

NO. 0022/0656

**Office of the Auditor General
of Thailand**

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This letter is given to confirm that the English version of the Auditor's Report together with the consolidated financial statements for the years ended December 31, 2009 and 2008 of Thai Airways International Public Company Limited and its subsidiary and the Company's financial statements for the years ended December 31, 2009 and 2008 of Thai Airways International Public Company Limited was translated by Thai Airways International Public Company Limited. The Office of the Auditor General of Thailand reviewed the aforementioned translated Auditor's Report and financial statements and found that there were no substantial differences of content from those of the Thai version.

Given on March 10, 2010

(Signed) *Jaruvan Maintaka*

(Khunying Jaruvan Maintaka)
Auditor General



(TRANSLATION)
AUDITOR'S REPORT

TO : THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has audited the accompanying consolidated balance sheets of Thai Airways International Public Company Limited and its subsidiary and the balance sheets of Thai Airways International Public Company Limited as at December 31, 2009 and 2008, and the related consolidated and the Company's statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General of Thailand is to express an opinion on these financial statements based on the audits.

The Office of the Auditor General of Thailand conducted the audits in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General of Thailand plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. The Office of the Auditor General of Thailand believes that the audits provide a reasonable basis for the opinion.

In the opinion of the Office of the Auditor General of Thailand, the consolidated and the Company's financial statements referred to above present fairly, in all material respects, the financial position of Thai Airways International Public Company Limited and its subsidiary and of the Thai Airways International Public Company Limited as at December 31, 2009 and 2008, and the results of operations, the changes in shareholders' equity, and the cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying an opinion on these financial statements, the Office of the Auditor General of Thailand would like to draw attention to Note 8.31 "Contingent Liabilities" and Note 8.33 "Airbus A330-300 Delivery".

(Signed) *Poungchomnad Jariyajinda*
(Poungchomnad Jariyajinda)
Inspector General

(Signed) *Dawan Wongphayak*
(Dawan Wongphayak)
Senior Audit Specialist level 9

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

AS AT DECEMBER 31, 2009 AND 2008

Units : Baht

	<u>Notes</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
ASSETS					
Current Assets					
Cash and cash equivalents	8.1	14,299,680,924	7,445,516,395	14,064,775,967	7,403,493,913
Temporary investments		350,000,000	530,000,000	-	-
Trade accounts receivable-net	8.2	15,307,562,527	15,828,787,561	15,229,390,710	15,793,218,252
Inventories and supplies-net	8.3	6,197,959,528	6,779,288,740	6,197,959,528	6,779,288,740
Prepaid expenses and deposits		4,460,219,285	4,707,223,683	4,454,258,206	4,701,102,448
Other current assets	8.4	6,672,942,805	6,831,132,790	6,636,287,703	6,794,452,056
Total Current Assets		47,288,365,069	42,121,949,169	46,582,672,114	41,471,555,409
Non-Current Assets					
Investment in associates	8.5.1	1,240,961,713	1,337,095,375	723,520,500	723,520,500
Investment in subsidiary	8.5.1	-	-	8,250,000	8,250,000
Other long-term investments	8.5.2	86,413,463	87,996,063	86,413,463	87,996,063
Property, Plant and Equipment-Net	8.7	213,505,196,888	207,063,975,232	213,483,314,774	207,031,025,112
Intangible assets-net	8.8	651,908,453	807,891,935	646,822,436	803,584,846
Assets for sales		883,280,235	-	883,280,235	-
Deferred income tax assets	8.9	5,730,814,300	6,405,772,675	5,718,494,474	6,388,074,822
Other non-current assets	8.10	2,307,147,036	1,710,260,678	2,306,773,221	1,709,913,410
Total Non-Current Assets		224,405,722,088	217,412,991,958	223,856,869,103	216,752,364,753
Total Assets		271,694,087,157	259,534,941,127	270,439,541,217	258,223,920,162

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

AS AT DECEMBER 31, 2009 AND 2008

Units : Baht

	Notes	CONSOLIDATED		THE COMPANY	
		2009	2008	2009	2008
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Bank overdrafts and short-term loans from financial institutions	8.11	-	16,930,000,000	-	16,930,000,000
Trade accounts payable		6,584,444,469	6,573,066,423	6,579,114,979	6,566,932,639
Current portion of long-term liabilities					
Debentures	8.15	10,955,290,000	7,500,000,000	10,955,290,000	7,500,000,000
Long-term loans from related parties	8.12	2,072,000,000	572,000,000	2,072,000,000	572,000,000
Long-term loans from others	8.12	400,000,000	-	400,000,000	-
Liabilities under finance leases	8.13	11,312,930,437	10,153,590,708	11,312,930,437	10,153,590,708
Promissory notes from related parties	8.14	500,000,000	650,000,000	500,000,000	650,000,000
Promissory notes from others	8.14	250,000,000	400,000,000	250,000,000	400,000,000
Short-term loans from related parties	8.11	1,116,109,440	4,558,272,000	1,116,109,440	4,558,272,000
Short-term provisions	8.18.5	458,200,000	458,200,000	458,200,000	458,200,000
Other current liabilities					
Accrued expenses		13,629,235,002	15,757,105,163	13,607,050,871	15,734,092,814
Accrued dividends		70,615,864	71,253,242	70,615,864	71,253,242
Accrued income taxes		32,134,145	34,188,813	-	-
Unearned transportation revenues		24,950,135,646	30,262,520,143	24,950,135,646	30,262,520,143
Deferred income	8.16	1,979,762,723	-	1,979,762,723	-
Others	8.17	6,140,644,300	4,662,994,685	6,116,204,661	4,641,436,728
Total Current Liabilities		80,451,502,026	98,583,191,177	80,367,414,621	98,498,298,274
Non-Current Liabilities					
Long-term liabilities					
Debentures	8.15	29,334,710,000	35,500,000,000	29,334,710,000	35,500,000,000
Long-term loans from related parties	8.12	9,446,672,000	4,831,296,000	9,446,672,000	4,831,296,000
Long-term loans from others	8.12	22,600,000,000	-	22,600,000,000	-
Liabilities under finance leases	8.13	68,028,272,475	65,335,908,882	68,028,272,475	65,335,908,882
Promissory notes from related parties	8.14	-	500,000,000	-	500,000,000
Promissory notes from others	8.14	-	250,000,000	-	250,000,000
Staff pension fund	8.29	4,708,607,486	4,777,978,683	4,708,607,486	4,777,978,683
Long-term provisions	8.18	3,880,336,949	3,874,319,870	3,880,336,949	3,874,319,870
Other non - current liabilities		26,914	114,222	-	-
Total Non-Current Liabilities		137,998,625,824	115,069,617,657	137,998,598,910	115,069,503,435
Total Liabilities		218,450,127,850	213,652,808,834	218,366,013,531	213,567,801,709
Shareholders' Equity					
Share capital	8.20				
Authorized					
1,700.00 million ordinary shares par value of Baht 10 each		17,000,000,000	17,000,000,000	17,000,000,000	17,000,000,000
Issued and paid-up					
1,698.90 million ordinary shares par value of Baht 10 each		16,989,009,500	16,989,009,500	16,989,009,500	16,989,009,500
Premium on ordinary shares		15,637,625,278	15,637,625,278	15,637,625,278	15,637,625,278
Retained earnings					
Appropriated					
Legal reserve	8.21	1,700,000,000	1,700,000,000	1,700,000,000	1,700,000,000
Unappropriated		18,619,766,346	11,276,187,481	17,746,892,908	10,329,483,675
Total Company Shareholders' Equity		52,946,401,124	45,602,822,259	52,073,527,686	44,656,118,453
Minority Interests		297,558,183	279,310,034	-	-
Total Shareholders' Equity		53,243,959,307	45,882,132,293	52,073,527,686	44,656,118,453
Total Liabilities and Shareholders' Equity		271,694,087,157	259,534,941,127	270,439,541,217	258,223,920,162

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

(Signed) Piyasvasti Amranand
(Piyasvasti Amranand)
President

(Signed) Kaweeapan Raungpaka
(Kaweeapan Raungpaka)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF INCOME

For the years ended December 31, 2009 and 2008

Units : Baht

	Notes	CONSOLIDATED		THE COMPANY	
		2009	2008	2009	2008
Revenues					
Revenues from Sale or Revenues from Services					
Passenger and excess baggage		134,479,296,254	164,318,701,819	134,479,296,254	164,318,701,819
Freight		18,525,307,811	25,840,755,700	18,525,307,811	25,840,755,700
Mail		822,754,186	912,990,339	822,754,186	912,990,339
Other activities		7,775,384,234	9,045,532,774	7,395,296,568	8,667,504,802
Total Revenues from Sale or Revenues from Services		161,602,742,485	200,117,980,632	161,222,654,819	199,739,952,660
Other Income					
Interest income		178,067,252	493,287,861	164,924,864	478,228,682
Others	8.23	2,093,717,478	1,994,352,142	2,248,356,186	2,140,917,687
Total Other Income		2,271,784,730	2,487,640,003	2,413,281,050	2,619,146,369
Total Revenues		163,874,527,215	202,605,620,635	163,635,935,869	202,359,099,029
Expenses					
Fuel and oil		47,014,753,162	89,459,872,853	47,014,753,162	89,459,872,853
Personnel		26,191,239,889	30,534,030,465	26,135,364,671	30,505,809,960
Management benefit expenses	8.22	60,916,443	93,395,719	59,401,478	92,233,780
Flight service expenses		17,691,615,362	19,938,599,141	17,691,615,362	19,938,599,141
Crew expenses		5,243,530,868	6,542,134,756	5,243,530,868	6,542,134,756
Aircraft maintenance and overhaul costs		10,320,750,374	10,847,783,197	10,320,750,374	10,847,783,197
Depreciation and amortisation expenses		21,023,460,156	20,281,081,576	21,008,481,119	20,254,971,296
Lease of aircraft and spare parts		1,531,697,470	3,650,964,476	1,531,697,470	3,650,964,476
Inventories and supplies		8,496,583,764	8,826,777,548	8,496,583,764	8,826,777,548
Selling and advertising expenses		6,221,182,125	6,932,244,544	6,177,708,638	6,883,688,984
Insurance expenses		760,064,787	751,270,159	760,064,787	751,270,159
Damages arising from Antitrust/ Competition Law	8.18.5	-	4,290,169,870	-	4,290,169,870
Impairment losses of assets		529,056,765	4,749,840,736	529,056,765	4,944,840,736
Other expenses	8.24	8,103,657,883	9,285,303,024	8,056,875,218	9,206,739,221
Losses (gains) on foreign currency exchange		(3,167,360,443)	4,471,388,154	(3,166,632,320)	4,473,610,566
Total Expenses		150,021,148,605	220,654,856,218	149,859,251,356	220,669,466,543
Share of losses (profits) of investments by the equity method		8,562,792	65,137,572	-	-
Profits (Losses) before Finance Costs and Income Tax Expenses		13,844,815,818	(18,114,373,155)	13,776,684,513	(18,310,367,514)
Finance costs		5,737,562,830	5,485,264,531	5,737,562,830	5,485,264,531
Profits (Losses) before Income Tax Expenses		8,107,252,988	(23,599,637,686)	8,039,121,683	(23,795,632,045)
Net tax expenses (tax income)	8.25	691,425,974	(2,285,253,584)	621,712,450	(2,345,266,641)
Net Profits (Losses)		7,415,827,014	(21,314,384,102)	7,417,409,233	(21,450,365,404)
Profits (Losses) Attributable to:					
Equity holders of the parent		7,343,578,865	(21,379,451,415)	7,417,409,233	(21,450,365,404)
Minority interests		72,248,149	65,067,313	-	-
		7,415,827,014	(21,314,384,102)	7,417,409,233	(21,450,365,404)
Basic Earnings per Share					
Net profits (losses) per share	8.27	4.32	(12.58)	4.37	(12.63)

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

(Signed) Piyasvasti Amranand
(Piyasvasti Amranand
President)

(Signed) Kaweeapan Raungpaka
(Kaweeapan Raungpaka)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2009 and 2008

Units : Baht

CONSOLIDATED

	Equity holders of the parent					Minority Interests	Total
	Share Capital issued and fully paid	Premium on ordinary shares	Unrealised gains (losses) on available-for-sale securities	Retained Earnings	Total Equity holders of the parent		
Balance as at January 1, 2008	16,989,009,500	15,638,075,844	(1,318)	35,120,090,631	67,747,174,657	273,304,143	68,020,478,800
Unrealised gain on current investment - available-for-sale securities	-	-	1,318	-	1,318	1,078	2,396
Total recognised revenues in shareholders' equity	16,989,009,500	15,638,075,844	-	35,120,090,631	67,747,175,975	273,305,221	68,020,481,196
<u>Add</u> Net profits (losses)	-	-	-	(21,379,451,415)	(21,379,451,415)	65,067,313	(21,314,384,102)
Total recognised revenues for the period	16,989,009,500	15,638,075,844	-	13,740,639,216	46,367,724,560	338,372,534	46,706,097,094
<u>Add</u> Dividends return	-	-	-	53,692	53,692	-	53,692
<u>Less</u> Dividends paid	-	-	-	764,505,427	764,505,427	59,062,500	823,567,927
<u>Less</u> Share offering expense	-	450,566	-	-	450,566	-	450,566
Balance as at December 31, 2008	16,989,009,500	15,637,625,278	-	12,976,187,481	45,602,822,259	279,310,034	45,882,132,293
Balance as at January 1, 2009	16,989,009,500	15,637,625,278	-	12,976,187,481	45,602,822,259	279,310,034	45,882,132,293
<u>Add</u> Net profits	-	-	-	7,343,578,865	7,343,578,865	72,248,149	7,415,827,014
Total recognised revenues for the period	16,989,009,500	15,637,625,278	-	20,319,766,346	52,946,401,124	351,558,183	53,297,959,307
<u>Less</u> Dividends paid	-	-	-	-	-	54,000,000	54,000,000
Balance as at December 31, 2009	16,989,009,500	15,637,625,278	-	20,319,766,346	52,946,401,124	297,558,183	53,243,959,307

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

(Signed) *Piyasvasti Amranand*
(Piyasvasti Amranand)
President

(Signed) *Kaweepan Raungpaka*
(Kaweepan Raungpaka)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2009 and 2008

Units : Baht

THE COMPANY

	Share Capital issued and fully paid	Premium on ordinary shares	Retained Earnings	Total
Balance as at January 1, 2008	16,989,009,500	15,638,075,844	34,244,300,814	66,871,386,158
<u>Less</u> Net losses	-	-	21,450,365,404	21,450,365,404
Total recognised revenues for the period	16,989,009,500	15,638,075,844	12,793,935,410	45,421,020,754
<u>Add</u> Dividends return	-	-	53,692	53,692
<u>Less</u> Dividends paid	-	-	764,505,427	764,505,427
<u>Less</u> Share offering expense	-	450,566	-	450,566
Balance as at December 31, 2008	16,989,009,500	15,637,625,278	12,029,483,675	44,656,118,453
Balance as at January 1, 2009	16,989,009,500	15,637,625,278	12,029,483,675	44,656,118,453
<u>Add</u> Net profits	-	-	7,417,409,233	7,417,409,233
Balance as at December 31, 2009	16,989,009,500	15,637,625,278	19,446,892,908	52,073,527,686

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

(Signed) *Piyasvasti Amranand*
(Piyasvasti Amranand)
President

(Signed) *Kaweepan Raungpaka*
(Kaweepan Raungpaka)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2009 and 2008

	Units : Baht			
	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
<u>Notes</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities				
Profits (Losses) before income tax expenses	8,107,252,988	(23,599,637,686)	8,039,121,683	(23,795,632,045)
Adjustment to reconcile net profit to cash provided by (paid from) operating activities :				
Depreciation and amortisation expenses	21,023,460,156	20,281,081,576	21,008,481,119	20,254,971,295
Dividends income	(323,750)	(875,000)	(153,894,620)	(139,350,155)
Losses from investments by equity method	8,562,792	65,137,571	-	-
Interest income	(178,067,252)	(493,287,861)	(164,924,864)	(478,228,682)
Interest expenses	5,737,562,830	5,485,264,531	5,737,562,830	5,485,264,531
Gains on sales of assets	(232,341,422)	(373,250,235)	(232,332,616)	(373,258,092)
Realised gain on current investments-available-for-sale securities	-	(1,950,749)	-	-
Losses (gains) on foreign currency exchange	(2,567,607,827)	4,487,906,443	(2,569,404,476)	4,489,093,120
Provision for obsolete inventories and supplies	97,819,585	107,199,417	97,819,585	107,199,417
Doubtful accounts	255,241,729	44,671,440	273,091,984	33,539,086
Impairment losses of investment	-	-	-	195,000,000
Impairment losses of aircraft	-	4,425,587,951	-	4,425,587,951
Impairment losses of assets	529,056,765	324,252,785	529,056,765	324,252,785
Operating profits before changes in operating assets and liabilities	32,780,616,594	10,752,100,183	32,564,577,390	10,528,439,211
Decrease (increase) in operating assets :				
Trade accounts receivable	478,405,815	2,329,559,738	505,254,113	2,334,892,205
Inventories and supplies	483,509,627	(782,812,108)	483,509,627	(782,812,108)
Prepaid expenses and deposits	108,156,797	338,963,843	107,996,640	336,949,012
Tax refund	278,860,964	1,497,087,076	278,860,964	1,497,087,076
Other current assets	124,154,985	1,411,184,039	125,922,104	1,418,297,812
Deferred income taxes	-	(19,630,890)	-	(19,630,890)
Assets for sales	(883,280,235)	-	(883,280,235)	-
Other assets	(170,251,942)	(54,725,431)	(170,225,396)	(54,725,431)
Deferred charges	(632,607,120)	(337,967,569)	(632,607,120)	(337,967,569)
Increase (decrease) in operating liabilities :				
Trade accounts payable	24,446,928	(2,705,349,401)	24,951,829	(2,705,330,510)
Accrued expenses and other current liabilities	(757,902,517)	(1,416,707,275)	(759,955,981)	(1,414,514,267)
Deferred income	1,979,762,723	-	1,979,762,723	-
Staff pension fund	(69,371,197)	(194,125,179)	(69,371,197)	(194,125,179)
Unearned transportation revenues	(4,958,756,541)	(2,195,772,880)	(4,958,756,541)	(2,195,772,880)
Other non - current liabilities	5,929,771	3,874,310,701	6,017,079	3,874,319,870
Payment of income tax	(268,640,774)	(1,159,715,355)	(202,250,609)	(1,084,751,240)
Net Cash from Operating Activities	28,523,033,878	11,336,399,492	28,400,405,390	11,200,355,112

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2009 and 2008

Units : Baht

	<u>Notes</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash Flows from Investing Activities					
Cash paid for acquisition of fixed assets	B	(16,428,357,384)	(21,402,982,898)	(16,425,049,973)	(21,401,097,704)
Cash paid for intangible assets		(98,319,577)	(136,093,966)	(96,936,257)	(135,323,766)
Cash received from transferring the rights for advance payment of aircraft and aircraft equipment		1,296,065,254	316,941,565	1,296,065,254	316,941,565
Cash received from sales of assets		255,500,126	702,391,458	255,490,547	702,391,458
Interest income		236,491,362	471,360,021	221,556,223	457,572,094
Dividends income		87,894,620	67,162,655	153,894,620	139,350,155
Investments decrease (increase)		(1,542,612)	(638,054)	(1,542,612)	(638,054)
Cash received (paid) from sales of current investments-available-for-sale securities		180,000,000	(327,380,195)	-	-
Net Cash Used in Investing Activities		(14,472,268,211)	(20,309,239,414)	(14,596,522,198)	(19,920,804,252)
Cash Flows from Financing Activities					
Cash received from debentures		4,790,000,000	7,000,000,000	4,790,000,000	7,000,000,000
Cash received from short-term loans		-	16,580,000,000	-	16,580,000,000
Cash received from long-term loans		34,243,919,797	4,528,433,104	34,243,919,797	4,528,433,104
Cash paid for repayment of short-term loans		(20,323,361,410)	-	(20,323,361,410)	-
Cash paid from premium on ordinary shares		-	(450,566)	-	(450,566)
Cash paid for repayment of debentures		(7,500,000,000)	(11,500,000,000)	(7,500,000,000)	(11,500,000,000)
Cash paid for repayment of long-term loans		(11,759,831,128)	(15,348,935,222)	(11,759,831,128)	(15,348,935,222)
Cash paid for repayment of promissory notes		(1,050,000,000)	(1,050,000,000)	(1,050,000,000)	(1,050,000,000)
Cash paid for loan interest		(5,430,628,932)	(5,619,049,171)	(5,430,628,932)	(5,619,049,171)
Dividends paid		(637,378)	(3,813,914,126)	(637,378)	(3,813,914,126)
Dividends paid to minority interests		(54,000,000)	(59,062,500)	-	-
Net Cash used in Financing Activities		(7,084,539,051)	(9,282,978,481)	(7,030,539,051)	(9,223,915,981)
Increase (decrease) in cash and cash equivalents		6,966,226,616	(18,255,818,403)	6,773,344,141	(17,944,365,121)
Effect from changing in exchange rate on cash and cash equivalents		(112,062,087)	(58,899,033)	(112,062,087)	(58,899,033)
Cash and cash equivalents at the beginning of the periods		7,445,516,395	25,760,233,831	7,403,493,913	25,406,758,067
Cash and Cash Equivalents at the End of the Periods	C	14,299,680,924	7,445,516,395	14,064,775,967	7,403,493,913

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2009 and 2008

1. BASIS OF FINANCIAL STATEMENTS PREPARATION

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

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

The consolidated financial statements consist of the Company and its subsidiary, Thai-Amadeus Southeast Asia Company Limited, in which the Company holds equity interests of 55%. Significant transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.

An English language version of the financial statements has been prepared 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.

2. REVISED THAI ACCOUNTING STANDARDS (TAS) AND THAI FINANCIAL REPORTING STANDARDS (TFRS)

The Federation of Accounting Professions (FAP) announced the revised Thai Accounting Standards, Financial Reporting Standards, and Accounting Guideline which were announced in a Ratchakitchanubeksa and were effective for accounting periods beginning on or after January 1, 2009 as follows:

Thai Accounting Standard No. 36 (revised 2007)	Impairment of Assets
Thai Financial Reporting Standard No. 5 (revised 2007)(No. 54, formerly)	Non-current Assets Held for Sale and Discontinued Operations
Accounting Framework (revised 2007)	
Accounting Guideline for Leasehold Right	
Accounting Guideline for Business Combination under Common Control	

The compliance with these Accounting Standards does not have any material impact on the consolidated and the Company's financial statements.

During 2009, the Federation of Accounting Professions (FAP) announced the renumbering of Thai Accounting Standards to follow International Financial Reporting Standards which are divided into Accounting Standards and Financial Reporting Standards. As a result, the numbers of Thai Accounting Standards were changed. In addition, the FAP announced new Accounting Standards and the revised Accounting Standards which are effective for accounting periods beginning on or after January 1, 2011 and January 1, 2012. The Company has not early adopted these standards before the effective date. The standards are as follows:

Effective for accounting periods on or after January 1, 2011	
Thai Accounting Standard No. 24 (revised 2007) (No. 47, formerly)	Related Party Disclosures
Thai Accounting Standard No. 40	Investment Property
Effective for accounting periods on or after January 1, 2012	
Thai Accounting Standard No. 20	Accounting for Government Grants and Disclosure of Government Assistance

Management of the Company has reviewed and expected that the above standards have no material impact on the consolidated and the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Allowance for Doubtful Accounts

Trade account receivables, not government agencies and state enterprises, are set an allowance for doubtful accounts by analysing a payment history and connection data together with aging analysis of each trade account receivable as a criteria at the following rates:

Period overdue	Allowance for doubtful accounts (%)
over 6 months to 1 year	50
over 1 year to 2 years	75
over 2 years	100

3.2 Inventories and Supplies

Inventories and supplies at the year-end, consisting of aircraft spare parts, fuel and oil for aircraft, cabin supplies, goods for sales as well as stationery and office supplies, are stated at the lower of moving average cost or net realisable value, except inventories in transit are stated at purchased date cost.

- Provision for obsolescence of aircraft spare parts is made at an annual rate of 10% of the year-end balance.
- Slow moving aircraft spare parts and spare parts for sales are spare parts not moving over two years or spare parts for aircraft not represented in the fleet. Provision for obsolescence is made at an annual rate of 33.33% of the incurred balance during the year.
- Provision for obsolete and damaged inventories is made at the full amount.

3.3 Investments

3.3.1 Investments in subsidiary and associated companies are recorded by the equity method in the consolidated financial statements but by cost method in the Company's financial statements.

3.3.2 Long-term investments in non-marketable equity securities are recorded at cost net of a provision for impairment. An impairment loss is recognised in the income statement.

3.3.3 Current investments in marketable equity securities are recorded at market value at the year-end. Gain or loss on change in value of trading securities is recognised in the income statement. For available-for-sale securities, the Company recognises gain or loss on change in value as an unrealised gain or loss under shareholders' equity.

3.4 Property, Plant and Equipment and Depreciation

3.4.1 Aircraft and aircraft under finance leases

3.4.1.1 Aircraft and aircraft under finance leases are stated at cost, including where applicable (engines and other flight equipment), as well as cost of decoration incurred prior to the aircraft being placed into service but excluding passenger seats and the first estimated overhaul cost, less any concessions for the acquisition of aircraft. Depreciation is calculated on a straight-line basis over an estimated useful life of 20 years with a residual value of 10% of cost. As for the aircraft and aircraft under finance leases, which the Company has taken the delivery since the fiscal year of 2006/07, and the existing aircraft having the same as those aircraft type are calculated the depreciation on a straight-line basis over the estimated useful life of 15 years with a residual value of 10% of cost.

3.4.1.2 Aircraft overhaul (D-check) costs, the first estimated overhaul costs, are presented as separate assets from the aircraft cost and depreciated over the period of the next scheduled overhaul 4-7 years depending on type of aircraft. When these costs incur, the asserted assets will be expensed and replaced by the incurred overhaul cost.

3.4.1.3 Passenger seats are presented as separate assets from the aircraft cost and depreciated on a straight-line basis over an estimated useful life of 5 years. When the replacement costs incur, they are accounted for as the separate assets and the replaced assets will be written off.

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

3.4.3 Other fixed assets are stated at cost on the acquisition date or on the date of completion of construction and depreciated on a straight-line basis over an estimated useful life of 5-30 years.

3.4.4 Leasehold buildings are amortised as expense over a lease term of 10-30 years.

3.4.5 Gain or loss on sale of aircraft is calculated from the difference between the sale price and the net book value of the aircraft, including D-check, improvements to passenger seats, and sales expense. Gain or loss on sale of other assets is calculated from the difference between the sale price and net book value of sold assets and recognised as revenue or expense in the income statement.

3.5 Assets for Sales

Assets for sales are stated at the lower net book value or appraisal value.

Losses on impairment are recognised in an income statement. Gains or losses on sales of assets are recognised as other income or expense at sales.

3.6 Intangible Assets

Computer programmes

Software license and cost that are directly with identifiable and unique software product, which can be separated, identified costs and have an economic useful life over the accounting period, will be recognised as an intangible asset and amortised as expenses on a straight-line basis over an useful life of 5 years.

Expenses arising from developing or maintaining computers are recognised as expenses when incurred.

3.7 Impairment of Assets

Assets may be impaired whenever there is an indicator that the carrying amount of the asset exceeds its recoverable amount. A recoverable amount is the higher of an asset's net selling price and its value in use.

The Company will recognise an impairment loss in an income statement whenever the carrying amount exceeds its recoverable amount. Also, the Company will reverse the impairment loss when there is an indicator that the value of asset is no longer impaired or amount of impairment has decreased.

3.8 Deferred Charges

3.8.1 Aircraft overhaul costs (D-check) for aircraft under operating lease are presented as deferred charges and amortised as expenses over an estimated useful life of 4-7 years but not over the lease term.

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

3.9 Liabilities Under Finance leases

Liabilities under finance leases are liabilities from the purchase of aircraft under long-term finance leases with financial institutions and are stated at obligation value less aggregate repayments.

3.10 Revenue Recognition

3.10.1 Passenger and excess baggage revenues:

3.10.1.1 Revenue from ticket sales and service orders is recognised 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 recognised as revenue.

3.10.1.2 Unused tickets and service orders are recognised as revenue after 2 years.

3.10.1.3 Deferred revenues for war risk insurance and fuel surcharges are recognised as revenues when the outstanding balances are over 3 years.

3.10.2 Freight revenue is recognised 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 recognised as revenue.

- Freight with respect to which the Company has issued an air waybill but carried by other air carriers is recognised as revenue if the other air carriers do not bill within 1 year.

3.10.3 The Company has operated a frequent flyer program called “Royal Orchid Plus” since 1993. Members exchange accumulated mileage for services. The Company calculates cost per mile by dividing the average net collected fare in each zone by the number of miles redeemed for awards in that zone. The Company estimates the number of miles utilised by members based upon the weighted zonal redemption. The estimated cost is used to reduce passenger revenues and record liability under “unearned transportation revenue”. Revenues are recognised when members redeem awards.

3.10.3.1 Unredeemed awards are recognised as revenue after 3 years.

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

3.10.3.3 The Company sells mileage to its members in order to encourage redemptions and recognises the difference between the sale price and mileage cost as revenue.

3.10.4 Revenues from business units, Aircraft Maintenance Services, Ground Customer Services, Ground Support Equipment Services and Cargo and Mail Commercial Services are recognised when services are provided. Revenues from Catering Services are recognised at sales. As for revenues from supporting activities such as Sale on Board and Thai Shop are recognised at sales but revenues from Dispatch Services are recognised when services are provided.

3.10.5 Other revenues are recognised on an accrual basis.

3.11 Basic Earnings Per Share

Basic earnings per share is calculated by dividing net profit for the year by the weighted average number of ordinary shares outstanding during the period.

3.12 Foreign Currency Transactions

Foreign currency transactions incurred during the year are translated into Baht at exchange rates calculated from the average exchange rate of the Bank of Thailand and commercial banks in the month in which the transaction occurs. Except for foreign loans, the Company uses the exchange rate of the Bank of Thailand at cash received date.

Assets and liabilities denominated in foreign currency at year-end are translated into Baht at average commercial bank buying and selling rates announced by the Bank of Thailand at that date. Gains or losses on currency exchange are recognised in an income statement.

3.13 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 Company’s balance sheet. 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 treated as expenses of the Company.

3.14 Deferred Income Tax

The Company’s tax expenses are calculated in accordance with the Revenue Code of Thailand. The deferred income tax is calculated from temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

3.15 Accounting Estimations

The Company and its subsidiary have applied the accounting estimations and many assumptions in preparation financial statements to conform to the generally accepted accounting principles. These will impact on the amounts of assets, liabilities, revenues, expenses as well as the disclosure of contingent assets and liabilities which may be differed from the actualities.

3.16 Financial Instruments

The Company uses derivative 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. The arising difference will be recorded as interest expenses in an income statement. For the Forward Contracts, the Company will recognise in its financial statements at the end of forward contracts. The arising difference will be recorded as gain or loss on foreign currency exchange in an income statement.

In addition, the Company also entered into fuel-oil hedging agreement in which premiums and the difference of the fuel price arising from this agreement will be recorded as expenses in an income statement.

4. EFFECT OF CHANGE IN ACCOUNTING ESTIMATION

The Company has reviewed its accounting estimation of allowance for doubtful accounts by considering individual trade accounts receivable together with aging analysis of accounts receivable which becomes effective for the accounting period starting from the third quarter (July 1 - September 30, 2009) onwards in conformity with the International Accounting Standards No. 39 (revised in 2007); Accounting Policies, Changes in Accounting Estimates and Errors, which requires an entity may review the current estimation whenever the criteria of the estimate assumption has been changed or new information and more experiences are obtained. As a result, the Company has the allowance for doubtful account as of December 31, 2009 amount of THB 1,652.74 million, an increase of THB 49.68 million compared with the previous accounting estimation.

5. ACCOUNTING PRESENTATION IN FINANCIAL STATEMENTS

The Company has reclassified the items in financial statements to conform to the Notification of Department of Business Development, Determination of Short Items in Financial Statements B.E. 2551 which becomes effective for the fiscal years beginning on or after January 1, 2009. The Company also reclassified the financial statements for the year ended December 31, 2008 for comparative purpose.

6. CONSIDERATION OF AIRCRAFT IMPAIRMENT

In the fiscal year of 2008 ended December 31, 2008, the Company recorded the aircraft impairment losses on 4 Airbus A340-500 aircraft amount of THB 4,425.59 million. To conform to the Accounting Standards No. 36 "Impairment of Assets" as well as the plan to sell those aircraft, the Company has reviewed its aircraft impairment for the fiscal year 2009 ended December 31, 2009 by comparing the net book value after the impairment and the appraisal value estimated by the Aircraft Value Analysis Company. The incurred difference has no materiality therefore the Company did not record the aircraft impairment of such aircraft.

7. OPERATION DURING THE IMMEDIATE BUSINESS TURNAROUND PLAN

The resulting improvement in financial performance was the result of the Company having taken drastic actions under the Immediate Business Turnaround Plan with the Transport Ministry's oversight. The Company's liquidity was resolved while the Company's net profit achieved as at December 31, 2009 amounted to THB 7,417.41 million and an EBITDA of THB 30,064.71 million, which is 3.3% higher than the Turnaround Plan target.

The Company was able to over achieve its targeted production capacity under the Turnaround Plan by 2.0% while the cabin factor achieved during 2009 was 73.0% or higher than the target set under the Turnaround Plan of 70.5%. However, the average yield excluding fuel surcharge achieved was less than the turnaround target by 3.8% because of the decrease in air travel demand during the first and second quarter of 2009. To maintain the Company's market share and maintain a cabin factor, proactive marketing strategies were launched causing air fares to decline. However, to mitigate the impact of revenue decline, the Company was able to exceed its target in non-fuel cost savings by 7.9% emphasizing areas which would not negatively impact standard of customer service and satisfaction.

Besides, the Company has acquired long-term finance leases guaranteed by the Export Credit Agency (ECA) for 6 A330-300 aircraft which 1 was taken delivery on July 29, 2009 and another 3 were taken on December 23, 2009. The Company will take a delivery of another 2 aircraft in March 2010. In addition, the Company has acquired long-term loans to refinance short-term loans and improve its liquidity according to the Immediate Business Turnaround Plan

8. SUPPLEMENTARY INFORMATION

8.1 Cash and Cash Equivalents

	<u>Consolidated</u>		<u>Units : Million Baht The Company</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash - Domestic	32.32	8.78	32.32	8.78
Cash - Abroad	25.20	27.57	25.20	27.57
Bank Deposits - Domestic	2,681.25	3,495.71	2,446.35	3,453.68
Bank Deposits - Abroad	<u>11,560.91</u>	<u>3,913.46</u>	<u>11,560.91</u>	<u>3,913.46</u>
Total	<u>14,299.68</u>	<u>7,445.52</u>	<u>14,064.78</u>	<u>7,403.49</u>

8.2 Trade Accounts Receivable - Net

Trade accounts receivable are classified according to their stages of delinquency, as expressed in the schedule below.

	<u>Consolidated</u>		<u>Units : Million Baht The Company</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Trade accounts receivable	16,989.29	17,257.56	16,882.13	17,175.15
<u>Less</u> Allowance for doubtful accounts	<u>(1,681.73)</u>	<u>(1,428.77)</u>	<u>(1,652.74)</u>	<u>(1,381.93)</u>
Trade accounts receivable - net	<u>15,307.56</u>	<u>15,828.79</u>	<u>15,229.39</u>	<u>15,793.22</u>

8.3 Inventories and Supplies - Net

	Consolidated		Units : Million Baht The Company	
	2009	2008	2009	2008
	Aircraft spare parts	5,528.14	5,218.28	5,528.14
<u>Less</u> Provision for obsolescence (10% of the year-end balance)	(552.81)	(521.83)	(552.81)	(521.83)
Aircraft spare parts - Net	4,975.33	4,696.45	4,975.33	4,696.45
Vehicle spare parts and ground support equipments	278.35	275.44	278.35	275.44
Slow moving aircraft spare parts and spare parts for sale	1,451.71	1,976.45	1,451.71	1,976.45
<u>Less</u> Provision for obsolescence (33.33% of incurred balance during the period)	(1,392.85)	(1,859.73)	(1,392.85)	(1,859.73)
Slow moving aircraft spare parts and spare parts for sale - Net	58.86	116.72	58.86	116.72
Fuel and oil for aircraft	200.84	252.14	200.84	252.14
Goods for sales	181.99	241.21	181.99	241.21
Cabin supplies	310.20	313.93	310.20	313.93
Supplies and other consumables	20.61	23.36	20.61	23.36
Stationery and office supplies	106.49	111.61	106.49	111.61
Inventories and spare parts in transit	65.29	748.43	65.29	748.43
Total inventories and supplies	885.42	1,690.68	885.42	1,690.68
Obsolete and damaged inventories for disposal	36.79	24.16	36.79	24.16
<u>Less</u> Provision for obsolescence (100%)	(36.79)	(24.16)	(36.79)	(24.16)
Obsolete and damaged inventories for disposal - Net	-	-	-	-
Total inventories and supplies - Net	6,197.96	6,779.29	6,197.96	6,779.29
Total inventories and supplies at year-end	8,180.41	9,185.01	8,180.41	9,185.01
<u>Less</u> Total provision for obsolete inventories and supplies	(1,982.45)	(2,405.72)	(1,982.45)	(2,405.72)
Total inventories and supplies - Net	6,197.96	6,779.29	6,197.96	6,779.29

8.4 Other Current Assets

	Consolidated		Units : Million Baht The Company	
	2009	2008	2009	2008
	Tax refund	218.85	247.59	218.85
Cash and bank deposits of pension fund	3,346.11	4,549.93	3,346.11	4,549.93
Others	<u>3,107.98</u>	<u>2,033.61</u>	<u>3,071.33</u>	<u>1,996.93</u>
Total	6,672.94	6,831.13	6,636.29	6,794.45

8.5 Investments

Consolidated

Units : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on investments	
			Cost method		Equity method		2009	2008
	2009	2008	2009	2008	2009	2008		
8.5.1 Investments using the equity method								
Royal Orchid Hotel (Thailand) Public Company Limited (Market value for the year 2009 amount of THB 697.50 million and the year 2008 amount of THB 675.00 million)	24	24	225.00	225.00	248.14	300.25	(34.11)	42.36
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	158.48	189.84	(14.56)	(3.97)
Bangkok Aviation Fuel Services Public Company Limited (Market value for the year 2009 amount of THB 921.49 million and the year 2008 amount of THB 610.49 million)	22.6	22.6	115.19	115.19	615.87	582.71	76.93	85.44
Phuket Air Catering Company Limited	30	30	30.00	30.00	88.50	71.35	26.15	27.13
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	129.97	192.95	(62.97)	(30.40)
Nok Airlines Company Limited	39	39	195.00	195.00	-	-	-	(185.70)
<u>Less</u> Allowance for impairment of Nok Airlines Company Limited			(195.00)	(195.00)	-	-	-	-
Total investments using the equity method					<u>1,240.96</u>	<u>1,337.10</u>	<u>(8.56)</u>	<u>(65.14)</u>
8.5.2 Other long-term investments stated at cost								
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00			-	-
Aeronautical Radio of Thailand Limited	2.7	2.7	18.01	17.96			-	-
SITA Investment Certificate	-	-	33.32	33.47			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75			-	-
SITA Information Networking Computing	-	-	30.37	31.83			-	-
Other Shares	-	-	2.96	2.99			0.32	0.88
Investment in private fund	-	-	-	-			-	-
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Limited			(133.00)	(133.00)			-	-
Total other long-term investments			<u>86.41</u>	<u>88.00</u>			<u>0.32</u>	<u>0.88</u>

The Company

Units : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost method			
	2009	2008	2009	2008	2009	2008
8.5.1 Investments using the cost method						
Subsidiary Company						
Thai-Amadeus Southeast Asia Company Limited	55	55	<u>8.25</u>	<u>8.25</u>	<u>66.00</u>	<u>72.19</u>
Associated Companies						
Royal Orchid Hotel (Thailand) Public Company Limited (Market value for the year 2009 amount of THB 697.50 million and the year 2008 amount of THB 675.00 million)	24	24	225.00	225.00	18.00	3.15
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	16.80	-
Bangkok Aviation Fuel Services Public Company Limited (Market value for the year 2009 amount of THB 921.49 million and for the year 2008 amount of THB 610.49 million)	22.6	22.6	115.19	115.19	43.77	54.14
Phuket Air Catering Company Limited	30	30	30.00	30.00	9.00	9.00
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	-	-
Nok Airlines Company Limited	39	39	195.00	195.00	-	-
Less Allowance for impairment of Nok Airlines Company Limited			(195.00)	(195.00)	-	-
Total			<u>723.52</u>	<u>723.52</u>	<u>87.57</u>	<u>66.29</u>
Total investments using the cost method			<u>731.77</u>	<u>731.77</u>	<u>153.57</u>	<u>138.48</u>
8.5.2 Other long-term investments stated at cost						
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00	-	-
Aeronautical Radio of Thailand Limited	2.7	2.7	18.01	17.96	-	-
SITA Investment Certificate	-	-	33.32	33.47	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75	-	-
SITA Information Networking Computing	-	-	30.37	31.83	-	-
Other Shares	-	-	2.96	2.99	0.32	0.88
Less Allowance for impairment of Fuel Pipeline Transportation Limited			(133.00)	(133.00)	-	-
Total other long-term investments			<u>86.41</u>	<u>88.00</u>	<u>0.32</u>	<u>0.88</u>

8.5.3 Financial Data Summary of Subsidiary and Associated Companies

Units : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Subsidiary Company</u>				
Thai-Amadeus Southeast Asia Company Limited	745.65	84.41	396.05	160.55
<u>Associated Companies</u>				
Royal Orchid Hotel (Thailand) Public Company Limited	1,769.17	735.26	412.45	(146.51)
Donmuang International Airport Hotel Company Limited	440.73	44.54	123.86	(25.46)
Bangkok Aviation Fuel Services Public Company Limited	5,433.26	2,706.96	1,183.48	336.19
Phuket Air Catering Company Limited	304.77	9.76	197.56	63.39
Suvarnabhumi Airport Hotel Company Limited	2,028.78	1,595.54	570.71	(209.91)
Nok Airlines Company Limited	405.86	383.50	1,631.04	226.83

The Company used the financial statements of associated companies as at September 30, 2009 to record the investment by equity method in the consolidated financial statement and by cost method in the Company's financial statement. Because the associated companies cannot submit their financial statements to the Company in time for accounting closing. This is no material impact to the Company.

8.6 Related Parties The Company

8.6.1 Major Shareholders

8.6.1.1 Short-term loans from related parties

Units : Million Baht		
	2009	2008
Foreign loans via the Ministry of Finance	1,116.11	3,508.27
Export-Import Bank of Thailand	-	300.00
Islamic Bank of Thailand	-	750.00
Total	<u>1,116.11</u>	<u>4,558.27</u>

8.6.1.2 Long-term loans from related parties

Units : Million Baht		
	2009	2008
Foreign loans via the Ministry of Finance	1,340.67	1,403.30
Government Saving Bank	8,178.00	4,000.00
Islamic Bank of Thailand	<u>2,000.00</u>	-
Total	<u>11,518.67</u>	<u>5,403.30</u>

8.6.1.3 Promissory notes from related parties

Units : Million Baht

	2009	2008
	Government Saving Bank	500.00

8.6.2 Subsidiary Company

Units : Million Baht

	2009		2008	
	Sales	Purchase	Sales	Purchase
	Thai-Amadeus Southeast Asia Company Limited	3.72	-	12.99

Units : Million Baht

	2009		2008	
	Account Receivables	Account Payables	Account Receivables	Account Payables
	Thai-Amadeus Southeast Asia Company Limited	0.29	-	0.76

8.6.3 Associated Companies

Units : Million Baht

	2009		2008	
	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Company Limited	0.20	7.06	-	14.85
Donmuang International Airport Hotel Company Limited	-	4.90	-	5.48
Bangkok Aviation Fuel Services Public Company Limited	0.03	361.58	0.06	377.37
Phuket Air Catering Company Limited	3.07	3.57	3.31	9.27
Suvarnabhumi Airport Hotel Company Limited	-	41.20	-	101.69
Nok Airlines Company Limited	921.67	-	2,022.38	-

Units : Million Baht

	2009		2008	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	-	-	-
Donmuang International Airport Hotel Company Limited	-	0.03	-	-
Bangkok Aviation Fuel Services Public Company Limited	0.01	37.14	-	27.33
Phuket Air Catering Company Limited	0.22	0.77	0.35	2.01
Suvarnabhumi Airport Hotel Company Limited	-	-	-	-
Nok Airlines Company Limited	122.28	-	123.57	-

The Company purchases goods and services at a market price from related parties on normal commercial term as unrelated parties.

8.7 Property, Plant and Equipment – Net

Consolidated

Units : Million Baht

	Aircraft	Aircraft under finance leases	Aircraft spare parts	Land, buildings and Improvements	Other plant and equipment	Total
Cost						
As at January 1, 2009	156,754.52	142,897.70	29,298.79	18,765.92	29,527.49	377,244.42
- Adjust/Transfers	(21,500.91)	7,158.29	(377.58)	124.97	157.46	(14,437.77)
- Additions	6,258.54	21,350.99	3,366.55	52.95	324.25	31,353.28
- Disposals	-	(91.87)	(1,187.28)	(82.50)	(414.58)	(1,776.23)
As at December 31, 2009	141,512.15	171,315.11	31,100.48	18,861.34	29,594.62	392,383.70
Impairment Allowance	950.40	3,475.19	-	-	-	4,425.59
Accumulated depreciation						
As at January 1, 2009	83,695.72	32,991.75	19,347.37	9,600.35	20,119.67	165,754.86
- Depreciation	6,569.30	9,158.71	2,158.76	752.32	2,022.23	20,661.32
- Adjust/Transfers	(11,955.62)	1,446.72	(246.51)	2.40	(37.41)	(10,790.42)
- Disposals	-	(87.22)	(604.05)	(81.58)	(399.99)	(1,172.84)
As at December 31, 2009	79,259.80	46,985.15	20,655.57	10,273.49	21,704.50	178,878.51
Net book value						
As at December 31, 2008	72,108.40	106,430.76	9,951.42	9,165.57	9,407.82	207,063.97
As at December 31, 2009	62,252.35	124,329.96	10,444.91	8,587.85	7,890.12	213,505.19

The Company

Units : Million Baht

	Aircraft	Aircraft under finance leases	Aircraft spare parts	Land, buildings and Improvements	Other plant and equipment	Total
Cost						
As at January 1, 2009	156,754.52	142,897.70	29,298.79	18,765.92	29,283.60	377,000.53
- Adjust/Transfers	(21,500.91)	7,158.29	(377.58)	124.97	192.61	(14,402.62)
- Additions	6,258.54	21,350.99	3,366.55	52.95	320.94	31,349.97
- Disposals	-	(91.87)	(1,187.28)	(82.50)	(414.58)	(1,776.23)
As at December 31, 2009	141,512.15	171,315.11	31,100.48	18,861.34	29,382.57	392,171.65
Impairment Allowance	950.40	3,475.19	-	-	-	4,425.59
Accumulated depreciation						
As at January 1, 2009	83,695.72	32,991.75	19,347.37	9,600.35	19,908.73	165,543.92
- Depreciation	6,569.30	9,158.71	2,158.76	752.32	2,007.85	20,646.94
- Adjust/Transfers	(11,955.62)	1,446.72	(246.51)	2.40	(2.26)	(10,755.27)
- Disposals	-	(87.22)	(604.05)	(81.58)	(399.99)	(1,172.84)
As at December 31, 2009	79,259.80	46,985.15	20,655.57	10,273.49	21,514.33	178,688.34
Net book value						
As at December 31, 2008	72,108.40	106,430.76	9,951.42	9,165.57	9,374.87	207,031.02
As at December 31, 2009	62,252.35	124,329.96	10,444.91	8,587.85	7,868.24	213,483.31

In this fiscal year, the total of the Company's aircraft are 90 aircraft which 87 aircraft represent in the Company's fleet consisting of 51 own aircraft, 32 aircraft under finance leases according to Note to financial statement No. 8.33, and 7 aircraft under operating leases.

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

Land, buildings and improvements amounted to THB 8,587.85 million including the leasehold buildings amount of THB 6,142.53 million.

Other plants and equipment-net amounted to THB 7,890.12 million (consolidated) and THB 7,868.24 million (the Company).

The Company uses buildings and equipment that are now fully depreciated with historical cost of THB 39,528.03 million including the leasehold buildings amount of THB 3,924.16 million.

Financial leased assets are aircraft under finance leases which the purchase contracts are made in USD currency but the finance leases are made in EUR, JPY and USD currencies.

In this year, the financial leased assets increased amount of THB 12,899.96 million.

8.8 Intangible Assets-net

	Units : Million Baht	
	Consolidated	The Company
Cost		
As at January 1, 2009	1,209.82	1,204.48
- Additions	98.32	96.94
As at December 31, 2009	1,308.14	1,301.42
Accumulated amortisation		
As at January 1, 2009	401.93	400.90
- Amortisation	254.30	253.70
As at December 31, 2009	656.23	654.60
Net book value		
As at December 31, 2008	807.89	803.58
As at December 31, 2009	651.91	646.82

8.9 Deferred Income Tax Assets

	Units : Million Baht			
	Consolidated		The Company	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Contribution to staff pension fund	964.30	1,050.57	964.30	1,050.57
Allowance for obsolete inventories	594.74	721.72	594.74	721.72
Allowance for doubtful accounts	560.62	484.79	551.92	470.74
Allowance for impairment in value of assets	1,645.15	1,728.31	1,645.15	1,728.31
Estimated accrual expenses	1,795.93	1,742.16	1,795.93	1,742.16
Frequent flyer program (ROP)	13.11	345.97	13.11	345.97
Loss on foreign currency exchange	134.31	313.41	134.31	313.41
Others	<u>22.65</u>	<u>18.84</u>	<u>19.03</u>	<u>15.19</u>
Total	<u>5,730.81</u>	<u>6,405.77</u>	<u>5,718.49</u>	<u>6,388.07</u>

8.10 Other Non-Current Assets

	Units : Million Baht			
	Consolidated		The Company	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Deferred charges	1,940.15	1,506.68	1,940.15	1,506.71
Others	<u>367.00</u>	<u>203.58</u>	<u>366.62</u>	<u>203.20</u>
Total	<u>2,307.15</u>	<u>1,710.26</u>	<u>2,306.77</u>	<u>1,709.91</u>

Deferred charges consisted of aircraft overhaul costs (D-check) for aircraft under operating lease, which are amortised as expenses over an estimated useful life of 4-7 years but not over the lease term, and loan guarantee premiums for purchasing of aircraft are amortised as expenses over the period of due payment loans in each accounting period.

8.11 Short-term Loans Consolidated and the Company

<u>Currency</u>	<u>Loan Currency</u>		<u>Baht Equivalent (Million)</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
THB	-	17,980,000,000	-	17,980.00
USD	33,300,000	-	1,116.11	-
JPY	-	9,000,000,000	-	3,508.27
Short-term loans			<u>1,116.11</u>	<u>21,488.27</u>

The Ministry of Finance borrowed 1- year short-term foreign loan in the form of Euro Commercial Paper (ECP) and loaned to the Company. At the year-end, the balance of such loan amounted to THB 1,116.11 million.

8.12 Long-term Loans Consolidated and the Company

<u>Currency</u>	<u>Loan Currency</u>		<u>Baht Equivalent (Million)</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
USD	40,000,000	40,000,000	1,340.67	1,403.29
THB	33,178,000,000	4,000,000,000	<u>33,178.00</u>	<u>4,000.00</u>
Total Long-term loans			34,518.67	5,403.29
<u>Less</u> Current portion of long-term loans			<u>2,472.00</u>	<u>572.00</u>
Net Long-term loans			<u>32,046.67</u>	<u>4,831.29</u>

At the year-end, long-term loans of the Company consisted of the foreign loans borrowed via the Ministry of Finance amount of THB 1,340.67 million and loans from the banks - that is Government Saving Bank amount of THB 8,178.00 million, Islamic Bank of Thailand amount of THB 2,000.00 million, Bangkok Bank Public Company Limited amount of THB 8,000.00 million, Kasikorn Bank Public Company Limited amount of THB 5,000.00 million, Siam Commercial Bank Public Company Limited amount of THB 5,000 million and Standard Chartered Bank (Thailand) amount of THB 5,000.00 million. The total of long-term loans amounted to THB 34,518.67 million. As at December 31, 2009, such long-term loans have been transferred to a current portion of long-term loans amount of THB 2,472.00 million, leaving the balance of long-term loans amount of THB 32,046.67 million.

8.13 Liabilities Under Finance leases Consolidated and the Company

<u>Currency</u>	<u>Loan Currency</u>		<u>Baht Equivalent (Million)</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
JPY	46,115,845,299	39,941,610,829	16,860.37	15,569.56
USD	88,520,604	147,853,326	2,966.92	5,187.05
EUR	1,236,565,258	1,102,341,130	<u>59,513.91</u>	<u>54,732.89</u>
Total liabilities under finance leases			79,341.20	75,489.50
<u>Less</u> Current portion of finance leases			<u>11,312.93</u>	<u>10,153.59</u>
Net Liabilities under finance leases			<u>68,028.27</u>	<u>65,335.91</u>

The Company has exercised purchase options at the end of term finance leases of aircraft, presented the value regarding to the accounting policy described in Note 3.9, with 8 foreign financial institutions. As at December 31, 2009, the outstanding balance of obligations under finance leases for 32 aircraft are THB 99,163.48 million with maturities ranging from 2009 to 2021. After deducting interest expenses due amount of THB 19,822.28 million, the principal balance of obligations under the Company's finance leases is THB 79,341.20 million. As at December 31, 2009, the amount of THB 11,312.93 million has been transferred to a current portion of financial lease, leaving the balance of long-term liabilities under financial lease amount of THB 68,028.27 million.

8.14 Promissory Notes

The Company received the loans from the Government Saving Bank and THAI Employees' Saving & Credit Coops Ltd. by issuing promissory notes with a floating interest rate computed by using the interest rate on six-month fixed deposits at the Government Saving Bank plus 2.90% to 3.00% per annum. In this fiscal year, the brought forward balance is THB 1,800 million and the amount of THB 1,050 million was repaid during the period, leaving a balance of THB 750 million. As at December 31, 2009, these promissory notes are transferred to current portion of long-term loans at the entire amount.

8.15 Debentures

According to the Resolution of Extraordinary Shareholders' Meeting No. 1/2003 held on September 2, 2003 approved the Company to issue debentures in the amount of THB 40 billion. The Company had already issued its debentures for the first tranch of THB 10 billion, the second tranch of THB 15 billion, and the third tranch of THB 15 billion, totalling to THB 40 billion which had already been transferred to the Company's account. On November 12 and October 8, 2008, the Company redeemed the due debentures amount of THB 6,000 million and 5,500 million, respectively. In addition, the Company redeemed the due debentures amount of THB 7,500 million on October 20, 2009.

According to the Resolution of Extraordinary Shareholders' Meeting for the year 2005 held on December 23, 2005 approved the Company to issue its debentures within the amount of THB 60 billion. On November 22, 2007, the Company had issued the debentures No.1/2550 for an aggregate of THB 7,500 million which were offered in 2 tranches. The first tranch amount of THB 3,000 million and the second tranch amount of THB 4,500 million had already been transferred to the Company account, totalling THB 7,500 million. In addition, the Company had issued the debentures No. 1/2551 for an aggregate of THB 7,000 million on October 2, 2008. Such debentures were offered in 3 tranches. The first tranch amount of THB 3,455.29 million, the second tranch amount of THB 987.92 million and the third tranch amount of THB 2,556.79 million, totalling to THB 7,000 million, had already been transferred to the Company's account. On January 20, 2009, the Company had issued the debentures No. 1/2552 for an aggregate of THB 4,790 million issuing in 4 tranches, the first tranch amount of THB 170 million, the second tranch amount of THB 720 million, the third tranch amount of THB 300 million and the fourth tranch amount of THB 3,600 million. The amount of such debentures had already been transferred to the Company's account amount of THB 4,790 million.

As at December 31, 2009, the balance of debentures was THB 40,290 million which the amount of THB 10,955.29 million was transferred to a current portion of long-term loans, leaving the balance of long-term loans amount of THB 29,334.71 million. The details are as follows:

	Tenor (Year)	Interest Rate Pay every 6 months (%)	Amount (MTHB)	Redemption date
<u>The first</u>	7	3.70	<u>4,500.00</u>	October 8, 2010
<u>The second</u>	7	5.20	4,500.00	October 20, 2011
	10	5.80	<u>3,000.00</u>	October 20, 2014
			<u>7,500.00</u>	
<u>The third</u>	6	4.67	6,000.00	May 12, 2011
	10	5.19	<u>3,000.00</u>	May 12, 2015
			<u>9,000.00</u>	
<u>The 1/2550</u>	3	4.51	3,000.00	November 22, 2010
	5	5.04	<u>4,500.00</u>	November 22, 2012
			<u>7,500.00</u>	
<u>The 1/2551</u>	1.5	4.77	3,455.29	April 2, 2010
	3	5.05	987.92	October 2, 2011
	5	5.50	<u>2,556.79</u>	October 2, 2013
			<u>7,000.00</u>	
<u>The 1/2552</u>	3	5.30	170.00	January 20, 2012
	5	5.45	720.00	January 20, 2014
	7	5.60	300.00	January 20, 2016
	10	6.00	<u>3,600.00</u>	January 20, 2019
			<u>4,790.00</u>	
The balance as at December 31, 2009			<u>40,290.00</u>	

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).

8.16 Deferred Income

Deferred income amount of THB 2,717.80 million is the A380-800 delay compensation arising from the delay delivery of 6 A380-800 aircraft aside from penalty in the agreement. The deferred income is recognised as revenue according to the former delivery period until the next delivery period of such aircraft. For the year ended December 31, 2009, the amount of the THB 738.04 million was recognised as revenue, leaving the balance of deferred income amount of THB 1,979.76 million.

8.17 Other Current Liabilities - Others

	Consolidated		Units : Million Baht The Company	
	2009	2008	2009	2008
Airport fees	2,909.20	1,612.72	2,909.20	1,612.72
Deferred revenue	3.16	2.95	3.03	2.68
Taxes payable	805.28	740.39	805.02	738.20
Fringe benefits-field office staff	539.46	524.91	539.46	524.91
Other accounts payable	<u>1,883.54</u>	<u>1,782.02</u>	<u>1,859.49</u>	<u>1,762.93</u>
Total	<u>6,140.64</u>	<u>4,662.99</u>	<u>6,116.20</u>	<u>4,641.44</u>

8.18 Long-Term Provisions

8.18.1 The Court of First Instance has sentenced the Company to pay compensatory damages claimed by the employees in the amount of THB 15.35 million. At present, the Company has appealed the case to the Court of Appeal.

8.18.2 The Court of First Instance has sentenced the Company to pay compensatory damages for the cancellation the purchase of wines claimed by Ming Yeng International Co., Ltd. in the amount of THB 27.63 million. The Company's lawyer is going to appeal the case.

8.18.3 The case where the courts awarded the Company to pay its liabilities amount of THB 2.17 million, which is now under the consideration of the Supreme Court.

8.18.4 The court of first instance has ordered the Company to compensate employees in the amount of THB 3.22 million. The case is now under the consideration of the Supreme Court.

8.18.5 In the fiscal year 2008, the Company has set up the reserve for damages and fines for the Antitrust and Competition cases and investigations in the amount of THB 4,290.17 million. As at December 31, 2008, the amount was transferred to short-term provision in the amount of THB 458.20 million, leaving the balance of long-term provision amount of THB 3,831.97 million. The provision is calculated by approximation from the estimated damages and fines figured by the lawyers in each region taking into account the facts that the lawyers are aware of and in according with the following criteria:

1. The above estimated damages and fines are calculated from the lowest fine rates that may be used in case the courts rule or sentence that the Company has committed guiltiness as alleged or claimed.
2. The above estimated fine amount is approximation by the authority of each country that investigation and litigation are in process, but excluding the civil class actions of both cargo and passenger cases in U.S., as in such both cases the civil courts are on the process of initiation of litigation, and there are no claim statements that seek the proof of damages of the claimants.
3. The sentence or decision on the cases shall be given separately in the next forth coming different fiscal years.
4. The above provision may be substantially deviate from the truth due to:
 - 4.1 In the countries where investigations are initiated and no allegation are filed yet, the is no clear fact as to whether an allegation will be filed against the Company. And if such an allegation is filed against the Company, in which locations that such allegation may cover. The turn over amount of such locations which shall be base for calculation of a fine is unaware then.

4.2 The determination of a fine is up to the discretion of the deciding body. Other facts of the cases may need to be considered by such deciding body.

4.3 Before the decision is made, there may be a compromise of the fine amount, depending on the policy of each country and the case aspects.

8.19 Dividends Payment the Company

According to the Resolution of the 2009 Annual General Shareholders' Meeting held on April 22, 2009 approved the Company to abstain from dividend payment for 2008 operating result ended December 31, 2008.

8.20 Share Capital

As at December 31, 2009, the Company has authorized ordinary shares amount of 1,700 million shares at par value THB 10 each for an aggregate of THB 17 billion, issued and paid-up ordinary shares amount of THB 16,989.01 million.

8.21 Legal Reserve

As at December 31, 2009, the Company's legal reserve balance was THB 1,700 million which equaled to 10% of the Company's registered shares. Therefore, the Company does not have to provide the legal reserve in this fiscal year.

8.22 Management Benefit Expenses

Managements refer to the Company's Board of Directors, chief executive, persons in the next four executive levels below the chief executive, and in similar position, and accounting or finance department managers or above according to the regulation of the Stock Exchange of Thailand.

	<u>Consolidated</u>		<u>Units : Million Baht</u> <u>The Company</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Board of Directors' benefit expenses	14.68	20.91	13.16	19.74
Executives' benefit expenses	<u>46.24</u>	<u>72.49</u>	<u>46.24</u>	<u>72.49</u>
Total	<u>60.92</u>	<u>93.40</u>	<u>59.40</u>	<u>92.23</u>

Moreover, the Directors of the Company obtain the ticket benefits. In the year 2009 and 2008, they issued the tickets for themselves and their related parties amount of 206 and 458 tickets with the value of THB 23.80 million and 49.00 million, respectively, calculating from the full fare tickets in those travelling classes.

8.23 Others

Units : Million Baht

Text	Consolidated		The Company	
	2009	2008	2009	2008
Gains on sales of assets	232.34	373.26	232.34	373.26
Dividends from subsidiary and associated companies	-	-	153.57	138.48
Revenue from other services of Aircraft Maintenance Department	330.98	307.70	330.98	307.70
Revenue from airport fees collected from passengers	247.24	660.48	247.24	660.48
Compensation revenue from the delay delivery of aircraft	738.04	-	738.04	-
Others	545.12	652.91	546.19	661.00
Total	2,093.72	1,994.35	2,248.36	2,140.92

8.24 Other Expenses

Units : Million Baht

Text	Consolidated		The Company	
	2009	2008	2009	2008
Rentals and utilities	2,881.24	2,989.07	2,881.24	2,989.07
Office supplies	220.11	287.92	220.11	287.92
Repair of building and equipment	453.40	484.25	453.40	484.25
Outsource services	1,077.01	1,148.70	1,077.01	1,148.70
Consultant and service fees	426.75	447.41	426.75	447.41
Legal fee for Antitrust/ Competition Law	90.13	73.44	90.13	73.44
Computer service expenses	378.61	395.47	378.61	395.47
Travelling and transportation expenses	562.07	699.27	562.07	699.27
Concession fees	233.36	401.01	233.36	401.01
Passenger claim expenses	236.79	404.86	236.79	404.86
Others	1,544.19	1,953.90	1,497.41	1,875.34
Total	8,103.66	9,285.30	8,056.88	9,206.74

8.25 Net Tax Expenses (Tax Income)

Units : Million Baht

Text	Consolidated		The Company	
	2009	2008	2009	2008
Tax expense (income) from taxable profit for the period	16.47	122.44	(47.87)	59.09
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	674.96	(2,407.69)	669.58	(2,404.36)
Net tax expenses (tax income)	691.43	(2,285.25)	621.71	(2,345.27)

Tax credit arising from net losses which incurred in the fiscal year ended December 31, 2008 in accordance with P.N.D. 50 amounted to THB 15,722.63 million. In the fiscal year ended December 31, 2009, the Company exercised its tax benefit amount of THB 6,301.78 million, leaving the balance of unexercised tax credit amount of THB 9,420.85 million which can be exercised such tax benefit until the fiscal year ended December 31, 2013.

8.26 Investment Promotion

The Company received two investment promotion certificates, one certificate received on March 13, 2009 for acquisition of 6 Airbus A330-300 and another certificate received on November 19, 2009 for acquisition of 2 Airbus A330-300. The Company will gain a privilege for exemption from corporate income tax, which operated by such aircraft starting from the date of first revenues derived from the promoted activities. In the year 2009, the Company took delivery of 3 Airbus A330-300 aircraft on April 1, May 7 and July 29, 2009 as well as another 3 A330-300 aircraft having no economy class seats on December 23, 2009. Therefore, the Company can not utilize of such 3 aircraft. The Company will take a delivery of another 2 A330-300 aircraft in March 2010.

8.27 Earnings Per Share Consolidated and the Company

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

Consolidated For the years ended December 31, 2009 and 2008

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
Basic earnings per share						
Net Profits (losses) attributable to ordinary shareholders	7,343.58	(21,379.45)	1,698.90	1,698.90	4.32	(12.58)

The Company

For the years ended December 31, 2009 and 2008

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
Basic earnings per share						
Net Profits (losses) attributable to ordinary shareholders	7,417.41	(21,450.37)	1,698.90	1,698.90	4.37	(12.63)

8.28 Financial Information by Segment Consolidated

8.28.1 Business Segments

Statements of Income For the years ended December 31, 2009 and 2008

Units : Million Baht

	<u>Revenues</u>		<u>Inter - Segment Revenues</u>		<u>Total Revenues</u>		<u>Segment Results</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	Air transportation	153,827.36	191,072.45	-	-	153,827.36	191,072.45	8,828.44
Business Units	6,820.86	7,976.10	13,820.02	14,476.93	20,640.88	22,453.03	163.57	(1,066.75)
Other activities	954.52	1,069.44	355.06	400.27	1,309.58	1,469.71	415.83	296.95
Eliminations	-	-	(14,175.08)	(14,877.20)	-	-	-	-
Operating profits (losses)							9,407.84	(10,952.29)
Share of net profits (losses) from subsidiary and associated companies							(8.56)	(65.14)
Finance costs							(5,559.50)	(4,992.06)
Gains (losses) on foreign currency exchange							3,167.36	(4,471.39)
Other incomes (expenses)							1,100.11	(3,118.75)
Minority interests							(72.25)	(65.07)
Income taxes							(691.42)	2,285.25
Net profits (losses)							<u>7,343.58</u>	<u>(21,379.45)</u>

Assets and Liabilities As At December 31, 2009 and 2008

	<u>Current Assets</u>		<u>Non-Current Assets</u>		<u>Units : Million Baht Total Assets</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	Air transportation	43,935.86	38,522.83	213,270.14	207,180.40	257,206.00
Business Units	550.72	617.80	11,095.91	10,177.63	11,646.63	10,795.43
Other activities	705.70	651.14	39.67	54.96	745.37	706.10
Non-allocated assets	<u>2,096.09</u>	<u>2,330.18</u>	-	-	<u>2,096.09</u>	<u>2,330.18</u>
Total	<u>47,288.37</u>	<u>42,121.95</u>	<u>224,405.72</u>	<u>217,412.99</u>	<u>271,694.09</u>	<u>259,534.94</u>

	<u>Current Liabilities</u>		<u>Non-Current Liabilities</u>		<u>Units : Million Baht Total Liabilities</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	Air transportation	79,135.82	97,302.49	137,945.01	114,959.90	217,080.83
Business Units	957.91	885.35	50.94	109.72	1,008.85	995.07
Other activities	79.61	85.41	2.68	-	82.29	85.41
Non-allocated liabilities	<u>278.16</u>	<u>309.94</u>	-	-	<u>278.16</u>	<u>309.94</u>
Total	<u>80,451.50</u>	<u>98,583.19</u>	<u>137,998.63</u>	<u>115,069.62</u>	<u>218,450.13</u>	<u>213,652.81</u>

Segment results derive from segment revenues net of segment costs and operating expenses excluding interest expenses, gains (losses) on foreign currency exchange, other expenses, and income taxes.

Segment current and non-current assets are those operating assets that are employed by a segment in its operating activities.

Segment current and non-current liabilities are those operating liabilities that result from the operating activities of a segment.

The Company records inter-segment revenue transfers at market price charged to its unaffiliated customer net of discount. As for the Technical Department, the inter-segment revenue is recorded at cost plus. Those transfers are eliminated in consolidation.

8.28.2 Geographical Segments

	Units : Million Baht	
	<u>2009</u>	<u>2008</u>
Domestic Revenues		
Transportation	12,346.48	12,166.27
Business units	6,820.87	7,976.09
Other activities	<u>954.52</u>	<u>1,069.44</u>
Total domestic revenues	<u>20,121.87</u>	<u>21,211.80</u>
Foreign Transportation Revenues		
Regional Asia	54,194.31	62,604.95
Europe	40,548.81	49,164.40
North Pacific	2,347.40	5,249.29
Australia & New Zealand	13,831.45	16,931.35
Africa	<u>45.70</u>	<u>1,193.75</u>
Total foreign transportation revenues	<u>110,967.67</u>	<u>135,143.74</u>
Charter revenues and others	4,552.42	8,290.14
Insurance surcharge from passengers	2,403.13	2,466.56
Fuel surcharge from passengers	23,557.65	33,005.74
Interest income	178.07	493.29
Other income	<u>2,093.72</u>	<u>1,994.35</u>
Total	<u>163,874.53</u>	<u>202,605.62</u>

8.29 Staff Pension Fund Consolidated and the Company

The Company has established a staff pension fund, contributing 10% of employee salaries to the fund each month. The fund's assets, liabilities and balance are presented in the Company's balance sheet. Interest and expenses arising from fund operations are recognised as income and expenses of the Company. The details are as follows:

	Units : Million Baht	
	<u>2009</u>	<u>2008</u>
Current assets	4,727.32	4,760.27
Others	<u>22.13</u>	<u>66.33</u>
Total	<u>4,749.45</u>	<u>4,826.60</u>
Other current liabilities	40.84	48.62
Pension fund	<u>4,708.61</u>	<u>4,777.98</u>
Total	<u>4,749.45</u>	<u>4,826.60</u>

As at December 31, 2009, the fund balance was THB 4,708.61 million, equal to the Company's obligation to its staff under the fund. The total Company contribution to the fund in this fiscal year is THB 110.18 million, consisting of contributions at a rate equivalent to 10% of employee salaries in the amount of THB 239.31 million net of the amounts to match the Company's obligation of THB 129.13 million.

8.30 Staff Provident Fund

The Company contributes to the provident fund at the rate of 9% for members having not more than 20 years of services and 10% for members having more than 20 years of services, representing amount of THB 1,106.72 million in this fiscal year.

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

8.31 Contingent Liabilities

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

	Units : Million Baht	
	<u>2009</u>	<u>2008</u>
Letters of guarantee issued by banks – Domestic	135.91	3.25
Letters of guarantee issued by banks – Abroad	225.60	106.24
The Company as defendant in		
Labour dispute cases	1,667.80	1,658.09
Damage claims cases	<u>2,661.19</u>	<u>1,859.49</u>
Total	<u>4,690.50</u>	<u>3,627.07</u>

Moreover, the other contingent liabilities are as follows :

1. The Company still has the competition law infringement. A group of 35 cargo shippers have brought an action against the Company before the Civil Court of New York alleging that the Company jointly with other 38 airlines fixed fuel surcharge, war risk surcharge and other fees in violation of the Sherman Antitrust Act of 1890 and the Clayton Antitrust Act of 1914 and European Union laws causing damages to them. They sought the court's order for compensation by the Company.

2. A group of passengers has brought actions against the Company before the Civil Court in Los Angeles and San Francisco totally 19 cases alleging that conspiracy among 12 airlines to fix, maintain, and /or stabilize prices for long haul passenger transpacific flights to and from the United States (Price Fixing in respect of Transpacific carriers) in violation of the Sherman Antitrust Act of 1890 and the Clayton Antitrust Act of 1914. The Judicial Panel on Multi-district Litigation has ordered to combine the 19 cases to be considered by the court at San Francisco as a single case. In both cases (at the Civil Court of New York and at San Francisco) are civil class action where at the time of complaints, the Plaintiffs have not determined the amount of compensation and shall request to the courts later.

In both litigation, the Company has retained the expert law firms and has joined the Joint Defense Group. The cases are now being considered by the courts. The damages in both cases are yet to be determined until the Company would have been found guilty. In case that the courts rule that the Company is guilty, the courts shall determine the damages and compensations and penalty which, under the law, could be up to 3 times of the damages proven by the Plaintiffs. At present, the amount of the compensatory damages in the US. cases cannot be determined.

3. The Company received the Statement of Objections from the Commission of the European Communities alleging that the Company and other 27 airlines infringed the Treaty establishing the European Community (the EC Treaty) by coordinating pricing behavior in the provision of air freight services on a global basis with respect to the fuel surcharge, the security surcharge, the war surcharge, freight rates and the payment of commission to forwarders on surcharges causing damages to air freight shippers. The law sets forth penalty provisions in a fine of 30% of the turnover of freight service transport to and from and within EU in the preceding business year before decision times the number of years of infringement but not exceed 10% of the total worldwide turnover of a company in the preceding business year before decision. The Company has retained an expert law firm to take charges of the case. At present, the Company is not aware of the amount of the fine as to which turnover shall be calculated. The case is now being considered by the Commission. In case that the Commission considers that the Company is guilty, the Company shall be fined in what amount, and from which turnover, are yet to be determined.

4. The case where the New Zealand Commerce Commission (NZCC) has filed suit against the Company and other 13 airlines before the court at Auckland alleging that the Company jointly with other airlines fixed the fuel surcharge and security surcharge in violation of Commerce Act of New Zealand and requests the court to order to fine the Company according to the law, at the time of the suit was filed, the NZCC has not specified the amount of fine and compensation. The matters will be considered and judged by the court.

5. The investigation cases by the US. Department of Justice (DOJ) are now in the process of investigation, and subpoenas requiring for documents have been served to the Company. The Company has retained local lawyer to coordinate with the DOJ. The Company is not aware as to whether allegation is being sought.

6. The Company was investigated by the Australian Competition and Consumer Commission (ACCC) on October 28, 2009. The ACCC has filed suit against the Company alleging that the Company is in violation of the Trade Practices Act 1974. At the time of the filing, no fine nor compensation was requested yet.

7. The case where the Company was investigated by Republic of Korea Fair Trade Commission (KFTC) on October 29, 2009, the Company received the examiner's report alleging that the Company and its Manager, Cargoes and Mails, Republic of Korea are in violation of antitrust law.

The legal fees for the claimed and alleged cases and the coordination costs have been recorded as expenses for the fiscal year ended December 31, 2009 in the amount of THB 90.13 million. And for the potential damage costs, the Company has set a reserve for such costs in the fiscal year 2008 in the total amount of THB 4,290.17 million.

8.32 Disclosure of Financial Instruments The Company

8.32.1 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 in the present and the future.

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

Units : Million Baht

2009

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	
USD	4.31	862.15	846.27	-	2,374.62	1,340.67	-	5,423.71
JPY	1.32	3,411.08	9,753.05	3,696.24	-	-	-	16,860.37
EUR	1.57	4,364.82	18,876.44	24,343.21	1,416.37	5,982.83	4,530.24	59,513.91
THB	4.77	3,222.00	25,138.00	568.00	12,255.29	27,434.71	6,900.00	75,518.00
Total		11,860.05	54,613.76	28,607.45	16,046.28	34,758.21	11,430.24	157,315.99

Units : Million Baht

2008

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	
USD	5.89	850.25	1,788.22	-	1,231.29	2,720.59	-	6,590.35
JPY	0.96	3,002.59	10,636.29	1,930.67	3,508.27	-	-	19,077.82
EUR	4.48	3,639.66	15,617.08	21,739.38	1,429.81	6,039.56	6,267.41	54,732.90
THB	3.71	5,122.00	3,038.00	1,140.00	21,980.00	29,500.00	6,000.00	66,780.00
Total		12,614.50	31,079.59	24,810.05	28,149.37	38,260.15	12,267.41	147,181.07

For Interest Rate Risk Management, The Company applies a derivative financial instrument, Interest Rate Swap (IRS), to swap the floating interest rates which show high tendency to increase to fixed. As at December 31, 2009, the portion of the Company's debt after swap with floating to fixed interest rate is 50 : 50.

At the moment, the Company has the total of 6 IRS transactions, swapping debt with floating interest rate to one with fixed interest rate. Two of these transactions are in JPY currency, the remaining 4 in EUR. As at December 31, 2009, IRS transactions' total notional amount was THB 15,240.46 millions of which interest exchange payments are done quarterly. The two transactions in JPY currency will expire in 2013 and the four transactions in EUR currency will expire in 2017.

8.32.2 Foreign Currency Exchange Rate Risk

The Company generates revenues in more than 40 currencies, mainly in USD, THB, EUR and JPY while incurring liabilities mainly in 4 major currencies : EUR, THB, JPY and USD 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 Hedge” 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 statement. 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, 2009, the proportion of the Company’s debts after swap in each currency i.e. USD : EUR : JPY : THB is 2 : 39 : 11 : 48. Gradually, the Company also used hedging strategy named Forward Contracts, by providing various degrees of participation in favorable exchange rate movement to hedge our future obligation that has underlying exposures.

At present, the Company has 2 CCS transactions, swapping debt in USD currency with floating interest rate to EUR currency with fixed rate. As at December 31, 2009, the two CCS transactions’ total notional amount was THB 1,643.61 millions of which exchange payments, both principal and interest, are done quarterly. The two CCS transactions will expire in 2011.

Units : Million Baht						
<u>Foreign Currency Liabilities</u>						
<u>Currency</u>	<u>2009</u>			<u>2008</u>		
	<u>Due within 1 year</u>	<u>Due 1 to 5 years</u>	<u>Due over 5 years</u>	<u>Due within 1 year</u>	<u>Due 1 to 5 years</u>	<u>Due over 5 years</u>
USD	3,236.77	2,186.94	-	2,081.54	4,508.81	-
JPY	3,411.08	9,753.05	3,696.24	6,510.86	10,636.29	1,930.67
EUR	5,781.19	24,859.27	28,873.45	5,069.47	21,656.64	28,006.79

8.32.3 Fuel Price Risk

Fuel price fluctuation depends on supply and demand of global economic situation and political uncertainty worldwide. Fuel price has 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 shareholder 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 more than 50 percent of annual fuel consumption, whereby the tenor of each contract would be for a period of not more than one year. The Company selected a financial tool that was suitable for the market situation by establishing the lowest and highest prices of jet fuel, whereby the Company would incur the difference in USD currency, should the price of jet fuel falls below the lowest price. On the contrary, the Company would be compensated should the price of jet fuel rises higher than the highest price. In this fiscal year, the Company's hedge portion account to 17.05 percent of its annual fuel consumption. As at December 31, 2009, the Company still has are obligation from full hedging until June 2010 amount of 3.75 million barrels of Jet fuel whereby the average lowest and the highest jet fuel prices are at USD 74 per barrel and USD 100 per barrel, respectively.

8.32.4 Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing, independent parties with the freedom to bargain.

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

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

Investments in related companies not having market prices are stated at cost net of allowance of impairment. As for the investments in related companies having market prices are stated at closed market price of the Stock Exchange of Thailand.

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

Trade accounts receivable are stated at net book value net of allowances for doubtful accounts.

8.33 Airbus A330-300 Delivery

On December 23, 2009, the Company took the delivery of 3 Airbus A330-300 aircraft under finance leases. Such aircraft have not been in the Company's fleet and operated for commercial purpose because economy class seats have not been installed. The aircraft are under preservation awaiting for the seat installation in Bordeaux in France. The Company has an obligation for seat installation expenses amount of USD 480,000 or approximately THB 16.09 million, storage and maintenance of the aircraft in flight ready expenses for 6 months amount of USD 70,000 or approximately to THB 2.34 million, and monthly survey and parking fee for 6 months amount of USD 360,000 or approximately to THB 12.07 million, totalling to THB 30.50 millions which are recorded as expenses in this fiscal year ended December 31, 2009. For the preservation expenses and expenses for maintaining the aircraft to be in our airworthy condition at delivery amount of USD 537,000 or approximately to THB 18.00 million. At present, the Company and Airbus S.A.S agree to postpone the negotiation of said expenses prior to the 7th and 8th A330-300 delivery without installing economy seats which will be in March 2010.

The economy class seats, which were produced by Koito Industries Limited, have not been delivered for installation because Japanese Civil Aviation Bureau (JCAB) has not issued the Export Certificate of Airworthiness and European Aviation Safety Agency (EASA) has not approved to issue EASA Form for the seats in production to be installed on any Airbus aircraft. Due to the delay of installing the seats, the Company has sent Notice of Breach of General Terms Agreement between Koito and the Company and sued for the said expenses, which are incurred from the delay of economy seat deliveries to the Company. Due to uncertainty to deliver of the seats, the Company has decided to find another alternative solution by contacting the other economy seat manufacturers.

In respect to Loan Agreement which guaranteed by European Credit Agency (ECA), the Company will have to repay the loan if the economy seats are not installed in the aircraft within June 22, 2010, or the date that the Company requests and gets written approval from ECA facility agent.

8.34 Contractual Obligations

8.34.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase aircraft amount of THB 39,109.16 million consisting of 2 A330-300 aircraft expected to take delivery in March 2010 and 6 A380-800 expected to take delivery during the year 2012-2013.

8.34.2 Leases and obligations of aircraft

The Company has obligations from entering into operating leases amount of USD 171.88 million or approximately to THB 5,760.79 million (exchange rate USD 1 : THB 33.5168) consisting of 3 B737-400, 2 B777-200, and 2 A330-300 aircraft. These operating leases will be expired during the year 2014-2018.

8.35 Events After the Balance Sheet

8.35.1 On January 8, 2010, the Company repaid a short-term loan borrowed from the Ministry of Finance in the form of Euro Commercial Paper (ECP) amount of USD 33.30 million or approximately THB 1,116.11 million.

8.35.2 On February 5, 10 and 18, 2010, the Company repaid the short-term loans borrowed from the staff pension fund amount of THB 400.00 million, 300.00 million and 600.00 million, respectively.

8.35.3 On February 3, 2010 Engine Number 1 of a Boeing 747-400 registration HS - TGB Operating TG 116 caught on fire. The mentioned damage is on investigation which our insurer will indemnify the damage on the terms and conditions in Insurance Coverage.

8.36 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on February 23, 2010.
