

(UNOFFICIAL TRANSLATION)

**REVIEWED REPORT OF INDEPENDENT AUDITOR**

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

1. The State Audit Office has reviewed the accompanying consolidated and the Company balance sheets as at December 31, 2001 and 2000, the related consolidated and the Company statements of income, changes in shareholders' equity, retained earnings and cash flows for the three - month periods then ended 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.

2. 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.

3. 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.

4. 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

February 10, 2002

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS AS AT DECEMBER 31, 2001 AND SEPTEMBER 30, 2001

(Unit : Baht)

	Supplementary Information	CONSOLIDATED		THE COMPANY	
		31 December 2001 (unaudited already reviewed)	30 September 2001 (audited)	31 December 2001 (unaudited already reviewed)	30 September 2001 (audited)
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and bank balances		13,015,227,496	6,596,023,510	12,847,226,431	6,444,070,410
Short-term investments		2,970,973,371	2,817,320,027	2,869,092,166	2,715,564,400
Accounts receivable - net	3.1	12,308,635,420	11,190,298,414	12,305,330,280	11,186,729,314
Inventories and supplies		3,841,955,497	3,609,692,877	3,841,955,497	3,609,692,877
Prepaid expenses and deposits		4,558,057,002	4,476,201,302	4,557,861,759	4,476,052,327
Tax refund		-	2,907,488,858	-	2,907,488,858
Other current assets		2,342,311,334	3,682,456,534	2,270,484,065	3,609,868,605
<b>Total Current Assets</b>		<b>39,037,160,120</b>	<b>35,279,481,522</b>	<b>38,691,950,198</b>	<b>34,949,466,791</b>
<b>Investments</b>					
Investment in associated companies	3.2.1	865,501,732	884,320,360	1,098,877,824	1,110,720,094
Other investments	3.2.2	90,179,957	94,493,996	90,179,957	94,493,996
<b>Total Investments</b>		<b>955,681,689</b>	<b>978,814,356</b>	<b>1,189,057,781</b>	<b>1,205,214,090</b>
<b>Property, Plant and Equipment-Net</b>					
Aircraft		54,701,866,509	55,557,060,836	54,701,866,509	55,557,060,836
Aircraft under capital leases		47,174,373,334	47,825,588,554	47,174,373,334	47,825,588,554
Revolving aircraft spare parts		9,003,547,625	9,089,701,633	9,003,547,625	9,089,701,633
Land, buildings and improvements		3,538,978,295	3,659,675,560	3,538,978,295	3,659,675,560
Other plant and equipment		4,661,990,364	4,457,727,654	4,615,311,560	4,413,116,222
<b>Total Property, Plant and Equipment - Net</b>		<b>119,080,756,127</b>	<b>120,589,754,237</b>	<b>119,034,077,323</b>	<b>120,545,142,805</b>
<b>Other Assets</b>					
Advance payments for aircraft		12,971,766,099	12,971,766,099	12,971,766,099	12,971,766,099
Concessions for acquisitions of aircraft and engines		1,099,527,235	1,251,033,880	1,099,527,235	1,251,033,880
Loan for investment in aircraft spare parts		28,009,866	28,103,698	28,009,866	28,103,698
Deferred income taxes		1,888,252,858	1,782,019,523	1,887,928,970	1,781,797,379
<b>Total Other Assets</b>		<b>15,987,556,058</b>	<b>16,032,923,200</b>	<b>15,987,232,170</b>	<b>16,032,701,056</b>
<b>Total Assets</b>		<b>175,061,153,994</b>	<b>172,880,973,315</b>	<b>174,902,317,472</b>	<b>172,732,524,742</b>

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS AS AT DECEMBER 31, 2001 AND SEPTEMBER 30, 2001

(Unit : Baht)

	Supplementary Information	CONSOLIDATED		THE COMPANY	
		31 December 2001 (unaudited already reviewed)	30 September 2001 (audited)	31 December 2001 (unaudited already reviewed)	30 September 2001 (audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Accounts payable		3,301,855,579	3,083,368,233	3,301,659,947	3,080,267,887
Short-term loans		14,120,716,000	9,715,526,000	14,120,716,000	9,715,526,000
Debts due within one year					
Long-term loans		3,896,470,582	9,794,163,223	3,896,470,582	9,794,163,223
Obligations under capital leases		9,603,372,939	9,926,812,287	9,603,372,939	9,926,812,287
Promissory notes		1,050,000,000	1,050,000,000	1,050,000,000	1,050,000,000
Other current liabilities					
Accrued expenses		12,022,932,915	12,108,601,272	12,017,794,405	12,104,891,982
Accrued dividends		26,932,557	26,946,237	26,906,307	26,919,987
Accrued income taxes		243,345,581	41,762,406	207,945,549	12,154,165
Unearned transportation revenue		11,224,212,950	12,804,989,534	11,224,212,950	12,804,989,534
Other current liabilities		4,039,617,162	4,163,605,988	4,029,035,027	4,153,492,505
<b>Total Current Liabilities</b>		<b>59,529,456,265</b>	<b>62,715,775,180</b>	<b>59,478,113,706</b>	<b>62,669,217,570</b>
<b>Long-term Liabilities</b>					
Long-term loans		48,023,272,940	40,907,334,866	48,023,272,940	40,907,334,866
Obligations under capital leases		41,913,572,480	44,821,622,603	41,913,572,480	44,821,622,603
Promissory notes		8,100,000,000	8,400,000,000	8,100,000,000	8,400,000,000
<b>Total Long-term Liabilities</b>		<b>98,036,845,420</b>	<b>94,128,957,469</b>	<b>98,036,845,420</b>	<b>94,128,957,469</b>
<b>Other Liabilities</b>					
Staff pension fund	3.4	3,539,458,645	3,406,832,613	3,539,458,645	3,406,832,613
<b>Total Other Liabilities</b>		<b>3,539,458,645</b>	<b>3,406,832,613</b>	<b>3,539,458,645</b>	<b>3,406,832,613</b>
<b>Total Liabilities</b>		<b>161,105,760,330</b>	<b>160,251,565,262</b>	<b>161,054,417,771</b>	<b>160,205,007,652</b>
<b>Shareholders' Equity</b>					
Share capital					
Registered:					
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 fully paid					
1,400 million ordinary shares of Baht 10 each		14,000,000,000	14,000,000,000	14,000,000,000	14,000,000,000
Share premium		4,750,000,000	4,750,000,000	4,750,000,000	4,750,000,000
Retained earnings (deficit)					
Appropriated					
Legal reserve		1,032,785,577	1,032,785,577	1,032,785,577	1,032,785,577
Unappropriated		(5,934,885,876)	(7,255,268,487)	(5,934,885,876)	(7,255,268,487)
		13,847,899,701	12,527,517,090	13,847,899,701	12,527,517,090
<b>Minority interest</b>		<b>107,493,963</b>	<b>101,890,963</b>	<b>-</b>	<b>-</b>
<b>Total Shareholders' Equity</b>		<b>13,955,393,664</b>	<b>12,629,408,053</b>	<b>13,847,899,701</b>	<b>12,527,517,090</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>175,061,153,994</b>	<b>172,880,973,315</b>	<b>174,902,317,472</b>	<b>172,732,524,742</b>

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

(Signed) *Kobchai Srivilas*  
(Kobchai Srivilas)  
Managing Director, Technical  
Services Department  
Acting 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 three - month periods ended December 31, 2001 and 2000**

(Unit : Baht)

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<b>Operating Revenues</b>				
Passenger and excess baggage	23,532,978,643	24,785,956,282	23,532,978,643	24,785,956,282
Freight	4,970,748,879	5,774,415,181	4,970,748,879	5,774,415,181
Mail	196,996,197	169,376,437	196,996,197	169,376,437
Other activities	1,544,031,729	1,599,363,826	1,485,550,767	1,530,093,701
<b>Total Operating Revenues</b>	<b>30,244,755,448</b>	<b>32,329,111,726</b>	<b>30,186,274,486</b>	<b>32,259,841,601</b>
<b>Other Revenues</b>				
Share of net profit from subsidiary companies	-	-	6,976,358	14,681,671
Share of net profit from associated companies	38,781,372	35,883,624	38,781,372	35,883,624
Interest income	56,301,595	100,743,495	56,078,193	99,777,570
Other income	183,208,499	213,845,652	183,198,863	213,631,189
<b>Total Other Revenues</b>	<b>278,291,466</b>	<b>350,472,771</b>	<b>285,034,786</b>	<b>363,974,054</b>
<b>Total Revenues</b>	<b>30,523,046,914</b>	<b>32,679,584,497</b>	<b>30,471,309,272</b>	<b>32,623,815,655</b>
<b>Operating Expenses</b>				
Flight operations	6,596,923,815	8,770,970,330	6,596,923,815	8,770,970,330
Maintenance and overhaul	5,272,142,452	2,749,857,858	5,272,142,452	2,749,857,858
Ground operations	4,758,048,385	4,516,742,953	4,758,048,385	4,516,742,953
Passenger services	3,790,953,155	3,802,005,426	3,790,953,155	3,802,005,426
Marketing	2,983,925,258	3,652,806,886	2,983,925,258	3,652,806,886
Administration and general	462,113,486	442,641,646	462,113,486	442,641,646
Remuneration to board of directors	1,712,429	2,360,775	1,498,429	2,279,775
Lease of aircraft and spare parts	2,258,685,221	3,560,202,718	2,258,685,221	3,560,202,718
Depreciation of aircraft	2,120,685,432	2,042,864,100	2,120,685,432	2,042,864,100
Depreciation of other fixed assets	424,455,311	421,351,694	421,282,993	420,326,829
Other activities	668,974,215	572,142,590	632,286,662	539,561,600
<b>Total Operating Expenses</b>	<b>29,338,619,159</b>	<b>30,533,946,976</b>	<b>29,298,545,288</b>	<b>30,500,260,121</b>

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
 STATEMENTS OF INCOME (CONTINUED)  
 for the three - month periods ended December 31, 2001 and 2000

(Unit : Baht)

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>		
	Supplementary Information	2001	2000	2001	2000
<b>Other Expenses</b>					
Interest expenses		1,648,845,975	1,988,919,203	1,648,838,403	1,988,915,977
Losses (Gains) on foreign currency exchange		(2,152,879,525)	1,506,318,987	(2,152,879,525)	1,506,318,987
Yields from pension fund		11,854,647	18,112,887	11,854,647	18,112,887
Other expenses		157,601,454	327,746,050	157,262,307	327,741,959
<b>Total Other Expenses</b>		<b>(334,577,449)</b>	<b>3,841,097,127</b>	<b>(334,924,168)</b>	<b>3,841,089,810</b>
<b>Total Expenses</b>		<b>29,004,041,710</b>	<b>34,375,044,103</b>	<b>28,963,621,120</b>	<b>34,341,349,931</b>
<b>Profit (losses) before income tax</b>		<b>1,519,005,204</b>	<b>(1,695,459,606)</b>	<b>1,507,688,152</b>	<b>(1,717,534,276)</b>
Income tax		463,506,394	18,530,798	457,792,342	7,762,666
<b>Profit (losses) before minority interest</b>		<b>1,055,498,810</b>	<b>(1,713,990,404)</b>	<b>1,049,895,810</b>	<b>(1,725,296,942)</b>
<b>Net profit of minority interest</b>		5,603,000	11,306,538	-	-
<b>Net profit (losses) for the year</b>		<b>1,049,895,810</b>	<b>(1,725,296,942)</b>	<b>1,049,895,810</b>	<b>(1,725,296,942)</b>
<b>Primary earning (losses) per share</b>					
Net profit (losses) for the year		0.75	(1.23)	0.75	(1.23)

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

(Signed) *Kobchai Srivilas*  
 (Kobchai Srivilas)  
 Managing Director, Technical  
 Services Department  
 Acting 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 three - month periods ended December 31, 2001 and 2000**

(Unit : Baht)

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</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	-	-	-	-
At the end of the period	<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	-	-	-	-
At the end of the period	<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	-	-	-	-
At the end of the period	<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 recording of exemption tax from losses on foreign currency	270,486,801	-	270,486,801	-
Increase (decrease) during the period	1,049,895,810	(1,725,296,942)	1,049,895,810	(1,725,296,942)
At the end of the period	<b>(5,934,885,876)</b>	<b>(11,961,636,750)</b>	<b>(5,934,885,876)</b>	<b>(11,961,636,750)</b>
Minority interest				
At the beginning of the period	101,890,963	-	-	-
Increase during the period	5,603,000	66,374,754	-	-
At the end of the period	<b>107,493,963</b>	<b>66,374,754</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>13,955,393,664</b>	<b>7,887,523,581</b>	<b>13,847,899,701</b>	<b>7,821,148,827</b>

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

(Signed) *Kobchai Srivilas*  
(Kobchai Srivilas)  
Managing Director, Technical  
Services Department  
Acting President

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF RETAINED EARNINGS

for the three - month periods ended December 31, 2001 and 2000

(Unit : Baht)

Supplementary Information	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</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 recording of exemption tax from losses on foreign currency exchange	270,486,801	-	270,486,801	-
<b>Add</b> Net Profit (loss) for the year	<u>1,049,895,810</u>	<u>(1,725,296,942)</u>	<u>1,049,895,810</u>	<u>(1,725,296,942)</u>
<b>Total Retained earnings (deficit) - Unappropriated</b>	<b><u>(5,934,885,876)</u></b>	<b><u>(11,961,636,750)</u></b>	<b><u>(5,934,885,876)</u></b>	<b><u>(11,961,636,750)</u></b>
<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>	<b><u>1,032,785,577</u></b>	<b><u>1,032,785,577</u></b>	<b><u>1,032,785,577</u></b>	<b><u>1,032,785,577</u></b>
<b>Total retained earnings (deficit) at the end of the year</b>	<b><u>(4,902,100,299)</u></b>	<b><u>(10,928,851,173)</u></b>	<b><u>(4,902,100,299)</u></b>	<b><u>(10,928,851,173)</u></b>

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

(Signed) *Kobchai Srivilas*  
(Kobchai Srivilas)  
Managing Director, Technical  
Services Department  
Acting 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 three - month periods ended December 31, 2001 and 2000**

**(Unit : Baht)**

	<b>CONSOLIDATED</b>		<b>THE COMPANY</b>	
	<b>2001</b>	<b>2000</b> <b>(new adjustment)</b>	<b>2001</b>	<b>2000</b> <b>(new adjustment)</b>
<b>Cash flows from operating activities</b>				
Net profit for the period	1,049,895,810	(1,725,296,942)	1,049,895,810	(1,725,296,942)
Adjustment to reconcile net profit to cash provided by (paid from) operating activities :				
Depreciation	2,545,140,743	2,464,215,794	2,541,968,426	2,463,190,928
Incomes on investments by equity method	(38,781,372)	(35,883,625)	(45,757,730)	(50,565,296)
Losses (Gains) on sales of assets	(7,123,277)	201,740,934	(7,123,277)	201,740,934
Losses on foreign currency exchange	(2,187,154,611)	1,645,361,131	(2,187,154,611)	1,645,361,131
Net profit of minority interest	5,603,000	11,306,538	-	-
Reserve for obsolete inventories	248,678,207	60,094,601	248,678,207	60,094,601
Allowance for doubtful accounts, impairment in value of assets	8,753,535	71,621,140	8,414,389	71,621,140
Operating profit before changes in operating assets and liabilities	1,625,012,035	2,693,159,571	1,608,921,214	2,666,146,496
Decrease (increase) in operating assets :				
Accounts receivable	(1,148,392,988)	(1,186,135,069)	(1,148,317,802)	(1,185,837,422)
Inventories and supplies	(480,940,826)	(113,651,233)	(480,940,826)	(113,651,233)
Prepaid expenses and deposits	(101,063,183)	16,057,465	(101,018,183)	15,984,472
Tax refund	2,838,181,326	(8,717,809)	2,838,181,326	(8,709,279)
Other current assets	1,337,333,729	(5,540,953,257)	1,336,574,337	(5,495,733,033)
Advance payments for aircraft	-	4,639,932,313	-	4,639,932,313
Deferred income taxes	164,253,466	-	164,355,210	-
Concessions for acquisitions of aircraft and engines	121,174,207	(490,917,377)	121,174,207	(490,917,377)
Increase (decrease) in operating liabilities :				
Accounts payable	233,020,108	427,531,276	235,924,823	427,531,276
Accrued expenses and other current liabilities	144,985,271	161,479,215	137,295,607	147,526,497
Staff pension fund	132,626,032	126,654,561	132,626,032	126,654,561
Unearned transportation revenue	(1,580,776,584)	1,065,408,649	(1,580,776,584)	1,065,408,649
<b>Net cash from operating activities</b>	<b>3,285,412,593</b>	<b>1,789,848,305</b>	<b>3,263,999,361</b>	<b>1,794,335,920</b>

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



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

**STATEMENTS OF CASH FLOWS (CONTINUED)**

**for the three - month periods ended December 31, 2001 and 2000**

**(Unit : Baht)**

	Supplementary Information	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
		<u>2001</u>	<u>2000</u> (new adjustment)	<u>2001</u>	<u>2000</u> (new adjustment)
<b>Cash flows from investing activities</b>					
Increase in short-term investments		382,237,168	(44,533,239)	382,237,168	(44,533,239)
Cash paid for acquisition of fixed assets		(1,252,356,499)	(1,770,814,817)	(1,247,116,810)	(1,763,871,448)
Cash received from sales on assets		223,337,143	59,369,287	223,337,143	59,369,287
Investment		61,028,111	5,686,390	61,028,111	5,686,390
<b>Net cash from (used in) investing activities</b>		<b>(585,754,077)</b>	<b>(1,750,292,379)</b>	<b>(580,514,388)</b>	<b>(1,743,349,010)</b>
<b>Cash flows from financing activities</b>					
Cash received from short-term loans		4,430,000,000	-	4,430,000,000	-
Cash received from long-term loans		8,210,310,000	-	8,210,310,000	-
Cash paid for repayment of long-term loans		(7,652,426,287)	(3,722,528,654)	(7,652,426,287)	(3,722,528,654)
Cash paid to promissory notes		(300,000,000)	(326,000,000)	(300,000,000)	(326,000,000)
Dividends paid		(13,680)	(49,905)	(13,680)	(49,905)
<b>Net cash from (used in) financing activities</b>		<b>4,687,870,033</b>	<b>(4,048,578,559)</b>	<b>4,687,870,033</b>	<b>(4,048,578,559)</b>
Increase (decrease) in cash and cash equivalents		7,387,528,549	(4,009,022,633)	7,371,355,006	(3,997,591,649)
Effects of exchange rate changes on decreasing in cash and bank balance		(432,434,051)	(149,173,914)	(432,434,051)	(149,173,914)
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>3.3</b>	<b>14,982,820,702</b>	<b>7,239,073,251</b>	<b>14,712,938,432</b>	<b>7,021,990,836</b>

**Supplementary cash flows information :**

Cash paid during the year for

Interest expenses

1,274,604,397      1,498,883,111      1,274,604,397      1,498,883,111

Corporate income tax

28,362,222      8,709,279      28,338,217      8,709,279

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

(Signed) *Kobchai Srivilas*  
(Kobchai Srivilas)  
Managing Director, Technical  
Services Department  
Acting 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 December 31, 2001 (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, 2000. 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 December 31, 2001.

### 3. SUPPLEMENTARY INFORMATION

#### 3.1 Trade accounts receivable

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

Period of overdue	Consolidated		(Unit : Million Baht) The Company	
	31-Dec-01	30-Sep-01	31-Dec-01	30-Sep-01
Not over 6 months	12,127.42	10,980.79	12,124.91	10,977.74
Over 6 months to 1 year	118.27	186.06	116.98	185.24
Over 1 year to 2 years	488.32	465.91	487.74	465.47
Over 2 years	545.11	519.27	545.11	519.27
	13,279.12	12,152.03	13,274.74	12,147.72
Allowance for doubtful accounts	(970.48)	(961.73)	(969.41)	(960.99)
Total	12,308.64	11,190.30	12,305.33	11,186.73

## 3.2 Investments

## Consolidated

(Unit : Million Baht)

Name of Company	Percentage of		Investment				Incomes on investments	
	Shareholding		Cost method		Equity method		Dec-01	Dec-00
	Dec-01	Sep-01	Dec-01	Sep-01	Dec-01	Sep-01		
<b>3.2.1 Investments in related parties are recorded by the equity method</b>								
<b>Associated Companies</b>								
Royal Orchid Hotel (Thailand) Public Co., Ltd. (As at December 31, 2001 amounting to Baht 585.00 Million and as at September 30, 2001 amounting to Baht 562.50 Million)	24	24	225.00	225.00	292.66	282.79	9.87	6.72
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	211.91	256.38	13.13	12.37
Bangkok Aviation Fuel Services Public Company Limited	30.7	30.7	76.91	76.91	339.18	326.71	12.48	13.52
Phuket Air Catering Company Limited	30	30	30.00	30.00	21.75	18.44	3.30	3.28
<b>Total investment in associated companies</b>					<b>865.50</b>	<b>884.32</b>	<b>38.78</b>	<b>35.89</b>
<b>3.2.2 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	-	-	40.18	44.45			-	-
TRADESIAM Company Limited (paid 25% of registered shares)	3.5	3.5	1.75	1.75			-	-
FRANCE TELECOM (EQUANT N.V.)			11.49	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>90.18</b>	<b>94.49</b>			-	-

## The Company

(Unit : Million Baht)

Name of Company	Percentage of		Investment				Incomes on investments	
	Shareholding		Cost method		Equity method		Dec-01	Dec-00
	Dec-01	Sep-01	Dec-01	Sep-01	Dec-01	Sep-01		
<b>3.2.1 Investments in related parties are recorded by the equity method</b>								
<b><u>Subsidiary Companies</u></b>								
Thai Information Solution Company Limited (paid 25% of registered Shares)	100	100	125.00	125.00	101.99	101.87	0.13	0.86
Thai-Amadeus Southeast Asia Company Limited	55	55	8.25	8.25	131.38	124.53	6.85	13.82
<b>Total</b>					<b>233.37</b>	<b>226.40</b>	<b>6.98</b>	<b>14.68</b>
<b><u>Associated Companies</u></b>								
Royal Orchid Hotel (Thailand) Public Co., Ltd. (As at December 31, 2001 amounting to Baht 585.00 Million and as at September 30, 2001 amounting to Baht 562.50 Million)	24	24	225.00	225.00	292.66	282.79	9.87	6.72
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	211.91	256.38	13.13	12.37
Bangkok Aviation Fuel Services Public Company Limited	30.7	30.7	76.91	76.91	339.18	326.71	12.48	13.52
Phuket Air Catering Company Limited	30	30	30.00	30.00	21.75	18.44	3.30	3.28
<b>Total</b>					<b>865.50</b>	<b>884.32</b>	<b>38.78</b>	<b>35.89</b>
<b>Total investment in related parties</b>					<b>1,098.87</b>	<b>1,110.72</b>	<b>45.76</b>	<b>50.57</b>
<b>3.2.2 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	-	-	40.18	44.45			-	-
TRADESIAM Company Limited (paid 25% of registered shares)	3.5	3.5	1.75	1.75			-	-
FRANCE TELECOM (EQUANT N.V.)			11.49	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>90.18</b>	<b>94.49</b>			-	-

The Company invested an amount of Baht 11.49 million in EQUANT N.V., registered in The Netherlands and listed in New York Stock Exchange and in Bourse de Paris. This is an investment derived from the money to be allocated back to the Company by Societe Internationale de Telecommunications Aeronautiques S.C. or SITA. SITA is the organization which provides telecommunication services to airlines all over the world with its head office in Brussels, Belgium. SITA collects expenses from its members in proportion to the use of its services. In case the revenues exceed the expenses, they will be proportionally appropriated to the Company. From 1990 to 1998, SITA has not appropriated the excess revenues which are equivalent to USD 260,000 in cash to the Company. Instead the money was invested in EQUANT N.V. The Company's shared proportion in the investment is equal to 1,119,662 depository certificates with the value equal to the share value of the EQUANT N.V. that SITA puts on the market. Now, SITA takes the depository certificates (EQUANT shares) to trade with FRANCE TELECOM shares in the proportion 2.2 depository certificates to 1 share. Therefore, the Company has the right in the share of FRANCE TELECOM amounted to 508,937.27 shares.

### 3.3 Cash and Cash Equivalent

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

	(Unit : Million Baht)			
	Consolidated		The Company	
	31-Dec-01	31-Dec-00	31-Dec-01	31-Dec-00
Cash and bank balances	13,015.23	5,840.64	12,847.23	5,761.64
Short-term investments - fixed deposit	2,970.97	3,611.13	2,869.09	3,473.05
Less fixed deposit over 3 months	(1,003.38)	(2,212.70)	(1,003.38)	(2,212.70)
<b>Total</b>	<b>14,982.82</b>	<b>7,239.07</b>	<b>14,712.94</b>	<b>7,021.99</b>

### 3.4 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-Dec-01	30-Sep-01
Cash and bank balances	2,297.48	1,965.49
Short-term investments	1,003.39	1,385.63
Fixed assets	0.04	0.05
Other current assets	29.71	14.54
	<b>3,330.62</b>	<b>3,365.71</b>
Other current liabilities	23.17	15.64
Pension fund	3,539.46	3,406.83
	<b>3,562.63</b>	<b>3,422.47</b>

As at December 31, 2001, the Fund has an obligation to pay the pension to resigned staff amounting to Baht 3,539.46 million.

### 3.5 Contingent Liabilities

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

	(Unit : Million Baht)	
	The Company	
	31-Dec-01	30-Sep-01
Letters of guarantee issued by banks	3.86	3.82
Letters of credit	92.27	92.62
The Company as defendant in		
Labour dispute cases	20.91	28.22
Damage claims cases	443.37	603.94
Cases relating to aircraft accident which are under the insurance company's liabilities at Nepal in 1992	1.11	83.01
<b>Total</b>	<b>561.52</b>	<b>811.61</b>

#### 3.5.2 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 December 31, 2001 amount of Baht 406.15 million.

### 3.6 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 periods ended December 31, 2000, the Company has calculated the right on gains or losses on foreign currency exchange rate to comply with the said announcement, especially a part which benefits its tax base in these three - month periods, and records as deferred income tax instead of recording in retained earnings. As a result, accumulated deficit decreases by Baht 270.49 million.