



(TRANSLATION)

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has audited the accompanying consolidated balance sheets of Thai Airways International Public Company Limited and its subsidiaries and the balance sheets of Thai Airways International Public Company Limited as at September 30, 2004 and 2003, and the related consolidated and the Company's statements of income, changes in shareholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General of Thailand is to express an opinion on these financial statements based on the audits.

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

In the opinion of the Office of the Auditor General of Thailand, the consolidated and the Company's financial statements referred to above present fairly, in all material respects, the financial position of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited as at September 30, 2004 and 2003, and the results of operations, the changes in shareholders' equity, and the cash flows for the years then ended in accordance with generally accepted accounting principles.

(Signed) *Pensri Soranaraks*
(Pensri Soranaraks)
Deputy Auditor General, for Auditor General

(Signed) *Rungravee Sahsomswan*
(Rungravee Sahsomswan)
Auditor - in - charge

สำนักงานการตรวจเงินแผ่นดิน

Office of the Auditor General

November 21, 2004

NO. 0015/1451

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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 September 30, 2004 and 2003 of Thai Airways International Public Company Limited and its subsidiaries and the Company's financial statements for the years ended September 30, 2004 and 2003 of Thai Airways International Public Company Limited and its subsidiaries was translated by Thai Airways International Public Company Limited. The Office of the Auditor General of Thailand reviewed the aforementioned translated Auditor's Report and financial statements and found that there were no substantial differences of content from those of the Thai version.

Given on November 29, 2004

(Pensri Soranaraks)
Deputy Auditor General, for Auditor General

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT SEPTEMBER 30, 2004 AND 2003

Unit : Baht

	<u>Notes</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
		<u>2004</u>	<u>2003</u> (restated)	<u>2004</u>	<u>2003</u> (restated)
ASSETS					
Current Assets					
Cash and cash equivalents	3.3	20,978,440,673	9,205,595,942	20,708,088,557	8,852,154,752
Fixed deposits due over 3 months		3,807,937,115	3,266,968,582	3,807,937,115	3,266,968,582
Current investment-available-for-sale securities	3.4	323,455,999	464,698,198	323,455,999	464,698,198
Trade account receivables-net	3.5	15,022,384,683	12,487,308,725	14,974,435,217	12,436,556,840
Inventories and supplies-net	3.6	4,275,361,532	3,636,445,054	4,275,361,532	3,636,445,054
Other current assets	3.7	7,583,727,003	5,534,094,062	7,560,402,613	5,513,557,755
Total Current Assets		51,991,307,005	34,595,110,563	51,649,681,033	34,170,381,181
Non-Current Assets					
Investments by the equity method	3.8.1	1,322,469,860	881,672,921	1,572,280,901	1,175,562,930
Other long-term investments	3.8.2	152,137,142	79,599,757	51,859,311	79,599,757
Loan for investment in aircraft spare parts	3.10	-	22,183,066	-	22,183,066
Property, Plant and Equipment-Net	3.11	134,041,264,755	123,410,481,846	133,955,930,373	123,319,501,942
Others	3.12	5,703,353,701	6,105,862,544	5,696,219,610	6,100,859,521
Total Non-Current Assets		141,219,225,458	130,499,800,134	141,276,290,195	130,697,707,216
Total Assets		193,210,532,463	165,094,910,697	192,925,971,228	164,868,088,397

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT SEPTEMBER 30, 2004 AND 2003

Unit : Baht

	Notes	CONSOLIDATED		THE COMPANY	
		2004	2003 (restated)	2004	2003 (restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade account payables		6,713,530,109	4,655,074,192	6,707,993,751	4,647,347,056
Short-term loans	3.13	-	4,009,640,000	-	4,009,640,000
Current portion of long-term loans					
Long-term loans	3.14	10,283,623,939	5,295,758,282	10,283,623,939	5,295,758,282
Liabilities under financial leases	3.15	5,248,494,457	7,877,867,258	5,248,494,457	7,877,867,258
Promissory notes	3.16	1,050,000,000	1,050,000,000	1,050,000,000	1,050,000,000
Other current liabilities					
Accrued expenses		14,833,485,877	11,562,809,872	14,823,537,623	11,556,072,646
Accrued dividends	3.17	50,607,384	34,161,846	50,607,384	34,161,846
Accrued income taxes		41,326,321	1,094,545,925	-	1,064,347,329
Unearned transportation revenues		16,507,265,038	14,030,371,856	16,507,265,038	14,030,371,856
Others	3.18	4,728,893,165	4,154,327,049	4,705,533,715	4,128,485,223
Total Current Liabilities		59,457,226,290	53,764,556,280	59,377,055,907	53,694,051,496
Non-Current Liabilities					
Long-term debts					
Debentures	3.19	10,000,000,000	-	10,000,000,000	-
Long-term loans	3.14	20,286,806,946	29,490,714,661	20,286,806,946	29,490,714,661
Liabilities under financial leases	3.15	39,671,971,402	35,292,040,815	39,671,971,402	35,292,040,815
Promissory notes	3.16	5,250,000,000	6,300,000,000	5,250,000,000	6,300,000,000
Staff pension fund	3.25	4,220,771,393	3,729,301,165	4,220,771,393	3,729,301,165
Others		-	347,054,951	-	347,054,951
Total Non-Current Liabilities		79,429,549,741	75,159,111,592	79,429,549,741	75,159,111,592
Total Liabilities		138,886,776,031	128,923,667,872	138,806,605,648	128,853,163,088
Shareholders' Equity					
Share capital	3.20				
Authorized					
1,700 million ordinary shares par value of Baht 10 each		17,000,000,000	17,000,000,000	17,000,000,000	17,000,000,000
Issued and paid-up					
1,400 million ordinary shares par value of Baht 10 each		-	14,000,000,000	-	14,000,000,000
1,685 million ordinary shares par value of Baht 10 each		16,850,000,000	-	16,850,000,000	-
Premium on share capital		15,580,550,482	4,750,000,000	15,580,550,482	4,750,000,000
Proceeds from ESOP offering		96,732,486	-	96,732,486	-
Unrealised gain on current investment-available-for-sale securities		317,143,675	454,324,822	317,143,675	454,324,822
Retained earnings					
Appropriated					
Legal reserve	3.21	1,700,000,000	1,700,000,000	1,700,000,000	1,700,000,000
Unappropriated		19,574,938,937	15,110,600,487	19,574,938,937	15,110,600,487
Total Company Shareholders' Equity		54,119,365,580	36,014,925,309	54,119,365,580	36,014,925,309
Minority interests		204,390,852	156,317,516	-	-
Total Shareholders' Equity		54,323,756,432	36,171,242,825	54,119,365,580	36,014,925,309
Total Liabilities and Shareholders' Equity		193,210,532,463	165,094,910,697	192,925,971,228	164,868,088,397

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

(Signed) *Kanok Abhiradee*
(Kanok Abhiradee)
President

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

For the years ended September 30, 2004 and 2003

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>2004</u>	<u>2003</u> (restated)	<u>2004</u>	<u>2003</u> (restated)
				Unit : Baht
Revenues from the Sale of Goods and the Rendering of Services				
Passenger and excess baggage	122,466,283,429	106,408,738,055	122,466,283,429	106,408,738,055
Freight	22,250,415,100	21,370,905,982	22,250,415,100	21,370,905,982
Mail	994,103,330	871,312,615	994,103,330	871,312,615
Other activities	6,892,219,453	5,885,326,717	6,476,834,319	5,569,308,193
Total Revenues from the Sale of Goods and the Rendering of Services	152,603,021,312	134,536,283,369	152,187,636,178	134,220,264,845
Operating expenses :				
Personnel	26,232,953,829	22,296,177,630	26,211,821,119	22,279,684,048
Fuel and oil	30,770,047,465	24,308,790,562	30,770,047,465	24,308,790,562
Cost inventories and supplies	9,034,886,533	8,024,998,963	9,034,886,533	8,024,998,963
Lease of aircraft and spare parts	6,672,238,301	7,817,676,263	6,672,238,301	7,817,676,263
Flight operations	37,217,219,668	33,660,779,407	37,217,219,668	33,660,779,407
Depreciation	11,932,029,629	10,994,824,366	11,901,098,399	10,970,272,013
Marketing	3,527,019,934	2,971,079,920	3,484,039,536	2,943,681,091
Insurance	1,545,933,317	2,385,183,853	1,545,933,317	2,385,183,853
Remuneration to board of directors	34,210,751	5,604,380	32,891,917	3,996,989
Other operating expenses	5,239,720,974	4,764,959,119	5,143,232,883	4,648,751,218
Total operating expenses	132,206,260,401	117,230,074,463	132,013,409,138	117,043,814,407
Profit from the Sale of Goods and the Rendering of Services	20,396,760,911	17,306,208,906	20,174,227,040	17,176,450,438

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

For the years ended September 30, 2004 and 2003

Unit : Baht

	Notes	CONSOLIDATED		THE COMPANY	
		2004	2003 (restated)	2004	2003 (restated)
Profit from the Sale of Goods and the Rendering of Services		20,396,760,911	17,306,208,906	20,174,227,040	17,176,450,438
Other Income					
Interest income		336,472,250	263,992,439	335,761,123	262,777,979
Others	3.22	954,907,098	460,430,662	951,725,974	457,714,085
Total Other Income		1,291,379,348	724,423,101	1,287,487,097	720,492,064
Other Expenses					
Losses (Gains) on foreign currency exchange		2,178,950,117	(4,159,844,707)	2,178,950,117	(4,159,844,707)
Yields from pension fund		38,942,629	37,487,143	38,942,629	37,487,143
Others	3.23	846,604,993	565,687,083	839,474,100	564,453,364
Total Other Expenses		3,064,497,739	(3,556,670,481)	3,057,366,846	(3,557,904,200)
Profit from Operations		18,623,642,520	21,587,302,488	18,404,347,291	21,454,846,702
Share of Profits from Investments by the Equity Method					
Share of net profit from subsidiary companies		435,392	-	84,731,595	51,057,000
Share of net profit from associated companies		157,603,199	165,599,050	157,603,199	165,599,050
Total Share of Profits from Investments by the Equity Method	3.8.1	158,038,591	165,599,050	242,334,794	216,656,050
Profit before Interest and Income Tax Expenses		18,781,681,111	21,752,901,538	18,646,682,085	21,671,502,752
Interest expenses		4,497,624,345	4,321,999,060	4,497,624,345	4,321,999,060
Income tax expenses		4,138,248,695	5,310,132,076	4,072,219,290	5,270,109,223
Profit after Tax		10,145,808,071	12,120,770,402	10,076,838,450	12,079,394,469
Net profit of minority interest		68,969,621	41,375,933	-	-
Net profit		10,076,838,450	12,079,394,469	10,076,838,450	12,079,394,469
Basic earnings per share	2.9				
Net profit		6.14	8.63	6.14	8.63

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

(Signed) *Kanok Abhiradee*
(Kanok Abhiradee)
President

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended September 30, 2004 and 2003

Unit : Baht

		CONSOLIDATED						
Notes	Share Capital issued and fully paid	Premium on share capital	Proceeds from ESOP offering	Unrealised gain available-for- sale securities	Legal Reserve	Retained Earnings Unappropriated	Minority Interest	Total
Balance at beginning of the year 2003 (before adjustment)	14,000,000,000	4,750,000,000	-	138,398,377	1,541,881,364	7,798,721,071	125,066,583	28,354,067,395
- Cumulative effect of change in accounting policy for D-check	-	-	-	-	-	(1,633,401,394)	-	(1,633,401,394)
- Cumulative effect of change in accounting policy for depreciation of aircraft seats	-	-	-	-	-	(550,770,789)	-	(550,770,789)
- Cumulative effect of change in accounting policy for depreciation of in-flight equipment	-	-	-	-	-	(325,224,234)	-	(325,224,234)
Balance at beginning of the year 2003 (after adjustment)	14,000,000,000	4,750,000,000	-	138,398,377	1,541,881,364	5,289,324,654	125,066,583	25,844,670,978
Unrealised gain on current investment - available-for-sale securities	-	-	-	315,926,445	-	-	-	315,926,445
<u>Add</u> Net Profit	-	-	-	-	-	12,079,394,469	41,375,933	12,120,770,402
<u>Less</u> Dividends paid	-	-	-	-	-	(2,100,000,000)	(10,125,000)	(2,110,125,000)
<u>Less</u> Legal reserve	-	-	-	-	158,118,636	(158,118,636)	-	-
Balance at the end of the year 2003	14,000,000,000	4,750,000,000	-	454,324,822	1,700,000,000	15,110,600,487	156,317,516	36,171,242,825
Balance at beginning of the year 2004 (before adjustment)	14,000,000,000	4,750,000,000	-	454,324,822	1,700,000,000	17,994,101,711	156,317,516	39,054,744,049
- Cumulative effect of change in accounting policy for D-check	-	-	-	-	-	(1,652,114,839)	-	(1,652,114,839)
- Cumulative effect of change in accounting policy for depreciation of aircraft seats	-	-	-	-	-	(580,558,742)	-	(580,558,742)
- Cumulative effect of change in accounting policy for depreciation of in-flight equipment	-	-	-	-	-	(650,827,643)	-	(650,827,643)
Balance at beginning of the year 2004 (after adjustment)	14,000,000,000	4,750,000,000	-	454,324,822	1,700,000,000	15,110,600,487	156,317,516	36,171,242,825
Unrealised gain on current investment - available-for-sale securities	-	-	-	(137,181,147)	-	-	28,715	(137,152,432)
<u>Add</u> Net Profit	-	-	-	-	-	10,076,838,450	68,969,621	10,145,808,071
<u>Less</u> Dividends paid	3.17	-	-	-	-	(5,612,500,000)	(20,925,000)	(5,633,425,000)
<u>Add</u> Issued share capital	3.20	2,850,000,000	10,830,550,482	-	-	-	-	13,680,550,482
<u>Add</u> Proceeds from ESOP offering	-	-	96,732,486	-	-	-	-	96,732,486
Balance at the end of the year 2004	16,850,000,000	15,580,550,482	96,732,486	317,143,675	1,700,000,000	19,574,938,937	204,390,852	54,323,756,432

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

(Signed) *Kanok Abhiradee*
(Kanok Abhiradee)
President

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended September 30, 2004 and 2003

Unit : Baht

<u>Notes</u>	THE COMPANY						Total
	Share Capital issued and fully paid	Premium on share capital	Proceeds from ESOP offering	Unrealised gain available-for- sale securities	Legal Reserve	Retained Earnings Unappropriated	
Balance at beginning of the year 2003 (before adjustment)	14,000,000,000	4,750,000,000	-	138,398,377	1,541,881,364	7,798,721,071	28,229,000,812
- Cumulative effect of change in accounting policy for D-check	-	-	-	-	-	(1,633,401,394)	(1,633,401,394)
- Cumulative effect of change in accounting policy for depreciation of aircraft seats	-	-	-	-	-	(550,770,789)	(550,770,789)
- Cumulative effect of change in accounting policy for depreciation of in-flight equipment	-	-	-	-	-	(325,224,234)	(325,224,234)
Balance at beginning of the year 2003 (after adjustment)	14,000,000,000	4,750,000,000	-	138,398,377	1,541,881,364	5,289,324,654	25,719,604,395
Unrealised gain on current investment - available-for-sale securities	-	-	-	315,926,445	-	-	315,926,445
<u>Add</u> Net Profit	-	-	-	-	-	12,079,394,469	12,079,394,469
<u>Less</u> Dividends paid	-	-	-	-	-	(2,100,000,000)	(2,100,000,000)
<u>Less</u> Legal reserve	-	-	-	-	158,118,636	(158,118,636)	-
Balance at the end of the year 2003	14,000,000,000	4,750,000,000	-	454,324,822	1,700,000,000	15,110,600,487	36,014,925,309
Balance at beginning of the year 2004 (before adjustment)	14,000,000,000	4,750,000,000	-	454,324,822	1,700,000,000	17,994,101,711	38,898,426,533
- Cumulative effect of change in accounting policy for D-check	-	-	-	-	-	(1,652,114,839)	(1,652,114,839)
- Cumulative effect of change in accounting policy for depreciation of aircraft seats	-	-	-	-	-	(580,558,742)	(580,558,742)
- Cumulative effect of change in accounting policy for depreciation of in-flight equipment	-	-	-	-	-	(650,827,643)	(650,827,643)
Balance at beginning of the year 2004 (after adjustment)	14,000,000,000	4,750,000,000	-	454,324,822	1,700,000,000	15,110,600,487	36,014,925,309
Unrealised gain on current investment - available-for-sale securities	-	-	-	(137,181,147)	-	-	(137,181,147)
<u>Add</u> Net Profit	-	-	-	-	-	10,076,838,450	10,076,838,450
<u>Less</u> Dividends paid	-	-	-	-	-	(5,612,500,000)	(5,612,500,000)
<u>Add</u> Issued share capital	2,850,000,000	10,830,550,482	-	-	-	-	13,680,550,482
<u>Add</u> Proceeds from ESOP offering	-	-	96,732,486	-	-	-	96,732,486
Balance at the end of the year 2004	16,850,000,000	15,580,550,482	96,732,486	317,143,675	1,700,000,000	19,574,938,937	54,119,365,580

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

(Signed) *Kanok Abhiradee*
(Kanok Abhiradee)
President

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2004 and 2003

	Unit : Baht			
	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>2004</u>	<u>2003</u> (restated)	<u>2004</u>	<u>2003</u> (restated)
Cash flows from operating activities				
Net profit	10,076,838,450	12,079,394,469	10,076,838,450	12,079,394,469
Adjustment to reconcile net profit to cash provided by (paid from) operating activities :				
Depreciation	11,932,029,629	10,994,824,366	11,901,098,399	10,970,272,013
Income from investments by the equity method	(158,038,591)	(165,599,050)	(242,334,794)	(216,656,050)
Losses on sales of assets	385,666,247	140,726,743	385,666,247	140,726,743
Cumulative effect of change in accounting policies	402,917,406	325,603,409	402,917,406	325,603,409
Cumulative effect of accounting adjustment	(195,293,446)	-	(195,293,446)	-
Gain on current investments-available-for-sale securities	(193,572,061)	-	(193,358,041)	-
Amortisation of deferred charges	208,858,088	9,964,302	208,858,088	9,964,302
Losses (gains) on foreign currency exchange	2,385,192,633	(3,194,078,774)	2,385,192,633	(3,194,078,774)
Net profit of minority interests	68,969,621	41,375,933	-	-
Reserve for obsolete inventories	99,621,574	194,064,576	99,621,574	194,064,576
Allowance for doubtful accounts and impairment in value of assets	21,696,573	(100,147,637)	14,613,414	(101,346,882)
Operating profit before changes in operating assets and liabilities	25,034,886,123	20,326,128,337	24,843,819,930	20,207,943,806
Decrease (increase) in operating assets :				
Trade account receivables	(2,469,098,703)	782,256,225	(2,464,817,963)	832,192,926
Inventories and supplies	(738,538,051)	(299,961,909)	(738,538,051)	(299,961,909)
Prepaid expenses and deposits	(1,209,316,628)	(589,249,153)	(1,209,234,464)	(589,213,750)
Tax refund	(460,323,195)	-	(460,323,195)	-
Other current assets	(284,263,747)	608,098,719	(281,464,942)	499,157,033
Deferred income taxes	623,561,985	1,149,879,843	625,693,053	1,150,949,116
Deferred charges	(687,935,494)	(355,874,908)	(687,935,494)	(355,874,908)
Concessions for acquisitions of aircraft and engines	247,550,738	(43,386,680)	247,550,738	(43,386,680)
Increase (decrease) in operating liabilities :				
Trade account payables	1,999,386,949	861,855,632	2,001,577,727	857,555,352
Accrued expenses and other current liabilities	2,543,675,447	547,134,842	2,531,794,071	534,454,688
Staff pension fund	491,470,228	276,581,275	491,470,228	276,581,275
Unearned transportation revenue	2,476,893,182	16,644,736	2,476,893,182	16,644,736
Net cash from operating activities	27,567,948,834	23,280,106,959	27,376,484,820	23,087,041,685

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2004 and 2003

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>2004</u>	<u>2003</u> (restated)	<u>2004</u>	<u>2003</u> (restated)
Unit : Baht				
Cash flows from investing activities				
Fixed deposits due over 3 months increase	(540,968,533)	(2,634,762,397)	(540,968,533)	(2,634,762,397)
Cash paid for acquisition of fixed assets	(23,596,341,674)	(4,583,824,732)	(23,571,055,968)	(4,538,731,835)
Cash paid for advance payment for aircraft	-	(5,106,100,768)	-	(5,106,100,768)
Cash received from sales of assets	244,945,484	156,310,790	244,945,484	156,310,790
Investments decrease (increase)	(252,765,441)	149,292,025	(127,190,441)	161,667,025
Cash received from current investments-available-for-sale securities	197,237,717	-	197,237,717	-
Cash received from loan for investing aircraft spare parts	-	3,276,000	-	3,276,000
Net cash used in investing activities	(23,947,892,447)	(12,015,809,082)	(23,797,031,741)	(11,958,341,185)
Cash flows from financing activities				
Cash received from debentures	10,000,000,000	-	10,000,000,000	-
Cash received from short-term loans	4,010,000,000	4,290,000,000	4,010,000,000	4,290,000,000
Cash received from long-term loans	10,468,243,651	9,594,036,699	10,468,243,651	9,594,036,699
Cash received from issued ordinary shares	2,850,000,000	-	2,850,000,000	-
Cash received from premium on ordinary shares	10,830,550,482	-	10,830,550,482	-
Cash received from subscription of ESOP	96,732,486	-	96,732,486	-
Cash paid for repayment of short-term loans	(8,019,640,000)	(12,175,240,000)	(8,019,640,000)	(12,175,240,000)
Cash paid for repayment of long-term loans	(15,363,440,903)	(20,297,052,007)	(15,363,440,903)	(20,297,052,007)
Cash paid for repayment of promissory notes	(1,050,000,000)	(1,050,000,000)	(1,050,000,000)	(1,050,000,000)
Dividends paid	(5,616,979,461)	(2,102,833,912)	(5,596,054,461)	(2,092,708,912)
Net cash from (used in) financing activities	8,205,466,255	(21,741,089,220)	8,226,391,255	(21,730,964,220)
Increase (decrease) in cash and cash equivalents	11,825,522,642	(10,476,791,343)	11,805,844,334	(10,602,263,720)
Increase (decrease) effects of exchange rate changes on cash and bank balances	50,089,471	(434,836,286)	50,089,471	(434,836,286)
Cash and cash equivalents at the beginning of the year	9,102,828,560	20,117,223,571	8,852,154,752	19,889,254,758
Cash and cash equivalents at the end of the year	20,978,440,673	9,205,595,942	20,708,088,557	8,852,154,752
Supplementary cash flows information :				
Cash paid during the year for				
Interest expenses	4,406,025,252	4,396,450,305	4,406,025,252	4,396,450,305
Corporate income tax	5,007,861,817	4,913,479,280	4,950,829,069	4,880,656,782
Non-cash transaction				
Assets under financial lease	-	13,670,675,182	-	13,670,675,182

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

(Signed) *Kanok Abhiradee*
(Kanok Abhiradee)
President

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the years ended September 30, 2004 and 2003

1. BASIC OF FINANCIAL STATEMENT PREPARATION

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 two subsidiaries, Thai-Amadeus Southeast Asia Company Limited and Thai Information Solution Company Limited, in which the Company holds equity interests of 55% and 100%, respectively. Significant transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

Thai Information Solution Company Limited has been registered to dissolution the firm on August 25, 2004. In fiscal year 2004, the Company did not consolidate in its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Allowance for Doubtful Accounts

An allowance for doubtful accounts is established for trade account receivables, excluding those from government agencies and state enterprises, which are more than 6 months overdue:

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

Allowance for doubtful accounts for contingent estimated losses that may result from uncollectable trade account receivables, including government agencies and state enterprises, is estimated from historical collection experience and the position of account receivables at the balance sheet date.

2.2 Inventories and Supplies

Inventories and supplies at the year-end are stated at the lower of moving average cost or net realisable value, except inventories in transit are stated at purchased date cost.

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

2.3 Investments

2.3.1 Investments in subsidiaries and associated companies are stated by the equity method.

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

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

2.4 Property, Plant and Equipment and Depreciation

2.4.1 Aircraft and aircraft under financial leases are stated at cost, including where applicable (engines and other flight equipment), cost of decoration and acquisition, and interest on loans for the purchase of the aircraft 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 salvage value of 10 % of cost.

2.4.2 Aircraft overhaul ("D-check") costs, the first estimated overhaul costs, are presented as separate assets from the aircraft cost and depreciated over the period until 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.

2.4.3 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.

2.4.4 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.

2.4.5 Other fixed assets are stated at cost on the acquisition date or on the date of completion of construction and depreciated on a straight-line basis over an estimated useful life of 5-20 years.

2.4.6 Leasehold buildings are amortised over a period of 10 years.

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

2.5 Deferred Charges

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

2.6 Concessions for the Acquisition of Aircraft and Engines

The Company records its concessions received under contracts for the acquisition of aircraft and engines as “Concessions for acquisitions of aircraft and engines” (other assets), together with “Deferred concessions to reduce cost of aircraft” (other liabilities). When aircraft and engines are received, the relevant concession amount is transferred from “Deferred concessions to reduce cost of aircraft” to reduce cost of received aircraft. When assets or services under concessions are received, amounts from “Concessions for acquisitions of aircraft and engines” are transferred to assets or expensed, as appropriate.

2.7 Liabilities Under Financial Leases

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

2.8 Revenue Recognition

2.8.1 Passenger and excess baggage revenues:

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

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

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

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

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

- Unredeemed awards are recognised as revenue after 3 years.
- Redemptions with Star Alliance partners involve interline billing arrangements and costs per mile specified in partner agreements. Revenues are recognised when transportation is provided.
- The Company sells mileage to its members in order to encourage redemptions and recognises the difference between the sale price and mileage cost as revenue.

2.8.4 Revenues from business units, technical services, customer services, ground support equipment services and cargo services are recognised when services are provided. Revenues from catering, sales on board and the Thai shop are recognised at sale.

2.8.5 Other revenues are recognised on an accrual basis.

2.9 Basic Earnings Per Share

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

2.10 Foreign Currency Transactions

Foreign currency transactions incurred during the year are translated into Baht at exchange rates calculated from the average exchange rate of the Bank of Thailand and commercial banks in the month in which the transaction occurs.

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

2.11 Staff Provident Fund

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

2.12 Deferred Income Tax

Deferred income tax are calculated to comply with Accounting Standard No.56 effective on or after January 1, 2007. The Company early adopted such standard in fiscal year 2002. For the Company’s tax expense is calculated in accordance with the Revenue Code.

2.13 Accounting Estimations

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

3. SUPPLEMENTARY INFORMATION

3.1 The Effect of Changes in Accounting Policies

In fiscal year 2004, the Company has changed its following accounting policies in conformity with the accounting standards:

3.1.1 The Company has changed the accounting policy for a record of the aircraft overhaul costs (D-check), formerly not recorded the first estimated overhaul cost, to record such costs as separate assets from the aircraft cost and will be depreciated over the period until the next scheduled overhaul 4-7 years depending on type of aircraft. When the aircraft overhaul costs incur, the asserted assets will be expensed and replaced by these overhaul costs.

3.1.2 The Company has changed the accounting policy for a record of passenger seats, formerly recorded as part of aircraft cost and depreciated over 20 years, to record as separate assets from the aircraft cost and will be depreciated over 5 years. When the replacement costs incur, they are accounted for as separate assets and the replaced assets will be written off.

3.1.3 The Company has changed the accounting policy for a record of the improvement cost of in-flight equipment which will be recognised as an expense when incures. Formerly, such a cost was recorded as part of aircraft cost and depreciated over the period of 20 years. When this cost incurred, it was recognised as a separate asset and depreciated over the period of 5 years.

The Company restated its 2003 financial statements as though the Company had consistently followed the new policies. As a result, the retained earning of the Company at the beginning of fiscal year 2004 and 2003 decreased by THB 2,883.50 million and THB 2,509.40 million, respectively. Net profit of the Company for the fiscal year 2004 and 2003 decreased by THB 543.59 million and THB 374.10 million, respectively.

3.2 Chang in Method of Accounting Presentation

The Company has changed its presentation method for the accounting items in income statements, formerly classified expenses by activity, to classify the expenses by nature to comply with the airline business. The Company restated its 2003 financial statements as though the Company had consistently presented the expenses by nature which have no any impact on a profit(loss) of consolidated and the Company.

3.3 Cash and Cash Equivalents

	Consolidated		Unit : Million Baht The Company	
	2004	2003	2004	2003
	Cash - Domestic	11.71	10.65	11.71
Cash - Abroad	17.00	20.79	17.00	20.79
Bank Deposits - Domestic	3,907.72	5,218.39	3,637.37	4,864.95
Bank Deposits - Abroad	<u>17,042.01</u>	<u>3,955.76</u>	<u>17,042.01</u>	<u>3,955.76</u>
Total	<u>20,978.44</u>	<u>9,205.59</u>	<u>20,708.09</u>	<u>8,852.15</u>

Cash and cash equivalents have already included cash and cash equivalent of the Company's staff pension discussed in Note 3.25.

3.4 Current Investments - Available-for-Sale Securities

On June 27, 2002, the Company received 508,937 shares in FRANCE TELECOM, listed on the Bourse de Paris and the New York Stock Exchange, from SITA. In this fiscal year, the Company sold 191,980 shares amount of THB 197.24 million with a gain on sales of THB 193.39 million. The balance of shares as at September 30, 2004 is 316,957 million shares with a market value of EUR 20.06 per share, totalling to EUR 6.36 million or approximately THB 323.46 million (exchange rate EUR 1 = THB 50.8726).

3.5 Trade Account Receivables - Net

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

	Consolidated		Unit : Million Baht The Company	
	2004	2003	2004	2003
	Period of overdue			
Not over 6 months	14,969.86	12,406.42	14,926.95	12,356.65
Over : 6 months to 1 year	84.47	103.94	76.85	102.94
Over : 1 year to 2 years	41.14	115.68	36.25	113.74
Over : 2 years	<u>1,200.41</u>	<u>1,106.32</u>	<u>1,196.87</u>	<u>1,104.34</u>
	16,295.88	13,732.36	16,236.92	13,677.67
<u>Less</u> Allowance for doubtful accounts	<u>(1,273.50)</u>	<u>(1,245.05)</u>	<u>(1,262.48)</u>	<u>(1,241.11)</u>
Trade account receivables - net	<u>15,022.38</u>	<u>12,487.31</u>	<u>14,974.44</u>	<u>12,436.56</u>

3.6 Inventories and Supplies - Net

	Unit : Million Baht			
	Consolidated		The Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Aircraft spare parts	3,454.74	3,030.58	3,454.74	3,030.58
<u>Less</u> Provision for obsolescence (10% of the year-end balance)	(345.47)	(303.06)	(345.47)	(303.06)
Aircraft spare parts - Net	3,109.27	2,727.52	3,109.27	2,727.52
Vehicle spare parts and ground support equipment	157.38	159.81	157.38	159.81
Slow moving aircraft spare parts and spare parts of sale	2,189.44	2,113.47	2,189.44	2,113.47
<u>Less</u> Provision for obsolescence (33.33% of incurred balance during the year)	(1,922.88)	(1,863.90)	(1,922.88)	(1,863.90)
Slow moving aircraft spare parts and spare parts for sale - Net	266.56	249.57	266.56	249.57
Fuel and oil for aircraft	203.22	47.16	203.22	47.16
Goods for sale	204.93	173.66	204.93	173.66
Cabin supplies	143.62	98.70	143.62	98.70
Supplies and other consumables	31.09	30.20	31.09	30.20
Stationery and office supplies	81.30	79.25	81.30	79.25
Inventories and spare parts in transit	77.99	70.57	77.99	70.57
	742.15	499.54	742.15	499.54
Obsolete and damaged inventories for disposal	13.51	15.29	13.51	15.29
<u>Less</u> Provision for obsolescence (100%)	(13.51)	(15.29)	(13.51)	(15.29)
Obsolete and damaged inventories for disposal - Net	-	-	-	-
Total inventories and supplies - Net	4,275.36	3,636.44	4,275.36	3,636.44
Total inventories and supplies at year-end	6,557.22	5,818.69	6,557.22	5,818.69
<u>Less</u> Total provision for obsolete inventories and supplies	(2,281.86)	(2,182.25)	(2,281.86)	(2,182.25)
Total inventories and supplies - Net	4,275.36	3,636.44	4,275.36	3,636.44

3.7 Other Current Assets

	Unit : Million Baht			
	Consolidated		The Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Prepaid expenses and deposits	5,802.20	4,506.72	5,801.91	4,506.36
Tax refund	460.32	-	460.32	-
Others	1,321.21	1,027.37	1,298.17	1,007.20
Total	7,583.73	5,534.09	7,560.40	5,513.56

3.8 Investments

Consolidated

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on investments	
	2004	2003	Cost method		Equity method		2004	2003
			2004	2003	2004	2003		
3.8.1 Investments using the equity method								
Thai Information Solution Company Limited (paid 25% of authorized share capital)	100	-	125.00	-	103.27	-	0.44	-
Royal Orchid Hotel (Thailand) Public Co., Ltd. (Market value for the year 2004 amount of THB 630.00 Million and the year 2003 amount of THB 697.50 million)	24	24	225.00	225.00	283.74	279.57	23.51	29.25
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	157.38	192.14	32.44	56.03
Bangkok Aviation Fuel Services Public Company Limited (Market value for the year 2004 amount of THB 829.34 million and the year 2003 amount of THB 867.74 million)	22.6	22.6	76.79	76.79	415.52	381.14	81.98	71.96
Phuket Air Catering Company Limited	30	30	30.00	30.00	43.98	28.82	19.67	8.36
Suvarnabhumi Airport Hotel Company Limited (fully paid-up of the first authorized share and paid 25% of increased share capital)	30	-	123.58	-	123.58	-	-	-
Sky Asia Company Limited	39	-	195.00	-	195.00	-	-	-
Total investments using the equity method					1,322.47	881.67	158.04	165.60
3.8.2 Other long-term investments stated at cost								
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00			-	-
Aeronautical Radio of Thailand Limited	3.5	3.9	22.94	25.60			-	-
SITA Investment Certificate	-	-	24.15	29.75			-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75			-	-
Other Shares			3.02	22.50			1.75	0.70
Investment in private fund			100.28	-			-	-
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Limited			(133.00)	(133.00)			-	-
Total other long-term investments			152.14	79.60			1.75	0.70

The Company

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on investments	
	2004	2003	Cost method		Equity method		2004	2003
			2004	2003	2004	2003		
3.8.1 Investments using the equity method								
Subsidiary Companies								
Thai Information Solution Company Limited (paid 25% of authorized share capital)	100	100	125.00	125.00	103.27	102.84	0.44	0.48
Thai-Amadeus Southeast Asia Company Limited	55	55	8.25	8.25	249.81	191.05	84.29	50.57
Total					353.08	293.89	84.73	51.05
Associated Companies								
Royal Orchid Hotel (Thailand) Public Co., Ltd. (Market value for the year 2004 amount of THB 630.00 million and the year 2003 amount of THB 697.50 million)	24	24	225.00	225.00	283.74	279.57	23.51	29.25
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	157.38	192.14	32.44	56.03
Bangkok Aviation Fuel Services Public Company Limited (Market value for the year 2004 amount of THB 829.34 million and the year 2003 amount of THB 867.74 million)	22.6	22.6	76.79	76.79	415.52	381.14	81.98	71.96
Phuket Air Catering Company Limited	30	30	30.00	30.00	43.98	28.82	19.67	8.36
Suvarnabhumi Airport Hotel Company Limited (fully paid-up of the first authorized share and paid 25% of increased share capital)	30	-	123.58	-	123.58	-	-	-
Sky Asia Company Limited	39	-	195.00	-	195.00	-	-	-
Total					1,219.20	881.67	157.60	165.60
Total investments using the equity method					1,572.28	1,175.56	242.33	216.65
3.8.2 Other long-term investments stated at cost								
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00			-	-
Aeronautical Radio of Thailand Limited	3.5	3.9	22.94	25.60			-	-
SITA Investment Certificate	-	-	24.15	29.75			-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75			-	-
Other Shares			3.02	22.50			1.75	0.70
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Limited			(133.00)	(133.00)			-	-
Total other long-term investments			51.86	79.60			1.75	0.70

The Company does not have any authority in the management or control of its associated companies except for voting rights and board representation according to the Company's share ownership of the associated company.

After Thai Information Solution Company Limited was established, it did not conduct any business. The Company has already registered to dissolve the firm on August 25, 2004 in accordance with the Resolution of THAI's Board of Directors passed on January 29, 2003 and the Resolution of the Cabinet passed on March 30, 2004.

3.9 Related Parties The Company

3.9.1 Major shareholders

	Unit : Million Baht	
	<u>2004</u>	<u>2003</u>
Ministry of Finance		
Guaranteed loans	1,677.42	3,732.07
Loans via the Ministry of Finance	28,893.01	35,064.04
Government Saving Bank		
Loans payable and promissory notes	-	4,550.00

As at September 30, 2004, the Government Saving Bank has reduced its share proportion to 0%

3.9.2 Subsidiary companies

Name of Company	Unit : Million Baht					
	<u>2004</u>			<u>2003</u>		
	Sales	Trade Account Receivables	Other Account Receivables	Sales	Trade Account Receivables	Other Account Receivables
Thai-Amadeus Southeast Asia Company Limited	72.00	0.17	15.82	83.58	0.06	13.61
Thai Information Solution Company Limited	-	-	-	-	-	0.06
Total	<u>72.00</u>	<u>0.17</u>	<u>15.82</u>	<u>83.58</u>	<u>0.06</u>	<u>13.67</u>

The Company purchases goods and services from related parties on normal commercial terms.

3.10 Loan for Investment in Aircraft Spare Parts

The Company has entered into a technical contract with a loan component to SR TECHNICS for the maintenance of the Company's MD-11 aircraft. The loan balance as at September 30, 2003 amounted to USD 0.56 million or approximately THB 22.18 million. The Company has already received the repayment during the year 2004.

3.11 Property, Plant and Equipment - Net

Consolidated

Unit : Million Baht

	Aircraft	Aircraft under financial leases	Aircraft spare parts	Land and buildings	Other plant and equipment	Total
Cost						
As at September 30, 2003	118,980.80	63,068.63	23,333.00	9,963.55	18,940.56	234,286.54
- Adjust/Transfer	8,495.88	(8,692.01)	(233.05)	142.00	390.77	103.59
- Increased asset	7,404.81	11,742.49	3,581.81	122.04	3,776.89	26,628.04
- Sold	(388.63)	-	(1,450.58)	(14.14)	(245.19)	(2,098.54)
As at September 30, 2004	134,492.86	66,119.11	25,231.18	10,213.45	22,863.03	258,919.63
Accumulated depreciation						
As at September 30, 2003	61,044.30	12,363.13	15,498.54	7,115.55	14,854.54	110,876.06
- Depreciation	5,547.00	3,101.30	1,851.77	393.17	1,038.79	11,932.03
- Adjust/Transfer	8,793.20	(5,082.57)	(172.44)	-	0.31	3,538.50
- Sold	(388.63)	-	(821.09)	(13.80)	(244.70)	(1,468.22)
As at September 30, 2004	74,995.87	10,381.86	16,356.78	7,494.92	15,648.94	124,878.37
Net book value						
As at September 30, 2003	57,936.50	50,705.50	7,834.46	2,848.00	4,086.02	123,410.48
As at September 30, 2004	59,496.99	55,737.25	8,874.40	2,718.53	7,214.09	134,041.26

The Company

Unit : Million Baht

	Aircraft	Aircraft under financial leases	Aircraft spare parts	Land and buildings	Other plant and equipment	Total
Cost						
As at September 30, 2003	118,980.80	63,068.63	23,333.00	9,963.55	18,801.43	234,147.41
- Adjust/Transfer	8,495.88	(8,692.01)	(233.05)	142.00	390.77	103.59
- Increased asset	7,404.81	11,742.49	3,581.81	122.04	3,751.61	26,602.76
- Sold	(388.63)	-	(1,450.58)	(14.14)	(245.19)	(2,098.54)
As at September 30, 2004	134,492.86	66,119.11	25,231.18	10,213.45	22,698.62	258,755.22
Accumulated depreciation						
As at September 30, 2003	61,044.30	12,363.13	15,498.54	7,115.55	14,806.39	110,827.91
- Depreciation	5,547.00	3,101.30	1,851.77	393.17	1,007.86	11,901.10
- Adjust/Transfer	8,793.20	(5,082.57)	(172.44)	-	0.31	3,538.50
- Sold	(388.63)	-	(821.09)	(13.80)	(244.70)	(1,468.22)
As at September 30, 2004	74,995.87	10,381.86	16,356.78	7,494.92	15,569.86	124,799.29
Net book value						
As at September 30, 2003	57,936.50	50,705.50	7,834.46	2,848.00	3,995.04	123,319.50
As at September 30, 2004	59,496.99	55,737.25	8,874.40	2,718.53	7,128.76	133,955.93

In this fiscal year, there are 83 aircraft in the Company's fleet consisting of 53 own aircraft, 12 aircraft under financial leases, and 18 aircraft under operating leases.

Aircraft spare parts consist of aircraft engines manufactured by General Electric, Pratt and Whitney, Rolls-Royce and CFM International, and other aircraft spare parts.

Other plants and equipment-net amount of THB 7,214.09 million (consolidated) and THB 7,128.76 millions (the Company) have already included the work in progress of Suvarnabhumi project amount of THB 3,690.74 million consisting of building, facilities, equipment and information technology which support to the services in Suvarnabhumi Airport.

The Company uses buildings and equipment purchased at THB 28,778.20 million that are now fully depreciated.

3.12 Others

Temporary differences between net book value and the corresponding tax base are as follows :

	<u>Consolidated</u>		<u>Unit : Million Baht</u> <u>The Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Deferred charges	<u>824.99</u>	<u>345.91</u>	<u>824.99</u>	<u>345.91</u>
Concessions for acquisition of aircraft and engines	<u>-</u>	<u>258.02</u>	<u>-</u>	<u>258.02</u>
Deferred income taxes :				
Contribution to staff pension funds	1,044.15	919.05	1,044.15	919.05
Allowance for obsolete inventories	684.56	654.68	684.56	654.68
Allowance for doubtful debts	461.34	454.84	458.04	453.66
Allowance for impairment in value of securities	39.90	39.90	39.90	39.90
Deposits	3.83	3.82	-	-
Estimated accrual expenses	434.28	527.31	434.28	527.31
Frequent flyer program (ROP)	147.38	-	147.38	-
Tax exemption from loss on foreign currency exchange	<u>2,062.92</u>	<u>2,902.33</u>	<u>2,062.92</u>	<u>2,902.33</u>
	<u>4,878.36</u>	<u>5,501.93</u>	<u>4,871.23</u>	<u>5,496.93</u>
Total	<u>5,703.35</u>	<u>6,105.86</u>	<u>5,696.22</u>	<u>6,100.86</u>

3.13 Short-term Loans

In the fiscal year 2004, the Company has already repaid all the short-term loans, borrowed from the Ministry of Finance in the form of European Commercial Paper (ECP), which consisted of the brought forward balance as at September 30, 2003 amount of USD 100.00 million or approximately THB 4,009.64 million and the borrowed balance during the period amount of USD 100.00 million or approximately THB 4,010.00 million.

3.14 Long-term Loans Consolidated and the Company

	<u>Loan Currency</u>		<u>Baht Equivalent (Million)</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
JPY	23,000,000,000	23,000,000,000	8,659.06	8,341.36
USD	508,757,661	633,351,347	21,161.37	25,395.11
THB	750,000,000	1,050,000,000	<u>750.00</u>	<u>1,050.00</u>
Total Long-term loans			30,570.43	34,786.47
<u>Less</u> Current portion of long-term loans			<u>10,283.62</u>	<u>5,295.76</u>
Net Long-term loans			<u>20,286.81</u>	<u>29,490.71</u>

The Company has entered into long-term loans to purchase 17 aircraft. In fiscal year 2004, the total of such loans amounted to THB 30,570.43 million, consisting of THB 927.42 million from foreign financial institutions at interest rates ranging from 2.00% to 2.11% per annum and THB 29,643.01 million from domestic financial institutions at interest rates ranging from 0.80% to 8.80% per annum.

3.15 Liabilities Under Financial Leases Consolidated and the Company

	<u>Loan Currency</u>		<u>Baht Equivalent (Million)</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
JPY	76,418,137,157	62,183,350,434	28,769.98	22,551.91
USD	388,287,049	511,615,474	16,150.49	20,513.94
EUR	-	2,224,718	-	<u>104.06</u>
Total Financial lease			44,920.47	43,169.91
<u>Less</u> Current portion of financial leases			<u>5,248.50</u>	<u>7,877.87</u>
Net Liabilities under financial leases			<u>39,671.97</u>	<u>35,292.04</u>

For certain of its aircraft, the Company has financial leases with buyout options. The Company had financial leases with 4 foreign financial institutions. The accounting policy for recording aircraft under financial leases is described in Note 2.7. In fiscal year 2004, the Company has outstanding obligations totalling THB 47,749.76 million under financial leases for 12 aircraft with maturities ranging from 2004 to 2015. After deducting interest due (THB 2,829.29 million), the principal balance of obligations under the Company's financial leases is THB 44,920.47 million.

On March 31, 2004, the Company repaid liabilities under financial leases amount of USD 18.50 million and JPY 4,167.10 million or approximately THB 2,225.84 million. In addition, the Company early exercised an option to purchase Airbus A330-300 No.6 before the expiration of lease term in March 2007.

The Company has entered into a long-term loan contract in the form of Asset-Based Financing for Boeing 747-400 No.17 and 18, an aggregate of JPY 26,161.50 million or approximately THB 9,776.58 million (exchange rate JPY 1 = THB 0.373701) which the US Export-Import Bank is a guarantor.

3.16 Promissory Notes

The Company has borrowed from the Government Saving Bank and THAI Employees' Saving & Credit Coops Ltd. by issuing promissory notes with a floating interest rate computed by using the interest rate on six-month fixed deposits at the Government Saving Bank plus 2.90% to 3.00% per annum. Such issuances financed the purchase of Boeing B747-400 No.14 and Airbus A330-300 No.12. In this fiscal year, the brought forward balance was THB 7,350.00 million and the amount of THB 1,050.00 million was repaid, leaving a balance of THB 6,300.00 million (from the Government Saving Bank, THB 3,900.00 million, and from THAI Employees' Saving & Credit Coops Ltd., THB 2,400.00 million). As at September 30, 2004, these promissory notes were transferred to current portion of long-term loans in the amount of THB 1,050.00 million, leaving the long-term liabilities balance at THB 5,250.00 million.

3.17 Dividends the Company

In this fiscal year, the Company paid interim dividends for the half-year 2002/03 operation amount of THB 1.00 per share for an aggregate of THB 1,400.00 million according to THAI's Board of Directors Resolution No.12/2546 dated October 29, 2003. In addition, the Shareholders' Ordinary Meeting for the year 2003 held on December 23, 2003 approved the Company to pay the dividends for the year 2002/03 amount of THB 1.00 per share for an aggregate of THB 1,685.00 million (1,400 million old shares plus 285 million new shares totalling 1,685 million shares). The aggregate dividends amounted to THB 3,085.00 million.

According to THAI's Board of Directors Resolution No.5/2547 held on May 26, 2004 approved the Company to pay the interim dividends for the first half-year 2003/04 operation of THB 1.50 per share for an aggregate of THB 2,527.50 million.

As at September 30, 2004 and 2003, the dividends accrued by the Company amounted to THB 50.61 million and THB 34.16 million, respectively, consisting of the dividends for which certain shareholders had not yet cashed their checks and dividends of certain shareholders whom the registrar cannot contact.

3.18 Current Liabilities - Others

	Consolidated		Unit : Million Baht	
	2004	2003	The Company	2003
Airport fees	3,050.02	2,709.85	3,050.02	2,709.85
Deferred income	229.11	336.10	229.11	335.37
Taxes payable	340.20	298.74	339.25	291.66
Fringe benefits-field office staff	484.54	429.08	484.54	429.08
Other account payables	<u>625.02</u>	<u>380.56</u>	<u>602.61</u>	<u>362.52</u>
Total	<u>4,728.89</u>	<u>4,154.33</u>	<u>4,705.53</u>	<u>4,128.48</u>

3.19 Debentures

The Company issued two tranches of debentures with a total value of THB 10.00 billion according to the Resolution of Extraordinary Shareholders' Meeting No. 1/2546 passed on September 2, 2003. The first tranche amount of THB 5,500.00 millions was offered to the institutional investors with 5 - year maturities and fixed coupons rate at 3.00% per annum. The second tranche amount of THB 4,500.00 million was offered to both institutional investors and retail investors with 7 - year maturities and fixed coupons rate at 3.70% per annum. The proceeds from these debentures had been transferred to the Company's account on October 9, 2003. Also, the Company has registered these debentures with the Thai Bond Dealing Centre (THAI BDC) and entered into the bond market exchange of the Stock Exchange of Thailand.

3.20 Share Capital

The Company offered its increased 300 million shares capital to retail investors amount of 285 million shares at THB 50.00 per share (par value of THB 10.00 per share and premium on share of THB 40.00 per share) for an aggregate of THB 14,250.00 million consisting of par value amount of THB 2,850.00 million and premium on shares amount of THB 11,400.00 million net of offering expenses of THB 571.41 million, leaving the premium on shares amount of THB 10,828.59 million. The rest of 15 million shares will be allotted to its employees in accordance with the Resolution of the Cabinet passed on September 16, 2003. As a result, the issued and paid-up ordinary shares as at September 30, 2004 amounted to 1,685 million shares for an aggregate of THB 16,850.00 million and premium on shares amount of THB 15,580.55 million.

According to the Resolution of Extraordinary Shareholders' Meeting No.1/2002 passed on August 30, 2002 approved the Company established the Employee Securities Option Plan (ESOP), the offer of ordinary shares and/or warrants free of charge to purchase the ordinary shares of the Company. These warrants are exercisable at a price of THB 15.00 per share in a ratio of 1 warrant to 1 ordinary share, for a period of 3 years. The exercise periods are every three month. The number of ordinary shares to be issued under the ESOP shall not exceed 15.00 million shares.

The Company determined the first exercise period for the share subscription and for delivering the declaration notice of the warrant holders according to ESOP between September 27 and October 1, 2004. The proceeds from ESOP offering as at September 30, 2004 were THB 96.73 million presented in shareholders' equity under "the proceeds from ESOP offering" item.

3.21 Legal Reserve

At the end of fiscal year 2003, the Company's legal reserve balance was THB 1,700.00 million which equaled to 10% of the Company's registered shares. Therefore, the Company does not have to provide the legal reserve in this fiscal year.

3.22 Other Incomes - Others

	Consolidated		Unit : Million Baht	
			The Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Compensation revenues from insurance companies (asset)	58.74	111.89	58.74	111.89
Gains on sales of assets	(74.41)	17.72	(74.41)	17.72
Revenue from investments	1.75	0.70	1.75	0.70
Revenue from current investments	199.43	102.30	199.22	102.30
Other incomes	<u>769.40</u>	<u>227.82</u>	<u>766.43</u>	<u>225.10</u>
Total	<u>954.91</u>	<u>460.43</u>	<u>951.73</u>	<u>457.71</u>

3.23 Other Expenses - Others

	Consolidated		Unit : Million Baht	
			The Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Bad and doubtful debts	49.81	39.96	42.73	39.96
Credit card fees	304.11	264.08	304.11	264.08
Compensation to customers for Damages	104.56	102.13	104.56	102.13
Obligations under staff pension fund	322.70	112.38	322.70	112.38
Other expenses	<u>65.42</u>	<u>47.14</u>	<u>65.37</u>	<u>45.90</u>
Total	<u>846.60</u>	<u>565.69</u>	<u>839.47</u>	<u>564.45</u>

3.24 Financial Information by Segment Consolidated

3.24.1 Business segments

Statements of Income

For the year ended September 30, 2004 and 2003

Unit : Million Baht

	<u>Revenues</u>		<u>Inter - Segment Revenues</u>		<u>Total Revenues</u>		<u>Segment Result</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
								(restated)
Air transportation	145,710.80	128,650.96	-	-	145,710.80	128,650.96	16,608.57	14,385.86
Technical services	956.45	1,076.68	6,405.77	5,292.21	7,362.22	6,368.89	1,533.58	1,302.08
Customer services	1,086.55	791.77	1,595.20	1,206.11	2,681.75	1,997.88	63.02	65.40
Ground support equipment services	1,254.29	934.87	1,277.76	916.42	2,532.05	1,851.29	473.58	157.12
Cargo services	1,230.00	1,090.45	325.27	288.39	1,555.27	1,378.84	185.79	217.80
Catering	1,665.20	1,417.74	3,806.34	3,121.97	5,471.54	4,539.71	1,137.79	950.75
Collective sale agents	415.39	316.02	-	-	415.39	316.02	222.54	129.79
Other activities	284.34	257.79	341.96	283.02	626.30	540.81	171.89	97.41
Eliminations	-	-	(13,752.30)	(11,108.11)	-	-	-	-
Operating profit							20,396.76	17,306.21
Share of net profit from subsidiaries and associated companies							158.04	165.60
Interest expenses-net							(4,161.15)	(4,058.01)
Gains (losses) on foreign currency exchange							(2,178.95)	4,159.84
Other revenues (expenses)							69.36	(142.74)
Minority interests							(68.97)	(41.38)
Income taxes							<u>(4,138.25)</u>	<u>(5,310.13)</u>
Net profit							<u>10,076.84</u>	<u>12,079.39</u>

Assets and Liabilities

As at September 30, 2004 and 2003

	<u>Current Assets</u>		<u>Non Current Assets</u>		<u>Unit : Million Baht Total Assets</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
		(restated)		(restated)		(restated)
Air transportation	49,198.21	32,029.58	138,559.50	128,015.58	187,757.71	160,045.16
Technical services	15.45	15.41	1,099.76	1,445.83	1,115.21	1,461.24
Customer services	9.65	8.63	75.85	49.31	85.50	57.94
Ground support equipment services	166.59	168.65	601.51	136.93	768.10	305.58
Cargo services	33.00	31.80	111.28	100.11	144.28	131.91
Catering	204.61	163.71	578.58	656.06	783.19	819.77
Collective sale agents	357.62	335.53	192.74	95.98	550.36	431.51
Unallocated corporate assets	<u>2,006.18</u>	<u>1,841.80</u>	<u>-</u>	<u>-</u>	<u>2,006.18</u>	<u>1,841.80</u>
Total	<u>51,991.31</u>	<u>34,595.11</u>	<u>141,219.22</u>	<u>130,499.80</u>	<u>193,210.53</u>	<u>165,094.91</u>

	<u>Current Liabilities</u>		<u>Non Current Liabilities</u>		<u>Unit : Million Baht Total Liabilities</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Air transportation	58,958.75	53,383.74	79,305.99	75,116.46	138,264.74	128,500.20
Technical services	4.13	2.53	39.27	13.80	43.40	16.33
Customer services	35.66	16.56	19.88	6.47	55.54	23.03
Ground support equipment services	28.61	15.62	17.94	6.14	46.55	21.76
Cargo services	19.26	15.94	26.27	8.98	45.53	24.92
Catering	82.46	63.68	20.20	7.26	102.66	70.94
Collective sale agents	96.16	84.14	-	-	96.16	84.14
Unallocated corporate liabilities	<u>232.20</u>	<u>182.35</u>	<u>-</u>	<u>-</u>	<u>232.20</u>	<u>182.35</u>
Total	<u>59,457.23</u>	<u>53,764.56</u>	<u>79,429.55</u>	<u>75,159.11</u>	<u>138,886.78</u>	<u>128,923.67</u>

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

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

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

The Company records inter-segment revenue transfers at market price charged to its unaffiliated customer net of discount. Those transfers are eliminated in consolidation.

3.24.2 Geographical segments

	Unit : Million Baht	
	<u>2004</u>	<u>2003</u>
Domestic Revenues		
Transportation	11,555.07	11,441.79
Business units	6,192.49	5,311.52
Other activities	<u>699.73</u>	<u>573.81</u>
Total domestic revenues	<u>18,447.29</u>	<u>17,327.12</u>
Foreign Transportation Revenues		
Regional Asia	68,535.88	59,500.71
Europe	42,389.41	36,997.03
North Pacific	4,255.43	4,652.42
Australia & New Zealand	<u>12,348.84</u>	<u>10,975.57</u>
Total foreign transportation revenues	<u>127,529.56</u>	<u>112,125.73</u>
Charter revenues and others	3,028.57	1,041.31
Insurance surcharge from passengers	3,055.32	4,042.12
Fuel surcharge from passengers	<u>542.28</u>	<u>-</u>
Total	<u>152,603.02</u>	<u>134,536.28</u>

3.25 Staff Pension Fund Consolidated and the Company

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

	Unit : Million Baht	
	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	89.93	360.88
Fixed deposits due over 3 months	3,807.94	3,266.97
Non-current assets	-	0.01
Other current assets	<u>14.89</u>	<u>7.43</u>
	<u>3,912.76</u>	<u>3,635.29</u>
Other current liabilities	14.69	18.37
Pension fund	<u>4,220.77</u>	<u>3,729.30</u>
	<u>4,235.46</u>	<u>3,747.67</u>

As at September 30, 2004, the fund balance was THB 4,220.77 million, equal to the Company's obligation to its staff under the fund. The total Company contribution to the fund in fiscal year 2004 was THB 556.10 million, consisting of contributions at a rate equivalent to 10% of employee salaries in the amount of THB 233.40 million, and additional amounts to match the Company's obligation of THB 322.70 million.

3.26 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 amounts of THB 710.55 million in fiscal year 2004.

3.27 Contingent Liabilities

The Company has the following contingent :

	Unit : Million Baht	
	The Company	
	<u>2004</u>	<u>2003</u>
The Company as defendant in		
Labour dispute cases	750.55	395.32
Damage claims cases	<u>564.86</u>	<u>532.43</u>
Total	<u>1,315.41</u>	<u>927.75</u>

3.28 Disclosure of Financial Instruments The Company

3.28.1 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.

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

Unit : Million Baht						
2004						
Financial Liabilities	Weighted Average Interest Rate	Floating Interest Rates		Fixed Interest Rates		Total
		Less than 1 year	Over 1 year	Less than 1 year	Over 1 year	
USD	5.78	1,710.06	6,019.03	8,821.50	20,761.26	37,311.85
JPY	0.55	2,818.15	24,327.76	1,882.40	8,400.73	37,429.04
THB	3.80	1,050.00	5,250.00	300.00	10,450.00	17,050.00

Unit : Million Baht						
2003						
Financial Liabilities	Weighted Average Interest Rate	Floating Interest Rates		Fixed Interest Rates		Total
		Less than 1 year	Over 1 year	Less than 1 year	Over 1 year	
USD	5.46	2,498.89	7,450.78	11,177.33	28,791.69	49,918.69
JPY	0.92	1,932.03	16,711.18	1,170.95	11,079.11	30,893.27
EUR	6.46	-	-	104.06	-	104.06
THB	4.91	1,050.00	6,300.00	300.00	750.00	8,400.00

The Company reduces its interest rate by swapping loans for purchasing Airbus A310-200 No.1 and A330-300 No.5 from THB currency with interest rate at 9.50% per annum to USD currency with interest rate at 6.35% and LIBOR less 0.13% per annum, respectively. The Company also reduces an interest rate risk by swapping the interest rate from floating rate, 3 months of YEN LIBOR less 0.10% per annum, to fixed rate at 0.71% per annum for loans of Boeing 747-400s No.15 and 16 amount of THB 4,623.70 million and THB 4,652.94 million, respectively.

3.28.2 Exchange Rate Risk

Fluctuations in exchange rates affect on long-term liabilities and operating expenses denominated in foreign currencies. The hedging policy of the Company is to hold foreign currencies received from foreign currency revenues in proportion to foreign currency expenses. In addition, the Company holds surplus cash in major foreign currencies which are stable and used in the Company's operations in order to reduce foreign exchange risk.

	Unit : Million Baht			
	<u>Foreign Currency Liabilities</u>			
	<u>2004</u>		<u>2003</u>	
	<u>Maturity within 1 year</u>	<u>Maturity over 1 year</u>	<u>Maturity within 1 year</u>	<u>Maturity over 1 year</u>
USD	10,531.56	26,780.29	13,676.22	36,242.47
JPY	4,700.55	32,728.49	3,102.98	27,790.29
EUR	-	-	104.06	-

3.28.3 Fuel Price Risk

Fuel price fluctuations depend on the supply and demand of fuel in the world market and the global political situation and have a direct effect on the Company's operations. To hedge the expense/lost from fuel price fluctuation, the Company matches foreign fuel supplies with the Company's fuel demands and always monitors the change in fuel price. Moreover, the Company's hedging policy for this risk is to hedge maximum 50% of its utilized fuel quantity. In this fiscal year, the Company has started hedging since June 2004 in the proportion of 2.60% per annum.

3.28.4 Fair Value of financial instruments

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

The following table presents year-end financial statement balances and an estimate of fair value of financial assets and liabilities as at September 30, 2004 and 2003.

Unit : Million Baht

	The Company			
	2004		2003	
	<u>Balance</u>	<u>Fair Value</u>	<u>Balance</u>	<u>Fair Value</u>
Financial Assets				
Cash and bank balances	20,708.09	20,708.09	8,852.15	8,852.15
Fixed deposits due over 3 months	3,807.94	3,807.94	3,266.97	3,266.97
Current investments	323.46	323.46	464.70	464.70
Other investments	1,624.14	2,384.22	1,255.16	2,159.69
Trade account receivables	14,974.44	14,974.44	12,436.56	12,436.56
Financial Liabilities				
Trade account payables	6,707.99	6,707.99	4,647.35	4,647.35
Loans	91,790.90	91,790.90	89,316.02	89,316.02
Accrued expenses	14,874.15	14,874.15	12,654.58	12,654.58

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

Cash and bank balances, fixed deposits due over 3 months, account payables, loans, and accrued expenses are stated at balance sheet amounts.

Current investments are stated at market value.

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

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

3.29 Events After the Balance Sheet Date

According to the Resolution of Extraordinary Shareholders' Meeting No.1/2546 held on September 2, 2003 approved the Company issuing and offering of debentures in the amount not exceeding THB 40 billion. The Company issued the first debentures amount of THB 10 billion discussed in Note 3.19. The second debentures were issued in three tranches in the amount of 15 billion offered to institutional and retail investors. The first tranche amount of THB 7,500 millions with 5 - year maturities and fixed coupons rate at 4.65% per annum. The second tranche amount of THB 4,500 million with 7 - year maturities and fixed coupons rate at 5.20% per annum. The third tranche amount of THB 3,000 million with 10 - year maturities and fixed coupons rate at 5.80% per annum. Investors subscribed via the Siam Commercial Bank Plc. and Bangkok Bank Plc. during October 14-19, 2004. The proceeds from these debentures have been transferred to the Company's account on October 21, 2004. Also, the Company has registered these debentures with the Thai Bond Dealing Centre (THAI BDC) and will be subscribed in the bond market exchange of the Stock Exchange of Thailand later.

3.30 Contractual Obligations

3.30.1 Obligation to Purchase Aircraft

The Company purchased three Airbus A340-500s and five Airbus A340-600s for an aggregate of THB 44,596.37 million. The Company has a payment obligation of THB 37,596.99 million after deducting an advance payment amount of THB 6,999.38 million.

3.30.2 Leases Aircraft Obligations

The Company has entered into operating leases with foreign companies for 18 aircraft with lease terms of 10-11 years. The aggregate lease payment obligations of the Company under the rest of the lease term 3-5 years amounted to USD 810.94 million or approximately THB 33,730.40 million using a LIBOR interest rate according to agreement. With the payment condition, the interest can be increased or decreased according to the LIBOR rate at the payment date. At the year-end, the LIBOR interest rate is 2.02%. So, the Company has obligations amount of USD 662.60 million or approximately THB 27,560.31 million (exchange rate USD 1 : THB 41.5942).

3.30.3 Contractual Obligation and Memorandum Agreement in Suvarnabhumi Airport Project

The Company has entered into a contractual and memorandum agreement in Suvarnabhumi Airport project for an aggregate of THB 10,821.28 million. The Company has already paid amount of THB 3,690.74 million, leaving the payment obligation of THB 7,130.54 million.

	Unit : Million Baht		
	<u>Contractual Value</u>	<u>Work in progress</u>	<u>Payment Obligation</u>
Cargo and mail commercial service	2,807.83	625.57	2,182.26
Aircraft maintenance center	2,367.35	1,053.01	1,314.34
Catering	3,019.67	1,136.41	1,883.26
Ground support equipment service	1,208.61	472.39	736.22
Operation center	1,012.09	266.81	745.28
Ground customer service	39.78	11.80	27.98
Common activity	349.89	124.75	225.14
Information Technology	16.06	-	16.06
Total	<u>10,821.28</u>	<u>3,690.74</u>	<u>7,130.54</u>