

NO. 0024/0580

OFFICE OF THE AUDITOR GENERAL  
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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, 2012 of Thai Airways International Public Company Limited and its subsidiaries and the separate financial statements for the years ended December 31, 2012 of Thai Airways International Public Company Limited were translated by the Thai Airways International Public Company Limited. The Office of the Auditor General of Thailand reviewed the aforementioned English version of the Auditor's Report and financial statements and found that they are in agreement, as to form and content, with the Auditor's Report and the consolidated and separate financial statements for the same period issued in the Thai language.

Given on March 6, 2013

(Signed) *Pornchai Jumroonpanichkul*  
(Pornchai Jumroonpanichkul)  
Deputy Auditor General  
Acting 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 and separate financial statements of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2012, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in shareholders' equity, and the consolidated and separate statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the consolidated and separate financial statements**

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standard, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud and error.

### **Auditor's Responsibility**

The Office of the Auditor General of Thailand's responsibility is to express an opinion on these consolidated and separate financial statements based on the audit. The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing. Those Standards require that the Office of the Auditor General of Thailand comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Office of the Auditor General of Thailand believes that the audit evidence the Office of the Auditor General of Thailand has obtained is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's audit opinion.



## Opinion

In the Office of the Auditor General of Thailand's opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited, respectively, as at December 31, 2012 and the consolidated and separate financial performance and the consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Signed) *Siripong Veerasaengpong*  
(Siripong Veerasaengpong)  
Deputy Auditor General

(Signed) *Roongnapa Charoenkunwivat*  
(Roongnapa Charoenkunwivat)  
Director of Audit Office No.4

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2012**

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
		2012	2011 (Restated)	2010 (Restated)	2012	2011 (Restated)	2010 (Restated)
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and cash equivalents	5.1	20,048,374,724	16,666,025,016	37,679,682,021	19,741,670,550	16,629,940,922	37,601,476,433
Temporary investments		1,709,730,474	419,005,881	549,631,092	-	-	-
Trade receivables	5.2	15,738,200,618	16,160,427,253	16,538,223,522	15,679,356,299	16,135,407,891	16,509,658,800
Prepaid expenses and deposits		8,951,772,089	10,467,893,729	9,086,820,600	9,012,036,532	10,482,589,799	9,080,884,481
Inventories and supplies	5.3	7,783,943,974	7,710,007,103	6,967,672,684	7,780,199,730	7,710,007,103	6,967,672,684
Other current assets	5.4	9,948,745,997	7,120,368,409	6,991,111,837	9,713,193,240	7,090,660,788	6,963,643,648
Non-current assets classified as held for sale	5.13	7,430,210,409	261,631,778	274,996,800	7,430,210,409	261,631,778	274,996,800
<b>Total Current Assets</b>		<b>71,610,978,285</b>	<b>58,805,359,169</b>	<b>78,088,138,556</b>	<b>69,356,666,760</b>	<b>58,310,238,281</b>	<b>77,398,332,846</b>
<b>Non-Current Assets</b>							
Investments in associates	5.6.1	1,429,610,889	1,629,966,047	1,400,993,771	723,520,500	1,083,520,500	918,520,500
Investments in subsidiaries	5.6.1	-	-	-	370,209,900	10,209,900	9,229,930
Other long-term investments	5.6.2	130,160,178	179,041,214	78,868,075	74,585,128	79,889,058	78,868,075
Property, plant and equipment	5.8	218,567,945,045	204,994,677,040	206,118,498,576	218,477,941,563	204,987,311,294	206,106,106,106
Goodwill		1,390,549,247	-	-	-	-	-
Intangible assets	5.9	1,337,499,242	623,739,745	552,355,100	772,954,356	617,255,122	547,622,540
Deferred tax assets	5.10	4,966,453,549	5,409,447,315	7,569,631,669	4,939,492,971	5,398,556,488	7,555,783,585
Other non-current assets	5.12	4,662,685,173	2,314,170,825	2,261,025,826	4,640,196,663	2,312,892,713	2,260,652,011
<b>Total Non-Current Assets</b>		<b>232,484,903,323</b>	<b>215,151,042,186</b>	<b>217,981,373,017</b>	<b>229,998,901,081</b>	<b>214,489,635,075</b>	<b>217,476,782,747</b>
<b>Total Assets</b>		<b>304,095,881,608</b>	<b>273,956,401,355</b>	<b>296,069,511,573</b>	<b>299,355,567,841</b>	<b>272,799,873,356</b>	<b>294,875,115,593</b>

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

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2012**

		<u>CONSOLIDATED FINANCIAL STATEMENTS</u>			<u>SEPARATE FINANCIAL STATEMENTS</u>		
		<b>Unit : Baht</b>					
<u>Notes</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	
		(Restated)	(Restated)				
		(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
<b>Current Liabilities</b>							
Trade payables	4,621,570,981	7,362,821,704	6,438,803,086	4,287,281,811	7,354,684,963	6,429,968,646	
Accrued expenses	18,726,829,882	13,958,939,401	18,897,692,862	18,497,737,175	13,940,060,094	18,869,584,115	
Current portion of long-term liabilities							
Long-term borrowings from related parties	5.14 3,297,264,000	2,072,000,000	2,072,000,000	3,297,264,000	2,072,000,000	2,072,000,000	
Long-term borrowings from other parties	5.14 8,151,368,421	2,028,000,000	-	8,151,368,421	2,028,000,000	-	
Liabilities under finance leases	5.15 9,938,493,819	10,102,499,455	9,595,026,378	9,938,493,819	10,102,499,455	9,595,026,378	
Debentures	5.16 2,556,790,000	4,670,000,000	11,487,920,000	2,556,790,000	4,670,000,000	11,487,920,000	
Current income tax payable	16,956,305	14,507,725	16,398,775	-	-	-	
Other current liabilities							
Accrued dividends	51,794,664	52,032,037	72,007,719	51,692,971	51,960,945	72,007,719	
Unearned transportation revenues	23,789,156,859	24,760,701,984	25,804,443,193	23,380,604,242	24,760,701,984	25,804,443,193	
Deferred income	-	-	509,417,156	-	-	509,417,156	
Others	5.17 11,532,444,154	5,653,845,282	5,841,986,865	11,470,031,663	5,629,595,110	5,819,769,875	
<b>Total Current Liabilities</b>	<b>82,682,669,085</b>	<b>70,675,347,588</b>	<b>80,735,696,034</b>	<b>81,631,264,102</b>	<b>70,609,502,551</b>	<b>80,660,137,082</b>	
<b>Non-Current Liabilities</b>							
Long-term liabilities							
Long-term borrowings from related parties	5.14 1,890,000,000	5,235,276,000	7,245,852,000	1,890,000,000	5,235,276,000	7,245,852,000	
Long-term borrowings from other parties	5.14 39,120,631,579	47,272,000,000	43,300,000,000	39,120,631,579	47,272,000,000	43,300,000,000	
Liabilities under finance leases	5.15 61,610,827,672	47,793,179,638	54,732,093,240	61,610,827,672	47,793,179,638	54,732,093,240	
Debentures	5.16 32,120,000,000	23,126,790,000	17,846,790,000	32,120,000,000	23,176,790,000	17,846,790,000	
Deferred tax liabilities	5.11 83,351,796	55,761,979	-	83,351,796	55,761,979	-	
Staff pension fund	5.31 4,670,104,407	4,561,205,013	4,371,134,750	4,670,104,407	4,561,205,013	4,371,134,750	
Employee benefits obligation	5.19 11,082,178,755	10,631,622,487	9,326,022,519	10,970,895,026	10,627,153,071	9,322,510,535	
Long-term provisions	5.18 831,594,427	1,526,616,686	2,556,971,979	829,190,752	1,524,216,756	2,555,351,979	
Other non-current liabilities	186,085,924	131,684,668	61,310,000	185,856,512	130,996,430	61,310,000	
<b>Total Non-Current Liabilities</b>	<b>151,594,774,560</b>	<b>140,334,136,471</b>	<b>139,440,174,488</b>	<b>151,480,857,744</b>	<b>140,376,578,887</b>	<b>139,435,042,504</b>	
<b>Total Liabilities</b>	<b>234,277,443,645</b>	<b>211,009,484,059</b>	<b>220,175,870,522</b>	<b>233,112,121,846</b>	<b>210,986,081,438</b>	<b>220,095,179,586</b>	
<b>Shareholders' Equity</b>							
Share capital							
Authorized share capital	5.21						
2,698.90 million ordinary shares par value of Baht 10 each	<b>26,989,009,500</b>	<b>26,989,009,500</b>	<b>26,989,009,500</b>	<b>26,989,009,500</b>	<b>26,989,009,500</b>	<b>26,989,009,500</b>	
Issued and paid-up share capital	2,182.77 million ordinary shares par value of Baht 10 each						
	21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170	
Premium on ordinary shares	25,548,223,951	25,548,223,951	25,548,223,951	25,548,223,951	25,548,223,951	25,548,223,951	
Retained earnings							
Appropriated							
Legal reserve	5.22 2,691,275,568	2,469,792,865	2,469,792,865	2,691,275,568	2,469,792,865	2,469,792,865	
Unappropriated	18,852,734,438	12,834,908,054	25,759,556,926	16,176,227,306	11,968,055,932	24,934,200,021	
<b>Total Company Shareholders' Equity</b>	<b>68,919,953,127</b>	<b>62,680,644,040</b>	<b>75,605,292,912</b>	<b>66,243,445,995</b>	<b>61,813,791,918</b>	<b>74,779,936,007</b>	
<b>Non-controlling Interests</b>							
	<b>898,484,836</b>	<b>266,273,256</b>	<b>288,348,139</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Shareholders' Equity</b>	<b>69,818,437,963</b>	<b>62,946,917,296</b>	<b>75,893,641,051</b>	<b>66,243,445,995</b>	<b>61,813,791,918</b>	<b>74,779,936,007</b>	
<b>Total Liabilities and Shareholders' Equity</b>	<b>304,095,881,608</b>	<b>273,956,401,355</b>	<b>296,069,511,573</b>	<b>299,355,567,841</b>	<b>272,799,873,356</b>	<b>294,875,115,593</b>	

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

(Signed) *Sorajak Kasemsuvan*  
(Sorajak Kasemsuvan)  
President

(Signed) *Wasukarn Visansawatdi*  
(Wasukarn Visansawatdi)  
Executive Vice President  
Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2012	2011	2012	2011
<b>Revenues</b>					
<b>Revenues from Sales or Revenues from Services</b>					
Passenger and excess baggage		173,458,421,392	154,646,038,064	165,485,878,390	154,646,038,064
Freight		25,856,434,138	27,245,224,586	25,838,723,744	27,245,224,586
Mail		906,912,641	846,773,123	906,912,641	846,773,123
Other activities		8,900,740,869	8,259,156,208	8,826,571,593	7,953,888,559
<b>Total Revenues from Sales or Revenues from Services</b>		<b>209,122,509,040</b>	<b>190,997,191,981</b>	<b>201,058,086,368</b>	<b>190,691,924,332</b>
<b>Other Income</b>					
Interest income		496,588,347	710,591,930	442,687,520	696,064,855
Other income - Others	5.24	2,326,261,513	2,634,025,739	2,753,902,024	2,825,207,874
Profitability on business acquisition		1,584,397,482	-	-	-
<b>Total Other Income</b>		<b>4,407,247,342</b>	<b>3,344,617,669</b>	<b>3,196,589,544</b>	<b>3,521,272,729</b>
<b>Total Revenues</b>		<b>213,529,756,382</b>	<b>194,341,809,650</b>	<b>204,254,675,912</b>	<b>194,213,197,061</b>
<b>Expenses</b>					
Fuel and oil		80,178,542,248	76,388,558,174	77,480,576,480	76,388,558,174
Employee benefits expenses	5.23	32,086,696,769	31,009,093,407	31,543,539,495	30,964,018,415
Flight service expenses		21,321,411,821	20,427,965,628	20,693,196,467	20,427,965,628
Crew expenses		5,707,044,146	5,485,141,957	5,546,598,602	5,485,141,957
Aircraft maintenance and overhaul costs		12,600,010,809	11,698,186,020	11,288,227,430	11,698,186,020
Depreciation and amortisation expenses		20,523,682,320	19,989,063,832	20,424,026,088	19,977,881,694
Lease of aircraft and spare parts		4,552,173,807	5,429,503,645	3,683,317,045	5,429,503,645
Inventories and supplies		9,530,335,512	9,042,071,447	9,415,467,950	9,042,071,447
Selling and advertising expenses		6,833,250,736	5,885,165,605	6,466,595,641	5,816,205,759
Insurance expenses		892,691,125	732,966,634	760,285,940	732,966,634
Impairment loss of assets		589,772,919	939,895,341	589,772,919	939,895,341
Impairment loss of aircraft	5.26	181,143,438	180,909,303	181,143,438	180,909,303
Other expenses	5.25	9,169,444,038	7,148,903,461	8,593,446,506	7,079,838,343
Losses (gains) on foreign currency exchange		(3,212,965,948)	2,428,181,168	(3,207,273,109)	2,430,282,274
Finance costs		5,836,287,785	5,655,587,760	5,838,536,325	5,657,410,445
Loss on debentures redemption		-	1,427,287	-	-
Share of profit of associates		(363,432,320)	(183,736,042)	-	-
<b>Total Expenses</b>		<b>206,426,089,205</b>	<b>202,258,884,627</b>	<b>199,297,457,217</b>	<b>202,250,835,079</b>
<b>Profit (loss) before income tax expense</b>		<b>7,103,667,177</b>	<b>(7,917,074,977)</b>	<b>4,957,218,695</b>	<b>(8,037,638,018)</b>
Income tax expense	5.27	593,442,669	2,245,036,998	527,564,618	2,200,830,323
<b>Profit (loss) for the year</b>		<b>6,510,224,508</b>	<b>(10,162,111,975)</b>	<b>4,429,654,077</b>	<b>(10,238,468,341)</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income (expense) for the year</b>		<b>6,510,224,508</b>	<b>(10,162,111,975)</b>	<b>4,429,654,077</b>	<b>(10,238,468,341)</b>
<b>Profit (loss) attributable to:</b>					
<b>Owners of the parent</b>		<b>6,228,972,723</b>	<b>(10,196,973,124)</b>	<b>4,429,654,077</b>	<b>(10,238,468,341)</b>
Non-controlling interests		281,251,785	34,861,149	-	-
		<b>6,510,224,508</b>	<b>(10,162,111,975)</b>	<b>4,429,654,077</b>	<b>(10,238,468,341)</b>
<b>Total comprehensive income (expense) attributable to:</b>					
<b>Owners of the parent</b>		<b>6,228,972,723</b>	<b>(10,196,973,124)</b>	<b>4,429,654,077</b>	<b>(10,238,468,341)</b>
Non-controlling interests		281,251,785	34,861,149	-	-
		<b>6,510,224,508</b>	<b>(10,162,111,975)</b>	<b>4,429,654,077</b>	<b>(10,238,468,341)</b>
<b>Earnings (loss) per share</b>					
Basic earnings (loss) per share	5.29	2.85	(4.67)	2.03	(4.69)

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

(Signed) *Sorajak Kasemsuvan*  
(Sorajak Kasemsuvan)  
President

(Signed) *Wasukarn Visansawatdi*  
(Wasukarn Visansawatdi)  
Executive Vice President  
Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Unit : Baht

**CONSOLIDATED FINANCIAL STATEMENTS**

	Owners of the parent				Non-controlling Interests	Total Shareholders' Equity
	Issued and Paid-up Capital	Premium on Ordinary Shares	Retained Earnings	Total Owners of the parent		
<b>Balance as at January 1, 2011 before Adjustment</b>	21,827,719,170	25,548,223,951	35,244,758,604	82,620,701,725	289,454,414	82,910,156,139
<u>Less</u> The effect of changes in accounting policy	-	-	(6,527,109,489)	(6,527,109,489)	(1,106,275)	(6,528,215,764)
<u>Less</u> Accumulation from accounting error correction	-	-	(488,299,324)	(488,299,324)	-	(488,299,324)
<b>Balance after Adjustment</b>	21,827,719,170	25,548,223,951	28,229,349,791	75,605,292,912	288,348,139	75,893,641,051
<b>Changes in Shareholders' Equity</b>						
<u>Less</u> Dividends paid	-	-	(2,728,464,896)	(2,728,464,896)	(57,375,000)	(2,785,839,896)
<u>Add</u> Dividend returned	-	-	789,148	789,148	-	789,148
<u>Less</u> Dividends paid to cumulative preferred shares	-	-	-	-	(71,092)	(71,092)
<u>Add</u> Issued and paid-up ordinary shares - subsidiaries	-	-	-	-	60	60
<u>Add</u> Issued and paid-up preferred shares - subsidiaries	-	-	-	-	510,000	510,000
<u>Add</u> Total comprehensive income (expense) for the year 2011	-	-	(10,196,973,124)	(10,196,973,124)	34,861,149	(10,162,111,975)
<b>Balance as at December 31, 2011</b>	<b>21,827,719,170</b>	<b>25,548,223,951</b>	<b>15,304,700,919</b>	<b>62,680,644,040</b>	<b>266,273,256</b>	<b>62,946,917,296</b>
<u>Add</u> The effect of business acquisition	-	-	-	-	683,605,026	683,605,026
<u>Add</u> Accumulation from accounting error correction	-	-	10,336,364	10,336,364	13,586,573	23,922,937
<b>Balance after Adjustment</b>	21,827,719,170	25,548,223,951	15,315,037,283	62,690,980,404	963,464,855	63,654,445,259
<b>Changes in Shareholders' Equity for the year 2012</b>						
<u>Less</u> Dividends paid to preferred shares	-	-	-	-	(91,800)	(91,800)
<u>Less</u> Dividends paid	-	-	-	-	(346,140,004)	(346,140,004)
<u>Add</u> Total comprehensive income for the year 2012	-	-	6,228,972,723	6,228,972,723	281,251,785	6,510,224,508
<b>Balance as at December 31, 2012</b>	<b>21,827,719,170</b>	<b>25,548,223,951</b>	<b>21,544,010,006</b>	<b>68,919,953,127</b>	<b>898,484,836</b>	<b>69,818,437,963</b>

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

(Signed) *Sorajak Kasemsuvan*  
(Sorajak Kasemsuvan)  
President

(Signed) *Wasukarn Visansawatdi*  
(Wasukarn Visansawatdi)  
Executive Vice President  
Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Unit : Baht

**SEPARATE FINANCIAL STATEMENTS**

	<b>Issued and Paid-up Capital</b>	<b>Premium on Ordinary Shares</b>	<b>Retained Earnings</b>	<b>Total Shareholders' Equity</b>
<b>Balance as at January 1, 2011 before Adjustment</b>	21,827,719,170	25,548,223,951	34,418,049,585	81,793,992,706
<u>Less</u> The effect of changes in accounting policy	-	-	(6,525,757,375)	(6,525,757,375)
<u>Less</u> Accumulation from accounting error correction	-	-	(488,299,324)	(488,299,324)
<b>Balance after Adjustment</b>	21,827,719,170	25,548,223,951	27,403,992,886	74,779,936,007
<b>Changes in Shareholders' Equity</b>				
<u>Less</u> Dividends paid	-	-	(2,728,464,896)	(2,728,464,896)
<u>Add</u> Dividends returned	-	-	789,148	789,148
<u>Less</u> Total comprehensive expense for the year 2011	-	-	(10,238,468,341)	(10,238,468,341)
<b>Balance as at December 31, 2011</b>	<b>21,827,719,170</b>	<b>25,548,223,951</b>	<b>14,437,848,797</b>	<b>61,813,791,918</b>
<b>Changes in Shareholders' Equity for the year 2012</b>				
<u>Add</u> Total comprehensive income for the year 2012	-	-	4,429,654,077	4,429,654,077
<b>Balance as at December 31, 2012</b>	<b>21,827,719,170</b>	<b>25,548,223,951</b>	<b>18,867,502,874</b>	<b>66,243,445,995</b>

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

(Signed) *Sorajak Kasemsuvan*  
(Sorajak Kasemsuvan)  
President

(Signed) *Wasukarn Visansawatdi*  
(Wasukarn Visansawatdi)  
Executive Vice President  
Finance and Accounting



**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

Unit : Baht

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cash Flows from Operating Activities</b>					
Profits (losses) before income tax expenses		7,103,667,177	(7,917,074,977)	4,957,218,696	(8,037,638,018)
Adjustment to reconcile profit before tax to cash provided by (paid from) operating activities :					
Depreciation and amortisation expenses		20,523,682,320	19,989,063,832	20,424,026,088	19,977,881,694
Aircraft lease amortization		11,148,901	-	11,148,901	-
Dividends received		(288,750)	(98,000)	(466,382,501)	(189,986,765)
Share of profits of investments by equity method		(363,432,320)	(183,736,042)	-	-
Profitability on business acquisition		(1,584,397,482)	-	-	-
Interest income		(496,588,347)	(710,591,930)	(442,687,520)	(696,064,855)
Interest expenses		5,836,287,785	5,655,587,760	5,838,536,325	5,657,410,445
Gains on sales of assets		(132,934,659)	(9,961,177)	(133,874,978)	(9,961,177)
Other non-current liabilities		-	779,930	-	-
Loss (gain) on foreign currency exchange		(1,975,226,719)	1,430,932,281	(1,981,728,561)	1,430,754,039
Employee benefits obligation		377,007,166	1,305,599,968	343,741,955	1,304,642,536
Provision for obsolete inventories and supplies		365,155,393	87,982,108	365,155,393	87,982,108
Doubtful accounts		258,087,455	56,272,429	257,922,073	56,298,513
Impairment loss of aircraft		181,143,438	180,909,303	181,143,438	180,909,303
Impairment loss of assets		589,772,919	939,895,341	589,772,919	939,895,341
Operating profits before changes in operating assets and liabilities		30,693,084,277	20,825,560,826	29,943,992,228	20,702,123,164
Decrease (increase) in operating assets :					
Trade receivables		208,450,437	459,850,730	221,021,277	456,449,156
Inventories and supplies		(434,635,774)	(942,837,773)	(435,348,020)	(942,837,773)
Prepaid expenses and deposits		1,351,717,019	(860,553,052)	1,180,803,847	(881,185,241)
Tax refund	A	57,610,199	192,977,393	57,610,199	192,977,393
Other current assets		(2,224,428,380)	110,313,613	(2,248,439,481)	109,344,521
Deferred tax income		-	38,375,858	-	38,375,858
Assets for sales		(302,350,067)	3,163,998	(302,350,067)	3,163,998
Other assets		(571,757,504)	51,975,533	(570,153,327)	52,879,830
Deferred charges		(2,065,788,839)	(407,994,056)	(2,065,788,839)	(407,994,056)
Increase (decrease) in operating liabilities :					
Trade payables		(4,247,685,559)	(2,775,025,683)	(4,252,069,719)	(2,772,255,538)
Accrued expenses and other current liabilities		10,533,631,336	(4,888,550,157)	10,574,802,269	(4,878,839,330)
Deferred income		-	(509,417,156)	-	(509,417,156)
Staff pension fund		108,899,394	190,070,263	108,899,394	190,070,263
Unearned transportation revenues		(1,047,200,771)	(927,854,273)	(1,177,992,934)	(927,854,273)
Other non-current liabilities		(562,440,128)	(1,109,717,473)	(562,443,872)	(1,109,717,473)
<b>Cash received from operations</b>		<b>31,497,105,640</b>	<b>9,450,338,591</b>	<b>30,472,542,955</b>	<b>9,315,283,343</b>
Payment of income tax		(334,407,984)	(283,641,408)	(248,918,942)	(240,500,940)
<b>Net Cash from Operating Activities</b>		<b>31,162,697,656</b>	<b>9,166,697,183</b>	<b>30,223,624,013</b>	<b>9,074,782,403</b>

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

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

Unit : Baht

	<u>Notes</u>	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cash Flows from Investing Activities</b>					
Cash received from operational assistance subsidy		-	69,686,430	-	69,686,430
Cash paid for acquisition of fixed assets	B	(18,388,039,756)	(12,336,018,601)	(18,335,651,905)	(12,332,724,504)
Cash paid for intangible assets		(208,711,542)	(292,020,009)	(197,496,265)	(290,158,940)
Cash received from transferring the rights for advance payment of aircraft and aircraft equipment		2,959,189,106	584,610,525	2,959,189,106	584,610,525
Cash received from sales of assets		183,206,186	285,163,764	182,657,698	285,163,764
Interest income		532,178,435	665,619,895	481,036,021	654,985,655
Dividend received		98,489,359	119,861,765	466,382,501	189,986,765
Investment decrease (increase)		101,633,768	(260,789,804)	3,272,721	(162,741,311)
Cash received (paid) from temporary investment		(238,906,111)	133,969,660	-	-
Cash received from investment in subsidiaries		197,098,689	-	-	-
<b>Net Cash used in Investing Activities</b>		<b>(14,763,861,866)</b>	<b>(11,029,916,375)</b>	<b>(14,440,610,123)</b>	<b>(11,001,191,616)</b>
<b>Cash Flows from Financing Activities</b>					
Cash received from debentures		11,500,000,000	10,000,000,000	11,500,000,000	10,000,000,000
Cash received from long-term borrowings		1,871,814,789	8,799,805,348	1,871,814,789	8,799,805,348
Cash received from issuing ordinary shares		-	60	-	-
Cash received from preferred shares		-	510,000	-	-
Cash paid for repayment of debentures		(4,670,000,000)	(11,537,920,000)	(4,670,000,000)	(11,487,920,000)
Cash paid for repayment of long-term borrowings		(15,152,014,411)	(17,925,554,448)	(15,152,014,411)	(17,925,554,448)
Cash paid for borrowings interest		(5,628,842,431)	(5,769,782,243)	(5,630,108,587)	(5,771,335,668)
Dividends paid		(267,974)	(2,747,722,522)	(267,974)	(2,747,722,522)
Dividends paid for non-controlling interests		(346,226,858)	(57,375,000)	-	-
<b>Net Cash used in Financing Activities</b>		<b>(12,425,536,885)</b>	<b>(19,238,038,805)</b>	<b>(12,080,576,183)</b>	<b>(19,132,727,290)</b>
Increase (decrease) in cash and cash equivalents		3,973,298,905	(21,101,257,997)	3,702,437,707	(21,059,136,503)
Effect from changing in exchange rate on cash and cash equivalents increase (decrease)		(590,949,197)	87,600,992	(590,708,079)	87,600,992
Cash and cash equivalents at the beginning of the periods		16,666,025,016	37,679,682,021	16,629,940,922	37,601,476,433
<b>Cash and Cash Equivalents at the End of the Periods</b>	C	<b>20,048,374,724</b>	<b>16,666,025,016</b>	<b>19,741,670,550</b>	<b>16,629,940,922</b>

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

(Signed) *Sorajak Kasemsuvan*  
(Sorajak Kasemsuvan)  
President

(Signed) *Wasukarn Visansawatdi*  
(Wasukarn Visansawatdi)  
Executive Vice President  
Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012**

**Note to Statements of Cash Flows**

**A. Tax Refund - Consolidated and Separate Financial Statements**

	<b>Unit : Million Baht</b>
	<b><u>2012</u></b>
Proceeds from P.N.D.50 for the year 2010	61.15
Adjustment of tax refund for the year 2011	<u>(3.54)</u>
	<b><u>57.61</u></b>
	<b><u>2011</u></b>
Proceeds from P.N.D.50 for the year 2009	201.92
Proceeds from P.N.D.50 for the year 2007	0.71
Adjustment of tax refund for the year 2010	<u>(9.65)</u>
	<b><u>192.98</u></b>

**B. Property, Plant and Equipment**

**Consolidated financial statements**

During the year 2012, the Company bought property, plant and equipment under finance leases amount of THB 22,187.80 million and cash payment amount of THB 18,388.04 million, total cost amount of THB 40,575.84 million.

During the year 2011, the Company bought property, plant and equipment under finance leases amount of THB 4,002.12 million and cash payment amount of THB 12,336.02 million, total cost amount of THB 16,338.14 million.

**Separate financial statements**

During the year 2012, the Company bought property, plant and equipment under finance leases amount of THB 22,187.80 million and cash payment amount of THB 18,335.65 million, total cost amount of THB 40,523.45 million.

During the year 2011, the Company bought property, plant and equipment under finance leases amount of THB 4,001.63 million and cash payment amount of THB 12,332.72 million, total cost amount of THB 16,334.35 million.

**C. Cash and Cash Equivalents**

	<b><u>Consolidated Financial Statements</u></b>		<b><u>Separated Financial Statements</u></b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Cash on hand and outstanding bank balances	20,639.32	10,778.43	20,332.38	10,742.34
Short-term investments	-	5,800.00	-	5,800.00
Cash and cash equivalents as previously reported	<u>20,639.32</u>	<u>16,578.43</u>	<u>20,332.38</u>	<u>16,542.34</u>
Effect of exchange rate changes	(590.95)	87.60	(590.71)	87.60
<b>Cash and cash equivalents as reported</b>	<b><u>20,048.37</u></b>	<b><u>16,666.03</u></b>	<b><u>19,741.67</u></b>	<b><u>16,629.94</u></b>

(Signed) *Sorajak Kasemsuvan*  
(Sorajak Kasemsuvan)  
President

(Signed) *Wasukarn Visansawatdi*  
(Wasukarn Visansawatdi)  
Executive Vice President  
Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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**1. GENERAL INFORMATION AND BASIS OF FINANCIAL STATEMENT PREPARATION**

**1.1 GENERAL INFORMATION**

Thai Airways International Public Company Limited (“the Company”) is incorporated as a public limited company in Thailand and is listed on the Stock Exchange of Thailand. The address of its incorporated and registered office is as follow:

The head office of the Company is located at 89 Vibhavadee Rungsit Road, Chom Phon, Chatuchak, Bangkok, Thailand

The Company’s principal activity is the operation of airline business and business units which concern directly with transportation.

As at December 31, 2012, the Company has the routes servicing to 73 destinations in 34 countries all over the world, whereas 10 routes are domestic (excluding Bangkok).

**1.2 BASIS OF FINANCIAL STATEMENT PREPARATION**

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

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

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

Company’s Name	Type of Business	Located Country	Percentage of Share Holding	
			<u>2012</u>	<u>2011</u>
<b>Held by the Company:</b>				
1. Thai-Amadeus Southeast Asia Company Limited	Information technology Company for travel services	Thailand	55%	55%
2. WingSpan Services Company Limited	Providing special personnel services to the Company	Thailand	49%	49%
3. Thai Flight Training Company Limited	Aviation training services	Thailand	49%	49%
4. Nok Airlines Company Limited	Air transportation services	Thailand	49%	49%
<b>Held by a subsidiary of the Company</b>				
A subsidiary held by WingSpan Services Company Limited				
- Tour Eurng Luang Company Limited	Tourism Business	Thailand	49%	49%

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.

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

## 2. New Accounting Standards Issued During The Years But Not Yet Effective

The Federation of Accounting Professions (FAP) issued the following new/revised accounting standards and financial reporting standards which are still ineffective as follows:

- effective for fiscal years beginning on or after January 1, 2013.

TAS	12	Income Taxes
TAS	20(revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS	21(revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS	8	Operating Segments
SIC	10	Government Assistance – No Specific Relation to Operating Activities
SIC	21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
SIC	25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders

- effective for fiscal years beginning on or after January 1, 2014.

Lease	IFRIC	4	Determining whether an Arrangements contains a
	IFRIC	12	Service Concession Arrangements
	IFRIC	13	Customer Loyalty Programmes
	SIC	29	Service Concession Arrangements : Disclosures

The management of the Company has assessed that the above standards have no significant impact on the consolidated and the separate financial statements for the current year. The Company has early adopted the TAS 12.

## 3. EFFECTS FROM ACCOUNTING ERROR CORRECTION

The Company has changed the accounting system and caused the adjustment in the previous years of losses on foreign currency exchange and trade receivables for the comparison. Such adjustments resulted in decreasing of retained earnings and trade receivables beginning balance for the year 2011 and 2010 in the amount of THB 488.30 million and THB 381.84 million, respectively. Also, the net profit for the year ended December 31, 2010 decreased in the amount of THB 106.46 million. As a result, earnings per share for the 2010 decreased by THB 0.06, in both consolidated financial statement and separate financial statement.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Allowance for Doubtful Accounts

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

<b>Aging Periods:</b>	<b>Allowance for doubtful accounts (%)</b>
over 6 months to 1 year	50
over 1 year to 2 years	75
over 2 years	100

##### 4.2 Inventories and Supplies

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

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

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

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

##### 4.3 Investments

4.3.1 Investments in subsidiary and associated companies are recorded by the equity method in the consolidated financial statements but by cost method in the separate financial statements.

4.3.2 Current investments in debt securities held-to-1 year maturity are stated by the amortized cost method. A premium or discount on debt securities is amortized according to an effective interest rate. The amortized amount will be taken to adjust to an interest income.

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

#### **4.4 Property, Plant and Equipment and Depreciation**

##### 4.4.1 Aircraft and aircraft under finance leases

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

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

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

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

4.4.3 Other fixed assets are stated at cost on the acquisition date or on the date of completion of construction and depreciated on a straight-line basis over an estimated useful life of 3-30 years.

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

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

#### **4.5 Non-Current Assets Classified as Held for Sale**

Non-current assets classified as held for sale are stated at the lower of carrying amount or fair value less costs to sell.

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

#### **4.6 Intangible Assets**

##### **Computer Software**

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

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

#### **4.7 Impairment of Assets**

Assets may be impaired whenever there is an indicator that the book value of the asset exceeds its recoverable amount. A recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

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

#### **4.8 Deferred Charges**

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

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

#### **4.9 Liabilities under Finance leases**

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

#### **4.10 Revenue Recognition**

##### **4.10.1 Passenger and excess baggage revenues:**

4.10.1.1 Revenue from ticket sales and service orders is recognized as revenue when transportation is provided. For passengers using the services of other airlines, the difference between the selling price charged by the Company and the amount billed to the Company by those airline performing the services is recognized as revenue.

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



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

4.10.2 Freight revenue is recognized when the Company provides the services and issues its air waybills. For freight carried by other air carriers, the difference between the selling price charged by the Company and the amount billed to the Company by those air carriers performing the services is recognized as revenue.

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

4.10.3 The Company has operated a frequent flyer program called “Royal Orchid Plus” since 1993. Members exchange accumulated mileage for services. The Company calculates 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 utilized 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 recognized when members redeem awards.

4.10.3.1 Unredeemed awards are recognized as revenue after 3 years.

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

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

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

4.10.5 Other revenues are recognized on an accrual basis.

#### **4.11 Earnings Per Share**

Basic earnings per share is calculated by dividing a profit or loss of owners of the parent by the weighted average number of ordinary shares outstanding during the period.

#### **4.12 Foreign Currency Transactions**

Foreign currency transactions incurred during the year are translated into Baht by exchange rates of the Bank of Thailand at transaction date.

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

announced by the Bank of Thailand at that date. Gains or losses on currency exchange are recognized in the statements of comprehensive income.

#### **4.13 Employee Benefits**

The Company's obligation concerning post-employment benefits under the defined benefit plans and other long-term benefits are recognized in the financial statements using the Projected Unit Credit Method based on calculations by a qualified actuary.

Actuarial gains and losses for the Company's defined benefit plans and other long-term benefits will be recognized in the statements of comprehensive income.

#### **4.14 Staff Provident Fund**

On June 26, 1992, the Company established an "Employee of Thai Airways International Public Company Limited Registered Provident Fund" in accordance with the Provident Fund Act B.E. 2530. The fund is managed by a professional fund manager and does not appear on the separate statements of financial position. The Company contributes to the fund on a monthly basis at a rate of 9% of salaries for members having not more than 20 years of service and 10% for members having more than 20 years of service. Contributions are recognized as expenses of the Company.

#### **4.15 Deferred Tax**

The Company's income tax is calculated in accordance with the Revenue Code of Thailand.

The deferred tax asset is calculated from temporary differences between the tax base of an asset and liability and its carrying amount in the statements of financial position. The Company recognizes the deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period, and will reduce to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of the deferred tax assets to be utilized.

The deferred tax liability is calculated from temporary differences between the tax base of intangible asset and its carrying amount.

#### **4.16 Accounting Estimates**

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

The estimates and assumptions used in the preparation of financial statement are consistently reviewed. Revisions to accounting estimates are recognized in the reviewed accounting periods and affected future periods.

#### 4.17 Financial Instruments

The Company uses financial instruments which are Interest Rate Swap (IRS) and Cross Currency Swap (CCS) to reduce the fluctuation risk from an interest rate and exchange rate by entering into a Swap Confirmation to exchange the principal amount and interest at maturity according to the contract. The arising difference will be recorded as interest expenses in the statements of comprehensive income. For the forward foreign exchange contracts, the Company will recognize in its financial statements at maturity. The arising difference will be recorded as gain or loss on foreign currency exchange in the statements of comprehensive income.

In addition, the Company also entered into fuel price hedging agreement in which premium and the difference of the fuel price arising from this agreement will be recorded as expenses in the statements of comprehensive income.

### 5. SUPPLEMENTARY INFORMATION

#### 5.1 Cash and Cash Equivalents

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<b>Unit : Million Baht</b>			
Cash - Domestic	22.29	26.81	22.29	26.81
Cash – Abroad	30.63	26.29	30.63	26.29
Cash at Banks - Domestic	4,024.28	10,751.44	3,717.58	10,715.35
Cash at Banks - Abroad	<u>15,971.17</u>	<u>5,861.49</u>	<u>15,971.17</u>	<u>5,861.49</u>
<b>Total</b>	<b><u>20,048.37</u></b>	<b><u>16,666.03</u></b>	<b><u>19,741.67</u></b>	<b><u>16,629.94</u></b>

#### 5.2 Trade Receivables aging analysis is as follows:

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<b>Unit : Million Baht</b>			
Aging Periods:				
Not over 6 months	15,525.06	16,146.70	15,466.22	16,121.68
Over 6 months to 1 year	397.86	48.32	397.86	48.31
Over 1 year to 2 years	156.67	61.77	156.66	61.75
Over 2 years	<u>1,451.27</u>	<u>1,548.05</u>	<u>1,426.04</u>	<u>1,519.32</u>
	17,530.86	17,804.84	17,446.78	17,751.06
<u>Less</u> Allowance for doubtful accounts	<u>(1,792.66)</u>	<u>(1,644.41)</u>	<u>(1,767.42)</u>	<u>(1,615.65)</u>
<b>Trade receivables - net</b>	<b><u>15,738.20</u></b>	<b><u>16,160.43</u></b>	<b><u>15,679.36</u></b>	<b><u>16,135.41</u></b>

### 5.3 Inventories and Supplies

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Aircraft spare parts	5,358.98	5,827.21	5,358.98	5,827.21
<u>Less</u> Allowance for obsolescence (10% of the year-end balance)	(535.90)	(582.72)	(535.90)	(582.72)
<u>Less</u> Allowance for spare part damages from flood disaster	(7.83)	(112.52)	(7.83)	(112.52)
<b>Aircraft spare parts - Net</b>	<b>4,815.25</b>	<b>5,131.97</b>	<b>4,815.25</b>	<b>5,131.97</b>
<b>Vehicle spare parts and ground support equipments</b>	<b>299.41</b>	<b>283.34</b>	<b>299.41</b>	<b>283.34</b>
Slow moving aircraft spare parts and spare parts for sale	2,799.31	2,624.45	2,799.31	2,624.45
<u>Less</u> Allowance for obsolescence (33.33% of incurred balance during the period)	(1,317.21)	(1,431.03)	(1,317.21)	(1,431.03)
<b>Slow moving aircraft spare parts and spare parts for sale - Net</b>	<b>1,482.10</b>	<b>1,193.42</b>	<b>1,482.10</b>	<b>1,193.42</b>
Fuel and oil for aircraft	576.06	568.04	576.06	568.04
Goods for sales	255.32	210.09	251.58	210.09
Cabin supplies	219.80	164.78	219.80	164.78
Supplies and other consumables	23.38	19.38	23.38	19.38
Stationery and office supplies	87.26	85.74	87.26	85.74
Inventories and spare parts in transit	25.36	53.25	25.36	53.25
<b>Total inventories and supplies</b>	<b>1,187.18</b>	<b>1,101.28</b>	<b>1,183.44</b>	<b>1,101.28</b>
Obsolete and damaged inventories for disposal	13.72	11.31	13.72	11.31
<u>Less</u> Allowance for obsolescence (100%)	(13.72)	(11.31)	(13.72)	(11.31)
<b>Obsolete and damaged inventories for disposal - Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total inventories and supplies - Net</b>	<b>7,783.94</b>	<b>7,710.01</b>	<b>7,780.20</b>	<b>7,710.01</b>
Total inventories and supplies at year-end	9,658.60	9,847.59	9,654.86	9,847.59
<u>Less</u> Total allowance for obsolete inventories and supplies	(1,866.83)	(2,025.06)	(1,866.83)	(2,025.06)
<u>Less</u> Allowance for spare part damages from flood disaster	(7.83)	(112.52)	(7.83)	(112.52)
<b>Total inventories and supplies - Net</b>	<b>7,783.94</b>	<b>7,710.01</b>	<b>7,780.20</b>	<b>7,710.01</b>

### 5.4 Other Current Assets

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Tax refund	474.73	324.33	474.73	324.33
Cash and cash at bank of pension fund	4,648.65	4,434.59	4,648.65	4,434.59
Others	4,825.36	2,361.45	4,589.81	2,331.74
<b>Total</b>	<b>9,948.74</b>	<b>7,120.37</b>	<b>9,713.19</b>	<b>7,090.66</b>

## 5.5 The Acquisition of Nok Airlines Company Limited Shares

On October 14, 2011, the Company's Board of Directors Meeting passed a resolution to acquire 5 million ordinary shares of Nok Airlines Company Limited from Krung Thai Bank Public Company Limited or 10% of issued and paid-up capital totaling of THB 165 million. On November 29, 2011, the Company acquired such shares which increased the percent interest in Nok Airlines Company Limited from 39% to 49%.

On December 22, 2011, Board of Directors of Nok Airlines Company Limited appointed the Company's director to be a director of Nok Airlines Company Limited, increasing director's seats from 4 to 5 in Nok Airlines Company Limited. Thus, the Company had obtained control of Nok Airlines Company Limited since then.

On July 27, 2012, the Company's Board of Directors for strategic planning meeting No.1/2012 passed a resolution to appoint Mr. Niruj Maneepan as a director of Nok Airlines Company Limited to replace Mr. Piyasvasti Amranand.

The Company has appraised the net asset value as at December 31, 2011 and details of the net assets acquired as at January 1, 2012 are as follows:

	Units : Million Baht
The consideration transferred	165.00
Fair value of previously held investment	1,895.40
<b>Total</b>	<b><u>2,060.40</u></b>
Assets and liabilities arising from business acquisition	
Cash and cash equivalents	197.10
Temporary investments	1,050.00
Trade receivables	328.52
Inventories	4.65
Other current assets	276.64
Long-term investments	4.47
Equipment - net	70.59
Intangible assets	607.21
Deferred tax assets	26.64
Other non-current assets	19.60
Trade payables and other payables	(1,000.46)
Other current liabilities	(144.42)
Non-current liabilities	(73.50)
Total acquisition-date fair value of net identifiable assets	1,367.04
<u>Less</u> fair value of non-controlling interest	(697.19)
Goodwill	1,390.55
<b>Total</b>	<b><u>2,060.40</u></b>

As at December 31, 2012, the Company appraised the fair value of the acquired assets and liabilities and remained goodwill of THB 1,390.55 million.

On January 7, 2013, the Annual General Shareholders' Meeting No. 1/2556 of Nok Airlines Company Limited approved the transformation from Company Limited to Public Company Limited and appointed 12 Board of Directors for which the Company holds 5 seats. The present Board of Directors of Nok Airlines Company Limited ( The Company holds 5 from totaling 9 seats of Board of Directors) was terminated on January 18, 2013 by the time that Nok Airlines Company Limited has registered to be the Public Company Limited.

**5.6 Investments**

**Consolidated Financial Statements**

**Unit : Million Baht**

Company	Percentage of Shareholding		Investments				Income on investments	
	2012	2011	Cost method		Equity method		2012	2011
			2012	2011	2012	2011		
<b>5.6.1 Investments in associated companies recognized by equity method</b>								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2012 amount of THB 416.25 million and for the year 2011 amount of THB 495.00 million)	24	24	225.00	225.00	262.21	113.71	148.50	(71.40)
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	93.14	92.90	0.24	(19.40)
Bangkok Aviation Fuel Services Public Company Limited (Fair value for the year 2012 amount of THB 2,372.84 million and for the year 2011 amount of THB 1,313.13 million)	22.6	22.6	115.19	115.19	782.45	698.42	161.21	108.85
Phuket Air Catering Company Limited	30	30	30.00	30.00	175.12	144.53	51.60	46.07
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	116.19	114.80	1.88	14.73
Nok Airlines Company Limited	-	49	-	360.00	-	465.61	-	104.89
<b>Total investments recognized by equity method</b>					<b>1,429.61</b>	<b>1,629.97</b>	<b>363.43</b>	<b>183.74</b>
<b>5.6.2 Other long-term investments recognized by cost method</b>								
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00			-	-
Aeronautical Radio of Thailand Limited	2.0	2.3	13.19	15.36			-	-
SITA Investment Certificate	-	-	29.00	31.14			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75			-	-
SITA Information Networking Computing	-	-	27.87	28.85			-	-
Other Shares	-	-	2.78	2.79			0.29	0.10
Investment in debentures	-	-	50.29	99.15			-	-
Other long-term investments	-	-	5.28	-			-	-
<u>Less</u> Allowance for impairment of investment in Fuel Pipeline Transportation Limited			(133.00)	(133.00)			-	-
<b>Total other long-term investments</b>			<b>130.16</b>	<b>179.04</b>			<b>0.29</b>	<b>0.10</b>

Separate Financial Statements

Unit : Million Baht

Company	Percentage of Shareholding		Investments		Dividend Income	
	2012	2011	Cost method		2012	2011
			2012	2011		
<b>5.6.1 Investments recognized by cost method</b>						
<b>Subsidiary Companies</b>						
Thai-Amadeus Southeast Asia Company Limited	55	55	8.25	8.25	165.00	70.12
Wing Span Services Company Limited	49	49	0.98	0.98	0.06	-
Thai Flight Training Company Limited	49	49	0.98	0.98	-	-
Nok Airlines Company Limited	49	-	<u>360.00</u>	<u>-</u>	<u>202.86</u>	<u>-</u>
<b>Total</b>			<b><u>370.21</u></b>	<b><u>10.21</u></b>	<b><u>367.92</u></b>	<b><u>70.12</u></b>
<b>Associated Companies</b>						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2012 amount of THB 416.25 million and for the year 2011 amount of THB 495.00 million)	24	24	225.00	225.00	-	-
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	-	-
Bangkok Aviation Fuel Services Public Company Limited (fair value for the year 2012 amount of THB 2,372.91 million and for the year 2011 amount of THB 1,313.13 million)	22.6	22.6	115.19	115.19	77.17	70.27
Phuket Air Catering Company Limited	30	30	30.00	30.00	21.00	10.50
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	-	-
Nok Airlines Company Limited	-	49	<u>-</u>	<u>360.00</u>	<u>-</u>	<u>39.00</u>
<b>Total</b>			<b><u>723.52</u></b>	<b><u>1,083.52</u></b>	<b><u>98.17</u></b>	<b><u>119.77</u></b>
<b>Total investments recognized by the cost method</b>			<b><u>1,093.73</u></b>	<b><u>1,093.73</u></b>	<b><u>466.09</u></b>	<b><u>189.89</u></b>
<b>5.6.2 Other long-term investments recognized by cost method</b>						
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00	-	-
Aeronautical Radio of Thailand Limited	2.0	2.3	13.19	15.36	-	-
SITA Investment Certificate	-	-	29.00	31.14	-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75	-	-
SITA Information Networking Computing	-	-	27.87	28.85	-	-
Other Shares	-	-	2.78	2.79	0.29	0.10
<u>Less</u> Allowance for impairment of investment in Fuel Pipeline Transportation Limited			<u>(133.00)</u>	<u>(133.00)</u>	<u>-</u>	<u>-</u>
<b>Total other long-term investments</b>			<b><u>74.59</u></b>	<b><u>79.89</u></b>	<b><u>0.29</u></b>	<b><u>0.10</u></b>



5.6.3 Financial Information Summary of Subsidiary and Associated Companies

Unit : Million Baht				
Company	Assets	Liabilities	Revenues	Gains (Losses)
<b><u>Subsidiary Companies</u></b>				
Thai-Amadeus Southeast Asia Company Limited	472.01	80.92	336.22	102.76
WingSpan Services Company Limited	239.19	197.37	486.68	35.05
Thai Flight Training Company Limited	11.81	9.58	27.19	(0.74)
Nok Airlines Company Limited	2,252.03	1,363.90	8,259.56	504.68
Tour Eurng Luang Company Limited	12.40	11.12	1.24	0.42
<b><u>Associated Companies</u></b>				
Royal Orchid Hotel (Thailand) Public Company Limited	1,844.32	751.78	1,579.67	618.75
Donmuang International Airport Hotel Company Limited	324.94	92.09	227.52	0.59
Bangkok Aviation Fuel Services Public Company Limited	6,276.04	2,812.33	2,144.49	713.71
Phuket Air Catering Company Limited	701.19	117.45	550.56	224.48
Suvarnabhumi Airport Hotel Company Limited	1,725.84	1,336.88	778.95	6.29

The Company used the audited financial statements of subsidiaries and unaudited financial statements of associated companies as at December 31, 2012 to record investments by equity method in the consolidated financial statements and by cost method in the separate financial statements.

**5.7 Related Parties Transactions**

5.7.1 Intercompany Transactions with Major Shareholders

5.7.1.1 Long-term borrowings from related parties

Unit : Million Baht		
	2012	2011
Foreign borrowings via the Ministry of Finance	1,225.26	1,273.28
Government Saving Bank	3,462.00	5,034.00
Islamic Bank of Thailand	500.00	1,000.00
<b>Total</b>	<b><u>5,187.26</u></b>	<b><u>7,307.28</u></b>

5.7.2 Intercompany Transactions with Subsidiary Companies

5.7.2.1 Debentures and Investments in Debentures

Unit : Million Baht		
	2012	2011
Thai-Amadeus Southeast Asia Company Limited	-	50.78
<b>Total</b>	<b><u>-</u></b>	<b><u>50.78</u></b>

5.7.2.2 Loans to Subsidiary

Unit : Million Baht

	2012	2011
WingSpan Services Company Limited	20.00	-
<b>Total</b>	<u>-</u>	<u>-</u>

5.7.2.3 Sales and Purchases

Unit : Million Baht

	2012		2011	
	Sales	Purchases	Sales	Purchases
Thai-Amadeus Southeast Asia Company Limited	2.51	-	3.04	-
WingSpan Services Company Limited	21.30	515.02	0.36	67.38
Thai Flight Training Company Limited	13.44	-	5.88	-
Nok Airlines Company Limited	532.88	8.39	-	-
Tour Eurng Luang Company Limited	10.01	0.50	-	-

5.7.2.4 Accounts Receivable and Accounts Payable

Unit : Million Baht

	2012		2011	
	Accounts Receivable	Accounts Payable	Accounts Receivable	Accounts Payable
Thai-Amadeus Southeast Asia Company Limited	0.37	0.13	0.32	-
WingSpan Services Company Limited	169.13	0.01	-	2.53
Thai Flight Training Company Limited	6.48	-	-	-
Nok Airlines Company Limited	75.05	0.57	-	-
Tour Eurng Luang Company Limited	0.96	-	-	-

5.7.3 Intercompany Transactions with Associated Companies

5.7.3.1 Sales and Purchases

Unit : Million Baht

	2012		2011	
	Sales	Purchases	Sales	Purchases
Royal Orchid Hotel (Thailand) Public Company Limited	0.15	2.63	0.15	4.47
Donmuang International Airport Hotel Company Limited	-	-	-	0.41
Bangkok Aviation Fuel Services Public Company Limited	0.05	316.41	0.03	394.03
Phuket Air Catering Company Limited	3.45	15.55	3.36	11.01
Suvarnabhumi Airport Hotel Company Limited	0.02	19.76	0.02	28.39
Nok Airlines Company Limited	-	-	815.90	-

5.7.3.2 Accounts Receivable and Accounts Payable

Unit : Million Baht

	2012		2011	
	Accounts Receivable	Accounts Payable	Accounts Receivable	Accounts Payable
Royal Orchid Hotel (Thailand) Public Company Limited	-	-	-	0.03
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	0.04	-	-	36.36
Phuket Air Catering Company Limited	0.01	-	0.88	3.20
Suvarnabhumi Airport Hotel Company Limited	-	0.11	-	0.45
Nok Airlines Company Limited	-	-	110.73	-

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

On June 21, 2011, The Strategy Steering Committee approved to waive the wages for the 4 employees who perform secondment duty at WingSpan Services Company Limited for 2 years since the year 2011-2012.

## 5.8 Property, Plant and Equipment

### Consolidated Financial Statements As at December 31, 2012

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under finance leases	Aircraft spare parts	Work In Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other plant and equipment	Total
<b>Cost</b>											
As at January 1, 2012	21,278.98	143,581.91	165,320.53	29,096.59	2,838.21	938.41	2,524.30	10,793.20	4,639.84	29,502.55	<b>410,514.52</b>
- Business Acquisition	-	-	-	-	-	-	-	-	-	221.66	<b>221.66</b>
- Adjust/Transfers	(8,009.14)	11,702.70	(32,857.60)	(208.20)	-	(0.85)	(1.69)	(4.19)	(67.83)	49.09	<b>(29,397.71)</b>
- Additions	4,347.17	4,031.59	34,421.32	5,008.07	(349.97)	-	-	-	31.24	711.39	<b>48,200.81</b>
- Disposals	-	(2,116.62)	(305.53)	(852.78)	-	(1.82)	(9.51)	(0.10)	(53.08)	(700.27)	<b>(4,039.71)</b>
As at December 31, 2012	<b>17,617.01</b>	<b>157,199.58</b>	<b>166,578.72</b>	<b>33,043.68</b>	<b>2,488.24</b>	<b>935.74</b>	<b>2,513.10</b>	<b>10,788.91</b>	<b>4,550.17</b>	<b>29,784.42</b>	<b>425,499.57</b>
<b>Impairment Allowance</b>	-	950.40	3,475.19	-	-	-	-	-	-	-	<b>4,425.59</b>
<b>Accumulated depreciation</b>											
As at January 1, 2012	-	96,527.20	49,794.73	18,730.03	-	-	2,266.38	5,098.03	4,067.88	24,610.01	<b>201,094.26</b>
- Business Acquisition	-	-	-	-	-	-	-	-	-	151.08	<b>151.08</b>
- Depreciation	-	6,750.88	9,514.89	1,940.54	-	-	67.36	230.07	173.27	1,380.36	<b>20,057.37</b>
- Adjust/Transfers	-	3,421.02	(18,611.11)	429.18	-	-	(1.69)	(4.19)	(69.23)	(249.69)	<b>(15,085.71)</b>
- Disposals	-	(2,110.78)	(301.50)	(562.22)	-	-	(8.05)	(0.10)	(51.75)	(687.31)	<b>(3,721.71)</b>
<b>Provision for flood damages</b>	-	-	-	-	-	-	-	-	-	10.75	<b>10.75</b>
As at December 31, 2012	-	<b>105,538.72</b>	<b>43,872.20</b>	<b>20,537.53</b>	-	-	<b>2,324.00</b>	<b>5,323.81</b>	<b>4,120.17</b>	<b>25,215.20</b>	<b>206,931.63</b>
<b>Net book value</b>											
As at December 31, 2011	<b>21,278.98</b>	<b>46,104.31</b>	<b>112,050.61</b>	<b>10,366.56</b>	<b>2,838.21</b>	<b>938.41</b>	<b>257.92</b>	<b>5,695.17</b>	<b>571.96</b>	<b>4,892.54</b>	<b>204,994.67</b>
As at December 31, 2012	<b>17,617.01</b>	<b>51,660.86</b>	<b>122,706.52</b>	<b>12,506.15</b>	<b>2,488.24</b>	<b>935.74</b>	<b>189.10</b>	<b>5,465.10</b>	<b>430.00</b>	<b>4,569.22</b>	<b>218,567.94</b>

**Consolidated Financial Statements  
As at December 31, 2011**

Unit : Million Baht

	<b>Prepaid Aircraft and Spare Engines</b>	<b>Aircraft</b>	<b>Aircraft under finance leases</b>	<b>Aircraft spare parts</b>	<b>Work In Progress</b>	<b>Land</b>	<b>Buildings</b>	<b>Leasehold Buildings</b>	<b>Building Improvement</b>	<b>Other plant and equipment</b>	<b>Total</b>
<b>Cost</b>											
As at January 1, 2011	17,982.74	141,437.22	163,441.09	27,718.15	310.68	938.41	2,524.69	10,782.61	4,656.38	29,321.66	<b>399,113.63</b>
- Adjust/Transfers	(1,980.43)	1,446.95	(3,352.62)	(207.37)	-	-	-	-	11.55	110.03	<b>(3,971.89)</b>
- Additions	5,276.67	1,847.25	6,137.92	3,517.35	2,527.53	-	-	19.08	59.65	512.43	<b>19,897.88</b>
- Disposals	-	(1,149.51)	(905.86)	(1,931.54)	-	-	(0.39)	(8.49)	(87.74)	(441.57)	<b>(4,525.10)</b>
As at December 31, 2011	<b>21,278.98</b>	<b>143,581.91</b>	<b>165,320.53</b>	<b>29,096.59</b>	<b>2,838.21</b>	<b>938.41</b>	<b>2,524.30</b>	<b>10,793.20</b>	<b>4,639.84</b>	<b>29,502.55</b>	<b>410,514.52</b>
<b>Impairment Allowance</b>	-	950.40	3,475.19	-	-	-	-	-	-	-	<b>4,425.59</b>
<b>Accumulated depreciation</b>											
As at January 1, 2011	-	91,898.70	44,345.32	18,124.77	-	-	2,199.03	4,875.09	3,840.54	23,286.05	<b>188,569.50</b>
- Depreciation	-	6,607.31	9,129.74	1,727.89	-	-	67.74	231.43	315.62	1,712.70	<b>19,792.43</b>
- Adjust/Transfers	-	(831.00)	(2,778.22)	(139.56)	-	-	-	-	(1.55)	1.54	<b>(3,748.79)</b>
- Disposals	-	(1,147.81)	(902.11)	(983.07)	-	-	(0.39)	(8.49)	(86.73)	(442.56)	<b>(3,571.16)</b>
<b>Provision for flood damages</b>	-	-	-	-	-	-	-	-	-	52.28	<b>52.28</b>
As at December 31, 2011	-	<b>97,477.60</b>	<b>53,269.92</b>	<b>18,730.03</b>	-	-	<b>2,266.38</b>	<b>5,098.03</b>	<b>4,067.88</b>	<b>24,610.01</b>	<b>205,519.85</b>
<b>Net book value</b>											
As at December 31, 2010	<b>17,982.74</b>	<b>48,588.12</b>	<b>115,620.58</b>	<b>9,593.38</b>	<b>310.68</b>	<b>938.41</b>	<b>325.66</b>	<b>5,907.52</b>	<b>815.84</b>	<b>6,035.57</b>	<b>206,118.50</b>
As at December 31, 2011	<b>21,278.98</b>	<b>46,104.31</b>	<b>112,050.61</b>	<b>10,366.56</b>	<b>2,838.21</b>	<b>938.41</b>	<b>257.92</b>	<b>5,695.17</b>	<b>571.96</b>	<b>4,892.54</b>	<b>204,994.67</b>

**Separate Financial Statements  
As at December 31, 2012**

Unit : Million Baht

	<b>Prepaid Aircraft and Spare Engines</b>	<b>Aircraft</b>	<b>Aircraft under finance leases</b>	<b>Aircraft spare parts</b>	<b>Work In Progress</b>	<b>Land</b>	<b>Buildings</b>	<b>Leasehold Buildings</b>	<b>Building Improvement</b>	<b>Other plant and equipment</b>	<b>Total</b>
<b>Cost</b>											
As at January 1, 2012	21,278.98	143,581.91	165,320.53	29,096.59	2,838.21	938.41	2,524.30	10,793.20	4,639.84	29,284.28	<b>410,296.25</b>
- Adjust/Transfers	(8,009.14)	11,702.70	(32,857.60)	(208.20)	-	(0.85)	(1.69)	(4.19)	(67.83)	49.09	<b>(29,397.71)</b>
- Additions	4,347.17	4,031.59	34,421.32	5,008.07	(349.97)	-	-	-	31.24	655.19	<b>48,144.61</b>
- Disposals	-	(2,116.62)	(305.53)	(852.78)	-	(1.82)	(9.51)	(0.10)	(53.08)	(660.27)	<b>(3,999.71)</b>
As at December 31, 2012	<b>17,617.01</b>	<b>157,199.58</b>	<b>166,578.72</b>	<b>33,043.68</b>	<b>2,488.24</b>	<b>935.74</b>	<b>2,513.10</b>	<b>10,788.91</b>	<b>4,550.17</b>	<b>29,328.29</b>	<b>425,043.44</b>
<b>Impairment Allowance</b>	-	950.40	3,475.19	-	-	-	-	-	-	-	<b>4,425.59</b>
<b>Accumulated depreciation</b>											
As at January 1, 2012	-	96,527.20	49,794.73	18,730.03	-	-	2,266.38	5,098.03	4,067.88	24,399.10	<b>200,883.35</b>
- Depreciation	-	6,750.88	9,514.89	1,940.54	-	-	67.36	230.07	173.27	1,338.66	<b>20,015.67</b>
- Adjust/Transfers	-	3,421.02	(18,611.11)	429.18	-	-	(1.69)	(4.19)	(69.23)	(249.69)	<b>(15,085.71)</b>
- Disposals	-	(2,110.78)	(301.50)	(562.22)	-	-	(8.05)	(0.10)	(51.75)	(649.75)	<b>(3,684.15)</b>
<b>Provision for flood damages</b>	-	-	-	-	-	-	-	-	-	10.75	<b>10.75</b>
As at December 31, 2012	-	<b>105,538.72</b>	<b>43,872.20</b>	<b>20,537.53</b>	-	-	<b>2,324.00</b>	<b>5,323.81</b>	<b>4,120.17</b>	<b>24,849.07</b>	<b>206,565.50</b>
<b>Net book value</b>											
As at December 31, 2011	<b>21,278.98</b>	<b>46,104.31</b>	<b>112,050.61</b>	<b>10,366.56</b>	<b>2,838.21</b>	<b>938.41</b>	<b>257.92</b>	<b>5,695.17</b>	<b>571.96</b>	<b>4,885.18</b>	<b>204,987.31</b>
As at December 31, 2012	<b>17,617.01</b>	<b>51,660.86</b>	<b>122,706.52</b>	<b>12,506.15</b>	<b>2,488.24</b>	<b>935.74</b>	<b>189.10</b>	<b>5,465.10</b>	<b>430.00</b>	<b>4,479.22</b>	<b>218,477.94</b>

**Separate Financial Statements  
As at December 31, 2011**

Unit : Million Baht

	<b>Prepaid Aircraft and Spare Engines</b>	<b>Aircraft</b>	<b>Aircraft under finance leases</b>	<b>Aircraft spare parts</b>	<b>Work In Progress</b>	<b>Land</b>	<b>Buildings</b>	<b>Leasehold Buildings</b>	<b>Building Improvement</b>	<b>Other plant and equipment</b>	<b>Total</b>
<b>Cost</b>											
As at January 1, 2011	17,982.74	141,437.22	163,441.09	27,718.15	310.68	938.41	2,524.69	10,782.61	4,656.38	29,108.04	<b>398,900.01</b>
- Adjust/Transfers	(1,980.43)	1,446.95	(3,352.62)	(207.37)	-	-	-	-	11.55	110.03	<b>(3,971.89)</b>
- Additions	5,276.67	1,847.25	6,137.92	3,517.35	2,527.53	-	-	19.08	59.65	508.69	<b>19,894.14</b>
- Disposals	-	(1,149.51)	(905.86)	(1,931.54)	-	-	(0.39)	(8.49)	(87.74)	(442.48)	<b>(4,526.01)</b>
As at December 31, 2011	<b>21,278.98</b>	<b>143,581.91</b>	<b>165,320.53</b>	<b>29,096.59</b>	<b>2,838.21</b>	<b>938.41</b>	<b>2,524.30</b>	<b>10,793.20</b>	<b>4,639.84</b>	<b>29,284.28</b>	<b>410,296.25</b>
<b>Impairment Allowance</b>	-	950.40	3,475.19	-	-	-	-	-	-	-	<b>4,425.59</b>
<b>Accumulated depreciation</b>											
As at January 1, 2011	-	91,898.70	44,345.32	18,124.77	-	-	2,199.03	4,875.09	3,840.54	23,084.86	<b>188,368.31</b>
- Depreciation	-	6,607.31	9,129.74	1,727.89	-	-	67.74	231.43	315.62	1,702.98	<b>19,782.71</b>
- Adjust/Transfers	-	(831.00)	(2,778.22)	(139.56)	-	-	-	-	(1.55)	1.54	<b>(3,748.79)</b>
- Disposals	-	(1,147.81)	(902.11)	(983.07)	-	-	(0.39)	(8.49)	(86.73)	(442.56)	<b>(3,571.16)</b>
<b>Provision for flood damages</b>	-	-	-	-	-	-	-	-	-	52.28	<b>52.28</b>
As at December 31, 2011	-	<b>97,477.60</b>	<b>53,269.92</b>	<b>18,730.03</b>	-	-	<b>2,266.38</b>	<b>5,098.03</b>	<b>4,067.88</b>	<b>24,399.10</b>	<b>205,308.94</b>
<b>Net book value</b>											
As at December 31, 2010	<b>17,982.74</b>	<b>48,588.12</b>	<b>115,620.58</b>	<b>9,593.38</b>	<b>310.68</b>	<b>938.41</b>	<b>325.66</b>	<b>5,907.52</b>	<b>815.84</b>	<b>6,023.18</b>	<b>206,106.11</b>
As at December 31, 2011	<b>21,278.98</b>	<b>46,104.31</b>	<b>112,050.61</b>	<b>10,366.56</b>	<b>2,838.21</b>	<b>938.41</b>	<b>257.92</b>	<b>5,695.17</b>	<b>571.96</b>	<b>4,885.18</b>	<b>204,987.31</b>

In this period, there are 101 aircraft represented in the Company's fleet consisting of 51 own aircraft, 32 aircraft under finance leases, and 18 aircraft under operating leases which excluded 10 aircraft for sales, with a carrying amount of THB 7,414.19 million. Moreover, the engine for sales, CF6-80C2 engine with a carrying amount of THB 3.75 million, is in the process of follow-up payment from TPA Co., Ltd., the purchaser of such engine.

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

The Company uses buildings and equipment that are now fully depreciated with historical cost of THB 74,232.55 million including the leasehold buildings amount of THB 3,924.94 million.

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

The Company has provided a land located in Bangkok for security meanwhile the Company is now in the procedure of appealing against the judgement of the court of first instance who has made a decision that compelled the Company to provide compensation in the amount of THB 27.63 million with interest due to ceasing of wine purchase.

At present, the official appraisal value of the Company's domestic land is THB 4,199.13 million consisting of land in Bangkok amount of THB 3,981.10 million and land in provinces amount of THB 218.03 million.

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

On March 30, 2012, the Company took the delivery of one B747-400 aircraft for cargo, and one more aircraft on May 4, 2012, which has been modified from passenger aircraft, totaling of 2 aircraft.



## 5.9 Intangible Assets

Unit : Million Baht

	Consolidated Financial Statements	Separate Financial Statements
<b>Cost</b>		
As at January 1, 2012	1,855.16	1,844.93
- Business acquisition	671.31	-
- Additions	412.93	404.09
As at December 31, 2012	2,939.40	2,249.02
<b>Accumulated amortisation</b>		
As at January 1, 2012	1,231.42	1,227.67
- Business acquisition	108.17	-
- Amortisation	262.31	248.40
As at December 31, 2012	1,601.90	1,476.07
<b>Net book value</b>		
As at December 31, 2011	<b>623.74</b>	<b>617.26</b>
As at December 31, 2012	<b>1,337.50</b>	<b>772.95</b>

## 5.10 Deferred Tax Assets

Deferred tax assets arising from the temporary differences between the book values and tax base of assets and liabilities in statement of financial position are as follows:

Unit : Million Baht

	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>	<u>Financial Statements</u>	<u>Financial Statements</u>	<u>Financial Statements</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Contribution to staff provident fund	79.92	85.75	79.92	85.75
Contribution to staff pension fund	466.18	475.91	466.18	475.91
Allowance for obsolete inventories	373.36	421.24	373.36	421.24
Allowance for doubtful accounts	409.23	371.79	404.18	365.17
Allowance for impairment in value of assets	808.89	849.56	808.89	849.56
Estimated accrual expenses	509.03	890.18	502.33	889.63
Loss on foreign currency exchange	-	77.03	-	77.03
Intangible assets	102.78	101.42	102.78	101.42
Employee benefits obligation	2,207.18	2,126.75	2,194.18	2,125.77
Others	<u>9.88</u>	<u>9.82</u>	<u>7.67</u>	<u>7.08</u>
<b>Total</b>	<b><u>4,966.45</u></b>	<b><u>5,409.45</u></b>	<b><u>4,939.49</u></b>	<b><u>5,398.56</u></b>

## 5.11 Deferred Tax Liabilities

Unit : Million Baht

	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>	<u>Financial Statements</u>	<u>Financial Statements</u>	<u>Financial Statements</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Intangible assets	83.35	55.76	83.35	55.76

Tax rates used for measuring asset value and deferred tax income are 30% for the year 2011, 23% for the year 2012 and 20% for the year 2013 and forward.

### 5.12 Other Non-Current Assets

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Deferred charges	3,771.50	2,030.72	3,771.50	2,030.72
Others	<u>891.19</u>	<u>283.45</u>	<u>868.70</u>	<u>282.17</u>
<b>Total</b>	<b><u>4,662.69</u></b>	<b><u>2,314.17</u></b>	<b><u>4,640.20</u></b>	<b><u>2,312.89</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 loans guarantee premiums for purchasing of aircraft are amortized as expenses over the period of due payment loans in each accounting period.

### 5.13 Non-current assets classified as held for sale Separate financial statements

Non-current assets classified as held for sale composed of 4 A300-600, 3 A340-500 and 3 B737-400 aircraft totaling of THB 7,414.19 million, 4 spare engines and 1 spare part totaling of THB 14.92 million, and other fixed assets totaling of THB 1.10 million, which made grand total of THB 7,430.21 million.

### 5.14 Long-Term Borrowings Consolidated and separate financial statements

<u>Currency</u>	<u>Loan Currency</u>		<u>Baht Equivalent (Million)</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
USD	40,000,000	40,000,000	1,225.26	1,273.28
THB	51,234,000,000	55,334,000,000	<u>51,234.00</u>	<u>55,334.00</u>
Total long-term borrowings			52,459.26	56,607.28
<u>Less</u> Current portion of long-term borrowings			<u>11,448.63</u>	<u>4,100.00</u>
<b>Net long-term borrowings</b>			<b><u>41,010.63</u></b>	<b><u>52,507.28</u></b>

At the year-end, long-term loans of the Company consisted of the foreign loans borrowed via the Ministry of Finance amount of THB 1,225.26 million, the outstanding balance for acquisition of two aircraft and loans from the commercial banks, Islamic Bank of Thailand and Government Saving Bank amount of THB 51,234.00 million. The total of long-term loans amounted to THB 52,459.26 million. As at December 31, 2012, such long-term loans have been transferred to be a current portion of long-term loans amount of THB 11,448.63 million, remained the balance of long-term loans amount of THB 41,010.63 million.

**5.15 Liabilities under Finance leases** Consolidated and separate financial statements

Unit : Million Baht

Liabilities under Finance Leases	2012		2011	
	Book Value	Present Value	Book Value	Present Value
Within 1 year	9,938.49	9,531.50	10,102.50	10,102.50
More than 1 year – 5 years	37,004.30	32,070.78	30,604.37	27,651.68
More than 5 years	<u>24,606.53</u>	<u>17,388.96</u>	<u>17,188.81</u>	<u>13,151.93</u>
<b>Total</b>	<u>71,549.32</u>	<u>58,991.24</u>	<u>57,895.68</u>	<u>50,906.11</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. For the fiscal year 2012, the outstanding balance of obligations under finance leases for 35 aircraft is THB 76,401.21 million with maturities ranging from 2013 to 2027. After deducting interest expenses due amount of THB 4,851.89 million, the principal balance of obligations under the Company's finance leases is THB 71,549.32 million. As at December 31, 2012, the amount of THB 9,938.49 million has been transferred to a current portion of finance lease, leaving the balance of long-term liabilities under finance lease amount of THB 61,610.83 million.

**5.16 Debentures**

Unit: Million Baht

Issuing								Redemption					Balance as at December 31, 2012
Resolutions of Shareholders' Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest rate Paid every 6 months (Percentage)	Amount	2008	2009	2010	2011	2012	
Extraordinary/1/2003 September 2, 2003	40,000	1 (Tranche1)	2003	October 8, 2008	5	3.00	5,500.00	October 8					-
		1 (Tranche2)	2003	October 8, 2010	7	3.70	4,500.00						-
							10,000.00						
		2 (Tranche1)	2004	October 20, 2009	5	4.65	7,500.00						-
		2 (Tranche2)	2004	October 20, 2011	7	5.20	4,500.00						-
		2 (Tranche3)	2004	October 20, 2014	10	5.80	3,000.00						3,000.00
							15,000.00						
		3 (Tranche1)	2005	May 12, 2008	3	3.82	6,000.00						-
		3 (Tranche2)	2005	May 12, 2011	6	4.67	6,000.00						-
		3 (Tranche3)	2005	May 12, 2015	10	5.19	3,000.00						3,000.00
					15,000.00								
Ordinary /2005 December 23, 2005	60,000	1 (Tranche1)	2007	November 22, 2010	3	4.51	3,000.00			November 22			-
		1 (Tranche2)	2007	November 22, 2012	5	5.04	4,500.00						-
							7,500.00						
		1 (Tranche1)	2008	April 2, 2010	1.5	4.77	3,455.29						-
		1 (Tranche2)	2008	October 2, 2011	3	5.05	987.92						-
		1 (Tranche3)	2008	October 2, 2013	5	5.50	2,556.79						2,556.79
							7,000.00						
		1 (Tranche1)	2009	January 20, 2012	3	5.30	170.00						-
		1 (Tranche2)	2009	January 20, 2014	5	5.45	720.00						720.00
		1 (Tranche3)	2009	January 20, 2016	7	5.60	300.00						300.00
1 (Tranche4)	2009	January 20, 2019	10	6.00	3,600.00	3,600.00							
					4,790.00								

Unit: Million Baht

Issuing								Redemption					Balance as at December 31, 2012	
Resolutions of Shareholders' Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest rate Paid every 6 months (Percentage)	Amount	2008	2009	2010	2011	2012		
Ordinary /2010 April 28, 2010	40,000	1 (Tranche1)	2011	May 13, 2018	7	Year 1-3 4%	1,555.00						1,555.00	
							Year 4-6 4.5%							
							Year 7 5.25%							
		1 (Tranche2)	2011	May 13, 2021	10	Year 1-4 4.25%	833.00							833.00
							Year 5-8 4.75%							
							Year 9-10 5.35%							
		1 (Tranche3)	2011	May 13, 2016	5	3.91	2,000.00							2,000.00
		1 (Tranche4)	2011	May 13, 2018	7	4.36	1,445.00							1,445.00
		1 (Tranche5)	2011	May 13, 2021	10	4.62	2,167.00							2,167.00
								8,000.00						
		2	2011	December 28, 2016	5	4.30	2,000.00							2,000.00
								2,000.00						
		1 (Tranche1)	2012	February 16, 2019	7	4.41	1,000.00							1,000.00
		1 (Tranche2)	2012	February 16, 2022	10	4.75	2,000.00							2,000.00
								3,000.00						
		2	2012	March 23, 2024	12	4.98	1,500.00							1,500.00
						1,500.00								
3 (Tranche1)	2012	October 11, 2017	5	4.51	4,000.00							4,000.00		
3 (Tranche2)	2012	October 11, 2019	7	4.70	1,500.00							1,500.00		
3 (Tranche3)	2012	October 11, 2022	10	4.90	1,500.00							1,500.00		
						7,000.00								
<b>Total</b>													<b>34,676.79</b>	

As at December 31, 2012, the balance of debentures was THB 34,676.79 million which the amount of THB 2,556.79 million was transferred to be a current portion of long-term liabilities, leaving the balance of long-term liabilities amount of THB 32,120.00 million.

The Company has registered these debentures with the Thai Bond Market Association (Thai BMA) in the bond electronic exchange of the Stock Exchange of Thailand except for the issuing of debentures No. 1/2552 which were offered to specific investors (not more than 10 investors).

### 5.17 Other Current Liabilities - Others

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Airport fees	5,096.81	2,169.24	5,076.14	2,169.24
Deferred revenue	4.39	2.51	4.13	2.23
Tax payables	403.50	698.82	380.41	697.04
Fringe benefits-field office staff	606.39	658.06	606.39	658.06
Cash received from insurance company	1,047.58	-	1,047.58	-
Deposit received	1,461.86	878.20	1,450.82	866.28
Other payables	<u>2,911.91</u>	<u>1,247.02</u>	<u>2,904.56</u>	<u>1,236.75</u>
<b>Total</b>	<b><u>11,532.44</u></b>	<b><u>5,653.85</u></b>	<b><u>11,470.03</u></b>	<b><u>5,629.60</u></b>

### 5.18 Long-Term Provision Separate financial statements

Changes in present value of long-term provision

	<u>Unit : Million Baht</u>	
	<u>2012</u>	<u>2011</u>
Long-term provision beginning balance	1,524.22	2,555.35
Long-term provision for the period	<u>(695.03)</u>	<u>(1,031.13)</u>
Long-term provision ending balance	<b><u>829.19</u></b>	<b><u>1,524.22</u></b>

Long-term provision as at December 31, 2012 consisted of:

5.18.1 The Court of First Instance has rendered a judgment ordering the Company to pay for damages claimed by employees in the amount of THB 19.85 million. At present, the Company has filed an appeal to the Court of Appeal.

5.18.2 The Court of First Instance has rendered a judgment ordering the Company to pay for damages arising from suspending the purchase of wine from Ming Yerng International Company which claimed against the Company in the amount of THB 27.63 million. At present, the case is under the Court of Appeal's consideration.

5.18.3 The case which the court rendered a judgment ordering the Company to pay for debt of 2009 in the amount of THB 2.09 million is currently under the Supreme Court's consideration.

5.18.4 The Court of First Instance has rendered a judgment ordering the Company to pay for THB 3.22 million to its employees. At present, the case is currently under the Supreme Court's consideration.

5.18.5 The Court of First Instance has rendered a judgment ordering the Company to pay for damages to other companies in the amount of THB 1.03 million. At present, the case is currently under the Court of Appeal's consideration.

5.18.6 The Department of Civil Dispute Settlement and Arbitration has made a decision ordering the Company to be liable for half of damages totaling THB 5.47 million to the Royal Thai Police.

5.18.7 The Court of First Instance has rendered a judgment ordering the Company to pay for damages to other companies in the amount of THB 0.49 million. At present, the case is currently under the Court of Appeal's consideration.

5.18.8 The Court of First Instance has rendered a judgment ordering the Company to pay for damages to other companies in the amount of THB 0.24 million.

5.18.9 For the fiscal year 2008, the Company had set the reserve of damages and fines with respect to antitrust laws allegation and criminal investigation pending against the Company in the amount of THB 4,290.17 million. On December 31, 2008, the Company transferred the amount of THB 458.20 million as short-term provisions and remained the amount of THB 3,831.97 million as long-term provisions. For the fiscal year 2011, the Company had decreased the total amount of such short-term provisions and decreased such long-term provisions totaling amount of THB 1,783.19 million, and remained the amount of THB 2,506.98 million as long-term provisions as of December 31, 2011. For the fiscal year 2012, the Company had decreased the estimated reserve of damages and fines in the amount of THB 1,042.05 million, and remained the amount of THB 1,464.93 million as long-term provision as of December 31, 2011. For the fiscal year 2012, the Company had decreased such estimated reserve of damages and fines in the amount of THB 695.76 million, and remained the amount of THB 769.17 million as the reserve of damages and fines.

According to the Board of Directors Meeting No. 10/2554 held on August 19, 2011, the meeting has resolved as follows:

1. To apply the local currency of each foreign country which the Company has the obligation to pay for the damages and fines reserve instead of applying the Thai Baht.
2. To decrease the amount of reserve for the antitrust case in the United States of America and Korea since the Company has already made a payment for the fine totaling of KRW 2,877 million or approximately THB 77.45 million according to the Korea Fair Trade Commission (KFTC) official decision.

Correspondingly, the Company's Department of Legal Affairs and Business Administration has modified the estimation guidelines as follows:

1. The above estimated damages and fines are based on the progress and direction of the cases which have become more apparent and the Company also considers the possibility that the Company may be alleged by each authority of the country that conducted investigation against the Company and the lowest fine rates that may be used in case the courts rule or sentence that the Company has committed guiltiness as alleged or claimed. In addition, the Company adjusted the foreign currency exchange rate to be in line with the current rates.

2. The above estimated damages and fine amounts are made in respect of the investigations made by the competent authority in each country including the initial estimate of the compensation in the Civil Class Action cases in the United States of America, though the disputed amount of claims has not yet been set and the plaintiffs still have to prove the damages.

3. The sentence or decision on the cases might be given separately in the next forth coming different fiscal years.

4. The above provision may be substantially deviate from the truth due to:

4.1 In the countries where investigations are initiated and no allegation is filed yet, there is no clear fact as to whether an allegation will be filed against the Company. And if such an allegation is filed against the Company, in which locations that such allegation may cover. The turnover amount of such locations which shall be based for calculation of fine or damages is therefore unaware.

4.2 The determination of fines and damages is dependent on the discretion of the deciding body. Other facts of the cases may require to be considered by such deciding body.

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

#### **5.19 Employee Benefits Obligation** Separate financial statements

Employee benefits obligations are classified into 5 projects as follows:

5.19.1 Legal Severance Payments are paid to the retired employees who work with the Company from 5 to less than 15 years, receiving 180 days of the latest salary rate. For the retired employees who work with the Company from 15 years onwards will receive for 300 days of the latest salary rate.

5.19.2 Post-Retirement Medical Benefits are provided to the retired and early retired employees together with their spouses and unmarried children less than 20 years of age with no expenses at all medical centers of the Company.

5.19.3 Encashment of Unutilized Holiday Leaves is paid to the employees who have outstanding holiday leaves, which can be accumulated not more than 3 consecutive years.

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

5.19.5 Long Service Awards (Air ticket) is provided to the employees who have been working with the Company for 15 years will get rewards for 1 free confirmed ticket on the Company's routes, and every next 5 years from the latest reward if continue working with the Company. The employees can accumulate and use these awards whenever they desire.



**Principal actuarial assumptions :**

Discount rate	4.2%
Price inflation	3.5%
Average salary increase rates	
Domestic staff	3.0% – 7.0%
Oversea staff	5.0%
Staff turnover rate	
Domestic staff	0.0% - 1.5%
Oversea staff	0.0% - 9.0%
Medical cost inflation	6.0%
Mortality rate	TM097 (Thai mortality tables year 1997)

**Changes in Present Value of the Employee Benefits Obligation**

	<u>Consolidated</u>		<u>Unit : Million Baht</u>	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Beginning Balance – Employee Benefits Obligation	10,631.62	9,326.02	10,627.15	9,322.51
Adjustment of Employee benefits obligation for subsidiaries	73.69	-	-	-
Current service cost	502.74	487.80	482.81	486.99
Interest cost	411.23	384.95	408.39	384.80
Benefits paid during the year	(264.31)	(469.45)	(260.62)	(469.45)
Actuarial loss (gain)	<u>(272.79)</u>	<u>902.30</u>	<u>(286.83)</u>	<u>902.30</u>
<b>Ending Balance – Employee Benefits Obligation</b>	<b><u>11,082.18</u></b>	<b><u>10,631.62</u></b>	<b><u>10,970.90</u></b>	<b><u>10,627.15</u></b>

**5.20 Dividend Paid** Separate financial statements

The resolution of the 2012 Annual General Shareholders' Meeting held on April 25, 2012 approved a dividend payment from the Company's operation for the year 2011.

**5.21 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, totaling to THB 10.99 million and to increase capital by issuing and offering 1,000 million new ordinary shares to the public and the Ministry of Finance at one price. Still, the Ministry of Finance is the major shareholder holding at 51.03% of the total paid-up ordinary shares.

On June 3, 2010, the Company has registered 1,000 million additional ordinary shares at par value of THB 10 each, totaling to 2,698.90 million authorized ordinary shares or amount of THB 26,989.01 million.

On September 16 and 17, 2010, the Company has already offered such increased ordinary shares to the public amount of 483.87 million shares at the following share allotment; the Ministry of Finance 246.93 million shares, existing shareholders (excluded the Ministry of Finance) 221.83 million shares, and retail investors 15.11 million shares. The Company already received the amount of money for ordinary shares issuance on September 24, 2010.

As at December 31, 2012 and 2011, the Company has authorized ordinary shares amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.01 million, issued and paid-up ordinary shares amount of THB 21,827.72 million.

## 5.22 Legal Reserve

As at December 31, 2012, the Company's legal reserve balance was THB 2,691.27 million, which composed of the carrying balance of the previous year totaling of THB 2,469.79 million and increased reserve for the fiscal year 2012 amount of THB 221.48 million (5% of net profit for the year) according to the Public Limited Company Act.

## 5.23 Employee Benefits Expenses

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2012	2011	2012	2011
Personnel expenses	31,616.12	29,584.81	31,117.34	29,542.36
Employee benefits	377.01	1,305.60	343.74	1,304.64
Executive remuneration	70.58	88.85	66.48	88.76
Board of directors remuneration	22.99	29.83	15.98	28.26
<b>Total</b>	<b>32,086.70</b>	<b>31,009.09</b>	<b>31,543.54</b>	<b>30,964.02</b>

Managements refer to the Company's Board of directors, chief executives, persons in the next four executive levels below the chief executives, and in similar position, including accounting or finance department managers or above according to Securities and Exchange Mandate.

Moreover, the directors of the Company obtain the ticket benefits. For the year 2012 and 2011, they issued the tickets for themselves and their related parties amount of 240 and 220 tickets with the value of THB 24.90 million and THB 23.49 million, respectively, calculating from the full fare tickets in those traveling classes.

## 5.24 Other Income - Others

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2012	2011	2012	2011
Gains on sales of assets	133.88	9.96	133.88	9.96
Dividends from associated and subsidiary companies	-	-	466.09	189.89
Revenue from other services of Aircraft Maintenance Department	425.26	393.57	425.26	393.57
Revenue from airport fees collected from passengers	313.27	793.65	313.27	793.65
Compensation revenue from the delay delivery of aircraft	649.39	509.42	649.39	509.42
Insurance compensation from the flood disaster	284.23	175.00	284.23	175.00
Others	520.23	752.43	481.78	753.72
<b>Total</b>	<b>2,326.26</b>	<b>2,634.03</b>	<b>2,753.90</b>	<b>2,825.21</b>

## 5.25 Other Expenses

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2012	2011	2012	2011
Rentals and public utilities	2,688.22	2,708.79	2,688.22	2,708.79
Office supplies	216.34	224.41	216.34	224.41
Repair of building and equipment	615.54	575.29	615.54	575.29
Outsource wages	1,096.82	997.40	1,096.82	997.40
Consultant and service fees	473.43	546.51	473.43	546.51
Legal fee for Antitrust / Competition Law	(167.12)	(826.32)	(167.12)	(826.32)
Computer rent and maintenance expenses	386.12	393.41	386.12	393.41
Travelling and transportation expenses	623.24	656.24	623.24	656.24
Concession fees	351.05	350.93	351.05	350.93
Passenger claim expenses	246.85	186.62	246.85	186.62
Damages from flood disaster	284.23	175.00	284.23	175.00
Others	2,354.72	1,160.62	1,778.73	1,091.56
<b>Total</b>	<b>9,169.44</b>	<b>7,148.90</b>	<b>8,593.45</b>	<b>7,079.84</b>

Legal fee for Antitrust/Competition Law is a contingent liability that the Company has to set the reserve for damages and fines with respect to Antitrust laws allegation. In the fiscal year 2012, the Company has decreased the provision for such damages and fines (according to Note 4.18.9)

## 5.26 Impairment Loss of Aircraft

As the Company has phased out 2 A300-600 aircraft from the fleet in March 2012 and are under the selling process, when comparing the net book value with the fair value less cost to sell, it appears that the fair value less cost to sell is lower than the net book value, therefore, the Company recognized the impairment loss of such aircraft amount of THB 181.14 million. Moreover, the Company has phased out 3 A340-500 aircraft from the fleet in June 2012, but when comparing the net book value with the appraisal value of such aircraft, it appears that there is no significant difference therefore no impairment loss of such aircraft has been recognized.

## 5.27 Income Tax Expense

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2012	2011	2012	2011
Tax expense from taxable net profit for the period	97.04	41.25	40.91	-
<u>Less:</u> tax adjustment of the previous year	-	(12.16)	-	(12.16)
<u>Add:</u> effect of tax rate change on deferred income tax	-	2,407.09	-	2,403.78
<u>Add(less):</u> deferred tax assets / liabilities from temporary differences increase/ decrease	496.40	(191.14)	486.65	(190.79)
<b>Net tax expense</b>	<b>593.44</b>	<b>2,245.04</b>	<b>527.56</b>	<b>2,200.83</b>

Tax credits are derived from net losses for the fiscal year ended December 31, 2011 as stated in P.N.D. 50 amount of THB 8,723.73 million. For the fiscal year ended December 31, 2012, the Company did not adopt tax benefits balance of THB 8,723.73 million which can be adopted until the fiscal year ended December 31, 2016.

## 5.28 Investment Promotion

The Company received the investment promotion certificates for air transportation operation of aircraft, consisting of passenger and cargo transportation activities, according to the investment promotion certificates No.1214(2)/2552, 1874(2)/2552 and 1446(2)/2554, 1178(2)/2555, 1627(2)/2555, 2006(2)/2555, 2576(2)/2555 and 2577(2)/2555 received on March 13, 2009, November 19, 2009, April 21, 2011, February 10, 2012, May 22, 2012, July 31, 2012, October 22, 2012, and October 22, 2012, respectively. Under the condition, the Company will receive a privilege for exemption from corporate income tax for the net profit, which operated by such aircraft starting from the date of first revenues derived from the promoted activities, up to 8 years.

Revenues from sales or services classified to the promoted and non-promoted activities for the year ended December 31, 2012 and 2011 are as follows:

Text	Unit : Million Baht	
	Separate Financial Statements	
	2012	2011
<b>Revenues from sales or services</b>		
Promoted activities	30,189.88	16,929.74
Non-promoted activities	170,868.21	173,762.18
<b>Total revenues from sales or services</b>	<b>201,058.09</b>	<b>190,691.92</b>

## 5.29 Earnings (Loss) Per Share

Basic earnings per share is calculated by dividing net profit or loss attributable to owners of the parent for the period by the weighted average number of ordinary shares outstanding during the periods.

	Unit : Million Baht/Million Shares			
	Consolidated Financial Statements		Separate Financial Statements	
	2012	2011	2012	2011
<b>Profits (losses) attributable to owners of the parent</b>	<b>6,228.97</b>	<b>(10,196.97)</b>	<b>4,429.65</b>	<b>(10,238.47)</b>
Number of issued ordinary shares as at January 1	2,182.77	2,182.77	2,182.77	2,182.77
<b>Number of weighted average ordinary shares</b>	<b><u>2,182.77</u></b>	<b><u>2,182.77</u></b>	<b><u>2,182.77</u></b>	<b><u>2,182.77</u></b>
<b>Basic earnings (loss) per share (THB)</b>	<b><u>2.85</u></b>	<b><u>(4.67)</u></b>	<b><u>2.03</u></b>	<b><u>(4.69)</u></b>

### 5.30 Financial Information by Segment Consolidated financial statements

#### 5.30.1 Business segments

#### Statements of Income For the years ended December 31, 2012 and 2011

Unit : Million Baht

	<u>Revenues</u>		<u>Inter - Segment Revenues</u>		<u>Total Revenues</u>		<u>Segment Results</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	Air transportation	200,221.77	182,738.04	-	-	200,221.77	182,738.04	10,622.95
Business Units	6,709.08	6,222.70	9,970.65	10,112.43	16,679.73	16,335.13	(1,881.72)	1,853.62
Other activities	2,191.66	2,036.45	5,231.60	5,205.91	7,423.26	7,242.36	(2,422.31)	(869.66)
Eliminations	-	-	(15,202.25)	(15,318.34)	(15,202.25)	(15,318.34)	-	-
Operating profits (losses)							6,318.92	(1,676.91)
Loss on debentures redemption							-	(1.43)
Share of profits of associates							363.43	183.74
Finance costs - net							(5,339.70)	(4,944.99)
Gains (losses) on foreign currency exchange							3,212.96	(2,428.18)
Other income - net							963.65	950.70
Profitability on business acquisition							1,584.40	
Non-controlling interests							(281.25)	(34.86)
Net tax expenses							(593.44)	(2,245.04)
<b>Net profit (loss) – attributable to owners of the parent</b>							<b><u>6,228.97</u></b>	<b><u>(10,196.97)</u></b>

#### Assets and Liabilities As at December 31, 2012 and 2011

Unit : Million Baht

	<u>Current Assets</u>		<u>Non-Current Assets</u>		<u>Total Assets</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Air transportation	64,109.59	55,185.97	223,341.92	206,086.81	287,451.51	261,272.78
Business Units	847.53	599.48	5,827.65	6,544.93	6,675.18	7,144.41
Other activities	2,838.45	709.31	3,315.33	2,519.30	6,153.78	3,228.61
Non-allocated assets	<u>3,815.41</u>	<u>2,310.60</u>	-	-	<u>3,815.41</u>	<u>2,310.60</u>
<b>Total</b>	<b><u>71,610.98</u></b>	<b><u>58,805.36</u></b>	<b><u>232,484.90</u></b>	<b><u>215,151.04</u></b>	<b><u>304,095.88</u></b>	<b><u>273,956.40</u></b>

Unit : Million Baht

	<u>Current Liabilities</u>		<u>Non-Current Liabilities</u>		<u>Total Liabilities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Air transportation	78,837.98	69,466.92	151,479.04	140,302.56	230,317.02	209,769.48
Business Units	609.52	645.19	1.08	14.59	610.60	659.78
Other activities	1,598.35	195.98	114.65	16.99	1,713.00	212.97
Non-allocated liabilities	<u>1,636.82</u>	<u>367.26</u>	-	-	<u>1,636.82</u>	<u>367.26</u>
<b>Total</b>	<b><u>82,682.67</u></b>	<b><u>70,675.35</u></b>	<b><u>151,594.77</u></b>	<b><u>140,334.14</u></b>	<b><u>234,277.44</u></b>	<b><u>211,009.49</u></b>

Segment operating results in each activity derive from total revenues less 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 customers less discount. As for the Technical Department, the inter-segment revenue transfers is recorded at cost plus. Those transfers are eliminated in preparing consolidated financial statement.

### 5.30.2 Geographical Segment Revenues

	<b>Unit : Million Baht</b>	
	<u><b>2012</b></u>	<u><b>2011</b></u>
Domestic Revenues		
Transportation	23,203.19	14,278.28
Business units	6,709.08	6,222.70
Other activities	<u>2,191.66</u>	<u>2,036.45</u>
Total domestic revenues	<u>32,103.93</u>	<u>22,537.43</u>
Foreign Transportation Revenues		
Regional Asia	75,357.86	68,279.53
Europe	39,087.60	41,940.20
North Pacific	2,623.17	3,539.77
Australia & New Zealand	18,551.83	17,211.46
Africa	<u>1,074.59</u>	<u>1,154.62</u>
Total foreign transportation revenues	<u>136,695.05</u>	<u>132,125.58</u>
Charter revenues and others	9,903.55	10,506.08
Insurance surcharge from passengers	1,561.94	1,669.66
Fuel surcharge from passengers	28,858.04	24,158.44
Interest income	496.59	710.59
Other income	2,326.26	2,634.03
Profitability on business acquisition	<u>1,584.40</u>	<u>-</u>
<b>Total</b>	<b><u>213,529.76</u></b>	<b><u>194,341.81</u></b>

### 5.31 Staff Pension Fund Consolidated and Separate Financial Statements

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

	<b>Unit : Million Baht</b>	
	<u><b>2012</b></u>	<u><b>2011</b></u>
Current assets	4,652.26	4,511.18
Others	<u>69.24</u>	<u>65.92</u>
Total	<u>4,721.50</u>	<u>4,577.10</u>
Other current liabilities	51.39	15.89
Pension fund	<u>4,670.11</u>	<u>4,561.21</u>
Total	<u>4,721.50</u>	<u>4,577.10</u>

As at December 31, 2012, the fund balance was THB 4,670.11 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 162.19 million, which comes from contributions at a rate equivalent to 10% of employee salaries in the amount of THB 222.68 million less the amount to match the Company's obligation of THB 60.49 million.)

### 5.32 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 1,203.88 million for this period.

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).

### 5.33 Contingent Liabilities

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

	Unit : Million Baht	
	<u>2012</u>	<u>2011</u>
Letters of guarantee issued by banks - Domestic	220.85	30.96
Letters of guarantee issued by banks - Abroad	399.09	397.19
The Company as defendant in		
Labor dispute cases	1,410.71	1,343.33
Damage claims cases	<u>2,537.81</u>	<u>2,597.98</u>
<b>Total</b>	<b><u>4,568.46</u></b>	<b><u>4,369.46</u></b>

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

1. Regarding an investigation conducted by the United States' Department of Justice (DOJ), it can be divided into 2 cases.

1.1 Cargo US DOJ Investigation: The Company was unofficially informed that DOJ has already terminated the investigation.

1.2 Passenger US DOJ Investigation: DOJ had started to investigate the Company by sending summon for documents to the Company. It is now in the process of investigation. Correspondingly, the Company has already hired a local attorney to correspond with the DOJ. However, it is still uncertain as to whether an allegation is being sought and when it will occur.

2. With respect to the investigation by the Australian Competition and Consumer Commission (ACCC)

On October 28, 2009, the ACCC has subsequently filed a lawsuit against the Company for violating Trade Practices Act 1974. Yet, the amount of fines and expenses has not yet been specified by the ACCC in the lawsuit.

At present, the Company has already entered into a settlement with ACCC in order to pay a fine in the amount of AUD 7.5 million or approximately THB 240.50 million including the legal fees of ACCC in the amount of AUD 0.5 million or approximately THB 16.03 million, the total amount is AUD 8 million or approximately THB 256.53 million. On December 14, 2012, the court rendered a judgment as per the settlement agreed between the Company and ACCC. The Company can pay the fine by 7 installments within 3 years period. On December 28, 2012, the Company has paid for the fine of the first installment in the amount of AUD 1.1 million or approximately THB 35.79 million and paid for the legal fees of ACCC in the amount of AUD 0.5 million or approximately THB 16.27 million. The total amount is THB 52.06 million.

3. On the subject of an investigation by the Korean Fair Trade Commission (KFTC)

On November 30, 2010, the Company received an official decision of the KFTC which imposed a fine totaling an amount of KRW 2,877 million but dropped the criminal charges against the Company and the relevant staff. The Company has appealed the KFTC Commissioners' decision to the competent court. Then, the appeal of the Company for both ex Korea route and ex Hong Kong route was dismissed i.e. the Company shall pay for the fine totaling an amount of KRW 2,198.00 million for ex Korea route and an amount of KRW 679.00 million for ex Hong Kong route. The Company has already appealed to the Supreme Court and the case is currently undergoing the Supreme Court procedures.

4. As for the case involving the New Zealand Commerce Commission (NZCC) filing a lawsuit against the Company and other 13 airlines at the Auckland High Court and alleging that the Company, jointly with other airlines, fixed the fuel surcharge and security surcharge, constituting a violation against the Commerce Act of New Zealand, the NZCC requested the court to impose a fine and expenses to the Company according to the law. However, these fine and expenses remained unspecified at the time of filing the lawsuit. At present, the case is currently undergoing the court procedures.

5. For the case where lawsuits were filed against the Company at the Superior Court of Los Angeles and the San Francisco County Superior Court alleging that the Company had violated the Antitrust law of the United States by committing fares and surcharges fixing conspiracy. Presently, the Judicial Panel on Multi-district Litigation has ordered to combine the cases to be considered by the court at San Francisco as a single case, however, the disputed amount of claims has not yet been determined until the court makes a final decision that the Company is guilty. The case is currently undergoing the court procedures.

**5.34 Actions Taken in Relation to Entering into Block Space Agreement with Southern Air Inc. (SAI)**

Since Southern Air Inc. (SAI) has filed an application for the rehabilitation (Chapter 11) with the bankruptcy court in Delaware, the United States of America, on November 28, 2012, the Company filed a debt repayment application in the case where Southern Air Inc. (SAI) requested for the rehabilitation by assigning SKADDEN, ARPS, SLATE, MEAGHER & FLOM to be a local lawyer of the Company. The case is currently undergoing the court's consideration.



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

On December 9, 2011, Macfarlanes LLP, the Company's lawyer, filed a lawsuit against Koito Industries Limited and Asia Fleet Services (s) Pte., Ltd. at the court in England for breaching of general terms agreements (economy class seats) for Airbus A330-300 and A380-800 and Boeing B777-300 aircraft. At present, Koito Industries Limited (KI Holding Limited) has already filed its defence and counter claim. The case is currently undergoing the court's consideration.

### 5.36 Disclosure of Financial Instruments Separate financial statements

#### 5.36.1 Interest rate risk

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

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

Unit : Million Baht

2012

Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates			Outstanding Balances Fixed Interest Rates			Total
		Less than 1 year	1 to 5 years	Over 5 years	Less than 1 year	1 to 5 years	Over 5 years	
By currency								
USD	7.07	-	-	-	1,225.26	-	-	1,225.26
JPY	1.15	2,637.29	6,881.77	7,988.01	-	-	-	17,507.07
EUR	1.54	6,017.78	24,974.50	16,617.00	1,283.43	5,149.55	-	54,042.26
THB	4.62	8,823.37	33,680.89	4,054.74	3,956.79	18,295.00	17,100.00	85,910.79
<b>Total</b>		<b>17,478.44</b>	<b>65,537.16</b>	<b>28,659.75</b>	<b>6,465.48</b>	<b>23,444.55</b>	<b>17,100.00</b>	<b>158,685.38</b>

Unit : Million Baht

2011

Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates			Outstanding Balances Fixed Interest Rates			Total
		Less than 1 year	1 to 5 years	Over 5 years	Less than 1 year	1 to 5 years	Over 5 years	
By currency								
USD	7.07	-	-	-	-	1,273.28	-	1,273.28
JPY	1.63	3,759.07	5,169.06	2,372.97	-	-	-	11,301.10
EUR	2.45	5,073.29	20,067.93	13,666.51	1,270.14	5,367.38	1,149.33	46,594.58
THB	4.75	3,775.00	35,169.79	11,389.21	4,995.00	18,251.79	9,600.00	83,180.79
<b>Total</b>		<b>12,607.36</b>	<b>60,406.78</b>	<b>27,428.69</b>	<b>6,265.14</b>	<b>24,892.45</b>	<b>10,749.33</b>	<b>142,349.75</b>

For Interest Rate Risk Management policy, the Company applies a derivative financial instrument, Interest Rate Swap (IRS), to swap the floating interest rates which show high tendency to increase to fixed. As at December 31, 2012, 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 14 IRS transactions, swapping debt with floating interest rate to fixed interest rate. Two of these transactions are in JPY currency, nine transactions in EUR, and the remaining three transactions in THB. As at December 31, 2012, IRS transactions' total notional amount was THB 27,528.72 million of which interest exchange payments are done monthly and quarterly. The two transactions in JPY currency will expire in 2013. The five transactions in EUR currency will expire in 2017 and the other four transactions in EUR currency will expire in 2018. One transaction in THB currency will expire in 2016 and two transactions in THB currency will expire in 2017.

### 5.36.2 Foreign Currency Exchange Rate Risk

The Company generates revenues in THB and 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 Hedging" strategy to manage this risk by increasing the matching of currency between the revenues and expenses and to arrange for loan and restructure loan to coincide with net operating cash flow, and at the same time, to decrease foreign currency debt risk partially by relying on Thai baht loan in order to decrease the fluctuation of gain or loss from foreign exchange in the financial statements. In addition, the Company has a policy to enter into Cross Currency Swap (CCS) when the financial market benefits to the Company. As at December 31, 2012, the proportion of the Company's debts after swap in each currency i.e. USD : EUR : JPY : THB is 1 : 36 : 14 : 49. Gradually, the Company also used hedging strategy named Forward Contracts, by providing various degrees of participation in favorable currency exchange rate movement to hedge the future obligation that has underlying exposures.

At present, the Company has five CCS transactions, swapping debt in THB currency with floating interest rate to JPY currency with fixed interest rate. As at December 31, 2012, the five CCS transactions' total notional amount was JPY 11,548.82 million or equivalent to THB 4,680.75 million of which exchange payments, both principal and interest, are done quarterly. The two CCS transactions will terminate in 2015 and the other three transactions will terminate in 2017.

Unit : Million Baht						
<u>Foreign Currency Liabilities</u>						
<u>Currency</u>	<u>2012</u>			<u>2011</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	1,225.26	-	-	-	1,273.28	-
JPY	2,637.29	6,881.77	7,988.01	3,759.07	5,169.06	2,372.97
EUR	7,301.21	30,124.05	16,617.00	6,343.43	25,435.31	14,815.84

### 5.36.3 Fuel Price Risk

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

This was in accordance with the Company's policy, specifying that fuel hedging be conducted on a regular basis at not lower than 20 percent and not more than 80 percent of annual fuel consumption, which is under approval authority of Fuel Price Risk Management Committee. If fuel hedging is conducted more than 80 percent or lower than 20 percent of annual fuel consumption, it will have been approved by the Company's Board of Directors. Whereby the tenor of each contract would be for a period of not more than 18 months. The Company selected a financial tool that was suitable for the market situation by establishing the lowest and highest prices of jet fuel, whereby the Company would incur the difference in USD currency, should the price of jet fuel falls below the lowest price. On the contrary, the Company would be compensated should the price of jet fuel rises higher than the highest price. In this fiscal year, the Company's hedge portion account to 84 percent of its annual fuel consumption. As at December 31, 2012, the Company still has an obligation from fuel price hedging until December 2013 amount of 12,180,000 barrels of Jet fuel whereby the average lowest and the highest jet fuel prices are at USD 106.50 per barrel and USD 117.00 per barrel.

### 5.36.4 Fair Value of Financial Instruments

Fair value is the amount for which the buyer and the seller agree to exchange an asset, or settle a liability, while both parties are knowledgeable, willing, independent with the freedom to bargain.

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

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

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

## 5.37 Contractual Obligations

### 5.37.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase 3 A380-800, 2 A330-300, 5 A320-200, 4 A350-900XWB, and 6 B777-300ER aircraft amount of THB 78,056.96 million, expected to take delivery during the year 2013-2017 which consisted of:

Obligation	Unit : Million Baht	
	Within 1 year	Over 1 year – 5 years
Purchase of aircraft	21,919.28	56,137.68

### 5.37.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 42 aircraft amount of USD 4,837.73 million or approximately to THB 148,893.32 million consisting of 6 A320-200, 2 A330-300, 8 A350-900, 3 B737-400, 2 B777-200, 13 B777-300ER, 6 B787-8, and 2 B787-9 aircraft.

There are 24 aircraft which have not been scheduled delivery yet. The Company entered into the operating lease of 6 Boeing 777-300ER with the BOC Aviation Pte. Ltd. (BOCA) according to the Predelivery Commitment Agreement and Aircraft Lease Agreement dated October 22, 2010. Therefore, the Company has an obligation for the commitment fee amount of USD 7.23 million or approximately to THB 222.37 million, starting from the signing date in the Agreement until the delivery date of such aircraft. When the Company takes the delivery of such aircraft in 2013, the commitment fee will be recognized in the Company's statement of income with a straight-line method over the lease term. The operating leases of those 42 aircraft will be expired during 2013-2029.

Lease obligation and commitment fee can be classified as follows:

Obligation	Unit : Million Baht		
	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	4,513.15	30,554.93	113,602.87
Commitment Fee	222.37	-	-
<b>Total</b>	<b>4,735.52</b>	<b>30,554.93</b>	<b>113,602.87</b>

## 5.38 Estimated Damages from the Flood Disaster

5.38.1 On October 26, 2011, the flood reached Don Muang Airport causing the damages to the Company's assets which the insurance will cover for such damages.

The Company has primarily recorded the damages from flood disaster, which consisted of two Airbus A300-600 aircraft phased out from the fleet as aircraft for sales, consumable parts and supplies of Technical Department, tool repairment of Technical Department and raw material of Catering. On January 18, 2012, the Company received THB 50 million as the first insurance compensation from the insurance company, and total of USD 5 million or approximately THB 156.81 million on January 27, January 31, 2012 and February 13, 2012, respectively. The Company received more compensation amount of THB 10 million, USD

24.81 million or approximately THB 757.99 million, and THB 0.21 million on March 16, March 28, 2012 and May 17, 2012, respectively. Moreover, the Company received more compensation amount of THB 50 million, USD 0.19 million or approximately THB 6.02 million, THB 13 million, THB 2 million, and THB 1.55 million on July 10, July 30, 2012, August 10, 2012, October 22, 2012 and November 9, 2012, respectively. The Company recognized the insurance compensation from the flood disaster of THB 459.23 million. Such compensation has been recognized in the statements of comprehensive income for the year 2011 and 2012 at the amount of THB 175 million and THB 284.23 million, respectively. However, all the damaged assets which are covered by the insurance policy are under claiming process with the insurance company.

#### 5.38.2 Employee Grant for Flood Disaster

The Company has extended the deadline for the employee to apply for Support until February 29, 2012 in case such employees encountered the flood disaster. From the information as at February 3, 2012, the Company estimated that 6,000 staffs will apply for the support until February 29, 2012. The estimate such grant amounted to THB 400.00 million. The Company has already recognized such amount as expenses in the statements of comprehensive income for the year 2011. And for the year 2012, the Company has gradually paid THB 209.42 million to the qualified staffs according to the Company's regulations. The Company also decreased the supporting amount of THB 190.58 million. Meanwhile, The Company terminated the support on October 15, 2012 according to the Board of Directors Meeting held on October 5, 2012.

### 5.39 Events after the Reporting Period

5.39.1 One A330-300 aircraft is delivered on January 16, 2013. Such aircraft is under finance lease with aircraft guaranteed with the lease term of 15 years.

5.39.2 A320-200 No.5 aircraft is delivered on January 17, 2013. Such aircraft is under operating lease with the lease term of 12 years.

5.39.3 On February 13, 2013, the Company received the 9<sup>th</sup> investment promotion certificate No.1220(2)/2556 for investing in 2 A330-300 aircraft, the 10<sup>th</sup> investment promotion certificate No.1221(2)/2556 for investing in 3 A380-800 aircraft, and the 11<sup>th</sup> investment promotion certificate No.1222(2)/2556 for investing in 2 A320-200 aircraft.

### 5.40 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on February 27, 2013.

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