

NO.0022/0149

**Office of the Auditor General
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This letter is given to confirm that the English version of the Auditor's Report together with the consolidated financial statements for the period from October 1, 2007 to December 31, 2007 and for the years ended September 30, 2007 of Thai Airways International Public Company Limited and its subsidiary and the Company's financial statements for the period from October 1, 2007 to December 31, 2007 and for the year ended September 30, 2007 of Thai Airways International Public Company Limited 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 February 27, 2008

Jaruvan Maintaka
(Khunying Jaruvan Maintaka)
Auditor General



(TRANSLATION)
AUDITOR'S REPORT

TO : THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has audited the accompanying consolidated balance sheets of Thai Airways International Public Company Limited and its subsidiary and the balance sheets of Thai Airways International Public Company Limited as at December 31, 2007 and September 30, 2007, and the related consolidated and the Company's statements of income, changes in shareholders' equity, and cash flows for period from October 1, 2007 to December 31, 2007 and for the year ended September 30, 2007. 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 statements 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 subsidiary and of the Thai Airways International Public Company Limited as at December 31, 2007 and September 30, 2007, and the results of operations, the changes in shareholders' equity, and the cash flows for the period from October 1, 2007 to December 31, 2007 and for the year ended September 30, 2007 in accordance with generally accepted accounting principles.

With unconditional opinion to the financial statements, the Auditor General of Thailand requests to draw attention to Note 1 to financial statements regarding the change in accounting period. The Company presented the financial statements for the year ended September 30, 2007 for comparison. Therefore, the compared statements of income, changes in shareholders' equity, and cash flows of such fiscal year have a different accounting period which will make the users of these financial statements misunderstanding in materiality of the financial statements. To present the compared financial statements, the Company follows the guide line of the Securities and Exchange Commission.

(Signed) *Jaruvan Maintaka*
(Khunying Jaruvan Maintaka)
Auditor General

(Signed) *Rungravee Sahsomsuwan*
(Rungravee Sahsomsuwan)
Director of Auditor Office

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

AS AT DECEMBER 31, 2007 AND SEPTEMBER 30, 2007

Units : Baht

	<u>Notes</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
		<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
ASSETS					
Current Assets					
Cash and cash equivalents	4.1	25,813,370,034	20,583,897,733	25,459,894,270	20,241,103,098
Current investment-available		180,876,983	131,873,024	-	-
Trade account receivables-net	4.2	18,778,977,501	17,985,430,375	18,731,965,198	17,948,254,495
Inventories and supplies-net	4.3	6,103,676,049	5,997,875,383	6,103,676,049	5,997,875,383
Other current assets	4.4	14,352,525,807	14,800,019,875	14,315,991,306	14,756,089,261
Total Current Assets		65,229,426,374	59,499,096,390	64,611,526,823	58,943,322,237
Non-Current Assets					
Investments in associated and subsidiary companies	4.5.1	1,468,520,602	1,519,888,879	926,770,500	926,770,500
Other long-term investments	4.5.2	105,949,623	104,182,823	86,159,947	83,598,922
Property, Plant and Equipment-Net	4.7	207,152,807,792	204,714,573,949	207,096,129,851	204,653,040,673
Intangible assets-net	4.8	898,002,372	856,819,811	893,960,359	853,269,727
Deferred income taxes	4.9	3,976,402,761	3,901,537,844	3,964,088,339	3,889,351,863
Other non-current assets	4.10	1,444,207,614	1,490,103,840	1,444,207,614	1,490,103,840
Total Non-Current Assets		215,045,890,764	212,587,107,146	214,411,316,610	211,896,135,525
Total Assets		280,275,317,138	272,086,203,536	279,022,843,433	270,839,457,762

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF INCOME

For the period from October 1 - December 31, 2007 and for the year ended September 30, 2007

Units : Baht

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>		
	<u>Notes</u>	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>
Revenues from the Sale of Goods and the Rendering of Services					
Passenger and excess baggage		43,834,474,960	156,258,304,364	43,834,474,960	156,258,304,364
Freight		7,194,637,294	25,737,296,643	7,194,637,294	25,737,296,643
Mail		270,453,180	992,282,983	270,453,180	992,282,983
Other activities		2,193,709,589	9,049,138,039	2,093,726,566	8,689,395,806
Total Revenues from the Sale of Goods and the					
 Rendering of Services		53,493,275,023	192,037,022,029	53,393,292,000	191,677,279,796
Operating expenses					
Personnel		9,318,524,872	32,634,774,287	9,309,507,236	32,603,597,343
Fuel and oil		18,426,545,385	58,892,664,167	18,426,545,385	58,892,664,167
Inventories and supplies		2,383,692,460	9,996,537,252	2,383,692,460	9,996,537,252
Lease of aircraft and spare parts		1,624,950,900	6,767,821,949	1,624,950,900	6,767,821,949
Flight operations		10,719,952,522	41,557,103,822	10,719,952,522	41,557,103,822
Depreciation		4,672,783,004	17,751,341,713	4,665,189,418	17,716,486,919
Marketing		704,383,367	3,198,407,158	692,445,054	3,151,111,310
Insurance		226,613,771	1,016,273,298	226,613,771	1,016,273,298
Remuneration for Board of Directors	4.20	18,123,622	25,416,858	17,668,638	24,143,805
Other operating expenses		1,673,885,198	7,408,591,010	1,654,302,524	7,328,108,029
Total operating expenses		49,769,455,101	179,248,931,514	49,720,867,908	179,053,847,894
Profit from the Sale of Goods and the Rendering of Services		3,723,819,922	12,788,090,515	3,672,424,092	12,623,431,902

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF INCOME

For the period from October 1 - December 31, 2007 and for the year ended September 30, 2007

	<u>Notes</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
		<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>
Profits from the Sale of Goods and the Rendering of Services		3,723,819,922	12,788,090,515	3,672,424,092	12,623,431,902
Other Income					
Interest income		239,548,874	620,971,083	236,069,065	609,306,786
Others	4.21	578,236,776	1,381,793,717	612,640,534	1,574,025,926
Total Other Income		817,785,650	2,002,764,800	848,709,599	2,183,332,712
Other Expenses					
Losses (gains) on foreign currency exchange		175,505,163	(1,184,797,148)	175,505,163	(1,184,797,148)
Yields from pension fund		24,766,444	102,110,925	24,766,444	102,110,925
Others	4.22	235,161,208	2,156,963,358	234,713,397	2,154,739,436
Total Other Expenses		435,432,815	1,074,277,135	434,985,004	1,072,053,213
Profits from Operations		4,106,172,757	13,716,578,180	4,086,148,687	13,734,711,401
Share of Profit (Loss) from Investments by the Equity Method					
Share of net profit (loss) from associated companies		(15,368,277)	122,787,633	-	-
Total Share of Profit (Loss) from Investments by the Equity Method	4.5.1	(15,368,277)	122,787,633	-	-
Profits before Interest and Income Tax Expenses		4,090,804,480	13,839,365,813	4,086,148,687	13,734,711,401
Interest expenses		1,394,950,234	4,698,766,508	1,394,950,234	4,698,766,508
Income tax expenses		839,280,528	2,739,919,472	822,138,867	2,685,448,239
Profits after Interest and Income Expenses		1,856,573,718	6,400,679,833	1,869,059,586	6,350,496,654
Net profits of minority interest		17,497,084	58,611,654	-	-
Net profits		1,839,076,634	6,342,068,179	1,869,059,586	6,350,496,654
 Basic earnings per share	 4.23				
Net profits		1.08	3.73	1.10	3.74

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

(Signed) *Flg. Off. Apinan Sumanaseni*
(Apinan Sumanaseni)
President

(Signed) *Ngamnit Sombutpibool*
(Ngamnit Sombutpibool)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

AS AT DECEMBER 31, 2007 AND SEPTEMBER 30, 2007

		CONSOLIDATED		THE COMPANY	
	Notes	31-Dec-07	30-Sep-07	31-Dec-07	30-Sep-07
Units : Baht					
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade account payables		10,065,516,556	7,950,593,217	10,059,366,513	7,942,173,649
Short-term loans	4.11	4,962,020,000	12,121,060,200	4,962,020,000	12,121,060,200
Current portion of long-term loans					
Debentures	4.15	11,500,000,000	6,000,000,000	11,500,000,000	6,000,000,000
Long-term loans	4.12	2,697,444,000	-	2,697,444,000	-
Liabilities under financial leases	4.13	9,112,226,002	8,667,640,690	9,112,226,002	8,667,640,690
Promissory notes	4.14	1,050,000,000	1,050,000,000	1,050,000,000	1,050,000,000
Other current liabilities					
Accrued expenses		17,364,579,002	20,488,319,740	17,339,342,733	20,465,787,505
Accrued dividends		3,120,715,633	62,901,721	3,120,715,633	62,901,721
Accrued income taxes		879,321,409	28,593,987	833,515,244	-
Unearned transportation revenues		32,481,674,489	30,537,000,786	32,481,674,489	30,537,000,786
Others	4.16	4,317,223,448	2,636,244,727	4,295,817,554	2,615,403,652
Total Current Liabilities		97,550,720,539	89,542,355,068	97,452,122,168	89,461,968,203
Non-Current Liabilities					
Long-term debts					
Debentures	4.15	36,000,000,000	34,000,000,000	36,000,000,000	34,000,000,000
Long-term loans	4.12	1,355,400,000	4,074,621,000	1,355,400,000	4,074,621,000
Liabilities under financial leases	4.13	70,571,831,245	68,369,645,625	70,571,831,245	68,369,645,625
Promissory notes	4.14	1,800,000,000	2,100,000,000	1,800,000,000	2,100,000,000
Staff pension fund	4.25	4,972,103,862	4,771,886,386	4,972,103,862	4,771,886,386
Total Non-Current Liabilities		114,699,335,107	113,316,153,011	114,699,335,107	113,316,153,011
Total Liabilities		212,250,055,646	202,858,508,079	212,151,457,275	202,778,121,214
Shareholders' Equity					
Share capital	4.18				
Authorized					
1,700.00 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					
1,698.90 million ordinary shares par value of Baht 10 each		16,989,009,500	16,989,009,500	16,989,009,500	16,989,009,500
Premium on share capital		15,638,075,844	15,639,064,110	15,638,075,844	15,639,064,110
Unrealised gain on current investment-available-for-sale securities		(1,318)	(2,579)	-	-
Retained earnings					
Appropriated					
Legal reserve	4.19	1,700,000,000	1,700,000,000	1,700,000,000	1,700,000,000
Unappropriated		33,422,721,112	34,641,666,188	32,544,300,814	33,733,262,938
Total Company Shareholders' Equity		67,749,805,138	68,969,737,219	66,871,386,158	68,061,336,548
Minority interests		275,456,354	257,958,238	-	-
Total Shareholders' Equity		68,025,261,492	69,227,695,457	66,871,386,158	68,061,336,548
Total Liabilities and Shareholders' Equity		280,275,317,138	272,086,203,536	279,022,843,433	270,839,457,762

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

(Signed) *Flg.Off.Apinan Sumanaseni*
(Apinan Sumanaseni)
President

(Signed) *Ngamnit Sombutpibool*
(Ngamnit Sombutpibool)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from October 1 - December 31, 2007 and for the year ended September 30, 2007

Units : Baht

		CONSOLIDATED						
Notes	Share Capital issued and fully paid	Premium on share capital	Unrealised gain (losses) on available- for-sale securities	Legal Reserve	Retained Earnings Unappropriated	Minority Interest	Total	
	16,988,961,500	15,642,835,031	-	1,700,000,000	31,102,776,657	246,598,694	65,681,171,882	
- Unrealised losses on current investment - available-for-sale securities	-	-	(2,579)	-	-	(2,110)	(4,689)	
<u>Add</u> Net Profits	-	-	-	-	6,342,068,179	58,611,654	6,400,679,833	
<u>Less</u> Dividends paid	-	-	-	-	(2,803,178,648)	(47,250,000)	(2,850,428,648)	
<u>Add</u> Issued share capital	48,000	24,000	-	-	-	-	72,000	
<u>Less</u> Share offering expense	-	(3,794,921)	-	-	-	-	(3,794,921)	
Balance as at September 30, 2007	16,989,009,500	15,639,064,110	(2,579)	1,700,000,000	34,641,666,188	257,958,238	69,227,695,457	
Balance as at October 1, 2007	16,989,009,500	15,639,064,110	(2,579)	1,700,000,000	34,641,666,188	257,958,238	69,227,695,457	
- Unrealised gains on current investment - available-for-sale securities	-	-	1,261	-	-	1,032	2,293	
<u>Add</u> Net Profits	-	-	-	-	1,839,076,634	17,497,084	1,856,573,718	
<u>Less</u> Dividends paid	-	-	-	-	(3,058,021,710)	-	(3,058,021,710)	
<u>Less</u> Share offering expense	-	(988,266)	-	-	-	-	(988,266)	
Balance as at December 31, 2007	16,989,009,500	15,638,075,844	(1,318)	1,700,000,000	33,422,721,112	275,456,354	68,025,261,492	

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

(Signed) *Flg.Off.Apinan Sumanaseni*
(Apinan Sumanaseni)
President

(Signed) *Ngamnit Sombutpibool*
(Ngamnit Sombutpibool)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from October 1 - December 31, 2007 and for the year ended September 30, 2007

Units : Baht

		THE COMPANY					
<u>Notes</u>	Share Capital issued and fully paid	Premium on share capital	Unrealised gain (losses) on available- for-sale securities	Legal Reserve	Retained Earnings Unappropriated	Total	
	16,988,961,500	15,642,835,031	-	1,700,000,000	31,102,776,657	65,434,573,188	
	-	-	-	-	(916,831,725)	(916,831,725)	
	16,988,961,500	15,642,835,031	-	1,700,000,000	30,185,944,932	64,517,741,463	
<u>Add</u> Net Profits	-	-	-	-	6,350,496,654	6,350,496,654	
<u>Less</u> Dividends paid	-	-	-	-	(2,803,178,648)	(2,803,178,648)	
<u>Add</u> Issued share capital	48,000	24,000	-	-	-	72,000	
<u>Less</u> Share offering expense	-	(3,794,921)	-	-	-	(3,794,921)	
Balance as at September 30, 2007	16,989,009,500	15,639,064,110	-	1,700,000,000	33,733,262,938	68,061,336,548	
Balance as at October 1, 2007	16,989,009,500	15,639,064,110	-	1,700,000,000	33,733,262,938	68,061,336,548	
<u>Add</u> Net Profits	-	-	-	-	1,869,059,586	1,869,059,586	
<u>Less</u> Dividends paid	-	-	-	-	(3,058,021,710)	(3,058,021,710)	
<u>Less</u> Share offering expense	-	(988,266)	-	-	-	(988,266)	
Balance as at December 31, 2007	16,989,009,500	15,638,075,844	-	1,700,000,000	32,544,300,814	66,871,386,158	

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

(Signed) *Flg.Off.Apinan Sumanaseni*
(Apinan Sumanaseni)
President

(Signed) *Ngamnit Sombutpibool*
(Ngamnit Sombutpibool)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

For the period from October 1 - December 31, 2007 and for the year ended September 30, 2007

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>
	Units : Baht			
Cash flows from operating activities				
Net profit	1,839,076,634	6,342,068,179	1,869,059,586	6,350,496,654
Adjustment to reconcile net profit to cash provided by (paid from) operating activities :				
Depreciation	4,672,783,004	17,751,341,713	4,665,189,418	17,716,486,919
Income from investments by the equity method	15,368,277	(122,787,633)	-	-
Stock dividend	-	-	-	(19,197,750)
Losses (gains) on sales of assets	(331,233,888)	5,194,235	(331,233,888)	5,194,235
Gain on current investments-available-for-sale securities	(640,441)	(6,623,970)	-	-
Amortisation of deferred charges	56,054,637	214,270,101	56,054,637	214,270,101
Losses (gains) on foreign currency exchange	123,488,399	(12,298,234)	123,272,949	(12,298,234)
Net profit of minority interests	17,497,084	58,611,654	-	-
Provision for obsolete inventories and supplies	51,285,275	(14,146,942)	51,285,275	(14,146,942)
Allowance for doubtful accounts and impairment in value of assets	(1,511,390)	633,476,587	(1,929,524)	631,345,791
Operating profit before changes in operating assets and liabilities	6,442,167,591	24,849,105,690	6,431,698,453	24,872,150,774
Decrease (increase) in operating assets :				
Trade account receivables	(300,988,989)	(1,618,301,394)	(290,522,746)	(1,615,911,813)
Inventories and supplies	(157,085,941)	(728,377,555)	(157,085,941)	(728,377,555)
Prepaid expenses and deposits	271,984,858	(944,544,652)	274,442,554	(944,505,056)
Tax refund	-	1,218,851,394	-	1,218,851,394
Other current assets	113,824,911	(1,197,796,398)	103,971,103	(1,185,690,791)
Deferred income taxes	(74,864,917)	118,779,984	(74,736,477)	119,359,223
Other assets	(10,158,411)	(59,007,009)	(10,158,411)	(59,007,009)
Deferred charges	-	(500,574,167)	-	(500,574,167)
Increase (decrease) in operating liabilities :				
Trade account payables	2,117,957,459	(1,499,522,851)	2,120,230,748	(1,496,408,286)
Accrued expenses and other current liabilities	(564,846,880)	1,973,738,498	(585,327,911)	1,962,958,617
Staff pension fund	200,217,476	276,065,768	200,217,476	276,065,768
Unearned transportation revenue	2,208,569,667	5,635,890,877	2,208,569,667	5,635,890,877
Net cash from operating activities	10,246,776,824	27,524,308,185	10,221,298,515	27,554,801,976

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

For the period from October 1 - December 31, 2007 and for the year ended September 30, 2007

Units : Baht

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>		
	<u>Notes</u>	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>
Cash flows from investing activities					
Cash paid for acquisition of fixed assets		(5,050,689,344)	(22,218,872,910)	(5,048,063,264)	(22,215,564,123)
Cash paid for intangible assets		(92,499,394)	(525,376,162)	(91,895,294)	(524,148,662)
Cash received from transferring down payment of aircraft and aircraft spare parts		139,326,013	357,816,407	139,326,013	357,816,407
Cash received from sales of assets		630,695,504	1,306,091,660	630,695,504	1,306,091,660
Investments decrease (increase)		33,585,261	211,339,798	(3,454,739)	(2,955,527)
Cash received from current investments-available-for-sale securities		(48,607,000)	(26,660,000)	-	-
Net cash used in investing activities		(4,388,188,960)	(20,895,661,207)	(4,373,391,780)	(21,078,760,245)
Cash flows from financing activities					
Cash received from debentures		7,500,000,000	-	7,500,000,000	-
Cash received from short-term loans		-	21,798,454,814	-	21,798,454,814
Cash received from long-term loans		1,521,385,302	19,127,297,087	1,521,385,302	19,127,297,087
Cash received from issuing ordinary shares		-	48,000	-	48,000
Cash received from premium on ordinary shares		(988,266)	(3,770,922)	(988,266)	(3,770,922)
Cash paid for repayment of short-term loans		(7,238,050,200)	(15,231,608,114)	(7,238,050,200)	(15,231,608,114)
Cash paid for repayment of long-term loans		(2,143,141,525)	(17,129,728,094)	(2,143,141,525)	(17,129,728,094)
Cash paid for repayment of promissory notes		(300,000,000)	(1,050,000,000)	(300,000,000)	(1,050,000,000)
Dividends paid		(207,798)	(2,845,390,044)	(207,798)	(2,798,140,044)
Net cash from (used in) financing activities		(661,002,487)	4,665,302,727	(661,002,487)	4,712,552,727
Increase in cash and cash equivalents		5,197,585,377	11,293,949,705	5,186,904,248	11,188,594,458
Increase in the effect from changing in exchange rate on cash and cash equivalents		31,886,924	114,680,706	31,886,924	114,680,706
Cash and cash equivalents at the beginning of the periods		20,583,897,733	9,175,267,322	20,241,103,098	8,937,827,934
Cash and cash equivalents at the end of the periods		25,813,370,034	20,583,897,733	25,459,894,270	20,241,103,098
Supplementary cash flows information :					
Cash paid during the year for					
Interest expenses		881,892,951	4,079,123,039	881,892,951	4,079,123,039
Corporate income tax		63,418,023	3,698,277,864	63,360,099	3,651,208,222
Non - cash item					
Assets under financial lease	4.7	2,447,798,298	5,795,831,779	2,447,798,298	5,795,831,779

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

(Signed) *Flg.Off.Apinan Sumanaseni*
(Apinan Sumanaseni)
President

(Signed) *Ngamnit Sombutpibool*
(Ngamnit Sombutpibool)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS

For the period from October 1 - December 31, 2007 and for the year ended September 30, 2007

1. THE CHANGE IN ACCOUNTING PERIOD

On January 9, 2007, the Company has registered to the Department of Business Development, Ministry of Commerce, for the change in its accounting period beginning on January 1 to December 31 according to the calendar year. The first of accounting period to be changed was October 1 to December 31, 2007. This was also approved by the Revenue Department on April 30, 2007. The change is to facilitate the evaluation of corporate governance and for a comparative purpose comparing to the listed companies in the Stock Exchange as well as other airlines using the same accounting period. Also, the Company presented the financial statements for the year ended September 30, 2007 for comparison which comply with the guide line of the Securities and Exchange Commission. Therefore, the users of these financial statements should consider the different accounting period.

2. BASIC OF FINANCIAL STATEMENT PREPARATION

The consolidated and the Company financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act B.E. 2543 (2000) being those Thai accounting standards which issued by the Accounting Professions Act B.E. 2547 (2004) and the financial reporting requirements of the Securities and Exchange Commission, Thailand under the Securities and Exchange Act B.E. 2535 (1992).

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

The consolidated financial statements consist of the Company and its subsidiary, Thai-Amadeus Southeast Asia Company Limited, in which the Company holds equity interests of 55%. Significant transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.2 Inventories and Supplies

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

3.3 Investments

3.3.1 Investments in subsidiary and associated companies are stated by the equity method in the consolidated financial statement but by cost method in the Company's financial statement.

3.3.2 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.

3.3.3 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.

3.4 Property, Plant and Equipment and Depreciation

3.4.1 Aircraft and aircraft under financial leases

3.4.1.1 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.

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

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

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

3.4.3 Other fixed assets are stated at cost on the acquisition date or on the date of completion of construction and depreciated on a straight-line basis over an estimated useful life of 5-30 years.

3.4.4 Leasehold buildings are amortised as expense over a lease term of 10-30 years.

3.4.5 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.

3.5 Intangible Assets

Computer programmes

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

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

3.6 Impairment of Assets

Assets may be impaired whenever there is an indicator that the carrying amount of the asset exceeds its recoverable amount. A recoverable amount is the higher of an asset's net selling price and its value in use.

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

3.7 Deferred Charges

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

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

3.8 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.

3.9 Revenue Recognition

3.9.1 Passenger and excess baggage revenues:

3.9.1.1 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.

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

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

3.9.2 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 carried by other air carriers is recognised as revenue if the other air carriers do not bill within 1 year.

3.9.3 The Company has operated a frequent flyer program called “Royal Orchid Plus” since 1993. Members exchange accumulated mileage for services. The Company calculates cost per mile by dividing the average net collected fare in each zone by the number of miles redeemed for awards in that zone. The Company estimates the number of miles 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.

3.9.3.1 Unredeemed awards are recognised as revenue after 3 years.

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

3.9.3.3 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.

3.9.4 Revenues from business units, Aircraft Maintenance Services, Ground Customer Services, Ground Support Equipment Services and Cargo and Mail Commercial are recognised when services are provided. Revenues from Catering Services, Sales on Board and Thai Shop are recognised at sale.

3.9.5 Other revenues are recognised on an accrual basis.

3.10 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.

3.11 Foreign Currency Transactions

Foreign currency transactions incurred during the year are converted 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. Except for foreign loans, the Company uses the exchange rate of the Bank of Thailand at cash received date.

Assets and liabilities denominated in foreign currency at year-end are converted 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.

3.12 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.

3.13 Deferred Income Tax

The Company’s tax expense is calculated in accordance with the Revenue Code of Thailand. The deferred income tax is calculated from temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

3.14 Accounting Estimations

The Company and its subsidiary 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.

3.15 Financial Instruments

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

In addition, the Company also entered into fuel-oil hedging agreement in which premiums and the difference of the fuel price arising from this agreement will be recorded as expenses in income statement.

4. SUPPLEMENTARY INFORMATION

4.1 Cash and Cash Equivalents

	<u>Consolidated</u>		<u>Units : Million Baht</u> <u>The Company</u>	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
Cash - Domestic	16.23	15.10	16.23	15.10
Cash - Abroad	21.33	29.53	21.33	29.53
Bank Deposits - Domestic	6,335.13	4,024.43	5,981.65	3,681.63
Bank Deposits - Abroad	<u>19,440.68</u>	<u>16,514.84</u>	<u>19,440.68</u>	<u>16,514.84</u>
Total	<u>25,813.37</u>	<u>20,583.90</u>	<u>25,459.89</u>	<u>20,241.10</u>

4.2 Trade Account Receivables - Net

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

	<u>Consolidated</u>		<u>Units : Million Baht</u> <u>The Company</u>	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
Period of overdue				
Not over 6 months	18,738.24	17,925.45	18,691.23	17,888.69
Over : 6 months to 1 year	43.01	63.24	43.01	63.24
Over : 1 year to 2 years	76.95	113.46	76.93	111.76
Over : 2 years	<u>1,302.58</u>	<u>1,245.98</u>	<u>1,273.72</u>	<u>1,218.80</u>
	20,160.78	19,348.13	20,084.89	19,282.49
<u>Less Allowance for doubtful accounts</u>	<u>(1,381.80)</u>	<u>(1,362.70)</u>	<u>(1,352.92)</u>	<u>(1,334.24)</u>
Trade account receivables - net	<u>18,778.98</u>	<u>17,985.43</u>	<u>18,731.97</u>	<u>17,948.25</u>

4.3 Inventories and Supplies - Net

	Consolidated		Units : Million Baht The Company	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
	Aircraft spare parts	4,487.28	4,345.85	4,487.28
<u>Less</u> Provision for obsolescence (10% of the year-end balance)	(448.73)	(434.58)	(448.73)	(434.58)
Aircraft spare parts - Net	<u>4,038.55</u>	<u>3,911.27</u>	<u>4,038.55</u>	<u>3,911.27</u>
Vehicle spare parts and ground support equipment	<u>247.04</u>	<u>232.54</u>	<u>247.04</u>	<u>232.54</u>
Slow moving aircraft spare parts and spare parts for sale	1,872.28	1,841.70	1,872.28	1,841.70
<u>Less</u> Provision for obsolescence (33.33% of incurred balance during the period)	(1,831.68)	(1,799.66)	(1,831.68)	(1,799.66)
Slow moving aircraft spare parts and spare parts for sale - Net	<u>40.60</u>	<u>42.04</u>	<u>40.60</u>	<u>42.04</u>
Fuel and oil for aircraft	1,047.38	1,062.07	1,047.38	1,062.07
Goods for sales	198.02	205.75	198.02	205.75
Cabin supplies	276.05	285.77	276.05	285.77
Supplies and other consumables	20.27	26.49	20.27	26.49
Stationery and office supplies	104.50	113.20	104.50	113.20
Inventories and spare parts in transit	131.27	118.75	131.27	118.75
Total inventories and supplies	<u>1,777.49</u>	<u>1,812.03</u>	<u>1,777.49</u>	<u>1,812.03</u>
Obsolete and damaged inventories for disposal	18.10	12.98	18.10	12.98
<u>Less</u> Provision for obsolescence (100%)	(18.10)	(12.98)	(18.10)	(12.98)
Obsolete and damaged inventories for disposal - Net	-	-	-	-
Total inventories and supplies - Net	<u>6,103.68</u>	<u>5,997.88</u>	<u>6,103.68</u>	<u>5,997.88</u>
Total inventories and supplies at year-end	8,402.19	8,245.10	8,402.19	8,245.10
<u>Less</u> Total provision for obsolete inventories and supplies	(2,298.51)	(2,247.22)	(2,298.51)	(2,247.22)
Total inventories and supplies - Net	<u>6,103.68</u>	<u>5,997.88</u>	<u>6,103.68</u>	<u>5,997.88</u>

4.4 Other Current Assets

	Consolidated		Units : Million Baht The Company	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
	Prepaid expenses and deposits	4,850.36	5,198.51	4,842.22
Tax refund	1,519.77	1,519.77	1,519.77	1,519.77
Cash and fixed deposits of pension fund	4,563.38	4,659.21	4,563.38	4,659.21
Others	<u>3,419.02</u>	<u>3,422.53</u>	<u>3,390.62</u>	<u>3,384.28</u>
Total	<u>14,352.53</u>	<u>14,800.02</u>	<u>14,315.99</u>	<u>14,756.09</u>

4.5 Investments

Consolidated

Units : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on investments	
			Cost method		Equity method			
	31-Dec-07	30-Sep-07	31-Dec-07	30-Sep-07	31-Dec-07	30-Sep-07	31-Dec-07	30-Sep-07
4.5.1 Investments using the equity method								
Royal Orchid Hotel (Thailand) Public Co., Ltd. (Market value as at 31 Dec 07 amount of THB 922.50 million and as at 30 Sep 07 amount of THB 832.50 million)	24	24	225.00	225.00	261.03	290.23	6.80	35.37
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	193.81	194.47	(0.65)	(8.70)
Bangkok Aviation Fuel Services Public Company Limited (Market value as at 31 Dec 07 amount of THB 1,290.09 million and as at 30 Sep 07 amount of THB 1,244.01 million)	22.6	22.6	115.19	115.19	551.41	514.03	37.37	89.06
Phuket Air Catering Company Limited	30	30	30.00	30.00	53.22	53.82	(0.60)	15.01
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	223.35	232.88	(9.53)	(45.52)
Nok Airlines Company Limited	39	39	195.00	195.00	<u>185.70</u>	<u>234.46</u>	<u>(48.76)</u>	<u>37.57</u>
Total investments using the equity method					<u>1,468.52</u>	<u>1,519.89</u>	<u>(15.37)</u>	<u>122.79</u>
4.5.2 Other long-term investments stated at cost								
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00			-	-
Aeronautical Radio of Thailand Limited	2.6	2.6	16.89	16.89			-	-
SITA Investment Certificate TRADESIAM Company Limited (paid 25% of authorized share capital)	-	-	33.76	30.77			-	-
SITA Information Networking Computing	-	-	30.77	31.22			-	-
Other Shares	-	-	2.99	2.97			0.53	0.77
Investment in private fund	-	-	19.79	20.58			-	-
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Limited			<u>(133.00)</u>	<u>(133.00)</u>			<u>-</u>	<u>-</u>
Total other long-term investments			<u>105.95</u>	<u>104.18</u>			<u>0.53</u>	<u>0.77</u>

The Company

Units : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost method			
	31-Dec-07	30-Sep-07	31-Dec-07	30-Sep-07	31-Dec-07	30-Sep-07
4.5.1 Investments using the cost method						
Subsidiary Company						
Thai-Amadeus Southeast Asia Company Limited	55	55	<u>8.25</u>	<u>8.25</u>	-	<u>57.75</u>
Associated Companies						
Royal Orchid Hotel (Thailand) Public Co., Ltd. (Market value as at 31 Dec 07 amount of THB 922.50 million and as at 30 Sep 07 amount of THB 832.50 million)	24	24	225.00	225.00	36.00	58.95
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	-	16.80
Bangkok Aviation Fuel Services Public Company Limited (Market value as at 31 Dec 07 amount of THB 1,290.09 million and as at 30 Sep 07 amount of THB 1,244.01 million)	22.6	22.6	115.19	115.19	-	63.35
Phuket Air Catering Company Limited	30	30	30.00	30.00	-	6.00
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	-	-
Nok Airlines Company Limited	39	39	<u>195.00</u>	<u>195.00</u>	-	-
Total			<u>918.52</u>	<u>918.52</u>	<u>36.00</u>	<u>145.10</u>
Total investments using the cost method			<u>926.77</u>	<u>926.77</u>	<u>36.00</u>	<u>202.85</u>
4.5.2 Other long-term investments stated at cost						
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00	-	-
Aeronautical Radio of Thailand Limited	2.6	2.6	16.89	16.89	-	-
SITA Investment Certificate	-	-	33.76	30.77	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75	-	-
SITA Information Networking Computing	-	-	30.77	31.22	-	-
Other Shares	-	-	2.99	2.97	0.53	0.77
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Limited			<u>(133.00)</u>	<u>(133.00)</u>	-	-
Total other long-term investments			<u>86.16</u>	<u>83.60</u>	<u>0.53</u>	<u>0.77</u>

4.5.3 Financial Data Summary of Subsidiary and Associated Companies

Units : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Subsidiary Company</u>				
Thai-Amadeus Southeast Asia Company Limited	713.34	101.22	105.06	38.88
<u>Associated Companies</u>				
Royal Orchid Hotel (Thailand) Public Co., Ltd.	1,407.76	170.14	260.02	28.32
Donmuang International Airport Hotel Company Limited	523.87	39.34	137.01	(14.42)
Bangkok Aviation Fuel Services Public Company Limited	5,485.13	3,044.20	1,283.73	392.56
Phuket Air Catering Company Limited	185.42	8.01	120.19	39.85
Suvarnabhumi Airport Hotel Company Limited	2,543.09	1,798.60	685.31	(86.64)
Nok Airlines Company Limited	1,071.74	595.58	2,583.06	(73.15)

The Company used the financial statements of associated companies as at September 30, 2007 to record the investment by equity method in the consolidated financial statement and by cost method in the Company's financial statement due to the associated companies cannot submit their financial statements to the Company in time for accounting closing.

4.6 Related Parties The Company

4.6.1 Major Shareholders

Units : Million Baht		
	31-Dec-07	30-Sep-07
Ministry of Finance Foreign loans via the Ministry of Finance	9,014.86	16,195.68

4.6.2 Subsidiary Company

Units : Million Baht								
Name of Company	31-Dec-07				30-Sep-07			
	Sales	Account Receivables	Purchase	Account Payables	Sales	Account Receivables	Purchase	Account Payables
Thai - Amadeus Southeast Asia	2.89	2.62	-	-	30.29	3.00	-	-

4.6.3 Associated Companies

Name of Company	31-Dec-07				30-Sep-07			
	Sales	Account Receivables	Purchase	Account Payables	Sales	Account Receivables	Purchase	Account Payables
	Royal Orchid Hotel (Thailand) Public Co., Ltd.	-	-	4.31	-	0.05	0.05	21.24
Donmuang International Airport Hotel Company Limited	-	-	0.14	0.01	-	-	14.76	-
Bangkok Aviation Fuel Services Public Company Limited	0.01	0.01	98.60	35.22	0.03	0.01	405.26	32.95
Phuket Air Catering Company Limited	1.78	1.09	7.76	7.48	6.20	1.01	3.73	0.75
Suvarnabhumi Airport Hotel Company Limited	0.03	-	16.06	0.42	-	-	44.00	0.55
Nok Airlines Co., Ltd.	543.27	37.78	-	-	1,806.23	116.22	-	-

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

4.7 Property, Plant and Equipment - Net

Consolidated

	Units : Million Baht					
	Aircraft	Aircraft under financial leases	Aircraft spare parts	Land buildings and development	Other plant and equipment	Total
Cost						
As at October 1, 2007	142,403.16	137,140.64	27,711.32	18,849.19	27,996.00	354,100.31
- Adjust/Transfer	(4,314.01)	3,007.51	5.26	(9.82)	110.52	(1,200.54)
- Increased asset	3,797.69	2,215.43	639.33	218.04	382.70	7,253.19
- Sold	(2,525.05)	-	(93.14)	(22.51)	(53.65)	(2,694.35)
As at December 31, 2007	139,361.79	142,363.58	28,262.77	19,034.90	28,435.57	357,458.61
Accumulated depreciation						
As at October 1, 2007	81,677.28	23,374.92	17,362.15	8,797.68	18,173.71	149,385.74
- Depreciation	1,683.05	1,750.58	450.43	218.33	519.07	4,621.46
- Adjust/Transfer	(1,306.50)	-	(0.02)	-	-	(1,306.52)
- Sold	(2,246.85)	-	(72.35)	(22.22)	(53.46)	(2,394.88)
As at December 31, 2007	79,806.98	25,125.50	17,740.21	8,993.79	18,639.32	150,305.80
Net book value						
As at September 30, 2007	60,725.88	113,765.72	10,349.17	10,051.51	9,822.29	204,714.57
As at December 31, 2007	59,554.81	117,238.08	10,522.56	10,041.11	9,796.25	207,152.81

The Company

Units : Million Baht

	Aircraft	Aircraft under financial leases	Aircraft spare parts	Land buildings and development	Other plant and equipment	Total
Cost						
As at October 1, 2007	142,403.16	137,140.64	27,711.32	18,849.19	27,745.75	353,850.06
- Adjust/Transfer	(4,314.01)	3,007.51	5.26	(9.82)	110.52	(1,200.54)
- Increased asset	3,797.69	2,215.43	639.33	218.04	380.07	7,250.56
- Sold	(2,525.05)	-	(93.14)	(22.51)	(53.65)	(2,694.35)
As at December 31, 2007	139,361.79	142,363.58	28,262.77	19,034.90	28,182.69	357,205.73
Accumulated depreciation						
As at October 1, 2007	81,677.28	23,374.92	17,362.15	8,797.68	17,984.99	149,197.02
- Depreciation	1,683.05	1,750.58	450.43	218.33	511.59	4,613.98
- Adjust/Transfer	(1,306.50)	-	(0.02)	-	-	(1,306.52)
- Sold	(2,246.85)	-	(72.35)	(22.22)	(53.46)	(2,394.88)
As at December 31, 2007	79,806.98	25,125.50	17,740.21	8,993.79	18,443.12	150,109.60
Net book value						
As at September 30, 2007	60,725.88	113,765.72	10,349.17	10,051.51	9,760.76	204,653.04
As at December 31, 2007	59,554.81	117,238.08	10,522.56	10,041.11	9,739.57	207,096.13

In this fiscal year, there are 90 aircraft in the Company's fleet consisting of 52 own aircraft, 26 aircraft under financial leases and 12 aircraft under operating leases. One Boeing 747-300 aircraft is sold in this fiscal year amount of THB 430.07 million with a gain on sales of aircraft amount of THB 118.01 million.

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

Other plants and equipment-net amount of THB 9,796.25 million (consolidated) and THB 9,739.57 million (the Company) have already included the work in progress of Suvarnabhumi project amount of THB 279.14 million consisting of building, facilities, equipment and information technology which support to the services in Suvarnabhumi.

The Company uses buildings and equipment amount of THB 37,442.12 million that are now fully depreciated.

Financial leased assets are aircraft under financial leases which the purchase contracts are made in USD currency but the financial leases are made in EUR currency.

4.8 Intangible Assets-net

	Units : Million Baht	
	Consolidated	The Company
Cost		
As at October 1, 2007	981.25	977.28
- Assets increase	92.49	91.89
As at December 31, 2007	1,073.74	1,069.17
Accumulated depreciation		
As at October 1, 2007	124.43	124.01
- Depreciation	51.31	51.20
As at December 31, 2007	175.74	175.21
Net book value		
As at September 30, 2007	856.82	853.27
As at December 31, 2007	898.00	893.96

4.9 Deferred Income Taxes

	Units : Million Baht			
	Consolidated		The Company	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
Contribution to staff pension fund	1,195.11	1,179.21	1,195.11	1,179.21
Allowance for obsolete inventories	689.56	674.17	689.56	674.17
Allowance for doubtful accounts	470.71	465.00	462.05	456.46
Allowance impairment in value of assets	345.11	354.88	345.11	354.88
Estimated accrual expenses	476.74	450.45	476.74	450.45
Frequent flyer program (ROP)	461.17	446.89	461.17	446.89
Deferred loss on foreign currency exchange	313.61	313.66	313.61	313.66
Others	<u>24.39</u>	<u>17.28</u>	<u>20.74</u>	<u>13.63</u>
Total	<u>3,976.40</u>	<u>3,901.54</u>	<u>3,964.09</u>	<u>3,889.35</u>

4.10 Other Non-Current Assets

	Units : Million Baht			
	Consolidated		The Company	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
Deferred charges	1,375.04	1,431.09	1,375.04	1,431.09
Others	<u>69.17</u>	<u>59.01</u>	<u>69.17</u>	<u>59.01</u>
Total	<u>1,444.21</u>	<u>1,490.10</u>	<u>1,444.21</u>	<u>1,490.10</u>

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

4.11 Short-term Loans Consolidated and the Company

<u>Currency</u>	<u>Loan Currency</u>		<u>Baht Equivalent (Million)</u>	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
EUR	100,000,000	100,000,000	4,962.02	4,883.01
USD	-	132,000,000	-	4,538.83
JPY	-	9,000,000,000	-	<u>2,699.22</u>
Short-term loans			<u>4,962.02</u>	<u>12,121.06</u>

As at December 31, 2007, the short-term loans of the Company loaned from the Ministry of Finance in the form of European Commercial Paper (ECP) amounted to THB 4,962.02 million.

4.12 Long-term Loans Consolidated and the Company

<u>Currency</u>	<u>Loan Currency</u>		<u>Baht Equivalent (Million)</u>	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
JPY	9,000,000,000	9,000,000,000	2,697.44	2,699.22
USD	40,000,000	40,000,000	<u>1,355.40</u>	<u>1,375.40</u>
Total Long-term loans			4,052.84	4,074.62
<u>Less</u> Current portion of long-term loans			<u>2,697.44</u>	-
Net Long-term loans			<u>1,355.40</u>	<u>4,074.62</u>

As at December 31, 2007, the outstanding of long-term loans are foreign loans via the Ministry of Finance amount of THB 4,052.84 million at the interest rates ranging from 1.70% - 7.07% per annum.

4.13 Liabilities Under Financial Leases Consolidated and the Company

<u>Currency</u>	<u>Loan Currency</u>		<u>Baht Equivalent (Million)</u>	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
JPY	47,592,068,844	49,496,724,849	14,264.10	14,844.71
USD	203,417,535	216,775,736	6,892.80	7,453.85
EUR	1,179,502,493	1,121,003,637	<u>58,527.15</u>	<u>54,738.72</u>
Total Financial lease			79,684.05	77,037.28
<u>Less</u> Current portion of financial leases			<u>9,112.22</u>	<u>8,667.64</u>
Net Liabilities under financial leases			<u>70,571.83</u>	<u>68,369.64</u>

For certain of its aircraft, the Company has financial leases with buyout options. The Company had financial leases with 7 foreign financial institutions. The accounting policy for recording aircraft under financial leases is described in Note 3.8. As at December 31, 2007, the Company has outstanding obligations totalling THB 95,371.20 million under financial leases for 26 aircraft with maturities ranging from 2007 to 2019. After deducting interest due amount of THB 15,687.15 million, the principal balance of obligations under the Company's financial leases is THB 79,684.05 million.

On October 29, 2007, the Company has entered into a 12-year financial lease with foreign financial institutions for acquisition of aircraft amount of EUR 81.28 million or approximately to THB 4,018.07 million.

4.14 Promissory Notes

The Company has loaned 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. In this fiscal year, the brought forward balance was THB 3,150.00 million and the amount of THB 300.00 million was repaid during the period, leaving a balance of THB 2,850.00 million. As at December 31, 2007, 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 1,800.00 million.

4.15 Debenture Bonds

According to the Resolution of Extraordinary Shareholders' Meeting No. 1/2003 held on September 2, 2003 approved the Company to issue debentures in the amount of THB 40 billion. The Company has already issued its debentures for the first tranche of THB 10 billion, the second tranche of THB 15 billion, and the third tranche of THB 15 billion, totalling to THB 40 billion which has already been transferred to the Company's account. On November 12, 2007, the Securities and Exchange Commission (SEC) permitted the Company issuing the offering of THB debentures No.1/2550 for an aggregate of THB 7,500 million which are offered into 2 tranches. The first tranche amount of THB 3,000 million and the second tranche amount of THB 4,500 million have already been transferred to the Company account, totalling THB 7,500 million. As at December 31, 2007, the amount of THB 11.5 billion was transferred to a current portion of long-term loans, leaving a balance as long-term loans amount of THB 36 billion. The details are as follows:

	Tenor (Year)	Interest Rate Pay every 6 months (%)	Amount (MTHB)	Maturity date
<u>The first</u>	5	3.00	5,500	October 8, 2008
	7	3.70	<u>4,500</u>	October 8, 2010
			<u>10,000</u>	
<u>The second</u>	5	4.65	7,500	October 20, 2009
	7	5.20	4,500	October 20, 2011
	10	5.80	<u>3,000</u>	October 20, 2014
		<u>15,000</u>		
<u>The third</u>	3	3.82	6,000	May 12, 2008
	6	4.67	6,000	May 12, 2011
	10	5.19	<u>3,000</u>	May 12, 2015
		<u>15,000</u>		
<u>The first/2550</u>	3	4.51	3,000	November 22, 2010
	5	5.04	<u>4,500</u>	November 22, 2012
			<u>7,500</u>	
The balance as at December 31, 2007			<u>47,500</u>	

The Company has registered these debentures with the Thai Bond Dealing Center (THAI BDC) in the bond electronic exchange of the Stock Exchange of Thailand.

4.16 Current Liabilities - Others

	Consolidated		Units : Million Baht The Company	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
Airport fees	2,335.13	1,176.61	2,335.13	1,176.61
Deferred income	2.80	1.31	2.53	1.04
Taxes payable	686.81	387.59	684.33	385.52
Fringe benefits-field office staff	423.25	422.22	423.25	422.22
Other account payables	<u>869.23</u>	<u>648.51</u>	<u>850.58</u>	<u>630.01</u>
Total	<u>4,317.22</u>	<u>2,636.24</u>	<u>4,295.82</u>	<u>2,615.40</u>

4.17 Dividends Payment the Company

According to the Annual General Shareholders' Meeting for the year 2007 (October 1, 2006 - September 30, 2007) held on December 27, 2007 approved the Company to pay the dividends for the year ended September 30, 2007 operation at THB 1.80 per share for an aggregate of THB 3,058.02 million which will be paid on January 25, 2008.

4.18 Share Capital

As at December 31, 2007, the Company has authorized ordinary shares amount of 1,700 million shares at par value THB 10 each for an aggregate of THB 17 billion, issued and paid-up ordinary shares amount of THB 16,989.01 million.

4.19 Legal Reserve

As at December 31, 2007, 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.

4.20 Directors' Remuneration

Directors' remuneration for the period from October 1 to December 31, 2007 in the consolidated financial statements amount of THB 18.12 million (for the year ended September 30, 2007 amount of THB 25.42 million) and in the Company's financial statements amount of THB 17.67 million (for the year ended September 30, 2007 amount of THB 24.14 million) consists of directors' meeting allowances, fixed monthly remuneration and bonuses.

4.21 Other Incomes - Others

	Consolidated		Units : Million Baht The Company	
	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>
	Compensation revenues from insurance companies (asset)	0.11	14.88	0.11
Gains on sales of assets	332.65	571.34	332.65	571.34
Revenue from investments	0.53	0.77	0.53	0.77
Dividend from subsidiary and associated companies	-	-	36.00	202.85
Other incomes	<u>244.95</u>	<u>794.80</u>	<u>243.35</u>	<u>784.18</u>
Total	<u>578.24</u>	<u>1,381.79</u>	<u>612.64</u>	<u>1,574.02</u>

4.22 Other Expenses - Others

	Consolidated		Units : Million Baht The Company	
	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>
	Bad and doubtful debts	19.17	101.11	18.75
Credit card fees	153.78	522.48	153.78	522.39
Compensation to customers for damages	36.40	156.49	36.40	156.49
Impairment loss of assets	12.95	1,307.38	12.95	1,307.38
Other expenses	<u>12.86</u>	<u>69.50</u>	<u>12.83</u>	<u>69.50</u>
Total	<u>235.16</u>	<u>2,156.96</u>	<u>234.71</u>	<u>2,154.74</u>

4.23 Earnings Per Share Consolidated and the Company

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

Consolidated

For the period from October 1 - December 31, 2007 and for the year ended September 30, 2007

	Gains		No. of Shares		Earnings per share	
	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
Basic earnings per share						
Net Profits attributable to ordinary shareholders	1,839.08	6,342.07	1,698.90	1,698.90	1.08	3.73

The Company

For the period from October 1 - December 31, 2007 and for the year ended September 30, 2007

	Gains		No. of Shares		Earnings per share	
	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
Basic earnings per share						
Net Profits attributable to ordinary shareholders	1,869.06	6,350.50	1,698.90	1,698.90	1.10	3.74

4.24 Financial Information by Segment Consolidated

4.24.1 Business Segments

Statements of Income

For the period from October 1 - December 31, 2007 and for the years ended September 30, 2007

Units : Million Baht

	Revenues		Inter - Segment Revenues		Total Revenues		Segment Results	
	<u>1 Oct 07- 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07- 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07- 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>	<u>1 Oct 07- 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>
	Air transportation	51,299.57	182,987.88	-	-	51,299.57	182,987.88	3,793.95
Business Units	1,912.62	7,869.25	3,900.14	15,923.86	5,812.76	23,793.11	(94.85)	530.55
Other activities	281.09	1,179.88	99.36	400.23	380.45	1,580.11	24.72	134.77
Eliminations	-	-	(3,999.50)	(16,324.09)	-	-	-	-
Operating profits							3,723.82	12,788.09
Share of net profit (loss) from subsidiary and associated companies							(15.37)	122.79
Interest expenses-net							(1,155.40)	(4,077.80)
Gains (losses) on foreign currency exchange							(175.50)	1,184.80
Other revenues (expense)							318.31	(877.28)
Minority interests							(17.50)	(58.61)
Income taxes							(839.28)	(2,739.92)
Net profits							<u>1,839.08</u>	<u>6,342.07</u>

Assets and Liabilities

As At December 31, 2007 and September 30, 2007

	Current Assets		Non-Current Assets		Total Assets	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
	Air transportation	61,880.90	56,311.59	203,827.18	200,678.66	265,708.08
Business Units	497.83	492.04	11,125.89	11,810.60	11,623.72	12,302.64
Other activities	620.52	558.78	92.82	97.85	713.34	656.63
Non-allocated assets	<u>2,230.18</u>	<u>2,136.68</u>	-	-	<u>2,230.18</u>	<u>2,136.68</u>
Total	<u>65,229.43</u>	<u>59,499.09</u>	<u>215,045.89</u>	<u>212,587.11</u>	<u>280,275.32</u>	<u>272,086.20</u>

	Current Liabilities		Non-Current Liabilities		Total Liabilities	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>	<u>31-Dec-07</u>	<u>30-Sep-07</u>
	Air transportation	95,056.18	87,324.01	114,588.37	113,284.02	209,644.55
Business Units	2,070.30	1,810.62	110.97	32.13	2,181.27	1,842.75
Other activities	101.22	83.39	-	-	101.22	83.39
Non-allocated liabilities	<u>323.02</u>	<u>324.34</u>	-	-	<u>323.02</u>	<u>324.34</u>
Total	<u>97,550.72</u>	<u>89,542.36</u>	<u>114,699.34</u>	<u>113,316.15</u>	<u>211,250.06</u>	<u>202,858.51</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.

4.24.2 Geographical Segments

	Units : Million Baht	
	<u>1 Oct 07 - 31 Dec 07</u>	<u>1 Oct 06 - 30 Sep 07</u>
Domestic Revenues		
Transportation	3,380.08	11,319.06
Business units	1,912.62	7,869.25
Other activities	<u>281.09</u>	<u>1,179.89</u>
Total domestic revenues	<u>5,573.79</u>	<u>20,368.20</u>
Foreign Transportation Revenues		
Regional Asia	18,330.56	69,678.17
Europe	13,720.35	49,888.46
North Pacific	2,019.96	6,653.66
Australia & New Zealand	4,922.91	16,667.90
Africa	<u>377.97</u>	<u>1,184.65</u>
Total foreign transportation revenues	<u>39,371.75</u>	<u>144,072.84</u>
Charter revenues and others	2,335.49	7,126.43
Insurance surcharge from passengers	1,104.73	2,387.32
Fuel surcharge from passengers	<u>5,107.52</u>	<u>18,082.23</u>
Total	<u>53,493.28</u>	<u>192,037.02</u>

4.25 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, liabilities and balance are presented in the Company's balance sheet. Interest and expenses arising from fund operations are recognised as income and expenses of the Company. The details are as follows:

	Units : Million Baht	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>
Current assets	4,956.07	4,757.13
Others	<u>52.35</u>	<u>37.99</u>
Total	<u>5,008.42</u>	<u>4,795.12</u>
Other current liabilities	36.32	23.24
Pension fund	<u>4,972.10</u>	<u>4,771.88</u>
Total	<u>5,008.42</u>	<u>4,795.12</u>

As at December 31, 2007, the fund balance was THB 4,972.10 million, equal to the Company's obligation to its staff under the fund. The total Company contribution to the fund in this fiscal year was THB 358.90 million, consisting of contributions at a rate equivalent to 10% of employee salaries in the amount of THB 64.13 million and additional amounts to match the Company's obligation of THB 294.77 million.

4.26 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 amount of THB 281.71 million in this fiscal year.

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

4.27 Contingent Liabilities

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

	Units : Million Baht	
	<u>31-Dec-07</u>	<u>30-Sep-07</u>
Letters of guarantee issued by banks	2.89	2.95
The Company as defendant in		
Labour dispute cases	1,619.06	548.55
Damage claims cases	<u>1,308.92</u>	<u>1,311.96</u>
Total	<u>2,930.87</u>	<u>1,863.46</u>

On February 26, 2007, the Company has been filed a lawsuit by 35 airfreight customers before United States District Court Eastern District of New York. The lawsuit alleges that the Company and other 38 air carriers have conspired to fix prices of surcharge such as fuel, war risk, etc. which were claimed to be in violation of Sherman Act/Antitrust Law and EU Law and caused damages to them. The airfreight customers have brought this action before the court to recover treble damages from the air carriers. At the time of filing, the actual damage amounts have not been determined by each plaintiff, but will be raised to the court later. However, the Company has retained the antitrust lawyer and has joined defense with other 26 defendant air carriers. On July 18, 2007, the joined defendants' motion to dismiss the case has been filed with the court contending that the court dose not have jurisdiction and plaintiffs do not have standing.

In addition, the Company has received a Statement of Objections and Initiation of Proceedings of the European Communities (the EC) alleging that the Company had committed the cartel acts in respect of fuel surcharge, security surcharge, war risk surcharge, airfreight rates and other surcharges, which infringed the EU Law and cased damage to the airfreight customers. It is currently under the investigation and consideration of the EC. The EC has taken this proceeding against the Company as well as other 25 airlines. The Company has already appointed a specialized local law firm to handle this matter.

4.28 Disclosure of Financial Instruments The Company

4.28.1 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.

Units : Million Baht

As at December 31, 2007

Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates		Outstanding Balances Fixed Interest Rates		Total
		Less than 1 year	Over 1 year	Less than 1 year	Over 1 year	
USD	6.20	773.74	2,548.41	1,109.05	3,817.00	8,248.20
JPY	1.06	2,292.97	11,971.14	2,697.44	-	16,961.55
EUR	4.28	3,539.14	39,862.57	6,359.35	13,728.11	63,489.17
THB	4.50	1,050.00	1,800.00	11,500.00	36,000.00	50,350.00

Units : Million Baht

As at September 30, 2007

Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates		Outstanding Balances Fixed Interest Rates		Total
		Less than 1 year	Over 1 year	Less than 1 year	Over 1 year	
USD	6.28	773.56	2,786.72	5,645.37	4,162.44	13,368.09
JPY	0.97	2,290.60	12,554.11	2,699.22	2,699.22	20,243.15
EUR	4.15	3,129.36	36,385.89	6,250.60	13,855.88	59,621.73
THB	4.47	1,050.00	2,100.00	6,000.00	34,000.00	43,150.00

For Interest Rate Risk Management, The Company applies a derivative financial instrument, Interest Rate Swap (IRS), to swap the floating interest rates which show high tendency to increase to fixed. As at December 31, 2007, the portion of the Company's debt after swap with floating to fixed interest rate is 32.7 : 67.3.

4.28.2 Foreign Currency Exchange Rate Risk

The Company generates revenues in more than 40 currencies, mainly in USD, THB, EUR and JPY while incurring liabilities mainly in 4 major currencies : USD, JPY, EUR and THB as well as expenses mainly in USD and THB. Fluctuations in exchange rates affect on long-term liabilities and operating expenses denominated in foreign currencies. Therefore, The Company has adopted "Natural Hedge" strategy to manage these risk by increasing the matching of currency between the revenue and expenses and the currency mix between its debts and net cash flow from operation. In addition, The Company has a policy to enter into Cross Currency Swap (CCS) when the financial market benefits to the Company. As at December 31, 2007, the proportion of the Company's debts after swap in each currency i.e. USD : EUR : JPY : THB is 8 : 46 : 12 : 34. Gradually, the Company also used hedging strategy named Forward Contracts, by providing various degrees of participation in favorable exchange rate movement to hedge our future obligation that has underlying exposures.

Units : Million Baht

Currency	Foreign Currency Liabilities			
	31-Dec-07		30-Sep-07	
	<u>Maturity within</u> <u>1 year</u>	<u>Maturity over</u> <u>1 year</u>	<u>Maturity within</u> <u>1 year</u>	<u>Maturity over</u> <u>1 year</u>
USD	1,882.79	6,365.41	6,418.93	6,949.16
JPY	4,990.41	11,971.14	4,989.82	15,253.33
EUR	9,898.49	53,590.68	9,379.96	50,241.77

4.28.3 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 by entering into an agreement with various supplies in many countries 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 hedges this risk in the proportion of 10% per annum.

4.28.4 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 December 31, 2007 and September 30, 2007.

	The Company			
	31-Dec-07		30-Sep-07	
	<u>Balance</u>	<u>Fair Value</u>	<u>Balance</u>	<u>Fair Value</u>
Financial Assets				
Cash and cash equivalents	25,459.89	25,459.89	20,241.10	20,241.10
Investments in related companies	926.77	2,799.17	926.77	2,663.09
Other investments	86.16	86.16	83.60	83.60
Trade account receivables	18,731.97	18,731.97	17,948.25	17,948.25
Financial Liabilities				
Trade account payables	10,059.37	10,059.37	7,942.17	7,942.17
Loans	139,048.92	139,048.92	136,382.97	136,382.97
Accrued expenses	21,293.57	21,293.57	20,528.69	20,528.69

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

Cash and cash equivalents, trade account payables, loans, and accrued expenses are stated at balance sheet amounts.

Investments in related companies are stated at a closed market price of the Stock Exchange of Thailand.

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

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

4.29 Contractual Obligations

4.29.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase aircraft amount of THB 39,912.36 million.

4.29.2 Leases and Leased aircraft obligations

4.29.2.1 The Company has obligations from entering into operating leases amount of USD 196.64 million or approximately to THB 6,663.30 million (exchange rate USD 1 : THB 33.8850).

4.29.2.2 The Company sent the notification to exercise the purchase option for four aircraft after expiry date of operating leases consisting of two Boeing 747-400 and two Boeing 777-200. This was due to the need to utilize of such aircraft and no plan to remove those aircraft from the Company's fleet.

4.30 Events After the Balance Sheet Data

On January 16, 2008, the Company's Board of Directors approved the Company to pay a refundable down payment for acquisition of 20 Airbus A321-200 aircraft, which is scheduled for delivery during 2012-2017, if the government dose not approve the aircraft acquisition.

4.31 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on February 20, 2008.
