323
Prepaid expenses and deposits		7,490,102,653	7,979,056,576	7,761,325,199	8,217,149,112
Inventories and supplies	6.3	4,999,847,400	4,986,775,103	4,968,165,680	4,961,626,437
Other current assets	6.4	11,730,122,163	10,208,355,227	18,450,827,464	14,987,088,746
Non-current assets held for sale	6.5	200,807,000	12,321,891,869	200,807,000	12,321,891,869
Total Current Assets		51,515,557,309	59,374,470,226	56,964,683,682	62,856,968,454
Non-Current Assets					
Investments in associates	6.6.1	3,394,945,236	3,890,765,534	1,459,106,581	1,083,520,500
Investments in subsidiaries	6.6.1	-	-	1,810,209,893	1,810,209,893
Other long-term investments	6.6.2	70,988,078	77,763,005	67,875,978	74,767,805
Property, plant and equipment	6.8	188,102,612,250	194,891,347,457	188,067,083,674	194,863,785,314
Intangible assets	6.9	432,497,804	709,855,682	418,673,523	673,082,159
Deferred tax assets	6.10.1	10,679,231,900	10,014,948,163	10,663,254,345	10,000,049,684
Other non-current assets	6.11	26,578,712,721	14,164,714,939	26,402,333,280	13,649,568,370
Total Non-Current Assets		229,258,987,989	223,749,394,780	228,888,537,274	222,154,983,725
Total Assets		280,774,545,298	283,123,865,006	285,853,220,956	285,011,952,179

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

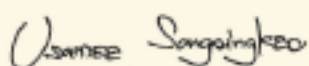
STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

Unit : Baht

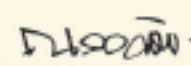
		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Notes	2017	2016	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables		5,042,628,631	4,951,411,552	4,823,318,835	4,746,744,517
Accrued expenses		16,613,129,758	16,846,320,892	17,849,085,739	16,910,539,096
Current portion of long-term liabilities					
Long-term loans from financial institutions	6.13	4,813,179,873	8,305,108,457	4,813,179,873	8,305,108,458
Liabilities under finance leases	6.14	9,762,005,635	9,461,231,562	9,762,005,635	9,461,231,562
Debentures	6.15	10,250,000,000	5,200,000,000	10,250,000,000	5,200,000,000
Short-term loans from financial institutions		3,000,000,000	2,000,000,000	3,000,000,000	2,000,000,000
Short-term loans from related parties	6.7.1.1	4,270,136,000	5,400,375,000	4,270,136,000	5,400,375,000
Income tax payable		15,143,142	11,280,480	-	-
Other current liabilities					
Accrued dividends		54,664,936	54,836,876	54,573,136	54,653,276
Unearned transportation revenue		31,409,888,882	27,111,129,396	30,481,532,187	26,624,698,720
Others	6.16	7,625,258,914	8,179,071,068	9,165,007,131	9,768,399,457
Total Current Liabilities		92,856,035,771	87,520,765,283	94,468,838,536	88,471,750,086
Non-Current Liabilities					
Long-term liabilities					
Long-term loans from financial institutions		7,564,356,800	13,006,551,881	7,564,356,800	13,006,551,881
Long-term loans from related parties	6.7.1.2	15,102,668,302	14,620,533,660	15,102,668,302	14,620,533,660
Liabilities under finance leases	6.14	52,754,724,555	55,289,234,923	52,754,724,555	55,289,234,923
Debentures	6.15	51,850,000,000	54,100,000,000	51,850,000,000	54,100,000,000
Deferred tax liabilities	6.10.2	1,791,346,286	1,854,236,084	1,791,346,286	1,854,236,084
Staff pension fund	6.17	3,791,098,462	3,710,083,100	3,791,098,462	3,710,083,100
Employee benefit obligations	6.18	12,594,371,173	11,920,072,997	12,573,334,280	11,903,855,344
Long-term provisions	6.19	10,310,083,902	7,365,831,672	9,318,993,931	7,034,078,456
Other non-current liabilities		147,062,061	148,363,624	913,725,477	148,080,624
Total Non-Current Liabilities		155,905,711,541	162,014,907,941	155,660,248,093	161,666,654,072
Total Liabilities		248,761,747,312	249,535,673,224	250,129,086,629	250,138,404,158
Shareholders' Equity					
Share capital	6.21				
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	6.22	2,691,275,568	2,691,275,568	2,691,275,568	2,691,275,568
Unappropriated		(24,239,600,441)	(22,167,172,423)	(20,426,549,388)	(20,794,927,497)
Other components of equity		6,086,373,086	5,604,235,654	6,086,372,669	5,604,164,472
Total Company Shareholders' Equity		31,911,083,691	33,501,374,277	35,724,134,327	34,873,548,021
Non-controlling interests		101,714,295	86,817,505	-	-
Total Shareholders' Equity		32,012,797,986	33,588,191,782	35,724,134,327	34,873,548,021
Total Liabilities and Shareholders' Equity		280,774,545,298	283,123,865,006	285,853,220,956	285,011,952,179

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



(Usanee Sangsingkeo)

Executive Vice President, Corporate Strategy and Sustainable Development
Acting President



(Narongchai Wongthanavimok)

Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

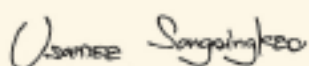
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

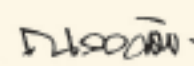
	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Revenue					
Revenue from Sales or Services					
Passenger and excess baggage		157,474,642,686	148,060,309,853	148,462,506,525	140,763,944,730
Freight		19,543,755,148	17,963,345,043	19,546,567,289	17,954,991,320
Mail		727,910,750	615,301,846	727,910,750	615,301,846
Other activities		12,110,671,871	11,673,542,694	13,741,948,197	13,092,261,363
Total Revenue from Sales or Services		189,856,980,455	178,312,499,436	182,478,932,761	172,426,499,259
Other Income					
Interest income		170,426,521	204,313,537	159,001,563	177,991,509
Gain (loss) on foreign currency exchange rates		(1,581,246,154)	684,970,854	(1,406,397,072)	691,942,292
Other income - Others	6.23	2,088,468,154	2,244,421,749	2,391,531,999	2,542,775,237
Total Other Income		677,648,521	3,133,706,140	1,144,136,490	3,412,709,038
Total Revenue		190,534,628,976	181,446,205,576	183,623,069,251	175,839,208,297
Expenses					
Fuel and oil		50,214,668,767	45,335,913,346	47,191,233,123	43,430,926,167
Employee benefits expense	6.24	29,702,304,701	29,568,433,554	29,126,283,668	29,071,181,741
Termination benefits - Mutual Separation Plan		-	427,122,345	-	427,122,345
Flight service expenses		22,353,433,918	20,817,778,532	21,298,670,145	20,187,150,836
Crew expenses		5,603,505,793	5,352,676,217	5,224,192,458	5,091,799,359
Aircraft repair and maintenance costs		17,796,784,451	16,986,636,235	16,245,210,843	14,982,573,579
Depreciation and amortization expenses		17,021,470,515	17,990,828,445	16,996,160,244	17,968,888,669
Lease of aircraft and spare parts		11,282,272,496	9,871,541,115	10,641,101,387	8,586,755,064
Inventories and supplies		9,008,767,018	8,150,778,440	8,560,236,644	7,811,569,276
Selling and advertising expenses		11,215,232,163	9,404,409,793	10,438,278,851	8,872,874,727
Insurance expenses		512,111,908	569,951,467	451,700,619	509,843,895
Impairment loss of assets		469,968,586	410,161,132	469,968,586	410,161,132
Impairment loss of aircraft	6.25	2,721,335,582	3,217,748,674	2,721,335,582	3,217,748,674
Other expenses	6.26	10,219,372,624	8,841,036,057	10,059,646,079	8,537,773,485
Loss on changes in ownership interest	6.36.2	429,092,766	-	-	-
Finance costs		4,717,217,641	5,339,160,850	4,717,217,641	5,339,160,850
Share of the loss of associates		162,036,346	579,446,279	-	-
Total Expenses		193,429,575,275	182,863,622,481	184,141,235,870	174,445,529,799
Profit (loss) before Income Tax Expense		(2,894,946,299)	(1,417,416,905)	(518,166,619)	1,393,678,498
Income tax revenue	6.27	822,898,858	1,464,238,106	846,687,728	1,487,902,283
Profit (loss) for the year		(2,072,047,441)	46,821,201	328,521,109	2,881,580,781
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss in subsequent periods					
Actuarial gain (loss) on employee benefits obligation		(163,910)	78,051,581	-	-
Income tax related to Actuarial gain (loss) on employee benefits obligation		32,782	(15,610,316)	-	-
Share of other comprehensive income (loss) from joint ventures and associates		(4,867,855)	(5,788,532)	-	-
Items that might be reclassified to profit or loss in subsequent periods					
Effective portion of gain on changes in fair value of cash flow hedges		652,581,496	718,215,797	652,581,496	718,215,797
Income tax related to Effective portion of gain on changes in fair value of cash flow hedges		(130,516,299)	(143,643,159)	(130,516,299)	(143,643,159)
Unrealized gain (loss) on remeasuring available-for-sale investments		(88,462)	88,984	-	-
Income tax related to unrealized gain (loss) on remeasuring available-for-sale investments		17,693	(17,798)	-	-
Other Comprehensive Income (loss) for the year - Net of Tax		516,995,445	631,296,557	522,065,197	574,572,638
Total Comprehensive Income (loss) for the year		(1,555,051,996)	678,117,758	850,586,306	3,456,153,419
Profit (Loss) Attributable to					
Owners of the Parent		(2,107,345,043)	15,139,579	328,521,109	2,881,580,781
Non-controlling interests		35,297,602	31,681,622	-	-
		(2,072,047,441)	46,821,201	328,521,109	2,881,580,781
Total Comprehensive Income (loss) Attributable to					
Owners of the Parent		(1,590,290,586)	645,426,711	850,586,306	3,456,153,419
Non-controlling interests		35,238,590	32,691,047	-	-
		(1,555,051,996)	678,117,758	850,586,306	3,456,153,419
Profit (loss) per Share	6.29				
Basic profit (loss) per share		(0.97)	0.01	0.15	1.32

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



(Usanee Sangsingkeo)

Executive Vice President, Corporate Strategy and Sustainable Development
Acting President



(Narongchai Wongthanavimok)

Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS															
	Owners of the parent										Non-controlling Interests	Total Shareholders' Equity			
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Other Components of Equity					Total Owners of the Parent					
					Other Comprehensive Income										
					Appropriated Legal reserve	Unappropriated	Effective portion of gain (loss) on changes in fair value of cash flow hedges	Income tax related to Effective portion of gain (loss) on changes in fair value of cash flow hedges	Revaluation surplus on assets				Income tax related to Revaluation Surplus on assets	Unrealized gain on available-for-sale investment	Income tax related to unrealized gain on reemeasuring available-for-sale investment
Balance as at January 1, 2016	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	
Changes in Shareholders' Equity															
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,525,000)	(15,525,000)
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 revaluation surplus on disposed assets	-	-	-	9,849,095	-	-	(12,311,369)	2,462,274	-	-	(9,849,095)	-	-	-	-
Add Other comprehensive income (loss) for the year 2016	-	-	-	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	2,691,275,56	(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	33,568,191,782	
Balance as at January 1, 2017	21,827,719,170	25,545,316,308	2,691,275,568	(22,167,172,423)	(1,629,834,423)	325,966,885	8,635,040,012	(1,727,008,002)	88,977	(17,795)	5,604,235,654	33,501,374,277	86,817,505	33,568,191,782	
Changes in Shareholders' Equity															
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,250,000)	(20,250,000)
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(91,800)	(91,800)
Add Profit (Loss) for the year 2017	-	-	-	(2,107,345,043)	-	-	-	-	-	-	-	(2,107,345,043)	-	35,297,602	(2,072,047,441)
Less Transfer revaluation surplus on disposed assets	-	-	-	39,857,000	-	-	(49,821,250)	9,964,250	-	-	(39,857,000)	-	-	-	-
Add Other comprehensive income (loss) for the year 2017	-	-	-	(4,939,975)	652,581,496	(130,516,299)	-	-	(88,456)	17,691	521,994,432	517,054,457	(59,012)	516,995,445	
Balance as at December 31, 2017	21,827,719,170	25,545,316,308	2,691,275,568	(24,239,600,441)	(977,252,927)	195,450,586	8,585,218,762	(1,717,043,752)	521	(104)	6,086,373,085	31,911,083,691	101,714,295	32,012,797,986	

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



(Usanee Sangsingkeo)
Executive Vice President, Corporate Strategy and Sustainable Development
Acting President



(Narongchai Wongthanavimok)
Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

Unit: Baht

SEPARATE FINANCIAL STATEMENTS										
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Other Components of Equity				Total Shareholders' Equity	
			Appropriated Legal reserve	Unappropriated	Effective portion of gain (loss) on changes in fair value of cash flow hedges	Income tax related to Effective portion of gain (loss) on changes in fair value of cash flow hedges	Revaluation surplus on assets	Income tax related to Revaluation Surplus on assets		Total Other Components of Equity
Balance as at January 1, 2016	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)	5,039,440,929	31,417,394,602
Changes in Shareholders' Equity										
Add Profit for the year 2016	-	-	-	2,881,580,781	-	-	-	-	-	2,881,580,781
Less Transfer revaluation surplus on disposed assets	-	-	-	9,849,095	-	-	(12,311,369)	2,462,274	(9,849,095)	-
Add Other comprehensive income (loss) for the year 2016	-	-	-	-	718,215,797	(143,643,159)	-	-	574,572,638	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)	5,604,164,472	34,873,548,021
Balance as at January 1, 2017	21,827,719,170	25,545,316,308	2,691,275,568	(20,794,927,497)	(1,629,834,423)	325,966,885	8,635,040,012	(1,727,008,002)	5,604,164,472	34,873,548,021
Changes in Shareholders' Equity										
Add Profit for the year 2017	-	-	-	328,521,109	-	-	-	-	-	328,521,109
Less Transfer revaluation surplus on disposed assets	-	-	-	39,857,000	-	-	(49,821,250)	9,964,250	(39,857,000)	-
Add Other comprehensive income (loss) for the year 2017	-	-	-	-	652,581,496	(130,516,299)	-	-	522,065,197	522,065,197
Balance as at December 31, 2017	21,827,719,170	25,545,316,308	2,691,275,568	(20,426,549,388)	(977,252,927)	195,450,586	8,585,218,762	(1,717,043,752)	6,086,372,669	35,724,134,327

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

James Sangalingkeo

(Usanee Sangsingkeo)
Executive Vice President, Corporate Strategy and Sustainable Development
Acting President

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(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, 2017

Unit : Baht

Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Cash Flows from Operating Activities				
Loss before income tax expenses	(2,894,946,299)	(1,417,416,905)	(518,166,619)	1,393,678,498
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :				
Depreciation and amortization expenses	17,021,470,515	17,990,828,445	16,996,160,244	17,968,888,669
Aircraft lease fee	265,683,460	199,731,140	265,683,460	199,731,140
Dividends received	(1,445,845)	(472,274)	(301,605,257)	(282,824,492)
Share loss of investments in associates by equity method	162,036,346	579,446,279	-	-
Loss on changes in ownership interest	429,092,766	-	-	-
Interest income	(170,426,521)	(204,313,537)	(159,001,563)	(177,991,509)
Interest expenses	4,717,217,641	5,339,160,850	4,717,217,641	5,339,160,850
Loss on disposal of assets	72,252,718	40,335,750	61,856,830	40,335,750
Loss on sales of aircraft	49,720,687	69,256,925	49,720,687	69,256,925
Loss (Gain) on foreign currency exchange rates	1,062,717,626	(610,722,744)	1,044,342,014	(613,502,567)
Gain on remeasuring investment	(507,037)	(330,305)	-	-
Provision for employee benefits obligation	674,134,266	(518,910,700)	669,478,935	(536,215,345)
Provision for obsolete inventories and supplies	327,642,988	310,166,610	327,642,988	310,166,610
Doubtful accounts	59,842	(59,947,994)	371,231	(60,217,870)
Impairment loss of aircraft	2,721,335,582	3,217,748,674	2,721,335,582	3,217,748,674
Impairment loss of assets	469,968,586	410,161,132	469,968,586	410,161,132
Operating profits before changes in operating assets and liabilities	24,906,007,321	25,344,721,346	26,345,004,759	27,278,376,465
Decrease (increase) in operating assets :				
Trade receivables	(1,528,712,580)	1,461,368,172	(1,298,571,914)	615,822,512
Inventories and supplies	(340,715,286)	623,844,742	(334,182,230)	630,931,275
Prepaid expenses and deposits	(53,805,942)	557,850,762	(86,923,703)	472,099,388
Tax refund	253,663,119	102,810,706	253,663,119	102,810,706
Other current assets	(1,062,131,783)	(1,979,921,313)	(3,030,883,000)	1,481,074,205
Non-current assets held for sale	786,612,304	(1,145,813,326)	786,612,304	(1,145,813,326)
Maintenance Reserve	(2,953,488,770)	(4,815,659,622)	(3,270,948,897)	(4,483,906,405)
Other assets	(88,533,063)	(221,040,496)	(72,840,801)	(196,080,331)
Deferred charges	(2,371,268,826)	(477,657,008)	(2,408,226,948)	(361,321,646)
Increase (decrease) in operating liabilities :				
Trade payables	(700,759,110)	919,164,453	(715,659,606)	840,697,432
Accrued expenses and other current liabilities	(659,084,470)	(3,932,882,575)	460,884,691	(6,895,622,702)
Staff pension fund	65,818,918	(264,217,187)	65,818,918	(264,217,187)
Unearned transportation revenues	4,331,726,809	2,184,967,326	3,889,800,790	1,934,542,154
Other non-current liabilities	3,596,787,982	6,765,251,389	3,704,710,003	6,434,288,203
Proceeds from operations	24,182,116,623	25,122,787,369	24,288,257,485	26,443,680,743
Payment of income tax	(490,260,746)	(564,257,545)	(440,328,525)	(522,572,261)
Net Cash provided by Operating Activities	23,691,855,877	24,558,529,824	23,847,928,960	25,921,108,482

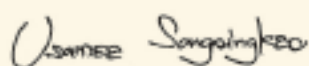
The accompanying notes are an integral part of these financial statements.

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

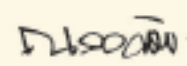
Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Cash Flows from Investing Activities					
Cash paid for acquisition of fixed assets	b	(3,590,188,349)	(5,663,038,902)	(3,569,798,997)	(5,645,983,640)
Cash paid for intangible assets		(27,920,714)	(34,481,222)	(27,540,923)	(25,645,048)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment		208,513,123	-	208,513,123	-
Cash received from sales of assets		258,310,049	1,464,450,042	258,264,254	1,464,450,042
Interest income		171,558,078	189,648,033	159,972,038	162,615,785
Dividends received		277,038,857	263,910,692	301,605,257	282,824,492
Investment increase		(374,040,379)	(1,837,420)	(373,923,479)	(1,001,977,420)
Temporary investment increase		(29,200,000)	(45,000,000)	-	-
Net Cash used in Investing Activities		(3,105,929,335)	(3,826,348,777)	(3,042,908,727)	(4,763,715,789)
Cash Flows from Financing Activities					
Proceeds from debentures		8,000,000,000	7,000,000,000	8,000,000,000	7,000,000,000
Proceeds from short-term loans		13,594,262,000	32,218,480,000	13,594,262,000	32,218,480,000
Proceeds from long-term loans		1,981,651,804	1,385,931,851	1,981,651,804	1,385,931,851
Cash paid for repayment of short-term loans		(13,484,245,000)	(39,479,085,000)	(13,484,245,000)	(39,479,085,000)
Cash paid for repayment of debentures		(5,200,000,000)	(4,300,000,000)	(5,200,000,000)	(4,300,000,000)
Cash paid for repayment of long-term loans		(19,307,009,057)	(20,111,373,426)	(19,307,009,057)	(20,111,373,426)
Cash paid for borrowings interest		(4,241,116,218)	(4,868,787,156)	(4,241,116,218)	(4,868,787,156)
Dividends paid		(80,140)	(74,867)	(80,140)	(74,867)
Dividends paid to non-controlling interests		(20,403,000)	(15,647,400)	-	-
Net Cash used in Financing Activities		(18,676,939,611)	(28,170,555,998)	(18,656,536,611)	(28,154,908,598)
Net increase (decrease) in cash and cash equivalents		1,908,986,931	(7,438,374,951)	2,148,483,622	(6,997,515,905)
Cash and cash equivalents at the beginning of the year		13,389,710,774	20,781,350,721	11,925,036,967	18,875,817,868
		15,298,697,705	13,342,975,770	14,073,520,589	11,878,301,963
Effects of changes in foreign currency exchange rates on cash on hand and at banks increase (decrease)		(69,011,381)	46,735,004	(50,733,008)	46,735,004
Cash and Cash Equivalents at the End of the year	c	15,229,686,324	13,389,710,774	14,022,787,581	11,925,036,967

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



(Usanee Sangsingkeo)
 Executive Vice President, Corporate Strategy and Sustainable Development
 Acting President



(Narongchai Wongthanavimok)
 Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note to Statements of Cash Flows

A. Tax Refund - Consolidated and Separate Financial Statements

Unit : Million Baht

	2017
Proceeds from income tax refund for the year 2015	254.75
Adjustment of tax refund for the year 2016	(1.09)
	<u>253.66</u>
	2016
Proceeds from income tax refund for the year 2014	252.00
Adjustment of tax refund for the year 2015	(149.19)
	<u>102.81</u>

B. Property, Plant and Equipment

Consolidated financial statements

During the year 2017, the Company bought property, plant and equipment under finance leases in amount of THB 6,242.82 million, cash payment in amount of THB 3,590.19 million and outstanding balance in amount of THB 156.60 million, total cost amounted to THB 9,989.61 million.

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

Separate financial statements

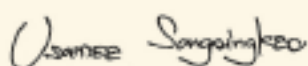
During the year 2017, the Company bought property, plant and equipment under finance leases in amount of THB 6,242.82 million, cash payment in amount of THB 3,569.80 million and outstanding balance in amount of THB 156.60 million, total cost amounted to THB 9,969.22 million.

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

C. Cash and Cash Equivalents

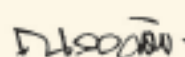
Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Cash on hand and at banks	15,298.70	13,342.97	14,073.52	11,878.30
Short-term investments	-	-	-	-
Cash and cash equivalents as previously reported	15,298.70	13,342.97	14,073.52	11,878.30
Effects of changes in foreign currency exchange rates	(69.01)	46.74	(50.73)	46.74
Cash and cash equivalents as reported	<u>15,229.69</u>	<u>13,389.71</u>	<u>14,022.79</u>	<u>11,925.04</u>



(Usanee Sangsingkeo)

Executive Vice President, Corporate Strategy and Sustainable Development
Acting President



(Narongchai Wongthanavimok)

Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017, the Company had the routes network servicing to 62 destinations in 33 countries all over the world, whereas 4 destinations were domestic (excluding Bangkok).

2. BASIS OF FINANCIAL STATEMENT PREPARATION

The consolidated and the separate financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act B.E. 2543 (2000), including Thai Accounting Standards which issued by the Accounting Profession Act B.E. 2547 (2004) and the Financial Reporting Requirements of the Securities and Exchange Commission, Thailand under the Securities and Exchange Act B.E. 2535 (1992).

The Company’s financial statements consist of Thai Airways International Public Company Limited and the Company’s staff pension fund.

The consolidated financial statements consist of the Company and its subsidiaries as follows:

Company's Name	Type of Business	Located Country	Percentage of Share Holding	
			2016	2559
Held by the Company:				
1. Thai-Amadeus Southeast Asia Company Limited	Information technology for stravel service	Thailand	55%	55%
2. WingSpan Services Company Limited	Providing specialized personnel services to the Company	Thailand	49%	49%
3. Thai Flight Training Company Limited	Aviation training services	Thailand	49%	49%
4. Thai Smile Airways Company Limited	Air transportation services	Thailand	100%	100%
Held by the Subsidiary of the Company				
A subsidiary held by Wing Span Services Company Limited				
- Tour Eung Luang Company Limited	Tourism Business	Thailand	49%	49%

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

The subsidiaries are controlled by the Company, directly or indirectly, in determining the financial policies and operations of such subsidiaries. Significant accounting transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

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

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

3. THAI ACCOUNTING STANDARDS (TASs), THAI FINANCIAL REPORTING STANDARDS (TFRSs), THAI ACCOUNTING STANDARD INTERPRETATIONS (TSICs) AND THAI FINANCIAL REPORTING STANDARD INTERPRETATIONS (TFRICs) WHICH ARE NOT CURRENTLY EFFECTIVE ARE AS FOLLOWS:

- The Financial Reporting Standards which are effective for annual periods beginning on or after January 1, 2018 :

TAS 1 (Revised 2017)	Presentation of Financial Statements
TAS 2 (Revised 2017)	Inventories
TAS 7 (Revised 2017)	Statement of Cash Flows
TAS 8 (Revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2017)	Events after the Reporting Period
TAS 11 (Revised 2017)	Construction Contracts
TAS 12 (Revised 2017)	Income Taxes
TAS 16 (Revised 2017)	Property, Plant and Equipment
TAS 17 (Revised 2017)	Leases
TAS 18 (Revised 2017)	Revenue
TAS 19 (Revised 2017)	Employee Benefits
TAS 20 (Revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2017)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2017)	Borrowing Costs
TAS 24 (Revised 2017)	Related Party Disclosures
TAS 26 (Revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2017)	Separate Financial Statements
TAS 28 (Revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2017)	Earnings per Share
TAS 34 (Revised 2017)	Interim Financial Reporting
TAS 36 (Revised 2017)	Impairment of Assets

TAS 37 (Revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2017)	Intangible Assets
TAS 40 (Revised 2017)	Investment Property
TAS 41 (Revised 2017)	Agriculture
TFRS 2 (Revised 2017)	Share-Based Payments
TFRS 3 (Revised 2017)	Business Combinations
TFRS 4 (Revised 2017)	Insurance Contracts
TFRS 5 (Revised 2017)	Non - current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2017)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2017)	Operating Segments
TFRS 10 (Revised 2017)	Consolidated Financial Statements
TFRS 11 (Revised 2017)	Joint Arrangements
TFRS 12 (Revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2017)	Fair Value Measurement
TSIC 10 (Revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2017)	Operating Leases - Incentives
TSIC 25 (Revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2017)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2017)	Intangible Assets - Web Site Costs
TFRIC 1 (Revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2017)	Applying the Restatement Approach under TAS 29 (Revised 2017)
	Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2017)	Service Concession Arrangements
TFRIC 13 (Revised 2017)	Customer Loyalty Programmes
TFRIC 14 (Revised 2017)	TAS 19 (Revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2017)	Transfers of Assets from Customers
TFRIC 20 (Revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2017)	Levies

For adoption of Financial Reporting Standards, the management of the Company has assessed that the above standards have no material impact on the consolidated and separate financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Allowance for Doubtful Accounts

Trade receivables, excluding government agencies and state enterprises, are set aside 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 presented at the lower of moving average cost and net realizable value, except inventories in transit are presented at cost on the purchase date.

4.2.1 Provision for obsolete aircraft spare parts is made at an annual rate of 10% of the year-end balance of aircraft spare parts.

4.2.2 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.

4.2.3 Provision for obsolete and damaged inventories is made at the full amount.

4.3 Non-current Assets Held for Sale

Non-current assets held for sale are presented at the lower of carrying amount and fair value less costs to sell. Furthermore, the sale is highly probable and expected to qualify for recognition as a completed sale within one year from the date of classification.

Gains or losses on sale of assets are recognized as other income or expense by the date of the sale of assets.

4.4 Investments

4.4.1 Investments in subsidiary and associated companies are recorded by using the equity method in the consolidated financial statements, and using the cost method in the separate financial statements.

4.4.2 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.

4.4.3 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 statements of profit or loss and other comprehensive income.

4.5 Property, Plant and Equipment and Depreciation

4.5.1 Aircraft and aircraft under finance leases

4.5.1.1 Aircraft and aircraft under finance leases are presented at cost including engines and other flight equipment as well as cost of decoration incurred prior to the aircraft being placed into service, excluding passenger seats and the first estimated overhaul cost, and 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.

4.5.1.2 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.

4.5.1.3 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.

4.5.2 Aircraft spare parts are presented at cost on the acquisition date and depreciated on a straight-line basis over an estimated useful life of 5-20 years.

4.5.3 The land are presented at a revalued amount using market approach method, starting from accounting period year 2015 onward. The revaluation was done by the independent appraiser 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 are recognized in other comprehensive income and accumulated in equity. The Company has not a policy to pay dividend on revaluation surplus of assets.

4.5.4 Other fixed assets are presented 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.

4.5.5 Leasehold buildings are amortized as expense over a lease term of 10 - 30 years.

4.5.6 Gain or loss on sale of aircraft is calculated from the difference between the net consideration from aircraft selling and the carrying amount of the aircraft, including D-check and passenger seats. Gain or loss on sale of other assets is calculated from the difference between the net consideration and the carrying amount of sold assets and recognized as revenue or expense in the statements of profit or loss and other comprehensive income.

4.6 Intangible Assets

Computer Software

Software license and related 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 computer software are recognized as expenses when incurred.

4.7 Non-performing Assets

Non-performing assets are presented at the lower of carrying amount and fair value less costs to sell and have been committed to a plan to sell but the sale cannot qualify for recognition as a completed sale within one year from the date of classification.

Losses on impairment are recognized in the statements of profit or loss and other comprehensive income.

4.8 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. The Company's aircraft appraisal expert has determined the recoverable amount of aircraft based on active market price announced by aircraft professional appraisers, and making adjustment for condition and lifetime of aircraft in accordance with aircraft appraisal standard procedures.

The Company recognizes an impairment loss in the statements of profit or loss and other comprehensive income when the carrying amount of the asset exceeds its recoverable amount. However, the Company reverses the impairment loss when there is an indicator that the impairment has no longer existed or amount of impairment has decreased.

4.9 Deferred Charges

4.9.1 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.

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

4.9.3 Buyer furnished equipment for aircraft under operating lease are amortized over the lease term.

4.10 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 presented at obligation to pay lease payments less aggregate repayments.

4.11 Revenue Recognition

4.11.1 Passenger and excess baggage revenue:

4.11.1.1 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.

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

4.11.2 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.

4.11.3 The Company has operated a frequent flyer program called “Royal Orchid Plus” since 1993. Members can 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, then weighted by all award redemption.

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 by using average other award value as a value per mile of the Royal Orchid Plus. The estimated cost is used to reduce passenger revenue and recorded liabilities under “unearned transportation revenue”. Revenue is recognized when members redeem awards.

4.11.3.1 Unredeemed awards are recognized as revenue after 3 years.

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

4.11.3.3 The Company sells mileage to its members in order to encourage redemptions and recognizes the difference between the sale price and fair value per mile as revenue.

4.11.4 Revenue from business units (i.e. aircraft maintenance services, ground customer services, ground support equipment services, and cargo and mail commercial services) is recognized when services are provided. Revenue from catering services is recognized when sales occur. Revenue from supporting activities such as sale on board and Thai shop is recognized when sales occur, but revenue from dispatch services is recognized when services are provided.

4.11.5 Other revenue is recognized on an accrual basis.

4.12 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.

4.13 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 in foreign currency at year-end are translated into Baht by the closing rate of the average buying and average selling rates of commercial banks announced by the Bank of Thailand at the statements of financial position date, respectively. Gains or losses on currency exchange are recognized as income or expenses in the statements of profit or loss and other comprehensive income.

4.14 Employee Benefits Obligation

Short-term employee benefits are recognized as expenses in the statements of profit or loss and other 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 are recognized in other comprehensive income.

4.15 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.

4.16 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 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.

4.17 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 have impact on the amounts of revenue, expenses, assets, liabilities as well as the disclosure of contingent assets and liabilities which may be differed from actual results.

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.

4.18 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 is recorded as interest expenses in the statements of profit or loss and other comprehensive income and the principal difference is recognized as gains or losses on foreign currency exchange in the statements of profit or loss and other comprehensive income. For the forward foreign exchange contracts, the Company recognizes in its financial statements at maturity. The arising difference will be recorded as gains or losses on foreign currency exchange in the statements of profit or loss and other comprehensive income.

In addition, the Company entered into fuel price hedging agreements in which premium and the difference of the fuel price arising from these agreements is recorded as expenses in the statements of profit or loss and other comprehensive income.

4.19 Cash Flow Hedge Accounting

When the Company uses financial instrument 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 to 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 presented in equity is recognized in profit or loss immediately.

5. CORPORATE TRANSFORMATION PLANS

In 2017, the Company had implemented its third phase of the transformation plan aiming at sustainable growth by focusing on developing competitive flight network, generating revenue from passenger and managing the company business unit (i.e. ground customer services, catering and cargo terminal handling services) in order to be more flexible, increase efficiencies and revenue generating as well as increasing efficiency of aircraft maintenance services operations with cost controlling, improving procurement optimization, expedition the sale of decommissioned aircraft and managing unused land and building, both in Thailand and abroad.

The operation of 2017 transformation plan would be a part of the Company's 5 - years strategic plan, consisting of 6 strategies as follows :

- 1) Develop a competitive flight network, increase profitability and reduce complexity of the fleet;
- 2) Increase competitiveness and revenue;
- 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.

In the future, the Company shall continue its third phase of the transformation plan “Sustainable Growth” which are included in the Company’s Corporate Planning year 2018 - 2021 and cover all of the Company operations according to the project priorities. This is aimed to maximize efficiency of resources utilization and closely monitor the achievement of the Company’s goals.

6. SUPPLEMENTARY INFORMATION

6.1 Cash and Cash Equivalents

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Cash on hand - Domestic	12.68	10.61	12.04	9.97
Cash on hand - Abroad	24.74	26.27	24.74	26.27
Cash at banks - Domestic	4,561.61	6,770.25	3,357.48	5,374.54
Cash at banks - Abroad	10,630.66	6,582.58	10,628.53	6,514.26
Total	15,229.69	13,389.71	14,022.79	11,925.04

6.2 Trade Receivables

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Aging Periods:				
Not over 6 months	11,493.11	9,922.07	11,349.57	10,007.96
Over 6 months to 1 year	101.57	175.24	101.57	175.22
Over 1 year to 2 years	138.17	98.48	138.03	98.45
Over 2 years	965.57	1,096.24	935.05	1,065.99
	12,698.42	11,292.03	12,524.22	11,347.62
<u>Less</u> Allowance for doubtful accounts	(993.47)	(933.77)	(963.45)	(903.44)
Trade receivables - net	11,704.95	10,358.26	11,560.77	10,444.18

Part of the outstanding overdue trade receivables belong to government agencies and state enterprises. The Company does not set aside the allowance for doubtful accounts for trade receivables of government agencies, while set aside the allowance for doubtful accounts for trade receivables of state enterprises when there is a significant indicator of uncollectible debt.

6.3 Inventories and Supplies

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Aircraft spare parts	3,279.93	3,244.29	3,279.93	3,244.29
<u>Less</u> Allowance for obsolescence (10% of the year-end balance)	(327.99)	(324.43)	(327.99)	(324.43)
Aircraft spare parts - Net	2,951.94	2,919.86	2,951.94	2,919.86
Vehicle spare parts and ground support equipments	347.99	360.64	347.99	360.64
Slow moving aircraft spare parts and spare parts for sale	4,511.94	4,459.99	4,511.94	4,459.99
<u>Less</u> Allowance for obsolescence (33.33% of incurred balance during the period)	(3,727.48)	(3,373.08)	(3,727.48)	(3,373.08)
Slow moving aircraft spare parts and spare parts for sale - Net	784.46	1,086.91	784.46	1,086.91
Fuel and oil for aircraft	366.84	127.06	365.74	126.03
Goods for sales	221.00	213.79	216.16	210.47
Cabin supplies	175.33	162.65	154.66	143.99
Supplies and other consumables	23.31	23.33	23.04	23.21
Stationery and office supplies	112.29	87.80	107.49	85.78
Inventories and spare parts in transit	16.69	4.74	16.69	4.74
Total inventories and supplies	915.46	619.37	883.78	594.22
Obsolete and damaged inventories for disposal	29.62	59.94	29.62	59.94
<u>Less</u> Allowance for obsolescence (100%)	(29.62)	(59.94)	(29.62)	(59.94)
Obsolete and damaged inventories for disposal - Net	-	-	-	-
Total inventories and supplies - Net	4,999.85	4,986.78	4,968.17	4,961.63
Total inventories and supplies at year-end	9,084.94	8,744.23	9,053.26	8,719.08
<u>Less</u> Total allowance for obsolete inventories and supplies	(4,085.09)	(3,757.45)	(4,085.09)	(3,757.45)
Total inventories and supplies - Net	4,999.85	4,986.78	4,968.17	4,961.63

6.4 Other Current Assets

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Tax refund	952.98	762.13	952.98	762.13
Cash on hand and at banks of pension fund	3,942.10	3,908.30	3,942.10	3,908.30
Others	6,835.04	5,537.93	13,555.75	10,316.66
Total	11,730.12	10,208.36	18,450.83	14,987.09

6.5 Non-current assets held for sale

Unit : Million Baht

	Aircraft	Engines	Land Revalued in year 2015	Other assets	Total
As at January 1, 2017	10,724.98	1,027.02	506.13	63.76	12,321.89
- Additions	-	-	23.92	-	23.92
- Disposals	(588.79)	(235.12)	(51.89)	(6.35)	(882.15)
- Transfer to non-performing assets	(10,136.19)	(791.90)	(277.35)	(57.41)	(11,262.85)
As at December 31, 2017	-	-	200.81	-	200.81

In 2016, the Company had a plan to sell decommissioned aircraft and had been proceeding its plan for seeking buyer with its expectation to complete the sale process within one year. With unfavorable market condition, the Company could not meet its plan by the expected time. For land and buildings, the Board of Directors approved the sales and the Company has been transferring ownership of the assets in the amount of THB 200.81 million. Hence, the remaining amount of THB 11,262.85 million was reclassified to non-performing assets.

6.6 Investments

Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
	2017	2016	Cost Method		Equity Method		2017	2016
			2017	2016	2017	2016		
6.6.1 Investments in associated companies recorded by equity method								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2017 amount of THB 838.13 million and for the year 2016 amount of THB 703.13 million)	24.00	24.00	225.00	225.00	278.46	268.53	30.18	30.46
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	109.56	120.62	12.94	32.75
Bangkok Aviation Fuel Services Public Company Limited (Fair value for the year 2017 amount of THB 5,384.97 million and for the year 2016 amount of THB 4,175.51 million)	22.59	22.59	115.19	115.19	1,181.45	1,126.71	230.40	319.58
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	325.13	316.70	63.93	62.90
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	246.02	201.09	44.93	26.37
Nok Airlines Public Company Limited and its subsidiaries (Fair value for the year 2017 amount of THB 1,684.33 million and for the year 2016 amount of THB 1,813.00 million)	21.80	39.20	735.59	360.00	1,254.33	1,857.12	(978.38)	(1,057.29)
Total investments recorded by equity method					3,394.95	3,890.77	(596.00)	(585.23)

Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
			Cost Method		Equity Method			
	2017	2016	2017	2016	2017	2016	2017	2016
6.6.2 Other long-term investments recorded by cost method								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934			0.00004	0.0002
Aeronautical Radio of Thailand Limited	1.45	1.01	9.54	9.63			-	-
Sita Investment Certificate	-	-	26.22	30.07			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75			0.42	0.25
Sita Information Networking Computing	-	-	29.73	32.60			-	-
Other Shares	-	-	2.74	2.70			1.02	0.21
Investment in Vayupak Fund	-	-	1.00	1.00			0.006	0.006
Total other long-term investments			70.99	77.76			1.45	0.47

Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	2017	2016	2017	2016	2017	2016
6.6.1 Investments recorded by cost method						
Subsidiary Companies						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	24.75	18.97
WingSpan Services Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Flight Training Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Smile Airways Company Limited	100.00	100.00	1,800.00	1,800.00	-	-
Total			1,810.21	1,810.21	24.75	18.97
Associated Companies						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2017 amount of THB 838.13 million and for the year 2016 amount of THB 703.13 million)	24.00	24.00	225.00	225.00	20.25	-
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	24.00	24.00
Bangkok Aviation Fuel Services Public Company Limited (Fair value for the year 2017 amount of THB 5,384.97 million and for the year 2016 amount of THB 4,175.51 million)	22.59	22.59	115.19	115.19	175.66	194.38
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	55.50	45.00
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited and its subsidiaries (Fair value for the year 2017 amount of THB 1,684.33 million and for the year 2016 amount of THB 1,813.00 million)	21.80	39.20	735.59	360.00	-	-
Total			1,459.11	1,083.52	275.41	263.38
Total investments recorded by cost method			3,269.32	2,893.73	300.16	282.35

Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
	2017	2016	Cost Method		2017	2016
6.6.2 Other long-term investments recorded by cost method						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934	0.00004	0.0002
Aeronautical Radio of Thailand Limited	0.97	1.01	6.43	6.64	-	-
Sita Investment Certificate	-	-	26.22	30.07	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.50	3.50	1.75	1.75	0.42	0.25
Sita Information Networking Computing	-	-	29.73	32.60	-	-
Other Shares	-	-	2.74	2.70	1.02	0.21
Investment in Vayupak Fund	-	-	1.00	1.00	0.006	0.006
Total other long-term investments			67.88	74.77	1.45	0.47

Control of the Subsidiaries

The Company holds more than 50 percent of total shares of the subsidiary or has power over the subsidiary. The Company is entitled to appoint board of directors who have voting rights and ability to direct the relevant activities of the subsidiary in accordance with the proportion of shareholding or the terms of shareholders' agreement. As a result, the Company holds the majority of voting rights in the board of directors' meeting.

6.6.3 Financial Information Summary of Subsidiaries

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Subsidiary Companies</u>				
Thai-Amadeus Southeast Asia Company Limited	325.92	103.32	299.46	78.10
WingSpan Services Company Limited	645.01	453.75	1,114.34	2.42
Thai Flight Training Company Limited	61.62	9.76	47.31	16.68
Tour Eurng Luang Company Limited	13.97	9.71	3.16	1.25
Thai Smile Airways Company Limited	5,748.16	10,053.68	10,182.16	(1,591.09)

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Associated Companies</u>				
Royal Orchid Hotel (Thailand) Public Company Limited	1,142.87	234.78	899.05	125.75
Donmuang International Airport Hotel Company Limited	354.16	95.30	390.10	32.47
Bangkok Aviation Fuel Services Public Company Limited	12,414.40	4,844.68	3,640.21	1,007.22
Phuket Air Catering Company Limited	1,171.22	82.36	703.33	216.19
Suvarnabhumi Airport Hotel Company Limited	1,407.03	580.33	934.10	149.70
Nok Airlines Public Company Limited and its subsidiaries	7,330.15	6,639.14	20,376.71	(1,899.67)

Suvarnabhumi Airport Hotel Company Limited has a reporting period as at September 30, corresponds with a reporting period of Airport of Thailand Public Company Limited, a major shareholder of Suvarnabhumi Airport Hotel Company Limited.

6.7 Significant Transactions with Related Parties

6.7.1 Related Transactions with Major Shareholder

6.7.1.1 Short-term loans from related party

Unit : Million Baht

	2017	2016
Foreign loans via the Ministry of Finance	4,270.14	5,400.38
Total	4,270.14	5,400.38

6.7.1.2 Long-term loans from related party

Unit : Million Baht

	2017	2016
Foreign loans via the Ministry of Finance	15,102.67	14,620.53
Total	15,102.67	14,620.53

6.7.2 Related Transactions with Subsidiary Companies

6.7.2.1 Loans to Subsidiary

Unit : Million Baht

	2017	2016
WingSpan Services Company Limited	45.00	-
Total	45.00	-

6.7.2.2 Sales and Purchases

Unit : Million Baht

	2017		2016	
	Sales	Purchases	Sales	Purchases
Thai-Amadeus Southeast Asia Company Limited	0.59	-	1.35	-
WingSpan Services Company Limited	49.63	910.54	2.72	950.70
Thai Flight Training Company Limited	12.75	0.82	13.85	-
Tour Eurng Luang Company Limited	59.02	0.09	30.01	0.06
Thai Smile Airways Company Limited	8,942.06	1,284.51	8,183.20	143.10

6.7.2.3 Account Receivables and Account Payables

Unit : Million Baht

	2017		2016	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	0.01	0.16	0.15	0.16
WingSpan Services Company Limited	393.18	427.69	250.62	277.68
Thai Flight Training Company Limited	0.10	0.18	1.17	-
Tour Eung Luang Company Limited	0.45	0.004	1.16	-
Thai Smile Airways Company Limited	7,951.12	2,106.47	6,060.39	1,363.65

Related account receivables and account payables of WingSpan Service Co., Ltd. included prepaid and accrued expenses in the amount of THB 345.22 million and THB 427.56 million, respectively.

Related account receivables and account payables of Thai Smile Airways Co., Ltd. included accrued income and accrued expenses in the amount of THB 154.48 million and THB 2,106.46 million, respectively.

6.7.2.4 Aircraft Lease

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. As at December 31, 2017, a total of such aircraft were 20 aircraft consisting of 15 aircraft under operating lease agreement with monthly lease payment and 5 aircraft under finance lease agreement with quarterly lease payment. The sublease term shall continue for the entire term of the main lease agreement.

6.7.3 Related Transactions with Associated Companies

6.7.3.1 Sales and Purchases

Unit : Million Baht

	2017		2016	
	Sales	Purchases	Sales	Purchases
Royal Orchid Hotel (Thailand) Public Company Limited	0.13	2.90	-	2.22
Donmuang International Airport Hotel Company Limited	-	0.04	-	0.05
Bangkok Aviation Fuel Services Public Company Limited	0.08	338.02	0.02	386.12
Phuket Air Catering Company Limited	0.39	79.39	0.18	15.99
Suvarnabhumi Airport Hotel Company Limited	-	27.15	0.02	14.01
Nok Airlines Public Company Limited and its subsidiaries	142.64	0.06	127.66	0.09

6.7.3.2 Account Receivables and Account Payables

Unit : Million Baht

	2017		2016	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.04	-	0.003
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	0.06	-	-	43.45
Phuket Air Catering Company Limited	0.03	7.95	0.02	5.05
Suvarnabhumi Airport Hotel Company Limited	-	0.30	-	0.80
Nok Airlines Public Company Limited and its subsidiaries	53.14	-	40.54	-

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

6.8 Property, Plant and Equipment

Consolidated Financial Statements

As at December 31, 2017

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, 2017	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
- Adjust/Transfers	(5,321.35)	5,233.07	(5,412.31)	(72.54)	(1,557.87)	(28.31)	(2.99)	3.93	(56.08)	(682.00)	(7,896.45)
- Additions	1,798.13	846.71	11,119.55	2,215.58	1,785.75	-	-	-	51.24	576.90	18,393.86
- Disposals/ Write off	-	(932.50)	(81.25)	(2,212.82)	-	-	(2.06)	-	(20.08)	(35.00)	(3,283.71)
As at December 31, 2017	6,123.73	131,482.17	162,019.28	33,222.04	599.09	9,035.06	2,119.19	10,809.16	4,769.11	31,195.61	391,374.44
Accumulated depreciation											
As at January 1, 2017	-	81,648.97	43,476.63	23,063.89	-	-	2,063.66	6,245.16	4,605.78	28,165.30	189,269.39
- Depreciation	-	5,690.64	8,161.70	1,439.35	-	-	13.91	230.51	96.12	912.17	16,544.40
- Adjust/Transfers	-	2,783.31	(2,757.72)	87.01	-	-	(2.99)	3.93	(56.09)	(677.06)	(619.61)
- Disposals/Write off	-	(893.56)	(81.17)	(960.21)	-	-	(2.06)	-	(20.08)	(32.54)	(1,989.62)
- Allowance for impairment	-	67.27	-	-	-	-	-	-	-	-	67.27
As at December 31, 2017	-	89,296.63	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,625.73	28,367.87	203,271.83
Carrying amount											
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
As at December 31, 2017	6,123.73	42,185.54	113,219.84	9,592.00	599.09	9,035.06	46.67	4,329.56	143.38	2,827.74	188,102.61

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/ Write off	-	(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/Write off	-	(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
Carrying amount											
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

Separate Financial Statements

As at December 31, 2017

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, 2017	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
- Adjust/Transfers	(5,321.35)	5,233.07	(5,412.31)	(72.54)	(1,557.87)	(28.31)	(2.99)	3.93	(56.08)	(682.00)	(7,896.45)
- Additions	1,798.13	846.71	11,119.55	2,215.58	1,774.13	-	-	-	50.23	568.27	18,372.60
- Disposals/ Write off	-	(932.50)	(81.25)	(2,212.82)	-	-	(2.06)	-	(20.08)	(10.74)	(3,259.45)
As at December 31, 2017	6,123.73	131,482.17	162,019.28	33,222.04	587.47	9,035.06	2,119.19	10,809.16	4,742.89	31,100.29	391,241.28
Accumulated depreciation											
As at January 1, 2017	-	81,648.97	43,476.63	23,063.89	-	-	2,063.66	6,245.16	4,596.38	28,066.10	189,160.79
- Depreciation	-	5,690.64	8,161.70	1,439.35	-	-	13.91	230.51	88.60	908.70	16,533.41
- Adjust/Transfers	-	2,783.31	(2,757.72)	87.01	-	-	(2.99)	3.93	(56.09)	(677.06)	(619.61)
- Disposals/Write off	-	(893.56)	(81.17)	(960.21)	-	-	(2.06)	-	(20.08)	(10.58)	(1,967.66)
- Allowance for impairment	-	67.27	-	-	-	-	-	-	-	-	67.27
As at December 31, 2017	-	89,296.63	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,608.81	28,287.16	203,174.20
Carrying amount											
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
As at December 31, 2017	6,123.73	42,185.54	113,219.84	9,592.00	587.47	9,035.06	46.67	4,329.56	134.08	2,813.13	188,067.08

Separate 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	4,779.18	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/ Write off	-	(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/Write off	-	(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
Carrying amount											
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

As at December 31, 2017, there were 100 aircraft represented in the Company's fleet, consisting of 29 own aircraft, 35 aircraft under finance leases and 36 aircraft under operating leases.

From the total of aircraft represented in the Company's fleet, there were 2 own aircraft pledged as collateral with the carrying amount of THB 4,731.03 million and 35 aircraft under finance lease with carrying amount of THB 113,219.84 million, totaling 37 aircraft were pledged as collateral for liabilities. The ownership of these aircraft under finance lease will be transferred to the Company when the conditions, terms and payments are paid and fulfilled by the end of lease term.

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

In 2017, GE-90 ESN 907100 engine with cost and accumulated depreciation in the amount of THB 873.36 million and THB 213.18 million, respectively, was damaged during the transportation after maintenance service. The Company received the insurance compensation from insurer in the amount of THB 553.54 million which consisted of the compensation under insurance policy of THB 457.10 million and compensation on engine replacement of THB 96.44 million.

The measurement of the Company's domestic and abroad land had been changed from historical cost model of THB 899.86 million to revaluation model of THB 9,035.06 million, consisting of land in Bangkok, other provinces and abroad in amount of THB 8,007.24 million, THB 301.66 million and THB 726.16 million, respectively, which excluded land classified as non-current assets held for sale with the carrying amount of THB 200.81 million and land presented in other non-current assets with the carrying amount of THB 281.74 million. The revaluation was done in September 2015 by the appraiser qualified by the Securities and Exchange Commission, Thailand (SEC.).

Property, Plant and Equipment include the leasehold premises which are leased from Airports of Thailand Public Company Limited at Suvarnabhumi Airport with a lease term of 30 years starting from September 28, 2006 to September 29, 2036 and at Donmuang Airport with a lease term of 3 years starting from September 28, 2015 to September 27, 2018. The ownership of the buildings and component parts will be passed to the Ministry of Finance at the end of the lease term.

6.9 Intangible Assets

Unit : Million Baht

	Consolidated Financial Statements	Separate Financial Statements
Cost		
As at January 1, 2017	3,556.61	3,493.26
- Adjust/Transfers	(1.54)	(0.55)
- Additions	27.40	26.91
- Disposals/Write off	(37.52)	(13.35)
As at December 31, 2017	3,544.95	3,506.27
Accumulated amortization		
As at January 1, 2017	2,846.75	2,820.18
- Amortization	294.25	281.32
- Adjust/Transfers	(0.55)	(0.55)
- Disposals/Write off	(28.00)	(13.35)
As at December 31, 2017	3,112.45	3,087.60
Carrying amount		
As at December 31, 2016	709.86	673.08
As at December 31, 2017	432.50	418.67

6.10 Deferred Tax Assets, Deferred Tax Liabilities

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 were as follows:

6.10.1 Deferred Tax Assets

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Contribution to staff provident fund	41.95	44.71	41.95	44.71
Contribution to staff pension fund	173.20	167.98	173.20	167.98
Allowance for obsolete inventories	817.02	751.49	817.02	751.49
Allowance for doubtful accounts	268.23	279.21	264.01	274.98
Allowance for impairment of assets	4,607.25	4,316.20	4,607.25	4,316.20
Estimated accrual expenses	2,047.84	1,723.87	2,042.00	1,718.03
Intangible assets	7.70	19.92	7.70	19.92
Provisions for employee benefits	2,518.88	2,384.01	2,514.67	2,380.77
Effective portion of changes in fair value of cash flow hedges	195.45	325.97	195.45	325.97
Others	1.71	1.59	-	-
Total	10,679.23	10,014.95	10,663.25	10,000.05

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6.10.2 Deferred Tax Liabilities

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Intangible assets	74.30	127.23	74.30	127.23
Revaluation surplus	1,717.05	1,727.01	1,717.05	1,727.01
Total	1,791.35	1,854.24	1,791.35	1,854.24

Tax rate used for measuring deferred tax assets and liabilities was 20%.

6.11 Other Non-Current Assets

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Deferred charges	2,569.35	3,074.18	2,451.01	2,918.88
Deferred buyer furnished equipment for aircraft under operating lease	4,140.17	2,079.70	4,140.17	2,079.70
Maintenance Reserve	10,388.15	8,244.32	10,373.86	7,912.57
Non-performing assets	8,626.03	-	8,626.03	-
Others	855.01	766.51	811.26	738.42
Total	26,578.71	14,164.71	26,402.33	13,649.57

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

Non-performing assets consisted of :

Unit : Million Baht

	Aircraft	Engines	Land Revalued in year 2015	Other assets	Total
As at January 1, 2017	-	-	-	-	-
- Additions	-	-	4.39	4.44	8.83
- Decommissioned Aircraft	110.82	-	-	-	110.82
- Aircraft return to service	(35.13)	-	-	-	(35.13)
- Transfer from Non-current assets held for sale	10,136.19	791.90	277.35	57.41	11,262.85
- Impairment	(2,514.02)	(207.32)	-	-	(2,721.34)
As at December 31, 2017	7,697.86	584.58	281.74	61.85	8,626.03

As at December 31, 2017, total non-performing assets in amount of THB 8,626.03 million consisted of 1 A300-600, 3 A340-500, 6 A340-600, 3 B737-400, 2 B747-400 and 6 A330-300, totaling 21 aircraft in amount of THB 7,697.86 million, spare engines in amount of THB 584.58 million, the Company's domestic and abroad land which had been revalued in 2015 in amount of THB 281.74 million, and other assets in amount of THB 61.85 million which mostly were spare parts of decommissioned aircraft.

6.12 Liquidity Management

In 2017, the Company acquired financing through short-term and long-term loans as follows:

1. Rolling over the financing loan from Ministry of Finance by issuing Euro Commercial Paper (ECP) in foreign currency, and draw down of its committed revolving credit line from domestic financial institution to roll over the short-term loan repayment at maturity and used as the Company's working capital;
2. Acquired long-term financing through finance leases for aircraft by using these aircraft as collateral;
3. Issued THB 8,000 million debentures in June 2017, to repay the debentures at maturity, repay loan with higher finance costs, and/or use as an investment in assets and the Company's working capital.

The Company's net cash used in financing activities amounted to THB 18,656.54 million due to short-term and long-term loans repayments which were lower than previous year as well as net cash used in investing activities amounted to THB 3,042.91 million which decreased from previous year due to less investment in property, plant and equipment. However, the Company's net cash provided by operating activities amounted to THB 23,847.93 million which decreased from previous year. As a result, cash and cash equivalents as at December 31, 2017 increased by THB 2,097.75 million from December 31, 2016.

6.13 Long-Term Loans Consolidated and Separate financial statements

Unit : Million Baht

Currency	Loan Currency			
	2017	2016	2017	2016
EUR	405,975,653	436,107,479	15,992.92	16,631.48
JPY	3,244,029,808	4,084,029,808	952.54	1,271.50
THB	10,534,736,842	18,029,210,526	10,534.74	18,029.21
Total long-term loans			27,480.20	35,932.19
<u>Less</u> Current portion of long-term loans			4,813.18	8,305.11
Net long-term loans			22,667.02	27,627.08

As at December 31, 2017, long-term loans of the Company consisted of the foreign loans in EUR currency borrowed via the Ministry of Finance in the amount of THB 15,102.67 million and domestic loans from the commercial banks in the amount of THB 12,377.53 million. The total long-term loans amounted to THB 27,480.20 million and has been transferred to a current portion of long-term loans in the amount of THB 4,813.18 million, the outstanding balance of long-term loans amounted to THB 22,667.02 million.

6.14 Liabilities under Finance Leases Consolidated and Separate financial statements

Unit : Million Baht

Liabilities under Finance Leases	2017		2016	
	Carrying Value	Present Value	Carrying Value	Present Value
Within 1 year	9,762.01	9,211.18	9,461.23	8,969.69
More than 1 year - 5 years	29,669.03	24,374.47	29,582.78	24,782.47
More than 5 years	23,085.69	14,961.20	25,706.46	17,080.46
Total	62,516.73	48,546.85	64,750.47	50,832.62

The Company contracted lease agreement equipped with purchase options with 15 foreign and domestic financial institutions, which presented the value regarding to the accounting policy described in Note 4.10. For the year 2017, the outstanding balance of obligations under finance leases for 35 aircraft was THB 67,825.03 million with maturities ranging from 2018 to 2029. After deducting interest expense due in the amount of THB 5,308.30 million, the principal balance of obligations under the Company's finance leases was THB 62,516.73 million. As at December 31, 2017, the amount of THB 9,762.01 million had been transferred to a current portion of finance lease, the outstanding balance of long-term liabilities under finance lease amounted to THB 52,754.72 million.

6.15 Debentures

Unit : Million Baht

Issuing												Redemption					Balance as at December 31, 2017
Resolutions of Shareholders' Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2017	2018	2019	2020	2021					
Ordinary/2005 December 23, 2005	60,000	1 (Tranche 4)	2009	January 20, 2019	10	6.00	3,600.00						3,600.00				
							3,600.00										
Ordinary/2010 April 28, 2010	40,000	1 (Tranche 1)	2011	May 13, 2018	7	Year 1 - 3 4%	1,555.00						1,555.00				
						Year 4 - 6 4.5%											
		1 (Tranche 2)	2011	May 13, 2021	10	Year 7 5.25%	833.00						833.00				
						Year 1 - 4 4.25%											
		1 (Tranche 4)	2011	May 13, 2018	7	Year 5 - 8 4.75%	1,445.00						1,445.00				
						Year 9 - 10 5.35%											
		1 (Tranche 5)	2011	May 13, 2021	10	4.62	2,167.00						2,167.00				
							6,000.00										
		1 (Tranche 1)	2012	February 16, 2019	7	4.41	1,000.00						1,000.00				
							2,000.00										
		1 (Tranche 2)	2012	February 16, 2022	10	4.75	3,000.00						2,000.00				
							1,500.00										
		2	2012	March 23, 2024	12	4.98	1,500.00						1,500.00				
							1,500.00										
		3 (Tranche1)	2012	October 11, 2017	5	4.51	4,000.00	Oct 11					-				
							1,500.00										
		3 (Tranche2)	2012	October 11, 2019	7	4.70	1,500.00						1,500.00				
							1,500.00										
		3 (Tranche3)	2012	October 11, 2022	10	4.90	7,000.00						1,500.00				
							7,000.00										
During the year 2013 May 16, 2013		1	2013	May 16, 2018	5	4.18	5,000.00						5,000.00				
							5,000.00										
August 30, 2013		2															
		2 (Tranche 1)	2013	August 30, 2018	5	4.58	1,250.00						1,250.00				
		2 (Tranche 2)	2013	August 30, 2020	7	4.88	1,250.00						1,250.00				
		2 (Tranche 3)	2013	August 30, 2023	10	5.16	1,500.00						1,500.00				
							4,000.00										

Issuing										Redemption				Balance as at December 31, 2017
Resolutions of Shareholders' Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2017	2018	2019	2020	2021		
During the year 2014 NO. 1/2014 February 07, 2014		Tranche 1	2014	February 07, 2019	5	4.71	1,200.00	Apr 30					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	
NO. 2/2014 December 26, 2014		Tranche 1 Tranche 2 Tranche 3	2014	December 26, 2019	5	4.46	1,230.00						1,230.00	
			2014	December 26, 2021	7	4.76	1,340.00						1,340.00	
			2014	December 26, 2024	10	4.98	1,430.00						1,430.00	
During the year 2015 NO. 1/2015 April 30, 2015	7,000	Tranche 1 Tranche 2 Tranche 3 Tranche 4	2015	April 30, 2017	2	3.75	1,200.00						-	
			2015	April 30, 2020	5	4.32	1,500.00						1,500.00	
			2015	April 30, 2022	7	4.62	2,000.00						2,000.00	
During the year 2015 NO. 2/2015 September 30, 2015	8,000	Tranche 1 Tranche 2 Tranche 3 Tranche 4	2015	April 30, 2025	10	4.92	2,300.00						2,300.00	
						7,000.00								
			2015	September 30, 2018	3	3.46	1,000.00						1,000.00	
During the year 2016 NO. 1/2016 December 23, 2016	7,000	Tranche 1 Tranche 2 Tranche 3 Tranche 4 Tranche 5	2015	September 30, 2020	5	4.14	1,500.00						1,500.00	
			2015	September 30, 2022	7	4.44	2,500.00						2,500.00	
			2015	September 30, 2025	10	4.74	3,000.00						3,000.00	
During the year 2016 NO. 1/2016 December 23, 2016		Tranche 1 Tranche 2 Tranche 3 Tranche 4 Tranche 5	2016	December 23, 2019	3	2.97	500.00					500.00		
			2016	December 23, 2021	5	3.45	500.00					500.00		
			2016	December 23, 2023	7	3.66	1,000.00					1,000.00		
During the year 2017 NO. 1/2017 June 23, 2017	8,000	Tranche 1 Tranche 2 Tranche 3 Tranche 4 Tranche 5	2016	December 23, 2026	10	4.35	3,000.00					3,000.00		
			2016	December 23, 2028	12	4.66	2,000.00					2,000.00		
						7,000.00								
During the year 2017 NO. 1/2017 June 23, 2017		Tranche 1 Tranche 2 Tranche 3 Tranche 4 Tranche 5	2017	June 23, 2020	3	2.74	1,000.00					1,000.00		
			2017	June 23, 2022	5	3.06	1,000.00					1,000.00		
			2017	June 23, 2024	7	3.57	1,000.00					1,000.00		
Total			2017	June 23, 2027	10	4.04	3,000.00					3,000.00		
			2017	June 23, 2032	15	4.68	2,000.00					2,000.00		
						8,000.00								
Total													62,100.00	

As at December 31, 2017, the balance of debentures was THB 62,100 million, which the amount of THB 10,250 million was transferred to be a current portion of long-term liabilities, leaving the balance of long-term liabilities amount of THB 51,850.00 million.

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).

6.16 Other Current Liabilities - Others

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Payable - airport fees	5,402.25	5,400.97	5,402.25	5,400.97
Deferred revenue	4.41	4.60	4.14	4.14
Tax payables	551.04	549.36	549.03	547.42
Payable - fringe benefits (field office staff)	569.16	576.24	569.16	576.24
Deposit received	950.23	1,238.41	941.69	1,230.38
Payable - employee	7.16	5.25	7.16	5.25
Payable - collected assets	-	133.24	-	133.24
Other payables	141.01	271.00	1,691.58	1,870.76
Total	7,625.26	8,179.07	9,165.01	9,768.40

6.17 Staff Pension Fund Consolidated and Separate financial statements

The Company has established a staff pension fund, contributing to the fund on a monthly basis at a rate of 10% of employee salaries. The fund's assets, liabilities and balance are presented in the Company's statements of financial position. Interest and expenses arising from fund operations are recognized as income and expenses of the Company. The details are as follows:

Unit : Million Baht

	2017	2016
Current assets	3,942.10	3,908.30
Others	22.70	22.08
Total	3,964.80	3,930.38
Other current liabilities	173.70	220.30
Pension fund	3,791.10	3,710.08
Total	3,964.80	3,930.38

As at December 31, 2017, the fund balance was THB 3,791.10 million and was equal to the Company's obligation to its staff under the fund. (The total Company's contribution to the staff pension fund in this period was THB 200.60 million, consisting of contribution at a rate equivalent to 10% of employee salaries in the amount of THB 159.52 million and the shortfall of available fund against its obligation in the amount of THB 41.08 million.)

6.18 Employee Benefits Obligation Separate financial statements

Employee benefits obligation are classified into 5 projects as follows:

6.18.1 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.

6.18.2 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.

6.18.3 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.

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

6.18.5 Post-Retirement Long Service Awards (Air ticket) is provided to the employees who have been working with the Company for 15 years 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.

Changes in present value of employee benefits obligation

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Beginning Balance - Employee benefits obligation	11,920.07	11,645.23	11,903.86	11,568.26
Current service cost	520.04	543.27	515.76	527.45
Interest cost	379.05	362.60	378.66	359.91
Benefits paid	(224.95)	(552.98)	(224.95)	(551.77)
Actuarial losses (gains)	0.16	(78.05)	-	-
Ending Balance - Employee benefits obligation	12,594.37	11,920.07	12,573.33	11,903.85

Principal actuarial assumptions :

Unit : Million Baht

	2017	2016
Discount rate	3.2%	3.2%
Price inflation	3.0%	3.0%
Average salary increase rates	3.0% - 7.0%	3.0% - 7.0%
Staff turnover rate	0.0% - 9.0%	0.0% - 9.0%
Medical cost inflation	6.0%	6.0%
Mortality rate	TMO17	TMO08

Sensitivity analysis :

The actuarial assumptions of the employee benefits obligation is sensitive to the possible change on assumptions used for calculation such as economic and demographic assumptions under the defined benefit plan. The change in each assumption occurs separately.

Changes in Present Value of the Employee benefits obligation increase (decrease) as at December 31, 2017

Unit : Million Baht

	Increase in assumption 1%	Decrease in assumption 1%
Discount rate	(1,501.17)	1,861.28
Average salary increase rates	971.77	(856.12)
Medical cost inflation	793.83	(606.20)

6.19 Long-Term Provision

Changes in the present value of long-term provision

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Long-term provision at the beginning balance	7,365.83	619.31	7,034.08	619.31
Long-term provision for the period	2,944.25	6,746.52	2,284.91	6,414.77
Long-term provision at the ending balance	10,310.08	7,365.83	9,318.99	7,034.08

Long-term provision as at December 31, 2017 (Separate financial statements) consisted of:

6.19.1 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 0.06 million. At present, the case is under the Supreme Court's consideration.

6.19.2 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.

6.19.3 The Company recognized long term provision for future repair and maintenance cost of aircraft as of December 31, 2017 in the amount of THB 9,304.31 million. This represented the obligation under operating lease as to major maintenance cost of aircrafts, engines, and other major components over the leasing periods and the obligation to restore aircraft conditions at the end of the lease period. The measurement of the provision based on the assumptions of flight hours, flight cycles, maintenance schedules and period of operating lease. The estimated maintenance costs were recorded over the period that the aircraft have been used which comprised aircraft restoration costs (D-Check) and other major components restoration costs of THB 4,540.16 million, engine restoration costs of THB 4,653.68 million (engines under operating leases of THB 3,783.25 million and under finance leases of THB 870.43 million) and return conditions cost of THB 110.47 million.

6.20 Dividend Payment Separate financial statements

According to the Resolution of the 2017 Annual General Shareholders' Meeting held on April 21, 2017 approved the Company to abstain from dividend payment for 2016 operating result.

6.21 Share Capital

As at December 31, 2017, the Company has authorized ordinary shares in amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.00 million, issued and paid-up ordinary shares in amount of THB 21,827.72 million.

6.22 Legal Reserve

As at December 31, 2017, the Company's legal reserve balance was THB 2,691.27 million.

6.23 Other Income - Others

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Dividends from subsidiary, associated and other companies	-	-	301.61	282.82
Revenue from other services of Aircraft Maintenance Department	705.73	723.33	705.73	723.33
Compensation revenue from the delay delivery of aircraft	446.56	23.48	446.56	23.48
Other fine revenue	199.64	375.86	199.64	375.86
Insurance compensation from the flood disaster	101.56	-	101.56	-
Insurance compensation from other cases	-	355.11	-	355.11
Revenue from Royal Orchid Lounge service	102.33	119.43	102.33	119.43
Revenue from service to Thai Smile Airways	-	-	66.74	79.24
Revenue from management services at Suvarnabhumi Airport	68.74	31.70	68.74	31.70
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	78.31	77.09	78.31	77.09
Revenue from in- flight Internet service	9.16	9.70	9.16	9.70
Others	376.44	528.72	311.15	465.02
Total	2,088.47	2,244.42	2,391.53	2,542.78

6.24 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Personnel expenses	28,932.51	29,112.09	28,370.61	28,642.33
Employee benefits	674.13	354.11	669.48	335.59
Executive remuneration	76.75	82.87	70.22	76.60
Board of directors remuneration	18.91	19.36	15.97	16.66
Total	29,702.30	29,568.43	29,126.28	29,071.18

Managements refer to the Company's Board of Directors, Chief Executives, persons in the next four executive levels below the chief executives, and in similar position, including accounting or finance department managers or above according to Securities and Exchange Mandate.

6.25 Impairment Loss of Aircraft Separate Financial Statements

The Company had compared the carrying amount of decommissioned aircraft with the fair value less cost to sell, it appeared that the fair value less cost to sell was lower than the carrying amount. Therefore, the Company recognized the impairment losses of aircraft in the statement of profit or loss and other comprehensive income for the year ended December 31, 2017 of THB 2,721.34 million, which consist of 2 A330-300, 3 A340-500, 6 A340-600, 1 B737-400 and 4 B747-400, totaling 16 aircraft in an aggregate of THB 2,514.02 million, and 5 TRENT 500 spare engines in the amount of THB 207.32 million.

6.26 Other Expenses

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Rentals and utilities	2,685.73	2,614.61	2,685.73	2,614.61
Office supplies	173.51	178.25	173.51	178.25
Repair of building and equipment	656.16	562.25	656.16	562.25
Outsource services	1,969.31	1,672.84	1,969.31	1,672.84
Consultant and service fees	533.78	497.92	533.78	497.92
Legal fee for Antitrust/ Competition Law	27.95	26.64	27.95	26.64
Computer service expenses	645.61	584.62	645.61	584.62
Rental of communication devices and office equipment	228.53	231.52	228.53	231.52
Travelling and transportation expenses	593.82	557.86	593.82	557.86
Concession fees	389.54	406.38	389.54	406.38
Passenger claim expenses	365.96	220.25	365.96	220.25
Obsolete inventories and supplies expenses	327.64	310.17	327.64	310.17
Service cargo expenses	192.80	99.64	192.80	99.64
Joint venture expenses in Star Alliance	56.32	70.88	56.32	70.88
Company business and municipal taxes	351.26	89.81	351.26	89.81
Bad debts and provision for bad debts	0.06	(59.94)	0.37	(60.22)
Service fee for IT Hosting system	87.41	76.49	87.41	76.49
Fine and interest expenses	(97.10)	19.56	(97.10)	19.56
Fund of Empowerment of person with disabilities	157.64	-	157.64	-
Others	873.44	681.29	713.41	378.30
Total	10,219.37	8,841.04	10,059.65	8,537.77

6.27 Income Tax Revenue

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Tax expense from taxable profit for the period	34.74	42.30	9.92	15.20
Add (less): deferred tax asset/ liability from temporary different increase/ decrease	(857.64)	(1,506.54)	(856.61)	(1,503.10)
Net Income Tax Revenue	(822.90)	(1,464.24)	(846.69)	(1,487.90)

6.28 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 has received the privilege for exemption from corporate income tax for the net profit, which operated by such aircraft starting from the date of first revenue derived from the promoted activities, up to 8 years.

Revenue from sales or services classified to the promoted and non-promoted activities for the year ended December 31, 2017 and 2016 are as follows:

Unit : Million Baht

	Separate Financial Statements	
	2017	2016
Revenue from sales or services		
Promoted activities	100,321.41	92,564.11
Non-promoted activities	82,157.52	79,862.39
Total revenue from sales or services	182,478.93	172,426.50

6.29 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

	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Profit (loss) attributable to owners of the parent	(2,107.35)	15.14	328.52	2,881.58
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)	(0.97)	0.01	0.15	1.32

6.30 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 the transaction of transferring inter-segment revenue at market price charged to its unaffiliated customer net of discount, for ground customer services segment recorded at cost net of discount, and for other activities segment recorded at budget cost. Those transferred transaction will be eliminated in consolidated financial statements.

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

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

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

6.30.1 Financial Information by Segment Consolidated financial statements

Statements of Profit or Loss

For the year ended December 31, 2017

Unit : Million Baht

	Air Transportation		Business Units		Other Activities		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
External Revenue	177,746.31	166,638.96	9,834.71	9,493.09	2,275.96	2,180.45	189,856.98	178,312.50
Inter - segment revenue (expenses)	(14,612.51)	(13,781.44)	9,854.59	8,991.60	4,757.92	4,789.84	-	-
Interest income	159.00	177.99	-	-	11.43	26.32	170.43	204.31
Gain (loss) on foreign currency exchange	(1,406.40)	691.94	-	-	(174.85)	(6.97)	(1,581.25)	684.97
Other income	2,041.68	2,238.79	44.32	30.72	2.47	(25.09)	2,088.47	2,244.42
Total Revenue	163,928.08	155,966.24	19,733.62	18,515.41	6,872.93	6,964.55	190,534.63	181,446.20
Fuel and oil	(47,191.23)	(43,430.92)	-	-	(3,023.44)	(1,904.99)	(50,214.67)	(45,335.91)
Employee benefits expenses	(17,039.68)	(17,497.03)	(7,137.68)	(7,145.91)	(5,524.94)	(5,352.61)	(29,702.30)	(29,995.55)
Flight service expenses	(21,249.76)	(20,140.75)	(48.91)	(46.40)	(1,054.76)	(630.63)	(22,353.43)	(20,817.78)
Depreciation and amortization expenses	(15,621.14)	(16,232.63)	(441.49)	(730.34)	(958.84)	(1,027.86)	(17,021.47)	(17,990.83)
Impairment loss of assets and aircraft	(3,191.31)	(3,627.91)	-	-	-	-	(3,191.31)	(3,627.91)
Other expenses	(54,058.98)	(47,232.15)	(7,177.33)	(6,379.57)	(4,830.83)	(5,565.31)	(66,067.14)	(59,177.03)
Finance costs	(4,717.22)	(5,339.16)	-	-	-	-	(4,717.22)	(5,339.16)
Share of loss on investment in associates	(162.04)	(510.27)	-	-	-	(69.18)	(162.04)	(579.45)
Total Expenses	(163,231.36)	(154,010.82)	(14,805.41)	(14,302.22)	(15,392.81)	(14,550.58)	(193,429.58)	(182,863.62)
Profit (loss) before Income Tax Expense	696.72	1,955.42	4,928.21	4,213.19	(8,519.88)	(7,586.03)	(2,894.95)	(1,417.42)
Income tax revenue (expense)	846.69	1,487.90	-	-	(23.79)	(23.66)	822.90	1,464.24
Gain (loss) by segments	1,543.41	3,443.32	4,928.21	4,213.19	(8,543.67)	(7,609.69)	(2,072.05)	46.82

Assets and Liabilities

As at December 31, 2017

Unit : Million Baht

	Air Transportation		Business Units		Other Activities		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Current assets	38,549.58	48,594.54	673.70	668.73	5,837.54	4,764.94	45,060.82	54,028.21
Investments	3,461.80	3,964.51	-	-	4.13	4.02	3,465.93	3,968.53
Property, plant and equipment	179,986.65	186,605.78	5,302.29	5,410.34	2,813.67	2,875.23	188,102.61	194,891.35
Other non-current assets	36,713.37	24,318.95	0.05	0.07	977.03	570.50	37,690.45	24,889.52
Non-allocated assets	-	-	-	-	-	-	6,454.74	5,346.26
Total assets							280,774.55	283,123.87
Current liabilities	81,456.09	78,489.43	734.53	327.72	9,813.55	7,512.99	92,004.17	86,330.14
Non-current liabilities	154,805.02	161,666.66	-	-	1,100.69	348.25	155,905.71	162,014.91
Non-allocated liabilities	-	-	-	-	-	-	851.87	1,190.62
Total Liabilities							248,761.75	249,535.67

6.30.2 Geographical Segments

Unit : Million Baht

	Domestic Revenue			Foreign Revenue				Charter Revenue and Others	Other Income			Total
	Transportation	Business Unit	Others	Regional Asia	Europe	North Pacific	Australia & New Zealand	Africa	Interest Income	Gain (loss) on Foreign Currency Exchange	Others Income	
<u>For the year</u>												
Jan - Dec 2017	15,366.37	9,834.71	2,275.96	94,532.15	50,825.78	-	16,765.43	-	170.43	(1,581.25)	2,088.47	190,534.63
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	204.31	684.97	2,244.42	181,446.20

6.31 Staff Provident Fund

The Company contributed to the provident fund at the rate of 9% of a salary for members having not more than 20 years of services and 10% of a salary for members having more than 20 years of services, representing in the amount of THB 1,197.40 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).

6.32 Contingent Liabilities

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

The Company has letters of guarantee issued by domestic and abroad banks in amount of THB 15.00 million and THB 286.66 million, respectively. If the Company defaults on an obligation to a beneficiary in letter of guarantee, bank agrees to pay a specific amount of money to that beneficiary and will claim from the Company later.

The Company has been filed 29 labor cases with an approximate amount of THB 188.35 million and has been filed the complaints for the compensation totaling 55 cases with an approximate amount of THB 785.66 million.

Due to the difference in interpretations of tax law (i.e. tax on profit, specific tax, and withholding tax), the Cambodia branch has been assessed additional taxes including penalty and interest, from October 2012 to September 2015 in the total amount of USD 7.28 million or approximately THB 239.31 million. The petition for reassessment of taxes was sent to the Revenue Department by the Company's tax consultant.

The Company, entrepreneur in the duty free zone, received an official letter from the Customs Department No. Gor Kor 0503(4)/621 dated August 28, 2017, notifying the Company to clarify issues relating to the completeness of the certificate license of the importation of restricted food products. The customs official assessed additional taxed and duties based on 252 import declarations, consisting of price of products in amount of THB 492.73 million, import duty in amount of THB 244.36 million, excise tax in amount of THB 754.47 million, interior tax in amount of THB 75.45 million, value added tax in amount of THB 109.69 million, the subsidies for Thai Health Promotion Foundation in amount of THB 14.91 million, the subsidies for Thai Public Broadcasting Service in amount of THB 11.18 million. Nowadays, the Company is on the process of clarification about these issues to the Customs Department.

6.32.2 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 million and reserved their rights to amend the Plaintiff to increase the amount of claim if they can prove their claims to the court later on. The case is currently undergoing the court procedures.

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

At the beginning of July 2015, the Company has received a writ of summons for contribution claim from British Airways, Deutsche Lufthansa and Lufthansa Cargo A.G. (collectively "Lufthansa"), and Koninklijke Luchtvaart Maatschappij N.V., Martin Air Holland N.V., Societe Air France S.A. (collectively "KLM-AF"). These airlines have submitted such writ of summons against the Company and more than 20 other airlines in the case where a group of plaintiffs have filed a lawsuit against British Airways, Lufthansa, KLM-AF and Singapore Airlines and Singapore Airlines Cargo (collectively "Singapore Airlines") as defendants since December 24, 2013 by alleging that these airlines have jointly acted to fix the price for various surcharges (Main Proceedings). Nonetheless, the Company has not been sued as a defendant in the Main Proceedings. Subsequently, British Airways, Lufthansa and Swiss International, KLM-AF, Korean Airlines and Qantas Airways, who are parties to the Contribution Claim Case, have submitted a writ of summons to exercise the contribution claim in addition to the Contribution Claim Case above (known as sub contribution claim), and the Company then submitted a writ of summons to exercise the contribution claim in the form of this sub contribution claim against all airlines as well in order to reserve the Company's right. The initiation of such proceedings in the form of contribution claim and sub contribution claim is merely for the purpose of reserving the right in the event that the court orders that each airline pay for the damages exceeding its market share. This is not a lawsuit to demand for additional damages.

Moreover, in December 2016 to January 2017, the Company has received a writ of summons for contribution claim from British Airways, Lufthansa and KLM-AF. These airlines have submitted such writ of summons to the Company and more than 20 other airlines in the case where a new group of plaintiffs has filed a lawsuit against British Airways, Lufthansa, KLM-AF and Singapore Airlines as defendants on November 6, 2015. The allegation is of similar type as that in the first Main Proceedings in which the Company has not been sued as a defendant. At present, all the cases are under the court's consideration.

6.33 Cash Flow Hedge

In 2017, the Company used 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, 2017, the Company recognized loss THB 140.34 million from application of hedge accounting to foreign currency borrowings and forecasted future foreign currency revenue.

As at December 31, 2017, 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 2017

Unit : Million Baht

	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 year	Over 5 years	Total
Forecast receivable cash flows	6,008.61	9,402.69	105,855.02	368,102.39	489,368.71

As at 31 December 2017, the amount deferred in other component of equity in relation to effective cash flow hedges is THB 977.25 million. This amount is expected to be recognized in profit or loss over the period of forecast future foreign currency revenue as referred to in the table above.

6.34 Disclosure of Financial Instruments Separate financial statements

6.34.1 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.

Year 2017

Unit : Million Baht

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	3.28	1,455.42	5,626.72	6,900.79	4,270.14	-	-	18,253.07
JPY	1.10	1,571.76	6,135.60	4,559.02	-	-	-	12,266.38
EUR	1.45	6,928.84	18,402.05	11,625.88	890.25	5,038.25	10,064.42	52,949.69
THB	4.33	3,728.91	7,069.02	-	13,250.00	29,120.00	22,730.00	75,897.93
Total		13,684.93	37,233.39	23,085.69	18,410.39	34,158.25	32,794.42	159,367.07

Year 2016

Unit : Million Baht

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

For Interest Rate Risk Management policy, the Company applied a derivative financial instrument, Cross Currency Swap (CCS) and/ or Interest Rate Swap (IRS), to swap the floating interest rates which show high tendency to increase to fixed. As at December 31, 2017, the portion of the Company's debt after swap with floating to fixed interest rate was 38 : 62.

At the moment, the Company has the total of 4 IRS transactions, swapping debt with floating interest rate to fixed interest rate, all of these transactions are in EUR and will expire in 2018. As at December 31, 2017, IRS transactions' total notional amount was THB 1,473.95 million of which interest payments are done quarterly.

6.34.2 Foreign Currency Exchange Rate Risk

The Company generates revenue in THB and more than 50 currencies, mainly in USD, THB, EUR and JPY while incurring liabilities mainly in 4 major currencies: USD, EUR, THB and JPY as well as expenses mainly in USD and THB. Fluctuations in exchange rates affect on long-term liabilities and operating expenses denominated in foreign currencies. Therefore, the Company has adopted "Natural Hedging" strategy to manage this risk by increasing the matching of currency between the revenue and expenses and to arrange for loan and restructure loan to coincide with net operating cash flow, and at the same time, to decrease foreign currency debt risk partially by relying on Thai baht loan in order to decrease the fluctuation of gain or loss from foreign exchange in the financial statements. In addition, the Company has a policy to enter into Cross Currency Swap (CCS) when the financial market benefits to the Company. As at December 31, 2017, the proportion of the Company's debts after swap in each currency i.e. USD : EUR : JPY : CHF : THB = 2 : 38 : 21 : 7 : 32. 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 4 transactions of THB currency to EUR currency with fixed interest rate, 13 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 at December,31 2017 is equivalent to THB 35,319.12 million of which payments, both principle and interest are done monthly, quarterly and every 6 months. These CCS transactions will terminate between the year 2018 and 2032.

Unit : Million Baht

Currency	Foreign Currency Liabilities					
	2017			2016		
	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	5,725.56	5,626.72	6,900.79	6,549.38	4,638.87	6,503.07
JPY	1,571.76	6,135.60	4,559.02	1,292.95	5,255.61	3,861.50
EUR	7,819.09	23,440.30	21,690.30	8,377.28	25,007.61	26,251.73

6.34.3 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 2017, the Company's hedge portion account to 68 percent of its annual fuel consumption and the Company still has an obligation from fuel price hedging until December 31, 2018 in portion account to 37 percent of total fuel consumption.

6.34.4 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 financial instruments 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.

6.35 Contractual Obligations

6.35.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase 2 A350 - 900WB aircraft in the amount of THB 6,284.39 million, expected to take delivery during the year 2018 which consisted of:

Unit : Million Baht

Obligation	Within 1 year
Purchase of aircraft	6,284.39

6.35.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 39 aircraft amount of USD 3,816.67 million or approximately to THB 125,366.93 million consisting of 15 A320-200, 8 A350-900, 8 B777-300ER, 6 B787-8, and 2 B787-9 aircraft. As at December 31, 2017, there were 36 aircraft which had been already taken the delivery and there are 3 aircraft which have not been taken deliver yet. Also, there are 9 and 30 aircraft which the lease will expire in 2019 - 2022 and 2023 - 2030, respectively.

Lease obligation for 39 aircraft operating leases can be classified as follows:

Unit : Million Baht

Obligation	Within 1 year	Over 1 year - 5 years	Over 5 years
Rent	13,929.66	53,318.78	58,118.49

6.36 Change in Equity of Associated Company

6.36.1 As at December 31, 2016, the Company held 245 million shares or in portion of 39.20 percent of Nok Airlines Public Company Limited.

During 2017, Nok Airlines Public Company Limited offered for the first sale of 625 million newly-issued ordinary shares together with the Warrants to Purchase Ordinary Shares No.1 (NOK-W1) to the existing shareholders with a par value of THB 1 at the offering price THB 2.40 per share. The subscription and payment period were during May16 - 22, 2017 with trading date on June 2, 2017. The existing shareholders had subscribed 510.99 million shares with amount of THB 1,226.40 million. Nok Airlines Public Company Limited received net proceeds of THB 1,224.63 million on May 29, 2017, and registered the increase in paid-up capital in an amount of THB 510.99 million with the Department of Business Development, Ministry of Commerce on May 31, 2017. As a result, Nok Airlines Public Company Limited's paid-up capital had been changed from THB 625 million to THB 1,135.99 million, dividing into 1,135.99 million ordinary shares at the par value of THB 1 per share. Anyway, the Company did not subscribe the Right Offering for new shares which caused the decrease of the Company's share portion from 39.20 to 21.57 percent of Nok Airlines Public Company Limited.

Nok Airlines Public Company Limited also offered for the second sale of 1,135.99 million newly-issued ordinary shares No.2 to the existing shareholders with a par value of THB 1 at the offering price THB 1.50 per share during October 16 - 20, 2017. The existing shareholders had subscribed 1,135.99 million shares with amount of THB 1,703.99 million. Nok Airlines Public Company Limited received net proceeds of THB 1,695.10 million on October 27, 2017, and registered the increase in paid-up capital in an amount of THB 1,135.99 million with the Department of Business Development, Ministry of Commerce on November 1, 2017. As a result, Nok Airlines Public Company Limited's paid-up capital had been changed from THB 1,135.99 million to THB 2,271.99 million, dividing into 2,271.99 million ordinary shares at the par value of THB 1 per share. The Company had subscribed the Right Offering for 250.39 million shares with amount of THB 375.59 million which caused the increase of the Company's share portion from 21.57 to 21.80 percent.

6.36.2 Loss on change in ownership interest of Associated Company in the amount of THB 429.09 million was derived from the recognition of the difference of change in share portion of Nok Airlines Public Company Limited in May 2017 of THB 432.69 million, deducted profit from change in ownership interest in October 2017 of THB 3.60 million.

6.37 Events after the Reporting Period

6.37.1 The Company took delivery of 1 A350-900 aircraft under operating leases and 1 A350-900 aircraft under finance leases in January 2018, and has a plan to take delivery of 2 A350-900 aircraft under operating leases within the first quarter of 2018.

6.37.2 In January 2018, the Company signed a long-term loan agreement and already draw down the loan of THB 2,000 million to be used as the Company's working capital.

6.37.3 The Company is under the process of issuing Thai Baht debentures in domestic market and the process of signing a long-term loan agreement in Thai Baht currency. The loan agreement is expected to be completed within the first quarter of 2018.

6.37.4 The Board of Directors meeting no. 1/2018 dated January 24, 2018 approved the Company to sell 22.50 million shares or 24 percent of registered capital of Royal Orchid Hotel (Thailand) Public Company Limited., at THB 41.00 per share, totaling to THB 922.50 million.

6.37.5 The Board of Directors meeting no. 2/2018 dated January 30, 2018 approved to sell the Company's land and building in Thailand at Mae Hong Son province for THB 5.30 million and abroad at Sydney, Australia for AUD 43.52 million.

6.38 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on February 23, 2018.

Board of Directors

as of December 31, 2017



ACM Treetod Sonjance

Vice Chairman and Acting Chairman

Independent Director

Authorized Director

Chairman of Corporate Governance and Social Responsibility Committee

Chairman of the Procurement Improvement Committee

Member of the Recruitment of THAI's President

Appointed Date

Term 1 August 5, 2014 - April 21, 2017

Term 2 April 21, 2017 - Present

Age : 61 Years

Education/Training

- Diplom-Ingenieur 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
- Training Program Organized by Thai Institute of Directors Association (IOD)
 - Ethical Leadership Program (ELP) Class 10/2017

Experiences

- 1 Oct 2014 - Commander-in-Chief
- 30 Sep, 2016 Royal Thai Air Force
- 2013 Chief of the Air Staff
- Royal Thai Air Force

Other Position

Listed company on Stock Exchange of Thailand None

Companies or other entities

- Present Member of the National Legislative Assembly

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



ACM Johm Rungswang

Independent Director

Chairman of Audit Committee

Chairman of Labour Relations Committee

Appointed Date

April 21, 2017

Age : 59 Years

Education/Training

- Nation Defense Academy, Japan, Class 26
- Squadron Officer School, Class 64
- Air Command and Staff College, RTAF, Class 36
- Air Staff College, Japan Air - Self Defense Force, Class 41
- Air War College, Japan Air - Self Defense Force, Class 40
- National Defence College, Thailand, Class 54
- Thailand Energy Academy, Class 5
- Public Director Certification Program, Public Director Institute (PDI), Class 15

Experiences

- 2014 - 2017 Director Airport of Thailand PCL.
- 2014 Chief of the Air Staff Royal Thai Air Force
- 2013 Deputy Chief of the Air Staff
- Royal Thai Air Force

Other Position

Listed company on Stock Exchange of Thailand None

Companies or other entities

- Present Commander-in-Chief Royal Thai Air Force
- Present Members of the National Legislative Assembly
- Royal Thai Air Force
- Present Judge, Military Supreme Court
- Royal Thai Air Force
- Present Committee Member of the Council of Defence
- Royal Thai Air Force
- Present Chairman Thai Aviation Industries Co., Ltd.

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mr. Distat Hotrakitya
Chairman of Legal Committee

Appointed Date

June 14, 2017

Age : 59 Years

Education/Training

- Bachelor of Laws (Honors), Chulalongkorn University
- D.E.A. de Droit Public, Université' Strasbourg III (Robert Schuman), France
- Diplôme de Droit Comparé (premier cycle), France
- Certificate in Public Administration, Ecole nationale d'administration (ENA), France
- Public Administration Program, France
- Administration Litigation and Supervision Program, France
- Training Program Organized by Thai Institute of Directors Association (IOD)
 - Director Certification Program (DCP) Class 94/2007
- Other Training Programs
 - The National Defence College Course Class 53 National Defence College
 - Certificate in Rule of Law for Democracy Class 3/2015, Office of the Constitutional Court
 - Senior Executive Training Course : Visionary Leader, Class 47/2006 Civil Service Training Institute
 - Public Legal Executive Training Program, Class 1, Office of the Council of State
 - Good Governance for the development of National Undergraduate Education Program, Knowledge Network Institute of Thailand

Experiences

- 2016 - 2017 Director
MCOT PCL.
- 2015 - 2016 Director
Sukhumvit Asset Management Co., Ltd.
- 2014 Acting Secretary-General
Office of the Council of State
- 2012 - 2014 Director
Thailand Post Co.,Ltd.
- 2010 - 2016 Director
National Science Museum

Other Position

Listed company on Stock Exchange of Thailand

- present Director
Krungthai Bank PCL.

Companies or other entities

- present Secretary-General
Office of the Council of State
- present Member
National Legislative Assembly
- present Director
Electric Generating Authority of Thailand
- present Director
The Office of the Knowledge Management and Development

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mrs. Pratana Mongkolkul

Independent Director

Member of the Executive Board

Member of Strategy and Transformation Committee

Authorized Director

Member of Human Resources Committee

Appointed Date

February 28, 2017

Age : 53 Years

Education/Training

- Bachelor Degree in Accounting, Thammasat University
- Master Degree in Business Administration, Thammasat University
- Associate Judge, The Central Intellectual Property and International Trade Court (Thailand)
- Training Program Organized by Thai Institute of Directors Association (IOD)
 - Director Certification Program (DCP) Class 34/2003
 - Director Accreditation Program (DAP) Class 2/2003
 - Advanced Audit Committee Program (DAP) Class 22/2016
- Other Training Programs
 - Public Director Certification Program (DAP) Class 13/2015
 - Advanced Management Program 180 Year 2011, Harvard Business School
 - Capital Market Academy Leader Program 6/2008, Capital Market Academy
 - Thai intelligent Investors 1/2012 Thai investors Association
 - Chief Financial Officer Certificate Program 1/2004, Institute of Certified Accounting and Auditors of Thailand
 - Director Diploma Examination, The Australian Institute of Directors Association

Experiences

- 2015 - January 2017 Director, Executive Committee, Risk Management Committee, Corporate Governance and Corporate Social Responsibility Committee Government Saving Bank
- 2014 - January 2017 Director Dusit Thani PCL.
- 2012 - September 2015 Director and Chairman of Executive Committee MC Group PCL.
- 1998 - 2011 Director/Group Chief Financial Officer Minor International PCL.
Director Minor Corporation PCL.
Director The Minor Food Group PCL.
Director Rajadamri Hotel PCL.

Other Position

Listed company on Stock Exchange of Thailand

- Present Independent Director, Audit Committee, Chairman of Financial Risk Committee T.K.S Technologies PCL.
- December 2015 - Present Director, Chairman of Risk Management Committee, Remuneration Committee, Good Corporate Governance Committee FN Factory Outlet PCL.

Companies or other entities

- June 2016 - Present Director Aisance Co.,Ltd.
- April 2015 - Present Director, Chairman of Audit Committee, Subcommittee on Investment Thailand Post Co., Ltd.
- July 2014 - Present Director, Chairman of Audit Committee, Chairman of Asset Transformation Committee Document Consideration Committee, Corporate Governance and Corporate Social Responsibility Committee Port Authority of Thailand
- 2014 - Present Associate Judge The Central Intellectual Property and International Trade Court (Thailand)
- 2013 - Present Director, Secretary and Treasurer Dr. Kamchad-Pranee Mongkolkul Foundation
- 2011 - Present Chairman Boutique Consulting Group Limited
- 2010 - Present Councilor Thailand Management and Association
- 2003 - Present Graduated Member and Lecturer Thai Institute of Director Association

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mr. Pitipan Tepartimargorn
Director

Appointed Date

December 20, 2017

Age : 61 Years

Education/Training

- B.E. Electrical Engineering (Second Class Honor), King Mongkut's Institute of Technology Ladkrabang
- M.A. Political Science (Public Administration), Thammasat University
- Training Program Organized by Thai Institute of Directors Association (IOD)
 - Anti-Corruption : leadership Role of the Board
 - Anti-Corruption for Executive Program (ACEP) Class 4/2012
 - Director Certification Program (DCP) Class 138/2010
- Other Training Programs
 - Strategic Human Resource Management, Harvard University, USA
 - NIDA - Wharton Executive Leadership Program, The Wharton School, University of Pennsylvania USA
 - Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration
 - Advance Political and Electoral Development Program (Class 3), Office of The Election Commission of Thailand
 - PTT Executive Leadership Program, General Electrics, Crotonville USA
 - Capital Market Academy Leadership Program (Class 19), Capital Market Academy

Experiences

- 2015 - Sep 2016 Chief Operation Officer, Upstream Petroleum and Gas Business Group PTT Public Company Limited
- 2015 - Jan 2016 Acting Senior Executive Vice President, Human Resources & Organization Excellence PTT Public Company Limited

- 2010 - 2015 Senior Executive Vice President, Human Resources & Organization Excellence PTT Public Company Limited
- 2014 - Nov 2016 Director and Chairman of the Remuneration Committee, Sakari Resources Limited
- Apr - Oct 2016 Chairman, PTT Energy Resources Company Limited
- 2012 - 2015 Chairman, PTT Polymer Logistic Company Limited
- 2012 - 2015 Chairman, PTT ICT Solutions Company Limited
- 2012 - 2014 Chairman, PTT Polymer Marketing Company Limited

Other Position

Listed company on Stock Exchange of Thailand

- Present Adviser PTT Public Company Limited
- Present Director, Member of the Risk Management Committee, and Member of the Corporate Governance Committee PTT Exploration and Production Public Company Limited

Companies or other entities

- 2015 - Present Council Member, Executive Board Member, and Chairman of the Personnel Management Committee Vidyasirimedhi Institute (VISTEC)
- 2014 - Present Director, The Civil Service Sub-Commission on Development of Human Resource Management (HRM) Office of the Civil Service Committee (OCSC)

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mr. Peraphon Thawornsapacharoen

Director

Authorized Director

Member of the Recruitment of THAI's President

Chairman of the Executive Board

Director of Corporate Governance and Social Responsibility Committee

Appointed Date :

December 28, 2015

Age : 58 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 (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
- Chief Information Officer Course (Class 27),
Ministry of Information and Communication Technology
- Institute of Business and Industrial Development Leader
Course (Class 3), Institute of Business and Industrial
Development
- Capital Market Academy Leader Course (Class 24),
Capital Market Academy

Experiences

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

Other Position

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

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mr. Pinit Puapan

Director

Appointed Date

December 20, 2017

Age : 50 Years

Education/Training

- BA. Economics & Political Science, Tufts University, USA
- Master Degree in Economics, The London School of Economic and Political Science
- Training Program Organized by Thai Institute of Directors Association (IOD)
 - Corporate Governance for Capital Market Intermediaries (CGI) Class 2/2015
 - Director Accreditation Program (DAP) Class 25/2004
 - Audit Committee Program (ACP) Class 2/2004
- Other Training Programs
 - Advance Management Program, Harvard Business School (AMP 170) 2006
 - Leader Program, Capital Market Academy (CMA11)/2011
 - Advanced Security Management Program (ASMP 5) The Association National Defense College of Thailand/2014
 - Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organizations King Prajadhipok's Institute (PDI 15)
 - Executive Energy Program, The Federation of Thai Industries (EEP 3)

Experiences

- 2015 Independent Advisor, EDL- General Public Company Limited (Laos)
- 2010 - 2012 Vice Chairman, Chairman of Executive Director, BCEL-KT Securities Company Limited (Laos)
- 2009 - 2017 Director, Solaris Asset Management Co., Ltd.
- 2009 - 2014 Director, Thanh Cong Securities Company (Vietnam)
- 2008 - 2014 Managing Director, KT ZMICO Securities Co., Ltd.

Other Position

Listed company on Stock Exchange of Thailand

- 2017 - Present Director and Director Investment Committee, Srisawad Finance PCL.
- 2015 - Present Director, Srisawad Corporation PCL.
- 2002 - Present Independent Director Audit Committee and Risk Management Committee, Charn Issara Development PCL.
- 2007 - Present Director and Director Investment Committee, Seamico Securities PCL.

Companies or other entities

- 2015 - Present Director, Audit Committee, Remuneration Committee, Presidential Performance Evaluation Committee, Corporate Strategic Supervision Committee, Negotiating Disputed Resolution with the Concession Companies, CAT Telecom PCL.
- 2014 - Present Vice Chairman, Mali Group 1962 Co., Ltd.
- 2013 - Present Director, Veyla Cha Am Residences Co., Ltd.
- 2008 - Present Director, KT ZMICO Securities Co., Ltd.
- 2003 - Present Director, Talon Holding Co., Ltd.
- 2002 - Present Director, Thai Dairy Industry Co., Ltd.

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mr. Rathapol Bhakdibhumi

Independent Director

Member of the Nomination and Remuneration Committee

Member of the Human Resource Development Committee

Member of the Recruitment of THAI's President

Member of the Audit Committee

Member of Strategy and Transformation Committee

Member of the Procurement Improvement Committee

Appointed Date

Term 1 August 5, 2014 - April 22, 2016

Term 2 April 22, 2016 - Present

Age : 50 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,
School of Management, USA
- Training Program 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)
 - Tourism Management Program for Executives (TME),
TAT Academy
 - 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

Other Position

Listed company on Stock Exchange of Thailand

- Present Director Nomination and Remuneration
Committee
Nok Airlines PCL.

Companies or other entities

- 2014 - Present Director, Audit Committee Corporate
Governance Committee Nomination and
Remuneration Committee CAT Telecom
Public Company Limited Annual Budget
Approval Ad-hoc Committee
Committee to negotiate and dispute with
Concessionary Company
CAT Telecom PCL.
- 2014 - Present President & CEO
General Electronic Commerce
- Present Director Sahachat Sethakit Co., Ltd
- August 2014 - Present Director, Chairman of the Working Group
Development of Service System with
Alibaba
Subcommittee on Investment Committee
Subcommittee on Risk Management
Committee
Thailand Post Co., Ltd
Chairman SFG PCL.
- 2000 - Present Executive SK Minerals Co., Ltd.
- 1990 - Present

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mr. Vachara Tuntariyanond

Independent Director

Member of the Executive Board

Member of the Risk Management Committee

Member of the Nomination and Remuneration Committee

Appointed Date

April 21, 2017

Age : 59 Years

Education/Training

- Master of Science in Management Administration, Northrop University, California, USA
- Training Program Organized by Thai Institute of Directors Association (IOD)
 - Director Certification Program (DCP) Class 94/2007
 - Audit Committee and Continuing Development Program (ACP) Class 41/2012
 - Monitoring Fraud Risk Management (MFM) Class 8/2012
 - Monitoring the Quality of Financial Reporting (MFR) Class 16/2012
 - Monitoring the Internal Audit Function (MIA) Class 13/2012
 - Monitoring the System of Internal Control and Risk Management (MIR) Class 13/2012
 - Corporate Governance for Capital Market Intermediaries (CGI) Class 6/2015

Experiences

- 2013 - 2016 Director National Credit Bureau
- 2009 - 2015 Director and Chairman of the Board of Executive Directors Government Saving Bank
- 2010 - 2013 Director and Chairman of the Board of Executive Directors MFC Asset Management PCL.
- 2016 - Jun 2016 Director International Research Corporation PCL.
- 2013 - Nov 2016 Director Big C Supercenter PCL.

Other Position

Listed company on Stock Exchange of Thailand

- 2016 - Present Director M Pictures Entertainment PCL.
- 2013 - Present Director and Chairman Eastern Polymer Group PCL.

Companies or other entities

- 2014 - Present Director and Chairman Krungthai Asset Management PCL.
- 2017 - Present Commission Member in Finance Office of Insurance Commission

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mr. Somchai Sujjapongse

Director

Chairman of the Nomination Remuneration Committee

Chairman of the Risk Management Committee

Chairman of the Recruitment of THAI's President

Appointed Date

Term 1 October 19, 2015 - April 21, 2017

Term 2 April 21, 2017 - Present

Age : 56 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
- Training Program Organized by Thai Institute of Directors Association (IOD)
 - Director Certification Program (DCP) Class 75/2006

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 Position

Listed company on Stock Exchange of Thailand

- Present Chairman Krungthai Bank PCL.
- Present Director PTT Public Company Limited

Companies or other entities

- Present Permanent Secretary Ministry of Finance

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mr. Somkiat Sirichatchai

Independent Director

Chairman of the Strategy and Transformation Committee

Chairman of the Human Resource Committee

Member of Audit Committee

Member of Procurement Improvement Committee

Appointed Date

Term 1 August 28, 2014 - April 22, 2016

Term 2 April 22, 2016 - Present

Age : 53 Years

Education/Training

- Bachelor of Engineering (with Honors), Chulalongkorn University
- 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 Program 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 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

- Apr 2013 - Dec 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 - Feb 2013 Senior Executive Vice President Kasikornbank PCL.

Other Position

Listed company on Stock Exchange of Thailand

- Present Director, Executive Director and Chairman of The Risk Management Committee Muang Thai Insurance PCL.
- Present Director B. Grimm Power Public Company Limited

Companies or other entities

- Present Director, 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 King Chulalongkorn Memorial 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

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



ACM Amnart Jeeramaneemai
Independent Director
Member of the Recruitment of THAI's President

Appointed Date
November 23, 2015
Age : 54 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 Position

Listed company on Stock Exchange of Thailand None
Companies or other entities

- Present Deputy Commander -in - Chief of the Royal
Security Command
Royal Security Command

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None

Management

as of December 31, 2017



Mrs. Usanee Sangsingkeo

Executive Vice President, Corporate Strategy and Sustainable Development

Acting President

รักษาการกรรมการผู้อำนวยการใหญ่ ได้รับแต่งตั้งวันที่ 10 ก.พ. 2559

Appointed Date : October 1, 2016

Age : 59 Years

Education/Training

- Bachelor of Business Administration (BBA)
- Mini Master of Information Technology (MMIT)
- Master of Business Administration (MBA)
- Top Executive Program in Commerce and Trade Class 10/2017
- Joint Government-Private Sector Administration of Society's Peace and Order Course Session 3
- Executive Leadership Program, Capital Market Academy (Class 21)
- Training Program Organized by Thai Institute of Directors Association (IOD)
 - Director Certification Program (DCP) Class 194/2014
 - Ethical Leadership Program (ELP) /10/2017
- Other Training Programs
 - Advanced Security Management Program (ASMP Class 4)

Experiences

- 25 Apr - 30 Sep 2017 Executive Vice President of Commercial Thai Airways International PCL.
- 1 Sept 2015 - 24 Apr 2017 Executive Vice President of Aviation Business Thai Airways International PCL.

- 2012 - 2015 Managing Director of Ground Customer Service Department Thai Airways International PCL.
- 2009 - 2012 Director of In-Flight Equipment Planning & Control Department Thai Airways International PCL.

Other Position

Listed company on Stock Exchange Of Thailand

- Present Director Nok Airlines PCL.
- Present Director Bangkok Aviation Fuel Service PCL.
- Companies or other entities
- Present Director THAI Smile Airways Co., Ltd.

Percentage of Shareholding 0.000023

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Flt. Lt. Kanok Thongpurk

Executive Vice President, Legal Management

Appointed Date : August 21, 2017

Age : 59 Years

Education/Training

- Bachelor of Laws, Ramkhamhaeng University
- Master of Business Administration, Kasetsart University
- Master of Public Administration, Public Administration, Chulalongkorn University
- UCLA Extension Executive Management Program 2005, University Of California, Los Angeles, USA
- Training Program 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 Dharmasakti
- The 6th Training Course Administrative Justice For Executives The Administrative Court

Experiences

- 2012 - 20 Aug 2017 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 Position

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 Eurng Luang Co., Ltd.

Percentage of Shareholding 0.000041

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mr. Narongchai Wongthanavimok
Executive Vice President, Finance and Accounting

Appointed Date : July 16 , 2015

Age : 55 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)
- Training Program Organized by Thai Institute of Directors Association (IOD)
 - Financial Institutions Governance (FGP) Class 3/2011
 - Director Certification Program (DCP) Class 131/2010
- CIMB-Insead Leaderships program, INSEAD
- Other Training Programs
- 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

- Nov 2015 - Aug 2017 Director Nok Air PCL.
Chairman of Risk Committee
- Dec 2009 - Jul 2015 Senior Executive Vice President, CFO
CIMB Thai Bank PCL.
- Aug 2010 - May 2014 Director (Authorized Signatory)
CIMB-Principal Asset Management Co.,Ltd.
- May 2012 - Jul 2015 Chairman
World Lease Co.,Ltd

Other Position

Listed company on Stock Exchange Of Thailand

- Present Director
Royal Orchid Hotel (Thailand) PCL.

Companies or other entities

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

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Sqn. Ldr. Pongtorn Thepkanjana
Executive Vice President, Operations

Appointed Date : October 1, 2017

Age : 59 Years

Education/Training

- Aeronautical Engineer, Royal Thai Air Force Academy

Experiences

- 1 Oct 2016 - 30 Sep 2017 Vice President of Flight Operations Department Thai Airways International PCL.
- 1 Oct 2015 - 30 Sep 2016 Vice President of Aviation Resource Development Department Thai Airways International PCL.
- 1 Oct 2014 - 30 Sep 2015 Mission Commander Thai Airways International PCL.
- 1 Oct 2011 - 30 Sep 2014 Director of Flight Test & Development Department Thai Airways International PCL.

Other Position

Listed company on Stock Exchange Of Thailand

- Present Director Bangkok Aviation Fuel Services PCL.
Director Aeronautical Radio of Thailand Ltd.

Companies or other entities

- Present Chairman Thai Flight Training Co., Ltd

Percentage of Shareholding 0.000046

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mr. Surachai Piencharoensak
Executive Vice President, Technical

Appointed Date : October 1, 2017

Age : 58 Years

Education/Training

- Bachelor in Mechanical Engineering (KMUT-North Bangkok)

Experiences

- 1 October 2016 Vice President : Heavy Maintenance; BKK Base
- 1 November 2015 Deputy Vice President : Heavy Maintenance ; BKK Base
- 23 February 2015 Director ; Base & Outer Station Maintenance
- 12 November 2009 Director : Strategy & Information Technology Services

Other Position

Listed company on Stock Exchange Of Thailand

- 8 Nov, 2017- Present Director Bangkok Aviation Fuel Services PCL.

Companies or other entities

- 3 Nov, 2017- Present Director Don Mueang International Airport Hotel Co.,Ltd.

Percentage of Shareholding 0.000275

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mrs. Phakkhra Ruangsiradecho
Executive Vice President of Aviation Business

Appointed Date : July 25, 2017

Age : 59 Years

Education/Training

- Business Administration Entrepreneur
Assumption University

Experiences

- Apr 2016 - Jul 24, 2017 Managing Director,
Ground Customer Services
Thai Airways International PCL.
- Oct 2013 - Apr 2016 Director, Passenger Services
Thai Airways International PCL.
- Oct 2012 - Oct 2013 Director, International & Provincial
Stations
Thai Airways International PCL.

Other Position

Listed company on Stock Exchange Of Thailand None
Companies or other entities

- Present Vice President
Suvarnabhumi Airport Hotel Co., Ltd.
- Present Director Phuket Air Catering Co., Ltd.
- Present Director Wingspan Services Co., Ltd.

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mr. Danuj Bunnag
Advisor to the President

Appointed Date July 25, 2014

Age : 54 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

- Feb 2014 - Jul 2014 Executive Vice President,
Corporate Ancillary Revenue
Thai Airways International PCL.
- Jun 2013 - Feb 2014 Executive Vice President,
Products and Customer Services
Thai Airways International PCL.
- Nov 2012 - Jun 2013 Executive Vice President,
Commercial
Thai Airways International PCL.
- Feb 2011 - Nov 2012 Managing Director,
Ground Services Business Unit
Thai Airways International PCL.

Other Position

Listed company on Stock Exchange of Thailand None
Companies or other entities None

Percentage of Shareholding 0.000052

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mrs. Suvimol Bualerd

Corporate Secretary Appointed Date : November 13, 2012
Senior Vice President, Corporate Secretariat Department
Appointed Date : January 18, 2017
Acting Executive Vice President, Human Resources and
General Administration Appointed Date : October 1, 2017

Age : 56 Years

Education/Training

- Bachelor of Science, General Science, Chulalongkorn University
- Master of Science (Microbiology) Southern Illinois University, USA
- MBA (Management) Kasetsart University
- Master of Art (Communication) Chulalongkorn University
- Senior Executive Development Program, Office of the Civil Service Commission
- Training Program Organized by Thai Institute of Directors Association (IOD)
 - Company Secretary Program (CSP)
 - Director Certification Program (DCP) Class 195/2014
 - Anti-Corruption : The Practical Guide (ACPG)
- Transport Management for Chief Executive Program, Class 1, Ministry of Transport

Experiences

- Nov 13, 2012 - Jan 17, 2017 Vice President, Corporate Secretariat Department Thai Airways International PCL.
- 2011 - 2012 Vice President, General Administration Department Thai Airways International PCL.

Other Position

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

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives None



Mr. Wiwat Piyawiroj

Acting Executive Vice President, Commercial

Appointed Date : October 1, 2017

Age : 52 Years

Education/Training

- Bachelor of Law Thammasat University
- Master of Science Management Southern Nararene University, USA

Experiences

- May 1, 2017 - Oct 18, 2017 Acting Chief Executive Officer THAI Smile Airways Co., Ltd.
- Oct 1, 2015 - Apr 3, 2016 Acting Vice President, Sales Department Thai Airways International PCL.
- Oct 1, 2013 - Sep 30, 2015 Vice President, Sales and Distribution Thailand and Indo and China Department Thai Airways International PCL.
- Oct 1, 2013 - Sep 30, 2013 Director, East Asia, The America, Phillippines Thai Airways International PCL.

Other Position

Listed company on Stock Exchange Of Thailand None
Companies or other entities

- Present Director Tour Eurng Luang Co., Ltd.
- Present Director THAI Smile Airways Co., Ltd.
- Present Director Don Mueang International Airport Hotel Co., Ltd.

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between executives 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

BLRAD : MR. PHIROMTIS THONGTHAEM NA AYUTTHAYA
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

BJSAA : MR. ANAN BUDKAEW
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
9/300 ANN ST.
BRISBANE QUEENSLAND 4000, AUSTRALIA

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

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 : MR. TIRAWATT THONGPURK
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. NATTHAKORN CHUNHACHA
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

DELAA : MR. THAMANOON KUPRASERT
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 MURAQQABAT 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

FRAAA : MR. PATAPONG NA NAKORN
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 : MR. SWASDIART PANIKABUTR
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. WICHIAN SRISINTHARAKUN
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

HANAA : MR. JUCKSAWAT KITISOOK
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. RATAPONG YANYONG
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** TKT/RSVN : (91-40) 2333-3030 EXT 110
THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD. FAX : (91-40) 2333-3003
6-3-249/6, ROAD NO. 01, BANJARA HILLS AIRPORT : (91-40) 6660-5022
HYDERABAD - 500034, REPUBLIC OF INDIA FAX : (91-40) 6662-2003

GSA ISLAMABAD, ISLAMIC REPUBLIC OF PAKISTAN

ISBAA : ** VACANT ** RSVN : (92-51) 227-2140
OFFICE NO 3, 4 HOLIDAY INN ISLAMABAD HOTEL : (92-51) 227-2141
ISLAMABAD, PAKISTAN FAX : (92-51) 282-3735
AIRPORT : (92-51) 578-1409 / 411
FAX : (92-51) 578-1410

JAKARTA, REPUBLIC OF INDONESIA

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