

(UNOFFICIAL TRANSLATION)

REVIEWED REPORT OF AUDITOR

TO : THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has reviewed 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 June 30, 2010, and the related consolidated and the Company's statements of income for the three and six-month periods ended June 30, 2010 and 2009, changes in shareholders' equity, and cash flows for the six-month periods ended June 30, 2010 and 2009. 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 review.

The Office of the Auditor General of Thailand conducted the review in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General of Thailand plan and perform the review to obtain reasonable assurance about whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical comparison of financial data and thus provides less assurance than an audit according to Generally Accepted Accounting Standards. Therefore, the Office of the Auditor General of Thailand does not express an opinion to these reviewed financial statements.

Based on this review, nothing has come to the Office of the Auditor General's attention that causes its to believe that these accompanying consolidated and the Company balance sheets are not presented fairly, in all material respects, in accordance with the Generally Accepted Accounting Principles.

The Office of the Auditor General of Thailand had audited the financial statements for the year ended December 31, 2009 of Thai Airways International Public Company Limited and its subsidiary in conformity with the Generally Accepted Accounting Standards and expressed an unqualified opinion according to the report dated February 23, 2010. The consolidated and the Company balance sheets as at December 31, 2009, presented here to compare, are one part of the financial statements which were audited and reported by the Office of the Auditor General of Thailand without applying other auditing methods after the date in those reports.

Without qualifying an opinion on these financial statements, the office of the Auditor General of Thailand would like to draw attention to :

1. Note to the financial statement No. 3.20.2, Contingent Liabilities

In respect of the case that the Company has been alleged and filed suit in violation of the competition law infringement. The Company has already recognized the contingent liabilities in the financial statement amount of THB 4,290.17 million which may materially differ from the real amount.

2. Note to the financial statement No. 3.21, Airbus A330-300 Delivery

The Company took the delivery of 5 Airbus A330-300 aircraft under finance leases which economy class seats have not been installed. The Company may have to repay the loan if the economy class seats have not been installed in the aircraft on time.

(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 JUNE 30, 2010 AND DECEMBER 31, 2009

Units : Baht

	<u>Notes</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
		<u>30-Jun-10</u> (unaudited) (reviewed)	<u>31-Dec-09</u> (audited)	<u>30-Jun-10</u> (unaudited) (reviewed)	<u>31-Dec-09</u> (audited)
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	3.1	9,857,873,091	14,299,680,924	9,834,239,106	14,064,775,967
Temporary investments		549,225,461	350,000,000	-	-
Trade accounts receivable, net	3.2	14,109,123,838	15,307,562,527	14,087,536,339	15,229,390,710
Inventories and supplies, net		6,725,233,007	6,197,959,528	6,725,233,007	6,197,959,528
Prepaid expenses and deposits		5,167,927,104	4,460,219,285	5,160,136,507	4,454,258,206
Other current assets	3.3	7,526,993,652	6,672,942,805	7,491,696,055	6,636,287,703
<b>Total Current Assets</b>		<b>43,936,376,153</b>	<b>47,288,365,069</b>	<b>43,298,841,014</b>	<b>46,582,672,114</b>
<b>Non-Current Assets</b>					
Investment in associates	3.4.1	1,332,671,960	1,240,961,713	723,520,500	723,520,500
Investment in subsidiary	3.4.1	-	-	8,250,000	8,250,000
Other long-term investments	3.4.2	84,443,593	86,413,463	84,443,593	86,413,463
Property, plant and equipment, net	3.6	209,458,474,130	213,505,196,888	209,441,244,137	213,483,314,774
Intangible assets, net	3.7	515,829,644	651,908,453	511,072,917	646,822,436
Assets for sales		826,905,825	883,280,235	826,905,825	883,280,235
Deferred income tax assets	3.8	5,672,739,174	5,730,814,300	5,659,928,690	5,718,494,474
Other non-current assets	3.9	2,361,954,943	2,307,147,036	2,361,581,130	2,306,773,221
<b>Total Non-Current Assets</b>		<b>220,253,019,269</b>	<b>224,405,722,088</b>	<b>219,616,946,792</b>	<b>223,856,869,103</b>
<b>Total Assets</b>		<b>264,189,395,422</b>	<b>271,694,087,157</b>	<b>262,915,787,806</b>	<b>270,439,541,217</b>

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

AS AT JUNE 30, 2010 AND DECEMBER 31, 2009

		<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>Notes</u>	<u>30-Jun-10</u> <u>(unaudited)</u> <u>(reviewed)</u>	<u>31-Dec-09</u> <u>(audited)</u>	<u>30-Jun-10</u> <u>(unaudited)</u> <u>(reviewed)</u>	<u>31-Dec-09</u> <u>(audited)</u>
<b>Units : Baht</b>					
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Trade accounts payable		6,728,512,323	6,584,444,469	6,718,344,110	6,579,114,979
Current portion of long-term liabilities					
Debentures		13,500,000,000	10,955,290,000	13,500,000,000	10,955,290,000
Long-term loans from related parties	3.5.1.2	2,072,000,000	2,072,000,000	2,072,000,000	2,072,000,000
Long-term loans from others		1,650,000,000	400,000,000	1,650,000,000	400,000,000
Liabilities under finance leases		10,108,065,882	11,312,930,437	10,108,065,882	11,312,930,437
Promissory notes from related parties	3.5.1.3	175,000,000	500,000,000	175,000,000	500,000,000
Promissory notes from others		50,000,000	250,000,000	50,000,000	250,000,000
Short-term loans from related parties	3.5.1.1	-	1,116,109,440	-	1,116,109,440
Short-term provisions		458,200,000	458,200,000	458,200,000	458,200,000
Other current liabilities					
Accrued expenses		12,335,843,165	13,629,235,002	12,319,791,595	13,607,050,871
Accrued dividends		72,681,003	70,615,864	72,681,003	70,615,864
Accrued income taxes		951,239,977	32,134,145	923,971,912	-
Unearned transportation revenues		23,192,771,548	24,950,135,646	23,192,771,548	24,950,135,646
Deferred income		1,250,632,455	1,979,762,723	1,250,632,455	1,979,762,723
Others		5,934,739,567	6,140,671,214	5,911,813,922	6,116,204,661
<b>Total Current Liabilities</b>		<b>78,479,685,920</b>	<b>80,451,528,940</b>	<b>78,403,272,427</b>	<b>80,367,414,621</b>
<b>Non-Current Liabilities</b>					
Long-term liabilities					
Debentures		23,334,710,000	29,334,710,000	23,334,710,000	29,334,710,000
Long-term loans from related parties	3.5.1.2	8,373,456,000	9,446,672,000	8,373,456,000	9,446,672,000
Long-term loans from others		21,150,000,000	22,600,000,000	21,150,000,000	22,600,000,000
Liabilities under finance leases		59,030,308,660	68,028,272,475	59,030,308,660	68,028,272,475
Staff pension fund	3.18	4,873,532,225	4,708,607,486	4,873,532,225	4,708,607,486
Long-term provisions		3,881,956,949	3,880,336,949	3,880,336,949	3,880,336,949
<b>Total Non-Current Liabilities</b>		<b>120,643,963,834</b>	<b>137,998,598,910</b>	<b>120,642,343,834</b>	<b>137,998,598,910</b>
<b>Total Liabilities</b>		<b>199,123,649,754</b>	<b>218,450,127,850</b>	<b>199,045,616,261</b>	<b>218,366,013,531</b>
<b>Shareholders' Equity</b>					
Share capital	3.11				
Authorized					
2,698.90 million ordinary shares par value of Baht 10 each		26,989,009,500	-	26,989,009,500	-
1,700.00 million ordinary shares par value of Baht 10 each		-	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		1,700,000,000	1,700,000,000	1,700,000,000	1,700,000,000
Unappropriated		30,471,508,192	18,619,766,346	29,543,536,767	17,746,892,908
<b>Total Company Shareholders' Equity</b>		<b>64,798,142,970</b>	<b>52,946,401,124</b>	<b>63,870,171,545</b>	<b>52,073,527,686</b>
<b>Minority Interests</b>		<b>267,602,698</b>	<b>297,558,183</b>	<b>-</b>	<b>-</b>
<b>Total Shareholders' Equity</b>		<b>65,065,745,668</b>	<b>53,243,959,307</b>	<b>63,870,171,545</b>	<b>52,073,527,686</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>264,189,395,422</b>	<b>271,694,087,157</b>	<b>262,915,787,806</b>	<b>270,439,541,217</b>

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 INCOME**

**For the three - month periods ended June 30, 2010 and 2009**

Units : Baht

	Notes	CONSOLIDATED		THE COMPANY	
		2010	2009	2010	2009
<b>Revenues</b>					
<b>Revenues from Sale or revenues from Services</b>					
Passenger and excess baggage		29,878,711,401	28,262,037,966	29,878,711,401	28,262,037,966
Freight		6,992,897,278	4,010,037,505	6,992,897,278	4,010,037,505
Mail		186,104,460	185,217,364	186,104,460	185,217,364
Other activities		1,701,332,843	1,904,625,829	1,638,102,285	1,827,430,339
<b>Total Revenues from Sale or revenues from Services</b>		<b>38,759,045,982</b>	<b>34,361,918,664</b>	<b>38,695,815,424</b>	<b>34,284,723,174</b>
<b>Other Income</b>					
Interest income		33,456,280	40,930,579	31,297,793	37,458,709
Other incomes	3.12	841,654,892	225,707,057	989,348,536	365,061,188
<b>Total Other Incomes</b>		<b>875,111,172</b>	<b>266,637,636</b>	<b>1,020,646,329</b>	<b>402,519,897</b>
<b>Total Revenues</b>		<b>39,634,157,154</b>	<b>34,628,556,300</b>	<b>39,716,461,753</b>	<b>34,687,243,071</b>
<b>Expenses</b>					
Fuel and oil		13,800,863,161	9,600,023,303	13,800,863,161	9,600,023,303
Personnel		7,410,632,288	6,836,894,084	7,402,215,297	6,822,733,453
Management benefit expenses	3.13	19,224,128	13,646,400	18,524,856	12,965,302
Flight service expenses		4,519,851,708	4,265,891,510	4,519,851,708	4,265,891,510
Crew expenses		1,233,637,456	1,279,175,395	1,233,637,456	1,279,175,395
Aircraft maintenance and overhaul costs		2,033,609,357	3,292,514,319	2,033,609,357	3,292,514,319
Depreciation and amortisation expenses		5,118,425,880	5,171,476,907	5,115,666,670	5,167,477,269
Lease of aircraft and spare parts		1,011,088,865	294,973,786	1,011,088,865	294,973,786
Inventories and supplies		2,062,387,842	2,110,076,478	2,062,387,842	2,110,076,478
Selling and advertising expenses		1,365,291,631	1,553,642,094	1,356,490,953	1,544,207,163
Insurance expenses		166,101,509	199,210,670	166,101,509	199,210,670
Impairment losses of assets		30,340,348	83,873,713	30,340,348	83,873,713
Other expenses	3.14	2,054,925,367	2,007,572,027	2,036,991,871	2,011,156,220
Losses (gains) on foreign currency exchange		(4,391,154,984)	1,821,576,603	(4,394,007,587)	1,822,089,444
<b>Total Expenses</b>		<b>36,435,224,556</b>	<b>38,530,547,289</b>	<b>36,393,762,306</b>	<b>38,506,368,025</b>
Share of profits of investments by the equity method		(175,743,322)	(31,095,108)	-	-
<b>Profits (losses) before Finance Costs and Income Tax Expenses</b>		<b>3,374,675,920</b>	<b>(3,870,895,881)</b>	<b>3,322,699,447</b>	<b>(3,819,124,954)</b>
Finance costs		1,263,025,614	1,422,634,901	1,263,025,614	1,422,634,901
<b>Profits (losses) before Income Tax Expenses</b>		<b>2,111,650,306</b>	<b>(5,293,530,782)</b>	<b>2,059,673,833</b>	<b>(5,241,759,855)</b>
Net tax expenses	3.15	551,913,368	92,488,437	544,608,456	75,381,102
<b>Net profits (losses)</b>		<b>1,559,736,938</b>	<b>(5,386,019,219)</b>	<b>1,515,065,377</b>	<b>(5,317,140,957)</b>
<b>Profits (losses) Attributable to:</b>					
Equity holders of the parent		1,552,442,803	(5,403,399,684)	1,515,065,377	(5,317,140,957)
Minority interest		7,294,135	17,380,465	-	-
		<b>1,559,736,938</b>	<b>(5,386,019,219)</b>	<b>1,515,065,377</b>	<b>(5,317,140,957)</b>
<b>Basic earnings per share</b>					
Net profits (losses) per share	3.16	0.91	(3.18)	0.89	(3.13)

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 INCOME**

For the six - month periods ended June 30, 2010 and 2009

Units : Baht

	Notes	CONSOLIDATED		THE COMPANY	
		2010	2009	2010	2009
<b>Revenues</b>					
<b>Revenues from Sale or revenues from Services</b>					
Passenger and excess baggage		70,509,849,034	62,926,827,293	70,509,849,034	62,926,827,293
Freight		13,018,259,563	7,695,283,409	13,018,259,563	7,695,283,409
Mail		413,827,242	391,859,627	413,827,242	391,859,627
Other activities		3,730,574,865	4,031,240,654	3,561,869,221	3,849,757,308
<b>Total Revenues from Sale or revenues from Services</b>		<b>87,672,510,704</b>	<b>75,045,210,983</b>	<b>87,503,805,060</b>	<b>74,863,727,637</b>
<b>Other Income</b>					
Interest income		64,103,842	114,640,689	59,196,193	105,710,620
Other incomes	3.12	1,703,092,170	738,915,347	1,850,937,104	878,956,380
<b>Total Other Incomes</b>		<b>1,767,196,012</b>	<b>853,556,036</b>	<b>1,910,133,297</b>	<b>984,667,000</b>
<b>Total Revenues</b>		<b>89,439,706,716</b>	<b>75,898,767,019</b>	<b>89,413,938,357</b>	<b>75,848,394,637</b>
<b>Expenses</b>					
Fuel and oil		28,092,386,150	20,535,622,694	28,092,386,150	20,535,622,694
Personnel		14,832,857,367	13,593,981,547	14,812,766,858	13,561,786,546
Management benefit expenses	3.13	36,241,025	27,826,564	35,336,294	26,923,535
Flight service expenses		9,508,012,356	8,458,103,561	9,508,012,356	8,458,103,561
Crew expenses		2,585,142,619	2,598,866,604	2,585,142,619	2,598,866,604
Aircraft maintenance and overhaul costs		4,782,512,444	5,038,243,064	4,782,512,444	5,038,243,064
Depreciation and amortisation expenses		10,333,651,872	10,244,939,596	10,328,121,911	10,235,712,579
Lease of aircraft and spare parts		1,508,730,234	710,171,301	1,508,730,234	710,171,301
Inventories and supplies		4,443,376,680	4,153,381,692	4,443,376,680	4,153,381,692
Selling and advertising expenses		2,963,775,501	2,953,793,421	2,945,882,150	2,936,534,120
Insurance expenses		330,177,681	395,871,956	330,177,681	395,871,956
Impairment losses of assets		118,608,745	170,971,644	118,608,745	170,971,644
Other expenses	3.14	4,135,354,597	4,192,698,099	4,103,132,595	4,177,183,552
Gains on foreign currency exchange		(10,089,650,061)	(2,787,957,661)	(10,098,261,653)	(2,787,574,769)
<b>Total Expenses</b>		<b>73,581,177,210</b>	<b>70,286,514,082</b>	<b>73,495,925,064</b>	<b>70,211,798,079</b>
Share of profits of investments by the equity method		(168,866,196)	(29,903,887)	-	-
<b>Profits before Finance Costs and Income Tax Expenses</b>		<b>16,027,395,702</b>	<b>5,642,156,824</b>	<b>15,918,013,293</b>	<b>5,636,596,558</b>
Finance costs		2,607,756,046	2,871,938,698	2,607,756,046	2,871,938,698
<b>Profits before Income Tax Expenses</b>		<b>13,419,639,656</b>	<b>2,770,218,126</b>	<b>13,310,257,247</b>	<b>2,764,657,860</b>
Net tax expenses	3.15	1,115,777,684	269,255,040	1,088,912,778	234,551,376
<b>Net profits</b>		<b>12,303,861,972</b>	<b>2,500,963,086</b>	<b>12,221,344,469</b>	<b>2,530,106,484</b>
<b>Profits Attributable to:</b>					
<b>Equity holders of the parent</b>		<b>12,276,442,457</b>	<b>2,465,165,883</b>	<b>12,221,344,469</b>	<b>2,530,106,484</b>
Minority interest		27,419,515	35,797,203	-	-
		<b>12,303,861,972</b>	<b>2,500,963,086</b>	<b>12,221,344,469</b>	<b>2,530,106,484</b>
<b>Basic earnings per share</b>					
Net profits per share	3.16	7.23	1.45	7.19	1.49

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

unaudited  
reviewed

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the six - month periods ended June 30, 2010 and 2009**

Units : Baht

CONSOLIDATED

<i>Note</i>	Equity holders of the parent				Minority Interest	Total
	Share Capital issued and fully paid	Premium on ordinary shares	Retained Earnings	Total Equity holders of the parent		
<b>Balance as at January 1, 2009</b>	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	-	-	2,465,165,883	2,465,165,883	35,797,203	2,500,963,086
<u>Less</u> Dividends paid	-	-	-	-	54,000,000	54,000,000
<b>Balance as at June 30, 2009</b>	<b>16,989,009,500</b>	<b>15,637,625,278</b>	<b>15,441,353,364</b>	<b>48,067,988,142</b>	<b>261,107,237</b>	<b>48,329,095,379</b>
<b>Balance as at January 1, 2010</b>	16,989,009,500	15,637,625,278	20,319,766,345	52,946,401,123	297,558,183	53,243,959,306
<u>Add</u> Net profits	-	-	12,276,442,457	12,276,442,457	27,419,515	12,303,861,972
<u>Less</u> Dividends paid	-	-	424,725,238	424,725,238	57,375,000	482,100,238
<u>Add</u> Dividends income	-	-	24,628	24,628	-	24,628
<b>Balance as at June 30, 2010</b>	<b>16,989,009,500</b>	<b>15,637,625,278</b>	<b>32,171,508,192</b>	<b>64,798,142,970</b>	<b>267,602,698</b>	<b>65,065,745,668</b>

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

unaudited

reviewed

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the six - month periods ended June 30, 2010 and 2009**

**Units : Baht**

**THE COMPANY**

<i>Note</i>	<b>Share Capital issued and fully paid</b>	<b>Premium on ordinary shares</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance as at January 1, 2009</b>	16,989,009,500	15,637,625,278	12,029,483,675	44,656,118,453
<u>Add</u> Net profits	-	-	2,530,106,484	2,530,106,484
<b>Balance as at June 30, 2009</b>	<b>16,989,009,500</b>	<b>15,637,625,278</b>	<b>14,559,590,159</b>	<b>47,186,224,937</b>
<b>Balance as at January 1, 2010</b>	16,989,009,500	15,637,625,278	19,446,892,908	52,073,527,686
<u>Add</u> Net profits	-	-	12,221,344,469	12,221,344,469
<u>Less</u> Dividends paid	-	-	424,725,238	424,725,238
<u>Add</u> Dividends income	-	-	24,628	24,628
<b>Balance as at June 30, 2010</b>	<b>16,989,009,500</b>	<b>15,637,625,278</b>	<b>31,243,536,767</b>	<b>63,870,171,545</b>

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 six - month periods ended June 30, 2010 and 2009**

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Units : Baht</b>				
<b>Cash Flows from Operating Activities</b>				
Profits before Income Tax expenses	13,419,639,656	2,770,218,126	13,310,257,247	2,764,657,860
Adjustment to reconcile net profit to cash provided by (paid from) operating activities :				
Depreciation and amortisation expenses	10,333,651,872	10,244,939,596	10,328,121,911	10,235,712,579
Dividends income	(35,000)	(297,500)	(147,315,950)	(138,894,125)
Income from investments by equity method	(168,866,196)	(29,903,887)	-	-
Interest income	(64,103,842)	(114,640,689)	(59,196,193)	(105,710,620)
Interest expenses	2,607,756,046	2,871,938,698	2,607,756,046	2,871,938,698
Gains on sales of assets	(2,666,755)	(227,947,824)	(2,666,755)	(227,938,885)
Other non - current liabilities	1,620,000	-	-	-
Gains on foreign currency exchange	(9,620,456,184)	(2,582,440,583)	(9,620,065,745)	(2,581,939,249)
Provision for obsolete inventories and supplies	54,860,700	8,681,207	54,860,700	8,681,207
Doubtful accounts	(52,210,374)	121,883,583	(52,000,500)	139,491,133
Impairment losses of assets	118,608,745	170,971,644	118,608,745	170,971,644
Operating profit before changes in operating assets and liabilities	16,627,798,668	13,233,402,371	16,538,359,506	13,136,970,242
Decrease (increase) in operating assets :				
Trade accounts receivable	990,942,049	1,427,195,837	933,810,810	1,401,465,554
Inventories and supplies	(582,134,178)	785,507,242	(582,134,178)	785,507,242
Prepaid expenses and deposits	(697,924,696)	(120,776,462)	(696,095,179)	(118,830,554)
Tax refund	(6,460,207)	12,609,965	(6,460,207)	12,609,965
Other current assets	(1,461,047,412)	1,032,194,232	(1,461,458,731)	1,033,659,227
Other assets	33,326,321	(14,827,996)	33,326,321	(14,827,996)
Deferred charges	(224,134,977)	(79,548,523)	(224,134,977)	(79,548,523)
Increase (decrease) in operating liabilities :				
Trade accounts payable	147,316,924	(932,819,456)	142,424,809	(933,233,597)
Accrued expenses and other current liabilities	(888,682,683)	(1,327,298,370)	(881,009,213)	(1,317,060,713)
Deferred income	(719,730,268)	-	(719,730,268)	-
Staff pension fund	164,924,739	76,317,653	164,924,739	76,317,653
Unearned transportation revenue	(1,993,382,961)	(5,222,377,823)	(1,993,382,961)	(5,222,377,823)
Payment of income tax	(138,596,726)	(136,550,794)	(106,375,083)	(102,259,461)
<b>Net Cash from Operating Activities</b>	<b>11,252,214,593</b>	<b>8,733,027,876</b>	<b>11,142,065,388</b>	<b>8,658,391,216</b>

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 six - month periods ended June 30, 2010 and 2009**

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Units : Baht</b>				
<b>Cash Flows from Investing Activities</b>				
Cash paid for acquisition of fixed assets	(1,837,307,045)	(10,698,879,742)	(1,836,758,495)	(10,698,005,171)
Cash paid for intangible assets	13,971,817	(31,825,880)	13,971,817	(30,638,080)
Cash received from transferring the rights for advance payment of aircraft and aircraft equipment	318,985,741	555,470,844	318,985,741	555,470,844
Cash received from sales of assets	2,418,637	250,812,500	2,418,637	250,802,920
Interest income	40,039,977	104,583,907	33,442,050	95,681,587
Dividends income	77,190,950	72,894,125	147,315,950	138,894,125
Temporary investments decrease (increase)	(199,969,554)	210,000,000	-	-
<b>Net Cash Used in Investing Activities</b>	<b>(1,584,669,477)</b>	<b>(9,536,944,246)</b>	<b>(1,320,624,300)</b>	<b>(9,687,793,775)</b>
<b>Cash Flows from Financing Activities</b>				
Cash received from debentures	-	4,790,000,000	-	4,790,000,000
Cash received from long-term loans	1,465,338,178	9,206,630,318	1,465,338,178	9,206,630,318
Cash paid for repayment of short-term loans	(1,116,109,440)	(2,585,089,410)	(1,116,109,440)	(2,585,089,410)
Cash paid for repayment of debenture	(3,455,290,000)	-	(3,455,290,000)	-
Cash paid for repayment of long-term loans	(6,943,171,599)	(5,578,607,597)	(6,943,171,599)	(5,578,607,597)
Cash paid for repayment of promissory notes	(525,000,000)	(525,000,000)	(525,000,000)	(525,000,000)
Cash paid for loan interest	(3,132,858,629)	(2,743,367,700)	(3,132,858,629)	(2,743,367,700)
Dividends paid	(422,635,470)	(183,279)	(422,635,470)	(183,279)
Dividends paid to minority interest	(57,375,000)	(54,000,000)	-	-
<b>Net Cash from (used in) Financing Activities</b>	<b>(14,187,101,960)</b>	<b>2,510,382,332</b>	<b>(14,129,726,960)</b>	<b>2,564,382,332</b>
Increase (decrease) in cash and cash equivalents	(4,519,556,844)	1,706,465,962	(4,308,285,872)	1,534,979,773
Effect from changing in exchange rate on cash and cash equivalents increase (decrease)	77,749,011	(75,452,441)	77,749,011	(75,452,441)
Cash and cash equivalents at the beginning of the periods	14,299,680,924	7,445,516,395	14,064,775,967	7,403,493,913
<b>Cash and Cash Equivalents at the End of the Periods</b>	<b>9,857,873,091</b>	<b>9,076,529,916</b>	<b>9,834,239,106</b>	<b>8,863,021,245</b>

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**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the three and six-month periods ended June 30, 2010 (unaudited, but reviewed)**  
**and for the year ended December 31, 2009 (audited)**

**1. BASIC OF FINANCIAL STATEMENT PREPARATION**

**1.1 Financial Statement 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.

**1.2 Interim Financial Statement Preparation**

The interim financial statements are prepared in accordance with Thai Accounting Standard No.34 "Interim Financial Statements"(revised in 2007),(No.41 old version). The Company presents items in the balance sheets, statements of income, changes in shareholders' equity and cash flows in the same format as the annual financial statements and discloses only significant additional information in the note to financial statements.

The preparation of these interim financial statements are intended to provide additional information to that included in the latest annual financial statements for the year ended December 31, 2009. Accordingly, the interim financial statements focus on supporting of new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

**1.3 Thai Accounting Standards, New Financial Reporting Standards and Revised Accounting Standards**

During the year 2010, the Federation of Accounting Professions (FAP) announced the revised Thai Accounting Standards, Financial Reporting Standards in which there are a renumbering of New Accounting Standards, which are effective for financial statements having accounting periods beginning on or after January 1, 2011 and January 1, 2013 and were not early adopted by the Company are as follows:

- Effective for accounting periods on or after January 1, 2011 onwards:  
Accounting Framework (revised 2009)
  - No.1 (revised 2009) Presentation of Financial Statements
  - No.2 (revised 2009) Inventories
  - No.7 (revised 2009) Cash Flow Statements
  - No.8 (revised 2009) Accounting Policies, Change in Accounting Estimates and Errors
  - No.10 (revised 2009) Events After the Reporting Period
  - No.11 (revised 2009) Construction Contracts
  - No.17 (revised 2009) Leases
  - No.23 (revised 2009) Borrowing Costs
  - No.24 (revised 2009) Related Party Disclosures
  - No.27 (revised 2009) Consolidated and Separate Financial Statements
  - No.28 (revised 2009) Investments in Associates
  - No.31 (revised 2009) Interests in Joint Ventures
  - No.33 (revised 2009) Earnings Per Share
  - No.34 (revised 2009) Interim Financial Reporting
  - No.36 (revised 2009) Impairment of Assets
  - No.37 (revised 2009) Provisions, Contingent Liabilities and Contingent Assets
  - No.38 (revised 2009) Intangible Assets
  - Financial Reporting Standards No.5 (revised 2009) Non-current Assets Held for Sale and Discontinued Operations
  - No.29 Financial Reporting Hyperinflationary Economies
  - Financial Reporting Standards No.6 Exploration for and Evaluation of Mineral Resources
  
- Effective for accounting periods on or after January 1, 2013 onwards:
  - No.20 (revised 2009) Accounting for Government Grants and Disclosure of Government Assistance
  - No.12 Income Taxes

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

#### **1.4 Effect of a Change in Accounting Policies**

The Company has changed its accounting policy for recording fixed assets by increasing a value of fixed asset per unit from THB 3,000 to THB 20,000 and up which became effective from January 1, 2010 onwards, in order to present the proper values of fixed assets in its financial statements. As a result, the Company's expenses increased in the three and six - month periods ended June 30, 2010 amount of THB 7.36 million and THB 10.94 million, respectively as compared with the previous accounting policy.

## 2. OPERATION ACCORDING TO THE LATER STAGE OF THE BUSINESS TURNAROUND PLAN

In completing the tasks as stipulated under the Immediate Business Turnaround Plan at the end of 2009, the later stage of the Business Turnaround Plan broadly outlines the strategy for the Company to compete in the longer term. From the guidelines, the Company has developed a comprehensive 5 year strategies (Corporate) Plans for 2010 through 2014 with focus placed on strengthening the Company and ensuring its ongoing success. The strategy was submitted and received approval from the Ministry of Transportation on March 4, 2010. The various plans are currently being executed and driven by the Respective Sub-Committees. A monthly progress report is made to the Strategic Committee on the developments of each strategy.

## 3. SUPPLEMENTARY INFORMATION

### 3.1 Cash and Cash Equivalents

	<b>Consolidated</b>		<b>Units : Million Baht The Company</b>	
	<b>30-Jun-10</b>	<b>31-Dec-09</b>	<b>30-Jun-10</b>	<b>31-Dec-09</b>
	Cash - Domestic	124.63	32.32	124.63
Cash - Abroad	25.89	25.20	25.89	25.20
Bank Deposits - Domestic	3,086.01	2,681.25	3,062.38	2,446.35
Bank Deposits - Abroad	<u>6,621.34</u>	<u>11,560.91</u>	<u>6,621.34</u>	<u>11,560.91</u>
<b>Total</b>	<b><u>9,857.87</u></b>	<b><u>14,299.68</u></b>	<b><u>9,834.24</u></b>	<b><u>14,064.78</u></b>

### 3.2 Trade Account Receivables, net

Trade accounts receivable are classified according to their stages of delinquency.

	<b>Consolidated</b>		<b>Units : Million Baht The Company</b>	
	<b>30-Jun-10</b>	<b>31-Dec-09</b>	<b>30-Jun-10</b>	<b>31-Dec-09</b>
	Period overdue			
Not over 6 months	14,083.83	15,259.04	14,062.22	15,180.76
Over 6 months to 1 year	81.55	84.37	81.55	84.82
Over 1 year to 2 years	123.62	224.10	123.72	223.62
Over 2 years	<u>1,449.02</u>	<u>1,421.79</u>	<u>1,420.17</u>	<u>1,392.93</u>
	15,738.02	16,989.30	15,687.66	16,882.13
<u>Less Allowance for doubtful accounts</u>	<u>(1,628.90)</u>	<u>(1,681.73)</u>	<u>(1,600.12)</u>	<u>(1,652.74)</u>
<b>Trade account receivables - net</b>	<b><u>14,109.12</u></b>	<b><u>15,307.57</u></b>	<b><u>14,087.54</u></b>	<b><u>15,229.39</u></b>

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.

### 3.3 Other Current Assets

	<b>Consolidated</b>		<b>Units : Million Baht The Company</b>	
	<b>30-Jun-10</b>	<b>31-Dec-09</b>	<b>30-Jun-10</b>	<b>31-Dec-09</b>
	Tax refund	225.31	218.85	225.31
Cash and bank deposits of pension fund	4,739.94	3,346.11	4,739.94	3,346.11
Others	<u>2,561.74</u>	<u>3,107.98</u>	<u>2,526.45</u>	<u>3,071.33</u>
<b>Total</b>	<b><u>7,526.99</u></b>	<b><u>6,672.94</u></b>	<b><u>7,491.70</u></b>	<b><u>6,636.29</u></b>

### 3.4 Investments

#### Consolidated

Units : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments for the six-month periods	
			Cost method		Equity method		30-Jun-10	30-Jun-09
	30-Jun-10	31-Dec-09	30-Jun-10	31-Dec-09	30-Jun-10	31-Dec-09	30-Jun-10	30-Jun-09
<b>3.4.1 Investments using the equity method</b>								
Royal Orchid Hotel (Thailand) Public Company Limited (Market value as at 30 Jun 10 amount of THB 596.25 million and as at 31 Dec 09 amount of THB 697.50 million)	24	24	225.00	225.00	239.73	248.14	(8.41)	7.69
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	120.24	158.48	(4.64)	(5.78)
Bangkok Aviation Fuel Services Public Company Limited (Market value as at 30 Jun 10 amount of THB 938.77 million and as at 31 Dec 09 amount of THB 921.49 million)	22.6	22.6	115.19	115.19	621.88	615.87	40.57	30.55
Phuket Air Catering Company Limited	30	30	30.00	30.00	109.48	88.50	29.98	27.09
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	116.67	129.97	(13.30)	(29.65)
Nok Airlines Company Limited <u>Less</u> Allowance for impairment of Nok Airlines Company Limited	39	39	195.00 (195.00)	195.00 (195.00)	124.67 -	- -	124.67 -	- -
<b>Total investments using the equity method</b>					<b><u>1,332.67</u></b>	<b><u>1,240.96</u></b>	<b><u>168.87</u></b>	<b><u>29.90</u></b>
<b>3.4.2 Other long-term investments stated at cost</b>								
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00			-	-
Aeronautical Radio of Thailand Limited	2.7	2.7	18.01	18.01			-	-
SITA Investment Certificate	-	-	32.39	33.32			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75			-	-
SITA Information Networking Computing	-	-	29.54	30.37			-	-
Other Shares	-	-	2.75	2.96			0.04	0.30
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Limited			(133.00)	(133.00)			-	-
<b>Total other long-term investments</b>			<b><u>84.44</u></b>	<b><u>86.41</u></b>			<b><u>0.04</u></b>	<b><u>0.30</u></b>

## The Company

Units : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income for the six - month periods	
			Cost method			
	30-Jun-10	31-Dec-09	30-Jun-10	31-Dec-09	30-Jun-10	30-Jun-09
<b>3.4.1 Investments using the cost method</b>						
<b>Subsidiary Company</b>						
Thai-Amadeus Southeast Asia Company Limited	55	55	<u>8.25</u>	<u>8.25</u>	<u>70.12</u>	<u>66.00</u>
<b>Associated Companies</b>						
Royal Orchid Hotel (Thailand) Public Company Limited (Market value as at 30 Jun 10 amount of THB 596.25 million and as at 31 Dec 09 amount of THB 697.50 million)	24	24	225.00	225.00	-	18.00
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	33.60	16.80
Bangkok Aviation Fuel Services Public Company Limited (Market value as at 30 Jun 10 amount of THB 938.77 million and as at 31 Dec 09 amount of THB 921.49 million)	22.6	22.6	115.19	115.19	34.56	28.80
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)	-	-
<b>Total</b>			<u>723.52</u>	<u>723.52</u>	<u>77.16</u>	<u>72.60</u>
<b>Total investments using the cost method</b>			<u>731.77</u>	<u>731.77</u>	<u>147.28</u>	<u>138.60</u>
<b>3.4.2 Other long-term investments stated at cost</b>						
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00	-	-
Aeronautical Radio of Thailand Limited	2.7	2.7	18.01	18.01	-	-
SITA Investment Certificate	-	-	32.39	33.32	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75	-	-
SITA Information Networking Computing	-	-	29.54	30.37	-	-
Other Shares	-	-	2.75	2.96	0.04	0.30
Less Allowance for impairment of Fuel Pipeline Transportation Limited			(133.00)	(133.00)	-	-
<b>Total other long-term investments</b>			<u>84.44</u>	<u>86.41</u>	<u>0.04</u>	<u>0.30</u>

### 3.4.3 Financial Data Summary of Subsidiary and Associated Companies

Name of Company	Units : Million Baht			
	Assets	Liabilities	Income	Gains (Losses)
<b><u>Subsidiary Company</u></b>				
Thai-Amadeus Southeast Asia Company Limited	673.28	78.61	165.53	60.93
<b><u>Associated Companies</u></b>				
Royal Orchid Hotel (Thailand) Public Company Limited	1,865.77	866.91	254.16	(2.50)
Donmuang International Airport Hotel Company Limited	428.73	44.12	46.17	(6.74)
Bangkok Aviation Fuel Services Public Company Limited	5,491.19	2,585.31	471.97	142.32
Phuket Air Catering Company Limited	439.88	44.94	156.15	87.21
Suvarnabhumi Airport Hotel Company Limited	1,955.22	1,566.32	350.83	(44.33)
Nok Airlines Company Limited	884.56	564.91	953.42	184.48

The Company used the financial statements of associated companies as at March 31, 2010 to record the investment by equity method in the consolidated financial statements and by cost method in the Company's financial statements. Because the associated companies cannot submit their financial statements to the Company in time for accounting closing. This was no material impact to the Company.

### 3.5 Related Parties The Company

#### 3.5.1 Major Shareholders

##### 3.5.1.1 Short-term loans from related parties

	Units : Million Baht	
	30-Jun-10	31-Dec-09
Foreign loans via the Ministry of Finance	-	1,116.11

##### 3.5.1.2 Long-term loans from related parties

	Units : Million Baht	
	30-Jun-10	31-Dec-09
Foreign loans via the Ministry of Finance	1,303.46	1,340.67
Government Saving Bank	7,392.00	8,178.00
Islamic Bank of Thailand	<u>1,750.00</u>	<u>2,000.00</u>
<b>Total</b>	<b><u>10,445.46</u></b>	<b><u>11,518.67</u></b>

##### 3.5.1.3 Promissory notes from related parties

	Units : Million Baht	
	30-Jun-10	31-Dec-09
Government Saving Bank	175.00	500.00

### 3.5.2 Subsidiary Company

#### 3.5.2.1 Related sales and purchases of goods and services

**Units : Million Baht**

Thai - Amadeus Southeast Asia Company Limited	The three-month periods				The six-month periods			
	Apr-Jun'10		Apr-Jun'09		Jan-Jun'10		Jan-Jun'09	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
	0.78	-	0.81	-	1.64	-	2.04	-

#### 3.5.2.2 Related receivables and payables

**Units : Million Baht**

Thai-Amadeus Southeast Asia Company Limited	30-Jun-10		31-Dec-09	
	Account Receivables	Account Payables	Account Receivables	Account Payables
	0.57	-	0.29	-

### 3.5.3 Associated Companies

#### 3.5.3.1 Related sales and purchases of goods and services

**Units : Million Baht**

	The three-month periods				The six-month periods			
	Apr-Jun'10		Apr-Jun'09		Jan-Jun'10		Jan-Jun'09	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.05	-	1.43	-	2.52	-	4.72
Donmuang International Airport Hotel Company Limited	-	0.11	-	0.29	-	0.32	-	0.72
Bangkok Aviation Fuel Services Public Company Limited	0.01	86.90	0.01	85.64	0.02	183.16	0.03	171.91
Phuket Air Catering Company Limited	0.68	2.23	0.77	0.68	1.55	3.54	1.70	1.71
Suvarnabhumi Airport Hotel Company Limited	-	2.02	-	10.65	-	14.16	-	23.00
Nok Airlines Company Limited	440.74	-	219.49	-	793.20	-	425.64	-

#### 3.5.3.2 Related receivables and payables

**Units : Million Baht**

	30-Jun-10		31-Dec-09	
	Account Receivables	Account Payables	Account Receivables	Account Payables
	Royal Orchid Hotel (Thailand) Public Company Limited	-	0.38	-
Donmuang International Airport Hotel Company Limited	-	0.42	-	0.03
Bangkok Aviation Fuel Services Public Company Limited	0.01	29.07	0.01	37.14
Phuket Air Catering Company Limited	0.22	1.33	0.22	0.77
Suvarnabhumi Airport Hotel Company Limited	-	0.85	-	-
Nok Airlines Company Limited	148.25	-	122.28	-

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



### 3.6 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
<b>Cost</b>						
As at January 1, 2010	141,512.15	171,315.11	31,100.48	18,861.34	29,594.62	<b>392,383.70</b>
- Adjust/Transfers	(3,125.03)	3,196.40	(53.76)	17.90	262.44	<b>297.95</b>
- Additions	279.52	4,968.45	922.24	29.48	(296.34)	<b>5,903.35</b>
- Disposals	(138.70)	(33.12)	(420.04)	(35.78)	(155.79)	<b>(783.43)</b>
As at June 30, 2010	<b>138,527.94</b>	<b>179,446.84</b>	<b>31,548.92</b>	<b>18,872.94</b>	<b>29,404.93</b>	<b>397,801.57</b>
<b>Impairment Allowance</b>	950.40	3,475.19	-	-	-	<b>4,425.59</b>
<b>Accumulated depreciation</b>						
As at January 1, 2010	78,309.40	43,509.96	20,655.57	10,273.49	21,704.50	<b>174,452.92</b>
- Depreciation	3,181.12	4,676.41	982.17	347.33	977.77	<b>10,164.80</b>
- Adjust/Transfers	(56.37)	-	(34.74)	-	34.33	<b>(56.78)</b>
- Disposals	(138.70)	(33.12)	(298.67)	(28.52)	(144.42)	<b>(643.43)</b>
As at June 30, 2010	<b>82,245.85</b>	<b>51,628.44</b>	<b>21,304.33</b>	<b>10,592.30</b>	<b>22,572.18</b>	<b>188,343.10</b>
<b>Net book value</b>						
As at December 31, 2009	<b>62,252.35</b>	<b>124,329.96</b>	<b>10,444.91</b>	<b>8,587.85</b>	<b>7,890.12</b>	<b>213,505.19</b>
As at June 30, 2010	<b>56,282.09</b>	<b>127,818.40</b>	<b>10,244.59</b>	<b>8,280.64</b>	<b>6,832.75</b>	<b>209,458.47</b>

#### The Company

Units : Million Baht

	Aircraft	Aircraft under finance leases	Aircraft spare parts	Land, buildings and Improvements	Other plant and equipment	Total
<b>Cost</b>						
As at January 1, 2010	141,512.15	171,315.11	31,100.48	18,861.34	29,382.57	<b>392,171.65</b>
- Adjust/Transfers	(3,125.03)	3,196.40	(53.76)	17.90	262.44	<b>297.95</b>
- Additions	279.52	4,968.45	922.24	29.48	(296.89)	<b>5,902.80</b>
- Disposals	(138.70)	(33.12)	(420.04)	(35.78)	(155.79)	<b>(783.43)</b>
As at June 30, 2010	<b>138,527.94</b>	<b>179,446.84</b>	<b>31,548.92</b>	<b>18,872.94</b>	<b>29,192.33</b>	<b>397,588.97</b>
<b>Impairment Allowance</b>	950.40	3,475.19	-	-	-	<b>4,425.59</b>
<b>Accumulated depreciation</b>						
As at January 1, 2010	78,309.40	43,509.96	20,655.57	10,273.49	21,514.33	<b>174,262.75</b>
- Depreciation	3,181.12	4,676.41	982.17	347.33	972.57	<b>10,159.60</b>
- Adjust/Transfers	(56.37)	-	(34.74)	-	34.33	<b>(56.78)</b>
- Disposals	(138.70)	(33.12)	(298.67)	(28.52)	(144.42)	<b>(643.43)</b>
As at June 30, 2010	<b>82,245.85</b>	<b>51,628.44</b>	<b>21,304.33</b>	<b>10,592.30</b>	<b>22,376.81</b>	<b>188,147.73</b>
<b>Net book value</b>						
As at December 31, 2009	<b>62,252.35</b>	<b>124,329.96</b>	<b>10,444.91</b>	<b>8,587.85</b>	<b>7,868.24</b>	<b>213,483.31</b>
As at June 30, 2010	<b>56,282.09</b>	<b>127,818.40</b>	<b>10,244.59</b>	<b>8,280.64</b>	<b>6,815.52</b>	<b>209,441.24</b>

In this period, there are 95 aircraft in the Company's fleet consisting of 51 own aircraft, 34 aircraft under finance leases according to Note to financial statement no. 3.21 and 10 aircraft under operating leases (including 3 B777-300ER aircraft leased from JET AIRWAYS).

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

Other plants and equipment-net amount of THB 6,832.75 million (consolidated) and THB 6,815.52 million (the Company).

The Company uses buildings and equipment amount of THB 48,063.96 million that are now fully depreciated including the leasehold buildings amount of THB 3,918.79 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 4,027.20 million.

### 3.7 Intangible Assets, net

	Units : Million Baht	
	<b>Consolidated</b>	<b>The Company</b>
<b>Cost</b>		
As at January 1, 2010	1,308.14	1,301.42
- Additions	(14.17)	(14.17)
As at June 30, 2010	1,293.97	1,287.25
<b>Accumulated amortisation</b>		
As at January 1, 2010	656.23	654.60
- Amortisation	121.91	121.58
As at June 30, 2010	778.14	776.18
<b>Net book value</b>		
As at December 31, 2009	<b>651.91</b>	<b>646.82</b>
As at June 30, 2010	<b>515.83</b>	<b>511.07</b>

### 3.8 Deferred Income Taxes Assets

	<b>Consolidated</b>		<b>Units : Million Baht The Company</b>	
	<b>30-Jun-10</b>	<b>31-Dec-09</b>	<b>30-Jun-10</b>	<b>31-Dec-09</b>
	Contribution to staff pension fund	1,001.70	964.30	1,001.70
Allowance for obsolete inventories	611.09	594.74	611.09	594.74
Allowance for doubtful accounts	544.64	560.62	536.01	551.92
Allowance for impairment in value of assets	1,501.10	1,645.15	1,501.10	1,645.15
Estimated accrual expenses	1,842.04	1,795.93	1,841.55	1,795.93
Frequent flyer program (ROP)	-	13.11	-	13.11
Loss on foreign currency exchange	134.21	134.31	134.21	134.31
Others	<u>37.96</u>	<u>22.65</u>	<u>34.27</u>	<u>19.03</u>
<b>Total</b>	<b><u>5,672.74</u></b>	<b><u>5,730.81</u></b>	<b><u>5,659.93</u></b>	<b><u>5,718.49</u></b>

### 3.9 Other Non-Current Assets

	<b>Consolidated</b>		<b>Units : Million Baht The Company</b>	
	<b>30-Jun-10</b>	<b>31-Dec-09</b>	<b>30-Jun-10</b>	<b>31-Dec-09</b>
	Deferred charges	2,026.70	1,940.15	2,026.70
Others	<u>335.25</u>	<u>367.00</u>	<u>334.88</u>	<u>366.62</u>
<b>Total</b>	<b><u>2,361.95</u></b>	<b><u>2,307.15</u></b>	<b><u>2,361.58</u></b>	<b><u>2,306.77</u></b>

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

### 3.10 Dividends payment the Company

According to the Resolution of the 2010 Annual General Shareholders' Meeting held on April 28, 2010 approved the Company to pay the dividend for the year 2009 operating result to the shareholders of 1,698.90 million shares at THB 0.25 per share amounting to THB 424.73 million. But the Company paid the dividends amount of THB 424.70 million because there are 98,512 nominee shares having no rights to receive the dividend amount of THB 0.03 million.

### 3.11 Share Capital

On April 28, 2010, the Annual General Shareholders' Meeting 2010 approved the Company to decrease its registered share capital by canceling the 1.10 million unoffered registered shares, totalling to THB 10.99 million and to increase in the registered share capital by issuing and offering 1,000 million new ordinary shares to the public and the Ministry of Finance at the same price. Still, the Ministry of Finance is the major shareholder holding at 51.03% of the total paid-up share capital.

On June 3, 2010, the Company has registered 1,000 million additional ordinary shares at par value of THB 10 each, totalling to 2,698.90 million authorized ordinary shares or THB 26,989.01 million. As a result, the Company has authorized ordinary shares as at June 30, 2010 amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.01 million, issued and paid-up ordinary shares amount of THB 16,989.01 million.

### 3.12 Other Incomes

Units : Million Baht

Text	Consolidated			
	For the three-month periods		For the six-month periods	
	Apr-Jun'10	Apr-Jun'09	Jan-Jun'10	Jan-Jun'09
Gains on sales of assets	1.61	1.70	2.67	227.94
Revenue from other services of Aircraft Maintenance Department	57.80	91.18	137.87	178.65
Revenue from airport fees collected from passengers	267.20	61.81	534.40	123.62
Compensation revenue from the delay delivery of aircraft	366.58	-	719.73	-
Other incomes	148.46	71.02	308.42	208.71
<b>Total</b>	<b>841.65</b>	<b>225.71</b>	<b>1,703.09</b>	<b>738.92</b>

Units : Million Baht

Text	The Company			
	For the three-month periods		For the six-month periods	
	Apr-Jun'10	Apr-Jun'09	Jan-Jun'10	Jan-Jun'09
Gains on sales of assets	1.61	1.70	2.67	227.94
Dividend from subsidiary and associated companies	147.28	138.60	147.28	138.60
Revenue from other services of Aircraft Maintenance Department	57.80	91.18	137.87	178.65
Revenue from airport fees collected from passengers	267.20	61.81	534.40	123.62
Compensation revenue from the delay delivery of aircraft	366.58	-	719.73	-
Other incomes	148.88	71.77	308.99	210.15
<b>Total</b>	<b>989.35</b>	<b>365.06</b>	<b>1,850.94</b>	<b>878.96</b>

### 3.13 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.

Text	Units : Million Baht			
	Consolidated			
	For the three-month periods		For the six-month periods	
	Apr-Jun'10	Apr-Jun'09	Jan-Jun'10	Jan-Jun'09
Board of Directors' benefit expenses	5.70	3.89	9.16	7.97
Executives' benefit expenses	13.52	9.76	27.08	19.86
<b>Total</b>	<b>19.22</b>	<b>13.65</b>	<b>36.24</b>	<b>27.83</b>

Text	Units : Million Baht			
	The Company			
	For the three-month periods		For the six-month periods	
	Apr-Jun'10	Apr-Jun'09	Jan-Jun'10	Jan-Jun'09
Board of Directors' benefit expenses	5.00	3.21	8.26	7.06
Executives' benefit expenses	13.52	9.76	27.08	19.86
<b>Total</b>	<b>18.52</b>	<b>12.97</b>	<b>35.34</b>	<b>26.92</b>

Moreover, the Directors of the Company obtain the ticket benefits. For the six-month periods ended June 30, 2010 and 2009, they issued the tickets for themselves and their related parties amount of 89 and 121 tickets with the value of THB 10.79 million and 16.42 million, respectively, calculating from the full fare tickets in those traveling classes.

### 3.14 Other Expenses

Text	Units : Million Baht			
	Consolidated			
	For the three-month periods		For the six-month periods	
	Apr-Jun'10	Apr-Jun'09	Jan-Jun'10	Jan-Jun'09
Rentals and utilities	706.45	670.17	1,408.88	1,410.48
Office supplies	56.24	57.58	123.86	120.24
Repair of building and equipment	111.54	97.27	222.89	184.92
Outsource services	257.79	304.63	486.85	567.78
Consultant and service fees	141.36	107.47	255.93	196.03
Legal fee for Antitrust/ Competition Law	56.87	10.21	133.53	21.94
Computer service expenses	115.46	81.75	197.14	197.71
Travelling and transportation expenses	135.26	146.40	273.64	284.08
Concession fees	57.37	31.17	141.97	124.36
Passenger claim expenses	98.19	71.62	191.29	132.03
Others	318.39	429.30	699.37	953.13
<b>Total</b>	<b>2,054.92</b>	<b>2,007.57</b>	<b>4,135.35</b>	<b>4,192.70</b>

**Units : Million Baht**

<b>Text</b>	<b>The Company</b>			
	<b>For the three-month periods</b>		<b>For the six-month periods</b>	
	<b>Apr-Jun'10</b>	<b>Apr-Jun'09</b>	<b>Jan-Jun'10</b>	<b>Jan-Jun'09</b>
Rentals and utilities	706.45	670.17	1,408.88	1,410.48
Office supplies	56.24	57.58	123.86	120.24
Repair of building and equipment	111.54	97.27	222.89	184.92
Outsource services	257.79	304.63	486.85	567.78
Consultant and service fees	141.36	107.47	255.93	196.03
Legal fee for Antitrust/ Competition Law	56.87	10.21	133.53	21.94
Computer service expenses	115.46	81.75	197.14	197.71
Travelling and transportation expenses	135.26	146.40	273.64	284.08
Concession fees	57.37	31.17	141.97	124.36
Passenger claim expenses	98.19	71.62	191.29	132.03
Others	300.46	432.89	667.15	937.61
<b>Total</b>	<b>2,036.99</b>	<b>2,011.16</b>	<b>4,103.13</b>	<b>4,177.18</b>

### 3.15 Net Tax Expenses

**Units : Million Baht**

<b>Text</b>	<b>Consolidated</b>			
	<b>For the three-month periods</b>		<b>For the six-month periods</b>	
	<b>Apr-Jun'10</b>	<b>Apr-Jun'09</b>	<b>Jan-Jun'10</b>	<b>Jan-Jun'09</b>
Tax expense from taxable profit for the period	438.33	21.24	1,057.70	51.54
<u>Add:</u> deferred tax asset/ liability from temporary different increase/ decrease	113.58	71.25	58.08	217.72
<b>Net tax expenses</b>	<b>551.91</b>	<b>92.49</b>	<b>1,115.78</b>	<b>269.26</b>

**Units : Million Baht**

<b>Text</b>	<b>The Company</b>			
	<b>For the three-month periods</b>		<b>For the six-month periods</b>	
	<b>Apr-Jun'10</b>	<b>Apr-Jun'09</b>	<b>Jan-Jun'10</b>	<b>Jan-Jun'09</b>
Tax expense from taxable profit for the period	430.63	10.44	1,030.35	22.12
<u>Add:</u> deferred tax asset/ liability from temporary different increase/ decrease	113.98	64.94	58.56	212.43
<b>Net tax expenses</b>	<b>544.61</b>	<b>75.38</b>	<b>1,088.91</b>	<b>234.55</b>

### 3.16 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 three - month periods ended June 30, 2010 and 2009**

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
<b>Basic earnings per share</b>						
Net profits (losses) attributable to ordinary shareholders	1,552.44	(5,403.40)	1,698.90	1,698.90	0.91	(3.18)

**The Company**

**For the three - month periods ended June 30, 2010 and 2009**

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
<b>Basic earnings per share</b>						
Net profits (losses) attributable to ordinary shareholders	1,515.07	(5,317.14)	1,698.90	1,698.90	0.89	(3.13)

**Consolidated**

**For the six - month periods ended June 30, 2010 and 2009**

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
<b>Basic earnings per share</b>						
Net profits attributable to ordinary shareholders	12,276.44	2,465.17	1,698.90	1,698.90	7.23	1.45

**The Company**

**For the six - month periods ended June 30, 2010 and 2009**

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
<b>Basic earnings per share</b>						
Net profits attributable to ordinary shareholders	12,221.34	2,530.11	1,698.90	1,698.90	7.19	1.49

### 3.17 Financial Information by Segment Consolidated

#### 3.17.1 Business Segments

#### Statements of Income For the three - month periods ended June 30, 2010 and 2009

Units : Million Baht

	<u>Revenues</u>		<u>Inter - Segment Revenues</u>		<u>Total Revenues</u>		<u>Segment Results</u>	
	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>
	Air transportation	37,057.71	32,457.29	-	-	37,057.71	32,457.29	(1,544.90)
Business Units	1,452.21	1,687.11	3,453.69	3,187.65	4,905.90	4,874.76	(454.58)	(499.99)
Other activities	249.13	217.52	89.19	84.81	338.32	302.33	85.16	112.32
Eliminations	-	-	(3,542.88)	(3,272.46)	-	-	-	-
Operating losses							(1,914.32)	(2,209.72)
Share of net profits from subsidiary and associated companies							175.74	31.09
Finance costs							(1,229.57)	(1,381.70)
Gains (losses) on foreign currency exchange							4,391.15	(1,821.58)
Other revenues							688.64	88.38
Minority interests							(7.29)	(17.38)
Income taxes							(551.91)	(92.49)
<b>Net profits (losses)</b>							<b><u>1,552.44</u></b>	<b><u>(5,403.40)</u></b>

#### Statements of Income For the six - month periods ended June 30, 2010 and 2009

Units : Million Baht

	<u>Revenues</u>		<u>Inter - Segment Revenues</u>		<u>Total Revenues</u>		<u>Segment Results</u>	
	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>	<u>30-Jun-10</u>	<u>30-Jun-09</u>
	Air transportation	83,941.94	71,013.97	-	-	83,941.94	71,013.97	4,376.21
Business Units	3,210.43	3,553.66	7,104.31	6,427.99	10,314.74	9,981.65	(176.55)	(737.80)
Other activities	520.15	477.58	170.76	171.51	690.91	649.09	189.31	212.48
Eliminations	-	-	(7,275.07)	(6,599.50)	-	-	-	-
Operating profits							4,388.97	2,275.79
Share of net profit from subsidiary and associated companies							168.86	29.90
Finance costs							(2,543.65)	(2,757.30)
Gains on foreign currency exchange							10,089.65	2,787.96
Other revenues							1,315.81	433.87
Minority interests							(27.42)	(35.80)
Income taxes							(1,115.78)	(269.25)
<b>Net profits</b>							<b><u>12,276.44</u></b>	<b><u>2,465.17</u></b>



**Assets and Liabilities**  
**As At June 30, 2010 and December 31, 2009**

	<u>Current Assets</u>		<u>Non-Current Assets</u>		<u>Units : Million Baht</u> <u>Total Assets</u>	
	<u>30-Jun-10</u>	<u>31-Dec-09</u>	<u>30-Jun-10</u>	<u>31-Dec-09</u>	<u>30-Jun-10</u>	<u>31-Dec-09</u>
	Air transportation	40,333.53	43,935.57	209,881.04	213,270.15	250,214.57
Business Units	522.72	550.72	10,336.81	11,095.91	10,859.53	11,646.63
Other activities	638.11	705.99	35.17	39.66	673.28	745.65
Non-allocated assets	<u>2,442.02</u>	<u>2,096.09</u>	<u>-</u>	<u>-</u>	<u>2,442.02</u>	<u>2,096.09</u>
<b>Total</b>	<b><u>43,936.38</u></b>	<b><u>47,288.37</u></b>	<b><u>220,253.02</u></b>	<b><u>224,405.72</u></b>	<b><u>264,189.40</u></b>	<b><u>271,694.09</u></b>

	<u>Current Liabilities</u>		<u>Non-Current Liabilities</u>		<u>Units : Million Baht</u> <u>Total Liabilities</u>	
	<u>30-Jun-10</u>	<u>31-Dec-09</u>	<u>30-Jun-10</u>	<u>31-Dec-09</u>	<u>30-Jun-10</u>	<u>31-Dec-09</u>
	Air transportation	77,259.15	79,131.05	120,596.30	137,947.66	197,855.45
Business Units	876.11	957.91	46.04	50.94	922.15	1,008.85
Other activities	76.99	84.41	1.62	-	78.61	84.41
Non-allocated liabilities	<u>267.44</u>	<u>278.16</u>	<u>-</u>	<u>-</u>	<u>267.44</u>	<u>278.16</u>
<b>Total</b>	<b><u>78,479.69</u></b>	<b><u>80,451.53</u></b>	<b><u>120,643.96</u></b>	<b><u>137,998.60</u></b>	<b><u>199,123.65</u></b>	<b><u>218,450.13</u></b>

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 Technical Department, the inter-segment revenue is recorded at cost plus. Those transfers are eliminated in consolidation.

### 3.17.2 Geographical Segments

	Units : Million Baht			
	<u>The three -month Periods</u>		<u>The six -month Periods</u>	
	<u>Apr-Jun'10</u>	<u>Apr-Jun'09</u>	<u>Jan-Jun'10</u>	<u>Jan-Jun'09</u>
Domestic Revenues				
Transportation	2,603.72	2,608.10	6,163.33	6,054.09
Business units	1,452.21	1,687.11	3,210.43	3,553.66
Other activities	<u>249.13</u>	<u>217.52</u>	<u>520.15</u>	<u>477.58</u>
Total domestic revenues	<u>4,305.06</u>	<u>4,512.73</u>	<u>9,893.91</u>	<u>10,085.33</u>
Foreign Transportation Revenues				
Regional Asia	13,891.99	12,019.54	30,763.85	25,030.37
Europe	8,503.48	8,161.92	21,217.56	18,830.66
North Pacific	890.57	495.13	1,778.25	1,058.32
Australia & New Zealand	3,282.43	2,948.97	7,268.73	6,193.74
Africa	<u>108.33</u>	-	<u>108.33</u>	<u>45.70</u>
Total foreign transportation revenues	<u>26,676.80</u>	<u>23,625.56</u>	<u>61,136.72</u>	<u>51,158.79</u>
Charter revenues and others	2,299.20	782.97	4,093.30	1,596.26
Insurance surcharge from passengers	416.52	561.97	940.70	1,160.42
Fuel surcharge from passengers	5,061.47	4,878.69	11,607.88	11,044.41
Interest income	33.46	40.93	64.11	114.64
Other revenues	<u>841.65</u>	<u>225.71</u>	<u>1,703.09</u>	<u>738.92</u>
<b>Total</b>	<b><u>39,634.16</u></b>	<b><u>34,628.56</u></b>	<b><u>89,439.71</u></b>	<b><u>75,898.77</u></b>

### 3.18 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>30-Jun-10</u>	<u>31-Dec-09</u>
Current assets	4,886.02	4,727.32
Others	<u>42.98</u>	<u>22.13</u>
Total	<u>4,929.00</u>	<u>4,749.45</u>
Other current liabilities	55.47	40.84
Pension fund	<u>4,873.53</u>	<u>4,708.61</u>
Total	<u>4,929.00</u>	<u>4,749.45</u>

As at June 30, 2010, the fund balance was THB 4,873.53 million, equal to the Company's obligation to its staff under the fund. The total Company contribution to the fund in this accounting periods was THB 181.80 million, consisting of contributions at a rate equivalent to 10% of employee salaries in the amount of THB 116.94 million and the amounts to match the Company's obligation of THB 64.86 million.

### 3.19 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 554.75 million in this periods.

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

### 3.20 Contingent Liabilities

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

	Units : Million Baht	
	<u>30-Jun-10</u>	<u>31-Dec-09</u>
Letters of guarantee issued by banks – Domestic	138.70	135.91
Letters of guarantee issued by banks – Abroad	209.05	225.60
The Company as defendant in		
Labour dispute cases	1,750.53	1,667.80
Damage claims cases	<u>2,243.48</u>	<u>2,661.19</u>
<b>Total</b>	<b><u>4,341.76</u></b>	<b><u>4,690.50</u></b>

3.20.2 The Company has a contingent liabilities from the dispute cases which the amount cannot be determined. But the Company estimated and recognised in the financial statements amount of THB 4,290.17 million 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. At present, the company has submitted the answers to 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. At present, the company has submitted the answers to the court.

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 is in violation of antitrust law. The report recommended KFTC to take criminal action against the Company and related staff on a charge of conspiracy in determining of special fee. KFTC Commissioners has considered and publicized the decision through the press in Republic of Korea on 27 May 2010 ordering the Company to pay a fine in the amount of 2,784,000,000 KRW or approximately 72.66 Thai million baht. (exchange rate of 0.0261 KRW to 1 Baht) without taking any criminal action against the Company and related staff. The Company will consider to exercise the right to appeal the decision of KFTC Commissioners to the competent court upon the receipt of the official decision notification.

The Criteria for estimation are as follows:

1. The estimate of damages and fines as described above is based on the minimum fine amount that might be imposed in case the court has ordered or judged that the Company has committed as alleged or charged.

2. The estimated fine amount above is the estimate amount of fine to be determined by each country where investigation and legal suit take place excluding the cargo and passenger Civil Class Actions in the US in which the amount of claim does not appear in the statement of claim, and the claimant must prove the damage.

3. The order or judgment in various cases shall be given in this fiscal year or the coming fiscal years, anyway the mentioned damages and fines may incur in different time period.

4. The estimate may materially differ from the real amount due to:

4.1 In the country where investigation takes place and allegation has not been filed, no clear fact has been found as to whether there will be allegation or not. If there is an allegation, the place where the offence occurs shall be specified. The company is not aware of the amount of turnover of such area which shall be base for the fine calculation.

4.2 Imposition of a fine is subject to the discretion of the judicial body in which other facts of case shall be considered.

4.3 Prior to the order or judgment, a compromise on a fine may be reached, subject to each country's policy and the nature of case.

### **3.21 Airbus A330-300 Delivery**

On December 23, 2009 and March 29, 2010, the Company took delivery of three and two Airbus A330-300, totalling five aircraft under financial leases. The aircraft have not been in the Company's fleet to operate for commercial purpose yet because the economy class seats for such aircraft have not been installed. The aircraft are under preservation awaiting for the seat installation in Bordeaux in France. On June 22, 2010, the Company and Airbus S.A.S agreed to extend the contract for aircraft storage and preparation to install the economy class seats for the three Airbus A330-300 for six months further. The Company has an obligation for seat installation expenses at the amount of USD 480,000 or approximately THB 15.69 million, storage phase in and out expenses for 6 months at the amount of USD 210,000 or approximately to THB 6.86 million, and monthly survey and parking fees for 6 months at the amount of USD 360,000 or approximately to THB 11.77 million, totalling to THB 34.32 millions which are recorded as expenses for the second quarter of fiscal year 2010 (April 1 - June 30, 2010). As for the aforesaid expenses of the three and two Airbus A330-300, the Company recorded as expenses in the fiscal year ended December 31, 2009 and the three-month periods ended March 31, 2010 amount of THB 30.50 million and 22.81 million, respectively.

Under the ECA Loan Agreement for the five aircraft, the Company shall mandatory prepay the outstanding amount of the loan if the economy class seats have not been installed on the aircraft by June 22 and September 28, 2010 for the three and two aircraft, respectively or the date that the Company requested and got a written approval from a Bank Representative and ECA Facility Agent to extend the Economy Seat Installation Long-Stop Date for such five aircraft until October 22, 2011 whilst the Aircraft Preservation Agreement between the Company and Airbus S.A.S has been extended until October 22, 2011.

At present, Koito Industries Limited informed the Company that the economy class seats cannot be delivered within September 20, 2010. On August 3, 2010, the Company has sent the Notice of Termination of General Terms Agreement and also reserve the rights to claim for all expenses incurred from such an agreement.

The Company has entered into an agreement with another seat manufacturer namely Zim Flugsitz GmbH to produce and deliver the economy class seats for such five Airbus A330-300 aircraft. It is expected that the first shipset to be delivered within February 2010.

### **3.22 Contractual Obligations**

#### **3.22.1 Obligation to Purchase Aircraft**

The Company has a payment obligation to purchase 6 A380-800 aircraft amount of THB 33,577.87 million, expected to take delivery during the year 2012-2013.

#### **3.22.2 Leases and obligations of aircraft**

The Company has obligations from entering into operating leases amount of USD 274.18 million or approximately to THB 8,934.65 million (exchange rate USD 1 : THB 32.5864) consisting of 3 B737-400, 2 B777-200, 2 A330-300 aircraft and 3 B777-300ER aircraft. These operating leases will be expired during the year 2013-2018.

#### **3.22.3 Lease and obligation of Cargo Block Space**

The Company has an obligation of cargo block space which is determined a minimum block hour amount of USD 116.44 million or approximately to THB 3,794.36 million per block space for 2 aircraft. The lease will be expired in the year 2012.

### **3.23 Events After the Balance Sheet Date**

3.23.1 On July 9, 2010, the Company signed a Memorandum of Understanding (MOU) with Airbus S.A.S. Limited for acquisition of 7 A330-300 aircraft. Also, the Company paid the commitment fees totalling to USD 3.85 million or approximately to THB 125.46 million (exchange rate USD 1:THB 32.5864) on July 16, 2010 according to the resolution of the Company's Board of Directors meeting held on June 18, 2010.

3.23.2 On July 16, 2010, the Company entered into a loan agreement with the Siam Commercial Bank Public Company Limited amount of THB 8,000 million for a 7-year term loan. The Company will receive the loan within December 2010 to be used for the capital requirement according to the Company financial restructuring.

3.23.3 On August 2, 2010, the Company entered into a Memorandum of Understanding (MOU) with Tiger Airways Holdings Limited (Tiger), a low-cost regional airline operating with its main base in Singapore, to explore the possibility of setting up of a joint venture, Thai-Tiger Airways Company Limited (Thai-Tiger) to operate a regional low-fare airline based in Bangkok.

Under the terms of the MOU, the Company and Tiger will negotiate the terms to set up Thai-Tiger and obtain all necessary licenses and permits to operate such airline. The negotiations between the Company and Tiger are still ongoing and definitive terms have not been concluded yet.

### **3.24 Approval of Financial Statements**

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on August 9, 2010.

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