

(UNOFFICIAL TRANSLATION)

**REVIEWED REPORT OF INDEPENDENT AUDITOR**

**TO : THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED**

The State Audit Office has reviewed the accompanying consolidated and the Company balance sheets as at March 31, 2002, the related consolidated and the Company statements of income, changes in shareholders' equity, retained earnings and cash flows for three - month and six - month periods ended March 31, 2002 and 2001 of Thai Airways International Public Company Limited and its subsidiaries. These financial statements are the responsibility of the Companies' management as to their correctness and completeness of the presentation. The responsibility of the State Audit Office is to express an opinion on these financial statements based on its reviews.

The State Audit Office conducted the review in accordance with the Auditing Accounting Standards. Those standards require that the State Audit Office plans and performs the review to obtain reasonable assurance about whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the company personnel and analytical comparison of financial data and thus provides less assurance than an audit according to Generally Accepted Accounting Principles. Therefore, the State Audit Office does not express an opinion to these reviewed financial statements.

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

The State Audit Office had audited the financial statements for the year ended September 30, 2001 of Thai Airways International Public Company Limited and its subsidiaries in conformity with the Generally Accepted Accounting Principles and expressed an unqualified opinion according to the report dated November 25, 2001. The consolidated and the Company balance sheets as at September 30, 2001, presented here to compare, are one part of the financial statements which were audited and reported by the State Audit Office without applying other auditing methods after the date in those reports.

(Signed) *Jaruvan Maintaka*

(Jaruvan Maintaka)  
Auditor General

(Signed) *Pensri Soranaraks*

(Pensri Soranaraks)  
Auditor-in-charge

May 8, 2002

unaudited  
already reviewed

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
for the six - month periods ended March 31, 2002 and 2001

Unit : Baht

|   | Notes | <u>CONSOLIDATED</u>   |                       | <u>THE COMPANY</u>    |                       |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |       | <u>2002</u>           | <u>2001</u>           | <u>2002</u>           | <u>2001</u>           |
| <b>Operating Revenues</b>                     |       |                       |                       |                       |                       |
| Passenger and excess baggage                  |       | 50,031,091,806        | 50,833,025,583        | 50,031,091,806        | 50,833,025,583        |
| Freight                                       |       | 9,622,004,714         | 10,686,226,797        | 9,622,004,714         | 10,686,226,797        |
| Mail  |       | 376,207,938           | 321,252,052           | 376,207,938           | 321,252,052           |
| Other activities                              |       | 3,090,938,850         | 3,317,005,136         | 2,951,080,777         | 3,164,976,391         |
| <b>Total Operating Revenues</b>               |       | <b>63,120,243,308</b> | <b>65,157,509,568</b> | <b>62,980,385,235</b> | <b>65,005,480,823</b> |
| <b>Other Revenues</b>                         |       |                       |                       |                       |                       |
| Share of net profit from subsidiary companies |       | -                     | -                     | 23,949,593            | 35,250,561            |
| Share of net profit from associated companies |       | (18,339,339)          | 86,502,753            | (18,339,339)          | 86,502,753            |
| Interest income                               |       | 133,611,163           | 171,910,080           | 133,162,363           | 170,044,373           |
| Other income                                  |       | 313,077,924           | 503,479,313           | 313,058,664           | 502,140,985           |
| <b>Total Other Revenues</b>                   |       | <b>428,349,748</b>    | <b>761,892,146</b>    | <b>451,831,281</b>    | <b>793,938,672</b>    |
| <b>Total Revenues</b>                         |       | <b>63,548,593,056</b> | <b>65,919,401,714</b> | <b>63,432,216,516</b> | <b>65,799,419,495</b> |
| <b>Operating Expenses</b>                     |       |                       |                       |                       |                       |
| Flight operations                             |       | 12,552,706,557        | 15,566,999,511        | 12,552,706,557        | 15,566,999,511        |
| Maintenance and overhaul                      |       | 8,749,087,237         | 5,683,868,490         | 8,749,087,237         | 5,683,868,490         |
| Ground operations                             |       | 9,750,364,871         | 8,984,001,648         | 9,750,364,871         | 8,984,001,648         |
| Passenger services                            |       | 7,364,074,073         | 7,464,812,866         | 7,364,074,073         | 7,464,812,866         |
| Marketing                                     |       | 5,569,841,308         | 7,166,784,141         | 5,569,841,308         | 7,166,784,141         |
| Administration and general                    |       | 873,776,371           | 849,265,799           | 873,776,371           | 849,265,799           |
| Remuneration to board of directors            |       | 2,614,761             | 3,177,616             | 1,894,261             | 2,603,448             |
| Lease of aircraft and spare parts             |       | 4,505,729,504         | 6,389,518,595         | 4,505,729,504         | 6,389,518,595         |
| Depreciation of aircraft                      |       | 4,231,071,309         | 4,018,796,888         | 4,231,071,309         | 4,018,796,888         |
| Depreciation of other fixed assets            |       | 850,269,855           | 846,843,804           | 843,598,520           | 844,354,451           |
| Other activities                              |       | 1,137,010,513         | 1,131,405,792         | 1,067,316,009         | 1,068,366,952         |
| <b>Total Operating Expenses</b>               |       | <b>55,586,546,359</b> | <b>58,105,475,150</b> | <b>55,509,460,020</b> | <b>58,039,372,789</b> |

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

unaudited  
already reviewed

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF INCOME (CONTINUED)**  
**for the six - month periods ended March 31, 2002 and 2001**

|   | Unit : Baht           |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | <u>CONSOLIDATED</u>   |                       | <u>THE COMPANY</u>    |                       |
| Notes   | <u>2002</u>           | <u>2001</u>           | <u>2002</u>           | <u>2001</u>           |
| <b>Other Expenses</b>                           |                       |                       |                       |                       |
| Interest expenses                               | 3,108,978,574         | 3,886,187,491         | 3,108,963,614         | 3,886,182,370         |
| Losses (Gains) on foreign currency exchange     | (4,000,522,437)       | 4,179,915,186         | (4,000,522,437)       | 4,179,915,186         |
| Yields from pension fund                        | 23,716,601            | 35,890,876            | 23,716,601            | 35,890,876            |
| Other expenses                                  | 537,676,797           | 578,021,431           | 537,118,674           | 578,015,593           |
| <b>Total Other Expenses</b>                     | <b>(330,150,465)</b>  | <b>8,680,014,984</b>  | <b>(330,723,548)</b>  | <b>8,680,004,025</b>  |
| <b>Total Expenses</b>                           | <b>55,256,395,894</b> | <b>66,785,490,134</b> | <b>55,178,736,472</b> | <b>66,719,376,814</b> |
| <b>Profit (losses) before income tax</b>        | <b>8,292,197,162</b>  | <b>(866,088,420)</b>  | <b>8,253,480,044</b>  | <b>(919,957,319)</b>  |
| Income tax                                      | 2,499,197,603         | 41,804,656            | 2,479,869,724         | 15,381,804            |
| <b>Profit (losses) before minority interest</b> | <b>5,792,999,559</b>  | <b>(907,893,076)</b>  | <b>5,773,610,320</b>  | <b>(935,339,123)</b>  |
| <b>Net profit of minority interest</b>          | 19,389,239            | 27,446,047            | -                     | -                     |
| <b>Net profit (losses) for the year</b>         | <b>5,773,610,320</b>  | <b>(935,339,123)</b>  | <b>5,773,610,320</b>  | <b>(935,339,123)</b>  |
| <b>Primary earning (losses) per share</b>       |                       |                       |                       |                       |
| Net profit (losses) for the year                | 4.12                  | (0.67)                | 4.12                  | (0.67)                |

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

unaudited  
already reviewed

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF RETAINED EARNINGS**  
**for the three - month periods ended March 31, 2002 and 2001**

Unit : Baht

| Notes   | <u>CONSOLIDATED</u>         |                                | <u>THE COMPANY</u>          |                                |
|---|-----------------------------|--------------------------------|-----------------------------|--------------------------------|
|   | <u>2002</u>                 | <u>2001</u>                    | <u>2002</u>                 | <u>2001</u>                    |
| <b>Retained earnings (Deficit) - Unappropriated</b>                                 |                             |                                |                             |                                |
| At the beginning of the period  | (5,934,885,876)             | (11,961,636,750)               | (5,934,885,876)             | (11,961,636,750)               |
| - Adjustment of subsidiary companies' retained earnings                             | -                           | (606,821)                      | -                           | (606,821)                      |
| - Adjustment of recording of exemption tax from losses on foreign currency exchange | 586,848,131                 | -                              | 586,848,131                 | -                              |
| <b>Add</b> Net Profit (loss) for the year   | <u>4,723,714,510</u>        | <u>789,957,819</u>             | <u>4,723,714,510</u>        | <u>789,957,819</u>             |
| <b>Total Retained earnings (deficit) - Unappropriated</b>                           | <u><b>(624,323,235)</b></u> | <u><b>(11,172,285,752)</b></u> | <u><b>(624,323,235)</b></u> | <u><b>(11,172,285,752)</b></u> |
| <b>Retained earnings-Appropriated</b>   |                             |                                |                             |                                |
| Legal reserve   | <u>1,032,785,577</u>        | <u>1,032,785,577</u>           | <u>1,032,785,577</u>        | <u>1,032,785,577</u>           |
| <b>Total Retained earnings-Appropriated</b>   | <u><b>1,032,785,577</b></u> | <u><b>1,032,785,577</b></u>    | <u><b>1,032,785,577</b></u> | <u><b>1,032,785,577</b></u>    |
| <b>Total retained earnings (deficit) at the end of the year</b>                     | <u><b>408,462,342</b></u>   | <u><b>(10,139,500,175)</b></u> | <u><b>408,462,342</b></u>   | <u><b>(10,139,500,175)</b></u> |

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  
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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF RETAINED EARNINGS**  
**for the six - month periods ended March 31, 2002 and 2001**

Unit : Baht

| Notes   | <u>CONSOLIDATED</u>         |                                | <u>THE COMPANY</u>          |                                |
|---|-----------------------------|--------------------------------|-----------------------------|--------------------------------|
|   | <u>2002</u>                 | <u>2001</u>                    | <u>2002</u>                 | <u>2001</u>                    |
| <b>Retained earnings (Deficit) - Unappropriated</b>                                 |                             |                                |                             |                                |
| At the beginning of the period  | (7,255,268,487)             | (10,236,339,808)               | (7,255,268,487)             | (10,236,339,808)               |
| - Adjustment of subsidiary companies' retained earnings                             | -                           | (606,821)                      | -                           | (606,821)                      |
| - Adjustment of recording of exemption tax from losses on foreign currency exchange | 857,334,932                 | -                              | 857,334,932                 | -                              |
| <b>Add</b> Net Profit (loss) for the year   | <u>5,773,610,320</u>        | <u>(935,339,123)</u>           | <u>5,773,610,320</u>        | <u>(935,339,123)</u>           |
| <b>Total Retained earnings (deficit) - Unappropriated</b>                           | <u><b>(624,323,235)</b></u> | <u><b>(11,172,285,752)</b></u> | <u><b>(624,323,235)</b></u> | <u><b>(11,172,285,752)</b></u> |
| <b>Retained earnings-Appropriated</b>   |                             |                                |                             |                                |
| Legal reserve   | <u>1,032,785,577</u>        | <u>1,032,785,577</u>           | <u>1,032,785,577</u>        | <u>1,032,785,577</u>           |
| <b>Total Retained earnings-Appropriated</b>   | <u><b>1,032,785,577</b></u> | <u><b>1,032,785,577</b></u>    | <u><b>1,032,785,577</b></u> | <u><b>1,032,785,577</b></u>    |
| <b>Total retained earnings (deficit) at the end of the year</b>                     | <u><b>408,462,342</b></u>   | <u><b>(10,139,500,175)</b></u> | <u><b>408,462,342</b></u>   | <u><b>(10,139,500,175)</b></u> |

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

unaudited  
already reviewed

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**for the six - month periods ended March 31, 2002 and 2001**

Unit : Baht

|  | Notes | <u>CONSOLIDATED</u>   |                         | <u>THE COMPANY</u>    |                         |
|--|-------|-----------------------|-------------------------|-----------------------|-------------------------|
|  |       | <u>2002</u>           | <u>2001</u>             | <u>2002</u>           | <u>2001</u>             |
| <b>Share capital</b>   |       |                       |                         |                       |                         |
| Common stocks  |       |                       |                         |                       |                         |
| At the beginning of the period   |       | 14,000,000,000        | 14,000,000,000          | 14,000,000,000        | 14,000,000,000          |
| Increase during the period   |       | -                     | -                       | -                     | -                       |
| <b>At the end of the period</b>  |       | <b>14,000,000,000</b> | <b>14,000,000,000</b>   | <b>14,000,000,000</b> | <b>14,000,000,000</b>   |
| <b>Capital Surplus</b>   |       |                       |                         |                       |                         |
| Premium on share capital   |       |                       |                         |                       |                         |
| At the beginning of the period   |       | 4,750,000,000         | 4,750,000,000           | 4,750,000,000         | 4,750,000,000           |
| Increase during the period   |       | -                     | -                       | -                     | -                       |
| <b>At the end of the period</b>  |       | <b>4,750,000,000</b>  | <b>4,750,000,000</b>    | <b>4,750,000,000</b>  | <b>4,750,000,000</b>    |
| <b>Retained earnings (deficit)</b>   |       |                       |                         |                       |                         |
| Appropriated   |       |                       |                         |                       |                         |
| Legal reserve  |       |                       |                         |                       |                         |
| At the beginning of the period   |       | 1,032,785,577         | 1,032,785,577           | 1,032,785,577         | 1,032,785,577           |
| Increase during the period   |       | -                     | -                       | -                     | -                       |
| <b>At the end of the period</b>  |       | <b>1,032,785,577</b>  | <b>1,032,785,577</b>    | <b>1,032,785,577</b>  | <b>1,032,785,577</b>    |
| Unappropriated   |       |                       |                         |                       |                         |
| At the beginning of the period   |       | (7,255,268,487)       | (10,236,339,808)        | (7,255,268,487)       | (10,236,339,808)        |
| - Adjustment of subsidiary companies' retained earnings                    |       | -                     | (606,821)               | -                     | (606,821)               |
| - Adjustment of recording of exemption tax from losses on foreign currency |       | 857,334,932           | -                       | 857,334,932           | -                       |
| Increase (decrease) during the period                                      |       | 5,773,610,320         | (935,339,123)           | 5,773,610,320         | (935,339,123)           |
| <b>At the end of the period</b>  |       | <b>(624,323,235)</b>  | <b>(11,172,285,752)</b> | <b>(624,323,235)</b>  | <b>(11,172,285,752)</b> |
| Minority interest  |       |                       |                         |                       |                         |
| At the beginning of the period   |       | 101,890,963           | 55,068,216              | -                     | -                       |
| Prior year adjustment  |       | -                     | (496,490)               | -                     | -                       |
| Increase during the period   |       | 12,639,239            | 22,721,047              | -                     | -                       |
| <b>At the end of the period</b>  |       | <b>114,530,202</b>    | <b>77,292,773</b>       | <b>-</b>              | <b>-</b>                |
| <b>Total shareholders' equity</b>  |       | <b>19,272,992,544</b> | <b>8,687,792,598</b>    | <b>19,158,462,342</b> | <b>8,610,499,825</b>    |

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 six - month periods ended March 31, 2002 and 2001**

Unit : Baht

| Notes  | <u>CONSOLIDATED</u>   |                                 | <u>THE COMPANY</u>    |                                 |
|--|-----------------------|---------------------------------|-----------------------|---------------------------------|
|  | <u>2002</u>           | <u>2001</u><br>(new adjustment) | <u>2002</u>           | <u>2001</u><br>(new adjustment) |
| <b>Cash flows from operating activities</b>  |                       |                                 |                       |                                 |
| Net profit for the period  | 5,773,610,320         | (935,339,123)                   | 5,773,610,320         | (935,339,123)                   |
| Adjustment to reconcile net profit to cash<br>provided by (paid from) operating activities : |                       |                                 |                       |                                 |
| Depreciation   | 5,081,341,164         | 4,865,640,691                   | 5,074,669,829         | 4,863,151,338                   |
| Adjustment of staff welfare fees   | -                     | (606,821)                       | -                     | -                               |
| Incomes on investments by equity method  | 18,339,339            | (87,109,575)                    | (5,610,254)           | (122,360,136)                   |
| Losses on sales of assets  | 237,279,302           | 246,822,803                     | 237,279,302           | 246,822,803                     |
| Losses (Gains) on foreign currency exchange  | (4,376,048,028)       | 3,712,689,743                   | (4,376,048,028)       | 3,712,689,743                   |
| Net profit of minority interest  | 19,389,239            | 26,949,556                      | -                     | -                               |
| Reserve for obsolete inventories   | 124,721,215           | 132,871,577                     | 124,721,215           | 132,871,577                     |
| Allowance for doubtful accounts, impairment in value of assets                               | 67,489,047            | 200,662,193                     | 66,631,820            | 200,662,193                     |
| Operating profit before changes in operating assets<br>and liabilities                       | 6,946,121,598         | 8,162,581,044                   | 6,895,254,204         | 8,098,498,395                   |
| Decrease (increase) in operating assets :  |                       |                                 |                       |                                 |
| Accounts receivable  | (1,675,602,218)       | (1,374,871,199)                 | (1,674,379,121)       | (1,372,960,853)                 |
| Inventories and supplies   | 8,535,441             | (474,358,295)                   | 8,535,441             | (474,358,295)                   |
| Prepaid expenses and deposits  | 436,810,336           | (74,303,663)                    | 436,860,791           | (74,343,656)                    |
| Tax refund   | 2,785,459,667         | 1,923,427,256                   | 2,785,459,667         | 1,923,444,297                   |
| Other current assets   | 1,882,370,047         | (6,789,622,880)                 | 1,930,115,467         | (6,692,261,709)                 |
| Advance payments for aircraft  | -                     | 4,649,286,561                   | -                     | 4,649,286,561                   |
| Deferred income taxes  | 761,019,410           | -                               | 761,276,578           | -                               |
| Concessions for acquisitions of aircraft and engines   | 130,053,879           | (123,951,727)                   | 130,053,879           | (123,951,727)                   |
| Increase (decrease) in operating liabilities :   |                       |                                 |                       |                                 |
| Accounts payable   | 227,104,207           | 521,434,112                     | 226,643,440           | 521,434,112                     |
| Accrued expenses and other current liabilities   | 973,749,502           | (1,296,887,368)                 | 961,987,071           | (1,324,029,115)                 |
| Staff pension fund   | 178,089,613           | 164,361,733                     | 178,089,613           | 164,361,733                     |
| Unearned transportation revenue  | (2,231,493,184)       | 1,521,547,390                   | (2,231,493,184)       | 1,521,547,390                   |
| <b>Net cash from operating activities</b>  | <b>10,422,218,298</b> | <b>6,808,642,964</b>            | <b>10,408,403,846</b> | <b>6,816,667,133</b>            |

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

unaudited  
already reviewed

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

for the six - month periods ended March 31, 2002 and 2001

|   | Notes      | Unit : Baht            |                          |                        |                          |
|---|------------|------------------------|--------------------------|------------------------|--------------------------|
|   |            | CONSOLIDATED           |                          | THE COMPANY            |                          |
|   |            | 2002                   | 2001<br>(new adjustment) | 2002                   | 2001<br>(new adjustment) |
| <b>Cash flows from investing activities</b>                             |            |                        |                          |                        |                          |
| Increase in short-term investments                                      |            | 751,402,869            | (431,720,553)            | 751,402,869            | (431,720,553)            |
| Cash paid for acquisition of fixed assets                               |            | (2,628,254,400)        | (8,234,025,206)          | (2,615,230,525)        | (8,215,478,731)          |
| Cash received from sales on assets                                      |            | 152,987,003            | 789,146,909              | 152,987,003            | 789,146,909              |
| Investment  |            | 71,826,020             | 24,118,124               | 71,826,020             | 24,118,124               |
| Reimbursement from loan for investing in aircraft spare parts           |            | -                      | 6,835,000                | -                      | 6,835,000                |
| <b>Net cash used in investing activities</b>                            |            | <b>(1,652,038,508)</b> | <b>(7,845,645,726)</b>   | <b>(1,639,014,633)</b> | <b>(7,827,099,251)</b>   |
| <b>Cash flows from financing activities</b>                             |            |                        |                          |                        |                          |
| Cash received from short-term loans                                     |            | 4,430,000,000          | 1,700,000,000            | 4,430,000,000          | 1,700,000,000            |
| Cash received from long-term loans                                      |            | 8,210,310,000          | -                        | 8,210,310,000          | -                        |
| Cash paid for repayment of long-term loans                              |            | (13,240,837,178)       | (7,175,003,097)          | (13,240,837,178)       | (7,175,003,097)          |
| Cash paid to promissory notes   |            | (525,000,000)          | (551,000,000)            | (525,000,000)          | (551,000,000)            |
| Dividends paid  |            | (50,055)               | (89,280)                 | (23,805)               | (89,280)                 |
| <b>Net cash used in financing activities</b>                            |            | <b>(1,125,577,233)</b> | <b>(6,026,092,377)</b>   | <b>(1,125,550,983)</b> | <b>(6,026,092,377)</b>   |
| Increase (decrease) in cash and cash equivalents                        |            | 7,644,602,557          | (7,063,095,139)          | 7,643,838,230          | (7,036,524,495)          |
| Effects of exchange rate changes on decreasing in cash and bank balance |            | (103,143,835)          | (93,445,677)             | (103,143,835)          | (93,445,677)             |
| Cash and cash equivalents at the beginning of the period                |            | 8,027,726,204          | 11,397,269,798           | 7,774,017,477          | 11,168,756,399           |
| <b>Cash and cash equivalents at the end of the year</b>                 | <b>3.6</b> | <b>15,569,184,926</b>  | <b>4,240,728,982</b>     | <b>15,314,711,872</b>  | <b>4,038,786,227</b>     |
| <b>Supplementary cash flows information :</b>                           |            |                        |                          |                        |                          |
| Cash paid during the year for   |            |                        |                          |                        |                          |
| Interest expenses   |            | 3,281,035,806          | 4,046,087,801            | 3,281,035,806          | 4,046,087,801            |
| Corporate income tax  |            | 99,404,253             | -                        | 70,057,375             | -                        |

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 SUBSIDIARY COMPANIES**

## **NOTES TO THE FINANCIAL STATEMENTS**

**for the three - month periods ended March 31, 2002 (unaudited already reviewed)  
and for the year ended September 30, 2001 (audited)**

### **1. PRINCIPLE IN PREPARATION OF FINANCIAL STATEMENTS**

#### **1.1 Consolidated financial statements**

The consolidated financial statements consist of the financial statements of Thai Airways International Public Company Limited, the Company's staff pension fund and the two subsidiaries which are Thai-Amadeus Southeast Asia Company Limited and Thai Information Solution Company Limited. Investments in these subsidiaries are stated at equity method. Significant transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

#### **1.2 Interim financial statements**

The interim financial statements have been prepared in accordance with the Accounting Standard No. 41, the interim financial statements, by indicating the items in balance sheet, statement of income, changes in shareholders' equity, retained earnings and cash flows which are similar to the annual financial statements. As for the supplementary information, only the crucial ones are indicated.

The purpose of preparation the interim financial statements is to add more information to the year financial statements ended September 30, 2001. So, the use of these interim financial statements should be applied together with the year financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in conformity with the Generally Accepted Accounting Principles in Thailand. In preparation of the interim financial statements, the Company applies the accounting policies and the calculation methods which are similar to the annual financial statements ended September 30, 2001.

## 3. SUPPLEMENTARY INFORMATION

### 3.1 Reclassification of Items in Financial Statements

As at September 30, 2001 The Company has classified the item “Advance payment for aircraft” in the balance sheets, previously included in “aircraft” under the heading of “Property, Plant and Equipment” to show as “Advance payment for aircraft” under the heading of “Other Assets”. Also, the Company has reclassified the items in statement of cash flows for the six - month periods ended March 31, 2001 due to the impact on the aforesaid reclassification in the balance sheets and for the usefulness in comparison the items in the balance sheets for the six - month periods ended March 31, 2002.

### 3.2 Trade accounts receivable

Trade accounts receivable are classified in accordance with the period of overdue.

| Period of overdue               | Unit : Million Baht |                  |                  |                  |
|---------------------------------|---------------------|------------------|------------------|------------------|
|                                 | Consolidated        |                  | The Company      |                  |
|                                 | 31-Mar-02           | 30-Sep-01        | 31-Mar-02        | 30-Sep-01        |
| Not over 6 months               | 12,586.68           | 10,980.79        | 12,583.80        | 10,977.74        |
| Over 6 months to 1 year         | 151.88              | 186.06           | 150.29           | 185.24           |
| Over 1 year to 2 years          | 498.59              | 465.91           | 497.52           | 465.47           |
| Over 2 years                    | 579.34              | 519.27           | 579.34           | 519.27           |
|                                 | 13,816.49           | 12,152.03        | 13,810.95        | 12,147.72        |
| Allowance for doubtful accounts | (1,029.22)          | (961.73)         | (1,027.62)       | (960.99)         |
| <b>Total</b>                    | <b>12,787.27</b>    | <b>11,190.30</b> | <b>12,783.33</b> | <b>11,186.73</b> |

### 3.3 Investments

#### Consolidated

Unit : Million Baht

| Name of Company  | Percentage of Shareholding |        | Investment   |              |               |               | Incomes on investments (six-month periods) |              |
|--|----------------------------|--------|--------------|--------------|---------------|---------------|--|--------------|
|  |                            |        | Cost method  |              | Equity method |               |  |              |
|  | Mar-02                     | Sep-01 | Mar-02       | Sep-01       | Mar-02        | Sep-01        | Mar-02                                     | Mar-01       |
| <b>3.3.1 Investments in related parties are recorded by the equity method</b>  |                            |        |              |              |               |               |  |              |
| <b><u>Associated Companies</u></b>   |                            |        |              |              |               |               |  |              |
| Royal Orchid Hotel (Thailand) Public Co., Ltd. (As at March 31, 2002 amounting to Baht 630.00 Million and as at September 30, 2001 amounting to Baht 562.50 Million) | 24                         | 24     | 225.00       | 225.00       | 297.09        | 282.79        | 14.30                                      | 23.44        |
| Donmuang International Airport Hotel Company Limited   | 40                         | 40     | 48.00        | 48.00        | 225.31        | 256.38        | 26.53                                      | 24.75        |
| Bangkok Aviation Fuel Services Public Company Limited  | 22.59                      | 30.7   | 76.79        | 76.79        | 260.92        | 326.71        | (65.78)                                    | 31.76        |
| Phuket Air Catering Company Limited  | 30                         | 30     | 30.00        | 30.00        | 25.06         | 18.44         | 6.61                                       | 6.55         |
| <b>Total investment in associated companies</b>  |                            |        |              |              | <b>808.38</b> | <b>884.32</b> | <b>(18.34)</b>                             | <b>86.50</b> |
| <b>3.3.2 General investments are Recorded by cost method</b>   |                            |        |              |              |               |               |  |              |
| Fuel Pipeline Transportation Limited   | 8.4                        | 8.4    | 133.00       | 133.00       |               |               | -  | -            |
| Aeronautical Radio of Thailand Limited   | 4.5                        | 4.5    | 29.99        | 29.99        |               |               | -  | -            |
| SITA Investment Certificate  | -                          | -      | 37.00        | 44.45        |               |               | -  | -            |
| TRADESIAM Company Limited (paid 25% of registered shares)  | 3.5                        | 3.5    | 1.75         | 1.75         |               |               | -  | -            |
| FRANCE TELECOM (EQUANT N.V.)   |                            |        | 11.29        | 11.53        |               |               | -  | -            |
| Other Shares   |                            |        | 6.77         | 6.77         |               |               | -  | -            |
| <u>Less</u> Allowance for impairment in value of investment  |                            |        | (133.00)     | (133.00)     |               |               | -  | -            |
| <b>Total general investments</b>   |                            |        | <b>86.80</b> | <b>94.49</b> |               |               | -  | -            |

## The Company

Unit : Million Baht

| Name of Company   | Percentage of |        | Investment   |              |                 |                 | Incomes on investments<br>(six-month periods) |               |
|---|---------------|--------|--------------|--------------|-----------------|-----------------|---|---------------|
|   | Shareholding  |        | Cost method  |              | Equity method   |                 | Mar-02  | Mar-01        |
|   | Mar-02        | Sep-01 | Mar-02       | Sep-01       | Mar-02          | Sep-01          |   |               |
| <b>3.3.1 Investments in related parties are recorded by the equity method</b>   |               |        |              |              |                 |                 |   |               |
| <b><u>Subsidiary Companies</u></b>  |               |        |              |              |                 |                 |   |               |
| Thai Information Solution Company Limited<br>(paid 25% of registered Shares)  | 100           | 100    | 125.00       | 125.00       | 102.12          | 101.87          | 0.25  | 1.71          |
| Thai-Amadeus Southeast Asia Company Limited   | 55            | 55     | 8.25         | 8.25         | 139.98          | 124.53          | 23.70   | 33.54         |
| <b>Total</b>  |               |        |              |              | <b>242.10</b>   | <b>226.40</b>   | <b>23.95</b>                                  | <b>35.25</b>  |
| <b><u>Associated Companies</u></b>  |               |        |              |              |                 |                 |   |               |
| Royal Orchid Hotel (Thailand) Public Co., Ltd.<br>(As at March 31, 2002 amounting to Baht 630.00 Million and as at September 30, 2001 amounting to Baht 562.50 Million) | 24            | 24     | 225.00       | 225.00       | 297.09          | 282.79          | 14.30   | 23.44         |
| Donmuang International Airport Hotel Company Limited  | 40            | 40     | 48.00        | 48.00        | 225.31          | 256.38          | 26.53   | 24.75         |
| Bangkok Aviation Fuel Services Public Company Limited   | 22.59         | 30.7   | 76.79        | 76.79        | 260.92          | 326.71          | (65.78)                                       | 31.76         |
| Phuket Air Catering Company Limited   | 30            | 30     | 30.00        | 30.00        | 25.06           | 18.44           | 6.61  | 6.55          |
| <b>Total</b>  |               |        |              |              | <b>808.38</b>   | <b>884.32</b>   | <b>(18.34)</b>                                | <b>86.50</b>  |
| <b>Total investment in related parties</b>  |               |        |              |              | <b>1,050.48</b> | <b>1,110.72</b> | <b>5.61</b>                                   | <b>121.75</b> |
| <b>3.3.2 General investments are Recorded by cost method</b>  |               |        |              |              |                 |                 |   |               |
| Fuel Pipeline Transportation Limited  | 8.4           | 8.4    | 133.00       | 133.00       |                 |                 | -   | -             |
| Aeronautical Radio of Thailand Limited  | 4.5           | 4.5    | 29.99        | 29.99        |                 |                 | -   | -             |
| SITA Investment Certificate   | -             | -      | 37.00        | 44.45        |                 |                 | -   | -             |
| TRADESIAM Company Limited<br>(paid 25% of registered shares)  | 3.5           | 3.5    | 1.75         | 1.75         |                 |                 | -   | -             |
| FRANCE TELECOM (EQUANT N.V.)  |               |        | 11.29        | 11.53        |                 |                 | -   | -             |
| Other Shares  |               |        | 6.77         | 6.77         |                 |                 | -   | -             |
| <u>Less</u> Allowance for impairment in value of investment   |               |        | (133.00)     | (133.00)     |                 |                 | -   | -             |
| <b>Total general investments</b>  |               |        | <b>86.80</b> | <b>94.49</b> |                 |                 | -   | -             |

### 3.4 Deferred income tax and the Company income tax

The temporary differences of the net book value and its tax base are as follows :

|   | Consolidated    |                 | Unit : Million Baht<br>The Company |                 |
|---|-----------------|-----------------|------------------------------------|-----------------|
|   | 31-Mar-02       | 30-Sep-01       | 31-Mar-02                          | 30-Sep-01       |
| Contribution to staff pension funds             | 921.22          | 882.57          | 921.22                             | 882.57          |
| Allowance for obsoleted inventories             | 578.24          | 540.82          | 578.24                             | 540.82          |
| Allowance for doubtful debts                    | 338.98          | 318.73          | 338.50                             | 318.51          |
| Allowance for impairment in value of securities | 39.90           | 39.90           | 39.90                              | 39.90           |
| <b>Total</b>                                    | <b>1,878.34</b> | <b>1,782.02</b> | <b>1,877.86</b>                    | <b>1,781.80</b> |

In this quarter, the Company has calculated its income tax for the net profit not over Baht 300 million at the rate of 25% in accordance with the Decree following the Revenue code No. 387 B.E. 2544 which decrease the income tax scale for the registered companies in the Stock Exchange of Thailand to 25% for the net profit not over Baht 300 million, and must be the five continuous accounting periods - the first accounting period started in or after September 6, 2001.

### 3.5 Staff Pension Fund Consolidated and the Company

The Company has established its staff pension fund by monthly contributing 10% of its employees' salaries to the fund. The Company presents assets, liabilities and fund balance in the Company's balance sheet. Interest and expenses arising from the fund operation are recognized as income and expenses of the Company. The details are as follows :

|                           | Unit : Million Baht |                 |
|---------------------------|---------------------|-----------------|
|                           | 31-Mar-02           | 30-Sep-01       |
| Cash and bank balances    | 2,785.80            | 1,965.49        |
| Short-term investments    | 634.23              | 1,385.63        |
| Fixed assets              | 0.04                | 0.05            |
| Other current assets      | 37.66               | 14.54           |
|                           | <b>3,457.73</b>     | <b>3,365.71</b> |
| Other current liabilities | 12.51               | 15.64           |
| Pension fund              | 3,584.92            | 3,406.83        |
|                           | <b>3,597.43</b>     | <b>3,422.47</b> |

As at March 31, 2002, the Fund has an obligation to pay the pension to resigned staff amounting to Baht 3,584.92 million.

### 3.6 Cash and Cash Equivalents

Cash and cash equivalents in statement of cash flows consist of :

|  | Consolidated     |                 | Unit : Million Baht<br>The Company |                 |
|--|------------------|-----------------|------------------------------------|-----------------|
|  | 31-Mar-02        | 31-Mar-01       | 31-Mar-02                          | 31-Mar-01       |
| Cash and bank balances                 | 8,975.33         | 3,237.60        | 8,822.86                           | 3,137.16        |
| Short-term investments - fixed deposit | 7,228.07         | 3,603.02        | 7,126.07                           | 3,501.52        |
| Less fixed deposit over 3 months       | (634.22)         | (2,599.89)      | (634.22)                           | (2,599.89)      |
| <b>Total</b>                           | <b>15,569.18</b> | <b>4,240.73</b> | <b>15,314.71</b>                   | <b>4,038.79</b> |

### 3.7 Contingent Liabilities

3.7.1 The Company has the following contingent liabilities which are not shown in its financial statements.

|   | Unit : Million Baht<br>The Company |               |
|---|------------------------------------|---------------|
|   | 31-Mar-02                          | 30-Sep-01     |
| Letters of guarantee issued by banks  | 5.37                               | 3.82          |
| Letters of credit   | 90.72                              | 92.62         |
| The Company as defendant in   |                                    |               |
| Labour dispute cases  | 53.18                              | 28.22         |
| Damage claims cases   | 447.49                             | 603.94        |
| Cases relating to aircraft accident which are under the insurance company's liabilities |                                    |               |
| At Nepal in 1992  | 1.09                               | 83.01         |
| <b>Total</b>  | <b>597.85</b>                      | <b>811.61</b> |

#### 3.7.2 THAI's Plane Crashed in Surat Thani

THAI's plane crashed in Surat Thani province on December 11, 1998. The cost of the damage from the aforesaid case has so far not been able to be estimated but the majority of these expenses is under the insurance company's liabilities. The insurance company paid the amount of Baht 413.39 million to the Company. Also, the Company has already paid this accident as at March 31, 2002 amount of Baht 406.15 million.

### **3.8 Calculation of Taxable Gains or Losses on Foreign Currency Exchange**

The Company calculated gains or losses on foreign currency exchange rate to pay corporate income tax for the period ended in or after July 2, 1997 according to the No. 2(1) of the Revenue Department Order No. 72/2540 dated July 24, 1997. In the three - month and six - month periods ended March 31, 2002, the Company has calculated gains or losses on foreign currency exchange rate to comply with the said order, especially a part which benefits its tax base, and records as deferred income tax instead of recording in retained earnings. As a result, accumulated deficit decreases by Baht 586.85 and 857.33 million, respectively.

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