

(UNOFFICIAL TRANSLATION)

REVIEWED REPORT OF AUDITOR

TO : THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

The Office of the Auditor General has reviewed the accompanying consolidated and the Company balance sheets as at September 30, 2008, the related consolidated and the Company statements of income, changes in shareholders' equity and cash flows for the three and nine - month periods ended September 30, 2008 and 2007, of Thai Airways International Public Company Limited and its subsidiary. These financial statements are the responsibility of the Companies' management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General is to express an opinion on these financial statements based on its reviews.

The Office of the Auditor General conducted the review in accordance with the auditing accounting standards. Those standards require that the Office of the Auditor General 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 Standards. Therefore, the Office of the Auditor General does not express an opinion to these reviewed financial statements.

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

The Office of the Auditor General had audited the financial statements for the period from October 1 to December 31, 2007 of Thai Airways International Public Company Limited and its subsidiary in conformity with the Generally Accepted Accounting Standards and expressed an unqualified opinion according to the report dated February 20, 2008. The consolidated and the Company balance sheets as at December 31, 2007, presented here to compare, are one part of the financial statements which were audited and reported by the Office of the Auditor General without applying other auditing methods after the date in those reports.

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 and restatement of the previous financial statements for comparative purpose.

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

(Signed) *Dawan Wongphayak*  
(Dawan Wongphayak)  
Senior Audit Specialist level 9

November 3, 2008

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

BALANCE SHEETS

AS AT SEPTEMBER 30, 2008 AND DECEMBER 31, 2007

Units : Baht

	<u>Notes</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
		<u>30-Sep-08</u> (unaudited)	<u>31-Dec-07</u> (audited)	<u>30-Sep-08</u> (unaudited)	<u>31-Dec-07</u> (audited)
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	7.1	6,124,280,446	25,813,370,034	5,800,754,022	25,459,894,270
Current investment		198,845,321	180,876,983	-	-
Trade account receivables-net	7.2	19,159,904,089	18,778,977,501	19,125,058,114	18,731,965,198
Inventories and supplies-net		6,827,148,321	6,103,676,049	6,827,148,321	6,103,676,049
Other current assets	7.3	13,533,448,405	14,352,525,807	13,481,118,682	14,315,991,306
<b>Total Current Assets</b>		<b>45,843,626,582</b>	<b>65,229,426,374</b>	<b>45,234,079,139</b>	<b>64,611,526,823</b>
<b>Non-Current Assets</b>					
Investments in associated and subsidiary companies	7.4.1	1,312,735,404	1,468,520,602	731,770,500	926,770,500
Other long-term investments	7.4.2	84,454,756	105,949,623	84,454,756	86,159,947
Property, Plant and Equipment-Net	7.6	205,831,435,491	207,152,807,792	205,793,314,103	207,096,129,851
Intangible assets-net	7.7	838,027,755	898,002,372	833,644,544	893,960,359
Deferred income taxes	7.8	4,255,585,413	3,976,402,761	4,238,098,071	3,964,088,339
Other non-current assets	7.9	1,555,511,029	1,444,207,614	1,555,511,029	1,444,207,614
<b>Total Non-Current Assets</b>		<b>213,877,749,848</b>	<b>215,045,890,764</b>	<b>213,236,793,003</b>	<b>214,411,316,610</b>
<b>Total Assets</b>		<b>259,721,376,430</b>	<b>280,275,317,138</b>	<b>258,470,872,142</b>	<b>279,022,843,433</b>

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

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

**BALANCE SHEETS**

**AS AT SEPTEMBER 30, 2008 AND DECEMBER 31, 2007**

Units : Baht

	<u>Notes</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
		<u>30-Sep-08</u> (unaudited)	<u>31-Dec-07</u> (audited)	<u>30-Sep-08</u> (unaudited)	<u>31-Dec-07</u> (audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Trade account payables		10,130,204,759	10,065,516,556	10,122,896,630	10,059,366,513
Short-term loans		7,500,000,000	4,962,020,000	7,500,000,000	4,962,020,000
Current portion of long-term loans					
Debentures		5,500,000,000	11,500,000,000	5,500,000,000	11,500,000,000
Long-term loans		2,968,803,000	2,697,444,000	2,968,803,000	2,697,444,000
Liabilities under financial leases		9,527,599,022	9,112,226,002	9,527,599,022	9,112,226,002
Promissory notes		1,050,000,000	1,050,000,000	1,050,000,000	1,050,000,000
Short-term provisions	7.10	1,601,793,750	-	1,601,793,750	-
Other current liabilities					
Accrued expenses		17,411,877,077	17,364,579,002	17,389,149,889	17,339,342,733
Accrued dividends		71,405,004	3,120,715,633	71,405,004	3,120,715,633
Accrued income taxes		22,777,182	879,321,409	-	833,515,244
Unearned transportation revenues		31,722,177,470	32,481,674,489	31,722,177,470	32,481,674,489
Others		3,998,402,606	4,317,223,448	3,976,461,488	4,295,817,554
<b>Total Current Liabilities</b>		<b>91,505,039,870</b>	<b>97,550,720,539</b>	<b>91,430,286,253</b>	<b>97,452,122,168</b>
<b>Non-Current Liabilities</b>					
Long-term debts					
Debentures		36,000,000,000	36,000,000,000	36,000,000,000	36,000,000,000
Long-term loans		1,367,008,000	1,355,400,000	1,367,008,000	1,355,400,000
Liabilities under financial leases		64,267,046,370	70,571,831,245	64,267,046,370	70,571,831,245
Promissory notes		1,050,000,000	1,800,000,000	1,050,000,000	1,800,000,000
Staff pension fund	7.20	4,878,189,501	4,972,103,862	4,878,189,501	4,972,103,862
Long-term provisions	7.11	15,350,000	-	15,350,000	-
<b>Total Non-Current Liabilities</b>		<b>107,577,593,871</b>	<b>114,699,335,107</b>	<b>107,577,593,871</b>	<b>114,699,335,107</b>
<b>Total Liabilities</b>		<b>199,082,633,741</b>	<b>212,250,055,646</b>	<b>199,007,880,124</b>	<b>212,151,457,275</b>
<b>Shareholders' Equity</b>					
Share capital	7.13				
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	15,638,075,844	15,638,075,844	15,638,075,844
Unrealised gain on current investment-available-for-sale securities		-	(1,318)	-	-
Retained earnings					
Appropriated					
Legal reserve		1,700,000,000	1,700,000,000	1,700,000,000	1,700,000,000
Unappropriated		26,044,003,750	33,422,721,112	25,135,906,674	32,544,300,814
<b>Total Company Shareholders' Equity</b>		<b>60,371,089,094</b>	<b>67,749,805,138</b>	<b>59,462,992,018</b>	<b>66,871,386,158</b>
<b>Minority Interests</b>		<b>267,653,595</b>	<b>275,456,354</b>	<b>-</b>	<b>-</b>
<b>Total Shareholders' Equity</b>		<b>60,638,742,689</b>	<b>68,025,261,492</b>	<b>59,462,992,018</b>	<b>66,871,386,158</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>259,721,376,430</b>	<b>280,275,317,138</b>	<b>258,470,872,142</b>	<b>279,022,843,433</b>

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**

**STATEMENTS OF INCOME**

**For the three - month periods ended September 30, 2008 and 2007**

Units : Baht

	<u>Notes</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
		<u>2008</u>	<u>2007</u> (restated)	<u>2008</u>	<u>2007</u> (restated)
<b>Revenues</b>					
Passenger and excess baggage		43,950,946,611	39,862,045,291	43,950,946,611	39,862,045,291
Freight		7,199,321,407	6,491,278,814	7,199,321,407	6,491,278,814
Mail		245,517,471	235,855,973	245,517,471	235,855,973
Other activities		2,273,143,443	2,444,643,513	2,179,417,748	2,351,619,042
Interest income		80,780,150	196,458,708	77,186,174	193,349,133
Other incomes	7.14	408,091,472	576,448,058	427,529,274	601,317,965
<b>Total Revenues</b>		<b>54,157,800,554</b>	<b>49,806,730,357</b>	<b>54,079,918,685</b>	<b>49,735,466,218</b>
<b>Operating Expenses</b>					
Personnel		9,170,748,943	8,261,542,242	9,163,763,834	8,254,814,906
Fuel and oil		26,506,844,741	15,759,170,117	26,506,844,741	15,759,170,117
Flight service expenses		4,940,055,635	5,057,578,280	4,940,055,635	5,057,578,280
Inventories and supplies		2,182,314,328	2,389,506,391	2,182,314,328	2,389,506,391
Crew expenses		1,629,445,336	1,677,025,960	1,629,445,336	1,677,025,960
Aircraft maintenance and overhaul expenses		2,077,055,107	2,552,203,118	2,077,055,107	2,552,203,118
Depreciation and amortisation		5,088,336,286	4,646,917,087	5,081,986,829	4,638,879,587
Lease of aircraft and spare parts		1,015,973,281	1,723,634,194	1,015,973,281	1,723,634,194
Sales and advertising expenses		1,710,123,877	1,784,318,106	1,696,775,065	1,775,913,597
Insurance		195,311,208	210,308,851	195,311,208	210,308,851
Other operating expenses	7.15	2,355,179,348	2,534,075,715	2,334,571,477	2,515,595,143
Remuneration for Board of Directors		4,273,917	3,514,626	4,018,468	2,825,000
Other expenses	7.16	265,372,658	82,616,687	460,372,658	82,616,687
Losses (gains) on foreign currency exchange		(4,733,923,719)	3,358,881,715	(4,737,284,924)	3,361,394,448
Share of loss (profit) from investments by the equity method		59,827,498	(30,048,252)	-	-
<b>Total Expenses</b>		<b>52,466,938,444</b>	<b>50,011,244,837</b>	<b>52,551,203,043</b>	<b>50,001,466,279</b>
<b>Profit (Loss) before Finance costs and Income Tax Expense</b>		<b>1,690,862,110</b>	<b>(204,514,480)</b>	<b>1,528,715,642</b>	<b>(266,000,061)</b>
Finance costs		1,322,948,160	1,212,955,950	1,322,923,120	1,212,933,268
Income tax expenses (income)	7.17	(72,185,905)	(463,574,595)	(85,525,961)	(479,819,233)
<b>Profit (loss) for the Period</b>		<b>440,099,855</b>	<b>(953,895,835)</b>	<b>291,318,483</b>	<b>(999,114,096)</b>
<b>Profit (Loss) Attributable to:</b>					
Equity holders of the parent		426,200,775	(971,089,124)	291,318,483	(999,114,096)
Minority interest		13,899,080	17,193,289	-	-
		<b>440,099,855</b>	<b>(953,895,835)</b>	<b>291,318,483</b>	<b>(999,114,096)</b>
<b>Basic Earnings per Share</b>					
Net profit (loss) per share	7.18	0.25	(0.57)	0.17	(0.59)

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**

**STATEMENTS OF INCOME**

**For the nine - month periods ended September 30, 2008 and 2007**

Units : Baht

	<u>Notes</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
		<u>2008</u>	<u>2007</u> (restated)	<u>2008</u>	<u>2007</u> (restated)
<b>Revenues</b>					
Passenger and excess baggage		130,259,393,420	116,723,534,474	130,259,393,420	116,723,534,474
Freight		20,696,010,307	18,889,391,033	20,696,010,307	18,889,391,033
Mail		703,373,440	708,097,604	703,373,440	708,097,604
Other activities		7,148,771,730	7,068,264,369	6,849,540,552	6,795,191,782
Interest income		400,586,354	505,916,325	390,402,796	496,698,801
Other incomes	7.14	1,660,096,804	1,571,075,754	1,805,379,427	1,712,135,447
<b>Total Revenues</b>		<b>160,868,232,055</b>	<b>145,466,279,559</b>	<b>160,704,099,942</b>	<b>145,325,049,141</b>
<b>Expenses</b>					
Personnel		25,268,156,430	24,174,905,658	25,247,308,587	24,150,987,992
Fuel and oil		69,627,651,709	44,184,733,775	69,627,651,709	44,184,733,775
Flight service expenses		15,456,637,043	15,002,982,796	15,456,637,043	15,002,982,796
Inventories and supplies		6,869,234,523	7,472,605,294	6,869,234,523	7,472,605,294
Crew expenses		5,178,641,301	4,946,883,404	5,178,641,301	4,946,883,404
Aircraft maintenance and overhaul costs		8,095,443,131	8,815,209,200	8,095,443,131	8,815,209,200
Depreciation and amortisation		15,140,564,869	13,547,039,044	15,120,547,638	13,521,493,312
Lease of aircraft and spare parts		2,966,413,490	5,110,787,178	2,966,413,490	5,110,787,178
Sales and advertising cost		5,664,918,556	5,462,359,769	5,629,108,295	5,424,556,082
Insurance		559,638,493	667,654,062	559,638,493	667,654,062
Other operating expenses	7.15	7,255,480,606	7,205,535,183	7,195,977,734	7,160,157,717
Remuneration for Board of Directors		16,177,042	7,917,512	15,325,753	6,771,147
Other expenses	7.16	455,987,538	1,325,945,358	650,987,538	1,325,945,358
Losses (gains) on foreign currency exchange		957,204,473	476,634,272	959,106,170	479,356,570
Share of loss (profit) from investments by the equity method		89,497,543	(115,858,579)	-	-
<b>Total Expenses</b>		<b>163,601,646,747</b>	<b>138,285,333,926</b>	<b>163,572,021,405</b>	<b>138,270,123,887</b>
<b>Profit (Loss) before Finance costs and Income Tax Expense</b>		<b>(2,733,414,692)</b>	<b>7,180,945,633</b>	<b>(2,867,921,463)</b>	<b>7,054,925,254</b>
Finance costs		4,007,758,386	3,531,540,812	4,007,694,109	3,531,473,943
Income tax expenses (income)	7.17	(182,948,806)	1,072,867,093	(231,673,167)	1,031,098,297
<b>Profit (loss) for the Period</b>		<b>(6,558,224,272)</b>	<b>2,576,537,728</b>	<b>(6,643,942,405)</b>	<b>2,492,353,014</b>
<b>Profit (Loss) Attributable to:</b>					
Equity holders of the parent		(6,611,635,146)	2,531,974,808	(6,643,942,405)	2,492,353,014
Minority interest		53,410,874	44,562,920	-	-
		<b>(6,558,224,272)</b>	<b>2,576,537,728</b>	<b>(6,643,942,405)</b>	<b>2,492,353,014</b>
<b>Basic earnings per share</b>					
Net profit (loss) per share	7.18	(3.89)	1.49	(3.91)	1.47

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

unaudited

reviewed

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

**For the nine - month periods ended September 30, 2008 and 2007**

**Units : Baht**

**CONSOLIDATED**

	Maturity interest						Minority Interest	Total
	Share Capital issued and fully paid	Premium on share capital	Unrealised gain (loss) on available-for-sale securities	Legal Reserve	Retained Earnings Unappropriated	Total		
<b>Balance as at January 1, 2007 (before adjustment)</b>	16,988,961,500	15,643,806,138	(102,355)	1,700,000,000	32,325,311,256	66,657,976,539	213,313,684	66,871,290,223
- Adjusting staff welfare fees	-	-	-	-	(769,320,449)	(769,320,449)	-	(769,320,449)
- Adjusting passenger revenues	-	-	-	-	371,012,971	371,012,971	-	371,012,971
- Adjusting airport tax revenues collected from passengers	-	-	-	-	90,279,083	90,279,083	-	90,279,083
- Adjusting income tax	-	-	-	-	92,408,519	92,408,519	-	92,408,519
<b>Balance as at January 1, 2007 (after adjustment)</b>	<b>16,988,961,500</b>	<b>15,643,806,138</b>	<b>(102,355)</b>	<b>1,700,000,000</b>	<b>32,109,691,380</b>	<b>66,442,356,663</b>	<b>213,313,684</b>	<b>66,655,670,347</b>
- Unrealised loss on current investment - available-for-sale securities	-	-	99,776	-	-	99,776	-	99,776
<u>Add</u> Net profit	-	-	-	-	2,531,974,808	2,531,974,808	44,562,920	2,576,537,728
<u>Add</u> Issued share capital	48,000	24,000	-	-	-	72,000	-	72,000
<u>Less</u> Share offering expense	-	(4,766,029)	-	-	-	(4,766,029)	-	(4,766,029)
<b>Balance as at September 30, 2007</b>	<b>16,989,009,500</b>	<b>15,639,064,109</b>	<b>(2,579)</b>	<b>1,700,000,000</b>	<b>34,641,666,188</b>	<b>68,969,737,218</b>	<b>257,876,604</b>	<b>69,227,613,822</b>
<b>Balance as at January 1, 2008 (before adjustment)</b>	16,989,009,500	15,638,075,844	(1,318)	1,700,000,000	33,422,721,112	67,749,805,138	275,456,354	68,025,261,492
- Adjusting the recognition of subsidiary' s R/E	-	-	-	-	(2,630,481)	(2,630,481)	(2,152,211)	(4,782,692)
<b>Balance as at January 1, 2008 (after adjustment)</b>	16,989,009,500	15,638,075,844	(1,318)	1,700,000,000	33,420,090,631	67,747,174,657	273,304,143	68,020,478,800
- Unrealised gains on current investment - available-for-sale securities	-	-	1,318	-	-	1,318	1,078	2,396
<u>Add</u> Net profit (loss)	-	-	-	-	(6,611,635,146)	(6,611,635,146)	53,410,874	(6,558,224,272)
<u>Add</u> Dividend return	-	-	-	-	53,692	53,692	-	53,692
<u>Less</u> Dividend paid	-	-	-	-	(764,505,427)	(764,505,427)	(59,062,500)	(823,567,927)
<b>Balance as at September 30, 2008</b>	<b>16,989,009,500</b>	<b>15,638,075,844</b>	<b>-</b>	<b>1,700,000,000</b>	<b>26,044,003,750</b>	<b>60,371,089,094</b>	<b>267,653,595</b>	<b>60,638,742,689</b>

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

unaudited

reviewed

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine - month periods ended September 30, 2008 and 2007

Units : Baht

THE COMPANY

	Share Capital issued and fully paid	Premium on share capital	Legal Reserve	Retained Earnings Unappropriated	Total
<b>Balance as at January 1, 2007 (before adjustment)</b>	16,988,961,500	15,643,806,138	1,700,000,000	31,456,529,801	65,789,297,439
- Adjusting staff welfare fees	-	-	-	(769,320,449)	(769,320,449)
- Adjusting passenger revenues	-	-	-	371,012,971	371,012,971
- Adjusting airport tax revenues collected from passengers	-	-	-	90,279,083	90,279,083
- Adjusting income tax	-	-	-	92,408,519	92,408,519
<b>Balance After Adjustment</b>	<b>16,988,961,500</b>	<b>15,643,806,138</b>	<b>1,700,000,000</b>	<b>31,240,909,925</b>	<b>65,573,677,563</b>
<b>Balance as at January 1, 2007 (after adjustment)</b>	16,988,961,500	15,643,806,138	1,700,000,000	31,240,909,925	65,573,677,563
<u>Add</u> Net profit	-	-	-	2,492,353,014	2,492,353,014
<u>Add</u> Issued share capital	48,000	24,000	-	-	72,000
<u>Less</u> Share offering expense	-	(4,766,029)	-	-	(4,766,029)
<b>Balance as at September 30, 2007</b>	<b>16,989,009,500</b>	<b>15,639,064,109</b>	<b>1,700,000,000</b>	<b>33,733,262,939</b>	<b>68,061,336,548</b>
<b>Balance as at January 1, 2008</b>	16,989,009,500	15,638,075,844	1,700,000,000	32,544,300,814	66,871,386,158
<u>Add</u> Net profit (loss)	-	-	-	(6,643,942,405)	(6,643,942,405)
<u>Add</u> Dividend return	-	-	-	53,692	53,692
<u>Less</u> Dividend paid	-	-	-	(764,505,427)	(764,505,427)
<b>Balance as at September 30, 2008</b>	<b>16,989,009,500</b>	<b>15,638,075,844</b>	<b>1,700,000,000</b>	<b>25,135,906,674</b>	<b>59,462,992,018</b>

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**

**STATEMENTS OF CASH FLOWS**

**For the nine - month periods ended September 30, 2008 and 2007**

Units : Baht

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash Flows from Operating Activities</b>				
Net profit (loss)	(6,611,635,146)	2,531,974,808	(6,643,942,405)	2,492,353,014
Adjustment to reconcile net profit to cash provided by (paid from) operating activities :				
Depreciation and amortisation	15,140,564,869	13,547,039,044	15,120,547,638	13,521,493,312
Income from investments	89,147,543	(116,103,579)	(138,825,155)	(111,749,825)
Share dividends	-	-	-	(19,197,750)
Interest income	(400,586,354)	(505,916,325)	(390,402,796)	(496,698,801)
Interest expenses	4,007,694,109	3,531,473,943	4,007,694,109	3,531,473,943
Income tax expense	(182,948,806)	1,072,867,093	(231,673,167)	1,031,098,297
Losses (gains) on sales of assets	(133,299,387)	26,673,632	(133,299,387)	26,673,632
Gain on current investments-available-for-sale securities	(1,866,766)	(3,956,848)	-	-
Amortisation of deferred charges				
Losses (gains) on foreign currency exchange	1,142,291,759	1,237,090,502	1,141,774,782	1,238,232,623
Net profit attributable to minority interests	53,410,874	44,562,920	-	-
Provision for obsolete inventories and supplies	17,981,571	(15,111,422)	17,981,571	(15,111,422)
Allowance for doubtful accounts and impairment in value of assets	6,153,923	492,253,833	190,773,269	490,950,064
Operating profit before changes in operating assets and liabilities	13,126,908,189	21,842,847,601	12,940,628,459	21,689,517,087
Decrease (increase) in operating assets :				
Trade account receivables	(919,975,728)	(34,980,459)	(914,404,461)	(38,350,568)
Inventories and supplies	(741,453,843)	(843,045,951)	(741,453,843)	(843,045,951)
Prepaid expenses and deposits	273,526,955	(521,235,319)	271,419,445	(523,104,656)
Tax refund	485,392,584	(1,116,514,183)	485,392,584	(1,116,514,183)
Other current assets	343,064,686	(1,022,908,935)	356,783,963	(948,130,748)
Deferred Income Taxes	(19,630,890)	-	(19,630,890)	-
Other assets	(60,637,393)	(59,007,009)	(60,637,393)	(59,007,009)
Deferred charges	(210,359,140)	704,964	(210,359,140)	704,964
Increase (decrease) in operating liabilities :				
Trade account payables	130,048,092	1,008,003,087	128,882,457	1,007,048,060
Accrued expenses and other current liabilities	722,345,570	3,026,311,862	724,319,429	3,021,822,810
Staff pension fund	195,125,012	139,757,892	195,125,012	139,757,892
Unearned transportation revenue	(278,269,503)	5,083,409,010	(278,269,503)	5,083,409,010
Long-term provisions	15,350,000	-	15,350,000	-
Payment of income tax	(1,090,333,605)	(3,639,920,406)	(1,015,457,065)	(3,592,878,232)
<b>Net Cash From Operating Activities</b>	<b>11,971,100,986</b>	<b>23,863,422,154</b>	<b>11,877,689,054</b>	<b>23,821,228,476</b>

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



unaudited  
reviewed

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

**STATEMENTS OF CASH FLOWS**

**For the nine - month periods ended September 30, 2008 and 2007**

Units : Baht

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash Flows from Investing Activities</b>				
Cash paid for acquisition of fixed assets	(14,158,172,760)	(6,932,881,416)	(14,157,085,084)	(6,931,454,758)
Cash paid for intangible assets	(105,646,897)	(498,308,817)	(104,932,697)	(498,195,318)
Cash received from transferring down payment of aircraft and aircraft spare parts	-	357,816,407	-	357,816,407
Cash received from sales of assets	699,369,720	1,278,771,653	699,369,720	1,278,771,653
Interest income	388,212,866	486,389,623	382,212,762	480,099,458
Dividends received	66,637,655	111,749,825	138,825,155	111,749,825
Investments decrease (increase)	1,734,289	88,215,188	1,734,289	(175,312)
Cash received from current investments-available-for-sale securities	3,690,500	(26,660,000)	-	-
<b>Net Cash Used in Investing Activities</b>	<b>(13,104,174,627)</b>	<b>(5,134,907,537)</b>	<b>(13,039,875,855)</b>	<b>(5,201,388,045)</b>
<b>Cash Flows from Financing Activities</b>				
Cash received from short-term loans	15,500,000,000	4,701,300,000	15,500,000,000	4,701,300,000
Cash received from long-term loans	-	1,953,972,354	-	1,953,972,354
Cash received from issuing ordinary shares	-	48,000	-	48,000
Cash received from premium on ordinary shares	-	(4,742,029)	-	(4,742,029)
Cash paid for repayment of short-term loans	(12,962,020,000)	(5,606,417,700)	(12,962,020,000)	(5,606,417,700)
Cash paid for repayment of debenture bonds	(6,000,000,000)	-	(6,000,000,000)	-
Cash paid for repayment of long-term loans	(6,809,548,997)	(6,023,672,974)	(6,809,548,997)	(6,023,672,974)
Cash paid for repayment of promissory notes	(750,000,000)	(750,000,000)	(750,000,000)	(750,000,000)
Cash paid for loan interest	(3,535,172,987)	(2,146,368,405)	(3,535,172,987)	(2,146,368,405)
Dividends paid	(3,872,824,864)	(2,845,223,724)	(3,813,762,364)	(2,797,973,724)
<b>Net Cash from (used in) Financing Activities</b>	<b>(18,429,566,848)</b>	<b>(10,721,104,478)</b>	<b>(18,370,504,348)</b>	<b>(10,673,854,478)</b>
Increase in cash and cash equivalents	(19,562,640,489)	8,007,410,139	(19,532,691,149)	7,945,985,953
Increase in the effect from changing in exchange rate on cash and cash equivalents	(126,449,099)	208,465,374	(126,449,099)	208,465,374
Cash and cash equivalents at the beginning of the periods	25,813,370,034	12,368,022,220	25,459,894,270	12,086,651,771
<b>Cash and Cash Equivalents at the End of the Periods</b>	<b>6,124,280,446</b>	<b>20,583,897,733</b>	<b>5,800,754,022</b>	<b>20,241,103,098</b>
<b>Supplementary Cash Flows Information</b>				
Non - cash item				
Assets under financial lease	7.6	-	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 three and nine-month periods ended September 30, 2008 (unaudited)**  
**and December 31, 2007 (audited)**

**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.

Due to the change in accounting period, the Company restated the previous financial statements in order to compare with the same accounting period of the financial statements for the three and nine-month periods ended September 30, 2008. Therefore, the Company adjusted the recognition of war risk insurance and fuel surcharges in passenger and excess baggage revenues to match the period in which transactions incurred. Moreover, the Company adjusted taxes collected from passengers, which the outstanding balances were over 3 years and were recognised in accounting period from October 1, 2006 to September 30, 2007 and October 1 to December 31, 2007, as average revenues in each quarter. In addition, the Company adjusted welfare fees as average expenses in each quarter as well as relevant company income taxes. The asserted adjustments resulted in the increase in net profits of the Company financial statements for the three and nine-month periods ended September 30, 2007 amount of THB 1,013.85 and 215.62 million, respectively, as well as unappropriated retained earnings as at January 1, 2007 decreased by THB 215.62 million.

**2. BASIC OF FINANCIAL STATEMENT PREPARATION**

**2.1 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.

## **2.2 Interim financial statement preparation**

The interim financial statements are prepared in accordance with Thai Accounting Standard No.41 “Interim Financial Statements”. The Company presents items in the balance sheets, statements of income, changes in shareholders’ equity and cash flows in the same format as the annual financial statements and discloses only significant additional information in the note to financial statements.

The preparation of these interim financial statements are intended to provide additional information to that included in the latest annual financial statements for the period from October 1 to December 31, 2007. Accordingly, the interim financial statements focus on supporting of new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

To prepare these interim financial statements, the Company uses the same accounting policies and method of computation as in the financial statement for the period from October 1 to December 31, 2007. In addition, the Company determined the policies for the recognition of tax collected from passengers and deferred revenues for war risk insurance and fuel surcharges, which the outstanding balances are over 3 years, as average revenues.

## **4. EFFECT OF CHANGE IN ACCOUNTING ESTIMATION**

The Company has changed the estimated useful life of aircraft and engines, received since the fiscal year 2006/07 and those similar to the aircraft type representing in the former Company’s fleet, from 20 years to 15 years beginning from January 1, 2008. This is to facilitate the Company having a new aircraft fleet which is suitable for the status of present competitive airline industry. Moreover, the operating expenses of the Company can be reduced but the depreciation for the three and nine-month periods ended September 30, 2008 increased by THB 348.55 and 1,036.89 million, respectively, compared with the depreciation previously computed by the former estimated useful life.

## **5. ACCOUNTING STANDARDS (REVISED VERSION) WHICH ARE EFFECTIVE FOR THE CURRENT YEAR**

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The Notifications mandate the use of the following new Accounting Standards, which become effective for the financial statements for fiscal year beginning on or after January 1, 2008.

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors

TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51 (revised 2007)	Intangible Assets

The Company follows the above accounting standards that do not have any significant impact on the consolidate and the Company financial statements.

## 6. ACCOUNTING PRESENTATION IN FINANCIAL STATEMENT

The Company has reclassified the items in income statement to comply with Thai Accounting Standard No. 35 (revised 2007) Presentation of Financial Statements, which is effective for the accounting periods beginning on or after January 1, 2008. The Company restated its income statement for the year 2007 (January 1 - December 31, 2007) for comparative purpose by separate disclosure categories and amounts for each item shown as follows:

6.1 Flight operation expenses are separately shown as:

6.1.1 Flight service expenses

6.1.2 Crew expenses

6.1.3 Aircraft maintenance and overhaul expenses

6.2 Sales and advertising expenses composed of commission expenses, sales incentive, advertising and publicity expenses, booking fees, internet reservation, reimbursed revenue from the reservation, transit passenger expenses, and credit card collection fees.

6.3 Loss (gain) on foreign currency exchange mostly arised from converting foreign loans as well as foreign financial assets and liabilities at the end of the period into Baht term.

6.4 Finance costs consist of interest expenses, bank charges and other borrowing expenses.

## 7. SUPPLEMENTARY INFORMATION

### 7.1 Cash and Cash Equivalents

	<u>Consolidated</u>		<u>Units : Million Baht</u> <u>The Company</u>	
	<u>30-Sep-08</u>	<u>31-Dec-07</u>	<u>30-Sep-08</u>	<u>31-Dec-07</u>
Cash - Domestic	14.87	16.23	14.87	16.23
Cash - Abroad	24.52	21.33	24.52	21.33
Bank Deposits - Domestic	3,237.28	6,335.13	2,913.75	5,981.65
Bank Deposits - Abroad	<u>2,847.61</u>	<u>19,440.68</u>	<u>2,847.61</u>	<u>19,440.68</u>
<b>Total</b>	<b><u>6,124.28</u></b>	<b><u>25,813.37</u></b>	<b><u>5,800.75</u></b>	<b><u>25,459.89</u></b>

## 7.2 Trade Account Receivables - Net

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

	<b>Consolidated</b>		<b>Units : Million Baht</b>	
			<b>The Company</b>	
	<b><u>30-Sep-08</u></b>	<b><u>31-Dec-07</u></b>	<b><u>30-Sep-08</u></b>	<b><u>31-Dec-07</u></b>
Period of overdue				
Not over 6 months	19,117.83	18,738.24	19,075.80	18,691.23
Over : 6 months to 1 year	72.58	43.01	62.56	43.01
Over : 1 year to 2 years	71.93	76.95	71.93	76.93
Over : 2 years	<u>1,311.81</u>	<u>1,302.58</u>	<u>1,282.92</u>	<u>1,273.72</u>
	20,574.15	20,160.78	20,493.21	20,084.89
<u>Less</u> Allowance for doubtful accounts	<u>(1,414.24)</u>	<u>(1,381.80)</u>	<u>(1,368.15)</u>	<u>(1,352.92)</u>
<b>Trade account receivables - net</b>	<b><u>19,159.91</u></b>	<b><u>18,778.98</u></b>	<b><u>19,125.06</u></b>	<b><u>18,731.97</u></b>

## 7.3 Other Current Assets

	<b>Consolidated</b>		<b>Units : Million Baht</b>	
			<b>The Company</b>	
	<b><u>30-Sep-08</u></b>	<b><u>31-Dec-07</u></b>	<b><u>30-Sep-08</u></b>	<b><u>31-Dec-07</u></b>
Prepaid expenses and deposits	4,662.49	4,850.36	4,656.46	4,842.22
Tax refund	1,203.41	1,519.77	1,203.41	1,519.77
Cash and fixed deposits of pension fund	4,917.17	4,563.38	4,917.17	4,563.38
Others	<u>2,750.38</u>	<u>3,419.02</u>	<u>2,704.08</u>	<u>3,390.62</u>
<b>Total</b>	<b><u>13,533.45</u></b>	<b><u>14,352.53</u></b>	<b><u>13,481.12</u></b>	<b><u>14,315.99</u></b>

**7.4 Investments**

**Consolidated**

Units : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on investments	
			Cost method		Equity method			
	30-Sep-08	31-Dec-07	30-Sep-08	31-Dec-07	30-Sep-08	31-Dec-07	30-Sep-08	30-Sep-07
<b>7.4.1 Investments using the equity method</b>								
Royal Orchid Hotel (Thailand) Public Company Limited (Market value as at 30 Sep 08 amount of THB 753.75 million and as at 31 Dec 07 amount of THB 922.50 million)	24	24	225.00	225.00	297.83	261.03	39.95	22.55
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	191.57	193.81	(2.24)	(9.51)
Bangkok Aviation Fuel Services Public Company Limited (Market value as at 30 Sep 08 amount of THB 875.42 million and as at 31 Dec 07 amount of THB 1,290.09 million)	22.6	22.6	115.19	115.19	550.05	551.41	52.77	64.53
Phuket Air Catering Company Limited	30	30	30.00	30.00	72.53	53.22	28.31	15.06
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	200.76	223.35	(22.59)	(16.46)
Nok Airlines Company Limited	39	39	195.00	195.00	-	185.70	(185.70)	39.69
<u>Less</u> Allowance for impairment of Nok Airlines Company Limited			(195.00)	-	-	-	-	-
<b>Total investments using the equity method</b>					<b><u>1,312.74</u></b>	<b><u>1,468.52</u></b>	<b><u>(89.50)</u></b>	<b><u>115.86</u></b>
<b>7.4.2 Other long-term investments stated at cost</b>								
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00			-	-
Aeronautical Radio of Thailand Limited	2.7	2.6	17.96	16.89			-	-
SITA Investment Certificate	-	-	30.73	33.76			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75			-	-
SITA Information Networking Computing	-	-	31.02	30.77			-	-
Other Shares	-	-	2.99	2.99			0.35	0.25
Investment in private fund	-	-	-	19.79			-	-
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Limited			(133.00)	(133.00)			-	-
<b>Total other long-term investments</b>			<b><u>84.45</u></b>	<b><u>105.95</u></b>			<b><u>0.35</u></b>	<b><u>0.25</u></b>

The Company

Units : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
	30-Sep-08	31-Dec-07	Cost method		30-Sep-08	30-Sep-07
			30-Sep-08	31-Dec-07		
<b>7.4.1 Investments using the cost method</b>						
<b>Subsidiary Company</b>						
Thai-Amadeus Southeast Asia Company Limited	55	55	<u>8.25</u>	<u>8.25</u>	<u>72.19</u>	<u>-</u>
<b>Associated Companies</b>						
Royal Orchid Hotel (Thailand) Public Company Limited (Market value as at 30 Sep 08 amount of THB 753.75 million and as at 31 Dec 07 amount of THB 922.50 million)	24	24	225.00	225.00	3.15	58.95
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	-	2.40
Bangkok Aviation Fuel Services Public Company Limited (Market value as at 30 Sep 08 amount of THB 875.42 million and as at 31 Dec 07 amount of THB 1,290.09 million)	22.6	22.6	115.19	115.19	54.14	63.35
Phuket Air Catering Company Limited	30	30	30.00	30.00	9.00	6.00
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	-	-
Nok Airlines Company Limited	39	39	195.00	195.00	-	-
<u>Less</u> Allowance for impairment of Nok Airlines Company Limited			(195.00)	-	-	-
<b>Total</b>			<u>723.52</u>	<u>918.52</u>	<u>66.29</u>	<u>130.70</u>
<b>Total investments using the cost Method</b>			<u>731.77</u>	<u>926.77</u>	<u>138.48</u>	<u>130.70</u>
<b>7.4.2 Other long-term investments stated at cost</b>						
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00	-	-
Aeronautical Radio of Thailand Limited	2.7	2.6	17.96	16.89	-	-
SITA Investment Certificate	-	-	30.73	33.76	-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75	-	-
SITA Information Networking Computing	-	-	31.02	30.77	-	-
Other Shares	-	-	2.99	2.99	0.35	0.25
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Limited			(133.00)	(133.00)	-	-
<b>Total other long-term investments</b>			<u>84.45</u>	<u>86.16</u>	<u>0.35</u>	<u>0.25</u>

7.4.3 Financial Data Summary of Subsidiary and Associated Companies

Name of Company	Units : Million Baht			
	Assets	Liabilities	Income	Gains (Losses)
<b><u>Subsidiary Company</u></b>				
Thai-Amadeus Southeast Asia Company Limited	671.32	76.54	313.22	118.69
<b><u>Associated Companies</u></b>				
Royal Orchid Hotel (Thailand) Public Company Limited	1,472.65	231.69	604.14	109.47
Donmuang International Airport Hotel Company Limited	518.58	39.65	100.56	(2.83)
Bangkok Aviation Fuel Services Public Company Limited	5,459.95	2,948.57	858.00	207.16
Phuket Air Catering Company Limited	255.50	13.73	155.20	68.30
Suvarnabhumi Airport Hotel Company Limited	2,457.14	1,787.94	584.83	(65.36)
Nok Airlines Company Limited	562.82	595.24	2,255.66	(330.41)

The Company used the financial statements of associated companies as at June 30, 2008 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.

7.5 Related Parties The Company

7.5.1 Major Shareholders

	Units : Million Baht	
	30-Sep-08	31-Dec-07
Ministry of Finance Foreign loans via the Ministry of Finance	4,335.81	9,014.86

7.5.2 Subsidiary Company

	Units : Million Baht							
	The three-month periods				The nine-month periods			
	Jul-Sep'08		Jul-Sep'07		Jan-Sep'08		Jan-Sep'07	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Thai - Amadeus Southeast Asia Company Limited	2.73	-	9.72	-	11.13	-	27.40	-

	Units : Million Baht			
	30-Sep-08		31-Dec-07	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	1.78	-	2.62	-



7.5.3 Associated Companies

**Units : Million Baht**

	<b>The three-month periods</b>				<b>The nine-month periods</b>			
	<b>Jul-Sep'08</b>		<b>Jul-Sep'07</b>		<b>Jan-Sep'08</b>		<b>Jan-Sep'07</b>	
	<b>Sales</b>	<b>Purchase</b>	<b>Sales</b>	<b>Purchase</b>	<b>Sales</b>	<b>Purchase</b>	<b>Sales</b>	<b>Purchase</b>
Royal Orchid Hotel (Thailand) Public Company Limited	-	4.25	-	3.35	-	12.59	-	15.96
Donmuang International Airport Hotel Company Limited	-	2.19	-	0.74	-	4.05	-	3.27
Bangkok Aviation Fuel Services Public Company Limited	0.02	97.23	0.01	95.31	0.06	296.22	0.02	297.47
Phuket Air Catering Company Limited	0.76	1.00	0.35	1.06	2.43	6.90	2.93	2.93
Suvarnabhumi Airport Hotel Company Limited	-	36.95	-	30.15	-	83.66	-	43.98
Nok Airlines Company Limited	468.76	-	476.10	-	1,748.26	-	1,419.96	-

**Units : Million Baht**

	<b>30-Sep-08</b>		<b>31-Dec-07</b>	
	<b>Account Receivables</b>	<b>Account Payables</b>	<b>Account Receivables</b>	<b>Account Payables</b>
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.16	-	-
Donmuang International Airport Hotel Company Limited	-	0.22	-	0.01
Bangkok Aviation Fuel Services Public Company Limited	0.02	31.97	0.01	35.22
Phuket Air Catering Company Limited	0.25	0.29	1.09	7.48
Suvarnabhumi Airport Hotel Company Limited	-	4.10	-	0.42
Nok Airlines Company Limited	118.79	-	37.78	-

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

## 7.6 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
<b>Cost</b>						
As at January 1, 2008	139,361.79	142,363.58	28,262.77	19,034.90	28,435.57	<b>357,458.61</b>
- Adjust/Transfer	(567.74)	-	0.06	(142.79)	302.92	<b>(407.55)</b>
- Increased asset	11,165.73	276.58	1,444.44	89.69	1,018.97	<b>13,995.41</b>
- Sold	(2,969.59)	(29.37)	(572.12)	(112.48)	(371.63)	<b>(4,055.19)</b>
As at September 30, 2008	<b>146,990.19</b>	<b>142,610.79</b>	<b>29,135.15</b>	<b>18,869.32</b>	<b>29,385.83</b>	<b>366,991.28</b>
<b>Accumulated depreciation</b>						
As at January 1, 2008	79,806.98	25,125.50	17,740.21	8,993.79	18,639.32	<b>150,305.80</b>
- Depreciation	4,956.24	6,243.85	1,490.98	648.75	1,573.66	<b>14,913.48</b>
- Adjust/Transfer	(567.74)	-	4.54	-	(7.11)	<b>(570.31)</b>
- Sold	(2,674.54)	(29.37)	(330.42)	(87.28)	(367.51)	<b>(3,489.12)</b>
As at September 30, 2008	<b>81,520.94</b>	<b>31,339.98</b>	<b>18,905.31</b>	<b>9,555.26</b>	<b>19,838.36</b>	<b>161,159.85</b>
<b>Net book value</b>						
As at December 31, 2007	<b>59,554.81</b>	<b>117,238.08</b>	<b>10,522.56</b>	<b>10,041.11</b>	<b>9,796.25</b>	<b>207,152.81</b>
As at September 30, 2008	<b>65,469.25</b>	<b>111,270.81</b>	<b>10,229.84</b>	<b>9,314.06</b>	<b>9,547.47</b>	<b>205,831.43</b>

### The Company

Units : Million Baht

	Aircraft	Aircraft under financial leases	Aircraft spare parts	Land buildings and development	Other plant and equipment	Total
<b>Cost</b>						
As at January 1, 2008	139,361.79	142,363.58	28,262.77	19,034.90	28,182.69	<b>357,205.73</b>
- Adjust/Transfer	(567.74)	-	0.06	(142.79)	310.11	<b>(400.36)</b>
- Increased asset	11,165.73	276.58	1,444.44	89.69	1,017.88	<b>13,994.32</b>
- Sold	(2,969.59)	(29.37)	(572.12)	(112.48)	(371.63)	<b>(4,055.19)</b>
As at September 30, 2008	<b>146,990.19</b>	<b>142,610.79</b>	<b>29,135.15</b>	<b>18,869.32</b>	<b>29,139.05</b>	<b>366,744.50</b>
<b>Accumulated depreciation</b>						
As at January 1, 2008	79,806.98	25,125.50	17,740.21	8,993.79	18,443.12	<b>150,109.60</b>
- Depreciation	4,956.24	6,243.85	1,490.98	648.75	1,554.02	<b>14,893.84</b>
- Adjust/Transfer	(567.74)	-	4.54	-	0.07	<b>(563.13)</b>
- Sold	(2,674.54)	(29.37)	(330.42)	(87.28)	(367.51)	<b>(3,489.12)</b>
As at September 30, 2008	<b>81,520.94</b>	<b>31,339.98</b>	<b>18,905.31</b>	<b>9,555.26</b>	<b>19,629.70</b>	<b>160,951.19</b>
<b>Net book value</b>						
As at December 31, 2007	<b>59,554.81</b>	<b>117,238.08</b>	<b>10,522.56</b>	<b>10,041.11</b>	<b>9,739.57</b>	<b>207,096.13</b>
As at September 30, 2008	<b>65,469.25</b>	<b>111,270.81</b>	<b>10,229.84</b>	<b>9,314.06</b>	<b>9,509.35</b>	<b>205,793.31</b>

In this period, there are 88 aircraft in the Company's fleet consisting of 51 own aircraft, 26 aircraft under financial leases and 11 aircraft under operating leases.

Of the total aircraft value, THB 18,227.43 is for aircraft on order, which includes the THB 7,090.05 million pre-delivery payments for 8 Airbus A330-300 aircraft. Pre-delivery payments were made to Airbus to retain the benefit given to the Company as part of the delay compensation in delivery of the Company's Airbus A380-800 aircraft and to also ensure the timely delivery of the A330-300 aircraft. Such pre-delivery payments were made in advance of the Company seeking a lessor for whom the Company is to transfer the rights of the acquisition agreement and in turn the Company is to operating lease the said A330-300 aircraft. On delivery of the said aircraft, the Company will receive its pre-delivery payments in total from the lessor. The Company considers the substance of this transaction over the form of aircraft acquisition. However, the Company has submitted for Cabinet reconsideration the form of aircraft acquisition. Upon finalizing, the Company may have to make accounting adjustment on this transaction to comply with the final decision.

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

Other plants and equipment-net amount of THB 9,547.47 million (consolidated) and THB 9,509.35 million (the Company) have already included the work in progress of Suvarnabhumi project amount of THB 14.59 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 37,433.11 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, JPY and USD currency.

## 7.7 Intangible Assets-net

	Units : Million Baht	
	<b>Consolidated</b>	<b>The Company</b>
<b>Cost</b>		
As at January 1, 2008	1,073.74	1,069.17
- Assets increase	105.64	104.92
As at September 30, 2008	1,179.38	1,174.09
<b>Accumulated depreciation</b>		
As at January 1, 2008	175.74	175.21
- Depreciation	165.61	165.24
As at September 30, 2008	341.35	340.45
<b>Net book value</b>		
As at December 31, 2007	<b>898.00</b>	<b>893.96</b>
As at September 30, 2008	<b>838.03</b>	<b>833.64</b>

## 7.8 Deferred Income Taxes

	<b>Consolidated</b>		<b>Units : Million Baht The Company</b>	
	<b>30-Sep-08</b>	<b>31-Dec-07</b>	<b>30-Sep-08</b>	<b>31-Dec-07</b>
	Contribution to staff pension fund	1,208.92	1,195.11	1,208.92
Allowance for obsolete inventories	694.95	689.56	694.95	689.56
Allowance for doubtful accounts	480.44	470.71	466.61	462.05
Allowance impairment in value of assets	398.71	345.11	398.71	345.11
Estimated accrual expenses	733.47	476.74	733.47	476.74
Frequent flyer program (ROP)	401.64	461.17	401.64	461.17
Loss on foreign currency exchange	313.46	313.61	313.46	313.61
Others	<u>24.00</u>	<u>24.39</u>	<u>20.34</u>	<u>20.74</u>
<b>Total</b>	<b><u>4,255.59</u></b>	<b><u>3,976.40</u></b>	<b><u>4,238.10</u></b>	<b><u>3,964.09</u></b>

## 7.9 Other Non-Current Assets

	<b>Consolidated</b>		<b>Units : Million Baht The Company</b>	
	<b>30-Sep-08</b>	<b>31-Dec-07</b>	<b>30-Sep-08</b>	<b>31-Dec-07</b>
	Deferred charges	1,425.71	1,375.04	1,425.71
Others	<u>129.80</u>	<u>69.17</u>	<u>129.80</u>	<u>69.17</u>
<b>Total</b>	<b><u>1,555.51</u></b>	<b><u>1,444.21</u></b>	<b><u>1,555.51</u></b>	<b><u>1,444.21</u></b>

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

## 7.10 Short-Term Provisions

On August 13, 2008, the Company's Board of Directors approved the Company operating the Mutual Separation Plan. The Company approved a resignation of 449 employees under this plan for the year 2008 in the amount of THB 1,312.75 million. In addition, the Company transferred an obligation for 146 employees from the pension fund amount of THB 289.04 million. The total of short-term provisions was 1,601.79 million.

## 7.11 Long-Term Provisions

The Court of First Instance has rendered the Company to pay damages sued by the staff amount of THB 15.35 million. Now, the Company appeals the case to the Court of Appeal.

### 7.12 Dividends Payment the Company

According to the 2<sup>nd</sup> Annual General Shareholders' Meeting for the year 2007 (October 1 - December 31, 2007) held on April 9, 2008 approved the Company to pay the dividends for the period from October 1 - December 31, 2007 operation at THB 0.45 per share for an aggregate of THB 764.51 million. But the Company paid the dividends amount of THB 764.50 million because there are 22,100 nominee shares having no rights to receive the dividends amount of THB 0.01 million and 24,304 nominee shares for 2007 operation of the year ended September 30, 2007 announced to pay the dividends on December 27, 2007 amount of THB 0.04 million, totalling THB 0.05 million which has no rights to receive the dividends.

### 7.13 Share Capital

As at September 30, 2008, 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.

### 7.14 Other Incomes

Text	Units : Million Baht			
	Consolidated			
	For the three-month periods		For the nine-month periods	
	Jul-Sep'08	Jul-Sep'07	Jan-Sep'08	Jan-Sep'07
Gains on sales of assets	(2.12)	182.14	372.65	552.85
Revenue from other services of Aircraft Maintenance Department	81.61	68.68	253.05	178.33
Revenue from airport fees collected from passengers	187.47	90.28	562.41	270.84
Others	141.13	235.35	471.99	569.06
<b>Total</b>	<b>408.09</b>	<b>576.45</b>	<b>1,660.10</b>	<b>1,571.08</b>

Text	Units : Million Baht			
	The Company			
	For the three-month periods		For the nine-month periods	
	Jul-Sep'08	Jul-Sep'07	Jan-Sep'08	Jan-Sep'07
Gains on sales of assets	(2.12)	182.14	372.65	552.85
Dividend from subsidiary and associated companies	17.28	23.04	138.48	130.70
Revenue from other services of Aircraft Maintenance Department	81.61	68.68	253.05	178.33
Revenue from airport fees collected from passengers	187.47	90.28	562.41	270.84
Others	143.29	237.18	478.79	579.42
<b>Total</b>	<b>427.53</b>	<b>601.32</b>	<b>1,805.38</b>	<b>1,712.14</b>

**7.15 Other Operating Expenses**

Text	Units : Million Baht			
	Consolidated			
	For the three-month periods		For the nine-month periods	
	Jul-Sep'08	Jul-Sep'07	Jan-Sep'08	Jan-Sep'07
Rentals and utilities	777.60	804.43	2,285.00	2,337.75
Office supplies	68.75	81.08	234.75	265.29
Repair of building and equipment	123.26	121.41	358.47	333.60
Outsource services	332.82	486.05	856.65	1,213.29
Consultant and service fees	126.12	134.53	345.83	331.19
Legal fee for Antitrust/ Competition Law	22.76	-	61.76	-
Computer service expenses	112.71	83.49	325.66	289.31
Travelling and transportation expenses	169.67	152.62	534.81	409.93
Concession fees	4.05	156.68	313.90	430.05
Passenger claim expenses	105.51	98.32	320.86	251.46
Others	511.93	415.47	1,617.79	1,343.67
<b>Total</b>	<b>2,355.18</b>	<b>2,534.08</b>	<b>7,255.48</b>	<b>7,205.54</b>

Text	Units : Million Baht			
	The Company			
	For the three-month periods		For the nine-month periods	
	Jul-Sep'08	Jul-Sep'07	Jan-Sep'08	Jan-Sep'07
Rentals and utilities	777.60	804.43	2,285.00	2,337.75
Office supplies	68.75	81.08	234.75	265.29
Repair of building and equipment	123.26	121.41	358.47	333.60
Outsource services	332.82	486.05	856.65	1,213.29
Consultant and service fees	126.12	134.53	345.83	331.19
Legal fee for Antitrust/ Competition Law	22.76	-	61.76	-
Computer service expenses	112.71	83.49	325.66	289.31
Travelling and transportation expenses	169.67	152.62	534.81	409.93
Concession fees	4.05	156.68	313.90	430.05
Passenger claim expenses	105.51	98.32	320.86	251.46
Others	491.32	396.99	1,558.29	1,298.29
<b>Total</b>	<b>2,334.57</b>	<b>2,515.60</b>	<b>7,195.98</b>	<b>7,160.16</b>

### 7.16 Other Expenses

Text	Units : Million Baht			
	Consolidated			
	For the three-month periods		For the nine-month periods	
	Jul-Sep'08	Jul-Sep'07	Jan-Sep'08	Jan-Sep'07
Impairment loss of assets	158.16	37.29	269.63	1,181.07
Other expenses	107.21	45.33	186.36	144.88
<b>Total</b>	<b>265.37</b>	<b>82.62</b>	<b>455.99</b>	<b>1,325.95</b>

Text	Units : Million Baht			
	The Company			
	For the three-month periods		For the nine-month periods	
	Jul-Sep'08	Jul-Sep'07	Jan-Sep'08	Jan-Sep'07
Impairment loss of assets	353.16	37.29	464.63	1,181.07
Other expenses	107.21	45.33	186.36	144.88
<b>Total</b>	<b>460.37</b>	<b>82.62</b>	<b>650.99</b>	<b>1,325.95</b>

### 7.17 Company Income Tax

Text	Units : Million Baht			
	Consolidated			
	For the three-month periods		For the nine-month periods	
	Jul-Sep'08	Jul-Sep'07	Jan-Sep'08	Jan-Sep'07
Tax expense (income) from taxable profit for the period	26.27	(410.63)	74.55	1,375.28
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(98.45)	(52.94)	(257.50)	(302.41)
<b>Net tax expense (income)</b>	<b>(72.18)</b>	<b>(463.57)</b>	<b>(182.95)</b>	<b>1,072.87</b>

Text	Units : Million Baht			
	The Company			
	For the three-month periods		For the nine-month periods	
	Jul-Sep'08	Jul-Sep'07	Jan-Sep'08	Jan-Sep'07
Tax expense (income) from taxable profit for the period	12.19	(427.02)	22.71	1,333.16
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(97.72)	(52.80)	(254.38)	(302.06)
<b>Net tax expense (income)</b>	<b>(85.53)</b>	<b>(479.82)</b>	<b>(231.67)</b>	<b>1,031.10</b>

## 7.18 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 three - month periods ended September 30, 2008 and 2007

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
<b>Basic earnings per share</b>						
Net profit (loss) attributable to ordinary shareholders	426.20	(971.09)	1,698.90	1,698.90	0.25	(0.57)

### The Company

For the three - month periods ended September 30, 2008 and 2007

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
<b>Basic earnings per share</b>						
Net profit (loss) attributable to ordinary shareholders	291.32	(999.11)	1,698.90	1,698.90	0.17	(0.59)

### Consolidated

For the nine - month periods ended September 30, 2008 and 2007

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
<b>Basic earnings per share</b>						
Net profit (loss) attributable to ordinary shareholders	(6,611.64)	2,531.97	1,698.90	1,698.90	(3.89)	1.49

### The Company

For the nine - month periods ended September 30, 2008 and 2007

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
<b>Basic earnings per share</b>						
Net profit (loss) attributable to ordinary shareholders	(6,643.94)	2,492.35	1,698.90	1,698.90	(3.91)	1.47



## 7.19 Financial Information by Segment Consolidated

### 7.19.1 Business Segments

#### Statements of Income For the three - month periods ended September 30, 2008 and 2007

Units : Million Baht

	<u>Revenues</u>		<u>Inter - Segment Revenues</u>		<u>Total Revenues</u>		<u>Segment Results</u>	
	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>
				(restated)				(restated)
Air transportation	51,395.79	46,589.18	-	-	51,395.79	46,589.18	(3,069.64)	2,592.34
Business Units	2,002.13	2,157.63	3,522.01	3,967.53	5,524.14	6,125.16	(356.86)	(198.34)
Other activities	271.02	287.02	106.65	94.60	377.67	381.62	219.77	40.03
Eliminations	-	-	(3,628.66)	(4,062.13)	-	-	-	-
Operating profit (loss)							(3,206.73)	2,434.03
Share of net profit (loss) from subsidiary and associated companies							(59.83)	30.05
Interest expenses-net							(1,242.17)	(1,016.50)
Gain (loss) on foreign currency exchange							4,733.92	(3,358.88)
Other revenues							142.72	493.83
Minority interests							(13.90)	(17.19)
Income taxes							72.19	463.57
<b>Net profit (loss)</b>							<b><u>426.20</u></b>	<b><u>(971.09)</u></b>

#### Statements of Income For the nine - month periods ended September 30, 2008 and 2007

Units : Million Baht

	<u>Revenues</u>		<u>Inter - Segment Revenues</u>		<u>Total Revenues</u>		<u>Segment Results</u>	
	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>
				(restated)				(restated)
Air transportation	151,658.78	136,321.02	-	-	151,658.78	136,321.02	(3,057.56)	6,841.26
Business Units	6,312.95	6,189.70	11,321.90	11,964.10	17,634.85	18,153.80	(647.69)	(174.45)
Other activities	835.82	878.56	309.97	304.87	1,145.79	1,183.43	413.84	123.86
Eliminations	-	-	(11,631.87)	(12,268.97)	-	-	-	-
Operating profit (loss)							(3,291.41)	6,790.67
Share of net profit (loss) from subsidiary and associated companies							(89.50)	115.86
Interest expenses-net							(3,607.17)	(3,025.63)
Losses on foreign currency exchange							(957.21)	(476.63)
Other revenues							1,204.11	245.13
Minority interests							(53.41)	(44.56)
Income taxes							182.95	(1,072.87)
<b>Net profit (loss)</b>							<b><u>(6,611.64)</u></b>	<b><u>2,531.97</u></b>

**Assets and Liabilities**  
**As At September 30, 2008 and December 31, 2007**

	<u>Current Assets</u>		<u>Non-Current Assets</u>		<u>Units : Million Baht</u> <u>Total Assets</u>	
	<u>30-Sep-08</u>	<u>31-Dec-07</u>	<u>30-Sep-08</u>	<u>31-Dec-07</u>	<u>30-Sep-08</u>	<u>31-Dec-07</u>
	Air transportation	42,025.87	61,880.90	203,291.45	203,827.18	245,317.32
Business Units	695.78	497.83	10,526.31	11,125.89	11,222.09	11,623.72
Other activities	611.33	620.52	59.99	92.82	671.32	713.34
Non-allocated assets	<u>2,510.65</u>	<u>2,230.18</u>	<u>-</u>	<u>-</u>	<u>2,510.65</u>	<u>2,230.18</u>
<b>Total</b>	<b><u>45,843.63</u></b>	<b><u>65,229.43</u></b>	<b><u>213,877.75</u></b>	<b><u>215,045.89</u></b>	<b><u>259,721.38</u></b>	<b><u>280,275.32</u></b>

	<u>Current Liabilities</u>		<u>Non-Current Liabilities</u>		<u>Units : Million Baht</u> <u>Total Liabilities</u>	
	<u>30-Sep-08</u>	<u>31-Dec-07</u>	<u>30-Sep-08</u>	<u>31-Dec-07</u>	<u>30-Sep-08</u>	<u>31-Dec-07</u>
	Air transportation	90,123.73	95,056.18	107,457.04	114,588.37	197,580.77
Business Units	986.21	2,070.30	120.55	110.97	1,106.76	2,181.27
Other activities	76.54	101.22	-	-	76.54	101.22
Non-allocated liabilities	<u>318.56</u>	<u>323.02</u>	<u>-</u>	<u>-</u>	<u>318.56</u>	<u>323.02</u>
<b>Total</b>	<b><u>91,505.04</u></b>	<b><u>97,550.72</u></b>	<b><u>107,577.59</u></b>	<b><u>114,699.34</u></b>	<b><u>199,082.63</u></b>	<b><u>212,250.06</u></b>

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 but for Aircraft Maintenance Services are recorded by cost plus method. All those transfers are eliminated in consolidation.

### 7.19.2 Geographical Segments

	<u>The three -month Periods</u>		<u>Units : Million Baht</u> <u>The nine -month Periods</u>	
	<u>Jul-Sep'08</u>	<u>Jul-Sep'07</u>	<u>Jan-Sep'08</u>	<u>Jan-Sep'07</u>
	Domestic Revenues			
Transportation	2,944.33	2,791.85	9,242.51	8,383.58
Business units	2,002.13	2,157.63	6,312.95	6,189.70
Other activities	<u>271.02</u>	<u>287.02</u>	<u>835.82</u>	<u>878.56</u>
Total domestic revenues	<u>5,217.48</u>	<u>5,236.50</u>	<u>16,391.28</u>	<u>15,451.84</u>
Foreign Transportation Revenues				
Regional Asia	15,608.08	17,385.56	50,400.42	51,348.91
Europe	12,955.67	12,551.24	39,487.98	37,212.92
North Pacific	728.95	1,989.06	4,708.50	5,285.36
Australia & New Zealand	4,691.84	4,563.39	13,802.55	12,750.59
Africa	<u>298.36</u>	<u>330.35</u>	<u>954.69</u>	<u>963.70</u>
Total foreign transportation revenues	<u>34,282.90</u>	<u>36,819.60</u>	<u>109,354.14</u>	<u>107,561.48</u>
Charter revenues and others	2,575.99	1,848.56	6,637.41	5,189.76
Insurance surcharge from passengers	583.49	596.73	1,970.32	1,768.11
Fuel surcharge from passengers	11,009.07	4,532.43	24,454.40	13,418.10
Interest income	80.78	196.46	400.59	505.92
Other revenues	<u>408.09</u>	<u>576.45</u>	<u>1,660.09</u>	<u>1,571.07</u>
<b>Total</b>	<b><u>54,157.80</u></b>	<b><u>49,806.73</u></b>	<b><u>160,868.23</u></b>	<b><u>145,466.28</u></b>

## 7.20 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 the fund operations are recognised as income and expenses of the Company. The details are as follows:

	<b>Units : Million Baht</b>	
	<b><u>30-Sep-08</u></b>	<b><u>31-Dec-07</u></b>
Current assets	5,164.23	4,956.07
Others	<u>43.06</u>	<u>52.35</u>
Total	<u>5,207.29</u>	<u>5,008.42</u>
Other current liabilities	329.10	36.32
Pension fund	<u>4,878.19</u>	<u>4,972.10</u>
Total	<u>5,207.29</u>	<u>5,008.42</u>

As at September 30, 2008, the fund balance was THB 4,878.19 million, equal to the Company's obligation to its staff under the fund net of the staff obligation under the Mutual Separation Plan for the year 2008 amount of THB 289.04 million presented in the short-term provisions.

## 7.21 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 869.54 million in this period.

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).

## 7.22 Contingent Liabilities

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

	<b>Units : Million Baht</b>	
	<b><u>30-Sep-08</u></b>	<b><u>31-Dec-07</u></b>
Letters of guarantee issued by banks – Domestic	3.25	2.89
Letters of guarantee issued by banks – Abroad	107.88	69.08
The Company as defendant in		
Labour dispute cases	1,653.95	1,619.06
Damage claims cases	<u>1,939.99</u>	<u>1,308.92</u>
<b>Total</b>	<b><u>3,705.07</u></b>	<b><u>2,999.95</u></b>

In addition, the Company still has the competition law infringement. A group of 35 cargo shippers have brought an action against the Company before the Civil Court of New York alleging that the Company jointly with other 38 airlines fixed fuel surcharge, war risk surcharge and other fees in violation of the Sherman Antitrust Act of 1890 and the Clayton Antitrust Act of 1914 and European Union laws causing damages to them. They sought the court's order for compensation by the Company. Also, a group of passengers has brought actions against the Company before the Civil Court in Los Angeles and San Francisco totally 19 cases alleging that conspiracy among airlines to fix, maintain, and /or stabilize prices for long haul passenger transpacific flights to and from the United States (Price Fixing in respect of Transpacific carriers) in violation of the Sherman Antitrust Act of 1890 and the Clayton Antitrust Act of 1914. The Judicial Panel on Multi-district Litigation has ordered to combine the 19 cases to be considered by the court at San Francisco as a single case. In both cases ( at the Civil Court of New York and at San Francisco) are civil class action where at the time of complaints, the Plaintiffs have not determined the amount of compensation and shall request to the courts later.

In both litigation, the Company has retained the expert law firms and has joined the Joint Defense Group. The cases are now being considered by the courts. The damages in both cases are yet to be determined until the Company would have been found guilty. In case that the courts rule that the Company is guilty, the courts shall determine the damages and compensations and penalty which, under the law, could be up to 3 times of the damages proven by the Plaintiffs. At present, the amount of the compensatory damages in the US. cases cannot be determined.

In addition, the Company received the Statement of Objections from the Commission of the European Communities alleging that the Company and other 25 airlines infringed the Treaty establishing the European Community (the EC Treaty) by coordinating pricing behavior in the provision of air freight services on a global basis with respect to the fuel surcharge, the security surcharge, the war surcharge, freight rates and the payment of commission to forwarders on surcharges causing damages to air freight shippers. The law sets forth penalty provisions in a fine of 30% of the turnover of freight service transport to and from and within EU in the preceding business year before decision times the number of years of infringement but not exceed 10% of the total worldwide turnover of a company in the preceding business year before decision. The Company has retained an expert law firm to take charges of the case. At present, the Company is not aware of the amount of the fine as to which turnover shall be calculated. The case is now being considered by the Commission. In case that the Commission considers that the Company is guilty, the Company shall be fined in what amount, and from which turnover, are yet to be determined.

Beyond the above litigation and allegation, at present, there is no other claims against the Company, but investigations in criminal acts for infringement of Antitrust and Competition laws in the US., Australia, New Zealand and Republic of Korea. Investigations in such various regions have found no guilty on part of the Company yet. The Company has only been requested information from time to time. The Company has retained law firms in each country to coordinate the cases with the local authorities of each country.

The legal fees for the claimed and alleged cases have been recorded as expense of THB 61.76 million.

## **7.23 Contractual Obligations**

### **7.23.1 Obligation to Purchase Aircraft**

The Company has a payment obligation to purchase aircraft amount of THB 40,781.78 million.

### **7.23.2 Leases and Leased aircraft obligations**

7.23.2.1 The Company has obligations from entering into operating leases amount of USD 154.30 million or approximately to THB 5,273.12 million (exchange rate USD 1 : THB 34.1752).

7.23.2.2 The Company sent the notification to exercise the purchase option for three aircraft after expiry date of operating leases consisting of one 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.

7.23.2.3 On May 14, 2008, the Company's Board of Directors has a resolution to extent the operating lease of Boeing 737-400 No. 7-9 for 6 years further and to return Boeing 737-400 No. 10 after the termination of operating lease from January 14, 2009.

### **7.23.3 Obligation to Aircraft Acquisition Agreement**

The Company has an obligation to the acquisition aircraft agreement for 8 Airbus A330-300 amount of THB 25,249.74 million in order to retain the benefit of the delay compensation of Airbus A380-800 and also ensure the timely delivery of Airbus A330-300 aircraft. At present, the Company is on a process seeking for a lessor of operating lease by transferring the rights of the Acquisition Agreement to the lessor. This obligation will terminate when the Company enters into an operating lease.

### **7.23.4 Obligation to Aircraft Maintenance Agreement with Airline Customer**

On August 3, 2008, fire occurred on Airline Customer's Boeing 747-400 aircraft during service maintenance at Company's facilities, Don Muang Airport. The management of airline customer had considered the scope of damage as well as other related issues and finally decided not to repair the aircraft. At this stage, the insurer of airline customer will pay claims arising out from this incident in accordance with terms and conditions under Airline Customer's Insurance Policy and will subrogate against the Company later for all claims paid by them.

However, the Company will be covered for such legal liability under Aviation Insurance Policy carried out by the Company which comprising of the coverage for hull all risks, spares all risks and legal liability arising out from the business operations of the Company. It is uncertain that when claims will be filed against the Company and at what amount. If there is the litigation against the Company and the Court rendered that judgment that the Company are legally liable for this incident then the Company's insurers will pay such claims to claimant.

## **7.24 Events After the Reporting Period**

7.24.1 The Company acquired the funds to refinance due debentures and settle the payment of aircraft which consisting of

- On October 2, 2008, the Company had issued its debentures No. 1/2551 for an aggregate of THB 7,000 million offered to the general public and institution investors. The debentures were offered into 3 tranches. Series 1 amounted to THB 3,455.29 million with 1.5-year tenor at the interest rate of 4.77% per annum. Series 2 amounted to THB 987.92 million with 3-year tenor at the interest rate of 5.05% per annum. And Series 3 amounted to THB 2,556.79 million with 5-year tenor at the interest rate of 5.50% per annum. On October 3, 2008, such debentures amount of THB 7,000 million had been transferred to the Company's account.

- The Company received 7-year term loans from the Government Saving Bank in an aggregate of THB 4,000 million which were transferred to the Company's account on October 8, 2008 amount of THB 2,000 million and October 13, 2008 amount of THB 2,000 million.

7.24.2 The Company paid back the loans and settled a payment of aircraft as follows;

- On October 8, 2008, the Company refinanced the due debentures amount of THB 5,500 million.

- On October 13, 2008, the Company paid back a loan and exercised the purchase option under financial lease for one Airbus A340-500 a the Company's asset.

- On October 31, 2008, the Company exercised the purchase option under operating lease for one Boeing 777-200.

7.24.3 On October 10, 24 and 30, 2008, the Company received short-term loans by issuing 3-month promissory note amount of THB 2,000 million and 1-month promissory notes amount of THB 6,500 and 1,500 million, respectively. The purpose of such short-term loans is to pay back the due short-term loans amount of THB 5,500 million. The rest is to support the financial liquidity of the Company.

7.24.4 On October 29, 2008, the Company took a delivery of one Airbus A340-600 under the financial lease.

## **7.25 Approval of Financial Statements**

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on November 3, 2008.

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